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How far are workers willing to walk to the office? The answer is driving leasing.

By [Aaron Elstein](#)



An invisible border divides the world of Midtown office towers. On the side of the line closer to Grand Central Terminal, many buildings are full of asset managers, law firms and others paying top-dollar rents. On the other side, more buildings are struggling.

For instance, the vacancy rate is just 7% for all of Rockefeller Center, the massive complex at Fifth Avenue between West 48th and 51st streets. Yet just a block north, at 31 W. 52nd St., the Class A tower is 33% empty. Several blocks to the south and east, the tower at 101 Park Ave., near East 42nd Street, is just 5% vacant, but at East 34th Street, 3 Park Ave. is 46% empty. The dynamic is much the same across town, where buildings close to Penn Station are highly prized, while others in the Garment District or Hell's Kitchen are shunned.

What's driving the discrepancy? The towers with elevated vacancies are usually seen as too far from the city's major rail hubs to be convenient for commuting workers, real estate experts say. New Yorkers commute more than an hour per day on average, the longest in the nation, according to federal data, and workers accustomed to working from home are turned off by a long train ride

A long way to go

New York has 730 million square feet of office buildings but only some are really close to the city's major commuter hubs, Grand Central Terminal and Penn Station. Many of those more than 15 minutes away by foot are struggling with high vacancy rates.

Walk time from closest transit hub

Building	Transit Hub	Walk Time	Percent leased or occupied
Farley Building	Penn Station	1 minute walk	92% occupied
1 Vanderbilt Ave.	Grand Central Terminal	3 minute walk	100% occupied
101 Park Ave.	GCT	3 minute walk	95% occupied
Empire State Building	Penn	7 minute walk	96% occupied
1407 Broadway St.	Penn	9 minute walk	82% occupied
3 Park Ave.	GCT	11 minute walk	54% occupied
1211 6th Ave.	GCT	14 minute walk	92% occupied
399 Park Ave.	GCT	15 minute walk	100% occupied
Rockefeller Center	GCT	15 minute walk	93% occupied
31 W. 52nd St.	GCT	17 minute walk	69% occupied
900 3rd Ave.	GCT	17 minute walk	69% occupied
1301 6th Ave.	GCT	19 minute walk	81% occupied
712 Fifth Ave.	GCT	20 minute walk	75% occupied
825 Eighth Ave.	Penn	20 minute walk	62% occupied
9 W. 57th St.	GCT	22 minute walk	92% occupied
650 Madison Ave.	GCT	23 minute walk	83% occupied
888 7th Ave.	GCT	28 minute walk	84% occupied

Source: Company filings, ratings agency reports, Crain's reporting

followed by a long walk or even a short subway ride. Data provided by landlords and credit-rating agencies show that Manhattan office towers struggle to lease up space when they're a 10- or maybe 15-minute walk from one of the two key rail hubs.

"Work from home has changed people's attitude about convenience and the office," said Ruth Colp-Haber, CEO of Wharton Property Advisors. "Before, people accepted that they had to come to work in the office, and they swallowed whatever inconvenience was involved."

She reckons 10 blocks from the train is as far as most commuters will tolerate, which she said is a 10-minute walk "if you're in good shape."

Alexander Goldfarb, a real estate analyst at investment bank Piper Sandler, reckons workers will go farther than Colp-Haber thinks – but not much.

"The common refrain is 15 minutes from any transit hub is the limit," said Goldfarb, who recommends shares in SL Green because the developer's supertall tower at 1 Vanderbilt Ave., just a 3-minute walk from the Grand Central clock, is 100% occupied.

Nine minutes by foot from the clock, 280 Park Ave. is 92% occupied, and so is the Farley Building across the street from Penn Station. The Empire State Building, 96% leased, is one of the few buildings in the city close to both hubs – seven minutes by foot from Penn Station and 15 from Grand Central.

Proximity to either train station is no guarantee of success. The Helmsley Building next to Grand Central is 30% vacant and in foreclosure proceedings. But distance makes difficulties more likely. Worldwide Plaza, at the corner of West 50th Street and Eighth Avenue in Hell's Kitchen, is a 20-minute walk from Penn Station and 24 from Grand Central. It's 40% vacant and the building is [running low on cash](#), according to data from credit-rating agency KBRA.

New York has 730 million square feet worth of office properties, according to the New York City comptroller's office. Their collective value more than doubled, to \$172 billion, between 2011 and 2021, according to the state comptroller's office, but values for many are falling because the office vacancy rate citywide hovers at 23%. The owner of 900 Third Ave. recently sold a 45% stake at a \$210 million valuation, or half the amount sought when the building went on the market in 2019.

One reason prices are depressed is that office tenants no longer want to take spaces that workers will be reluctant to travel to. Companies also want a spot that's convenient for clients to get to, and they also want to set up shop in neighborhoods that carry a certain cachet.

"People like to be near clients, to be proximate. It matters to them." Goldfarb said. "There are also long-held views on which submarkets are socially acceptable."

Rockefeller Center's success stems in part from the fact that it's a 13-minute walk from the Grand Central clock. A Class A building that's only eight minutes north at 712 Fifth Ave. is 25% empty, likely because it's on the wrong side of the 15-minute mark, which on Fifth Avenue is crossed between West 51st and west 52nd streets. On a recent morning a reporter was stationed there and told a managing director on her way to work at a financial firm that she had crossed a significant but unmarked border.

"I really had no idea," the woman said. "Maybe next time I'll bring my passport."

In some areas, a walk is worth it

The Financial District is still recovering from the pandemic. Wall Street firms left long ago for Park or Sixth, and the neighborhood's office vacancy rate is 26%, according to Cushman & Wakefield. Even though eight lines converge at the Fulton Street subway station, office buildings an 11-minute walk away on Water Street are struggling to land tenants, brokers said. It's a different story, however, at the World Trade Center, which sits atop the PATH and is 95% occupied.

Yet just as being close to a commuter hub is no guarantee of success, being a little farther out isn't necessarily fatal.

The tower 9 W. 57th St., a 22-minute walk from Grand Central and 34 minutes from Penn Station, is 92% occupied thanks to tenants including Chanel and Apollo Global Management shelling out big bucks for Central Park views. It's the same story for the GM Building at 767 Fifth Ave.



9 W. 57th St.

Buck Ennis

“Senior executives in these buildings can go to work by foot or car from the Upper East or Upper West Side,” Colp-Haber said.

Companies thinking about calling the movers can get data from brokers showing how a change in address would change their employees’ commutes. A study from Cushman & Wakefield showed that workers at a consulting firm spent on average 54 minutes commuting to the office at 60 Madison Ave. Moving to 463 Seventh Ave. would shave six minutes off the average trip, the study found, but add up to 15 minutes for four workers. The firm stayed put for financial reasons.

Some employers are sensitive about imposing more commuting time on workers who are already traveling more than before. The Federal Reserve Bank says mean commuting times in Manhattan rose by 7% between 2011 and 2019. New York state residents have the longest commutes in the nation, an average of 33 minutes each way, the U.S. Department of Energy said last year.

Enough time for coffee

It’s not just the rank-and-file who appreciate an office close to the train. Bosses like it because workers stay in the office longer, not feeling as if they have to rush off to start their trek home, said Max Koeppel, director of leasing at Koeppel Rosen, a firm that manages 20 century-old office buildings in Midtown between West 14th and East 39th streets.

Some of Koeppel’s buildings are more than a 15-minute walk from a station, so to entice tenants to move in, his firm offers to cover the cost of renovating space. In prepandemic times, tenants would often hire their own designers and contractors, Koeppel said, but now landlords are bearing the cost that starts at \$68 a square foot. Tenants don’t commit to a space for as long as they used to, and lease terms have shortened to three to five years from 10.



Max Koeppel

Buck Ennis

“With shorter terms, it makes no sense for tenants to build out their offices,” he said. “They just want to get in and work.”

Koeppel’s buildings include 902 Broadway, a 19-minute walk from Penn Station and 28 minutes from Grand Central. Those who make the trek are greeted by a handsome century-old building with a renovated lobby, new elevators and outsize windows that provide splendid views of Midtown and the lively neighborhood between Madison Square Park and Union Square.

“The streets are as crowded as before the pandemic,” Koeppel said. “The vibe is great around here.”

There are other benefits to walking a bit to work after taking a train. Michael Porter, an informatics expert for the city Health Department, takes a 35-minute subway ride to Canal Street, buys a light-and-sweet pushcart coffee and then takes in the sights while strolling 10 minutes to his office between Tribeca and Chinatown.

“Ten minutes is the perfect amount of time to drink my coffee,” Porter said.

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