



By  
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# Curb appeal gives properties an edge in attracting tenants

**A**rising tide lifts all boats, but what happens when the tide recedes? In commercial real estate, well-positioned properties often remain surprisingly buoyant despite a sinking market.

Since the beginning of this year, commercial real estate markets throughout the nation have experienced significant softening along with increased sublease space. Troubled technology and dot-com companies have returned millions of square feet of office product to the market. Meanwhile, traditional corporate tenants have experienced difficulty meeting earnings expectations. This combination of factors has opened the door of possibilities for tenants and created new considerations for owners.

Sublease opportunities have grown by millions of square feet in New York, San Francisco, Los Angeles and Chicago and expanded by significant amounts in numerous other cities. In New York City, available sublease space jumped from approximately 2 million sq. ft. in the second quarter of 2000 to more than 10 million sq. ft. in the second quarter of 2001. Not surprisingly, owners are offering additional incentives and concessions to attract tenants.

## The power of upgrades

Higher-quality properties, or properties that have been differentiated by their owners, will have a distinct advantage attracting and retaining tenants.

To increase the marketability of a property, owners must embrace a variety of enhancements. An obscure entrance and poorly coordinated retail frontage might discourage prospective tenants and diminish a building's value. Likewise, pumping up a building's street presence with a redefined, more visible entrance along with storefront upgrades and improved signage standards will add value in the eyes of prospective tenants.

Another option to improve a property's marketability is to upgrade common areas such as the lobby, elevators and hallways. Eliminating odd conditions such as an indirect entrance, a lifeless plaza or steps leading to an entry will further strengthen the perception of a building.

The best redesigns are often those that harmonize with the property's original architecture. It is important to use new materials that complement the building's original design vocabulary. Shapes and palettes should not depart

too greatly from the building's existing "language". The goal is to advance a building's appeal while maintaining its integrity.

## Providing the right amenities

Although owner's first priority is to meet code requirements pertaining to efficient mechanical systems, working elevators, and handicapped accessibility, they should not ignore the value of providing building amenities for prospective tenants. Amenities may include enlarging the lobby when the original is too small to handle the traffic flow, or adding a concierge or security desk in the lobby.

It is also essential to note that entryway and lobby lighting convey a large fraction of the building's personality. It's also possible to realize tremendous savings with proper energy consciousness on the upper floors. Savvy property managers and owners, however, will balance cost savings against the market impact of appealing, well-designed lighting.

At One Hudson Square in New York City, Rosen Johnson Architects implemented enhancements that were both visual and structural. The owner, Trinity Real Estate of New York, wanted to transform what was once the home of print shop and light industrial businesses to a center for tenants such as ad agencies, new media companies and law firms. To attract and accommodate these new tenants, One Hudson required an expanded entrance and lobby as well as additional elevators and a completely new electrical and heating, ventilation and air-conditioning (HVAC) system.

One solution was to incorporate a new mechanical room on each floor in the building. Taking advantage of the fact that mechanical rooms do not count as floor area under zoning laws, the building owner was able to reclaim 3,000sq. ft. per floor, which paved the way for a two-story penthouse that is currently under construction. These two additional stories, with unobstructed city and river views, are poised to secure top-level rents.

The bottom line is that building enhancements will help a property retain tenants during a soft economic period while positioning it to attract tenants when the momentum returns. □

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