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The Top Floor? You're All Invited

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Demetrius Freeman/The New York Times

The Related Companies recently opened the Jewel Box, a lounge, on the 61st floor of One MiMA Tower on West 42nd. With some buyers paying what seems like the annual budget of a small country for a [Manhattan](#) penthouse, the last thing you might expect property developers to do is share a



Sara Krulwich/The New York Times- One MiMA Tower on West 42nd.

Back in the 1960s, '70s and '80s, before prices soared to their current heights, a series of towers did just that, offering gyms, pools and lounges on the top floors. The buildings in question included the Concorde and the Waterford Condominium on the Upper East Side, and 30 Lincoln Plaza near Lincoln Center.

Now, in a small revival of this practice, the developers of some towers have been trading in the penthouse spaces for amenities. With sales activity strong and rents at record levels, some seem to see more value in setting the amenities on high than in simply raking in top-floor penthouse proceeds.

“You’re trying to distinguish yourself to some degree and do something different,” said Andrew Gerringer, a managing director of the Marketing Directors. “You’re already getting very high dollars per square foot, and when you can take advantage of the views with amenities, it’s not going to hurt you to do that.”

Espousing a similar rationale, [Rose Associates](#), a large property development and management firm in New York, is in the process of building one of the largest amenity spaces in a rental tower — about 7,300 square feet — in the Gothic-style spire at 70 Pine Street in Lower Manhattan, which will have 777 rental units and is the former headquarters of A.I.G.

“This is going to be a private club on the top floors unlike anything else ever done in a rental building in New York,” said Adam R. Rose, a president.

Rose has experience doing top-floor amenities, he added. The company was one of the first to put swimming pools and lounges at the tops of its rental buildings in the 1960s and '70s, with four projects including [the Sheffield](#) at 322 West 57th Street. The building, under different ownership in the mid-2000s, began a conversion to condos, which Rose eventually took over; it not only retained the sky-high amenities but augmented them by 3,000 square feet, he said.

In 2012, when Rose Associates bought its stake in 70 Pine, it seemed the natural decision to transform the top four floors of the 66-story Art Deco skyscraper into amenities space, Mr. Rose said. “We made a conscious decision from the very beginning that we wanted to distinguish 70 Pine Street from everything else downtown.” (When the building comes to market next year, it will be in direct competition with [8 Spruce Street](#), the 76-story rental tower designed by Frank Gehry.)

Historically, the top floors of 70 Pine Street, which taper with a series of terraces culminating in a top-floor observatory, were used by companies as special suites and private dining areas, Mr. Rose said. Those floors could have been sold off as condos for as much as \$2,500 a square foot, for a total of almost \$20 million, but Mr. Rose said he planned instead to spend about half a million dollars to create a sophisticated amenity space with elegant living-room furnishings and a classic appeal, to be called the Panorama Club.

Befitting Wall Street's last Jazz Age skyscraper, the Panorama Club will have a resident jazz band, the Konrad Paszkudzki Trio. The club will open in early 2015, to serve tower residents, but will also offer nonresident memberships.

"Choosing not to turn that space into a handful of apartments may be a countertrend, or may be starting a new trend, with regard to what a lot of our colleagues in the real estate industry are doing," Mr. Rose said. "But for us, it's really a return to the historical roots of the building."

When owners or developers make the decision to create top-floor amenities, they may lose a portion of sales or rental income, but they're gambling that higher overall sales prices or rents will more than make up for that loss. Jack Levy, a senior managing director of Rose Associates for almost four decades, said he believed that was the case in the Sheffield condo conversion. "There's no way to prove that, because you don't know if the apartments would have sold for less if you didn't do it," Mr. Levy said. "But we absolutely believe we hit a home run in the Sheffield. The apartments sold very well, and the amenities space is utilized by the owners, with programming going on, so the whole thing has been quite successful."

[The Related Companies](#) is another large development and management company that has installed top-floor amenities. Most recently, Related opened the Jewel Box, a 1,000-square-foot lounge, on the 61st floor of its high-end rental [One MiMA Tower](#) at 460 West 42nd Street.

Residents of One MiMA Tower have been using the exquisitely decorated lounge for parties and even private yoga lessons, said Lisa Motola, a resident who is renting the space for her daughter's birthday party. Ms. Motola said that although she already had wonderful views of the Hudson in her 58th-floor two-bedroom apartment, she appreciated the even more panoramic views from the Jewel Box. "You can see for miles up there," she said. "The birthday party will be New Year's Eve, so we'll be able to see the ball drop. And you can see the Hudson River, [New Jersey](#), [Connecticut](#) — it's breathtaking."

Another name for the Jewel Box is Penthouse 3, said Daria Salusbury, a senior vice president of the Related Companies. “This could have definitely been an apartment, but we instead decided to create something that was meticulously curated into this Jewel Box,” she said. “It’s all about the resident, and giving them a place where they have these expansive views of the city.”

Related has incorporated upper-floor amenities into other buildings, like [One Carnegie Hill](#) at 215 East 96th Street; [the Westport](#) at 500 West 56th Street; and [225 Rector Place](#) in Battery Park City. About seven years ago, at [TriBeCa Park](#), a rental building at 400 Chambers Street, Related actually took an upper-floor apartment off the market to create a lounge to accompany a sun terrace, Ms. Salusbury said.

“We thought we had enough amenities at TriBeCa Park,” she said, “but people in the building started saying it would be really good if we had a lounge. We converted an upper-floor apartment, because we wanted something really special with great views.”

Other developers are now gambling that building residents will collectively pay more for the view than a handful of penthouse residents. In one example, the new owners of [the Electra](#), at 354 East 91st Street, a 163-unit rental built in 2003, are converting office space on the top floor of the 22-story tower. Its amenities will include a resident lounge and fitness center.

At [West River House](#), at 424 West End Avenue, a rental tower built with penthouse-level amenities in 1982, the manager, Manhattan Skyline Management, is in the process of renovating and increasing top-floor amenities, which include racquetball courts, a health club and a children’s playroom.

Other developers are hedging their bets by putting their amenities not at the top, but somewhere midway, to take advantage of views while retaining the penthouses. Condominiums like the Beatrice at 105 West 29th Street and the Setai New York at 40 Broad Street, which have hotels in the bottom half and apartments on top, often have amenities either halfway up the building or on the top floor. Instead of a hotel in the building’s base, the condo [35XV](#), at 35 West 15th Street, has a school. Its developer, [Alchemy Properties](#), chose the seventh floor for amenities — including a health club, a playroom and a catering room — to take advantage of views and a natural terrace formed above the school structure, said Kenneth S. Horn, Alchemy’s president and founder.

Mr. Horn said he doubted that sky-high amenities would become a trend. “I’m not so sure why developers would do this,” he said, “except maybe they have other uses for the basement, or they have commercial on the bottom like we do.”

Izak Senbahar, the president of the [Alexico Group](#), says it’s a costly proposition to incorporate amenities on upper floors, though it does free up lower levels for mechanicals, or income-producing features like retail, parking or storage. At [56 Leonard](#), a 60-story condo building in TriBeCa, Alexico is installing about 17,000 square feet of amenities on the 9th and 10th floors, including a 75-foot infinity pool, Mr. Senbahar said. That decision enabled 56 Leonard to retain its nine penthouses, one of which just went into contract for \$47 million, the highest contract price ever recorded south of 56th Street.

Alexico will need such proceeds to offset the lost condo revenue. “This cost us over \$50 million,” Mr. Senbahar said. “But it does set our product apart from others, which either don’t have amenities or have them underground. And basically we’re in the lifestyle business, so to me, these types of luxuries are part of the master plan.”