



Conde Nast Rethinks Lease at World Trade Center, Considers Office Space in New Jersey

Marquee Tenant at Manhattan Skyscraper Reportedly Eyes Hudson Waterfront



Conde Nast now leases about 1 million square feet at One World Trade Center in Manhattan, a 104-story skyscraper with more than 3 million square feet. (CoStar)

By Linda Moss - CoStar News - January 30, 2021

Conde Nast, publisher of a stable of magazines that includes Vogue and Vanity Fair, is reportedly looking to cut costs by reducing its office footprint in Manhattan and leasing space across the Hudson River in New Jersey.

The company, whose roughly 1 million-square-foot lease at One World Trade Center made headlines in 2011, is seeking about 400,000 square feet of space that it would divide between New York City and the Hudson waterfront in the Garden State, Bloomberg News reported. Conde

Nast has been looking to renegotiate its lease or depart from its current space, according to Bloomberg.

Mack-Cali Realty Corp., a Jersey City, New Jersey-based real estate investment trust, has at least one office property in Jersey City that would fit the bill for Conde Nast, said one broker who spoke on the condition of anonymity given sensitivities of the search. That building is 150 Hudson St., a 422,000-square-foot, 8-story property that is part of Mack-Cali's Harborside campus. The REIT last year hired an in-house team to market Harborside and said it is targeting tenants from New York City.

Mack-Cali declined to comment on Friday about whether Conde Nast might be interested.

The New Jersey commercial real estate community has been trying, in some cases successfully, to lure companies over from pricey Manhattan for years now. Garden State brokers view the pandemic as another opportunity to pitch New Jersey, now as a place for less-dense satellite offices as well as a less expensive alternative to New York City. There's been an influx of New Yorkers moving to the suburbs during the outbreak. And New Jersey recently got a new \$14.5 billion tax-incentive program in place, which can be used to attract out-of-state companies.



Mack-Cali Realty Corp.'s Harborside campus in Jersey City includes 150 Hudson St., which could be a potential site for Conde Nast. (CoStar)

"The historic move of people and businesses out of New York City over the past year is an historic economic development opportunity for close-in cities like Newark, Jersey City, Paterson and Bayonne — as well as lower-cost suburban alternatives in central New Jersey like Mercer, Monmouth, Middlesex and Somerset counties," John Boyd Jr., a principal of location consultant Boyd Co., said in an email. "Those county executives and economic-development leaders are 'on the clock' as I like to say, and many projects are out there to get."

Lease Challenges

Conde Nast's landlords at One World Trade Center, which has 104 stories and 3.2 million square feet, are The Durst Organization and the Port Authority of New York and New Jersey. The publisher relocated to the tower in 2014 from 4 Times Square in New York City in a move regarded at the time as a spur to bringing companies to downtown Manhattan after the 9/11 attacks.

In the years since the move, Conde Nast like other print publishers has struggled with the financial challenges the industry faces, such as declining ad revenue and circulation.

"I am preaching to the choir when I talk about the dire straits of print media, so the cost penalties of Conde Nast being in lower Manhattan are now untenable," Boyd said. "So, expect some life-saving move to Jersey City — maybe Newark — or to a more remote city for even greater savings to come very soon as a lifeline."

Conde Nast is owned by Advance Publications, which according to a spokeswoman for the parent company "continues to be in discussions about bringing the lease in 1WTC into line with current market conditions and its ongoing needs at that location."

She added, "We are also considering alternative solutions to address these requirements."

Conde Nast faces obstacles regarding options for its current space.

"One World Trade Center is proud to be the home of Conde Nast, Vogue, The New Yorker and Vanity Fair — some of the world's most iconic and respected brands," Durst spokesman Jordan Barowitz said in a statement. "Conde Nast has 19 years left on their lease and we don't expect them to go anywhere."

The publisher in recent years has already subleased some of its space at the tower.

"I suspect that the negotiations regarding an 'early-termination fee' on the massive, underutilized and hyper-expensive space Conde Nast has at One World Trade Center is much, much farther along than is common knowledge," Boyd said.

Harborside Marketing Push

Under the leadership of interim CEO MaryAnne Gilmartin, Mack-Cali last year stepped up its effort to market its Harborside buildings in Jersey City to New York City firms. In addition to 150 Hudson St., the campus includes Harborside 4A at 135 Greene St.

Gilmartin, a veteran New York City real estate executive, also recruited Edward Gultinan as senior vice president of leasing at Mack-Cali. He came from Rockefeller Group, where he executed deals for millions of square feet of space.

Real estate firm LeFrak also has properties at its Newport development in Jersey City that could potentially accommodate Conde Nast, one broker said.

Conde Nast wouldn't be the only magazine publisher to come to Jersey City. In 2014 Forbes Media signed a lease to relocate its Manhattan headquarters to 499 Washington Blvd. Forbes received \$27 million in tax breaks from New Jersey.

The state's Economic Development Authority, which shepherds the state's tax-incentive program, didn't immediately respond to an email asking if it had been contacted about Conde Nast leasing space in New Jersey.

In addition to Jersey City, Newark has been aggressively courting companies. New Jersey's largest city came under the national spotlight when it was among 20 finalists chosen by e-commerce giant Amazon as a site for its second headquarters, HQ2.