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Archives Media companies on the move

Midtown's high rents spur more publications to head Downtown



A number of media companies have made moves in Manhattan or are planning to relocate.

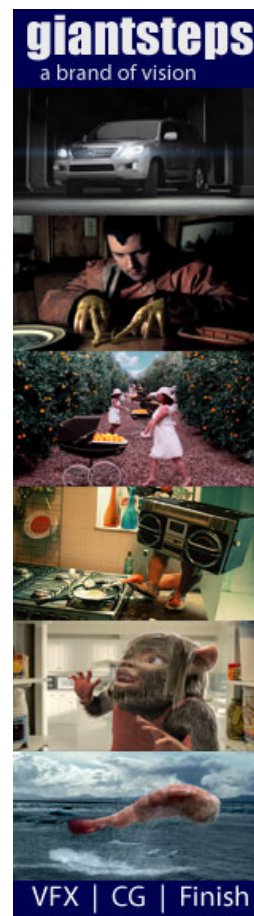
By Amanda Baltazar

New York's publications are on the move, and dislocations will be part of the landscape for the foreseeable future.

Newspapers and magazines are struggling to adapt to the migration of their readers to the Internet, and as they adjust, storied titles are making some changes in scenery as well. After the 2007 acquisition of Dow Jones, News Corporation founder Rupert Murdoch is reportedly planning to move parts of the Wall Street Journal away from its Financial District environs to Midtown. At the same time, beleaguered magazine Newsweek is said to be relocating its offices to the Financial District.

High rents in Midtown are spurring some of the departures south. Average rents in Midtown are reaching

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\$83.92 per square foot but are less in Midtown South, at \$50.55, while they are averaging even lower, at \$47.26, Downtown.

In making the move Downtown, Newsweek would pay less, since rents at its likely new headquarters at 100 Church Street run between \$45 and \$53 a square foot — less than half of the \$100 and up at its home on 57th Street.

And while there's no confirmation of the impending move yet, the current lease expires next year, and the company has already told its landlord it's not renewing, according to Robert Sammons, managing director of research at Colliers ABR.

Several other media companies are also heading Downtown and to Hudson Square, with others eyeing the Hudson Yards proposals for the far West Side as future headquarters sites.

Although Newsweek would likely be the biggest name to move Downtown, others include American Lawyer Media, publisher of American Lawyer magazine, which will begin moving employees into 90,000 square feet at 120 Broadway in July; Niche Media, publisher of Gotham and Hamptons, which will set up shop this summer at 100 Church Street; and Mansueto Ventures, publisher of Fast Company and Inc., which moved from Midtown to 40,000 square feet at 7 World Trade Center.

Recent media moves to Hudson Square, the area sandwiched between the Hudson River, Sixth Avenue, Morton Street and Canal Street, include New York Magazine, which relocated from Madison Avenue and 50th Street last year; Nature America, publisher of Nature Magazine, which moved from Park Avenue South in fall 2005; and CBS Radio and Clear Channel Communications (both mid-2007) as well as WNYC, which will be moving in phases that will be completed in June.

The shift may be part of a new cost-conscious paradigm — to go along with the industry's fundamental shifts. Midtown West still has CBS' headquarters, NBC is still camped out at Rockefeller Center, and the Hearst tower on West 57th Street is a locus of women's magazines such as Cosmopolitan. But the location of media headquarters matters less than their ability to retain advertisers and readers — as long as that headquarters is somewhere in Manhattan.

Unlike other industries that can move to cheaper cities, "these are real New York businesses, and they need to be in New York. They don't have the option of keeping their edge and relocating to Richmond or Tampa," said Janno Lieber, president of the World Trade Center Properties, an affiliate of Silverstein Properties, which developed 7 World Trade Center.

Publishing companies' margins are becoming smaller, so they look to save money on real estate, said Joe Hilton, senior managing director with commercial real estate firm Grubb & Ellis. "Media firms are moving Downtown for Class A space at rentals 30 to 50 percent less than comparable space in Midtown," he said.

Driven by rents

The exodus to Downtown is really being driven by price, agreed Leon Manoff, executive managing director at GVA Williams. "Rentals in Midtown and Midtown South are exorbitant, and they're rentals that a publishing company can't support."

These moves Downtown weren't orchestrated, but happened organically, said Dara McQuillan, spokesperson for Silverstein Properties.

"The area lends itself to more artistic endeavors such as publishing," said Sammons. "I certainly think, with the number of these firms relocating to Chelsea, Hudson Square, Tribeca and even Lower Manhattan itself, that media has shifted further south in Manhattan."

New York has seen this before. In the second half of the 19th century, Park Row was known as Newspaper Row because most of the city's newspapers, including the New York Times and the Globe, were located there to be close to City Hall. The Sun Building at 280 Broadway was the location of the daily newspaper of the same name through four decades after the paper bought it in 1917. It's now a landmarked building.

Hudson Square is also a former hive of the printing industry and is full of warehouse-type buildings with large windows, providing excellent light, and open floor plans that formerly accommodated enormous printing presses. The floor plans suit the open newsroom style favored by many modern media companies.

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Incentives for relocating Downtown are available to all businesses by the city's Commercial Revitalization Program. Under the program, the Department of Finance offers a \$2.50 per-square-foot real estate tax abatement for up to five years and exempts businesses from commercial rent tax if their annual rent is more than \$200,000 per year. Businesses must be located in nonresidential, pre-1975 buildings south of Canal Street.

Getting together

American Lawyer Media is consolidating its operations to two locations from four, with the bulk of employees working Downtown. A small number of employees will be based outside the city, the company told *The Real Deal*, probably in Brooklyn or New Jersey.

ALM knew there were tremendous synergies to be derived from having everyone under one roof, said Manoff, who represented the company in its new Downtown lease. "It saves time getting to meetings, and the lines of communication will be greatly enhanced."

"What's increasingly apparent is that the currency of the workforce is no longer just about remuneration, but also about a great working environment and the amenities it can offer," said Brandon Haw, senior partner with Foster and Partners, the developer behind the Hearst Tower in Midtown. "It's also about feelings of success and the self-worth that [a good building] can engender."

The next media movement could have gone toward Hudson Yards, until Tishman Speyer won the bid to develop the site last month. News Corp. had signed on as an anchor tenant for the Related Companies' failed bid, and Condé Nast was an anchor tenant in a 1.5 million-square-foot tower as part of Durst-Vornado's unsuccessful proposal.

Still calling Midtown home

Now under the News Corp. umbrella, the Wall Street Journal is reportedly planning to move part of its staff from the World Financial Center to join the New York Post at the News Corp. headquarters at 1211 Sixth Avenue.

Hearst in 2006 opened the distinctive LEED Gold-certified Hearst Tower at 300 West 57th Street, with the goal of bringing all its publications and 2,000 employees together. The 46-story tower was built atop the company's former six-story headquarters.

The New York Times relocated to a new headquarters tower at 620 Eighth Avenue last year from its old West 43rd Street building.

Condé Nast and Reuters have retained their Times Square offices, although the former moved some publications to a building with a top-notch cafeteria at 750 Third Avenue.

The Associated Press moved its employees from Rockefeller Center, its home of 66 years, to 450 West 33rd Street in 2004. The new building has pulled all news departments onto one floor, which Kathleen Carroll, senior vice president and executive editor, said was designed to be "collaborative, energetic and creative."

Rodale moved to 733 Third Avenue in 2001, recently adding an additional 29,000 square feet for a total of 145,000 square feet. The company renovated the building to make it look more like a Downtown space. It removed the dropped ceiling, maximized natural light in workspaces, lightened and opened the lobby and created a yoga studio.

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