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Home » Construction & Design

Remaking the classics key to keeping pace with tenants

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In one of the densest cities in the world, Manhattan boasts over 400 million square feet of commercial space, the majority of which has already been developed.

In this highly competitive market, the escalating question for many building owners, landlords and real estate investors has become:

Where can we find the most opportunity to attract new tenants, retain existing ones and increase our ROI?

According to David Levinson, chairman & CEO of L&L Holding Company, the real opportunity lies in the repositioning of existing buildings.

Speaking at a recent ULI New York event “Optimizing Assets through Building Repositioning,” Levinson informed a sold-out audience of his firm’s success renovating 200 Fifth Avenue.

Originally constructed as the former International Toy Center in 1908, Levinson redeveloped the historic building into a thriving, Class-A commercial space that is now home to high-profile tenants such as Grey Advertising, one of the largest advertising agencies in the world, and Mario Batali’s hugely successful Eataly.

“It’s all about understanding your target tenant base when deciding to reposition an older, landmark building,” explained Levinson.

“Tenants need to grasp the value of modernization right when they walk into a building. So far, the productivity of tenants at 200 Fifth Avenue is through the roof.”

In the past decade, building repositioning has become increasingly attractive to office property owners looking to retain existing and attract new tenants, especially in denser cities like New York, Boston and San Francisco, where land for new construction is scarce.

Fellow ULI panelist Patricia Hauserman, first vice president & building repositioning sector lead at Tishman Construction, explained, “After World War II, there was a tremendous amount of new construction from the 1950s through the 1980s in cities like New York, Houston, Los Angeles and Chicago.

“These buildings haven’t been touched in years. The opportunity to go in, modernize them and make them something grander than what was there before is substantial, especially for a younger generation of employees looking for a sense of community and a ‘cool factor’ in an office environment.”

Haril Pandya, principal of international firm CBT Architects, believes that it’s not only about refreshing office space as much as it is looking at the whole building to unlock its true value for tenants.

“I tell my team all the time that you need to think differently on every project because each property has a rich history and great story to tell,” said Pandya.

“Repositioning is all about leveraging and enlivening a building’s existing features and amenities, while maintaining the essence of what makes the building unique in the first place.”

Pandya’s team, which specializes in repositioning historic and iconic buildings globally, has won over 30 projects since January.

They recently won the contract to reposition the Schraffts Center in Boston, a 100-year-old, one-million-square-foot, former candy factory owned by The Flatley Company.

“People want to work in these landmark buildings, like the Schraffts Center in Boston, or the MetLife, Flatiron and Woolworth Buildings in New York,” added Pandya.

“Our goal is to create a distinct brand for each historic building and increase its value to the owners and tenants alike. We want to recreate office space to become a destination for employees, not just a place to come work.”