

Rise of the Super Towers: The Next Big Thing In Luxury Housing

A rendering of 432 Park Ave in New York City.
(Credit: dbox for CIM Group & Macklowe Properties)



The residential tower under construction at 432 Park Avenue in Manhattan will have plenty of opulent amenities to draw the moneyed crowd: The units, which start at \$7 million, feature private elevator landings, 12.5-foot ceilings, separate servant entrances, heated bathroom floors and the option to buy additional climate-controlled wine cellars and guest apartments. The building will have a 75-foot-long pool, a private restaurant for residents, room service and

catering, even chauffeur service. But for all of the over-the-top features of the Rafael Vinoly-designed tower, the one sure to get the most attention will be its height.

432 Park Ave will jut 1,396 feet into the air over midtown Manhattan upon completion in 2015. At that lofty height, the building, developed by CIM Group and Macklowe Properties, will be New York City's third-tallest behind One World Trade Center and the Empire State Building. It will also become the Western Hemisphere's tallest residential tower, eclipsing the 870-foot rental tower New York by Gehry in Lower Manhattan, Midtown's up-and-coming 1,004-foot One57, and Chicago's 1,389-foot (spire included) Trump International Hotel and Tower.

"People want views. This will be a game-changer for the upper echelon of New York," asserts Jarrod Guy Randolph, a luxury real estate broker with CORE in New York who has toured the sales center, which has been kept under wraps since its discreet opening in March.

432 Park Ave is the latest example of a race skyward among luxury residential developers. With the housing market in recovery mode, developers are taking multifamily buildings to staggering new heights, vying for the title of tallest tower and the prestige that translate into larger returns on investment while delivering the breathtaking views buyers are seeking. "What developers are looking to do is set themselves apart," notes Randolph. "They are doing this because they can build that tall and capitalize on the land."

In the past, most of the world's tallest buildings were erected to provide office space, like Chicago's Willis Tower and the Empire State Building. The shift toward high-rise dwelling started about 15 years ago, according to the Council on Tall Buildings and Urban Habitat, as interest revived in living in city centers. The 9/11 attacks dampened the nascent trend – but only for a time. As the housing bubble inflated, dozens of residential high rises began popping up in major U.S. cities. New construction ground to a near-halt as the bubble burst and recession ensued, but now, as developers begin to bring projects back online, their buildings – commonly luxury and super luxury condo towers geared toward cash-flush global buyers — are getting even taller.

In New York City, where a finite amount of land and a huge population have made vertical living common, the race to build the highest homes has heated up. For every tall residential tower that begins construction, another boasting more stories at higher feet enters the approval process. Once finished, the glass megalith One57 will become the city's tallest residential tower with a penthouse encompassing the 89th and 90th floors that is in contract for more than \$90 million. One57 will snatch the tallest title from New York by Gehry, where the top units of the 76-story rental building go for \$45,000 per month. 432 Park Ave will stand 96 stories, with penthouses that are being marketed for \$95 million. In November, One57 developer Extell submitted a permit application with the city to erect a 1,550-foot tower off of 57th Street that will be designed by Adrian Smith + Gordon Gill Architecture, the architects of the world tallest building, the Burj Khalifa.

In Miami, where high-rise penthouses boasting palatial indoor-outdoor floorplans with expansive water views have been fetching record sums, a collection of new condo towers are in various stages of planning and development, most notably in Brickell and the downtown area. Developer Tibor Hollo recently announced plans for the Panorama Tower, a rental building to be finished in 2016 that will reportedly stand 830 feet tall. That height that will make it Florida's tallest building.

Earlier this month New York-based developer Property Markets Group unveiled its plans for a 750-foot, 60-story luxury condo building called Echo Brickell. "I believe that everyone wants to be at the top of every building ... because of the view," says Kevin Maloney, chief executive of PMG. "As you go up in the building, apartments get more expensive so we are trying to get as much of the space as possible out of the base that is locked in and has no view corridor and move it up to the top where it has more value."

Value, indeed. To begin financing the project, PMG brought 30 of the roughly 250 units to market in mid-April. All 30 units were reserved in one day, says Maloney. For the top floors, which will span roughly 5,000-feet per unit, the reserved prices per square foot are \$1,750 – more than double the highest prices per square foot achieved in the Brickell area until now.

The super high-rise residential trend has taken root in cities abroad as well. In Dubai, the new mega-tall Princess Tower, which was finished last year, currently enjoys the title of world's tallest residential tower at 1,358 feet tall with 101 stories above-ground overlooking the Persian Gulf. In London, the Shard, a mixed-use glass structure housing a

five-star hotel, offices and 10 multimillion-dollar residences, opened to the public in February. At 1,013 feet tall, it's Western Europe's new tallest building. In 2012, the mixed-use Trump International Hotel & Tower in Toronto became Canada's tallest residential building at 908 feet, including spire. And once completed in 2014, the 558-foot Tour Odeon in Monaco will become the principality's tallest structure, touting a 35,000-square foot mega penthouse expected to become the world's most expensive.

In Tel Aviv, Meier-on-Rothschild will soon open, offering 37 stories of luxury residences, including a \$50 million penthouse peddling a private pool and a master bedroom with Jacuzzi. The 590-foot tower, designed by "starchitect" Richard Meier and developed by Berggruen Residential, will be the Israeli city's tallest building.

"For developers, it makes more financial sense to build a bigger project. Land is very scarce and to increase profit the only way to go is up," explains Yigal Zemah, chief executive of Berggruen Residential, a real estate development venture of billionaire Nicolas Berggruen. He says building higher is a win-win for everyone: Buyers will pay more for higher units with killer views and lofty seclusion, while developers ultimately increase their profit margins.

But those 360-degree, miles-long views come at a trade-off. Outdoor space like terraces and rooftop gardens are nonexistent at such heights. 432 Park Ave won't have private terraces, but a residents' garden will provide communal outdoor space and be available for rent for special events. In One57, the 13,000-square-foot lower penthouse will have a glass-enclosed "winter garden."

Developers have to take certain construction factors into account when building taller. Proposals can take longer to approve. In some cases, the Federal Aviation Administration has to vet the project to ensure that the building won't interfere with airplane flight paths. There are also higher initial costs for developers. To go taller, first developers must dig deeper, building foundations that plunge as many as six stories underground. And tall towers, especially skinny ones on smaller footprints, tend to sway, which can be especially perceptible, even dramatic, at upper levels. Many tall buildings utilize dampers to counteract the effects of wind. In 432 Park Ave, the developers will reportedly incorporate giant cylinders every 12 floors that will act as wind tunnels to minimize movement.

Expensive ultrafast elevators must be installed too, since regular models slow down as they move higher into the air, especially on windy days. New buildings are including back-up generators that can keep lifts running in a blackout.

Still wealthy buyers from around the world are plunking down record sums to pop their ears living at altitude. "To some extent there is a feeling of triumph to be very high up. It's a status symbol," muses Zemah. "This gives buyers a good feeling about their view and their self-image."