

# REAL ESTATE WEEKLY

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## Repositioning properties to retain and attract tenants

Faced with a cooling economy and an increase of sublease space seeping into the market, we've all read that property owners may soon feel the pressure to lower asking rental rates and offer more favorable concession packages. As a result, competition to sign new leases and extend existing leases is likely to heat up during the third quarter. One way for owners to attract and retain credit-worthy tenants is by renovating and upgrading properties.

By enhancing a building's infrastructure and introducing first-rate design, owners can retain tenants more effectively while increasing the value of their holdings for the long-term. Renovations can range from exterior refurbishments, such as new facades and improved access, to a ground-up redesign of interior systems and finishes. While the extent of renovation needs vary from building to building, it is important that each and every phase of a renovation is guided by the overall goal of pleasing existing tenants and attracting new ones.

Based in Manhattan, Rosen Johnson Architects PC has handled redesigns for a number of New York City properties including the Grace Building, 1251 Avenue of the Americas, and 511 West 25th Street.

Trinity Real Estate's One Hudson Square is a recent Rosen Johnson project that offers a com-

PELLING demonstration of the way a strategic repositioning can impact a property. For years, this 17-story, one-million-square-foot building thrived as a home to financial printers and other light industrial tenants.

As Manhattan's commercial real estate market tightened, One Hudson's owners knew that this building, located within arms reach

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of Wall Street and SoHo, would be increasingly attractive to corporations.

Rosen Johnson was hired to redesign One Hudson Square to enable the property to support a new, more discriminating tenant base with entirely different needs.

One of the most visible elements of One Hudson's redesign is the building's new entrance and lobby, which was expanded to include a 24-hour concierge desk and 15 passenger elevators. To enable the enlargement of the entrance and lobby, 2,300 square feet of underutilized retail space

was rededicated as circulation space. In addition, new windows, HVAC and electrical systems were designed and installed throughout the building. In an effort to recover the building's Art Deco past, geometric patterns and rich finishes were incorporated into the redesign.

The many physical and aesthetic improvements driven by this redesign have helped One Hudson Square attract an entirely new tenant base that includes professional service firms in the financial, legal, advertising and technology sectors. The building's new amenities will also keep the property competitive, and existing tenants will be less likely to move upon lease completion.

New York City is not the only commercial market where buildings are being redesigned and repositioned. Many areas of the United States are exhibiting similar market characteristics and Rosen Johnson is currently working on redesign projects in Washington, DC and Bethesda, MD.

As long as the economy continues to waver, the commercial real estate industry may be forced to adapt to a variety of challenges. Through renovations, owners can maximize the competitiveness of their properties while positioning them for maximum returns in robust times.