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City Hall nets \$249m on prime downtown real estate sale

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The city has cashed in on the red hot downtown real estate market by unloading two outdated office buildings for \$249 million, officials announced yesterday.

Both structures, the Emigrant Industrial Savings bank Building at 49-51 Chambers St. and 346 Broadway, are headed for high-end residential development.

"It will spur the continued renaissance of lower Manhattan as a vibrant 24-hour business and residential neighborhood," Mayor Bloomberg said at a press conference with the winning bidders and elected officials.

One of those officials, Manhattan Borough President Scott Stringer, had earlier vowed to block the sale of what he called "prime city assets."

Stringer said he dropped his opposition because the new owner of 346 Broadway, R. Donahue Peebles, agreed to build a 16,000-square-foot community center for digital arts valued at \$35 million on the ground floor.

"We got to a place where we could compromise," explained Stringer.

Responding to community objections, the City Council still isn't allowing the sale of a third low-rise building at 22 Reade St. that houses the Department of City Planning.

Mayoral aides said they're nevertheless moving ahead with plans to relocate the agency, leaving open the question of what will happen to the dilapidated property. One official estimated the renovation cost at \$60 million.

"So 22 Reade Street will remain a city asset for future administrations to deal with," said Deputy Mayor Cas Holloway, eliciting some laughs.

Peebles, who runs one of the nation's largest African-American owned property developers, is paying \$160 million for the 13-story Broadway building. In addition to apartments, he said it would include a boutique hotel and retail outlets.

The Chambers Street building was bought for \$89 million by Joseph Chetrit.

The two properties contain 600,000 square feet and were purchased by the city in the 1960s as part of an initiative to upgrade the Civic Center area. For the last 50 years they've housed a number of agencies and have remained, essentially, unchanged.

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Bloomberg estimated that 30 percent of the space at the Chambers Street facility was vacant or used for storage.

Officials said it would cost about \$120 million to move city agencies from both places, giving the city a net profit of nearly \$130 million.

The city has set a goal of shedding 1.2 million square feet of space by 2014 and is now 80 percent of the way there, according to the mayor..