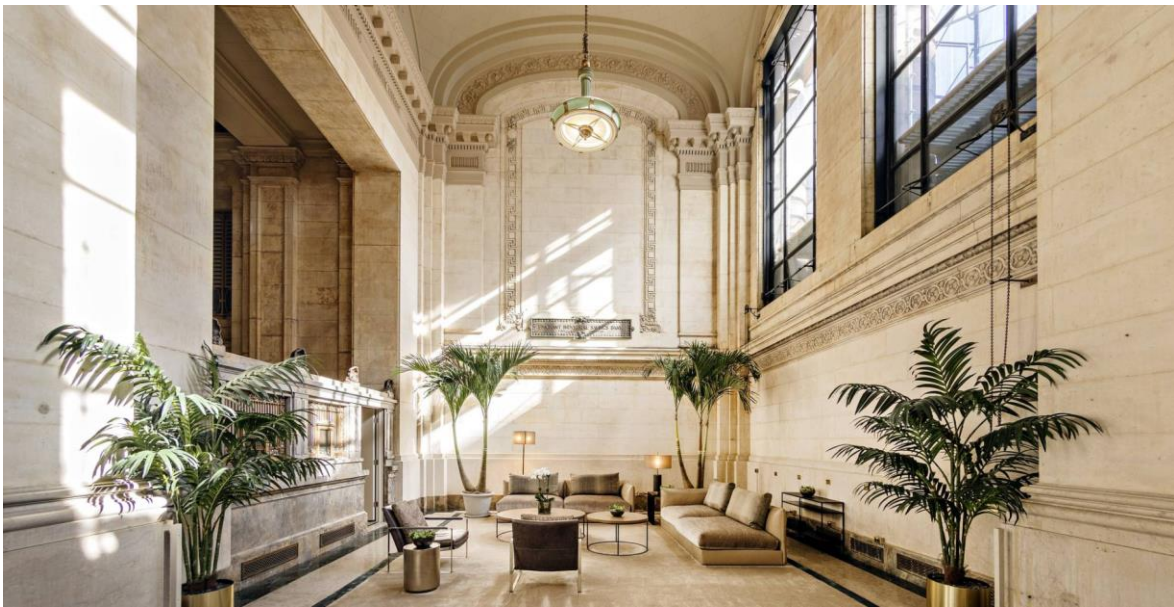


THE WALL STREET JOURNAL.

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Manhattan's Skyscrapers, Now Yours to Call Home

Developers are turning century-old New York office buildings into residential condos, hoping to dazzle buyers with a slice of history.



DOROTHY HONG FOR THE WALL STREET JOURNAL

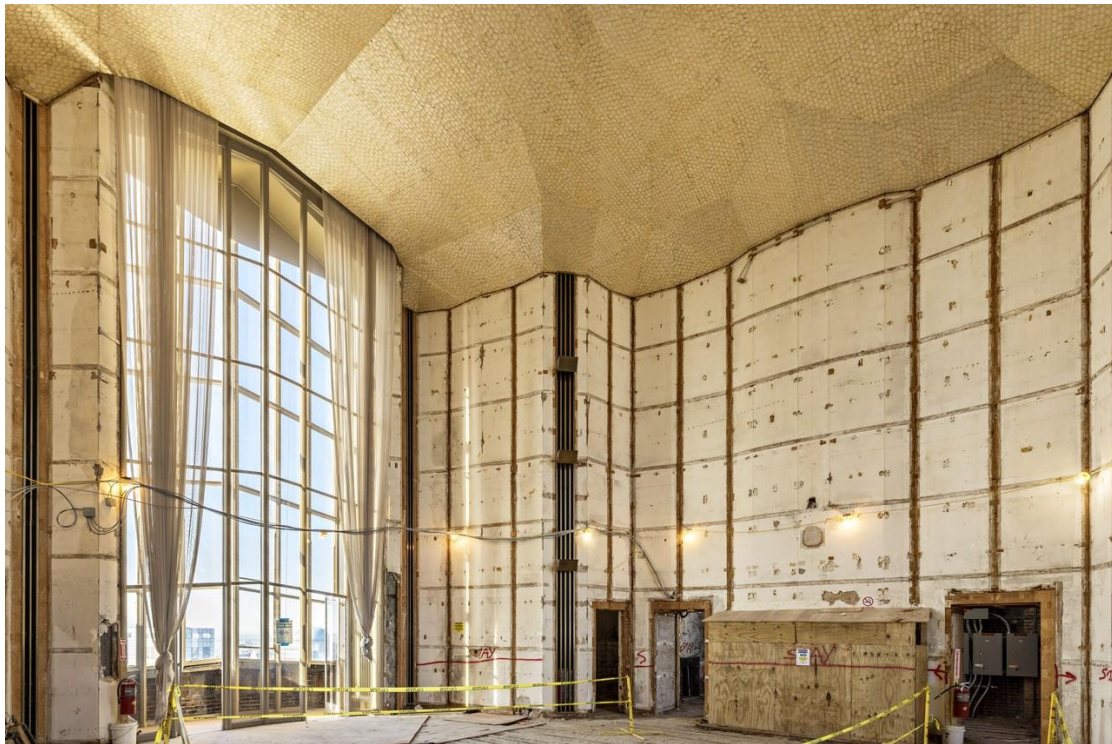
Harry Macklowe remembers his first trip to One Wall Street more than 50 years ago, for a meeting to discuss his account at the Irving Trust Company bank.

He recalls entering a double-height lobby bathed in a red tile mosaic by Hildreth Meière, a prominent muralist in her day, and being ushered up to an executive suite at the pinnacle of the building, with a towering glass window overlooking New York harbor. The ceiling was embellished with shells from the Philippines. "I was a much younger man and I was overwhelmed by it," says Mr. Macklowe.

Mr. Macklowe, 80, is back, this time leading a group that is converting the nearly century-old office building into 566 luxury condominiums.



One Wall Street was occupied by the offices of the Bank of New York Mellon before developer Harry Macklowe eyed it for residential conversion. DOROTHY HONG FOR THE WALL STREET JOURNAL



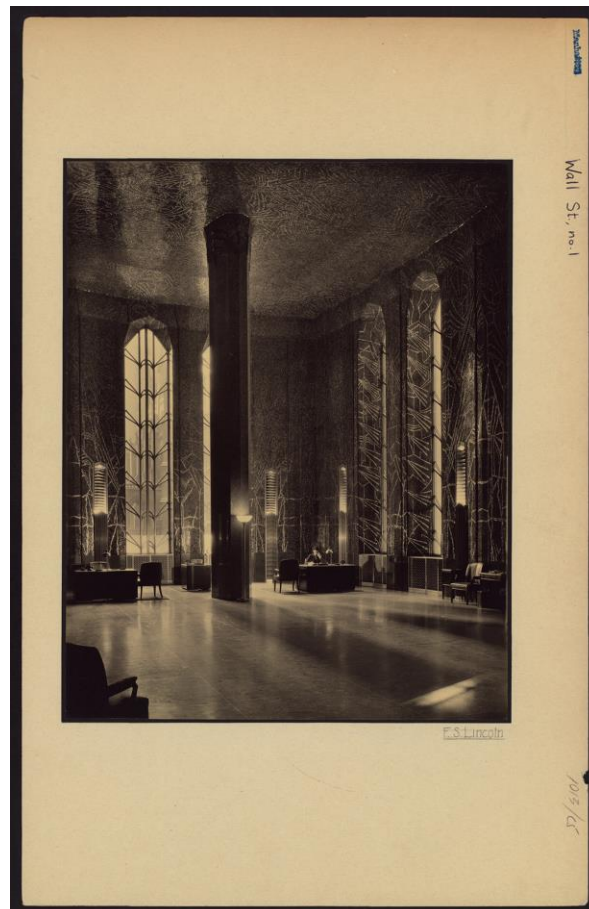
The penthouse of the Wall Street building has a ceiling made out of shells from the Philippines. DOROTHY HONG FOR THE WALL STREET JOURNAL

Mr. Macklowe isn't alone in seeing value in the romance of landmark New York office buildings. He is one of a small collection of developers who are betting they can dazzle well-heeled buyers by serving them opulent residences with a slice of New York history.

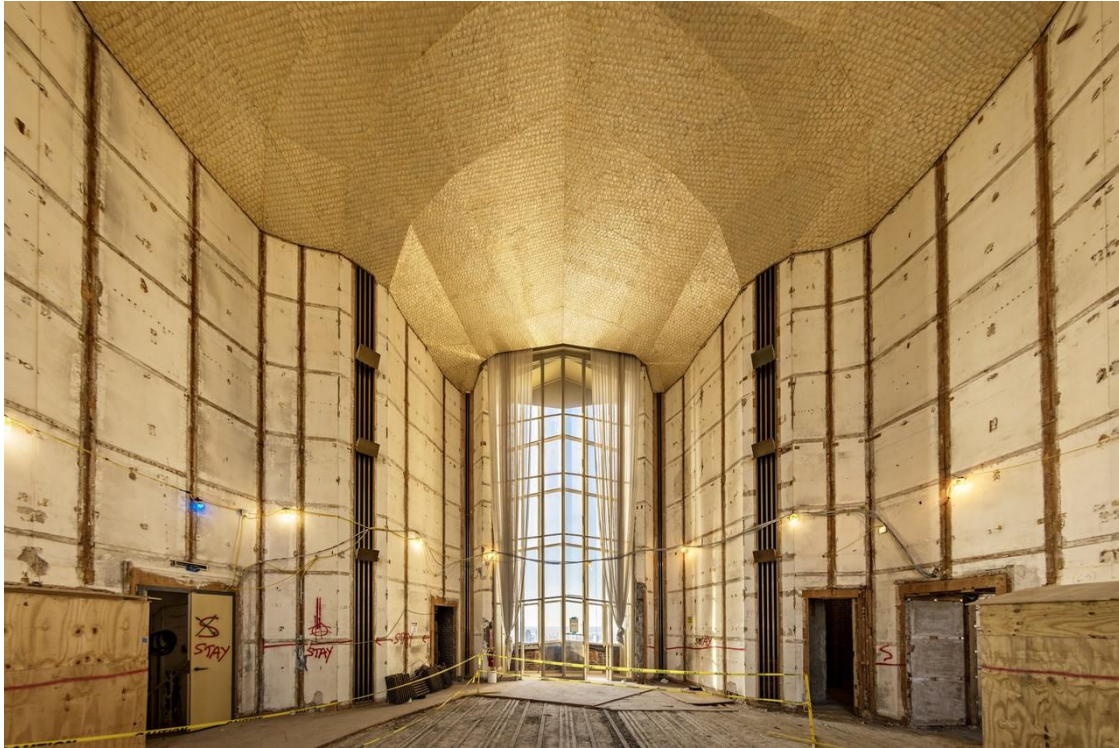
Of particular interest are the nation's first skyscrapers. Built from 1900 to 1930, a time when developers were fiercely competing to build taller and taller buildings, it was the Golden Era of skyscraper construction: the Chrysler Building, the Empire State Building and the Woolworth Building all became permanent markers on the Manhattan skyline.

Alchemy Properties' conversion of the Woolworth Building is nearing completion: Its penthouse is seeking \$110 million.

Some conversions have already been successful. When Walker Tower, a conversion of an Art Deco, 1920s-era office building formerly occupied by Verizon, first launched sales in 2012, it set record prices, and all 50 of its units sold in about 14 months, according to the developer. A conversion of a former office tower at 212 Fifth Avenue has also attracted many well-heeled buyers, including real-estate developer Charles Kushner and Texas billionaire Ed Bass, according to people with knowledge of the deals.



Once the Irving Trust Company bank, One Wall Street is being converted into 566 luxury condominiums. PHOTO: MILSTEIN DIVISION OF UNITED STATES HISTORY, LOCAL HISTORY & GENEALOGY, THE NEW YORK PUBLIC LIBRARY, ASTOR, LENOX AND TILDEN FOUNDATIONS



According to developer Harry Macklowe, prices for the units at One Wall Street will average between \$2,500 and \$3,000 a foot. PHOTO: DOROTHY HONG FOR THE WALL STREET JOURNAL

Another ambitious conversion under way is at the Crown Building. Just south of Central Park and near the Plaza Hotel, the Warren & Wetmore-designed building, built in 1921, is widely recognizable for its pyramid-shaped copper roof, elaborate setbacks and French Renaissance-style detailing. Last year, a group led by Russian real-estate billionaire Vladislav Doronin bought the top 20 floors of the building for close to \$500 million with a view toward turning them into homes, Mr. Doronin's spokesperson confirmed. Meanwhile, developer the Chetrit Group is converting the former New York headquarters of the Emigrant Industrial Savings Bank.

The trend is a reflection in part of dwindling opportunities for developers to acquire vacant land in desirable Manhattan locations and the fluctuating economics of the commercial and residential real-estate sectors.

Over the past several years, as housing prices have risen, developers have found that they can make more money by selling units as residences than by leasing them to commercial tenants. In 2014, the year Mr. Macklowe's company purchased One Wall Street for \$585 million, the median condo price in New York was \$940,000 for instance, up nearly 10% in a year, according to data from brokerage Douglas Elliman.

While the prices at the very top of the luxury market have softened over the past few months, the balance of the market remains strong. In the third quarter, Manhattan sales were up by 23%, for apartments priced between \$1 million and \$4 million, according to a Wall Street Journal analysis.



Built for the Irish Emigrant Society, this building is being converted by the Chetrit Group into residential homes. The units will start at around \$2 million. PHOTO: BILL BARVIN/MILSTEIN DIVISION, THE NEW YORK PUBLIC LIBRARY (PHOTO COMPOSITE)

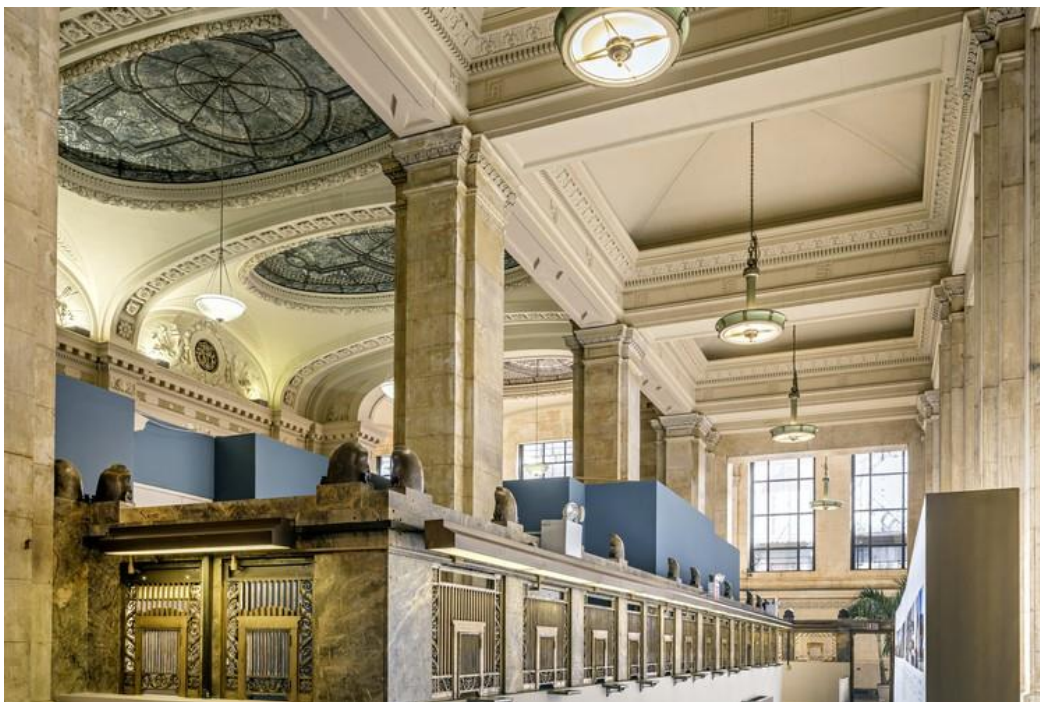


PHOTO: DOROTHY HONG FOR THE WALL STREET JOURNAL

In many cases, office towers from the early 1900s lend themselves well to residential conversion. Since many were created before the advent of air conditioning, they were built on narrower footprints to allow for light and air. Modern-day office buildings are often so deep that large amounts of unused floor area are left in the center of the building once units have been configured around the periphery. Modern office buildings also have more space designated for elevator bays, which eats into residential floor plans and can result in off-kilter apartment layouts.

Buildings from the 1920s also boast more architectural detailing and traditional windows. “It was before the advent of glass curtain wall towers, so the quality of the architecture is outstanding,” said Jeremy Singer of Woods Bagot, the architecture firm heading the conversion of the Emigrant building.



Built as a bank for Irish immigrants, this building now houses luxury condos. PHOTOS: WILLIAMS NEW YORK

Developers can still run into problems. The lower floors of One Wall Street pose the greatest challenge for conversion because their footprint is deep, making it difficult to configure all the apartments with windows without leaving a huge vacant space in the core of the building. Mr. Macklowe says he and architect Robert A.M. Stern solved the problem by placing amenity spaces around the core of the building's lower floors.

Mr. Macklowe says prices for the units will average between \$2,500 and \$3,000 a foot. The largest unit will be nearly 13,000 feet, which would pencil out to upward of \$39 million—but it could be even pricier since it is the penthouse, he says.

In the case of the Crown Building, Mr. Doronin plans for just 20 residential units, some with expansive terraces and private outdoor pools to capitalize on the setbacks, his spokesperson confirmed. The five-level penthouse will encompass nearly 13,700 square feet, with a master suite spanning an entire floor and two large private pools, according to a preliminary offering plan submitted to the New York State Attorney General's office.



Last year, a group led by Russian real estate billionaire Vladislav Doronin bought the top 20 floors of the iconic Crown Building for close to \$500 million. PHOTO: BYRON COMPANY (NEW YORK, N.Y.) / MUSEUM OF THE CITY OF NEW YORK 93.1.1.16848



Mr. Doronin plans to create just 20 residential units. PHOTO: DOROTHY HONG FOR THE WALL STREET JOURNAL

Mr. Singer says the conversion of the Beaux-Arts Emigrant building, designed by Raymond F. Almirall, was made easier by the 17-story building's H-shaped structure, which allows better access to sunlight with triple exposures in some apartments. Until recently, the building, which was constructed between 1909 and 1912, housed various city agencies. It was built for the Irish Emigrant Society, a bank for Irish immigrants, and was owned by the city until 2013.

The units start at around \$2 million, according to a spokesperson for the Chetrit Group. Sales launched last spring; the company declined to disclose how many units have sold. Homes feature calico hickory hardwood floors, curved and bay windows, and open kitchens. Residents will also have access to a gym and a rooftop park with a lawn and trellis seating. The project is currently in the construction phase and is slated for completion in 2018.



Just south of Central Park, the Crown Building, built in 1921, is recognizable for its pyramid-shaped copper roof, elaborate setbacks and French Renaissance style detailing. PHOTO: MCNY/GOTTSCHO-SCHLEISNER/GETTY IMAGES

Real-estate veterans warn only a few office buildings are worth the conversion effort. “It’s very hard to retrofit buildings,” says Donna Olshan, a luxury real-estate agent. “With few exceptions, and unless it’s a very special building, new product is always better.”

Mr. Macklowe said he was unimpressed by one such plan by the Chetrit Group to convert the Sony Building at 550 Madison Avenue, with its recognizable Chippendale top, into luxury condominiums in 2015. Mr. Macklowe competed with Chetrit to buy the building, but lost out in the final bidding. The company has since abandoned the plans and sold the 1980s-era building to a Saudi conglomerate for approximately \$1.4 billion last year, records show. The Chetrit Group declined to comment.

“I was totally committed to that as an office building,” Mr. Macklowe says. “When I saw the plans for the condominium, I thought that it was a very bad use of space. Some buildings just can’t change their suit of clothes.”