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## What's the Deal

*A Roundup of Commercial Real-Estate Transactions From Across the Tri-State Region*

### MIDTOWN

#### Grace Refinancing Nets Tidy Sum for Owners

In case there's any doubt that owners of Manhattan office skyscrapers make boatloads of money, consider the new refinancing by the owners of the Grace Building.



*The Grace Building at 1114 Sixth Ave. is valued at \$1.8 billion.*

The tower across the street from Bryant Park used to have a mortgage of \$345 million; the owners, a venture of the Swig family and Brookfield Office Properties Inc., just refinanced with a \$900 million mortgage.

Of the new debt, about \$55 million was used to pay expenses and was set aside for future costs. The owners were able to put the rest—about \$500 million in cash—in their pockets, according to loan documents.

The deal comes as the Grace Building's value has soared to an appraised \$1.8 billion, up from \$635 million in 2004, when the skyscraper last received a loan.

The secret to success: higher rents—much higher.

In 2004, all the large tenants paid less than \$40 a square foot in rent. In the two largest deals of late, Bain & Co. is in for \$93 a square foot and Cooley LLP signed a lease for \$92 a square foot, according to loan documents.

Also helpful was a \$34 million renovation of the lobby and elevators, said Mark Brown, Brookfield's chief investment officer,

which ultimately helped the tower gain momentum.

"Over the last two years, all of that has come together," Mr. Brown said. — *Eliot Brown*

### NEW YORK CITY

#### Avison Young Nabs CBRE Official for Retail Division

Canadian brokerage Avison Young is turning to a veteran retail expert to build its New York City retail services division, the company said.

Jedd Nero left his post as executive vice president at CBRE Group Inc. to join Avison Young as a principal and an executive managing director, based in Manhattan. Before spending 12 years at CBRE, he was with Newmark New Spectrum Retail LLC as an executive vice president.

"It has only gotten better and stronger, and more and more retailers want to have a flag here," Mr. Nero said of the city. "The markets themselves have stretched out and the boundaries keep expanding."

Mr. Nero has represented many national and international retailers, such as Hugo Boss USA and Kenneth Cole Productions Inc., as well as several prominent landlords including Silverstein Properties Inc., Western Management and Starwood.

Working closely with Mr. Nero will be Arthur Mirante, who is Avison Young's Tri-State president.

"The local market knowledge and depth of client experiences and relationships that Jedd brings to Avison Young, combined with the company's innovative client-service model, will significantly impact our presence...," Mr. Mirante said. — *Keiko Morris*

## **MIDTOWN**

### **Consulting Firm Expands At 330 Madison Ave.**

Zelman Holdings LLC has signed a lease to almost double its office space at 330 Madison Ave.

The research consulting firm is taking 9,822 square feet on the tower's 34th floor; now, Zelman Holdings occupies 5,232 square feet on the 20th floor.

Representing Zelman Holdings was Alex Cohen, senior director of Cushman & Wakefield.

The building's landlord is Vornado Realty Trust.

The asking rent was \$80 a square foot, higher than firm's previous lease, which was signed in 2009 during the downturn in the market, said Mr. Cohen.

Vornado Realty Trust will build out the space for Zelman Holdings; the work should be completed within three months.

Zelman Holdings is an example of a smaller financial firm expanding in the Plaza District, the neighborhood surrounding Grand Central Terminal.

Other companies, such as hedge funds and private-equity firms, also have leased spaces of 10,000 square feet or less in the area, said Mr. Cohen.

"The smaller end has rebounded," said Mr. Cohen. "It is the large money banks that continue to consolidate." — *Roland Li*