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Art brightens leasing picture

Building owners use original works as tools to draw tenants, get higher rents

BY CATHERINE CURAN

WHEN EQUITY OFFICE Properties Trust closed on its purchase of 717 Fifth Ave. in 2004, it faced the daunting task of finding tenants for roughly 35% of the 425,000-square-foot boutique Plaza district tower. Director of Leasing Robert Fink and Vice President Michael Berman realized that to attract high-end financial institutions, the building needed to jazz up the blank-looking 66-foot-long corridor in the lobby.

"It appeared empty, and begging for art," says Mr. Fink.

Both men believed a few photographs just wouldn't do. The space needed a significant piece of art, rounding out the high-class amenities tenants would expect. So an original \$40,000 mixed-media piece was commissioned for the space.

"It adds to the cachet of a building," says Mr. Berman.

Adding \$1 to the rent

ART HAS ALWAYS had a place in New York City's office buildings. But landlords say they now consider original art a critical tool to set their buildings apart and attract higher-paying tenants.

Frances Schor, president of building owner and manager The Treeline Cos., estimates that the right art can allow a landlord to charge as much as \$1 more in rent per square foot if the tenant is taking a large block of space.

While some well-known Manhattan landlords, such as Aby Rosen of RFR Holding, spend millions a year on works by world-renowned artists, others, including Equity Office, Taconic Investment Partners and Treeline, are obtaining noteworthy art for under \$100,000 a year.

They are turning to corporate art consultants such as Novo Arts and Art Assets to lease or commission high-quality work, or are contacting local arts groups about partnerships.

"It's not necessary to spend a lot of money to get great art," says Barbara Koz Paley, president of Manhattan-based Art Assets, whose clients include Taconic. "And if they wish, they can change it."

Costs can be even lower if a landlord arranges a loan. Treeline's Ms. Schor is exploring plans to set up rotating art exhibits via partnerships with local arts institutions or museums.

But it can be extremely difficult to borrow works that are part of a public museum's collection, because of strict lending policies. Even if Ms. Schor's firm can borrow art, she estimates that the annual costs of security and insurance will be about \$50,000.

Plenty of wall space

FOR 177 LIVINGSTON ST., one of six commercial properties Treeline owns in Brooklyn, Ms. Schor is working on designing a lobby that allows nearly 35 feet of wall space, as well as an area for sculpture. Ms. Schor says she has reached out to the Brooklyn Arts Council to provide artwork.

Likewise, Taconic has found that art helps its buildings stand out. A spokesman for Taconic, which owns 111 Eighth Ave. and 450 Park Ave., says the company spends about \$20,000 to \$40,000 per building annually to lease art.

The spokesman has a large personal art collection but prefers to work with Art Assets to provide works that reflect more than just his taste, and that can be easily updated twice a year.

"You get a reaction," he says. "Our tenants know we are very current with the world of design."

COMMENTS? cnyb@crain.com

EXTRA TOUCH PAYS OFF

FOR 717 FIFTH AVE., Equity Office Properties Trust wanted abstract contemporary

art, since the glass tower was built in the late 1950s for Coming Glass Co. First, Novo Arts executives presented several designs



created on a computer, and then Equity officials approved a final design. Equity Office's Robert Fink says they were seeking something that would complement both the architecture and an etching in gold leaf by influential 20th century artist Josef Albers.

The piece, two panels that were installed last month, **cost just \$40,000.** Equity Office was able to save money because of the collaborative nature of the work, which is not signed by a single artist. Mr. Berman says the extra touch helped Equity lease the entire property to its target tenants at rents in the mid-\$80s to \$90 per square foot—prices at the top of the market.