

Midtown Owners Hedge on Costly Office-to-Home Conversions

Landlords need Albany action to turn Manhattan commercial buildings into apartments — and that’s just the start of their challenges.

By Greg David
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The eighth floor at 218 W. 40th St. is ready for any office tenant that wants to move in. The 14,000-square-foot space has whitewashed columns, floor-to-ceiling windows letting in an enormous amount of natural light, and offices built on both sides of the elevator bank to take advantage of windows looking east.

The prebuilt space, as it is known in real estate jargon, is the showcase for the Garment Center office building, which needs lots of new tenants. The 12-story building will soon have four empty floors, as well as a ground floor space that has been vacant for years.

Owner Bob Savitt is well aware of the buzz around converting vacant office space into residential apartments, as the pandemic has had a lasting impact on office space rentals and occupancy. The mostly older office buildings in the Garment Center are ripe targets, according to real estate experts.

But Savitt says he is committed to keeping 218 West 40th as an office building.

“To convert it to residential we’d have to cut a core into the middle and that would be very expensive,” he said, referencing the air shaft that would be required under building codes. Since his firm has no experience with residential conversion, he’d said he would have to sell it to someone with that expertise...



A worker buffed new fixtures in a renovated loft-style office space on West 40th Street last week. | Ben Fractenberg/THE CITY

Daunting Economics

The biggest problem is simply economics. Given that the specifics of each building are different, there is no broad guideline for what a conversion would cost.

The first step involves emptying buildings. The cost of buying out tenants is significant, said Jeffrey Schwartz, an attorney at Schwartz Sladkus Reich Greenberg Atlas.

Then there are structural impediments. Most office buildings in Midtown were built in the 1960s with large floor plates, columns and windows along the exterior. Many would have to open a new core in the center of the building to provide windows and light, a very costly undertaking that also drastically reduces the amount of space available for apartments.

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