

## RENTS ARE HEADING DOWN

By LOIS WEISS

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### HOW low can rents go?

The Rent Limbo Game has already started in Boston, where office vacancies are at one-third of supply.

To get out of a 70,000-square-foot swath of the 150,000-square-foot lease for its suburban U.S. headquarters, Bull Worldwide isn't even asking for a penny in rent - the company just wants someone to pay the building owner the approximately \$8 a foot it needs for property taxes and operating expenses.

#### **ON MOVE:**

*Departing insurance giant Aon was able to duck most of its rent obligation at 685 Third Ave. by paying \$10 a foot in costs.*

*New York Post: Tamara Beckwith*

While the Big Apple's vacancy rate is hovering in the 12 percent to 14 percent range, depending on the section of Manhattan, New York brokers are facing up to an ugly truth - that it will go up a point or two more as additional "shadow space" pops into the market.

That's the space that's been available for sublease - wink, wink - but wasn't officially listed by brokers because none of the client companies wanted to "book it" as a loss during 2002.

That's why CIBC finally listed the majority of its new 300 Madison Ave. headquarters through the Brookfield Properties ownership in January, as The Post's **Steve Cuozzo** first reported.

Building owners are asking \$40 to \$60 a foot or more for direct leases, but they are competing with subleases in elegant corporate spaces that can be had for the \$40s, \$30s and even \$20s a foot.

This is when New York real estate execs say, "Thank goodness for Viagra" - which is supporting

pharmaceutical company Pfizer's expansion into the former Winstar space at 685 Third Ave.

Insurance giant and World Trade Center refugee Aon slipped into some of the years remaining on the Winstar lease through a bankruptcy court assignment.

Now poised to move back downtown to its new home - off the East River at 199 Water St. - Aon will escape most of its rent obligation to the Third Avenue building owners by absorbing about \$10 a foot in costs.

Effectively, Pfizer will be paying \$25 a foot plus the building expenses.

Can your company cut a deal like that? You betcha, nearly anywhere in town. Just don't call me. Call someone like **Scott Klau**, of Newmark.

"It's interesting being an agent for a building or repping sublease space," Klau notes. "The big question is, 'How do you price it?' "

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**Alan Gross**'s company, GFI, also known in the financing field as Gelt Funding, has re-upped into the entire 25,000-square-foot fourth floor and a chunk of the third floor at 50 Broadway, where GFI is moving out of the fifth and sixth floors.

That's the building purchased - but not yet inhabited - by the United Federation of Teachers, along with adjacent 52 Broadway.

**Ronnie Goldberger** and Newmark's Klau first repped the UFT in the purchase of 50 Broadway.

Now the pair are representing the tenant, GFI, in its expansion.

A Colliers/ABR team led by **Mark Boisi** and **Neil Lipinsky** acted as agents for the building.

"The bank had spent a lot of money on this space, and there was furniture there," said Klau.

Asking rents in the building are in the mid-\$20s a foot.

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