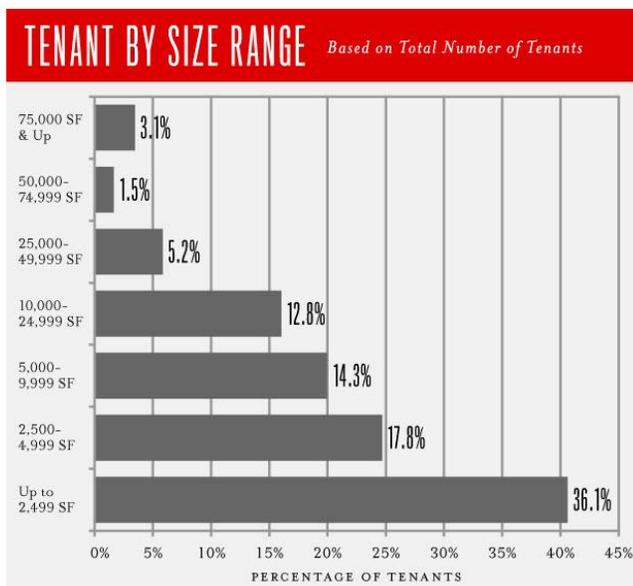


# Do Small Tenants Matter to Landlords?

BY BERT ROSENBLATT & ANDREW STEIN -  
VICUS PARTNERS, LLC

**In a word, yes. Why? Because Small Tenants are the lifeblood of Manhattan's commercial real estate market.**

Really? Look at the graph below...36% of commercial tenants rent less than 2,500 square feet of office space. In the world of big time Manhattan Commercial Real Estate, do you know what 2,500 square feet is?



**An after-thought for most brokers and Landlords Right?** Funny... Look at the next bar on the graph... 22% of the market is between

2,500 and 4,999 square feet. Do you know what 5,000 square feet is?

**A slightly bigger blip on the radar screen right? Not Goldman Sachs or worthy of a Crain's article...but maybe 5,000 square feet starts to mean something to someone right?** Actually, there's someone to whom this size Tenant means a lot. Landlords...those guys who own buildings and pay mortgages. They live and die on the income generated by these "small" tenants. While many brokers may not be interested in these deals, do not be mistaken...they matter. We're talking about 58% of the market...which by no one's standards is an insignificant piece of the pie.

**58% of the NYC Office Leasing market is comprised of Tenants doing these small deals?** Yes. It's worth saying again...58% of the Tenant's that do an office leasing deal in Manhattan in a given year are groups that occupy less than 5,000 square feet. So even if you make up that your Landlord and or his broker doesn't want to deal with you...you Mr. Little Tenant are massively important to the market, to the owners of the these buildings, to the New York City economy and to the basic health of the Manhattan commercial real estate market.

**Okay...I get it...I matter. What can I expect?**

As a small tenant you can expect to be taken seriously by your landlord. You do matter. You as an asset class are a significant portion of a Landlord's revenue. And therefore, it is important for you to understand your own worth to a given Landlord. At the end of the day, the greatest thing anyone can do to increase their leverage in a negotiating scenario is to know your own value.

Further, something that often gets overlooked is the reality that small tenants rarely occupy space in buildings alongside large corporate tenants. A 50,000 square foot floor is not going to have a 49,000 square foot tenant sharing a floor with a 1,000 square foot tenant. Floors don't get divided in this way.

What happens is that large corporate tenants often require their buildings to have large floor plates that are not conducive to a smaller Tenant. Big corporations tend to take up multiple floors, if not whole buildings. Small tenants, on the other hand, tend to be grouped together. There are many

buildings that are conducive for smaller Tenants. In fact, if you were to take a survey of New York City's commercial buildings, you'd find that there are far more buildings that cater to smaller tenants than larger tenants. And in these buildings, smaller tenants certainly do matter. Landlords in these buildings spend most of their time dealing with small tenants. So don't be afraid to do your research and ask for what is fair. Your landlord can't stand to lose you.

*Bert Rosenblatt and Andrew Stein are principals of Vicus Partners, LLC and the ITRA affiliate for New York City – Downtown. Bert Rosenblatt can be reached at (212) 880-3747 ext. 6619 or at [brosenblatt@vicuspartners.com](mailto:brosenblatt@vicuspartners.com). Andrew Stein can be reached at (212) 880-3747 ext. 6620, or at [astein@vicuspartners.com](mailto:astein@vicuspartners.com)*