

# DEALS & DEALMAKERS

REAL ESTATE WEEKLY

WEDNESDAY, JUNE 1, 2011 B1



## Industry honor

NYU Schack Institute to honor industry pioneer at 41st annual event. **Page B6**

MARY ANN TIGHE

## Park spot

Eastern Consolidated lists building at 110 Madison Avenue with lots of potential. **Page B2**

ETY LEE



## Billionaire row

Mexican business mogul Carlos Slim buys NYC mansion. **Page B2**

FAITH HOPE CONSOLO



# Sherwood Equities buys West Side parcel

By DANIEL GEIGER

Sherwood Equities has acquired a vacant development site near the West Side rail yards for over \$42 million in partnership with Fidelity Real Estate Group, the company announced.

The parcel, located at 356 10th Avenue, can accommodate up to 556,000 s/f of either commercial or residential development or a mix of the two, though additional air rights can be purchased for the site that would allow up to about 700,000 s/f to be built. "This unique site is located at the epicenter of an area that will experience explosive growth over both the near and long term," Jeffrey Katz, Sherwood's CEO, said in a statement. The parcel had been as-

sembled before the recession by the real estate investor Gary Barnett, who planned to erect a soaring 60-plus story mixed-use tower designed by the architect Steven Hall. Last year however, during the downturn in the real estate market, Barnett handed the site back to the British bank Barclays, which held a nearly \$30 million senior mortgage against the property and other additional mezzanine debt.

In March, the bank hired a team from the real estate brokerage company Massey Knakal Realty Services led by Massey Knakal's chairman Bob Knakal to market and sell the land.

The deal with Sherwood and Fidelity appears to highlight the rebounding interest in development deals in the city.

During the recession, land prices fell precipitously and the pipeline of construction projects that would add commercial and residential space in the city ground to a near standstill. Since then however, the commercial office and residential real estate markets have begun to bounce back and real estate experts say that if the recovery continues,

new building will be economically feasible again.

Though Sherwood and Fidelity bought into 356 10th Avenue at what looks to be a premium to the parcel's senior mortgage, the pair

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— JEFFREY KATZ, SHERWOOD EQUITY.

are paying substantially less than what Barnett invested. According to a source, Barclays had placed a total of almost \$60 million of loans against the property when counting additional mezzanine debt it lent to Barnett. The source estimated that Barnett spent at least \$10 million of additional funds to pay for design work on the tower he planned to

build and other costs.

"We're buying in at a very attractive cost basis that will allow us flexibility in our development plans," Ryan Nelson, Sherwood's senior vice president of acquisitions and development, said in the statement.

Buoying 356 10th Avenue's future development is the rail yards across the street, what is expected to be the focal point of the far West Side's transformation into an expansion of the city's central business district.

Amid the rocky economic times, it appeared uncertain whether the designated developer of the yards, The Related Companies, would proceed with the multi-billion dollar development, which requires that a billion dollar platform be built over the working rail yards to support the millions of square feet of office, residential, retail, and public space planned above.

Related, however, has appeared to proceed with its plans for the site and Stephen Ross, the company's chief executive, has expressed confidence that he will lure corporate tenants to anchor commercial development there by next year, demand that he says is driven by the growing desire among companies to be in state of the art, custom built space.

In addition, the city is on schedule to complete an extension of the No. 7 Subway line to 10th Avenue that is expected to significantly enhance its commercial potential.

"Billions of dollars in public and private capital are going to be invested in the immediate area," Katz said. "Related's future Hudson Yards project, the High Line, the new No. 7 subway, the redevelopment of Penn/Moynihan Station, and the Hudson Yards Boulevard and Park, are all within one to three blocks ... so we're very optimistic about the potential for growth here."

Sherwood's plans for the site appear to be in line with what Barnett had envisioned; a combination of residential and hotel space and, possibly, an office portion.

"The zoning allows for an office or hotel base below a residential component," Nelson said. "We've already started some initial planning and look forward to speaking with potential hotel and office partners in the near future and moving the

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Jeffrey Katz' Sherwood Equities has purchased a site where Gary Barnett had planned to build the tower whose rendering is shown above.

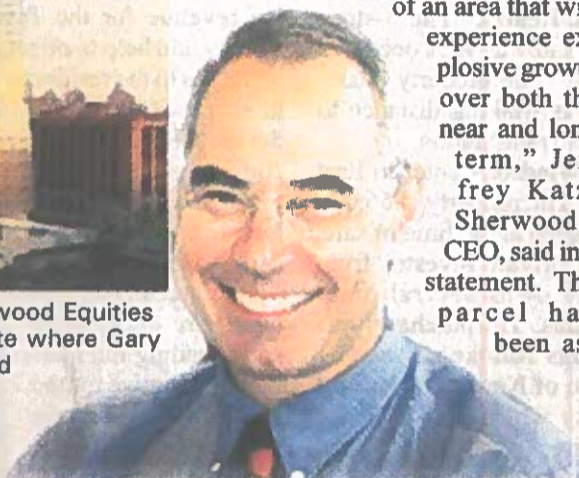


Photo by Richard Lewin

Massey Knakal Realty Services hosted a Commercial Real Estate Investment Summit at the McGraw-Hill Conference Center in Midtown last week. Guests included developer Harry Macklowe (center) pictured here with Paul Massey (right) founding partner and CEO of Massey Knakal and Ryan Siack of Green Pearl Events.