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THE GRAPEVINE

BDT & MSD Partners has tapped a managing director to raise capital for equity and debt plays. **Molly Muchmore** started last week in the merchant bank's New York office. She reports to head of real estate **Coburn Packard.** Muchmore spent the past 11-plus years at **Evercore's** real estate private-capital advisory group and its predecessor firm, **Greenhill & Co.** She started her career in **Tishman Speyer's** equity capital-markets group. BDT & MSD was formed from MSD Partners' merger with BDT & Co. in January. MSD was founded by billionaire **Michael Dell.**

Industry veteran **Todd Bassen** has joined **Lincoln Equities** as a senior managing director. He started at the

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Servicer Yanks Loan Sale on Big NY Offices

In a surprise move, the new special servicer of a loan backing a nearly vacant Midtown Manhattan office building abandoned by **Blackstone** has scrapped the planned sale of the debt.

Bidders were told last week that the marketing of a $308 million securitized loan on **1740 Broadway** had been canceled, just weeks after investor materials went out. **Midland Loan Services,** which replaced **CWCapital** as the servicer within the past month, made the decision, though it's not clear why.

Offers were expected to value the 604,000-sf building around $150/sf to $200/sf. That range, translating to roughly $90 million to $120 million, is a far cry from the $605 million Blackstone paid in 2014, when the property measured 620,000 sf. Some were closely watching the loan sale, which CWCapital tapped **CBRE** to run, as a test for New York office values. Office trades in the city fell 56% in the first half

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Blue Owl Shopping Inland Empire Warehouse

Blue Owl Capital is looking to sell a big distribution center in Southern California's Inland Empire that it purchased several weeks ago as part of a portfolio.

The offered property, fully occupied by discount retailer **Big Lots** under a new 20-year lease, totals 1.3 million sf in Apple Valley. It's expected to fetch $260 million. At that $193/sf valuation, a buyer's initial annual yield would be 6.5%, based on first-year net operating income of $17 million.

CBRE has the listing for New York-based Blue Owl. In late August, the net-lease specialist paid Big Lots $300 million for the distribution center and 22 stores in a sale-leaseback transaction. It's unclear whether Blue Owl also plans to sell the stores.

The Inland Empire industrial-property market is one of the strongest and most liquid in the nation. The three industrial single-property trades that have topped the estimated value of the Big Lots distribution center this year were all in the Inland

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Half-Vacant Manhattan Offices Up for Grabs

A 1.2 million-sf skyscraper in Lower Manhattan is on the block as an upside play.

The 40-story building at 80 Pine Street, in the Financial District, is about 50% leased. It previously was anchored by **AIG.** The pitch is that the property is primed to lease up and achieve higher revenue following a recent renovation.

Alternatively, a buyer could create a "building within a building" given the tower's three entrances. Zoning also would permit converting the property to residences.

The varied strategies make pricing tricky, but market pros said it's likely to fetch bids around $200 million, or $167/sf. **Eastdil Secured** is talking to investors on behalf of local shop **Rudin,** which developed 80 Pine in 1960.

Existing tenants have a weighted average remaining lease term of 12 years, and those agreements translate to some $200 million of revenue. That would provide stable cashflow while a buyer determines a strategy.

Rudin has invested nearly $100 million into renovations that began in 2020,

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NJ Rental Project JV Seeking Partner

A joint venture is seeking a partner to contribute most of the equity needed to develop the first of two shovel-ready apartment towers in Jersey City, N.J.

BlueGate Partners is pitching the deal on behalf of a partnership between local firm **Kushner Real Estate** and **Silverstein Properties** of New York.

The Artwalk Towers project encompasses two high-rises totaling 1,189 units in the historic Journal Square neighborhood. The construction timeline spans a decade and is split in two phases.

The first phase involves a 49-story tower with 595 market-rate apartments, 5,050 sf of ground-floor retail space and a 152-space garage. The second phase comprises a 55-story tower with 594 market-rate units.

The total equity slug for the first phase has been pegged at $139 million to $145 million. Kushner and Silverstein are looking for a limited partner to kick in around 90% of that, though the exact size of the majority stake is negotiable.

The venture also is open to using the federal EB-5 program, which aims to attract investment from wealthy foreign individuals seeking expedited U.S. residency. A $70 million investment from such an investor would lower a limited partner's contribution to around $60 million, with Kushner and Silverstein providing another $15 million.

When completed, Artwalk Towers will have 20,000 sf of amenity space, including a pool, a gym, a golf simulator and a sky lounge with views of Manhattan. The 2-acre property also will have a cafe and an art gallery linked by pedestrian pathways.

The development site is across from the Journal Square PATH Station and is adjacent to the Loew's Jersey Theatre, which is set to undergo a $100 million renovation. The area is subject to a 37-story height restriction, but Kushner and Silverstein gained approval to exceed that limit after donating $3.5 million to the Journal Square Cultural Arts Fund. Marketing materials also note that the development is within a federally designated opportunity zone, offering potential tax advantages for investors.

Kushner Real Estate, led by **Murray Kushner** and his son, **Jonathan Kushner,** was part of a venture that recently completed the nearby Journal Squared mixed-use development, which has 1,840 apartment units and 36,000 sf of retail space. For that project, at the intersection of Pavonia and Summit Avenues, the firm teamed up with **National Real Estate Advisors.** ❖

Newer South Florida Rentals Marketed

A joint venture is shopping a South Florida apartment complex valued at roughly $154 million, or $384,000/unit.

The 401-unit Tamarac Village, in Tamarac, is 95% occupied. **Newmark** is representing the seller, a partnership between Boca Raton, Fla.-based developer **Lotis Group** and **Capital Solutions** of Blue Bell, Pa.

The garden-style property encompasses 14 four-story buildings that were developed in two phases, with 211 units constructed in 2021 and 190 units completed in February. The one- to three-bedroom apartments average 1,050 sf and have 10-foot ceilings, quartz counters, walk-in closets, covered porches and full-size washer/dryers. Rents for the phase-one apartments average $2,743, or $2.56/sf, while those for the phase-two units average $2,665, or $2.60/sf.

Amenities include a pool with cabanas, a two-story fitness center with yoga and spin rooms, a media room and a game room. The buildings also have elevators and impact-rated windows and doors.

Investors are being told they could boost net operating income by roughly $591,000 over the next 12 months by lifting rents to market rates as leases come up for renewal. Marketing materials tout that rents in surrounding Broward County are expected to grow 3.4% annually from 2024 to 2026.

The 12-acre property is at 9141 West Commercial Boulevard, across from a sports complex that has a walking path, picnic areas, baseball and soccer fields, and a playground. It's also within 2 miles of some 4.4 million sf of retail space. ❖

Tampa Rental Complexes Available

Axonic Properties is offering adjacent apartment properties in Tampa that could attract bids of $102 million combined.

The listing encompasses the 357-unit Marquis of Tampa and the 54-unit Enclave at Richmond Hill. The properties are on the market separately but are available as a package. **JBM** is representing New York-based Axonic.

The Marquis, built in 1988, is 93% occupied. Its one- to four-bedroom units average 1,199 sf. Rents average $1,977, or $1.65/sf.

Some of the apartments are townhouse-style units, each with a direct-access garage. Amenities include two pools and hot tubs, a recently renovated clubhouse with a fitness center, a business center and gated entry.

The property is at 18002 Richmond Place Drive. Axonic purchased it in June 2019 for $60.4 million, or $171,000/unit, from **Sachs Cos.** JBM also brokered that sale.

The Enclave, built in 2000, is part of a broader complex of residential condominiums. The listed units were converted to rentals.

The property is 95% occupied. Its one- to three-bedroom units average 1,023 sf, with rents averaging $1,728, or $1.69/sf.

A buyer could boost income at the property by renovating 68% of the units. Amenities include a pool, a dog park and lounge areas.

The Enclave is at 18001 Richmond Place Drive.

The offered properties are 14 miles northeast of downtown Tampa. Several parks and nature preserves are in the immediate area, including Flatwoods Conservation Park across the street. ❖

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Rescue Capital Targets Hotel Owners

TMGOC Ventures has launched a program that provides rescue capital to hotel owners struggling with increasing borrowing, construction and operating costs.

The hotel investment shop is planning an initial investment of $50 million to $75 million, with capital coming from internal resources and a handful of partners. The initiative aims to produce value-added returns by offering preferred equity in increments of $5 million to $15 million.

In keeping with TMGOC's broader lodging-sector focus, the program will target hotel owners, though it may take on select investments in other asset classes as well.

Overall, the hotel sector has been on an upward trajectory as demand from the corporate, group, international-travel and other segments regains momentum. But some owners, particularly those with maturing loans, still could face a cash crunch as the cost and availability of debt have made refinancing more challenging.

In addition, higher material and labor expenses have increased the cost of construction and renovation projects. At the same time, some hotel owners are facing pressure from their brand partners to move forward with improvements that had been delayed during the pandemic. Other rising expenses, such as insurance premiums for hotels in hurricane-prone areas, also can factor into the need for more equity.

"As hotel owners and developers ourselves, we can understand … the risk and opportunities when addressing some of these challenges," said **Krystal England,** who signed on as chief investment officer at TMGOC in June. "That gives us the ability to meet owners where they are … and properly structure the capital."

The program's ability to target smaller check sizes, England added, allows it to reach an underserved segment of the market. "One of the benefits of our structure is flexibility in how we size and structure these investments," she said.

TMGOC has some $1 billion of properties owned or under development, mainly in the hotel sector. The firm was founded by industry veterans **Sunju Patel** and **Glenn Alba** as a joint venture between Charleston, S.C.-based **Montford Group** and **Opterra Capital** of Boca Raton, Fla. ❖

New Wisconsin Apartments Teed Up

A developer is marketing a new apartment complex between Chicago and Milwaukee.

The 300-unit Seasons at River View, in Pleasant Prairie, Wis., could attract bids of $87 million, or $290,000/unit. **JLL** is marketing the complex on behalf of Milwaukee-based **Fiduciary Real Estate Development.**

Pleasant Prairie, Kenosha County's second-largest village, is along Lake Michigan on the Illinois-Wisconsin border, 33 miles south of Milwaukee and 49 miles north of Chicago.

The complex, at 10906 Seasons Place, was completed this year and leased up rapidly, stabilizing in August. It's 97% occupied, with an average rent of $1,945, or $1.83/sf.

The studio to three-bedroom units average 1,060 sf and have private entrances, porches, master suites with walk-in closets, and full-size washer/dryers. Some units also have attached one- or two-car garages. Amenities include a pool, a clubroom and a fitness center.

According to marketing materials, tenants have an average household income of $115,000, and new homes in the area sell for more than $400,000.

Area employers include **Amazon, Niagara Bottling** and **Uline.**

Pleasant Prairie is home to the Chiwaukee Prairie State Natural Area, 485 acres of wetlands and sand dunes along Lake Michigan. It's also home to the 300,000-sf Pleasant Prairie RecPlex, a municipal recreation facility that includes a 50-meter pool, a water park, a fitness center, a field house, a suspended track and two hockey rinks. ❖

Dallas Office Building Hits the Block

Investors are getting a crack at a Class-A office property in Dallas — a rare opportunity in a city where such listings have been scant this year.

DWS Group is shopping the 310,000-sf **Galleria North Tower 2**, along the Dallas North Tollway. Bids are expected to come in around $71 million, or $230/sf, roughly the same price at which it last traded eight years ago. **CBRE** is marketing the property.

The 13-story building is 90% leased, with a weighted average remaining lease term of 4.3 years. In-place rents for the top five tenants, which occupy 82% of the space, average $25.86/sf — 14% below market rates. The pitch is that a buyer could boost amenities to increase occupancy and rents and could earn additional income by charging for parking and signage.

The property is at 13727 Noel Road, close to the Galleria Dallas mall. The marketing campaign is touting its location in a mixed-use neighborhood with 60 restaurants, 200 retailers, 15 hotels, 2 million sf of office space and 3,500 apartments within a half-mile.

The building was built in 1999 and renovated in 2012. It's designated LEED silver and has a fitness center, a conference room, a courtyard and a seven-story garage with four car-charging stations.

DWS has a long history with Galleria North Tower 2. It purchased the property from **Hines** for $51 million in 2002, sold the building to **Metzler Realty Advisors** for $62.9 million three years later and bought it back in 2015 for $71.3 million. CBRE brokered all three transactions.

Dallas-area office listings have been scarce this year. Sales of office properties worth at least $25 million **totaled** only $128.2 million in the first half, a fraction of the $1.89 billion of sales during the same period in 2022, according to **Real Estate Alert's** midyear rankings. As a result, Dallas was the 23rd-most active market at midyear, a sharp drop from seventh at the end of last year. ❖

NEW DEALS

Indiana Single-Family Rentals

Chicago-based **Hunter Properties** paid $21.5 million, or $231,000/unit, for a single-family rental complex in Lafayette, Ind. The 93-unit Avalon Bluff was completed in three phases this year and is in its initial lease-up phase. The property, at 4754 Langhorn Trail, is 30% occupied. **Cushman & Wakefield** represented the seller, local developer **Tempest Homes.** The deal, which closed on Sept. 20, is the first sale in Indiana of a purpose-built single-family rental community, according to marketing materials. Avalon Bluff's three-bedroom units average 1,494 sf and rent for an average $2,075, or $1.39/sf. Average household income within a mile of the property is $113,000. ❖

Big Discount Seen for Virginia Offices

A half-vacant office campus in Northern Virginia is on the selling block, with bids expected to come in well below its original $83 million debt load.

The 480,000-sf Points at Woodland Park encompasses three buildings near the Dulles Toll Road in Herndon. It's being pitched as a lender-assisted sale, suggesting that the lender is cooperating with the owner — a joint venture between **American Real Estate Partners** and **AEW Capital Management** — to offload the property. **Cushman & Wakefield** has the marketing assignment.

The offering comprises South Point 1 and 2 — twin six-story buildings totaling 320,000 sf — and the 160,000-sf Plaza Ridge 2. Combined, they are 43% leased to eight tenants.

The sales campaign is marketing the listing as a value-added opportunity with the ability to convert some or all of the space for different uses. The 17-acre property is at 2250-2350 Corporate Park Drive, within a mile of the Herndon Metro station.

The buildings were 96% occupied in 2015 when the American Real Estate Partners venture secured an $83 million, 10-year loan from an unidentified bank. The current balance is unknown. The complex last changed hands for $138.5 million in 2006.

But the office leasing market has yet to recover since the pandemic crushed tenant demand across the country. Office space in Northern Virginia was 79% leased on average at the end of June, according to a Cushman report. Although new leasing activity in the second quarter held steady compared with the first quarter, the rate of lease renewals declined. ❖

Investor Snaps Up Richmond Offices

A **Salus Group** subsidiary paid $63 million last month for a fully occupied office building in Richmond, Va.

The Scottsdale, Ariz.-based company purchased the 291,000-sf building in an office park abutting the headquarters campus of the seller, **Kinsale Capital Group.** The price of $216/sf translates to an initial annual yield of almost 6.6%. **Newmark** brokered the sale.

Kinsale, a specialty insurer, acquired the property in December as part of its $77.2 million purchase of a two-building park comprising 580,000 sf on 29 acres. At the time, the company said it bought the complex as an investment and to accommodate its expanding operations.

The building, at 2103 Staples Mill Road, was acquired by Salus Federal Properties. It is fully occupied by **Elevance Health,** formerly known as **Anthem,** which built it in 2000 and recently renewed its long-term lease. The surrounding area is being redeveloped as a mixed-use project.

Salus owns and operates so-called mission-critical properties leased to U.S. government agencies and some Fortune 250 companies.

The sale is one of the first to close since Newmark hired Richmond-based brokers **Will Bradley** and **Mark Willford** from **Colliers** this summer. ❖

SoCal Offices Trade at Deep Discount

An office complex in Southern California's Orange County sold last week at a 66% discount to its 2018 price.

The deal saw **Formosa,** an investment firm led by **Sakura Paper** founder **Joe Wen,** pay $42 million, or $105/sf, for the 400,000-sf property in Huntington Beach, called One Pacific Plaza.

Eastdil Secured brokered the sale for a partnership between **Ares Management** of Los Angeles and **Pendulum Property Partners** of Irvine, Calif.

The duo had bought the three-building complex from **PGIM Real Estate** for $124.5 million, or $316/sf — a price that translated to an initial annual yield of about 6%. The property was 96% leased at the time, and the marketing campaign touted the opportunity to raise rents upon rollover. However, the occupancy level since has tumbled to 67%.

When the Ares team put One Pacific Plaza up for grabs in May, in cooperation with its lender, the complex was expected to attract bids of $60 million, or $152/sf. Formosa's purchase price marks a 30% discount even to those muted expectations, reflecting continued dislocation in the office sector.

Indeed, the trade occurred amid a darkening outlook for the office sector, both nationally and locally. Office space in Orange County was 81.8% leased at midyear, according to a **Newmark** report, down from 82.4% at the end of the first quarter. Amid a continuing shift toward remote work, the firm projects that figure likely will dip below the 79.4% average recorded at the bottom of the Great Recession.

In the latest marketing effort for One Pacific Plaza, the pitch was that a buyer could come in at a lower basis than that of the sellers while benefiting from the stability of the existing tenant base and filling vacant space at competitive rents. Investors also were told that the price offered a huge discount to replacement costs, estimated at $550/sf, or $217 million.

Formosa's price, meanwhile, works out to a mere 19% of replacement costs.

BJ's Restaurants is the property's largest tenant, leasing 56,000 sf. It has been at the complex since 2007 and recently has renewed its lease for seven years. Other tenants are in the healthcare, insurance, legal and infrastructure industries.

Nearly half the complex's space, 198,000 sf, is in a 12-story building constructed in 1986 at 7755 Center Avenue. The other structures have six stories: a 101,000-sf building at 7711 Center Avenue that was completed in 1994 and a 100,000-sf building at 7777 Center Avenue that was completed in 1980. Ares and Pendulum renovated the complex in 2020.

The 4-acre property is just off Interstate 405, across from the 1 million-sf Bella Terra shopping center and near some 1,100 apartment units. Downtown Huntington Beach is 5 miles south. ❖

State-Leased Offices Listed in Wash.

An office complex in Tacoma, Wash., that is leased almost entirely by the state government is on the block for $52.9 million.

Centennial Place 1 and 2 totals 236,000 sf. At the asking price of $224/sf, a buyer's initial annual yield would be 8%. **Newmark** is marketing the property for an unidentified family office.

The offering comes with assumable financing. The $32.7 million interest-only loan, with a fixed 5% rate, matures in 2028. **KeyBank** is the servicer.

The property, at 1949 and 2121 South State Street, is fully leased, with a weighted average remaining lease term of 4.8 years. The **State of Washington** occupies 88% of the space under leases that mature in 2028, using the space for its **Department of Social and Health Services** (187,000 sf) and **Employment Security Department** (20,000 sf). The state, which has been at the property for 37 years, is rated Aaa/AA+/ AA+ by **Moody's, S&P** and **Fitch.**

The remaining 29,000 sf is occupied by health-product company **Econet** under a lease that matures in 2028.

The owner has invested $12.3 million of improvements to the complex since 2019, according to marketing materials.

Tacoma, the third-largest city in Washington, is 25 miles southwest of downtown Seattle. It has 8.7 million sf of office space that was 91.6% leased at midyear, according to marketing materials. Big office-property trades are rare in the city, with just one topping $50 million in the past 10 years, according to **Green Street's** Sales Comps Database.

Office trades in Washington overall fell off a cliff this year amid cutbacks in the technology industry, with the Seattle area — once one of the most active markets in the nation — getting crushed. The state has seen just one office-property trade for more than $25 million this year, a $34.5 million sale in Bellevue in February. That compares with a statewide total of $2.9 billion among sales of at least $25 million last year, and $5.7 billion in 2021. ❖

Equity Sought for Va. Rental Project

A development partnership is seeking an equity investor for an apartment property in Richmond, Va.

Capital City Real Estate and **Georgetown Partners** plan to build 306 units at a projected cost of about $93 million. The joint venture wants to kick in about 10% of the required equity and have a partner contribute the rest, roughly $38 million. The remaining costs would be funded with construction debt.

Northmarq is drumming up the equity for the developers.

The partnership is in the process of buying the land, with plans to close on that purchase around yearend and to contribute it to the new ownership entity as part of its equity interest. It already has entitlements to build a five-story structure.

The property, dubbed Porter, would have one- to three-bedroom apartments with high-end finishes. Units would average 863 sf and rent for an average of $2,153, or $2.49/sf. There also would be some 10,000 sf of amenity space, including a fitness center, a pool, a beer garden, a pet spa and controlled-access parking.

The property is at 1613 Ownby Lane, near Interstate 64 in a federally designated opportunity zone that would provide tax breaks to a partner.

The sales pitch touts growth in Richmond over the past 10 years. The city, Virginia's capital, houses the headquarters of eight Fortune 500 companies and is home to multiple health systems and several universities. **Reis** projects that annual rent growth for apartments in the region will top 4% through 2028, exceeding the national average, according to marketing materials.

Capital City, launched in 2006, is a Washington-based development shop led by founding principal and chief executive **Scott Zimmerman.** Georgetown, of Tysons Corner, Va., was founded in 2017 by managing directors **Mario Levine** and **Corban Tomlinson.** ❖

MF1 Markets Sour NJ Apartment Loan

Bridge lender **MF1** is shopping a nonperforming loan backed by a high-rise apartment building in Northern New Jersey.

The senior mortgage, with an unpaid balance of just under $41 million, is secured by the 128-unit Sterling, in Fort Lee near the George Washington Bridge. The 16-story building is 81% occupied.

The sales pitch is that a buyer could boost rents at the 1966-vintage property to market rates as it completes upgrades to units, common areas and amenities. **CBRE** is taking initial bids on Sept. 27.

Lakewood, N.J.-based **Blue Diamond Equities** bought the building in June 2022 for $51.8 million, or $404,000/unit. **Cushman & Wakefield** brokered the sale for **River Rock Capital** of Lawrence, N.Y. Cushman noted in the deal announcement that Blue Diamond preempted a broader marketing process with its bid.

MF1, a joint venture between **Limekiln Real Estate Investment Management** and **Berkshire Residential Investments,** wrote an acquisition loan that presumably included a future funding piece for renovations. The loan was securitized in a CRE CLO (MF1 2022-FL9), and MF1 began foreclosure proceedings in April.

Apartments range from studios to four bedrooms. Amenities include an updated lobby, a fitness center, laundry facilities, a pool and sun deck, and parking. The property, at 2055 Center Avenue, is a block from an entrance to the George Washington Bridge and less than a half-mile from Fort Lee Historic Park, overlooking the Hudson River.

Marketing materials note that over the past decade, more than $1 billion has been invested in Fort Lee's nearby downtown, including the addition of more than 1,900 residential units. Nearby retailers include **Club Pilates,** Asian grocer **H Mart** and **IPIC Theaters.** Since 2010, the millennial population within a half-mile of the property has grown 60%. ❖

Warehouse ... From Page 1

Empire, according to **Green Street's** Sales Comps Database. The largest was a $365 million trade in January.

The offered warehouse is considered a mission-critical facility for Big Lots, serving 246 stores in 11 states. It's the retailer's only such facility in the Western U.S. and one of five in the country. Publicly traded Big Lots has 1,425 stores in 48 states.

The distribution center is at 18880 Navajo Road, near Apple Valley Airport and 4 miles from Interstate 15. There are 12.6 million people living within 75 miles. The LEED-certified building has 12 dock doors, parking for 595 cars and 574 trailers, modern sprinkler systems and lighting, and 40-foot ceilings.

The Inland Empire has 90 million sf of industrial properties that are at least a million sf. Such big-box warehouses in the market were 98.3% leased at midyear, and rents jumped 50% year over year. There's 16.4 million sf of big-box warehouse space under construction in the Inland Empire, and it is 70% leased.

Last week, **Walgreens** began shopping another Inland Empire distribution center. That 693,000-sf property, which the seller plans to lease back, is expected to command $130 million, or $188/sf, and give a buyer an initial annual yield of nearly 5.9%. CBRE also has that listing.

The second-largest industrial trade in the U.S. this year, including portfolios, also involved properties in the Inland Empire. **Westcore Properties** last month paid **BentallGreenOak** $1 billion for a 3.5 million-sf California industrial-property portfolio, with 42% of that space in the Inland Empire. **Eastdil Secured** brokered the deal.

The Inland Empire, however, is not immune from the capital-markets dislocation that has made big deals tough to get across the finish line. A **California State Teachers** partnership recently dropped its plan to buy a 3 million-sf industrial-property portfolio in the Inland Empire for nearly $1 billion in cash. The seller, **Alere Property,** which is backed by the **Washington State Investment Board,** plans to hold on to the properties for now.

Blue Owl also remains active on the acquisition side. This month, it purchased a portion of a 2.7 million-sf Silicon Valley office, research-and-development and manufacturing campus from **Western Digital** and is in talks to purchase the rest. When the massive sale-leaseback offering hit the block via **Newmark** in June, it was expected to fetch $1 billion.

Blue Owl had $150 billion under management at midyear. It made a big push into commercial real estate in 2021 by purchasing **Oak Street Real Estate Capital,** which had $12.4 billion under management at the time. Blue Owl now has a $24.8 billion real estate portfolio. ❖

Offices ... From Page 1

including upgrades to the lobby and building systems and the addition of touch-free access points and air-filtration technology. The firm also built an amenity center on the 22nd and 23rd floors with a dining hall, a conference facility and a terrace.

The building was nearly two-thirds vacant as of July 2021. AIG accounted for some 500,000 sf of the building's leased space until it consolidated its operations at 1271 Sixth Avenue. Floorplates at 80 Pine are as large as 60,000 sf, with ceilings of 11 to 16 feet.

The rent roll includes **Vibrant Emotional Health,** which operates a national suicide and crisis hotline; the **National Urban League;** and **New York Property Insurance Underwriting Association.** There is also street-level retail space.

The skyscraper occupies the block bounded by Pine Street, Maiden Lane, Pearl Street and Water Street. It's a block from the Seaport District, the East River and Wall Street. ❖

Yanks ... From Page 1

of 2023 compared with the prior-year period, according to **Real Estate Alert's** published market volumes.

The loan-sale offering, reported by **Bloomberg** last week, was slated to take bids on Oct. 11. According to servicer comments, CWCapital had hoped to close the deal by yearend — a quick timeline in the current dislocation.

The distress at 1740 Broadway, which is about 10% occupied, has been slow-moving since Blackstone handed over the keys in March 2022. Because the investment behemoth financed its purchase with a $308 million CMBS loan (BWAY 2015-1740), the 26-story property initially was transferred to special servicer **Green Loan Services.**

The buzz is that several hedge-fund operators have been jockeying since to buy controlling bonds in the single-borrower deal. But falling valuations led to multiple changes in control and multiple shifts of the special servicer.

The last appraisal of the property, done in April, valued the building at $175 million, or $290/sf, well above whisper pricing for the loan sale. Last summer, Blackstone was quietly talking to investors about selling the property at a level below the loan amount, but no deal occurred.

While Blackstone stopped making payments, Green Loan Services was working with it and brokerage CBRE on a potential short sale. More typically, the servicer would look to foreclose, lease up a property and sell it to minimize losses to the CMBS trust's bondholders.

It's unclear how well that will work at the distressed property. The master servicer already had advanced $34.9 million of proceeds as of August, according to a **KBRA Analytics** report. That would require an eventual sale at nearly $350 million, close to three times the high end of the most recent whisper pricing.

Blackstone's issues at 1740 Broadway are emblematic of the challenges facing the broader office-property market since the onset of the pandemic. The building was fully leased when purchased, but anchor tenant **L Brands** — now known as **Bath & Body Works** — told the landlord it wouldn't renew the agreement when it ended in March 2022. The second-largest tenant, law firm **Davis+Gilbert,** moved out before its lease expiration in 2020, according to the KBRA Analytics report.

The biggest tenant remaining is coworking firm **Spaces,** which occupies 23,000 sf on a lease that expires this month. It's not clear if the company is renewing. The only other office tenant with more than 10,000 sf is **Arcade Beauty.** The occupancy of the property's street-level retail space couldn't be learned.

Blackstone repeatedly has said it wrote down the investment in 1740 Broadway years ago and is cooperating in any effort to sell the building. The company also notes that the traditional office sector in the U.S. now makes up just 2% of its holdings.

CBRE's pitch for the loan sale — and likely any subsequent disposition strategy — touted that Blackstone spent millions of dollars on a renovation that included lobby upgrades, a 15,000-sf tenant club, a new heating and cooling system and other improvements.

The property could be converted to residences, either partially or entirely, according to the loan-sale marketing materials. The building's upper floors, which have adaptable floorplates and views of Central Park, could be particularly well suited for conversion to apartments or for-sale condominiums.

Given the property has two entrances, it also could be pitched to tenants as a "building within a building," with a dedicated entrance for an anchor tenant. There's also grandfathered signage rights atop the building, offering a buyer "irreplicable value," according to marketing materials.

The building was developed in 1950 on the east side of Broadway, filling the block between West 55th and West 56th Streets. ❖

ON THE MARKET

Multifamily

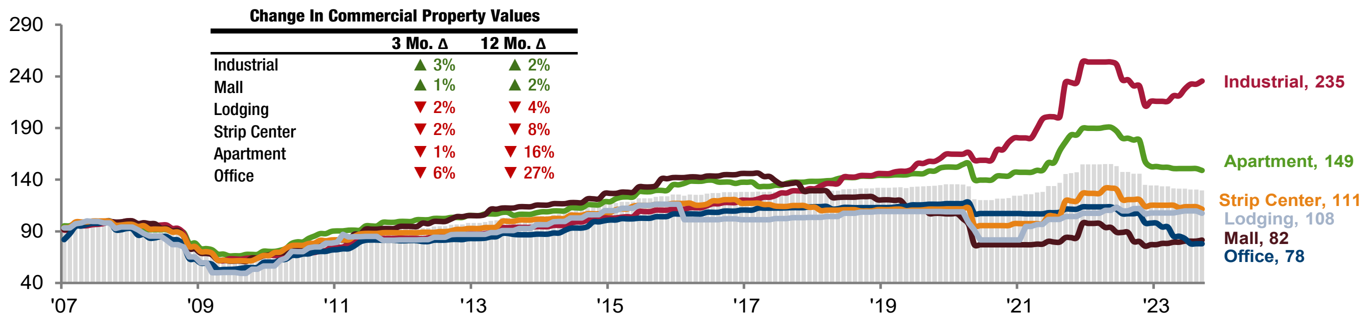
Property	Size	Estimated Value	Owner	Broker	Color
Estates at Lake Cecile, 4717 Everglades Circle, Kissimmee, Fla.	72 units, 100% occupied	$25 million, $347,000/unit	Baytown Capital	JBM	Townhouse complex, built in 2014, is being pitched as a value-added play. The property comprises nine two-story buildings with three- and four-bedroom units averaging 1,610 sf. Amenities include a pool, a clubhouse/leasing office and a basketball court. Several Disney parks and Universal Studios are within 10 miles.

MARKET MONITOR

SUMMARY

- Institutional-quality property values in core sectors are down 19% from their March 2022 peak.
- Lodging-property values have fared better than most other sectors, falling 5% from their peak last year.
- Hotel REITs are trading at a 20% discount to their underlying asset values and an implied capitalization rate of 10.7%.
- Commercial real estate is expensive relative to corporate bonds and REITs.

GREEN STREET COMMERCIAL PROPERTY PRICE INDEXES



Source: Green Street

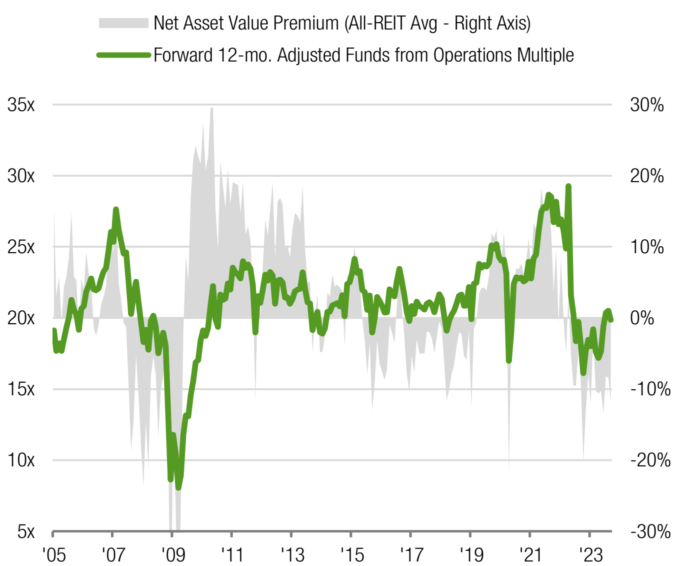
PUBLIC MARKET PERFORMANCE

	Total Returns*			Pricing Metrics		
	1 mo.	YTD	Last 12M	Prem to NAV	Prem to Assets	Nominal Cap Rate
RMZ	-4%	0%	1%			
S&P	-2%	14%	19%			
US 10-Yr.	-2%	-2%	-3%			
Apartment	-7%	-1%	-10%	-23%	-18%	5.2%
Healthcare	-1%	4%	3%	10%	7%	6.4%
Lodging	2%	-2%	1%	-31%	-20%	8.5%
Industrial	-5%	4%	7%	-13%	-10%	4.2%
Mall	2%	0%	32%	-18%	-11%	7.4%
Manu. Housing	-2%	-7%	-9%	-11%	-8%	4.8%
Net Lease	-7%	-15%	-10%	-5%	-3%	7.0%
Office	-7%	-17%	-21%	-39%	-21%	7.3%
Storage	-3%	-3%	-10%	-22%	-17%	5.3%
Strip Center	-1%	-2%	13%	-13%	-8%	6.6%
Wtd. Avg.	**-4%**	**0%**	**1%**	**-21%**	**-13%**	**6.1%**

**Pricing as of 09/25/2023*

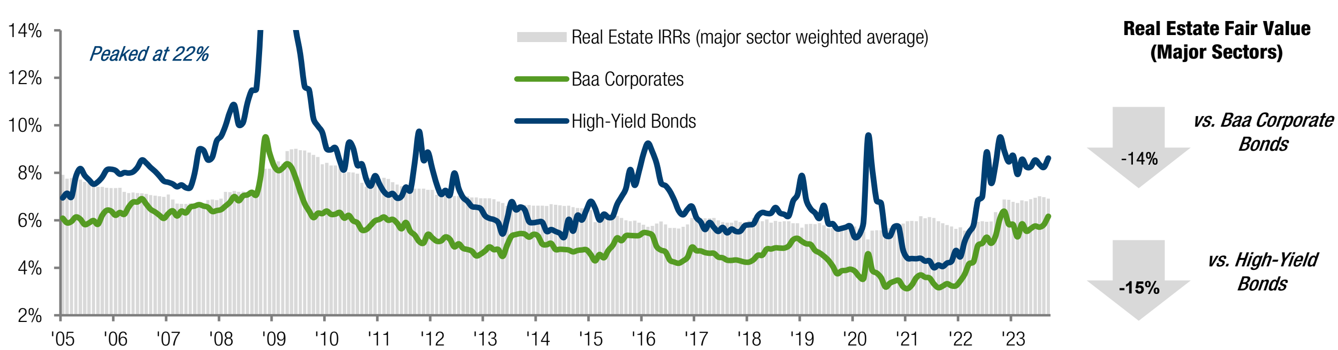
Sources: Bloomberg, Green Street

NAV PREMIUMS AND REIT AFFO MULTIPLES



Source: Green Street

REAL ESTATE RETURNS VS. BOND YIELDS

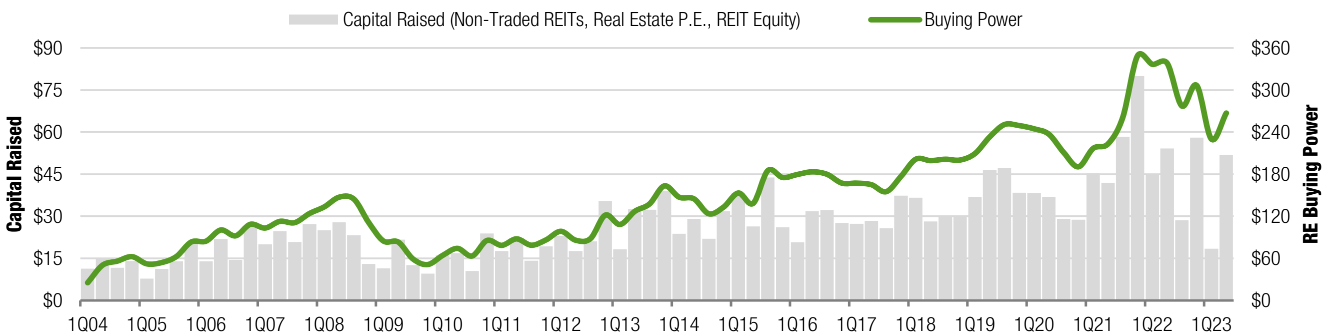


Sources: Bank of America, Moody's, Green Street

MARKET MONITOR

US REAL ESTATE CAPITAL RAISING AND BUYING POWER ($BIL.)

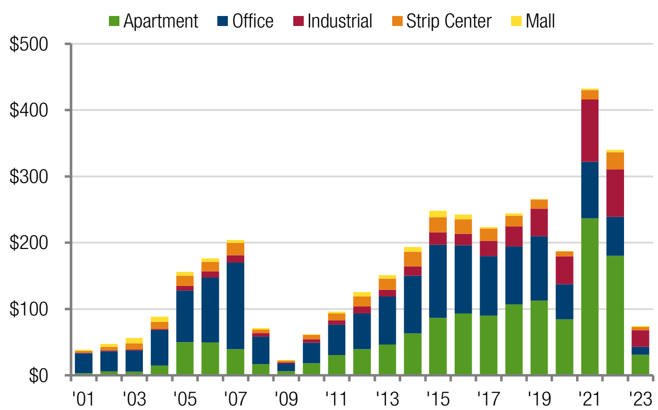
Buying power calculated as cash plus estimated incremental debt



Sources: Robert A. Stanger & Co., Preqin, SNL, Green Street

SALES VOLUME BY PROPERTY TYPE ($BIL.)

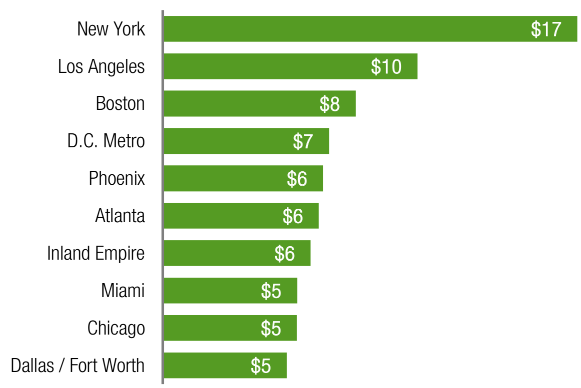
Volume representative of verified transactions $25 million or more



Source: Green Street

LAST 12 MONTHS TRANSACTION VOLUME ($BIL.)

Volume representative of verified transactions $25 million or more



Source: Green Street

NOTABLE RECENT TRANSACTIONS

Individual property transactions of $25 million or more. Excludes portfolios and partial-stake sales.

	Property Name	Date	Sector	Market	Price ($Mil.)	SF / Units	Price PSF / Unit	Buyer	Seller
1.	230 West Monroe Street	09/21/23	Office	Chicago	$45.0	624K	$72	Menashe Properties	Accesso Partners
2.	James	09/20/23	Apartment	San Jose	$74.3	190	$390,789	Archway Equities; Virtu Investments	Fairfield Residential
3.	Shamrock of Sunrise	09/20/23	Apartment	Fort Lauderdale	$28.9	119	$243,193	J. Milton & Associates	Lloyd Jones Capital
4.	Trellis	09/20/23	Apartment	Seattle	$32.4	111	$291,892	Prime Residential	Coast Equity Partners
5.	355 Alhambra	09/19/23	Office	Miami	$90.0	223K	$404	Princeton International Properties	PGIM Real Estate
6.	Leland James	09/19/23	Office	Portland, Ore.	$41.0	118K	$347	Spear Street Capital	ASB Real Estate Investments
7.	Nineteen01	09/19/23	Apartment	Orange County	$102.9	264	$389,773	PCCP; TruAmerica Multifamily	Patrick Cadigan
8.	B Street LoHi	09/19/23	Apartment	Denver	$29.0	73	$397,260	Paskin Group	Palisade Partners
9.	Clemson Lofts	09/18/23	Student Housing	Greenville, S.C.	$77.0	232	$331,897	Core Spaces	Arcapita; Realco Capital Partners
10.	Kelby Farms	09/18/23	Apartment	Raleigh-Durham	$84.8	277	$305,957	King Properties	Woodfield Development

Visit the News Library to access the data in the Market Monitor charts. **Source: Green Street**

THE GRAPEVINE

... From Page 1

East Rutherford, N.J.-based firm this month. The shop, led by president **Joel Bergstein,** develops, owns and manages properties for itself and third parties. It also has a receivership arm. Bassen most recently spent two years with **60 Guilders,** a New York-based firm where he was vice chair. Before that, he was a managing partner and chief investment officer at **Metropolitan Realty Associates.** He's also worked at **WeWork, Invesco Real Estate, Vornado Realty Trust** and **RREEF.**

Multifamily shop **Bonaventure Holdings** has brought aboard **Andy Marshall** as senior vice president and head of capital markets. He started on Aug. 31 in the Alexandria, Va.-based firm's Atlanta office, reporting to founder and chief executive **Dwight Dunton.** Marshall is responsible for fundraising, marketing, investor relations and building new offerings for Bonaventure, which focuses on tax-efficient structures. He was most recently president of **Peachtree PC Investors,** the broker-dealer unit of Peachtree Group, where he spent nearly five years in various positions. Marshall has previously held fundraising roles at **Strategic Capital Distributors, Realty Capital Securities, W. P. Carey** and **Inland Real Estate Investment.**

Northmarq this month hired **Taylor Sims** as a managing director on its multifamily investment-sales team in Las Vegas. Sims works alongside managing director **Thomas Olivetti** and reports to regional managing director **Jesse Hudson,** based in Phoenix. Previously, Sims led **Cushman & Wakefield's** Las Vegas multifamily advisory group for eight years. Prior to that, he worked at **Berkadia.**

CBRE this month tapped **Charlie von Arentschildt** to lead office investment sales in Phoenix, replacing two veteran brokers who exited this year. Arentschildt, who has been at CBRE for nine years, moved over from the firm's leasing team. As part of the shift, he was promoted to first vice president and reports to senior managing director **Paul Komadina,** market leader for the brokerage's Phoenix and Tucson offices. In May, **Barry Gabel** and **Chris Marchildon,** who had each been at CBRE for at least 15 years, left the firm for **Newmark** to join forces with **Charles "CJ" Osbrink.**

Jacob Odegard joined **Cushman & Wakefield's** Seattle multifamily investment-sales team as a director this month. He reports to **Alison Beddard,** managing principal for Washington and Oregon. Odegard was previously a senior investment advisor at **Paragon Real Estate Advisors** in Seattle, where he worked for eight years. At Cushman, he works alongside managing directors **Sam Wayne, Tim McKay** and **Dan Chhan** and senior director **Matt Kemper.** That team joined Cushman in August 2022 from **Colliers.**

Net-lease advisory firm **B+E** added a broker in New York last month. **Max Sabino** started on Aug. 28 as an associate director focused on sale-leasebacks and other deals. He reports to co-founder **Camille Renshaw.** Sabino was previously at **SRS Real Estate Partners** in Newport Beach, Calif., and before that, he was at **Aspect Real Estate.**

REAL ESTATE ALERT

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