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Tower rent may hit the roof

By STEVE CUOZZO



What's likely to be the city's most dramatic outdoor terrace on an office building might help command the highest rent ever paid for a commercial penthouse: the triplex apex of 7 Bryant Park, the 28-story tower that broke ground last week.

Global development giant Hines has its eye on an "aspirational" \$200 per square foot for the 42,285 square-foot digs on floors 26-28. It also comes with a nearly 850 square-foot alfresco roof terrace "that has Bryant Park for its backyard," said Hines senior managing director **Tommy Craig**.

Craig, who's been with Houston-based Hines since 1982, until recently never saw much interest in outdoor space at a new office tower, either on the part of the developer or tenants.

But, "We saw how valuable it was with our residential work," Craig said. Hines has apartment projects around the world including spectacular 56 Leonard St. downtown, which it's co-developing with **Izak Senbahar**'s Alexico Group.

That realization, combined with office users' swelling demand for more of what he calls "common and interactive-encounter space," inspired the marquee feature of the 457,000 square foot "boutique" office tower rising on the west blockfront of Sixth Avenue between 39th and 40th streets.

Architect **Henry Cobb**'s design is distinguished by a top-to-bottom concave notch in the curtain wall at the 40th Street corner facing the park. At the top of the notch will be what CBRE's **Mary Ann Tighe**, the chief leasing agent, calls the "first purpose-built outdoor space in an office building in Midtown."

The open-to-the-sky deck can be equipped with a fireplace and will have a glass shield to block wind. It will be for use only by the tenant that takes the penthouse triplex, which boasts a double-height ceiling on the 28th floor. The whole four-level magilla will have a private elevator and a staircase connecting the top floor with the roof deck.

There will be smaller terraces as well on 7 Bryant Park's 10th and 15th floors, but the penthouse is more integral to the tower's mystique.

Hines and its partners, Pacolet Milliken Enterprises and JP Morgan Investment Management, are taking a modest gamble on 7 Bryant Park, which aspires to LEED-Gold certification but has pre-leased none of its not inconsiderable space. ("Only in New York do you say you're doing a nearly half-million square-foot building that's 'boutique,' " Craig chuckled.)

Floors become smaller as they rise, from about 21,000 square feet in the "podium" to 14,492 from 17-28. Lower floors wouldn't be cheap either at \$100 a square foot.

If leases are not signed before 7 Bryant Park opens in early 2015, expect a slew of "news" stories claiming that spec projects are dangerously risky.

Sometimes they are. But in fact, Tighe points out, a mere 4 percent of space is vacant in recently completed office towers — an elite field that includes 1 Bryant Park, 7 World Trade Center and 11 Times Square, the last two of which were built on spec. (WTC towers 1 and 4, where a few million feet remain up for grabs, are not finished.)

Fueling demand — and feeding Hines' confidence in its new project — is a scarcity of freshly minted space of the kind tenants now crave: deeper floor-to-ceiling heights, environmental and sustainable features and column-free floor plans conducive to staff interaction.

And, now, outdoor space. If it seems odd in a city with a long winter, remember that rooftop bars and lounges, once rare, are now popping up all over town.

Craig recalled that when Hines was co-developing the Lipstick Building in the 1980s, it seemed a novelty when a law firm tenant from Los Angeles insisted on "an outdoor annex," a roof garden on the building's low-rise portion.

Previously, outdoor space generally popped up in the form of rooftops and courtyards in older buildings — as at 150 Fifth Ave. and 200 Fifth Ave. **David W. Levinson**, chairman of L&L

Holding Co. which spearheaded the modernization of both, recalls, “When we were re-developing 200 Fifth, there were more comments during negotiations with [tenant] Grey [Group] about the outdoor space than about anything else.”