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Coworking provider Corporate Suites sued for \$1.3M in back rent

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Bloomberg

Coworking space

Company President Hayim Grant was also sued personally for \$500,000 in rent arrears at the same location

Manhattan-based [flexible office](#) and coworking company Corporate Suites has failed to pay nearly \$1.3 million in rent at its Midtown East location, according to a lawsuit filed by its landlord in state Supreme Court in Manhattan.

The office provider occupies the 20th and 21st floors at 737 Third Ave, but it hasn't paid any rent to its landlord, a partnership between the Multi-Employer Property Trust and Bentall Kennedy, since September 2020, court papers filed Thursday say.

The building owner is also going after the office provider for late fees, interest, utility charges and attorneys fees. It went after Hayim Grant, Corporate Suites' president, in July 2020 for more than \$500,000 in rent arrears at that location dating back to January 2019, according to another lawsuit filed in the same court.

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Teresa Daly, an attorney for Corporate Suites, maintained in emails filed with the court that her client had been making payments throughout the pandemic even though Covid-19 has negatively affected its business, but she did not elaborate on which months her client paid off or what arrears still remain.

Neither she nor a representative for Corporate Suites responded to a request for comment.

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Whatever was paid is not enough, Edward Klein, the lawyer for the landlord, said in court papers. "What's sad is your client's extortion of the landlord," he wrote in an email to Daly. "If even half of the tenants in any building treated their landlord as your client does, commerce would come to a screeching halt."

The company has five locations across Manhattan that are now open, down from the eight it offered clients in 2018. That year, its landlord at 22 Cortlandt St. secured a judgment against the company for nearly \$1.8 million after it failed to pay rent for its space on the 16th floor of the building.

Other flexible office providers have also racked up unpaid rent bills during the last year, including Knotel, Breather and a handful of others, among them WeWork, Convene and Primary, that have closed locations.

But with more companies expected to embrace a hybrid work model, demand for flexible offices is expected to continue growing, according to research from CBRE, and Manhattan is one of the largest markets for it.

Some of the city's biggest landlords have jumped on that trend, including SL Green, the Durst Organization and Tishman Speyer. They offer their own brand of flexible space offerings in buildings they own and have expanded their portfolios since the beginning of 2020.

SL Green launched Altus Suites early this year at its trophy office tower 1 Vanderbilt, and Tishman Speyer added two locations to its Studio portfolio, which now totals 350,000 square feet in the city.

Last week WeWork announced a partnership, dubbed SaksWorks, with retail conglomerate Hudson's Bay Company to incorporate coworking space in several Saks Fifth Avenue locations around the country, including the flagship on Fifth Avenue and the shop in Brookfield Place.

Switzerland-based coworking conglomerate [IWG](#) opened two additional coworking locations in Manhattan under the Spaces and Regus brands after several Regus spaces were pushed into bankruptcy in 2020.

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