



## Residents-Only Restaurants in Luxury Towers Were Struggling to Break Even. Then Covid Hit.

The pandemic forced many private restaurants to close, even as homeowners continue paying for them.

By E.B. Solomont | December 16, 2021 11:04 am ET

For years, private restaurants have been a sought-after amenity at some of the country's most expensive condominiums and gated communities. But by and large, residents-only restaurants don't make money. The pandemic has exposed the financial vulnerability of these restaurants, which are heavily subsidized by common charges and other fees paid by building owners. Still, many residents say it's a price they are willing to pay for the exclusivity, safety and convenience of a private dining experience.

While some of New York's most exclusive prewar cooperatives have long had private dining rooms, the concept of residents-only restaurants took off in the mid-2000s. In recent years, developers have tapped celebrity chefs to design exclusive menus for well-heeled owners at buildings.

To make these arrangements work, most condo associations pay the chef or restaurateur a management fee and, in some cases, a percentage of top-line sales, said Arlene Spiegel, a New York-based restaurant consultant, president of Arleen Spiegel & Associates. Celebrity chefs can command six figures to create a menu and appear at special events, and they often get a signing bonus. How much time the chef actually spends in the kitchen depends on their arrangement with the building.

But given the limited audience, most private restaurants simply aim to break even, said Ms. Spiegel. In addition to the prices paid by diners for their meals, they rely on residents' common charges to help carry the business. ●