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Glitz Is Out and Grit Is In

By **ELIOT BROWN**

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Owners of office towers are getting a case of brick-warehouse envy.

A growing number of companies in the technology and media sectors are eschewing traditional corporate skyscrapers in favor of older buildings in low-slung neighborhoods viewed as having more character.

And because tech and media companies happen to be growing faster than most others, landlords are taking notice.

On the way out are traditional symbols of corporate prestige such as polished granite lobbies. Now trending: exposed brick and reclaimed wood, as well as perks including coffee bars and ping-pong tables.

It is an unusual twist for office towers, traditionally viewed as a statement of power and prestige, with ornate lobbies, high ceilings and corner offices boasting sweeping views. Nowadays, many companies are making real-estate decisions with their workforces in mind—and many younger workers prefer edgier, hipper vibes. “The new companies want to do something differently. They want to reflect they are great environments to work in to attract the best talent,” said Ned Fox, chief executive of Vantage Property Investors.

Mr. Fox spent a chunk of his career building some of Los Angeles’ largest office towers as an executive at Maguire/Thomas Partners. Since then, though, he has shifted to redoing older warehouses, such as the jewelry mart that now serves as Airbnb’s headquarters in San Francisco.

Today’s growing companies “want more real materials and less refinement....They don’t want highly finished space,” Mr. Fox said.

Owners of traditional office towers are seeking to woo this market with everything from marketing tweaks to major renovations.

Consider One Pierrepont Plaza in Brooklyn, N.Y., a 19-story office tower built in 1988 to be used as a back office by banks. Its website features not an image of the tower—there is just a single exterior shot on the site—but one of the Brooklyn Bridge and a backsplash of weathered brick that looks a century older than the building. It calls the building “Brooklyn Cool.”

“You have to cater to what the market wants,” said Ali Esmailzadeh, a senior vice president at Forest City Ratner Cos., owner of the tower. “Thirty years ago, that meant back-office space close to Manhattan, but today we’re selling flexible, modern offices in the heart of Brooklyn.”

Across the East River in Manhattan, numerous landlords are taking more steps. The

owners of 180 Maiden Lane, the 41-story glassy former home to American International Group, are in the middle of a \$100 million upgrade for the mostly empty building, putting in a high-end food court and a lobby with picnic tables, artificial turf and a movie screen.

Such moves are designed in part to tap into a growing trend of manufacturing districts outperforming tower-filled downtown areas.

In Manhattan, tech companies have rushed to the area between Downtown and Midtown known as Midtown South, an area filled with office buildings and former factories and warehouses from the early 20th century. Its vacancy rate in the first quarter was 6%, compared with 10% in Midtown, and its asking rents for top-quality space were slightly above those in Midtown.

Brookfield Property Partners has renamed Manhattan's World Financial Center as Brookfield Place in order to target other industries and has remade the retail and food space in its base. The company is taking similar measures in a cluster of skyscrapers it owns in downtown Los Angeles.

A similar pattern is unfolding in San Francisco, where tech companies have filled old wholesale marts and warehouses in the city's Mid-Market neighborhood, and in Chicago's River North neighborhood, home to tenants including Google Inc.

Tenants in these neighborhoods say they are attracted by the offerings of restaurants and amenities—a general vibe that is less sterile than the blocks lined by granite skyscrapers.

The beneficiaries have been buildings such as Manhattan's 114 Fifth Ave., a 1910 building recently overhauled by L&L Holding Co. The property, in a part of town long a discount location and home to nonprofits and architects, now rents at prices above those of many Midtown towers and boasts tenants such as Gawker Media, social-media company Mashable and a technology-focused division of MasterCard Inc.