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Living The High Life

Developers are erecting super-skyscrapers for the very wealthy, selling apartments with helicopter views for massive price tags. Why everyone's looking up; plus, the realities of life on the 90th floor.

By CANDACE JACKSON



Developers around the country are betting big on skyscrapers, building residential buildings at record-breaking heights. Candace Jackson has details on Lunch Break.

Luxury real estate is reaching new heights.

Developers are betting big on residential skyscrapers, building them at record-breaking heights—with record price tags to match. Changing the skyline in New York, London and Dallas, the tallest new residences will stretch over 90 stories, with at least one penthouse asking over \$100 million.



CIM Group

Rendering for a planned, nearly 1,400-foot-tall condo tower at 432 Park Ave. in New York.

In New York, the current chart topper at 870 feet is New York by Gehry at 8 Spruce Street, a rental building in the Financial District that was designed by Frank Gehry. The 76-story building's first residents moved in last year, but coming soon is a building with residences even higher up. Under construction in Midtown is One57, a condo building with a hotel that will have apartments as high as 90 floors up, or just over 1,000 feet.

"From here you have all the icons of New York," said Dan Tubb, One57's director of sales, looking at a wall-size screen that shows a simulated view of the upper floors' helicopter-like vistas. But One57's moment at the top may also be brief: Plans are in place for a nearly 1,400-foot-tall condo and retail complex on the site of the former Drake Hotel on Park Avenue and 56th Street, according to people familiar with the project.

Photos: Super-High Skyscrapers

Historically, many of the world's tallest buildings, like the Empire State Building and Chicago's Willis Tower, were built to house offices, at a



Sellar Property Group

Developers are reaching for the sky with residential skyscrapers built at record-breaking heights with high price tags to match.

time when people weren't accustomed to living in high rises, and later when many city dwellers were heading to the suburbs. Very-tall residential high rises began growing in popularity 10 to 15 years ago, says Timothy Johnson, chairman of the Council on Tall Buildings and Urban Habitat. Middle-class and upper-class residents began moving back into cities' urban cores and developers looked for ways to maximize their returns on prime real estate that was growing increasingly scarce and costly. The phenomenon took a brief pause after the terrorist attacks of Sept. 11, when some buyers were put off by the idea of living in a building that stood out in a city's skyline.

But demand for living on the highest floors returned within six months of the attacks, says Jonathan Miller, president of appraisal firm Miller Samuel, and during the building boom that followed, dozens of new high-rise condominiums rose in cities around the country. The subsequent

downturn and credit crisis resulted in many empty buildings and halted construction. Prices have more recently stabilized, particularly on the high end, and an influx of foreign buyers has absorbed empty inventory in many cities.

Interactive: Renting in the Round - For up to \$60,000 a Month



Adam Friedberg for The Wall Street Journal

Take an interactive tour of New York by Gehry at 8 Spruce St. in the Financial District, New York's highest residential tower.

Now, building tall is taking off again, with an increasing number of skyscrapers including residences. In 2012, it's projected that 41 of the world's tallest 100 buildings will be office spaces; in 2000, it was 85. This time, with financing for new projects still tight, many developers are focusing strictly on the high end, where demand is strongest and profit margins are biggest. "Land costs in places like New York have gone so astronomically high," says developer Donald Trump. "It becomes very beneficial to go up."

When it opens later this year at 42 stories, Dallas's Museum Tower will be the city's second tallest residential building—the tallest to rise in the city in more than 20 years. With 57 stories, the upcoming Porsche Design Tower Miami could be the tallest residential building in Sunny Isles, Fla., just north of Miami, when it opens in 2016. (Another nearby project, the Mansions at Acqualina, is slated to be similar in height.) Condos at Porsche Tower, priced between \$4 million and \$20 million, will have elevators to carry residents up to adjacent garages in their cars,

as well as glass-walled car showrooms next to living rooms. In Brooklyn, known for its low-slung brownstones and mid-rise apartment buildings, two new projects are currently vying for the title of the borough's tallest, one at 596 feet and the other roughly four feet higher; both will be high-end residential buildings.

Illustration: Living The High Life



illustration by Mick Coulas

A number of record-breaking sales over the past year have buoyed belief that the appetite for trophy properties is growing. In February, a penthouse on Central Park West sold for \$88 million. At One57, the 89th and 90th floor duplex penthouse recently sold for \$90 million to an unnamed buyer; another large unit on the 78th and 79th floors, known as the Winter Garden, is in contract for an undisclosed sum. It is asking \$115 million. Earlier this summer, a South Beach penthouse sold for \$25 million, a record for an apartment there. A 76th story penthouse at New York by Gehry hit the rental market a few weeks ago with an asking price of \$60,000 per month.

Many of the newest residential skyscrapers are marketing overseas, aiming to attract wealthy foreign buyers. At least 10 units in One57 have gone into contract with Chinese buyers. For foreign buyers, buying into a newly constructed building in New York is easier than getting approval from cooperative or condominium boards, says Edward Mermelstein, a Manhattan-based lawyer who advises wealthy Russian and Eastern European clients purchasing real estate in the U.S. "There's another level of anonymity," he says.



dbox

New York by Gehry, left, has a sprawling lounge aimed at tweens, golf simulators, pool with an outdoor sundeck and a Frank Gehry-designed screening room.



MetroStudio

SUNNY ISLES, Fla. | The Porsche Tower's "A" model is 9,470 square feet and has four to six bedrooms, a private pool, four-car sky garage and summer kitchen on the terrace. Asking price starts at \$11 million.

At Trump International Hotel & Tower Toronto, which became the tallest building in Canada when it was completed earlier this year, roughly 60% of buyers have been from outside the country, says Howard Tikka, the building's director of marketing.

The race to the top is happening in cities around the world. Soon to open in Tel Aviv is Meier-on-Rothschild, a 37-story building that will become the city's tallest residence, designed by architect Richard Meier. Martin Franklin, the founder and CEO of Jarden Corp., parent company of brands including Crock-Pot and Sunbeam, says he decided to buy an apartment on the 30th floor there, partly because he liked the design and because "views in tall buildings are very important." One of the building's penthouses is still on the market for \$50 million.

A two-story apartment in the Shard, London's tallest building that's expected to be mostly completed later this year, could hit the market for an estimated £50 million, or about \$80 million. (The building, which has 10 residences, also has offices and a hotel.) Princess Tower in Dubai recently became the world's tallest residential building with 763 apartments going up 107 stories, or 1,358 feet, according to the Council on Tall Buildings.

Living at 1,000 feet does have drawbacks. Outdoor terraces are generally impossible above 40 or 50 stories, because of the wind. Though most of the new buildings have walls of mostly glass to capture the views, the windows only partially open at the highest floors. Experts say that while asking prices go up with every floor, views improve only marginally above a certain height, depending on how tall the surrounding buildings are. "People are paying for the status and the exclusivity of living on that next higher floor," says Nancy Packes, a New York-based residential development consultant and marketer who has worked with many skyscraper developers. "There's a psychological component to living on high floors in a building. Even though views don't change materially."

Michael Berman, who owns car dealerships in Chicago, moved from the suburbs to a four-bedroom condominium on the 57th floor of Chicago's 92-story Trump International Hotel and Tower in 2009. Though he was one of the building's first buyers, he wasn't interested in living on one of the very top floors, noting that 30 years ago he and his wife lived in a different high rise and often lost the views on a cloudy day.

The one downside Mr. Berman noticed about living in Trump Towers, which houses the highest residences in the U.S., is that opening the windows means letting in a swift breeze, and on the windiest days, the usually ultrafast elevators slow down somewhat. "But everything else more than makes up for it," he says, noting the building's five-star restaurant below and optional hotel maid service.



dbox

NEW YORK | One of several three-bedroom apartments in New York by Gehry at 8 Spruce Street,

Thomas Guss, a New York real-estate broker who currently has a \$39 million penthouse listed in a 19-story building, the Centurion, says he typically warns buyers that the taller the building, the more it naturally sways toward the top. "Not many people think about that until the first storm comes." Mr. Guss says a 45th-story rental unit he owns in the Financial District has views of the Statue of Liberty—but waves appear in the bathtub during thunderstorms. "A lot of people are very uncomfortable with that," he adds.

Bart Sullivan, a senior vice president at WSP Cantor Seinuk, a firm that handles engineering for buildings like One World Trade Center, says building a residential skyscraper is generally more challenging than

a rental building in the financial district. On the 62nd floor or higher, these units' rents start at \$12,575 a month.

on a typical day, and over a foot during a major windstorm. To mitigate the feeling of motion, tall buildings sometimes include dampers at the top. Made either of steel or tanks of water, a damper is essentially a large mass sitting on a pendulum that sways in the opposite direction.

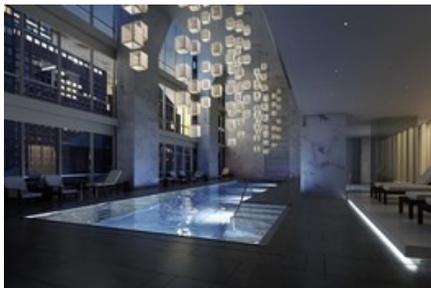
Furthering the challenges is the trend toward increasingly narrow skyscrapers. New York's 432 Park Avenue, potentially the city's tallest residential building when completed in 2016, may also be one of the city's skinniest, with a width-to-height ratio that could require more complicated dampening techniques. To make sure there are no surprises post-construction, models of tall buildings and those surrounding it are sometimes tested inside mathematically accurate wind tunnels, meant to replicate conditions in the real world. In some cases, builders and engineers also take into consideration pedestrian comfort, to make sure people walking on the street 90 stories below won't be blown back during windy conditions.



Sellar Property Group

LONDON | Rendering of an apartment in the Shard. It's estimated one of the building's duplex units could list for £50 million, or roughly \$80 million.

ready to fetch juice or cocktails.



Extell Development Co.

The pool at New York's One57, which is expected to have three floors of facilities.

building a tall office building, partly because residential buildings have fewer internal columns and other core structural elements. Residences also have more stringent rules governing comfort for people inside. For example, an 80- or 90-story building can sway between several inches

Many of the upcoming high rises include backup generators to keep elevators running in case of a blackout. Elevators have also improved. At One57, it takes about 30 seconds to be taken from the lobby to the 90th floor.

Developers have also dedicated unusually large amounts of the building's square footage to common amenity areas. At One57, which will sit on top of a 25-story Park Hyatt hotel, plans call for three floors of facilities, including one private to residents with a fitness center and a library with a 24-foot-long aquarium. New York by Gehry has a sprawling lounge aimed at tweens, golf simulators, pool with an outdoor sun deck and a Frank Gehry-designed screening room. The other new high rise going up in Sunny Isles, Fla., the Mansions at Acqualina, will have a Turkish hammam spa, breakfast bar and poolside attendants

The apartments themselves are also unusually large, some with square footage meant to rival stand-alone estates. The Mansions at Acqualina has apartments that range in size from 4,600 square feet to over 15,000 square feet, with prices starting at \$5.9 million. The nearby Porsche Tower will have two 15,000-square-foot penthouses, each with indoor swimming pools and outdoor kitchens on sprawling terraces.

Still, it's difficult to anticipate every consequence of building up. Dallas's Museum Tower recently came under criticism when a neighboring building, the Nasher Sculpture Center, complained that the building's glass facade cast a glare harsh enough to ruin some of its artwork and plants. "We are sad we have an issue with that, without a doubt," says Greg Greene, the co-developer. A local civic leader has been enlisted to mediate between the two parties to come up with a solution. Developers

from Museum Tower say one response they've come up with is to pay to recalibrate 200,000 rooftop cones on the art gallery, which point at their building, absorbing sunlight. In a statement, a spokesperson for the Nasher said "we believe a system of louvers or external shading for Museum Tower offers the most promise."

In the end, views remain the big selling point. Kenneth Allen lives above the 70th floor in Chicago's Trump Towers. He and his wife moved there from the suburbs after their kids left for college to be closer to the theater, Chicago Symphony and top restaurants.

"I can see Michigan, Indiana and Wisconsin," he says. He watches storms roll in over Lake Michigan. "It's like National Geographic."

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