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Profiting from a roof with a view

Observation decks, communications sites add revenues; supervision needed

BY MATTHEW FLAMM

It took more than two years of planning and design work, and it will require close to two more years of construction. The owners of 30 Rockefeller Center won't even talk about how much money their indoor-outdoor, multilevel observation deck is going to cost. But one thing they don't hesitate to say is that by fall 2005, the top of the 70-story Art Deco landmark will begin adding to their bottom line.

"We think it will be yet another reason for New Yorkers and tourists to visit us," says Robert J. Speyer, senior managing director of Tishman Speyer Properties, which owns Rockefeller Center. "And it's a smart business proposition."

Rooftops with clear lines of sight have turned into hot commodities as property owners discover that top-of-the-Apple spaces can bring in extra revenues, whether they're hosting tourists or satellite dishes. If handled properly, real estate experts say, rooftop development can add thousands of dollars annually to a building's profits.

"Over the last decade, it's evolved from an accommodation to tenants to a modest revenue source that's similar to retail space," says Kevin Danehy, senior managing director of the New York office for real estate giant CB Richard Ellis.

Managing high concepts

But a rooftop is "an asset that has to be managed," warns Mark Lauzon, vice president and director of leasing for Max Capital Management Corp., owner of 450 W. 33rd

St. The property is home to *The Daily News* and will soon house The Associated Press, both communications-intensive businesses. "You can have a roof with too many antennas, and the aesthetics will be harmed," says Mr. Lauzon.

In the case of 30 Rock, exploiting the rooftop meant obtaining the approval of the New York City Landmarks Preservation Commission. The property was built with outdoor observation decks, but they were closed two decades ago.

The new ones will be surrounded by nonreflective glass panels instead of the original aluminum safety railings, and they'll be served by four escalators.

The three-level complex, which will have an entrance fee, will also include an indoor observation deck in a space on the 67th floor previously used for storage.

"We are always looking toward underutilized spaces in our buildings, from the sub-basement through the rooftop, to generate new sources of revenue," says Mr. Speyer.

Rock Center may get competition in its efforts to attract sky-high tourists. Macklowe Properties, the new owner of the GM Building, is believed to be planning an observation deck atop the Fifth Avenue skyscraper.

But for most Manhattan office buildings, rooftop revenues come from renting space to telecommunications companies for their satellite dishes and antennas. Depending on how tall a building is and how clear the line of sight, a single 18-inch dish can bring the landlord \$3,000 to \$10,000 a month. Three-foot-tall radio antennas can bring in \$1,200

to \$1,500 a month.

Experts in the field of rooftop management say that arranging to rent the space is only the beginning, however. It's important for owners to closely monitor their deals.

Site oversight

"Tenants may be up there with no license agreement or with a license agreement that has expired," says Jud Pankey, chief executive of HighPointe Group, a Dallas-based firm that handles the leasing and management of wireless and broadcast-signal equipment from rooftop locations. "You find there are legitimate companies up there, but their use was supposed to be x , and you discover that it's x plus y and z ."

One building whose owners have made good use of its rooftop is 4 Times Square, which The Durst Organization built with a 132-foot tower to carry FM radio broadcasts.

After the destruction of the World Trade Center, broadcasters needed a backup to the Empire State Building's antenna. Last spring, Durst began work on a tower with an antenna that's 385 feet tall and can accommodate FM and TV signals, in both analog and digital forms. The antenna, which went live in late October, carries signals for Univision and WABC, as well as nine FM stations.

"Our goal is to get everybody in the market," says Tom Bow, senior vice president at Durst. He notes that before Sept. 11, stations usually had primary and secondary broadcast facilities in one building; now, they must be in separate locations. ■

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