



Real estate industry, designers: "Plug 'n' play" pre-built offices are here to stay

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Once, tenants leased empty office spaces and had them customized. Then, landlords offered tenants generic, inexpensively pre-built offices. Now, a new trend has taken hold: not only are office spaces offered for lease completely pre-built, these days they match the quality and attractive design of custom corporate interiors. Both commercial real estate insiders and architects agree this new trend is here to stay.

How can landlords pre-build offices that would suit yet-unknown tenants? The answer is an experienced architectural and property management team that follows local and national leasing, design, and workspace organization trends.

My firm, Montroy Andersen DeMarco Architects (MADGI), comes complete with its own landlord services studio, working alongside the largest New York City commercial owners and property managers since 1990. I have designed over five million s/f of pre-built and build-to-suit offices in Manhattan.

Pre-built projects require an understanding of market positioning, technology, budgets, and aesthetic and workplace organization preferences of varying businesses. An architect's role is to incorporate these factors into economical, well-designed programs that maximize property owners' revenues, while impressing prospective tenants. The greatest challenge, is that a pre-built must appeal to everyone, which is very hard to do.

Most recently, this often comes down to the "tech loft" - open loft-like spaces with minimal private offices and plenty of social space. It used to be that the majority of pre-builts were just generic "plain vanilla" boxes. Now the majority - maybe up to 75% in certain areas and properties - are tech lofts. And they are leasing quickly.

In part, it is because the generic "vanilla" office no longer appeals to the majority of tenants, particularly those in the tech sector. I refer to them as "TAMI" industries, a term that encompasses technology, advertising, media, and information firms.

TAMI companies and other types of businesses want high-density spaces with glass divider walls, attractive social spaces, exposed ceilings, and eye-catching finishes. They also like the ability to move in quickly to accommodate their rapidly growing staff and appreciate the flexibility of the space to morph along with their increasing ranks.

It is a real credit to landlords that they are investing in high quality pre-built spaces. We are bringing the same design expertise and quality to landlords as we do when working directly with tenants. By building the interiors the companies want, landlords are attracting tenants more quickly: a win-win.

The best pre-builts lease themselves very quickly. A 13,500 s/f office at CBRE-managed 218 West 18th St. in Chelsea, a tech loft space that was leased before the paint was dry.

A 12,000 s/f tech loft space at 180 Madison Ave. is another example. Tenants have been moving

right in, doing "surprisingly little work." They don't want to do anything beyond installing furniture, telephones, and computers. They want their new space to be plug 'n' play and feature a collaborative workspace.

CBRE's Laura Bruno, property manager of 180 Madison Ave., concurs. "The trend of the quality pre-built is here to stay," she said. In her experience, the pre-built tech loft and the vanilla office has an even spread of "about 50-50" depending on the building location and the market position. Bullpen seating - concentrated open space with lots of desks - and a high-end social area "make the space much more attractive to tenants," she said.

The first 12,000 s/f floor MADGI built at 180 Madison was leased quickly by a tech company, Rubicon Project, so CBRE commissioned MADGI to design two more pre-built floors.

For property managers and leasing teams looking to market available spaces, I recommend first analyzing the local market. Review opportunities for attracting tenants in the fast-growing technology industries. Then, establish what an achievable rent level will be. In collaboration with an architect, define the desired cost of building a pre-built office, based on the expected rent. Finally, develop a design that fits within the budget, while attracting the targeted tenants. If your target is in the TAMI sector, a tech loft and higher-end finishes are the way to go.

The pre-built tech loft is going strong and "will continue to attract tenants for the foreseeable future. Be prepared to spend money on higher-end attractive finishes, he continues. The money and care spent seem to be worth their weight in leases these days.

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