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Time Inc. May Join Media Exodus to Lower Manhattan

By CHARLES V. BAGLI MARCH 20, 2014

Time Inc., with its stable of magazines, lavish offices and steady profits, has been a fixture in Midtown Manhattan for more than 75 years and the nation's premier magazine publisher.

But the company is now close to a deal to move its namesake Time magazine and 20 other brands downtown, joining a growing list of media corporations in or coming to the area, including Condé Nast, American Media Inc., HarperCollins, The Village Voice, The Daily News and XO Group.

Real estate and media executives familiar with the negotiations note that Time Inc. has not signed a lease yet and the deal could still collapse. But they say the company has focused its search for a new home on 225 Liberty Street, in the Brookfield Place office complex at Battery Park City, bypassing other possible locations, including 4 World Trade Center and 85 Broad Street.

In a reflection of the changes underway in Lower Manhattan, Time Inc. would move Time, People, Sports Illustrated, Essence, Fortune, Travel+Leisure and its other magazines into a 44-story tower once occupied by the investment bank Merrill Lynch, which was bought by Bank of America during the 2008 financial crisis.

“There is a new vibrancy and an old logic to Lower Manhattan,” said Jessica Lappin, the president of the Alliance for Downtown New York. “There isn't a better connected part of the city when it comes to transportation, access to the waterfront and the growing food and retail revolution going on down here.”

Lower Manhattan has recently become a lower-cost alternative to Midtown for tech, advertising and media companies, as well as law firms. The average asking rent

downtown is \$25 less per square foot, a saving of about \$2.5 million a year on a lease for 100,000 square feet.

In addition, tax breaks and other subsidies are available to many tenants who make the leap to Lower Manhattan.

Still, considerable space is available in the downtown area, once dominated by the financial industry. Many of the investment banks, which used to drive the construction of office towers, have migrated to Midtown and Jersey City.

The banks have been replaced by a remarkable array of companies, although they generally do not require large blocks of spaces. Many office buildings have been converted to apartments, to serve a population that has nearly tripled since 2000, in a neighborhood that once felt deserted after dark.

But the Time Inc. that moves downtown will be a much leaner company than the one that presided over Midtown.

The publisher, which was founded by Henry R. Luce in 1922, moved to Rockefeller Center 15 years later as Time magazine made its mark. Nelson A. Rockefeller announced in 1956 that he would build a new tower for the company, across the Avenue of the Americas from Radio City Music Hall, between 50th and 51st Streets.

The Time & Life Building was the first Rockefeller Center tower on the west side of the avenue.

“Each magazine had its own floor or two,” said John Manners, who worked for Time Inc. in the 1980s. “Every writer, reporter and editor had their own office. Life had champagne parties after every closing on Fridays.”

By 1999, Time Inc. — by then part of Time Warner — had swelled to occupy 2.6 million square feet in the tower at 1271 Avenue of the Americas and an adjoining building.

But in recent years, Time Inc., like other magazine companies, has struggled with the transition to a digital world as advertising revenue and newsstand sales declined. Joseph A. Ripp, Time Inc.’s chief executive, recently announced a restructuring of the company, eliminating 500 jobs.

Time Warner, which is in the process of spinning off Time Inc. as a separate company, hired Studley, a real estate broker, to assess the needs of both companies. In January, Time Warner announced its own plans to move its headquarters from Columbus Circle to a new skyscraper on the Far West Side of Manhattan.

If Time Inc. moves downtown, it will occupy about 650,000 square feet, or roughly a quarter of what it once had at Rockefeller Center, real estate executives said. If Time Inc. departs, the owner of the Time & Life tower would renovate it and presumably offer a new tenant naming rights. Teri Everett, a spokeswoman for Time

Inc., said, “We haven’t made a final decision yet.”

The shrinkage is also part of a fast-moving trend, in which companies are squeezing more employees into less space. The average amount of space per office worker has dropped to 150 square feet, from 225 in 2010, according to CoreNet Global, a commercial real estate association.

Even the banks that remain downtown are shrinking. Bank of New York Mellon, for instance, is selling its 1.1-million-square-foot headquarters on Wall Street and looking for a far smaller space, about 350,000 square feet.

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