



ELYSIAN

## Vacation Homes

### On the Rise

Three new developments in Chicago signal the ascent of the condo-hotel

In 1885, Chicago's Home Insurance building opened on the corner of La Salle and Adams Streets as the world's first skyscraper. The 10-story edifice, which featured a steel frame that supported the walls, introduced a new structural form that forever altered the way people work and where they live. Today, three construction projects in the Windy City are at the forefront of a movement that may change the way people travel and where they buy second homes.

Buildings that integrate condominium units and hotel rooms have become increasingly common in resort destinations and, more recently, in metropolitan areas. In Chicago, the notion of incorporating high-end condominiums into buildings that also house hotels is nothing new. The Ritz-Carlton, Four Seasons, and Park Hyatt properties on Michigan Avenue all included independent condos when they opened in 1976, 1989, and 2000, respectively. But three of the city's latest projects—from Mandarin Oriental, Trump International, and local developer Elysian—feature condo units that serve double duty as the hotel's guest rooms.

The 60-story Elysian, slated for completion at the end of 2008, will include 188 condo-hotel units (priced from \$480,000 to \$950,000), as well as 51 private residences (priced from \$2.6 million to \$7.4 million). The residences will be traditional condos whose owners will have access to the hotel's services and amenities. Owners of the condo-hotel units, however, will be able to put their rooms into the hotel's rental pool and earn from 20 percent to 42 percent of the nightly rate. "Condo-hotels aren't for people who are only looking to buy an investment property or something to flip," says the Elysian's developer, David Pisor. "They're for a buyer who is looking for a second, third, or fourth home that would otherwise remain empty when not in use. For that buyer, it allows them to generate income while they aren't there."

Condo-hotels also offer advantages to developers, who can partially fund the construction of their buildings with pre-sales. "From the developer's perspective, it makes sense because revenue from the sale of condos allows for the hotel to operate with a low level of debt," says Pisor. "This allows them to offer services they wouldn't have otherwise been able to afford, especially with the launch of a new brand."

Established brands appear to be equally enthralled with the concept. Mandarin Oriental plans to open its Chicago property, the Mandarin Oriental Tower, near Millennium Park in 2009. The building will include 100 private residences and 150 condo-hotel units, with prices ranging from \$600,000 to \$25 million. Meanwhile, Donald Trump is building the Trump International Hotel & Tower, a 92 story high-rise along the Chicago River that, when it opens in 2008, will house 286 condo-hotel units and 472 condos.

For the Elysian, Pisor selected a site in the heart of the city's Gold Coast neighborhood. "When you're developing a condo-hotel," he says, "you have to find a balance between an area that has enough going on to make it exciting for visitors staying at the hotel, but not so touristy that it's going to turn off the building's full-time residents."

Pisor, who plans to build additional condo-hotels in North America, Europe, and Asia, commissioned Chicago architect Lucien LaGrange for the Elysian. The Beaux Arts-style tower will include a courtyard and motor court, as well as a screening room, a spa and health club, and a restaurant from Chicago chef Charlie Trotter. Still, Pisor believes the property's primary appeal may lie in the basic services provided by its housekeeping and concierge staffs. "The property is virtually maintenance-free," he explains, "and owners have all of the benefits and services of staying in a five-star hotel."—SAMANTHA BROOKS