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Hedge fund inks city's priciest office lease

By Daniel Geiger

Citadel, one of the city's biggest hedge funds, has signed a lease for new midtown Manhattan office space for record rent.



Rendering of 425 Park Ave.

The firm completed a deal to take a little more than 200,000 square feet at 425 Park Ave., a new office tower between East 55th and 56th streets being developed by L&L Holding Co. Citadel had been negotiating with L&L on the lease since last year. It wasn't immediately clear how many floors Citadel will acquire at the 47-story building, but the firm has agreed to pay \$300 per square foot for the penthouse level—the highest rent ever paid for office space in the city and likely one of the highest in the world.

The other floors that Citadel will lease are slightly less expensive, however, making the average rent that the firm will pay somewhere around \$200 per square foot—still an exorbitant sum—according to sources familiar with the deal.

The lease places 425 Park Ave. at the pinnacle of the city's priciest office buildings, an exclusive club that had long been dominated by buildings like 9 W. 57th St., the General Motors Building and 667 Madison Ave. It also reflects how rental rates for luxury office space have reached new heights. With deep-pocketed tenants willing to shell out huge sums for office space, developers like L&L have rushed to build new office properties catering to them.

Last year, David Levinson, one of the founders of L&L, told Crain's that his goal was to build a luxury office tower with "the highest standards." L&L tapped Pritzker Prize-winning architect Norman Foster to design 425 Park Ave., which will have a two-level lobby with 45-foot ceilings, ventilation that filters 95% of the outside air, floor-to-ceiling windows and a community space on the 26th floor, with giant triangular windows, where tenants can mingle, drink fresh-pressed juice and meditate in private rooms.

Even the chauffeurs who shuttle executives to and from the property will be treated like royalty: They will have access to a private parking garage and their own lounge. The building will also have a 14,000-square-foot restaurant by Daniel Humm and Will Guidara, the pair behind the triple-Michelin-star eatery Eleven Madison Park.

The construction of 425 Park Ave., which is expected to be completed in 2019, comes amid a boom in ultra-luxury residential towers, with apartments costing tens of millions of dollars. In addition to committing to pricey new offices, Kenneth Griffin, the founder and chief executive of Citadel, is also reportedly buying a penthouse at 220 Central Park South, Vornado Realty Trust's new condo tower, for more than \$200 million. If that deal closes it would set a record for the most expensive apartment purchase in the city.

Mary Ann Tighe, CEO of the New York tristate region for CBRE, represented L&L in the deal with Citadel, which was also represented by CBRE.