

Madison Ave. blockbuster

Ashkenazy and Carlyle Group complete \$680M deal



SENDING a sigh of relief through the investment sales community, Ashkenazy Acquisitions and The Carlyle Group closed their deal for 650 Madison Ave. on Tuesday night for \$680 million.

It is the largest transaction so far this year as credit crunch worries have plagued the marketplace.

Ashkenazy Vice Chairman and President **Michael Alpert** said he and **Ben Ashkenazy** had significant lender interest.

In the end, they put together a syndicate of lenders that included the French bank Natixis and San Francisco-based Shorenstein, which bought a mezzanine piece of the debt, albeit for a higher interest rate.

"It wasn't about price but about certainty of closing," said Alpert. "The rents are significantly below market and we will look to reposition the retail and the office over time while exploring all options."

Home furnishings retailer Crate & Barrel and Italian shoe and leather goods store Tod's are the largest retailers in the building, which sits across East 59th Street from **Harry Macklowe's** GM Building.

The largest office tenant is Polo Ralph Lauren, with the rest a mix of fashion and financial firms.

"We expect to own this for generations," Alpert said, scoffing at rumors that they were selling 650 Madison's retail portion.

The purchase also makes Ashkenazy the largest owner of retail in that area, as they also own the Barney's retail condominium at nearby 600 Madison Ave.

Jamestown Properties has

decided to join **Norman Sturmer's** Murray Hill Properties and **David Werner** as joint venture partners in the purchase of 1250 Broadway.

The \$310 million deal is scheduled to close in mid-May.

Jamestown owns the New Year's Eve ball-drop building at One Times Square and is an investor in Chelsea Market.

Jamestown, an Atlanta-based real estate investment company that has raised capital primarily from German pensioners, was an investor with Macklowe Properties in the GM Building until Macklowe bought them out in December 2006.

The luxury building at 855 Avenue of the Americas that **Yitzhak Tessler** and **Joe Chetrit** are planning has a big plus on the end of that 200,000 feet we listed last week.

Howard Michaels at

the Carlton Group is seeking \$375 million in financing for them for what is planned as a 679,000 foot mixed-use tower.

The 37-story building — designed by **Costas Kondylis** to be LEED certified, i.e., environmentally friendly — will include a 90,000 foot, six-story retail base that's being marketed by Winick Realty.

Newmark is negotiating the office space.

There also will be luxury apartments and parking for 400 cars.

"We're getting a huge response to the retail and have a few Letter of Intent out and are negotiating," said **Jeff Winick** who is handling the retail with **Lorie Shabtai**, also of Winick Realty.

Investment bank Rodman

& Renshaw subleased the entire 20th floor of 40,300 feet 1251 Avenue of the Americas for the next five and a half years.

Market sources pegged the rent in the mid-\$70s a foot.

Corey Abdo of Winoker Realty brought the tenant to the space, to which they will relocate from 1270 Avenue of the Americas and 10 E. 53rd St.

The latter building recently gave the firm a one-year extension to aid them in their transition.

Vincent Tumnelli of CB Richard Ellis represented the sublessor, Philips Electronics, which is moving its office at 1251 back to Massachusetts.

Building owner Mitsui was repped in-house by **Chris Perez**.

"This was the right space

for my guys," said Abdo. "We needed built space with a certain configuration and of all the things we saw this was the closest and had the best timing."

Cushman & Wakefield's first-quarter report shows a slight increase in the overall city vacancy rate to 6.1 percent, but pricing for offices is still increasing slightly.

However, a noticeable drop in financial sector transactions has led to fewer leases being signed than during the same period last year.

There are also differences between asking and taking rents as building owners are starting to become more flexible both on lease terms, free rent and work letter packages.

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