

** Will print automatically! If it doesn't, click [here](#). **

CRAIN'S

NEW YORK BUSINESS

Meatpacking district office boom in Google's shadow

Developers build boutique offices in meatpacking district to lure venture-capital firms.

[Daniel Geiger](#)



Buck Ennis

Stuart Romanoff is putting up the kind of 10-story office and retail building that will attract young talent

Published: August 26, 2015 - 12:01 am

In the 10 years the meatpacking district has been Google's New York home, the company has grown to encompass about 2 million square feet in four contiguous buildings—and with it, nearly 40% of the neighborhood's office space.

Now the area is getting a makeover that will open the door to the growing crowd of office tenants eager to put down roots there—though they may still have to compete with Google's workforce of 4,500 and counting.

Developers are preparing hundreds of thousands of square feet of new or renovated office space. They're remaking the postage-stamp-size neighborhood into a destination for New York's deep-pocketed and ever-growing venture-capital class, as well as for mature tech and financial businesses that

can pay the district's hefty rents. As Google reorganizes itself into a holding company called Alphabet, some observers believe the neighborhood could also be the place where its spinoffs take hold.

"Google's space is really a collection of 150 subsidiaries," said one landlord in the neighborhood familiar with the search giant's office use, referring to businesses ranging from its driverless cars to YouTube.

The Meatpacking Business Improvement District estimates that in the next five years about 600,000 square feet of new commercial space will open in the neighborhood in the next five years, at least half of which will be offices—a 6% increase over the area's current office inventory of 5.4 million square feet, according to Cushman & Wakefield. That addition will be welcome in an area where the vacancy rate is a paltry 1.8%, a fraction of the average Manhattan-wide level of 9%, Cushman's data show.

"Companies want the opportunity to recruit the best young talent today, who are looking for the kind of workplace that the meatpacking district offers," said Stuart Romanoff, whose family firm, Romanoff Equities, is building a 10-story, 113,848-square-foot office and retail building at 860 Washington St. in conjunction

with Property Group Partners.

"Google has been a centerpiece of this neighborhood," he said. "It's going to be interesting to see more companies now have the chance to grow and thrive here."

More foot traffic for retail

Meanwhile, Aurora Capital Associates and William Gottlieb Real Estate will break ground next year on a 150,000-square-foot boutique office building at 40 10th Ave. Aurora, in partnership with Vornado Realty Trust, is planning a similar building at the corner of Ninth Avenue and West 15th Street. That project is set to start next year. Aurora estimated that the pair will cost a total of about \$160 million.

According to the Meatpacking Business Improvement District, about 35,000 people now work in the neighborhood. The potential for that foot traffic to swell with new office workers—coupled with the 6 million annual visitors who pour in from the High Line and the recently opened Whitney Museum—has prompted interest in retail development as well.

For instance, Tavros Capital earlier this year purchased three adjacent properties on one of the area's busiest corners—Ninth Avenue and West 14th Street—for \$105 million. It plans to gut-renovate the base floors into new store space. The work will include creating an interior glass courtyard that will be open to the public.

Aurora and William Gottlieb Real Estate are also remaking contiguous buildings they own that span nearly the entire south side of Gansevoort Street, from Washington to Greenwich streets. The \$50 million project, called Gansevoort Row, will create about 30,000 square feet of refurbished retail space.

All the new space has generated expectations that the tenants who eventually fill it will be as creative as those who have recently arrived. Restoration Hardware recently signed a deal to lease the 25,000-square-foot office building at 55 Gansevoort St. for the company's first 14-room boutique hotel and ground-floor restaurant. Both will be outfitted with Restoration's furnishings and serve as a showroom for its products on sale at a store around the corner.

Work culture

In addition, Samsung last year leased all 55,000 square feet at 837 Washington St., a newly developed building across from the Standard Hotel. Although the space was built as an office, the electronics and appliance giant plans to use it mainly as an interactive location, open to the public, to demonstrate its products and technology.

Lexus will soon open a dealership in a three-story, 16,500-square-foot building it leased at 412 W. 14th St. last year. The dealership will also offer artisanal coffee, food and products from a host of high-end vendors.

"Some are fearful the new office buildings and other spaces being readied here will change the character of the neighborhood," said Lauren Danziger, president of the Meatpacking BID. "From what I've seen it's going to give more tenants the chance to come here and continue to be creative."

