

## Why New York landlords see flexible office leases as the future



Nadja Galloway is associate director of leasing and sales at Time Equities.  
PHOTO PROVIDED BY TIME EQUITIES INC.



By [Liz Young](#) – Staff Reporter, New York Business Journal  
2 hours ago

Several New York City landlords started offering flexible leases directly to tenants before Covid-19 – and now are predicting a surge in their popularity.

They expect some companies may be looking for less office square footage, shorter lease commitments and more control over their space in the post-Covid-19 era.

[Bob Savitt](#), founder and president of Savitt Partners, is one of those landlords.

Savitt Partners owns and operates millions of square feet of office space in the city, mostly in the Garment District. Tory Burch and Capital One are among its prominent tenants.

At its 530 Seventh Avenue property, an office tower between West 38th and 39th streets, Savitt Partners offers flexible leases for anywhere from 1,000 to 6,000 square feet of space.

"We can offer tenants a short-form license agreement and we can offer flexible terms – six months, nine months, a year, whatever they want – with all in one pricing," Savitt said.

That cost includes things like furniture and cleaning.

Savitt has gotten calls from companies that had been working out of coworking spaces that are now interested in short-term, flexible space. Savitt expects the popularity of the option to only increase going forward.

"We think the world we live in today, it's going to be more and more popular," Savitt said. "I think people are going to want to be able to control their own environment [and] to have flexible terms that they could have in a coworking environment."

The building has gotten interest from tech companies, hedge funds and creative-services firms for the flexible leasing.



Bob Savitt leads Savitt Partners in New York City.

PHOTO PROVIDED BY SAVITT PARTNERS

Time Equities Inc. is doing something similar at its 125 Maiden office building in Lower Manhattan. It offers tenants the option to occupy 600- to 1,500-square-foot offices with flexible leases as short as a year.

The company started offering those spaces in 2007 and 2008, said [Nadja Galloway](#), associate director of leasing and sales at Time Equities.

"There were a few chunks of 8,000- to 10,000-square-foot gaps that we had vacant in the building that just weren't moving," Galloway said. "[So we had the idea to] break up the units into smaller units."

"It was pretty successful," Galloway added, "so I would say probably within a year to a year and a half, that 8,000-square-foot space we had sitting there was completely leased to small businesses."

Executive suites weren't a new idea; operators like Regus had offered such flexible options for years. But there was an important way Time Equities stood out, Galloway said.

"What was different from us and Regus was, we were the direct landlord leasing to these businesses," Galloway said.

The flexibility gives tenants space to grow, or to shrink, as needed, said Brian Soto, director of acquisitions and asset management at Time Equities.

"All of a sudden they go from 800 square feet to 3,000 square feet, and in turn, if their business goes down a little bit and they lay off a few people [they can give some space back]," Soto said. "Having a real presence in the city obviously is always something that is attractive for businesses, and of course having the flexibility to do a one-year lease as compared to a five-, a seven-, a 10-year lease, it certainly makes it an easier decision for both the landlord and the tenant."



Brian Soto is director of acquisitions and asset management at Time Equities.

PHOTO PROVIDED BY TIME EQUITIES INC.

Like Savitt, Galloway said many of the company's new tenants have been coming from coworking spaces.

"A lot of the times they are essentially coming from coworking and they want something a little more stable, something to call their own," she said. "They're still not ready to sign five- to 10-year leases, and we offer that flexibility to them that they can do anything from a year to five years."