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## Media Release

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**• Editors/Reporters: please click on link to view and download photo of 1101 New York Avenue, Washington, DC**

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### **Sublease transaction provides expansion opportunity during recession: Avison Young obtains class A space for growing IT firm New Signature in Washington, DC**

**Washington, DC** — Sublease opportunities are starting to arise for companies that want to buck the recessionary trend and expand into coveted class A space in the vibrant downtown Washington, DC office market, says **James Legat**, Senior Vice-President, Washington, DC region, Avison Young.

Washington has weathered the recession well compared with other U.S. markets, and class A lease rates rank among the most competitive in the country. But a recent significant sublease deal demonstrates that, although the downtown market is tight, tenants with strong balance sheets can still upgrade their office space, obtain flexible lease terms and save money while growing their businesses.

In the notable transaction, Avison Young negotiated a 14,000-square-foot, six-year sublease for IT consulting firm **New Signature** at 1101 New York Avenue, one of the most modern and sustainable office buildings in the region.

“It’s a feel-good story when you look at the headlines about the recession,” comments Legat. “Basically, we found high-quality space in a downtown Washington trophy-class office building that will enable New Signature to grow significantly. The company expects to double, if not triple, in size in the next few years.”

New Signature subleased the space from global accounting firm Ernst & Young, which had used the property as swing space for its diverse needs. The deal included short-term rent reductions, a stepped rent structure, and a large tenant-improvement allowance. Legat represented New Signature in the transaction.

“It’s a real benefit for our client,” says Legat. “It gets New Signature into a prestigious class A space at an affordable cost.”

Ernst & Young also benefited, he adds, as it was able to reduce its lease obligation on surplus space while retaining other office premises in the same high-profile location.

Built just four years ago, 1101 New York Avenue is a LEED-Gold certified building featuring a clear glass façade, rooftop patio with Capitol Dome views, a gym for tenants, underground parking lot, 24-hour security and 24-hour concierge.

New Signature CEO **Christopher Hertz** says the sublease deal allows his firm to focus on its quality of work and service delivery rather than logistics like office leasing.

“We’ve always been willing to explore the sublet market – not just the prime-lease market,” explains Hertz. “That’s always been a positive experience for us. “Many companies don’t consider the sublet market and overlook the potential that exists there.” Most of New Signature’s 55 employees have now moved into 1101 New York Avenue.

Founded in 2003, New Signature has expanded significantly in recent years, but the company lacked sufficient office space for its still-growing workforce. “We were running out of room in our previous space,” Hertz says.

However, it was critical for New Signature to remain downtown near its national and international for-profit and non-profit clients who are also based there. The company’s new headquarters is also located near three Metro stations that link the downtown with much of the city and suburbs of Virginia and Maryland. The site enables New Signature to recruit the best and brightest and provides the firm with an attractive location in which to develop its talents and skills.

“The space meets all of our requirements to provide an environment that will improve the productivity of our staff,” says Hertz. “We can comfortably add another 40 people.”

According to Avison Young’s *Mid-Year 2011 Canada-U.S. Office Market Report*, the overall Metropolitan Washington market ranks as one of the healthiest in the U.S. Downtown Washington’s 8.1% vacancy rate is the lowest of all major American cities. Washington is also the only market with significant new development – 5.6 million square feet, of which 43% is preleased.

Together, says Legat, the strong demand, low vacancy and new construction have created favorable sublease conditions for large and small companies alike. He acknowledges that firms may want to hold off on expansion until the recessionary storm passes, but advises tenants to secure sufficient office space so that they can “hit the ground running” when business accelerates.

Having served New Signature in the past, Avison Young was well aware of the company’s increased space needs. Even during an economic downturn, says Legat, it is vital for tenants and landlords to inform brokers of their requirements – because, as New Signature discovered, favorable sublease deals can be completed.

“James Legat was aggressive in finding us a property that meets our very specific requirements as a growing company, which is tough to do,” says Hertz. “The deal worked for everyone and addressed all of the concerns that all of the parties had. It has also created a relationship for us with Ernst & Young – a very strong one.”

*New Signature is an IT consulting firm that serves small- and medium-sized businesses (SMBs) in the Washington, DC metropolitan area. The company provides clients with access to best practices, dedicated customer service and a deep bench of technical expertise while offering IT management to SMBs (fewer than 200 employees) and mid-market firms (200 to 5,000 employees). New Signature also provides customers of all sizes with access to a full-service interactive agency.*

*Founded in 1978, **Avison Young** is Canada's largest independently-owned commercial real estate services company and the only national, Canadian-owned, principal-managed real estate brokerage firm in the country. Headquartered in Toronto, Ontario and ranked among Canada's leading national commercial real estate organizations, Avison Young is a full-service commercial real estate company comprising more than 800 real estate professionals in 25 offices across Canada and the U.S. The company provides value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial and multi-residential properties.*

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