

# Conde Nast Will Be Anchor of 1 World Trade Center

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Condé Nast Publications, whose stable of magazines chronicles the American zeitgeist as meticulously as any anthropologist, has reached an agreement to lease one million square feet at 1 World Trade Center, giving ground zero a much-needed corporate anchor with a proven ability to attract other businesses.



James Estrin/The New York Times

Condé Nast, now located at 4 Times Square, is to move to the lead tower at ground zero in 2014.



Todd Heisler/The New York Times

Condé Nast plans to move about 5,000 employees downtown to 1 World Trade Center, shown from the World Financial Center.

The company signaled its interest in moving to 1 World Trade Center several months ago. But that was just the beginning of a marathon courtship befitting one of the country's most influential buildings and one of its trend-setting media empires, which went far beyond the typical landlord-tenant transaction.

Besides matters of costs, terms and incentives, the negotiations involved reams of traffic studies and security discussions, to ensure that its black cars (more than 100), its racks of designer dresses and its well-shod executives would be able to pass swiftly each day through the police-

imposed security zone that is to surround the complex.

To attract Condé Nast, the [Port Authority of New York and New Jersey](#), which owns the site, had to take on some risk, notably by agreeing to assume the last four or five years of the company's current lease in Times Square. But the deal, worth an estimated \$2 billion over 25 years, still represents a victory for the Port Authority, which has suffered criticism for years of missteps, delays and political squabbling over the rebuilding of the trade center. Critics doubted whether the lead tower would attract tenants other than government agencies, making it little more than an expensive 1,776-foot-tall monument.

“We built a new reality at the World Trade Center, and this transaction will be the exclamation point on that turnaround,” said Christopher O. Ward, executive director of the Port Authority.

The talk that Condé Nast was interested in ground zero was enough to entice other large companies to begin eyeing the neighborhood, which is steadily diversifying as financial firms have shrunk or moved away. Sirius Satellite Radio, J. Crew and the law firm Chadbourne & Parke are also considering moves downtown, and the owners of the nearby World Financial Center have even debated whether to rename the complex to reflect the growing number of nonfinancial firms downtown and the young people who live and work there.

Next month, The Daily News and American Media Inc., which publishes The National Enquirer, Playboy and Men's Fitness, are moving into 4 New York Plaza on Broad Street.

“For 20 years we have been talking about diversifying the economy in Lower Manhattan,” said Robert Yaro, president of the Regional Plan Association. “This is an extraordinary breakthrough. It's a blue-chip tenant from a creative sector and quite a departure from financial services.”

Condé Nast, whose 18 titles include The New Yorker, Vanity Fair, Vogue, Bon Appétit and Architectural Digest, confirmed that it was concluding its negotiations at the trade center. “Condé Nast would be proud to take part in the ongoing renaissance of Lower Manhattan,” John Bellando, the company's chief financial officer, said in a statement Tuesday afternoon.

The lease is to go before the Port Authority's board on May 26 for final approval. On that day, the board is also expected to formalize its partnership with the Durst Organization, which will pay \$100 million for an estimated 10 percent stake in the building and be in charge of leasing the tower.

Gov. Andrew M. Cuomo said Tuesday that the Condé Nast lease “sends a message to the global business community that Lower Manhattan is alive, growing and open for business.”

Mayor Michael R. Bloomberg said: “This is a smart media company voting with its feet to relocate at the World Trade Center. Even just a few short years ago, few would have believed it possible.”

By all accounts, the lease is good news for downtown, but it is also a great deal for Condé Nast, which will consolidate offices now spread among six buildings. Plans call for test kitchens, private dining rooms and an auditorium.

By agreeing to become the tower’s anchor, it had leverage in the bargaining. The publisher is expected to move about 5,000 employees to Floors 20 through 41 at 1 World Trade Center sometime in 2014, when its annual rent will start at a little more than \$60 per square foot, or roughly the same amount it is paying today at 4 Times Square, in a skyscraper built in 1999 by the Durst Organization.

Penalties are built into the contract if the Port Authority fails to make the space available on time. After the company moves to the building, the Port Authority will take responsibility for Condé Nast’s lease at 4 Times Square, which runs until 2019. But it should be easy for the Port Authority to find a corporate tenant willing to pay a higher rent, said Alan Desino, a real estate broker at Colliers, since there are so few large blocks of space available in Midtown.

Like other tenants at the trade center site, Condé Nast received an incentive package that includes sales tax exemptions on interior building materials and furnishings, and \$46 million in rent rebates over 17 years. Still, its rent is somewhat higher than those in recent deals at 7 World Trade Center or the World Financial Center, according to real estate brokers.

Condé Nast executives drilled down to the finest details to understand the building and the site, pondering what would happen if, for instance, a Ralph Lauren wanted to pull up to the building in a limousine. Would he be able to get in? To give them comfort, Port Authority executives provided extensive traffic studies for both black cars and delivery vehicles, with data on vehicular flows and travel times from Brooklyn, the Upper East and West Sides and Jersey City.

After much planning, officials assured Condé Nast that its armada of black cars, and their drivers, could be prescreened by the police for regular access via a route that goes south on

Washington or Greenwich Street and east on Vesey Street to reach 1 World Trade Center. And for the company's thousands of employees who travel more commonly, by subway from Brooklyn or the PATH train from New Jersey, the downtown location is more advantageous than Times Square.

The move may also come amid another transition, as a third generation of the Newhouse family prepares to take command of the company. Officials involved in the negotiations said they believed that Condé Nast would bring its cutting-edge sensibilities to the design of its new space. But in a sign of the challenging times for media companies, several Condé Nast writers and editors said they did not expect the company to spend as lavishly as it did in Times Square, where the cafeteria features Venetian glass and titanium walls.

The new cafeteria has yet to be designed, but it was an issue during lease negotiations, because no one wanted greasy louvers spewing kitchen exhaust from the exterior of ground zero's signature tower. Architects were brought in to address the problem, ultimately by setting the louvers back behind the curtain wall so they would not be visible from the outside.

In any event, other downtown landlords said they believed that Condé Nast could do for downtown what it did for the corporate office market around 42nd Street. Carl Weisbrod, who helped reshape Lower Manhattan as a city official and as president of the Downtown Alliance, called it "perhaps the most important move downtown in the last 20 years."

"What Condé Nast really does," Mr. Weisbrod added, "is certify downtown as a cool place to do business."