

APRIL 30, 2014

### SQUARE FEET

## An Early Skyscraper Becomes a Hotel With a View

By C. J. HUGHES

For years, development plans came and went at 5 Beekman Street like City Hall workers filing in and out of their nearby offices in Lower Manhattan.

Expectations for the property were high. The nine-story brick-and-terracotta building at Nassau Street was one of New York's first skyscrapers when completed in the late 1800s, even if others quickly eclipsed it.

For fans of antique architecture, 5 Beekman has also been a source of fascination because few have seen its distinctive interior feature — a tall atrium topped by a large pyramid-shaped skylight that was sealed up for much of the 20th century.

Soon, though, admirers may be able to share the view. A developer is converting the office building to a 287-room hotel with restaurants and bars, and adding a condo tower next door.

The timing for this \$350 million project seems apt, after all these decades. The financial district is undergoing a spurt of hotel construction along with surging tourism.

"Not only is there a market down here for this, there's not a person who hasn't walked into this building without their tongues hanging out," said Allen Gross, the president of GFI Capital Resources Group, a real estate company in New York whose development arm is undertaking the project. GFI Capital previously developed the trendy Ace and NoMad hotels.

The Beekman Hotel, as it will be called, will mostly be contained in the existing brick building, which is actually two joined structures: one, with nine stories, from 1883, and an annex with 10 stories from 1890. In recent years, it served as an office building but essentially has been empty for more than a decade.

Not much original detail has survived from the 19th century; indeed, three cage-style elevators were removed because they were unsafe, Mr. Gross said. Modern facsimiles will take their place.

But he said that the building would retain gold brackets shaped like dragons, metal grilles patterned with leaves, and even some walls with peeling paint, which on a recent tour created an industrial-fresco look.

In the Victorian era, the building contained as many as 212 offices, mostly for lawyers, who flocked there to be near both the mayor and the court system, according to historical accounts. For most of its life, it was called Temple Court, after the Temple legal district in London.

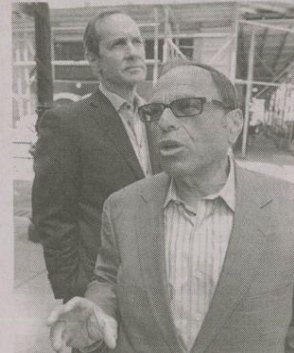
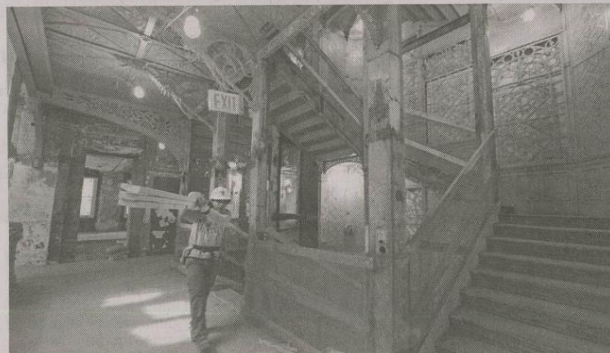
Entered through arched doorways, many of those law offices were clustered around the atrium, under the skylight, which is also where hotel rooms will be tucked. Two duplex rooms will be in two cupolas whose pointed slate roofs were recently refurbished.

An additional 75 rooms will be in the lower floors of that condo tower next door, a 600-foot building at 115 Nassau Street. The tower will also contain 68 condo units on its upper floors, which will be called the Beekman Residences, as well as amenity spaces for residents.

When sales start this summer, prices at the units, with 16-foot ceilings, are expected to be more than \$2,000 a square foot, though the sales plan has not been approved.

Since the hotel has been declared a landmark and few alterations could be made to the older structure, adding a wing with hotel rooms was one of the few ways to make the project economically sound, Mr. Gross said.

The previous owners of 5 Beekman,



PHOTOGRAPHS BY MARILYNN K. YEE/THE NEW YORK TIMES

A skylight-topped atrium distinguishes the 19th-century building at 5 Beekman Street, now part of a hotel-condo project. Above right, Allen Gross, foreground, of GFI Capital Resources Group, with Bruce Blum of GB Lodging.

the Chetrit Group and Bonjour Capital, bought the building in 2008 also aiming to make it a hotel, but plans fell through. Those years did, however, renew interest in the property, and its reopened atrium, as photo shoots and fashion shows were held there.

In 2012, GFI Capital bought it for \$64 million; the parcel next door, which was empty, cost \$22 million.

Scheduled to open in summer 2015, the hotel will be operated by Thompson Hotels, a brand under the umbrella of Commune Hotels & Resorts, whose New York properties include a pair nearby: Gild Hall, on Gold Street, and Smyth TriBeCa, on West Broadway. The condo will open a few months later.

The area has been becoming steadily residential for years. What's relatively new, though, neighborhood officials say, is that tourists are streaming downtown, mostly to visit the nearby World Trade Center site.

All told, 12.4 million tourists visited Lower Manhattan in 2012, up from four million in 2002, according to the Downtown Alliance, an advocacy group. Though the numbers dipped in 2013, owing in part to lingering damage from Hurricane Sandy, the group says, 2014 is expected to be strong.

Next month a museum is set to open at the World Trade Center site, joining its three-year-old memorial, which had 5.3 million visitors in 2013, up from five million in 2012, a spokesman said. In fact, some statistics indicate that the World Trade Center memorial is a bigger draw than the Statue of Liberty, the Bronx Zoo or the Empire State Building.

Next year, One World Trade Center is due to cut the ribbon on an observatory that promises 360-degree panoramas.

If they are coming downtown to see the sights, many tourists have been decamping to Midtown at night. The financial district has been comparatively limited, with 18 hotels south of City Hall, the Downtown Alliance said.

But 18 new ones, with more than 3,000 rooms, are planned, and 13 are scheduled to open in the next 12 months, the group says. They include a 490-room Holiday Inn at Rector and Washington Streets to open this year; a 185-room Four Seasons at Church and Barclay Streets, as part of a condo-hotel; and 170 Broadway, a 243-room Marriott converted from an office building.

While land prices in the last few years may have been a bit softer in the financial district, spurring hotel development, hotel developers say they have

been equally attracted by the changed vibe. The area is more of a round-the-clock neighborhood that does not empty after the markets close.

"It used to be crickets down here on the weekends," said Evan Weiss, a principal at LW Hospitality Advisors, a consulting firm. And with new retail offerings expected, such as at the World Trade Center complex and along Broadway, "there will be more to do, and more reason to be downtown," he said.

And for travelers, rates may still be a bargain downtown: Last year, rooms south of 42nd Street averaged about \$240 a night, versus about \$350 in Midtown, LW Hospitality statistics show.

Still, the developers of 5 Beekman are just as interested in creating places to hang out, according to Bruce Blum, the president of GB Lodging, the GFI Capital affiliate responsible for the hotel. It will offer two ground-level restaurants, a lower-level lounge and four distinct event spaces, as well as rentable terraces on the roof, he said.

Indeed, like the Ace before it, 5 Beekman aims to create community, where neighbors can gather as well as visitors, Mr. Blum said, adding, "right now, you come downtown, you want to get a cocktail, and there's nowhere to go."