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Accenture Grabs Space in Manhattan's Hudson Yards as Amazon Weighs Similar Move

Keiko Morris, Wall Street Journal, 8.2.17

Global professional-services giant Accenture is planning to plant its flag in the Hudson Yards District, joining a growing roster of marquee companies in Manhattan's newest office hot spot.

Accenture said it would consolidate its New York offices, including its primary locations at 1345 Sixth Ave. and 155 Sixth Ave., into 250,000 square feet at the top of the $2.1 billion One Manhattan West tower rising on the West Side.

"For us, we were very much looking at space we knew would be an iconic New York location," said Kathleen O'Reilly, senior managing director of Accenture's U.S. Northeast region. "We've taken the top floors of the building, and that expansiveness is almost a metaphor of our thinking."

Tech giant Amazon.com Inc. has been in talks with Manhattan West developer Brookfield Property Partners LP about taking space at the 8-acre, six-building project on the far West Side, according to a person familiar with the matter. Professional-services firm Ernst & Young LLP also has been in discussions about possibly leasing 600,000 square feet at One Manhattan West, this person said.

Amazon said it doesn't comment on speculation or rumors.

Ernst & Young said it is "evaluating a host of locations, all aligned with our strategic plan to deliver service across the greater New York City marketplaces, including New Jersey and Connecticut."

The district, which includes the Hudson Yards and Manhattan West projects, has come a long way since developers began pitching potential tenants after the financial crisis of 2008 with the idea for a new neighborhood built above train tracks.

Hudson Yards, by Related Cos. and Oxford Properties Group, is the district's largest development, with more than 18 million square feet of commercial and residential space planned for the site.

Manhattan West, developed by Brookfield, is planning more than 7 million square feet at its mixed-use complex.

In the past year, Brookfield has signed or has entered deep negotiations with tenants for 1.7 million square feet of space at Manhattan West, the company said. It has signed leases with the National Hockey League, J.P. Morgan Chase & Co. and law firm McKool Smith for more than a half a million square feet of space at the 67-story One Manhattan West, which is under construction and anchored by law firm Skadden, Arps, Slate, Meagher, Flom LLP.

Whole Foods Market Inc. signed a lease for a 60,000 square-foot store at Five Manhattan West.

“We found ourselves in a position a couple of times where we have had to chose tenants competing for available blocks of space,” said Ric Clark, senior managing partner and chairman of Brookfield Property Partners.

Accenture’s 15-year lease deal comes on the heels of its announcement earlier this year that it is investing heavily in its U.S. operations, creating 15,000 highly skilled jobs, adding 10 new innovation hubs and expanding its technology centers.

The company’s decision also underscores the accelerated momentum developers of the two biggest projects on the far West Side have experienced in the past year, as a number of firms opt for new office construction over Manhattan’s older Midtown skyscrapers, betting new space will bolster efforts to attract and retain current employees and new recruits.

Accenture, which provides a range of services in strategy, consulting, numerous digital sectors, technology and operations, is hoping to tap into some of the energy as well as the amenities of restaurants and shopping planned for the area.

Transportation was a key consideration when Accenture was weighing a move to Manhattan West, which is west of Penn Station and a number of subway lines. The company, which has 3,000 New York City employees, will also have enough space to accommodate growth and will feature a multi-floor innovation hub, Ms. O’Reilly said.

The migration west of some firms from prime office space on Park Avenue and around Grand Central Terminal also has highlighted the critical nature of the city’s East Midtown rezoning plans that would make it possible for building owners to redevelop aging towers and compete with newer buildings, according to real-estate brokers. The city council’s vote later this month will be the last hurdle the rezoning will have to clear.

“It’s almost a snowball effect,” said Ken Rapp, vice chairman at CBRE Group Inc., who was part of the team representing Accenture. “I think new construction is number one on the checklist.”

One reason One Manhattan West is appealing is that it is one of few options for large tenants looking for 300,000 square feet or more of modern space in the near future, said Michael Shenot, a managing director at real estate services firm JLL.

The 28-acre Hudson Yards mixed-use project, under development by Related Cos. and the Oxford Properties Group, has more than 5.8 million square feet of office space completed or under construction on the far West Side. Tenants have committed to about 88% of that space, the company said.

In the last year or so, the Hudson Yards development has garnered commitments from big names in the financial industry such as BlackRock Inc., Third Point LLC and Point72 Asset Management as well as law firm Cooley LLP, according to Related Cos. About half of Hudson Yards’ 1 million-square-foot retail building has been leased, the company said.

“We couldn’t have imagined any of this,” said Stephen Winter, vice president of commercial leasing at Related Cos.

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