

U.S. | NEW YORK

Meeting-Space Companies See Big Money in Manhattan

U.K. firm etc.venues' expansion in New York challenges hotels and others offering conference and training venues



A meeting space in the U.K. owned by etc.venues. PHOTO: ETC.VENUES

By *Keiko Morris*

Oct. 3, 2019 9:20 am ET

A British company that builds and rents out meeting space in office properties is expanding in New York City, challenging hotels and other operators for a slice of the city's more than \$10 billion annual conference business.

Etc.venues last month agreed to take 30,000 square feet in a Midtown East building at 601 Lexington Ave. The London-based company plans to revamp the space that was an in-house conference center for [Citigroup Inc.](#)

The Lexington Avenue property marks etc.venues's second Manhattan building after one on Madison Avenue, where it leased space in the spring. The company said it is planning to open nine to 12 locations in New York City over the next several years.

Last year 6.2 million people attended meetings and conventions in New York City, up 5% from five years ago, according to NYC & Co.

While co-working and other shared-office space companies have become a big business in New York and other U.S. cities, some companies including Convene are focusing on the conference business. Co-working companies like Spaces and WeWork also rent and offer meeting and event space.



Alastair Stewart, CEO of etc.venues, says the shortening of corporate events and training programs is helping the meeting-space business. PHOTO: ETC.VENUES

Etc.venues believe there is growing demand for shorter-term meeting and event space outside of company offices, since recently built urban office buildings often exclude larger conference areas. The London company's spaces feature modern design, light fixtures with geometric patterns and purple hues along with comfy lounge furniture.

The conference-space companies help "remove the expense of a company having to pay an annual cost to embed that space in their own office space," said Scott Panzer, a vice chairman at real-estate services firm JLL.

The business is also benefiting from corporate events and training programs becoming shorter, often just day-long events, said etc.venues Chief Executive Alastair Stewart. The shift was accelerated by the last recession as companies trimmed budgets and avoided longer stays at flashy hotels and locations, he said.

“The five-day course became the two-day course and then training for a day,” said Mr. Stewart.

Corporate meeting planners have also shifted from using hotels run by big hospitality chains to independent conference centers or meeting-focused venues, according to a 2019 report from IACC, an organization for meeting-industry professionals and companies. Hotel use by planners fell from almost 62% in 2017 to 47% in 2019, according to the survey of 250 international planners.

Etc.venues said its meeting-space rate is about 25% less than what is available at high-end hotels.

But hotels still have an appeal for company meetings requiring overnight stays because they are often easier for planners to coordinate and more convenient for out-of-town attendees, said Joan Eisenstodt, principal of Eisenstodt Associates LLC, a Washington consulting firm.

“We all use hotels for the convenience of guest rooms,” she said.

Etc.venues, which has 17 locations in the U.K., caters to those day events, promising on-site chefs and rooms designed specifically for business conferences and meetings rather than spaces carved out of hotel ballrooms. Earlier this year, the company signed a 45,000 square-foot lease at 360 Madison Ave.



At 601 Lexington Ave., owner [Boston Properties](#) Inc. said it saw a chance to provide its tenants and those in its surrounding office towers with an amenity, said John Powers, an executive vice president at Boston Properties. In addition, the costly infrastructure for a commercial kitchen already existed in the 14th-floor space which had been used by Citigroup when it was a much larger tenant and used it as an in-house facility.

“Hotels are good for certain things, but they are more about conventions and not necessarily for training,” Mr. Powers said. “You don’t go to a hotel and easily put in work spaces to do IT training.”

While etc.venues is invading Convene’s Manhattan turf with its expansion, the U.S. meeting-space company in August said it is opening its first international location in London.