



COMMERCIAL REAL ESTATE

Up on the roof

Great views and oasis atmospheres mean rooftop bars are on the rise

DESPITE the chillier weather, rooftop bars are still popular spots for chillin' — even if propane heaters are needed. Nightlifers simply enjoy being outside in the city with the neighboring buildings and occasional moonlight and star shine providing a twinkling and romantic backstop.

"I've been getting a lot of calls for rooftop venues," said nightlife broker Alex Picken, president of Picken Real Estate and Nightlife Brokerage.

"The Gansevoort [Hotel] rolled out its rooftop right into the sights of the trendy crowd and that kicked it off in a big way."

The opening of the Gansevoort rooftop with its indoor and outdoor lounges, dancing area and outdoor pool patio was a breakthrough event, said Kim Mogull CEO of Mogull Realty who represents the Gansevoort management.

"They pulled out all the stops, they spared no expense and created an enticing, exciting environment," said Mogull. "They went top of the line and put in the right music with the best sound system and attracted the right crowd. They have the right product, in the right location and it was the right time."

The owners are now building out the very expansive rooftop at its new South Beach location, she added.

To be sure, rooftop bars are old staples. The Beekman Towers has beautiful views of Queensboro Bridge and the United Nations and comes complete with a dining option. "It's a romantic spot," said Picken.

Nightlife broker Steven Kamali concurs that rooftop bars have become popular entertainment. He said it is because New Yorkers have an unwavering need to be outdoors.

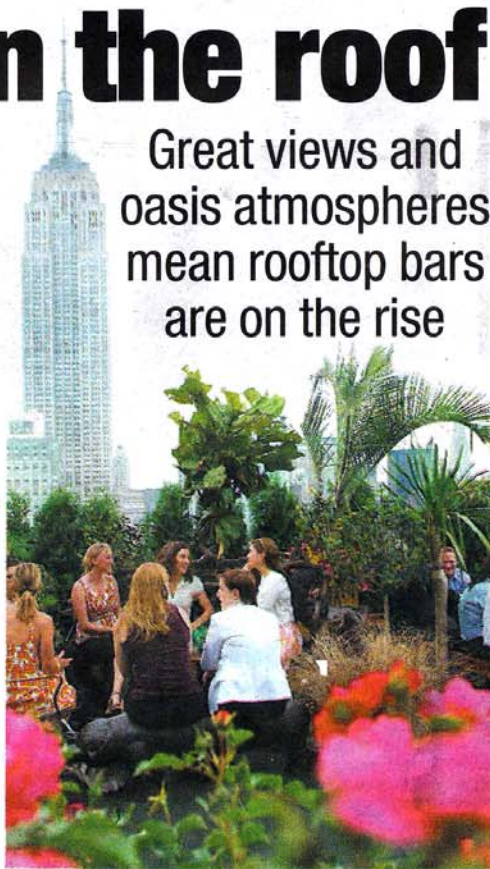
"They want to have a resort experience in their own backyard," he noted.

The largest rooftop bar at 230 Fifth Avenue, for instance, recalls South Beach with its palm trees and quiet music. "It's more an after work crowd," Picken said.

The Soho House, a members-only club, "Becomes a refuge from the city," Kamali said. "You can brunch overlooking the Hudson River."

Rooftop venues have another, well, draw.

"Nightlife revelers are often attracted to rooftops solely because they are allowed to puff away on cigarettes," observed Kamali. "It's a big attraction, especially since it became illegal



230 Fifth, a rooftop bar near Madison Square Park, offers expansive views of Manhattan.

Jennifer S. Altman/Bloomberg News.

to smoke inside restaurants, bars and nightclubs."

In fact, it has been the smokers on the streets outside the clubs that have borne the brunt of local resident complaints, as they socialize, chat and laugh on what would otherwise be a quiet street. Rooftops, however, muffle the noise, and don't get the complaints.

While they are on the street, they also cannot drink, taking away from the night's receipts.

With club owners now clamoring to add skylit spaces, property owners are also reeling in more bucks from the bars.

Rather than having the rooftop remain a desolate tar top, the buildings can wring out extra rent.

"The ground floor demands a premium, but if there is structurally sound rooftop access for patrons, then the value of the rooftop does increase and comes at a premium," said Kamali.

There can be added infrastructure costs for items like roof railings, plumbing, gas lines and even elevators. But those costs would be amortized within the lease or structured into key money upon a sale of the club.

According to Kamali, a good rooftop bar has to be easily accessible.

"Elevators are a must as nobody wants to walk up a flight of stairs in hot weather," he said.

Desirable rooftop bars are typically located in neighborhoods with the most popular restaurants, he said, so patrons can make their way to dinner before or after their drinks without waking their limo driver or competing for a cab.

Kamali believes the Meatpacking District, for instance, will soon have several new rooftop venues that will debut along with the new hotels coming to the area, a few of which are already under construction.

"Hoteliers in today's evolving hospitality industry understand that having an outdoor element is no longer just a luxury, it's a necessity," says Kamali.

Kamali is already working with two renowned hotel developers interested in co-developing their rooftops with proven beverage operators from across the country.

One restaurant Kamali is marketing at 201 East 24th Street at Third Avenue, may also end up with a new rooftop element, he said.

Picken believes the upcoming High Line Park that will straddle streets from the Meatpacking District through Chelsea will be "incredible" if the various new and older buildings create their own patios and venues looking out over it or opening onto it.

"There's a real future for it, no doubt," said Picken.

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