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# Helmsley Hotel on Central Park South Is Set for Condos

*Park Lane Hotel Is Headed to Auction Block in Hope of Condo Conversion*

By ELIOT BROWN

The estate of Leona Helmsley is gearing up to put the Park Lane Hotel on the block, hoping to cash in on surging demand from developers looking for prime sites for ultra-high-end condominiums.



Peter J. Smith for The Wall Street Journal

The Helmsley Park Lane Hotel, which the estate of Leona Helmsley will put up for sale.

The best use of the Park Lane, which was one of the crown jewels in the Helmsley empire, would be to convert all or a portion of it into condos, or to knock it down and build a new condo tower, real-estate experts say. They base this conclusion on the astronomical prices elite buyers have been paying for New York condos as well as the Park Lane's unsurpassed location on Central Park South.

Already, the estate has received at least two separate nonbinding offers of more than \$600 million for the property from developers with such projects in mind, according to real-estate executives briefed on the matter. One came from developer Harry Macklowe and the other came from a venture of developer Steven Witkoff and California-based CIM Group.

Now the estate's adviser on the property, [CBRE Group Inc.](#), is planning to cast a wider net by putting the 46-story hotel on the sales block. The advisers have told developers that this could happen within weeks, the real-estate executives said, although the exact timing hasn't been finalized.

The real-estate empire built by Harry Helmsley has



Ramsay de Give for The Wall Street Journal

One57

been slowly selling off property since he died in 1997. Up until now, though, the Park Lane hasn't been marketed widely like some of the other properties. A spokesman for the Helmsley estate didn't respond to requests for comment.

The move to sell comes at a time that the super-luxury segment of the Manhattan condo market has boomed, particularly near Central Park. Demand has been strong from wealthy and international buyers looking for investments that they consider stable.

Sales of apartments for more than \$20 million, which used to be rare, have become regular events. And some of the units are going for even more jaw-dropping sums. For example, billionaire William Ackman and a group of investors are in contract to buy a 13,554-square-foot condo in the development known as One57 for more than \$90 million, people familiar with the matter have said. That tower, on West 57th St., is under development by Extell Development Co.

"A lot of this is really people who have super-wealth," says Nancy Packes, a consultant for real-estate developers. "The demand is far greater than the supply."

The booming condo values are causing a shift in how many blocks near Central Park are being used.

Buildings and development sites on these blocks used to be coveted as locations for hotels and office buildings. But now top condos are selling for two to three times as much as the best office buildings or hotels. As a result, condo developers are looking to convert or demolish and build on numerous properties that now have other uses.

For example, [Sony](#) Corp.'s headquarters at 56th Street and Madison Avenue in March sold for \$1.1 billion to a team led by the Chetrit Group, which plans to convert the upper floors to condos. The former Drake Hotel on



Associated Press

Leona Helmsley in 2003

Park Avenue and 56th Street has been demolished and a condo tower 146 feet taller than the Empire State Building is under construction in its place.

Meanwhile, a developer is planning a more than 900-foot condo tower in the place of [Steinway Musical Instruments](#) Inc.'s flagship store on 57th Street, the same block as One57.

The Park Lane, which is four decades old, is able to get rates of more than \$600 a night. But it is considered by hotel experts to be past its prime and in need of an overhaul.

Even some successful properties near Central Park are being eyed for a change to residential use. Consider 650 Madison Ave., a 27-story office tower, which has been put up for sale. Although it fetches top-tier office rents, the property's seller is highlighting in marketing material that a buyer would be able to tear it down and build a condo tower, with hotel and retail, in its place once the properties' leases expire.

An 800-foot residential tower could be built on the site at 60th Street, according to marketing material sent to potential buyers by advisory firm Eastdil Secured LLC. It's a "development opportunity without peers," the marketing material says.

At the Park Lane, a change to condos would be tricky. The current building is 370,000 square feet, which is denser than what current zoning would allow for a ground-up development, according to real-estate professionals who have examined the option.

Also, a conversion of the building to condos from a hotel would require approval from the city's Board of Standards and Appeals. The owners filed a building permit application in October to convert upper hotel rooms to condos partly to determine what kind of objections the Board would raise.

Further, any buyer would likely have to contend with the politically powerful hotel workers' union, which represents workers in the building and would likely frown on a plan that would eliminate union jobs.

The storied real-estate empire was built by Mr. Helmsley over three decades. He also made headlines when he divorced his wife to marry Leona Roberts, who had worked for his company as a broker.

In 1989, the couple was accused of tax evasion. Mr. Helmsley was deemed unfit to stand trial, but Mrs. Helmsley was convicted and served close to two years in prison. She died in 2007.

Proceeds from the sales of the properties have been going to the Leona M. and Harry B. Helmsley Charitable Trust.

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