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When Demolition Becomes An Art Form

Scott Klocksin

To understand why L&L Holding Co is taking on the wildly ambitious plan to partially demolish and rebuild two Midtown office towers, you need to go back 55 years.



That's when Midtown's current FAR regulations went into effect, calling for a ratio of no more than 15 times the floor area of a building's footprint.

But of course, that part of town is full of buildings that pre-date the 15 FAR rule and have more space than would be allowed on their sites these days.

Many of these are buildings that, by today's standards, are outdated and pretty undesirable.

But when it comes to 390 Madison Ave (above) and 425 Park Ave, let's just say a certain real estate industry cliché about location rolls off the tongue when you consider where they are: the former just a couple of blocks from Grand Central Terminal and the latter smack in the center of the Plaza District and a stone's throw (if that) from Billionaire's Row.



But in Midtown Manhattan office real estate, maybe the phrase should be: location, open floor plates, amenities.

And if that's the case, the existing buildings at those sites are only one for three. Good thing they have the location.

It's part of why L&L and its JV partner, GreenOak Real Estate, have already locked down the most expensive lease ever in Manhattan, on a per SF basis, for the office penthouse at 425 Park. Those high rents are exactly why L&L has been able to do what few developers would even attempt.



“I think if this were an office building downtown, shooting to do \$50 to \$70/SF in rent, the cost would make it impossible,” says L&L’s Josh Carson, project manager for 425 Park, where L&L is presiding over a plan to remove every other floor of the existing 33-story building, in a process Josh calls “surgical demolition.”

That demolition will remove 75% of the original slab space, preserving every other floor of the original building, but only on the lower floors. This will essentially allow for double ceiling heights, which L&L is betting will help snag top-paying tenants.

And since more than 25% of the existing structure is being preserved, it allows the new building to go beyond the 15 FAR that would be required if a full demolition were done.

Atlas Capital’s Jay Fehskens recently put it like this: “What L&L and GreenOak are doing, that’s where demolition really becomes like an art.”



But it’s not just art. It’s also economics.

If 380 Madison were to be demolished and rebuilt from scratch, L&L’s Simon Wasserberger says, the allowable rentable square footage would shrink by about 160k SF—enough that, he says, there’s no way the dollars and cents would add up for the lengthy process of demolition and redevelopment.

Not only that, he notes, but a tear-down/rebuild would mean rents would also need to be about 30% more than what L&L is expecting when the re-massed building delivers in 2018.

It’s a giant puzzle, and in 2016’s office market, the pieces fit together better than they ever have—as long as the math adds up.



Image: L&L Holding Co

At 390 Madison, the building will be 32 stories—that’s eight taller than its predecessor.

The required setbacks called for by zoning help open up eight new rooftop terrace spaces that, in previous eras, would have been devoted to storing window washing equipment or just languishing.

The bottom of the building will have to support the eight additional tower floors—and it’s being done without adding any new columns. In fact, some of the existing columns are being taken out to create more open floor plates on the lower floors.

Simon tells us that’s all possible because the 70-year-old columns are being reinforced. They won’t take up any additional space, but they will be able to hold up the weight of the additional floors and do it with fewer columns than before (those interior columns will also get some help from diagonal cross-bracing beams, which you can see in the photo above).

To most of us, it probably sounds like a giant headache to figure out. But not to Simon and his team.

“Maybe the most gratifying part of this project has been watching these brilliant people figure out all these challenges.”