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City sells off two downtown buildings

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346 Broadway fetches \$160 million and will be converted to a hotel and condos, while 49-51 Chambers St. will likely be a residential conversion.

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The city sells 346 Broadway for \$160 million. Photo: CoStar Group Inc.

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The city has reached a deal to sell 346 Broadway and 49-51 Chambers St., two downtown office buildings that house a collection of city agencies.

The Peebles Corp. will acquire 346 Broadway for about \$160 million and will convert the 12-story, 400,000-square-foot property into a boutique hotel and residential condo space.

Investor Joseph Chetrit will purchase the other property, which is roughly 200,000 square feet. It wasn't immediately clear by press time what Mr. Chetrit will pay for the property, which will likely be a residential conversion.

Mayor Michael Bloomberg announced the sales Tuesday afternoon at a press conference in front of 49-51 Chambers St.

Don Peebles, chairman and CEO of the Peebles Corp., said that he would likely invest another \$170 million into renovating 346 Broadway on top of the acquisition cost. Mr. Peebles said he had not yet selected an architect for the conversion project or a hotel brand to operate the facility when it's finished.

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He was drawn to the property by its ornate architecture and history. The property was built over a century ago as the headquarters for New York Life Insurance and featured lavish materials like marble and bronze befitting its corporate patron.

"The building has incredible ceiling heights," Mr. Peebles said, noting that several of the base floors at the property have towering 30-foot high spaces that he said could help make the property a distinct addition to the city's bustling hotel scene.

"It sits at the juncture of lower Manhattan and TriBeCa and SoHo, and so I think it's going to capture the energy of all of those neighborhoods," Mr. Peebles said.

The deal is the Peebles Corp.'s first transaction in Manhattan, Mr. Peebles said. For Mr. Chetrit, it is one of a recent string of deals. [Mr. Chetrit and his business partner, David Bistricher, just acquired the Sony Building for \\$1.1 billion](#) and other assets, including the [Flatotel for \\$180 million last month](#).

Several city tenants occupy space at 346 Broadway, including the Department of Probation. The city is clearing those offices out by 2014, as well as tenants at 49-51 Chambers St., in order to consolidate space as part of a larger plan to reduce its real estate footprint and occupancy costs.

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