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The \$38,500 Closet

New Yorkers strapped for storage space are only too happy to pay for more, and co-op and condo boards relish the extra income they can generate by installing storage units or renting unused utility closets.

By VIVIAN S. TOY

TO live in New York City is to covet thy neighbor's closet. Especially if it's a walk-in.

Since apartment living is by its very nature space-limited, storage or the lack thereof can mean the difference between strolling out the front door in a well-pressed suit and shuffling out while trying to straighten a hopelessly rumpled collar. But the lowly closet is not just a place for shoe boxes and sweaters anymore. It has become a hot commodity — a player in the New York real estate market.

Developers of new buildings tout basement storage units as an amenity almost on a par with a gym or a doorman. Wire-mesh storage cages now routinely sell for \$30,000 to \$40,000, and enclosed storage rooms can sell for twice as much.

Not to be outdone, co-op and condo boards in older buildings are finding ways to retrofit extra storage space, even if that means evicting the superintendent's mops and dustpans from a utility closet so that it can be rented out. Many of these spaces have waiting lists that run for years, and they become available only when someone moves out or dies.

The advantages are clear. Residents get private storage without having to trek to a faraway warehouse. Unused areas of the buildings are transformed into clean, practical and profitable spaces. And building sponsors or boards get a new source of income without raising fees or imposing assessments.

"Closet space is so precious in Manhattan," said Monica Klingenberg, an executive vice president of Marketing Directors Inc., an agency that markets and sells luxury co-ops and condos. "We're all trying to eke every square inch out of our living space, so the ability to have additional storage space is just a gold mine."

That's exactly what Peggy and José Alonso thought when

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\$385 A SQUARE FOOT Peggy Alonso and her husband, José, paid \$38,500 for a 10-by-10-foot storage room in their co-op's basement on East 90th Street.

Tyler Hicks/The New York Times

they learned last year that their co-op on East 90th Street, which is made up of three prewar walk-up buildings, was offering a 10-by-10-foot basement storage room for sale.

Eight people bid on the space, which had a dirt floor and no door and shares a wall with a boiler room. The Alonsos won with a bid of \$38,500.

They spent about \$5,000 more to finish the space and put in shelves. "I wish we could have found another one like this," Mr. Alonso said. "When you pay \$500 a month to rent a storage room somewhere else and you own nothing, you can begin to compare and you see \$38,500 is reasonable." At \$500 a month, a \$38,500 storage space would be paid for in about six and a half years.

The Alonsos are collectors, and virtually every item in their one-bedroom apartment could be featured on "Antiques Roadshow," from an original Felix the Cat metal toy to their antique sleigh bed. They are still in the process of moving from a four-bedroom house in Woodside, Queens, and have filled their storage room floor-to-ceiling with vintage clothing, antiques that don't fit upstairs and seasonal items like Christmas wrapping paper.

"We collect everything, so we really needed this extra storage," Mrs. Alonso said. "But once it's full, that's it. Whatever doesn't fit, gets donated."

The price trajectory of the Alonsos' storage room perfectly illustrates the growing demand and consequent price inflation for storage space in city apartment buildings.

David Mosier, the president of the Alonsos' co-op, said the board first decided to sell basement space in 2000, after being warned that the building would lose its insurance unless the flood-prone basement was improved.

Still, the idea of selling the space to offset the cost of the repairs was initially met with skepticism. "The alternative would have been to fix it and keep it as common space," Mr. Mosier said. "But nobody wanted to do that because they didn't want to spend the money."

The co-op board installed new basement drains to solve the flooding problem and put in new walls, but made no other improvements. It initially charged just \$20 per square foot for the unfinished space, and most of it sold within the next year or so. But the unit that the Alonsos eventually bought lingered. "Nobody wanted it," Mr. Mosier said.

By 2005, he said, "prices went crazy, and apartments that were only \$200,000 a few years earlier were selling for \$800,000." So when the board offered that last remaining storage space for sale again, the auction led to the \$38,500 closet, which works out to \$385 a square foot.

In the end, Mr. Mosier said, selling the basement space "made a lot of people happy since the basement has been improved and everyone's co-op shares are now more valuable."

Shaun Osher, the chief executive of Core Group Marketing, said that while developers rarely included storage space in their buildings 10 or 15 years ago, "now it's expected, and as long as there's an opportunity to put it in, they're doing it."

But, he added, "not all storage space is created equal."

He said he had seen storage prices ranging from \$700 to \$2,000 per square foot, with basic wire cages at the low end, and at the high end, sealed and climate-controlled rooms suitable for storing wine or fine art, some selling for as much as \$80,000.

"The storage space generally reflects what's happening upstairs," he said. "And it doesn't matter if you have a small or big

apartment, space is at such a premium in the city, everyone finds this additional space valuable."

Michael Chapman, an executive vice president of Stribling, said storage was often one of the first things that prospective buyers asked about when shopping for an apartment. "Closet space within units is becoming more and more minimal," he said, "so extra storage is becoming so important to people. If you asked New Yorkers what they would rather have, parking or storage, I think most would say storage."

Kenneth Horn, the president of Alchemy Properties, said that this reality led his company to incorporate storage into all of its latest projects. Three buildings under construction will offer storage cages for sale, with prices ranging from \$28,000 to \$36,000 in Brooklyn, and slightly more in Manhattan.

But in three other projects that Alchemy completed in the last two years, storage units have been provided with every apartment at no extra charge. Like other developers, Mr. Horn said, Alchemy sells storage units only when there are not enough units to assign one to each apartment, and so they must be allocated on a first-come-first-served basis.

At the Lion's Head Condominium on West 19th Street, which is nearing full occupancy, Mr. Horn said, he and his partners decided to put in a storage cage for each of the 67 apartments after realizing that constructing a ramp for a basement garage would be prohibitively expensive. "We had the space, so we wanted to make them an amenity as best as we could," he said.

But he said that planning 67 storage cages, with larger ones for the larger apartments, was more complicated than it might seem. An architect was brought in to map out the basement, making allowances for mechanical equipment and rooms set aside for the maintenance staff.

The resulting space is well lighted, ventilated and equipped with sprinklers and security cameras.

Stephen Alton, an architect who recently moved into the building, said the 6-by-8 storage cage that came with his 1,150-square-foot loft had helped to persuade him to buy at Lion's Head. "In my opinion, storage space is probably No. 1 in the hierarchy of amenities," he said.

Mr. Alton said that he stored his luggage, winter clothing, wine glasses and large platters in his cage and that he had come to see the space as an extension of his apartment. "When you consider that it's a place for things that would normally take up space

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A PLACE FOR EVERYTHING

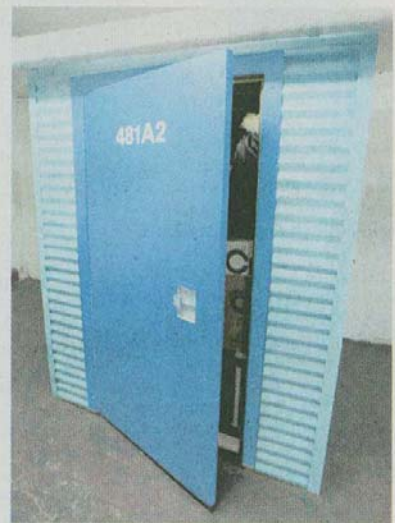
Carolyn Levitan, right, rents a former utility closet. The overflow from Peggy Alonso's collections, above, goes to her storage room. At the Lion's Head Condominium on West 19th Street, each apartment gets a wire storage cage, and at 56 Jane Street, the eight lockers rent for \$65 a month.



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Marilynn K. Yee/The New York Times

upstairs, which you're paying \$1,100 per square foot for, it's an incredible value," he said.

At least one of his neighbors took that one step further. Mr. Horn said that she had no use for her storage cage, so she rents it to another resident for \$175 a month.

In new construction, when storage is provided with an apartment, the square footage is generally tacked onto an apartment's square footage, which means that it will figure into maintenance costs and property taxes.

When storage is sold separately, however, many condo boards choose to sell licensing agreements instead of selling the storage units outright. Licensing agreements are usually transferable and entitle the owners to exclusive use of the storage space in perpetuity, but since there is no actual property transfer, buyers do not have to pay transfer taxes, closing costs or property taxes. Depending on how the agreement is written, residents can either sell the storage units with their apartment as a package, or they may have to sell them back to the board or to another resident.

In older buildings that are adding storage space, many co-op and condo boards choose to avoid a major capital investment in cleaning up the potential closet space, either by farming out the job to a company that will then manage and rent out the units, or by directly renting out space to residents.

At 56 Jane Street, a 30-unit co-op in the West Village, the board turned to a storage company that agreed to come in, clean up an unused basement area and install and manage eight metal storage lockers in the room. The company charges \$65 a month for each 4-by-8-foot locker and returns a quarter of that amount to the board.

Philip Gillich, the vice president of the co-op's board, said that before the space was finished, he was worried that none of the residents would be interested. "If you had looked at the raw space, you would not want to put any of your stuff down here," he said, because the room was dark, dank and dusty.

But once it was finished and the bright blue lockers had been installed, they were all rented within days, and there is now a waiting list.

Having a storage unit in an off-site warehouse might cost less than renting or buying one in an apartment building. Prices at Manhattan Mini Storage, for example, range from \$39 a month for a 4-by-4-by-5-foot cube to about \$300 a month for a 7-by-12-foot room.

But New Yorkers are accustomed to paying more for service and convenience, said Carolyn Levitan, a vice president of Bellmarc, who pays \$225 a month to rent a former utility closet just down the hall from her condo on East 72nd Street. The closet is about 3 feet deep and 8 feet wide.

"My closet is a luxury I'm happy to pay for because it means I don't have to get into a cab to go to a storage space somewhere else," she said.

Her 44-story condo tower was built in 1990 without any private storage, and the condo board only recently decided to rectify that. But finding space after the fact was not easy, and the building was able to install only about 20 storage cages and lockers, tucked away in basement corners and next to mechanical equipment. They rent for about \$150 a month.

Last year, the building decided to clean out utility closets on residential floors — they had been used to store paint cans and extra carpeting for the hallways — and the closets rented quickly.

Ms. Levitan uses hers to store skis, an inflatable guest bed and her off-season clothes, which she keeps on a rack that she rolls into her apartment with each change of season. "The city is all about scaling down," she said, "and I work very hard at not being a pack rat. But if I didn't have my closet for overflow, all my things would get ruined. They'd all be wrinkled."

In some ways, the new emphasis on in-house storage space harks back to the days before 1929 when many of the grand buildings along Fifth Avenue and Park Avenue were built.

Edward Lee Cave, who owns a real estate agency that specializes in such buildings, said they typically provided three types of storage. Each apartment would get a wine cellar that could hold 500 bottles, a basement laundry room with deep porcelain sinks where the maids would do the washing, and a good-sized storage cage.

"These things would vary in size depending on the building," Mr. Cave said. "But in the great, great, great prewar buildings, storage was an inalienable right."

Developers of those buildings lavished space on storage because they were trying to coax wealthy people out of town houses and into their new apartment buildings, he said.

"So buildings are going back to that focus on luxury, and they're allocating the space for storage again," he said. "But now they're charging for it."