

# Real Estate Journal

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## Re-decorating attracts and keeps tenants and increases business

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Nothing makes a once tired, old space look attractive than a beautifully re-designed interior. It not only helps landlords and building management companies lease space to new tenants, but it significantly helps them keep old tenants. In addition, tenants find that re-designed attractive spaces have a positive effect on their bottom line. This is especially apparent in stores and showrooms, where appearance can either welcome customers or discourage them from entering.

Landlords and building management companies want to maintain low vacancy rates by keeping tenants in place and renewing their leases. And one effective means for accomplishing that is to transform a boring space into one that inspires its inhabitants. To keep a tenant from moving, a savvy landlord will offer a number of attractive incentives. With moving costs increasing along with the significant costs of setting up new communications systems, tenants can save considerably just by staying put, if – of course – the landlord provides the necessary incentives. If a tenant moves, then that new space will have to be decorated. The costs of interior design for spaces of equal size will remain pretty much the same. So why would a rational tenant choose to incur the extra costs of moving and of setting up new communications systems. If an old office and a new office each require new carpeting, new ceilings, new lighting, new cabinets, and

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new furniture, then it is obviously cheaper for the tenant to remain in an existing, but newly decorated space. And it certainly makes sense for a landlord to use such arguments to persuade a tenant to remain and renew a lease. When a landlord works with a tenant so that a new and attractive environment is created, then both tenant and landlord will have won.

Tenants and landlords can ascertain costs of moving and come to economically sensible decisions. Take a piece of paper and draw a vertical line down its center, creating two columns. To determine the costs of moving versus the costs of re-decorating, one column must contain the costs of a moving company as well as telephones and other electronic communication accessories, letterhead, business cards, updated websites, and new furniture. In the next column, there should be the costs of remaining in place. Both columns will list respective rents and new base years for escalations. Before the lists are complete, one should consult with a professional interior design firm and factor in the costs of re-decorating an existing space compared to decorating a new, perhaps, raw space.

In most cases, a tenant will be able to enjoy substantial savings by remaining in an existing space, which – of course – will also please the landlord. In addition, there will be little or no interruption of the work schedules of one's employees if they do not have to move.

While many landlords will perform

basic cosmetic decorating and some will even contribute to a decorating budget, the redecoration should be handled by professionals who can satisfy the aesthetic as well as the utilitarian needs of a tenant.

In addition to relying on the professionalism and experience of interior design professionals, there are numerous reasons why tenants should not undertake to decorate their own spaces. For one thing, it is extremely time consuming and will mean that the tenant will have less time to devote to business. Secondly, a professional decorating company is experienced in managing a project and will get the best prices from suppliers, artisans, contractors, and trades people.

As professional interior decorators, we are able to get the best prices from the suppliers with whom we have had long-term relationships. And when it comes to furniture and cabinets, we design and build one-of-a-kind architectural products that, in many cases, are unique works of art.

It is also an important and a valuable selling-point for landlords to explain to existing and prospective tenants that stores, showrooms, and offices that have been professionally decorated will do substantially more business than ones that look as if they had been designed by amateurs.

We have seen far too many spaces that were poorly designed. For example, we had been asked to determine if a lingerie store could improve its image and increase sales as a result of a complete make-over. The store verged on being grim. Rather than having a charming, glamorous atmosphere that would inspire women to make purchases, the store presented a dour image that a customer would associate with its products. The store had bright fluorescent lights that washed out everything in sight; it was as if the garments were being examined under a

scientist's microscope. The store's color, a kind of vapid lime green, took on a sickly look under the glare of the too-intense fluorescent lights. The place had all the charm of a police precinct interrogation room! It was no wonder that women stayed away, even though the store's merchandise was beautiful.

On another occasion, we had been invited to help a garment showroom tenant redecorate his space. He had thought that bare white walls and large windows looked so hip that buyers would be entranced. Instead, they were turned off by the industrial appearance of the space, which looked as if it would be better suited as a warehouse in the meat district.

One final example: Not too long ago, we were asked to look at space occupied by an advertising agency, which had been in business at the same location for 20 years. It had faded plaid carpets, pale blue chairs, sickly yellow walls, and steel desks that would have been appropriate in a prison cafeteria. As gently as possible, we explained to the owner that he was projecting the wrong image for an advertising agency, even if it were a low-end agency that produced entirely utilitarian work. The look of it simply did not inspire confidence in the agency's creativity. In addition, creative art directors and copywriters did not want to work there. The owner, a stubborn individual, frugally decided against redecorating. We were not surprised to learn that he subsequently went out of business.

The benefits to both tenants and landlords of re-decorating spaces can be substantial. Landlords get to maintain low vacancy rates, and employers enjoy greater productivity from their staffs. That results in increased revenues, which – of course – is the goal of all businesses.

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