

Robb Report  
**LUXURY PROPERTY GUIDE**



WHERE  
TO BUY NOW

DOWNTOWNS'  
RESIDENTIAL REBOOT

BUILD YOUR  
OUTDOOR OASIS

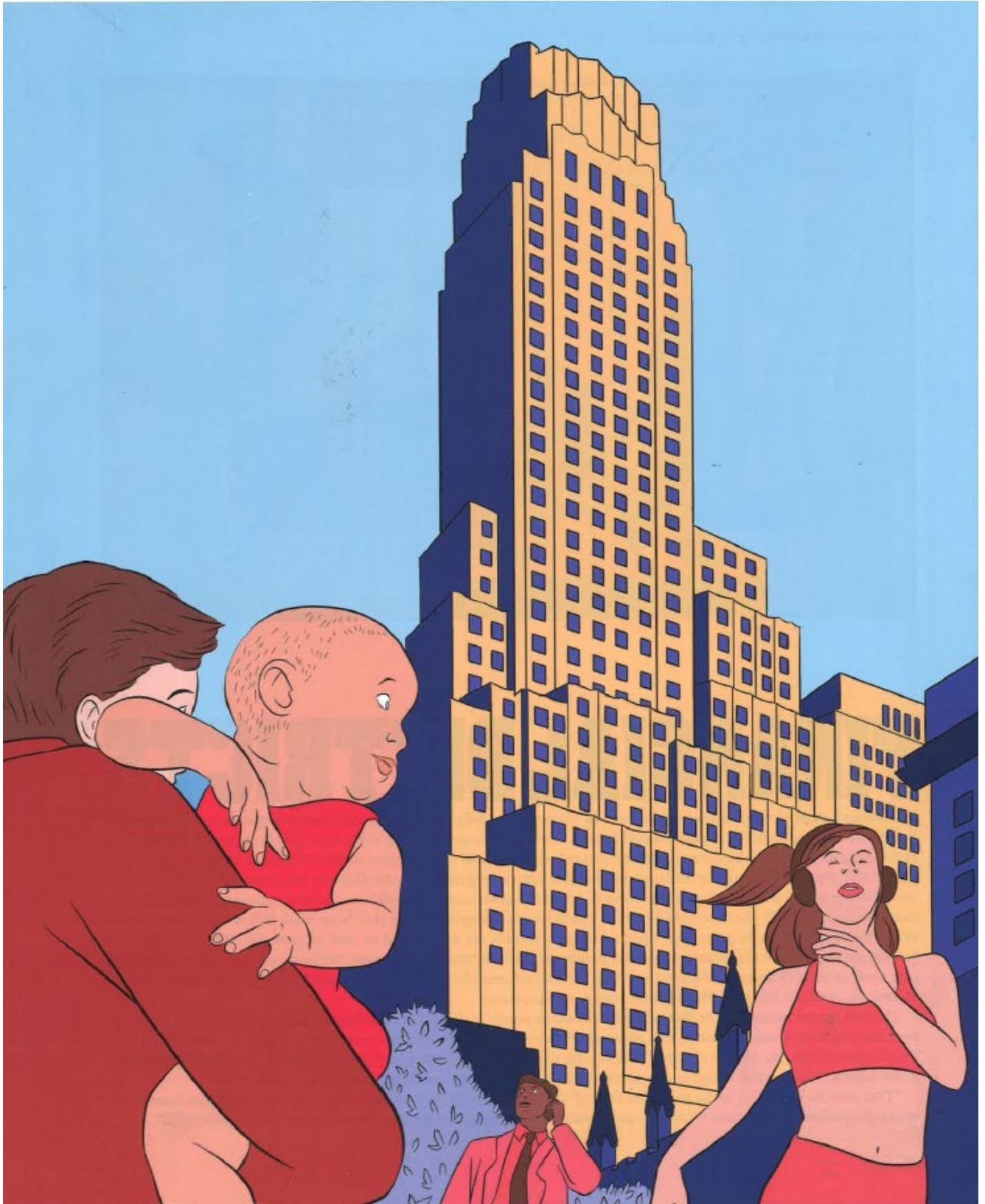
# FROM GHOST TOWNS TO GOOD HOODS

How financial  
districts went from  
where we work to  
where we want to live.

BY NICOLAS STECHER

ILLUSTRATIONS BY

RAPHAELLE MACARON







# FINANCIAL DISTRICTS

in America's most significant business hubs used to perform a daily costume change: Bustling epicenters of commerce during the day, populated by crisply pressed Brooks Brothers suits and clacking heels, they faded into barren ghost towns at the clang of the closing bell, leaving behind empty boulevards and dark corners worthy of zombie films.

But ever since the turn of the millennium, that has been changing. Financial districts have become FiDi neighborhoods where people live as well as work. These zones have had an unusual transformation in the context of modern urban gentrification, typically characterized by artists and hipsters moving in first for the cheap rents, followed by the moneyed class muscling in 20 to 30 years later after the neighborhoods are established as cool or desirable. FiDi developments instead are marked by being planned from day zero specifically for those with means. While supply and demand certainly play a role in older cities such as Boston and New York, where available land is in short supply, in addresses such as LA and Miami, the catalysts for the shift have been sometimes surprising.

The first American metropolis that began this metamorphosis is also our second largest. Throughout the late 20th century, Los Angeles's financial district, and pretty much its entire downtown, was a residential graveyard. Nobody walked or lived in downtown LA. All that changed in 1999 with the opening of the Staples Center, developer AEG's glowing temple to the Lakers, Clippers and Kings, and soon one of the hottest entertainment venues in all of Tinseltown.

"That was the beginning of the paradigm shift of what was going on in downtown LA," says Jim Jacobson, a senior VP at Douglas Elliman Real Estate. "Staples Center really was the epicenter for what was to be, and AEG got it right."



## LUXURY PROPERTY GUIDE

"No question Staples Center was the catalyst," says fellow LA realtor Eric Lavey. "But for residential, I like to credit the Ritz-Carlton—it was the first time LA had a brand-name experience with amenities better than anything in the entire city." A true anomaly when opened in 2009, the shimmering Mediterranean-blue, 57-story Ritz-Carlton Residences, just across the street from Staples Center and the Times Square-ish LA Live buildout, bristled with benefits never before seen in the City of Angels: remarkable views, unheard-of floor plans with more than 4,000 square feet per level, a glamorous rooftop pool and hotel touches such as valet, doorman and concierge services. "It was sort of New York finally coming to Los Angeles in the way people want to live, in a high-rise and having a full five-star experience," says Lavey, a senior agent with Sotheby's International who has been working the LA market for 20-plus years. "LA had never had that because we're not a vertical city."

Quickly buildings like the Bartlett, Toy Factory, Nabisco Loft, Metropolis and Eastern Columbia sprung up, offering a similar raft of luxury touches and services and attracting a young, creative clientele looking for something not quite LA and who didn't want to spend their lives parked on the area's highways trying to get to and from work. "And in a blink, a lot of inventory and a lot of people are living down there as a legit way of life," adds Jacobson, "instead of West Hollywood, Santa Monica, Venice or the Valley." Suddenly LA's once-gritty financial district had a new name: DTLA.

Another influential element that galvanized DTLA's development was zoning. As an infill "one out/one in" city—meaning a single-family home can be replaced only by a single-family home, it cannot be turned into a

multistory residential tower—development is notoriously restrictive. "I can tell you right now, there isn't a global city in America that is like that," swears Lavey.

Unlike other posher parts of the city where NIMBYs and obstructive neighborhood councils famously gum up projects, DTLA's development-friendly council embraced FiDi development not only for tax dollars but also to alleviate the city's debilitating housing crisis. "In these industrial areas zoning was much more fluid. And if they were getting variances in zoning it was kind of like, 'Yeah sure, we'll give it to you. It's a shitty neighborhood anyway, nobody wants to live there so we can't lose,'" says Lavey. "There are a lot of things that would allow a developer to come into downtown LA today and get a tower site approved that couldn't be built in any other city."

The rise of hotel-branded residences like the Ritz at LA Live in once residentially barren neighborhoods has spearheaded the development trend of FiDis nearly everywhere, including Miami. Although Miami's FiDi already had a few one-off posh high-rises such as the Santa Maria (1994) and Bristol Towers (1993), one could argue the opening of the Four Seasons Hotel and Tower in 2003 seeded Miami's now thriving Brickell district—historically the core of Miami's investment, banking and financial activity and, at the time, a residential ghost town. The Four Seasons combined 186 condos with 200,000 square feet of office space in 70 stories—making it then the tallest residential building south of New York City.

"When that building opened there was nothing there; that's when Brickell development really began," recalls Richard G. Baumert, a partner at



Boston's financial district



LUXURY PROPERTY GUIDE



**MIAMI**  
Baccarat  
Residences

Units inside the 75-story tower will start at \$1.23 million. It opens in early 2022.



**NEW YORK**  
15 Broad Street

This \$2.65 million loft inside the Downtown by Philippe Starck building is a block from Wall Street.



**LOS ANGELES**  
The Ritz-Carlton  
DTLA

Just below the rooftop pool is a 6,590-square-foot duplex penthouse, listed for \$12 million.



**BOSTON**  
Winthrop Center

FIDI's newest condo/office building will debut in 2023 and will be designed to increase residents' health and well-being.



## LUXURY PROPERTY GUIDE

Millennium Partners, which developed the project. "You started to see more interest in residential development in and around the Brickell corridor, bringing density into the neighborhood. And then the restaurants all followed."

The once empty streets slowly began sprouting coffee shops and eateries, and developments such as the Shops at Mary Brickell Village, which opened in 2006, gave buyers the confidence to invest in Brickell as a vibrant neighborhood. But even five years ago, Brickell was nothing compared with the Brickell of 2021, which is booming. "The crescendo, however," says Baumert, "was the Brickell City Centre."

"There's no doubt in my mind that was the catalyst for this urban living concept in South Florida," confirms Mayi de la Vega, founder and CEO of One Sotheby's International Realty in Miami, about the district's first shopping mall, which opened in 2015. In a town known primarily for its beaches and oceanfront living, the density of Brickell at first seemed anathema to Miami residents, but once the City Centre assembled multi-level retail shops, a dine-in cinema, a suite of hyped restaurants and even a 107,000-square-foot Saks Fifth Avenue into one development, foot traffic ensued. "We never really had [that walkability] before because we're so spread out," says de la Vega.

At the same time Millennium Partners was building the Four Seasons tower in Miami, the firm was developing other hotel-branded high-rises around the country, including one in Boston. Completed in 2000, the new Ritz-Carlton was the tallest residential building in Boston at the time and preceded a pair of projects that changed Boston's FiDi forever. As the Four Seasons did in Miami, the Ritz-Carlton—developed in a neighborhood so sketchy it was then dubbed the Combat Zone—and its five-star hotel DNA jump-started the city's metamorphosis.

"The difference between Boston and other cities is most of the residential developments in Boston's financial district aren't in old warehouses, they're really ground-up new construction. The first that started it was the Ritz, but the mega of the projects was Millennium Place and Millennium Towers," says Michael Carucci, EVP of Gibson Sotheby's International Realty, noting all three were built by the same developer: Millennium Partners. "They bet big on midtown and the financial district, and I cannot tell you how critical their timing was—because I've seen some of the best projects come out at the right time and kill it, and some of the best places come out at the wrong time and get crushed." Once completed in 2016, the 60-story, 684-foot-tall Millennium Tower became the fastest selling project in Boston's history, underscoring just how vibrant the city's FiDi had become.

"You can create a vertically integrated way of life—and that relies largely on amenities," Baumert explains, listing off the white-glove services that his Millennium Tower offered Bostonians for the first time, including a two-story fitness club, the largest of any residential building in the city. James Beard-winning and Michelin-star chef Michael Mina developed a food program exclusive to the Towers—a first, all staffed by veteran five-star hospitality professionals. "We created a whole new neighborhood that never existed in the sky—imagine that, in one of the oldest cities in the country," says Baumert. "That level of luxury allows you to attract the affluent buyer even though the neighborhood might be going through a transformation."

**"YOU CAN CREATE A VERTICALLY INTEGRATED WAY OF LIFE—AND THAT RELIES LARGELY ON AMENITIES."**

— Richard G. Baumert, MILLENNIUM PARTNERS



"It was a dramatic change to a pretty rough neighborhood at the time," says Carucci, "so to me the Towers were the exclamation point."

No matter the city, many of these new developments tap internationally renowned architects to lend a collectability to their projects. In Manhattan, 130 William was designed by David Adjaye and 2 World Trade Center was designed by Bjarke Ingels, while the upcoming Winthrop Center in Boston is designed by Handel Architects. "A lot of these luxury condo products are second and third homes for people who are bicoastal. And since known architects and interior designers are part of the projects, the property is almost like a collection piece for them. 'I want to collect a piece of an Olson Kundig,'" says Elliman's Jacobson. "So that's what we're seeing in that luxury market."

There's another element intrinsic to FiDis that makes them inherently attractive: location. "A lot of the financial districts you're talking about, like New York, Boston, San Francisco, etc., because they're so old, they're built in the best geographical parts of the city," says Jason Walker, a broker with Douglas Elliman who claims \$100 million worth of sales in New York's financial district over the past decade. He says this might not be obvious to some New Yorkers who see the "New Downtown," as he calls it, prohibitively far south—but he points out that it's a key area, locationwise for train stations, ferries and all the easiest ways of getting in and out of Manhattan. "It's the best transportation anywhere in the city," he says.

"There's also a very unique architectural infrastructure to these financial districts," says Walker, highlighting another benefit of investing in the oldest parts of a city. "You have some of these ancient, beautiful bank buildings where now there are swimming pools in the vaults. The oldest buildings that we can get in our country are all gut-renovated, state-of-the-art inside, but then they're juxtaposed with modern skyscrapers right next door."

Surprisingly, New York was the most recent to tap its FiDi for residential living. To compete in a city as robust as Manhattan, with more established neighborhoods laced with famous cafes, restaurants, museums and cocktail bars, the burgeoning district had to almost oversell with built-in amenities—repeating a motif mirrored in all thriving downtowns. Walker stresses the value (20 to 30 percent cheaper than nearby ZIP codes, such as Tribeca and the West Village), complemented by luxuries found in these buildings, ticking off not only trendy lifestyle destinations such as SoulCycle, Eataly, the Jean-Georges food hall and Bottega Louie that have built outposts here, but also experimental services found nowhere else in the city, such as a flagship Duane Reade pharmacy outfitted with a 24-hour nail and hair salon. "New York is a city of energy and pulse," says Walker, "and the pulse and the energy of the financial district is ahead of all of them." There's no longer a costume change near Wall Street, unless it's among residents who dash home to trade their sharp suits after work for workout gear to catch a spin class or cashmere joggers to walk the dog. ■