

FINANCIAL REVIEW

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Rooftop Attractions for Apartment Dwellers



Franklin Place development, in Lower Manhattan, has a landscaped roof deck with a pool and cabanas.

Deluxe penthouses used to be the cherry on top of any high-end Manhattan residential development.

But developers are increasingly giving up some, or all, of the space usually reserved for these sky mansions in favour of rooftops with communal facilities for the use of all the building's residents.

Facilities, including dining rooms, pools, gyms, lounges, barbecues, media rooms and spas, are being installed on rooftops and the upper levels of buildings, instead of another prestige apartment or two, as developers realise that in some cases communal facilities can make commercial sense and increase their returns.

At the super luxe end of the spectrum is New York's One MiMA tower, a luxury rental building on Manhattan's West 42nd Street, where residents have access to The Jewel Box, a 61st-floor lounge for the exclusive use of the building's owners or tenants. The tower, which has sweeping city views from its upper levels, also includes a pool, outdoor deck areas, a dog day spa, and dining and lounge rooms that can be used for entertaining.

In Lower Manhattan's TriBeCa, the Franklin Place development, where apartments are on the market for up to \$7 million, has a simpler offering, with a landscaped roof deck with a pool and cabanas.

Likewise, on the Upper East Side, at the corner of Fifth Avenue and 109th Street, the One Museum Mile project has a rooftop pool, patio and barbecue area, overlooking Central Park's treetops, and a separate landscaped roof terrace.

Tom Postilio, of CORE, which is marketing the One Museum Mile development, says the rooftop is a definite selling point for the property, with buyers "oohing and aahing" about the facilities and the sweeping views of the park and the skyline.

Conscious decision

Postilio says the developer had made a conscious decision to use the rooftop as a communal space. It had proven popular this summer, the first since residents had started moving in.

"It's better value for the 160 condo units in the building," he says. A one-bedroom apartment in the building is going for \$1.395 million, while a 5000 square foot triplex is listed for \$8 million-plus.

Kane Manera, a Manhattan-based agent selling high-end properties for Douglas Elliman, is more sceptical about developers' motives for opening up rooftops to the masses.

"Penthouses achieve the highest price [per square foot]. When ... the developer would give up a penthouse and put in place a communal terrace, usually it's not all quite as it seems," he says. "Usually it's because they are shoehorned into it because of some kind of prescription."

Developers usually create communal space using plants and other green features to achieve sustainability ratings (such as the US Green Building Council's LEED standard), which have proven appeal to buyers, or to meet zoning rules, Manera says.

While buyers respond well to extra shared facilities and appreciate green credentials, they would usually trade extra communal space for more private space, he says.

He recently showed a couple an apartment in a Brooklyn building that has impressive views from the building's rooftop gym. "But their first question was, 'why did they put a gym up here and not in the basement?'," he says. His response? "Because they had to."

However, he concedes luxury developers are looking for new amenities to attract savvy buyers in a competitive market, given they are likely to pay upwards of \$3000 or \$4000 per square foot for an apartment.

These include parking facilities, on-site spas or barriers and generators in case of extreme weather events such as last year's Hurricane Sandy, which left many in the city without power.

An increasing number of Australian developers are also opting for communal rooftop facilities as a way to differentiate their projects from the competition and potentially boost returns. In Brisbane's Bowen Hills, Chrome Properties' Code apartment development, completed in 2011, includes a rooftop deck, with city views, which allows residents to hold events that their apartments may not be able to accommodate. The Cottee Parker-designed development also has a gym, pool, media room and other shared residents' facilities.

Facilities for residents

Legacy Property and Alceon Group's Montrose project in North Sydney will include a rooftop deck and cinema, while the Rise tower at Parramatta will offer residents a barbecue and entertaining facilities.

At Hamton's three-stage riverside project at Victoria Street, Abbotsford, the three buildings – Eden, Haven and Sanctuary – have unique rooftop facilities for their residents. The facilities are tailored to each building's target audience.

At Eden, residents can access spas, barbecues and a movie room. Sanctuary features a garden cinema (as well as a residents' lobby bar and a retreat with a lap pool, gym and sundeck), while at Haven the offering includes an outdoor lounge and plots where residents can grow vegetables. The shared facilities can be booked online through an intranet.

Chris Hayton, of architects behind the project, ROTHELOWMAN, says the practice has included libraries, bowling greens and hot desk workspaces in other rooftop communal spaces.

Hayton says rooftop amenities can foster a sense of community but only if they are used regularly, so it is important that they are relevant, can be used all year round and can accommodate different user groups at the same time.

“There is greater value in offering improved facilities to all residents rather than a few upgraded dwellings,” he says. “Developers are recognising that in order for their developments to become the preferred choice they need to offer more than just the apartment.

“If the bulk of the apartments sell quicker because of the attraction of high quality communal facilities the reduction in the holding costs of a development can also be considerable, outweighing any potential increase in income generated by rooftop penthouses.”

Low cost, high appeal

Sydney-based Colliers International director of residential Ian Bennett says rooftop communal facilities, particularly cheaper, low-maintenance options such as decks, barbecues and other entertaining spaces, are proving more and more popular with buyers and developers.

“They are relatively low cost to develop and maintain, especially when compared to swimming pools or gyms, which are expensive to develop and have high ongoing maintenance requirements,” Bennett says.

“Instead, developers are choosing to include these rooftop communal facilities that benefit everyone in the development, while also keeping ongoing strata levies to a minimum.”

Bennett says the Australian apartment market between \$450,000 and \$900,000 is currently very active and strong, with less demand in the \$1.5 million-plus range, where penthouses are usually priced.

“Selling penthouses in this market is a little tougher, so developers are choosing to use rooftop space for communal use, which increases the value of every apartment in the development,” he says.

Bennett says the facilities add real value to residents in small apartments.

“It provides them with entertainment facilities which may be limited within the confines of their own apartment. In many cases these rooftop facilities have fantastic views, which can be enjoyed by everyone and increases the overall value of the development.”