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## Why have an office lounge when you can open a speakeasy?

Hidden Jazz Age throwbacks are designed to make workplaces destinations



"Secret" bars have been popping up at office buildings across the nation, with these so-called speakeasies at the Hartland Plaza in Austin, Texas; 10 Grand Central in New York City; the Bond office park in Phoenix; and 525 Market St. in San Francisco. (Andrea Calo/Aquila Commercial; Eric Medsker, Marx Realty; George Oliver Cos.; Cushman & Wakefield)

By [Rachel Scheier](#)

A newly opened bar in Austin, Texas, has moody lighting, crushed velvet seating and private wine lockers, with an entry through a hidden door restricted to those in the know. It's not tucked away in a dark alley but in an office building housing financial firms.

This spot, the Hartland City Club in the western part of Austin, is just one such venue around the country. There's also the underground Paramount Club in a midtown New York City basement, a Phoenix bar with an entrance that resembles a bank vault, and a hidden joint in San Francisco with a record collection.

Speakeasies — those illicit backroom dives born of necessity during America's ill-fated Prohibition experiment outlawing alcohol — are popping up in office buildings competing for tenants and at workplaces trying to lure employees. It's another post-pandemic push to make the office a destination with spaces designed for fun, adventure and socializing, the opposite of isolating, endless Zoom calls featuring the disembodied heads of remote workers.

"Visit HCC's speakeasy, a place where time is suspended and camaraderie flourishes," reads a brochure from landlord Aquila Commercial aimed at Austin's prospective business tenants. "This is the perfect place for elegant happy hours and effortlessly transforming mundane 4:00 p.m. meetings into captivating affairs."

Steep competition among office owners for tenants has driven demand for spaces that can offer a hint of exclusivity and double as advertising for the building. That's quite a pivot from when speakeasies were revived in New York around 2000 as swanky alternatives to loud nightclubs.

These hidden Jazz Age throwbacks at commercial properties now serve as a calling card of the "flight-to-quality" suite of extras U.S. real estate developers and owners are adding after COVID-19 upended demand for office space.

"Prior to the pandemic, it was how many seats can we get in this office space? How many desks? Nobody asks that anymore," Stephanie Long, an Austin-based managing director at Interior Architects, told CoStar News. "It's a totally different design question now."



The speakeasy at the Hartland City Club in Austin has vintage chandeliers and dark marble and is accessible via a secret door disguised as bookshelves. (Andrea Calo/Aquila Commercial)

There is an inherent challenge to the strategy of combining a bar with a workplace. While workers at office speakeasies are understandably, and ironically, reluctant to speak openly about their concerns regarding these efforts by their employers, some comments in online forums say some employees feel uncomfortable about being encouraged to drink with coworkers at the workplace.

### **Cooler than a cubicle**

Even so, office owners and occupiers say, as the nation's office vacancy rate remains stuck at a historic high of 14%, they need to do more than provide gyms and cafes to lure workers out of their homes.

They're betting that workers may be more enticed by competition, and by gaining access to a space that's not easily accessible. The speakeasy, with its dual allure of secrecy and nostalgia, stands out, according to those backing the investment.

While speakeasies are too new to provide a steady track record of their success, industry professionals say, the proliferation indicates they are seen as one of the best shots at driving interest in office buildings and among workers.

"I think what's driving this push for speakeasy spaces is this special feeling of walking through a hidden door, and entering a unique space that feels intimate," Bill Fusco, a project manager at New York construction company JT Magen, told CoStar News. His firm specializes in high-end office build-outs in the city, a category that has expanded to include the speakeasy.

JT Magen created one such space at 1301 Avenue of the Americas, owned by Paramount Group. The landlord brought on the construction firm to create the 32,000-square-foot space that's open to the employees of any tenant within Paramount Group's New York portfolio.

The Paramount Club in the building's repurposed basement has an added, secluded street entrance that opens to a staircase clad in black granite with a custom steel and brass balustrade. The speakeasy space was a way for the landlord to "create something different and special for employees, get them out of their homes and keep them in the city," Fusco said.



Landlord Paramount Group partnered with JT Magen to convert the basement of a New York City office tower into The Paramount Club, an amenity floor that includes a speakeasy. (Sarah Flotard)

The concept is catching: Paramount Group is working on a similar space for another building it owns about five blocks away.

"Companies are willing to spend money on these unique common areas so employees and clients have a gathering space that's cooler than a cubicle," Fusco said.

That demand is giving a boost to tenant improvement firms after the pandemic halted real estate deals, grounding office construction to a halt. Six years later, landlords and tenants are spending more on high-end renovations than they were before the pandemic, according to Fusco, as top-tier buildings largely outperform the rest of the market.

### **Earning the commute**

Long has designed a handful of speakeasy venues recently on behalf of office clients. She oversaw the opening a few weeks ago of a cowboy-themed speakeasy for the offices of a technology company, complete with a horse statue and footstep outlines on the floor providing instructions on how to do the Texas two-step. Another project under construction is a "super-secret" executive bourbon-tasting lounge at the headquarters of an Austin-based tech firm. All of them seek to connect people while at once creating a sense of exclusivity.

Long has designed a handful of speakeasy

"It's a place to be part of a special group, to belong," Long told CoStar News.

It may be too soon to tell if these speakeasies are having a direct impact on leasing rates. The nicest, newest buildings with no shortage of high-end gathering spaces for employees are increasingly leading the nation's office recovery by drawing deals and sending asking rents higher, according to a CoStar analysis.

In San Francisco, the owners of a 39-story tower spent \$22.5 million to convert former office space into an amenity floor that includes a speakeasy with a vinyl record collection. That addition helped draw a [deal from the Mintz law firm at 525 Market St.](#)

“Instead of a bunch of conference tables, we wanted something that would create conversation and collaboration” among the firm’s 50 employees in the city, Steve Osborn, a managing member at the law firm, told CoStar News. “We wanted to earn the commute.”

### **'Authentic experiences' stand out**

After a lull during the pandemic, modern-day speakeasies are again “popping up everywhere,” agreed Emily Durham, a Houston-based restaurant industry professional on JLL’s food and beverage advisory team.

She described them as “almost like an escape room.” The allure is “something exclusive that’s dark and cool, and then also you have to find it. So it’s got this experiential factor, too.”

Highball Ltd., a speakeasy that opened this month at 10 Grand Central, is an exclusive office tenant amenity for the 36-story midtown Manhattan office property — before 5 p.m. In the evenings, it opens to the public.

That golden-age-of-railroad-themed speakeasy is a partnership between the building’s landlord, Marx Realty, and veteran speakeasy bartender Jeff Bell.

Marx Realty is “providing a hospitality experience to tenants in boutique office buildings,” Bill Montana, a senior managing director at Savills, said in a LinkedIn post. “They keep raising the bar and it’s great to see. Hopefully it inspires other landlords to follow them.”

Bell, who has also developed a line of cocktail mixers for JetBlue, is something of an expert in clandestine entrances. In 2007, he helped open PDT, or Please Don’t Tell, one of the best-known “secret” bars in the country. It’s located behind a vintage phone booth in a hot dog joint in New York’s East Village. Guests dial “1” to enter. The way into Highball Ltd. aspires to be equally elaborate; it is signaled by a red light on Third Avenue that leads across a red carpet to a freight elevator where patrons press “H” for Highball.



New York speakeasy Please Don't Tell is accessed through a vintage phone booth inside Crif Dogs, an adjacent restaurant. (Andria Cheng/CoStar)

Formerly called The Bar Car, the newly rebranded speakeasy is part of 10 Grand Central's 11,000-square-foot amenity floor, which also features a 200-person town hall, an outdoor terrace, a podcast studio and a screening room with stadium seating, and a tenant lounge that's reminiscent of a 1930s train car.

Deitelzweig, the chief executive of Marx Realty, told CoStar News that Highball Ltd. promised to be “a really serious, high-end experience” that serves both tenants and outside customers. “What tenants really want is an authentic experience,” he said in a recent interview. “They want that soul.”

<https://www.costar.com/article/1865312810/why-have-an-office-lounge-when-you-can-open-a-speakeasy>