

# CRAIN'S

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### City's office-building boom won't be enough

By David Greg

*New York needs much more than 20 million square feet over the next four years.*



Photo: Buck Ennis

There is currently 450 million square feet of office space in Manhattan.

Manhattan is seeing a boom in office-space construction, the New York Building Congress reported recently. The organization projects just under 20 million square feet will be added between this year and 2018.

Sounds good? No, it is not enough. That is an important issue to understand as the de Blasio administration begins the process of winning approval for a major rezoning of the midtown east corridor to encourage new construction.

Let's start with another number: 450 million, which is the total amount of office space in Manhattan. That would be the 2015-2018 increase about 4%.

In the meantime, the economy is booming, and the need to accommodate new workers is growing. Consider that in 2012, Cushman & Wakefield projected the city would need 92 million additional square feet by 2040. Two years ago, the Independent Budget Office put the need at 52 million square feet in a report evaluating the Bloomberg administration's plan to rezone midtown east. As a result, the IBO assured the council, new buildings in midtown east wouldn't lead to a surplus or derail leasing at the World Trade Center site or Hudson Yards.

Growth is only a part of this story. The city's office infrastructure is aging and becoming unattractive and uneconomic. The average age of office buildings in midtown east is 70 years old. No one seems to have a similar figure for all of Manhattan, but it probably isn't that much lower. (Let me know if you have that number).

True, as you read this you may be doing so in a cubicle or open office environment with much less personal space than you ever had before, which some people speculate will reduce the demand for office space. Others believe the growth in employment will be primarily in work-at-home or group collaborations. There is also a mini-boom taking place in Long Island City and a burst of activity in Brooklyn.

More to the point are the decisions big companies have made to relocate to new, state-of-the-art office towers: Coach, SAP and the law firm Boies Schiller & Flexner are headed to Hudson Yards; News Corp. will likely move to the World Trade Center; and TD Bank will anchor SL Green's planned Vanderbilt Tower near Grand Central Terminal.

There just isn't any doubt New York needs many more modern office towers.

