

Verizon moves HQ to Penn 2 in boost for Vornado

Nearly 200K sf lease brings high-profile tenant to district

Verizon is betting on the Penn District with plans to move its headquarters to Penn 2, the redeveloped office tower owned by Vornado Realty Trust.

The telecom giant signed a lease for nearly 200,000 square feet at the 1.8 million-square-foot building formerly known as 2 Penn Plaza, Vornado disclosed late Monday, according to Crain's. The move brings roughly 1,000 corporate employees to the tower, which was about 50 percent leased before the deal.

Details of the lease, including asking rent and length, were not disclosed. In the past, Vornado head Steven Roth has said he hopes that asking rents at Penn 1 and Penn 2 will rise well above \$100 per square foot.

Verizon's current HQ is at 1095 Sixth Avenue, known as 3 Bryant Park, a 1.2 million-square-foot tower once built for Verizon's predecessor and now co-held by Canadian pension giant CDPQ and Hong Kong-based Real Summit Investment. That recently upgraded property has served as the company's flagship since the early 1970s.

The relocation is a win for Vornado's \$750 million bet on the Penn District property, where the office market has struggled with a vacancy rate nearing 21 percent, according to Cushman & Wakefield. Verizon's arrival could accelerate the building's lease-up timeline and stabilization, which analysts initially pegged at two years.

In a statement, Sam Hammock, Verizon's chief human resources officer, called the new digs "a space designed to bring us together — to collaborate, to celebrate, to think boldly." Vornado's Glen Weiss, in turn, hailed the lease as validation of the firm's investment in the area, dubbing the Penn District "a vibrant gateway to New York's new West Side."

Other tenants include Madison Square Garden's corporate offices, Major League Soccer and Universal Music Group.

Office leasing in Manhattan saw its strongest first half of the year in over a decade as tenants signed deals for 20.7 million square feet in the first six months, according to a Colliers report, the most since 2014.

The strong performance was largely due to a banner first quarter, during which six tenants inked deals for more than 250,000 square feet. Leasing volume for the second quarter hit 9.2 million square feet, marking an 18.9 percent drop from the previous quarter, according to Colliers.