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Cable Network Brings Loft Feel to Midtown

Traditional Office-District Borders Have Begun to Dissolve

By Keiko Morris

When A+E Networks acquired Lifetime Entertainment Services in 2009, the cable network moved to create a single Manhattan campus to accommodate some 800 employees.

Company leaders wanted modern design elements—lots of glass, exposed ceilings, common meeting areas—and they hunted in several trendy neighborhoods including Chelsea and the Flatiron District.

In the end, they decided to stay put in Midtown, opting to lease a 1920s tower next to their offices in another 1920s building, merge them and renovate.

Today, the glass front along A+E's ground floor at 235 E. 45th St. allows passersby to peer in at a sleek white lobby and a 2½-story "town hall" space with bleacher seating. The makeover brings to Midtown some elements of loft buildings typically found farther south in Manhattan.



A common space with bleacher seating in A+E Networks' renovated offices. *Natalie Keyssar for The Wall Street Journal*



The exterior of A+E Networks' renovated offices at 235 E. 45th St. *Natalie Keyssar for The Wall Street Journal*

The idea was to build a campus distinctly not "your grandmother's Midtown office," something more fitting for a media company, said Joseph Montalbano, an architect and principal of Mancini Duffy, which designed and oversaw the renovation.

Over the past few years, office-district borders once defined by a few business sectors have begun to dissolve, especially with the decline of available space in trendy Midtown South and rising rents, brokers said. Time Inc., Condé Nast and Revlon Inc. are among the big Midtown names that have signed leases for large swaths of office space downtown.

At least in Manhattan, there aren't that many big spaces to go around. There are 1,395 buildings in the Manhattan office market (Midtown, Midtown South and downtown). Thirty-four buildings, some of which are in the planning stages, under construction or recently completed, each have about 300,000 square feet of contiguous office space available for occupancy between now and the end of 2018, according to real-estate services firm Cushman & Wakefield Inc.

As tenants remake their new homes to create a loft-like atmosphere, landlords have been investing in renovations to remain competitive with new buildings.

"It's no boundaries now," said **John Brod, a partner at real estate services firm ABS Partners Real Estate LLC**. With rents going up, "there has to be a lot more flexibility in tenants thinking as to where they locate."

Public and private landlords in New York City initiated \$2.1 billion in office renovation and alteration projects in 2013, a 75% increase from \$1.2 billion in 2012, according to the New York Building Congress, a group that promotes the construction industry.

Building owners have benefited from investments in renovations. An analysis of 40 Manhattan office buildings that were renovated between 2005 and now showed an average rent increase of 25% after the upgrades, according to Cushman & Wakefield.



The lobby Natalie Keyssar for The Wall Street Journal

"This increase in the amount of buildings improved and repositioned is more a function of trying to stay ahead of the curve and stay competitive with things like new construction," said Mikael Nahmias, executive director at Cushman & Wakefield and a member of the leasing team at Brookfield Property Partners LP's Manhattan West project in Hudson Yards. "And it's also a function of the aging stock of Manhattan's office buildings."

When the Lifetime acquisition occurred, A+E looked into the possibility of consolidating offices at 111 Eighth Ave., where Lifetime had its offices in a building now owned by Google Inc. But there wasn't enough room.

Later in its search, A+E approached the owner of the adjacent 17-story building, which had become vacant during the space search, with a proposal to connect the two towers.

The expense of the renovation project is estimated to be in the low millions, according to a person familiar with the makeover. A+E declined to disclose the cost.

The building worked well with the more transparent office environment the company wanted to create. A catwalk has been transformed into a mezzanine with meeting rooms, a pool table and foosball. The meeting rooms have glass walls and range from the more traditional chamber dominated by a long table surrounded by chairs to more intimate spaces with couches and coffee tables.

"For most of the floors, the way they are configured you can see from one end to the other," said Stacy Green, senior vice president for global human resources and facilities.

On each floor, the junctures where the two buildings were joined have been transformed into common areas for socializing. Couches and pantries with high tables and chairs are nearby. Anthony P. Schirripa, chief executive of Mancini Duffy, calls these informal gathering spots the "zipper" that joins the two buildings.

"This is the trend—open spaces, more transparency," Mr. Schirripa said. "We're getting away from Dilbertville and the sea of cubicles."

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