

**Project:** 144 East 44<sup>th</sup> Street – 5<sup>th</sup> Floor Office Design, Renovations, and Leasing

**Location:** 144 East 44<sup>th</sup> Street, New York, New York 10017, 5<sup>th</sup> Floor

**Project Objective Summary:** Design, renovate, and lease up an entire office floor consisting of 7,000 square foot of space. The existing full floor Tenant, CCC, a creditworthy tenant for over 20 years wanted to renew their lease, but no longer had the budget for the full floor. This tenant had been in the building for 20+ years without a single lease default so we decided to develop a strategy to keep them as a long-term tenant in a smaller space, and redevelop the rest of the floor for a multi-tenant layout and lease smaller pre-built office suites at a premium.

**Key Objectives:**

- Keep Campus Crusade for Christ as a tenant, and re design floor plan to provide shared conference and reception area, as well as, acquire additional tenants to fill out the entire 7,000 SF.
- Source and acquire creditworthy professional tenants with low foot traffic (Legal, Financial, Consulting, Etc...)
- Design space that maximizes price per SF with newly acquired tenants
- Design space with the required infrastructure for new technology and long-term flexibility.
- Work directly with new tenants to design and renovate space to promote long term growth and meet both the landlord's and tenant's financial goals.
- Negotiate and pass a majority of improvements costs to new tenants or amortize improvements costs into rent at a rate acceptable to landlord.
- Focus on building quality space with financially secure tenants to achieve sustainable long-term rental growth and minimal turnover.

**Existing Conditions:** The floor was leased by CCC in its entirety at \$48.00 a SF with pro rata share of real estate tax escalations with lease term ending in 2016. The Existing layout and design did not maximize use of space, natural light was not well distributed, and the finishes were in poor condition.

**Project Overview:** We wanted to keep CCC on the 5<sup>th</sup> floor as a core tenant, but needed to fill the rest of the space that they were relinquishing in the new lease term. So, we started looking for potential firms to lease smaller office suites that we were re-developing on the floor which would have a shared conference and reception area with CCC. Our team sourced and structured a lease deal among 4 new tenants and a renewal of CCC to lease the entire floor for a new 5 years term. We split the space into 5 individual office suites based on tenant space requirements, and included a common reception and conference

room. This strategy proved to be beneficial to the landlord because tenants looking for smaller space were willing to pay a premium. Sharing the conference room and reception area benefited the tenants because it reduces the overall rental rate for underutilized space by splitting the cost of space among 5 tenants. This lease structure was mutually beneficial because it also increased the marketability of the space for Landlord and offered key business amenities to the tenants at lower overall rate because the cost was shared among 5 tenants. This also diversified our tenant lease portfolio thereby reducing risk and limiting our downside in the event of a single tenant default.