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Smoke and Mirrors

By LINGLING WEI

Attention, tenants: Your landlord may raise your rent by increasing the "size" of your office space -- without actually increasing it.

According to a study by Commercial Tenant Real Estate Representation, a New York corporate real-estate firm, 16 out of 50 randomly selected office towers in downtown Manhattan have seen their sizes grow more than 5% since 1990 -- even though there was no floor being added to the buildings or any other evidence of "physical changes." In other words, the landlords of those buildings have increased so-called rentable space -- which includes an allocation of the common areas of the building -- without adding to the amount of space tenants can actually use, known as "usable" space.

The upshot: Those buildings could generate as much as \$28 million more in revenue a year as a result of such remeasurement of rental space. "It's as if you renew a lease on a one-bedroom apartment, and all of a sudden, you are paying rent for a three-bedroom space," says Marisa Manley, president of the firm.