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MARKETPLACE



13-15 W. 27th St.



45 W. 27th St.



119-125 W. 24th St.



19 W. 24th St.

NYLJ / RICK KOPSTEIN

BY MONICA PAQUETTE

The Kaufman Organization, in a new joint venture with Principal Real Estate Investors, has signed a 99-year net lease with Extell Development Company to redevelop four vacant Manhattan commercial buildings in Midtown South.

The 11- and 12-story buildings total more than 341,000 square feet and are at 13-15 W. 27th St.; 45 W. 27th St.; 19 W. 24th St.; and 119-125 W. 24th St., between Fifth and Seventh avenues.

Earlier this year, Extell acquired the four buildings, which were grouped within more than a dozen properties, from brothers Frank and Michael Ring. The reported value of the entire deal was between \$600 million and \$800 million.

Thomas Kearns, a partner at **Olshan Frome Wolosky**, was lead counsel for the joint venture on the net lease and represented Kaufman in the creation of the joint venture agreement with Principal Real Estate Investors. Kearns was assisted by Olshan's **Hyman Kindler**, of counsel, and associate **Carolyn Sha**.

Jerald Cohn, a partner at **Holland & Knight** in Washington, D.C., represented Principal in the creation of the joint venture and was cocounsel on the lease transactions.

Adam Endick, a partner at **Kasowitz Benson Torres & Friedman**, and associates **Ashley Lostritto** and **Russell Garber** represented Extell.

Matthew Kidd, a real estate partner at **Gibson, Dunn & Crutcher**; **Jordan Katzenberg**, of counsel; and **Joseph Goldman**, associate, represented Deutsche Bank AG, Extell's mortgagee.

The four Midtown South buildings represent one the largest blocks of vacant space in what is perhaps the tightest office market in the U.S., Fred Leffel, Kaufman's president of new ventures, said in a statement.

The asking range for office space in the Midtown South area near 24th and 27th streets begins at \$66 per square foot and goes up to about \$81 per square foot for class-A space, according to Studley's April report.

Three of the four buildings have been vacant for the past 10 years with the exception of 119-125 W. 24th St., also the largest property with more than 151,000 square feet, which has been vacant for three years.

Public records show the purchase amount as \$12.5 million each for three properties and the largest property at \$30 million, but a media report set the properties' value at more than \$150 million.

The Kaufman joint venture plans to renovate and rebrand the buildings over the next two years, at an estimated investment of about \$100 per square foot, or more than \$34 million. Capital improvements include renovating the lobbies and retail frontage,

installing state-of-the-art elevators, upgrading boilers, new plumbing and secure telecommunication risers.

Kaufman has a "track record of repositioning and renovating properties to make them attractive to high-growth industry tenants," such as tech, media and marketing firms, Grant Greenspan, a principal at Kaufman, said in a statement.

Kaufman's portfolio includes more than 5 million square feet of owned or managed space and provides a spectrum of leasing and management services. Principal manages or advises \$48.7 billion in commercial real estate assets, according to a news release.

Founded in 1989, Extell's real estate portfolio exceeds 20 million square feet, according to its website.

On behalf of Extell, Gary Barnett, founder and president, negotiated the net lease with the joint venture.

In addition to Greenspan and Leffel, Kaufman's Michael Kazmierski, vice president, internally handled the lease, along with Kyle Elfers, a senior acquisition consultant at Principal Real Estate Investors.

David Ash, a principal at Prince Realty Advisors, acted on behalf of the joint venture.

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