

◆ MARKETPLACE ◆

BY JUSTIN SMULISON



NYLJ PHOTOS/RICK KOPSTEIN

650 Madison Ave.



THE LARGEST commercial deal so far this year closed last week with the \$680 million sale of 650 Madison Ave. to a joint venture of Ashkenazy Acquisition Corp. and the Carlyle Group.

And now the pressure is off for all the attorneys involved, including one of the buyer's counsel, Kriss & Feuerstein partner Eric Hoberman.

Mr. Hoberman said that due to instability in the commercial market, there was some pressure to close, and both sides were working around the clock, "holding their breaths."

"There was no doubt that it would close, despite the situation with the financial markets," he said. "But everyone seemed to know about it, though, and kept asking: 'Are you closing?'"

Constructed in 1957 and located in the Plaza District between 59th & 60th Streets, the building stands 27 stories and contains approximately 600,000 square feet. The seller, Hiro Real Estate Co., purchased the property in 1987 and developed a 17-story tower above the existing structure.

"This is a true trophy property in the true meaning of the word and the trophy properties are still able to trade in this market," Mr. Hoberman said, though he said he is somewhat skeptical if overall sales will climb. "I don't know if we'll reach last year's peak."

Kriss & Feuerstein partner David Kriss and associate David Keusch represented Ashkenazy. Carlyle Group was represented by Greenberg Traurig partners Stephen Rabinowitz, shareholders Dan Bildner, Howard Schochet and Lisa Segal, real estate practice chair Robert Ivanhoe.

Hiro was represented by Paul Hastings Janofsky & Walker of counsel Martin Edelman, partner John Cahill, associate Nicole Wallen, and Lydia Fadool.

Working alongside outside co-counsel was to the benefit of the buyers and the success of the deal, Mr. Hoberman said.

"It was not about ego, it was about getting the best deal for the clients. Normally everybody chooses their sides, but here we worked together," he said. "The key to the deal was maintaining optionality with the lenders up until the date of closing."

The property includes nearly 90,000 square feet of

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retail space, including flagship stores for Crate & Barrel and Todd's. Office tenants in the building include Polo Ralph Lauren's corporate headquarters and Columbia Presbyterian.

JPMorgan Chase was retained by the seller as its broker, but could not be reached for comment.



INVESTMENT Management firm Paulson & Co. has signed a 10-year lease for all 44,100 square feet of the 50th floor at 1251 Avenue of the Americas.

Brian Goldman, a senior managing director at Newmark Knight Frank who served as a broker for Paulson & Co., said the move provides for "immediate growth, plus expansion opportunities for the firm's anticipated growth."

"It has to do with the functionality of cost," Mr. Goldman said. "Companies in the financial service business have the ability to maintain in the Plaza District. Other service-based firms may not, and it may be necessary for them to look at other areas."

The relocation is also an expansion for the firm, which was previously

located at 590 Madison Ave., where it leased about 31,600 square feet.

Ross L. Yustein a partner at **Kleinberg Kaplan Wolf & Cohen** represented the tenant with associate **Sofia S. Tsytsarev**. Mr. Yustein said Paulson & Co. "absolutely wanted to stay in the same neighborhood."

The building is owned by Mitsui Fudosan America and the landlord, 1251 Avenue of the Americas LLC was represented by in-house counsel.

Mitsui's most recent renovations to the 54-story, 2.4 million square-foot building between 49th and 50th Streets include upgrades to the outdoor plaza and fountain in 2006. According to a press release on Mitsui's Web site, the building is fully leased with current lease rents "breaking the \$100 per-square-foot mark."

"There's the quality component, and the overall feeling you get when you walk in. It bridges the gap between a boutique and institutional property," Mr. Goldman said. "It's indicative of its financial services tenants."

Newmark associate John Moran also served as the tenant's broker, while executive vice president and principal David Falk and senior managing director Peter Shimkin acted on behalf of the landlord.



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1251 Avenue of the Americas