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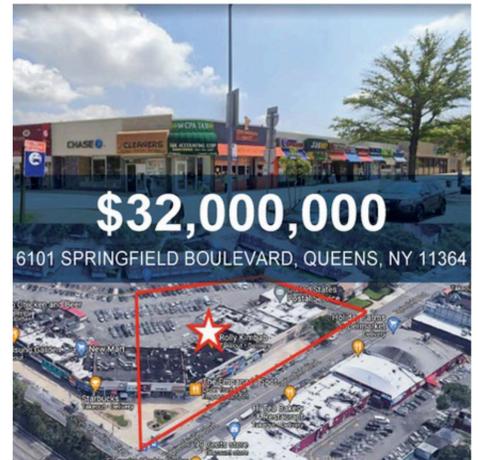
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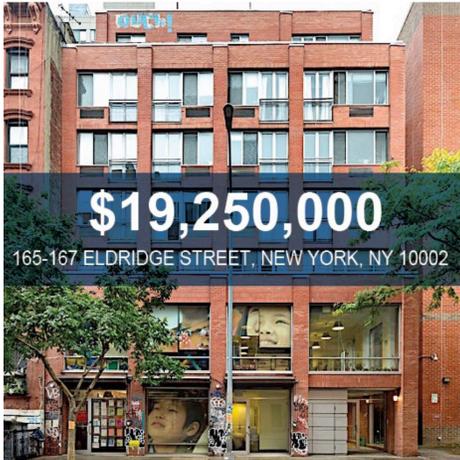


SKYLINE PROPERTIES
REAL ESTATE INVESTMENT SERVICES

FEATURED TRANSACTIONS



FEATURED TRANSACTIONS



THE REAL DEAL

NEW YORK REAL ESTATE NEWS

www.therealdeal.com

Feil Organization buys Chelsea office building for \$72M

Property at 530 West 25th Street is home to several art galleries



The Feil Organization is buying an office building in Chelsea that is home to several art galleries for about \$72 million, according to sources familiar with the deal. The property is located at 530 West 25th Street between 10th and 11th avenues and spans 95,000 square feet across seven stories. The Feil Organization partnered on the purchase with Peter Armstrong of Rigby Asset Management.

The Feil Organization and Armstrong purchased the building from longtime owners the Brown family for about \$760 per square foot.

Robert Khodadadian and Daniel Shirazi of Skyline Properties brokered the deal for both sides. They declined to comment.

Armstrong and representatives for the Feil Organization did not respond to requests for comment. The building is home to multiple art galleries, including the Agora Gallery, the Prince Street Gallery, the Bowery Gallery and the Noho M55 Gallery.

The Feil Organization has also made purchases in Chicago recently, including the West Loop office building at 1029 West Madison Street, the Central Arts Building at 730 North Franklin Street and five properties in Fulton Market.

THE REAL DEAL

NEW YORK REAL ESTATE NEWS

www.therealdeal.com

SISTER ACT: KAUFMAN INKING GROUND LEASE FOR NOMAD OFFICE BUILDING

NoMad ground lease at 236 Fifth Avenue valued at \$64.5 million



The Kaufman Organization closed on its long-term NoMad ground lease at 236 Fifth Avenue, which is valued at \$64.5 million. The deal works out to more than \$800 per square foot for the 99-year leasehold on the 11-story, 80,000-square-foot property.

The Midtown-based landlord is closing Wednesday on a new 99-year ground lease at 236 Fifth Avenue with longtime property owner LCT Associates, sources told *The Real Deal*.

Representatives for Kaufman and LCT Associates principal Scott Chiou declined to comment. Robert Khodadadian and Daniel Shirazi at Skyline Properties, who sources said brokered the deal, couldn't be reached for comment.

The deal gives Kaufman control of the 11-story, 100,000-square-foot office building on the property and access to its frontage along Fifth Avenue between 27th and 28th streets. The building can be connected to a sister building Kaufman controls around the corner at 13-15 West 27th Street.

Connecting the two could allow Kaufman to market the office space in both as Fifth Avenue office space, potentially commanding higher rents.

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Company of the Month

LED BY KHODADADIAN, SKYLINE IS PRIMED TO KEEP DEVELOPING CREATIVE BROKERAGE TECHNIQUES

Brokering outside the box: Off-market deals, ground leases and customized canvassing

MANHATTAN, NY Skyline Properties is a locally based brokerage firm that handles many different property types, including ground leases, commercial buildings, apartment buildings, townhouses, mixed-use investment buildings, mixed-use user buildings, live plus income buildings, industrial properties, and development/conversion sites. NYREJ recently interviewed founder and CEO Robert Khodadadian, about how their unique business model has enabled Skyline Properties to deliver superior results to buyers and sellers alike for over 10 years now.

Off-Market Deals

Over the last decade, Khodadadian and his team at Skyline Properties have pioneered a model of brokering deals in the off-market sector where discretion is the watchword for New York City's most active real estate players. The mission at Skyline is to create off-market opportunities designed to provide sellers with com-

most well-known brokerage firms," said Khodadadian.

Although Skyline doesn't market properties on an exclusive basis, they are dedicated to delivering superior results to buyers and sellers alike. To ensure that Skyline can manage their sellers' expectations, they make it a priority to provide sellers with a thorough analysis of their investment property and confirm that they are comfortable with the true value of their asset in today's market before they present the opportunity to prospective buyers. The foundation of Skyline's success comes from making everything more personal with the buyer and seller. This is done by building close relationships with a number of buyers interested in properties and then getting in touch with sellers before a particular property goes on the market. To date, Skyline has sold \$1.2 billion dollars in commercial real estate using this off-market model of bringing buyers and sellers into mutually beneficial transactions.

Customized Canvassing

Over the last few years, Skyline has developed a customized canvassing tool, which is now available for IOS and Android phones, to enable successful transactions for their clients, and which in turn has created an organic expansion of the investment sales team. Headquartered at The Daily News Building in Midtown, the

Skyline team has been spearheading New York City investment sales for discerning buyers who are ready to transact this year, but who want to eliminate the inefficiencies of traditional deal sourcing.

Customized canvassing has allowed Skyline to provide acquisition opportunities that fit each buyer's unique business strategy. For instance, the Feil Organization used Skyline's customized canvassing services to stay ahead of the competition and execute the purchase of 516-530 West 25th St. Skyline allowed the buyers to focus on purchasing an asset that met their acquisition criteria as opposed to waiting for the asset to become available on the open market, thereby bypassing the process of bidding on a

property with an inflated price.

"Active buyers have constant deal flow. Skyline's approach is to tailor-make the process so that they only see deals that match their acquisition criteria, rather than deals they have seen a dozen times before," said Daniel Shirazi, EVP of investment sales at Skyline. "In the real estate business, time is money and Skyline gives its clients peace of mind that our deals will never be a waste of their time." Most importantly, Skyline never sends out deals to clients unless they are in direct contact with the seller and have complete control of the deal.

Ground Leases

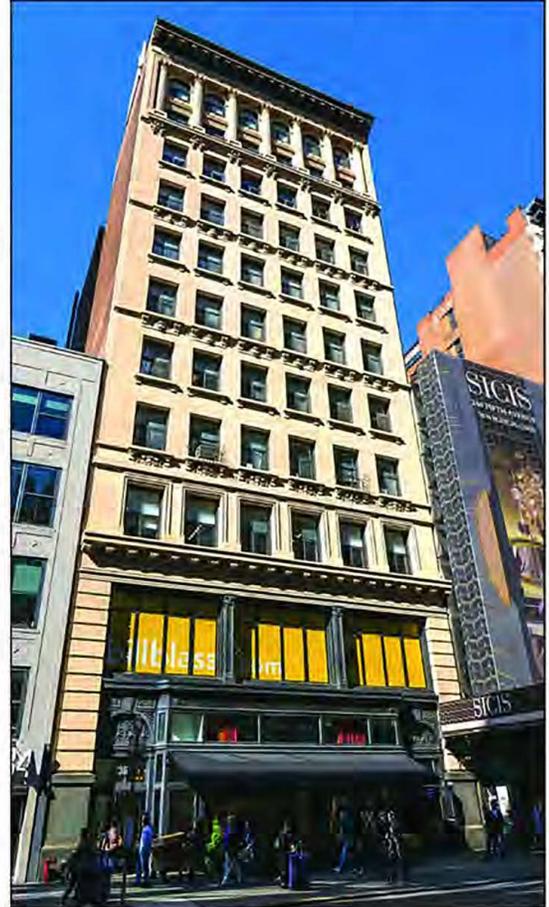
Khodadadian and his team have garnered significant attention guiding owners and tenants through the sophisticated yet lucrative process of ground leasing. A ground lease is a long-term net lease of land between an owner (ground lessor) and a tenant (ground lessee). Among other things, this arrangement allows property owners to maximize their asset's potential without incurring the expenses associated with a conventional sale, such as capital gains tax.

One example of a recent ground lease deal is 236 5th Ave., where the Kaufman Organization inked a long-term ground lease that gave them control of the 11-story 100,000 s/f office building. Kaufman plans to unlock the upside potential through capital improvements, with full knowledge that they now control an asset that is increasingly difficult to acquire. "An investor who's looking to purchase an office property south of 96th St. should understand that there are only roughly 1,550 office buildings that are over 20,000 s/f, which means there is a finite amount of inventory," said Khodadadian. "Ground leases have proven effective ways for investors to control a building that a multi-generational owner has no intention of selling."

Meanwhile, ground leases allow long-time building owners to keep an asset in their family and maintain stable long-term cash flow for future generations. Due to the current state of the market, ground leases are becoming the most tax efficient way for these property owners to get a deal done.

But most owners either don't know anything about ground leasing or they've only heard part of the story, so Skyline created an informational website (Groundlease.nyc) to help educate them. Owners should understand that a ground lease is just like any other type of real estate transaction in that both sides of the table need to feel like they're making a deal that works for them.

Ultimately, ground leases make the



236 5th Avenue - Manhattan, NY

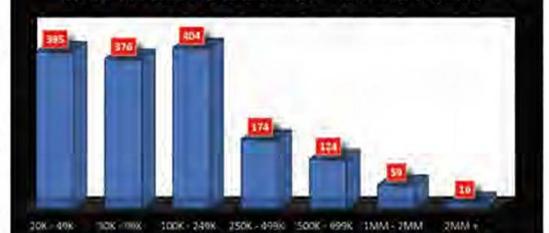


530 West 25th Street - Manhattan, NY

plete discretion while offering buyers the opportunity to buy prime assets without going through the traditional competitive marketing process.

Focusing on off-market opportunities and avoiding the time-consuming process of obtaining exclusive listings has allowed Skyline to be more agile than competing brokers. Traditional brokerage firms often need significant time to prepare glossy marketing materials, figure out listing agreements, and solve internal political disputes. According to Skyline, these matters have little to do with what the buyers and sellers really care about. "The market is now so competitive that many buyers simply won't participate in the bidding process for traditionally marketed 'exclusive listings' from the

MANHATTAN OFFICE BUILDING INVENTORY SOUTH OF 96TH STREET



most sense for long term property owners who aren't prepared to make the necessary capital improvements required to maximize their property's upside potential. Someone who owns a plot of land, a property with significant air rights and doesn't want or need to build, or someone who wants to ensure that their property remains in the family to produce generational income would also benefit from considering a ground lease. While

structuring a ground lease is a complex process, Skyline has developed a niche expertise that in recent years has proven to be an attractive option for owners and investors alike.

As the real estate landscape changes, and the industry adapts to current market conditions, Skyline Properties is primed to keep developing creative brokerage techniques and to maintain its strong foothold in the New York City market.

Executive of the Month

DELIVERS ON NEEDS OF THE MOST DEMANDING CLIENTS WITH PROFESSIONALISM AND DISCRETION

Khodadadian of Skyline Properties: An entrepreneur evolving with changing markets, providing optimal results

Robert Khodadadian



NEW YORK, NY Robert Khodadadian has been involved in almost every realm of the real estate industry since he was 20. He has helped drive sales in a wide range of asset types, from multifamily, retail and office to SRO's, IMD's, unsold shares, retail condos, partnership interests, loans, note sales, hotels, development and garages. He has leveraged his decade of experience and his growth path as an entrepreneur of his own brokerage firm Skyline Properties.

Khodadadian grew up in Great Neck, Long Island, the middle of three children of Persian immigrant parents. His father, who passed away earlier this

year, was a jeweler in Long Island. In 2002 as a junior studying finance at Pace University, Khodadadian found his passion and his career path when he purchased a foreclosed home in Hempstead, Long Island, with 100% financing. Within three months, he completed a gut renovation and sold the house. Before he graduated, he had repeated his success with seven more properties and his professional fate was sealed.

Khodadadian was hired out of college in 2004 as an associate broker at Massey Knakal Realty Services. For two years, he participated in the sale of over 100 investment properties with total capitalizations in excess of \$300 million in gross consideration. During this time, he was exposed to a variety of marketing and sales experiences with an array of asset types and sizes throughout the New York area. This work experience convinced Khodadadian to elevate his career to the next level.

In late 2006, frustrated with the inefficiency he saw in the traditional way of marketing properties, Khodadadian struck out on his own and founded Skyline Properties to focus primarily on Brooklyn, Queens and the Bronx. Getting through the downturn required thinking outside of the box, by avoiding the extreme competition of the Manhattan market and pinpointing his efforts



"I accept this award in memory of my late father Moshah Khodadadian (1952-2013), may he rest in peace." - Khodadadian



to Brooklyn, the Bronx, and Queens, Khodadadian became an active and successful seller of residential, mixed-use, affordable housing, multifamily, and development properties in the outer boroughs.

Khodadadian was instrumental in

Khodadadian's discipline allowed him to develop an extensive database of customers that includes all of the major investors, brokers and individuals that are active in the commercial real estate arena; in return the business blossomed into nearly \$100 million worth of trans-

acting process of obtaining exclusive listings, allows Khodadadian to be more agile than traditional brokerage firms. Leveraging his unique ability to balance aggressiveness with sensitivity, he has successfully created a platform designed to provide

Khodadadian was instrumental in expanding Skyline Properties, and in January 2010 he opened a second branch office at 220 Park Ave. The office specialized in "quiet deals," which were off-market transactions designed to provide a seller with total discretion and a buyer with a valuable asset. Khodadadian's discipline allowed him to develop an extensive database of customers that includes all of the major investors, brokers and individuals that are active in the commercial real estate arena; in return the business blossomed into nearly \$100 million worth of transactions in the New York metropolitan area. Khodadadian let the company wind down late 2012 and joined up with Eastern Consolidated.

In May of 2013, after a short stint at Eastern, Khodadadian decided to reinvigorate Skyline Properties to seize the uptick in Manhattan commercial sales spurred by the low interest rates. "I saw an opportunity to approach the business differently," he said. "Although buyers have constant deal flow, the market is now so competitive that many of the active players simply won't participate in the bidding process for traditionally marketed 'exclusive listings' from the most well known brokerage firms." Skyline's approach is tailor-made to create personal relationships with buyers and make sure they only see deals that fit their acquisition criteria.

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By focusing strictly on off-market opportunities and avoiding the often

sellers with complete discretion while offering buyers the opportunity to buy prime assets.

"We have managed to close nearly \$100 million in transactions in perhaps the most competitive environment I've seen in my 10 years in the industry, through perseverance we are on track to generate more than \$2 million in commissions in our first year of operation," said Khodadadian.

Khodadadian's success as a commercial real estate broker can be attributed to his wide range of experience and his tenacity in meeting the needs of the most demanding clients.

A few of Skyline Properties most notable transactions of 2014 include, Sam Chang's White House Hotel on 338-340 Bowery for \$12 million; a 99-year triple net ground lease of former Bargain World at 4-14 West 125th St. and the sale of a retail co-op on 131-135 Prince St. for \$50 million.



131-135 Prince Street
New York, NY
\$50,000,000



4-16 West 125th Street
New York, NY
99-Year Ground Lease



338-340 Bowery
New York, NY
\$12,000,000

COMMERCIAL OBSERVER

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Kaufman Organization Closes on \$35M Ground Lease



The Kaufman Organization closed on a newly formed ground lease at The Haymarket Building in Manhattan's NoMad, valued at \$34.5 million, Commercial Observer has learned.

Kaufman signed a 99-year ground lease with owner **MFM Properties** for the 12-story office building at **135 West 29th Street** between Seventh Avenue and Avenue of the Americas, according to Kaufman.

Under the deal, Kaufman will manage the 86,000-square-foot office building, which is currently 70 percent occupied, and plans to start a renovation program for the property.

"We really built an expertise in Midtown South, as well as have built a strong expertise in forming newly created office ground leases, so this opportunity checked both those boxes," Michael Kazmierski, president and principal of Kaufman's investment arm, Kaufman Investments, said. "We're still very optimistic in regard to the performance of this core Midtown South market and we think this building is well-positioned to be part of the recovery."

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Ground leases developed a bad reputation in recent decades — with structural issues in some legacy leases causing things like the Chrysler Building's shockingly low sale price — but investment in the space has started to gain more momentum during the coronavirus pandemic.

For long-term owners of properties, modern ground lease structures — that aren't improperly sized to the value of the real estate and that lack things like fair market value resets — can provide a stable cash flow and help with estate planning. And for the lease owners, they require less upfront capital and risk than buying a building outright.

"Ground leases provide a tax-efficient structure that benefits both parties," Skyline Properties' Robert Khodadadian, who brokered the ground lease for both sides along with Daniel Shirazi, said in a statement. "Similar to the ground lease we did with the Kaufman Organization at 236 Fifth Avenue, ground leases provide a great solution for multi-generational owners who now benefit from a hassle-free income stream for generations"

CRAIN'S NEW YORK BUSINESS



Firm behind Wildflower Studios buys Bronx industrial site for \$11M

Wildflower Ltd., a frequent lessor to Amazon and the company behind Robert De Niro's Wildflower Studios project in Queens, has purchased an industrial site in the South Bronx for about \$11 million.

Wildflower bought the adjacent properties at 1340 Lafayette Ave., 749 Whittier St. and 745 Whittier St. in Hunts Point from a Long Island-based limited liability company, which had bought the sites for about \$2.3 million in 2003, according to sources and property records. The lots span 55,000 square feet and include 110,000 buildable square feet.ought the sites for about \$2.3 million in 2003, according to sources and

Wildflower Managing Partner Adam Gordon declined to get into the specifics of the company's plans for the Bronx site, but he indicated that the firm could use it for a logistics facility, noting that Wildflower "continues to be very active in the logistics business" and that Hunts Point is "one of the most desirable logistics locations in serving New York City."

"Over the past 12 months, we've seen many new entrants coming into the marketplace and acquiring sites, most of which are unsuitable for logistics use," he said. "Not all sites and locations are equal, and we'll likely see a trend of more discrimination in acquisitions as the market identifies suitable sites and other sites continue to sit vacant."

Robert Khodadadian and Daniel Shirazi of Skyline Properties brokered the deal for both sides. They declined to comment on the transaction.

Wildflower focuses on e-commerce and self-storage, in addition to logistics. Its other major project is Wildflower Studios, a \$400 million vertical film studio based in Astoria, designed by superstar architect Bjarke Ingels and made in partnership with De Niro and producer Jane Rosenthal. The actor's son Raphael De Niro is a company partner at Wildflower.

The company signed a 211,000-square-foot lease with Amazon in November for a delivery station at 12555 Flatlands Ave. in East New York, a development known as the Brooklyn Logistics Center that Wildflower purchased for \$25.3 million in 2018.

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RESURGENCE OF THE GROUND LEASE: Q&A WITH SKYLINE PROPERTIES CEO



Skyline Properties is a commercial real estate advisory firm. Traditionally, Skyline focuses on off-market investment sales, but over the last few years, Robert Khodadadian and his team have garnered attention guiding owners and tenants through the sophisticated yet lucrative process of ground leasing.

We caught up with Khodadadian, Skyline Properties' Founder, and CEO, for an overview on why the current market conditions have led to the recent resurgence of ground leasing in New York City.

What is a ground lease? Robert Khodadadian: Simply put, a ground lease is a long-term net lease of land between an owner (ground lessor) and a tenant (ground lessee). Among other things, this arrangement allows property owners to maximize their asset's upside potential without incurring the expenses associated with a conventional sale, such as capital gains tax.

What inspired you to start introducing owners to the concept of ground leasing? As the market evolved, we wanted to find a way to help both investors and owners make money on deals, so we looked to see how deals were structured in the past to guide us. We came to understand how well ground leases work for both parties, so we began reintroducing this concept with our creative approach, and it's been producing long-term positive outcomes for everyone who's gone down this road with us.

Are most owners familiar with ground leases? How do they respond when you explain how they work? Most owners either don't know anything about ground leasing or they've only heard part of the story, so we created an informational website (Groundlease.nyc) to help educate them. The way ground leases are structured opens opportunities for owners who don't want to sell but are still open to doing a deal. Ultimately, owners should understand that a ground lease is just like any other type of real estate transaction in that both sides of the table need to feel like they're making a deal that works for them.

On the other side of the equation, an investor who's looking to purchase an office property south of 96th street in Manhattan should understand that there are only roughly 1,571 office buildings that are over 20,000 square feet, which means there's a finite amount of inventory. This knowledge helps tenants approach deals creatively as well.

Who should consider a ground lease? Ground leases make the most sense for long-term property owners who aren't prepared to make the necessary capital improvements required to maximize their property's upside potential. Someone who owns a plot of land, a property with significant air rights, doesn't want or need to build, or someone who wants to ensure that their property remains in the family to produce generational income would also benefit from considering a ground lease.

What asset classes can be ground leased? Technically, you can ground lease any asset class, but most commonly vacant land, industrial properties, office buildings, residential buildings, and hotels are ground leased. An example of recent ground lease transactions in New York City include: SL Green leased 885 Third Avenue, "The Lipstick Building", to Ceruzzi Holdings; Extell Development signed a 99-year lease for Goldman-owned properties at 516 East 14th Street, 530 East 14th Street and 222 Avenue A; and Skyline closed 236 5th Avenue with The Kaufman Organization.

Is the owner stuck once the ground lease is in place? Since the title to the property never transfers to the tenant, the owner retains the right to mortgage the leased property or sell it. In fact, the owner can borrow more money from the bank once the ground lease is in place because often their net income has increased substantially.

Once the tenant has committed to a ground lease, are they trapped? The ground lease tenant retains the option to mortgage their lease or assign the lease to a new tenant. It's also worth mentioning that since the tenant is not on the title, the owner is not responsible for any debt they incur, so if the tenant default on the debt, the landlord isn't held accountable.

What makes an appropriate ground lease tenant? Ground leases can be thought of as long-term partnerships. Therefore, it's vital that landlords have partners who are knowledgeable about ground leases to provide the owner with tax efficient structures. The tenant also needs the financial ability to perform the renovations or development in the time frame outlined in the lease. When picking a ground tenant, owners should look for tenants who are willing to provide personal guarantees for the work they are saying they are going to do, and they should obtain a comprehensive understanding of the tenant's financial history including defaults.

Can you give us a forecast for ground leases in New York City in 2018 and beyond? I believe that ground leases are the future for real estate in New York City. Due to the current state of the market ground leases are becoming the most tax efficient way for long-term or generational property owners to get a deal done.

How do owners benefit from ground leases? The property title never transfers to the tenant; therefore, the owner stays the owner of the property while generating income on the property. The owner is not responsible for capital gains tax, unless there is an upfront payment, and in some cases the owner is eligible to avoid transfer tax payments. The property also remains in the family, which means the asset will generate a hassle-free income stream for generations to come.

The ground lessee (the tenant) is responsible for all the management, costs, and expenses of the leased property. By making capital improvements to the existing structure or in the case of a development site, constructing a new building the ground lessee will maximize the potential and improve the property. Many ground leases contain a reversionary clause, which transfers any improvements made by the tenant to the landlord at the end of the lease.

How do tenants benefit from a ground lease? Many developers and commercial tenants have long been faced with property owners who ask for a price that isn't supported by comparable deals. The owners are emotionally attached to the asset, and they'd rather sit on it than do a deal that makes sense for both parties. The tenant's basis is significantly reduced because they don't need to invest upfront capital for a purchase. If an owner is unwilling to sell, a ground lease can still get a deal done that will give them long-term access to prime locations.

Are ground leases complicated? The more knowledge each party brings to the transaction, the smoother it will go. To that end, our real edge at Skyline is our personal relationships with the most sophisticated real estate investors. For owners, this translates into not wasting time and getting a deal done correctly. Ground leases are considered sophisticated and complex transactions. If done correctly, ground leases can be tax efficient and protect both the landlord and the tenant.

Lee family pays \$32MM for Retail in Queens

August 3, 2022 2:31pm PincusCo Media



61-01 Springfield Boulevard (Credit - Google)

Ui Kun Lee of the Lee family based in Manhattan through the entity Main 15-Lee Springfield LLC paid \$32 million to Alfredo Li through the entity Mandarin Realty NY LLC for the retail strip mall (K1) at 61-01 Springfield Boulevard in Oakland Gardens, Queens.

This property is half of a retail strip mall that occupies a corner at Springfield Boulevard and the Long Island Expressway. The other half of the mall, the portion facing the Long Island Expressway, is owned by investor Albert Malekan.

The deal closed on July 28, 2022 and was recorded on August 3, 2022. The property has 33,390 square feet of built space and 8,262 square feet of additional air rights for a total buildable of 41,312 square feet according to PincusCo analysis of city data. The sale price per built square foot is \$958 and the price per buildable square foot is \$774 per the PincusCo analysis. (The price per square foot analysis is the transaction price divided by square feet as reported in public records and assumes no air rights have been sold.)

The signatory for Alfredo Li was Alfredo Li. The signatory for Ui Kun Lee was Hye-Chun Lee. Robert Khodadadian led a team from Skyline Properties that also included Daniel Shirazi and Stephen Tang, that brokered both sides of the deal.

Credit and national tenants in the mall include the Chase, United States Postal Office, Walgreens, UPS, Red Mango and Subway. The deal traded at a 4.6 percent cap rate, according to a person familiar with the deal.

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ACADIA CLOSES \$50M BUY OF SOHO RETAIL CO-OPS



Acadia Realty Trust has paid \$50 million for two retail co-op units totaling 3,000 square feet at the base of 131-135 Prince Street, Commercial Observer has learned. The deal, which amounts to \$16,666 per square foot, closed earlier this afternoon after being signed in late June, sources close to the deal said.

The seller was a family trust affiliated with Louis Meisel, who owns and operates the Louis K. Meisel Gallery at 141 Prince Street. Mr. Meisel received good offers for the property and the sale has given him “the opportunity to diversify,” said his brother and attorney in the 131-135 Prince deal, Elliott Meisel of Brill & Meisel. “It was done in a very tax-friendly way through a tax-free exchange,” he added. “He’s replacing them.” He declined to reveal what properties his brother was interested in

acquiring. The building is between West Broadway and Wooster Street and upstairs are nine residential co-ops. The two retail units are occupied by accessories shop Folli Follie, which has 2,400 square feet and seven years left on its lease, and jewelry brand Uno de 50, which has 600 square feet and three years left on its lease, the sources said. Folli’s monthly rent is \$65,000 per square foot and Uno’s monthly rent is \$36,000 per foot.

Skyline Properties’ Robert Khodadadian represented both Acadia and Mr. Meisel in the deal. Mr. Khodadadian would only say that the deal was a record price per square foot in Soho.

New York Real Estate Journal

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THE COMMERCIAL REAL ESTATE MEDIA SOURCE

IS THE GROUND LEASE A COVID-19 SAVIOR?

The declining retail market coupled with the COVID-19 pandemic has left many real estate investors in limbo. Buyers are uncertain what the future may bring and are thus not inclined to buy in this market. This leaves cash strapped owners no other option but to continue to let their property “bleed” or alternatively for owners who want to sell to keep their properties since they cannot find a replacement property via a 1031 transaction. Ground leases may prove to be a valuable alternative to a sale of the property. Simply put, a ground lease is a long-term net lease (usually 49 years or 99 years) of land including any improvements on the said land.

In recent years, ground leases have provided life support to cash strapped owners as once the ground lease is executed, the ground tenant would be responsible for all of the expenses and maintenance of the property. The owner would then receive an influx in cash via the lease. The ground lease would also eliminate the need to find a 1031 since the owner retains ownership of the property and therefore not subject to capital gains tax (although there are instances where capital gains tax might be incurred). The ground lease provides a generational hassle-free income stream that can be sold or mortgaged at any time by the owner. The ground lessee will maximize the potential and improve the property by making capital improvements to the existing structure; or in the case of a development site, they will be constructing a new building that would revert back to the owner at the end of the lease.

Ground leases enable reluctant buyers to participate in the market since they would not need to provide the upfront capital that is needed to purchase the property therefore widening the potential pool of buyers for an owner. Many developers and commercial tenants have long been faced with property owners who ask for a price that isn’t supported by comparable sales. The owners are emotionally attached to the asset, and they’d rather sit on it than do a deal that makes sense for both parties. If an owner is unwilling to sell, a ground lease can still get a deal done that will give them long-term access to prime locations.

Although ground leases can be complex, they provide a tax efficient and a cost-effective alternative to a sale needed to navigate through the uncertainties in the current real estate market.

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FORMER BARGAIN WORLD BUILDING IN HARLEM PICKED UP IN 99-YEAR GROUND LEASE



A discount department store that was considered an institution on West 125th Street is getting a new life as a retail establishment. The Rosen family, who owned Bargain World and the building that housed it, has leased out the entire property to an out-of-town retail operator, Commercial Observer has learned.

The tenant signed a 99-year triple-net ground lease at 4-14 West 125th Street, the lone broker in the deal, Robert Khodadadian of Skyline Properties, said, and the property will be delivered vacant. The taking rent is \$25 per square foot for the entire property, or \$60 a foot if just calculating the most valuable 8,935-square-foot, ground-floor retail space.

The sellers are “taking advantage of the huge retail opportunity over there,” Mr. Khodadadian said. Bargain World, which occupied the entire four-story, roughly 30,000-square-foot building for 40 years (using the address of 8 West 125th Street), sold everything but clothes and food, the New York Times wrote in an August 2001 story about its imminent closing. The store, which had been in the Rosen family for three generations, was the victim of a 1980 electrical fire that required the family to rebuild the entire building as well as a mugging, riots and recessions, the Times said. The building is on the same block as former President Bill Clinton’s office.

Today, Harlem Furniture and Boost Mobile are occupying two of the retail spaces on the ground floor. The rest of the property is vacant.

The new owner, who Mr. Khodadadian wouldn’t identify by name, is planning to convert the ground floor into one big retail space, with 100 feet of retail frontage on 125th street. He is then turning the second floor office space into retail and keeping the upper two floors as offices. The second through fourth floors are each 7,086 square feet.

“The retail rents are going up so high over there,” Mr. Khodadadian said. “Credited tenants are moving up there more and more.”

THE REAL DEAL

NEW YORK REAL ESTATE NEWS

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SAM CHANG, MCSAM INVESTOR TO SELL EAST VILLAGE HOSTEL



Plans have been filed to convert the four-story East Village hostel, the Whitehouse hotel, into a nine-story hotel. At around the same time, the building, which is minority owned by hotel developer Sam Chang, is in contract to be sold to an undisclosed buyer.

Harry Shah, a majority owner associated with Manhasset-based Metro Sixteen Hotel LLC, and Chang are close to selling the property at 338 Bowery for \$12 million. But,

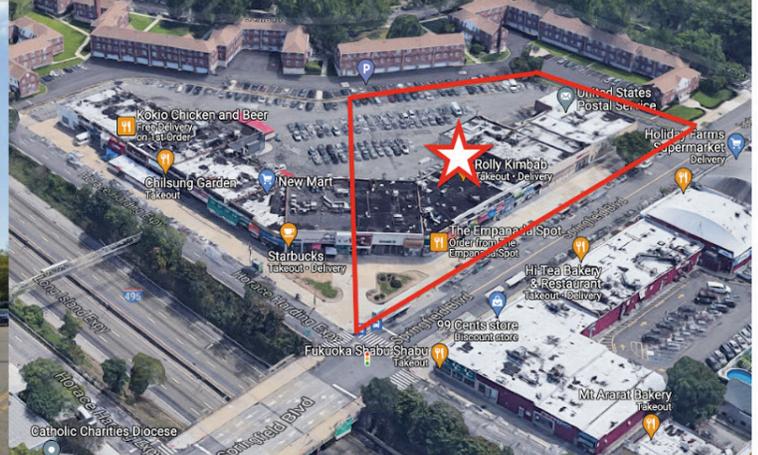
according to Department of Buildings records filed late last month, a proposed \$5 million conversion would involve creating 68 rooms. Otte Architecture's Michael Lisowski is listed on permits as the architect.

Shah, an investor in some of the development projects of Chang's McSam Hotel Group, was originally a 50-50 owner of the hostel with Chang when acquiring it for \$7.8 million in 2012, Chang told *The Real Deal*. Now, Chang estimates he owns no more than 20 percent interest in the company, while Shah owns the majority. Robert Khodadadian of Skyline Properties is the broker on the deal to sell the site.

The city rejected the developers' plans to build a 10-story, Gene Kaufman-designed hotel on the site in 2011, according to records cited by E. Grieve. [E. Grieve] and [NYO]- Mark Maurer

Lee family pays \$32M for retail in Oakland Gardens

August 3, 2022 2:31 pm PincusCo Media



61-01 Springfield Boulevard (Credit - Google)

Ui Kun Lee of the Lee family based in Manhattan through the entity Main 15-Lee Springfield LLC paid \$32 million to Alfredo Li through the entity Mandarin Realty NY LLC for the retail strip mall (K1) at 61-01 Springfield Boulevard in Oakland Garden, Queens

This property is half of a retail strip mall that occupies a corner at Springfield Boulevard and the Long Island Expressway. The other half of the mall, the portion facing the Long Island Expressway, is owned by investor Albert Malekan.

The deal closed on July 28, 2022 and was recorded on August 3, 2022. The property has 33,390 square feet of built space and 8,262 square feet of additional air rights for a total buildable of 41,312 square feet according to PincusCo analysis of city data. The sale price per built square foot is \$958 and the price per buildable square foot is \$774 per the PincusCo analysis. (The price per square foot analysis is the transaction price divided by square feet as reported in public records and assumes no air rights have been sold.)

The signatory for Alfredo Li was Alfredo Li. The signatory for Ui Kun Lee was Hye-Chun Lee. Robert Khodadadian led a team from Skyline Properties that also included Daniel Shirazi and Stephen Tang, that brokered both sides of the deal.

Credit and national tenants in the mall include the Chase, United States Postal Office, Walgreens, UPS, Red Mango and Subway. The deal traded at a 4.6 percent cap rate, according to a person familiar with the deal.

Question of the Month

Why ground lease and why now? - Q&A with Skyline Properties CEO, Robert Khodadadian

NEW YORK, NY The *New York Real Estate Journal* caught up with Robert Khodadadian, Skyline Properties' founder, and CEO, for an overview on why the current market conditions have led to the recent resurgence of ground leasing in the city. Skyline Properties is a commercial real estate advisory firm. Traditionally, Skyline focuses on off-market investment sales, but over the last few years, Khodadadian and his team have garnered attention guiding owners and tenants through the sophisticated yet lucrative process of ground leasing.

What is a ground lease?

Khodadadian: Simply put, a ground lease is a long-term net lease of land between an owner (ground lessor) and a tenant (ground lessee). Among other things, this arrangement allows property owners to maximize their asset's upside potential without incurring the expenses associated with a conventional sale, such as capital gains tax.

What inspired you to start introducing owners to the concept of ground leasing?

Khodadadian: As the market evolved, we wanted to find a way to help both investors and owners make money on deals, so we looked to see how deals were structured in the past to guide us. We came to understand how well ground leases work for both parties, so we began reintroducing this concept with our creative approach, and it's been producing long-term positive outcomes for everyone who's gone down this road with us.



Robert Khodadadian

Are most owners familiar with ground leases? How do they respond when you explain how they work?

Khodadadian: Most owners either don't know anything about ground leasing or they've only heard part of the story, so we created an informational website (Groundlease.nyc) to help educate them. The way ground leases are structured opens opportunities for owners who don't want to sell but are still open to doing a deal. Ultimately, owners should understand that a ground lease is just like any other type of real estate transaction in that both sides of the table need to feel like they're making a deal that works for them.

On the other side of the equation, an investor who's looking to purchase an office property south of 96th St. in Manhattan should understand that there are only roughly 1,571 office

buildings that are over 20,000 s/f, which means there's a finite amount of inventory. This knowledge helps

less there is an upfront payment, and in some cases the owner is eligible to avoid transfer tax payments. The

A ground lease is a long-term net lease of land between an owner (ground lessor) and a tenant (ground lessee). Among other things, this arrangement allows property owners to maximize their asset's upside potential without incurring the expenses associated with a conventional sale, such as capital gains tax.

tenants approach deals creatively as well.

Who should consider a ground lease?

Khodadadian: Ground leases make the most sense for long-term property owners who aren't prepared to make the necessary capital improvements required to maximize their property's upside potential. Someone who owns a plot of land, a property with significant air rights, doesn't want or need to build, or someone who wants to ensure that their property remains in the family to produce generational income would also benefit from considering a ground lease.

How do owners benefit from ground leases?

Khodadadian: The property title never transfers to the tenant; therefore, the owner stays the owner of the property while generating income on the property. The owner is not responsible for capital gains tax, un-

less there is an upfront payment, and in some cases the owner is eligible to avoid transfer tax payments. The property also remains in the family, which means the asset will generate a hassle-free income stream for generations to come.

The ground lessee (the tenant) is responsible for all the management, costs, and expenses of the leased property. By making capital improvements to the existing structure or in the case of a development site, constructing a new building the ground lessee will maximize the potential and improve the property. Many ground leases con-

tain a reversionary clause, which transfers any improvements made by the tenant to the landlord at the end of the lease.

How do tenants benefit from a ground lease?

Khodadadian: Many developers and commercial tenants have long been faced with property owners who ask for a price that isn't supported by comparable

deals. The owners are emotionally attached to the asset, and they'd rather sit on it than do a deal that makes sense for both parties. The tenant's basis is significantly reduced because they don't need to invest upfront capital for a purchase. If an owner is unwilling to sell, a ground lease can still get a deal done that will give them long-term access to prime locations.

Are ground leases complicated?

The more knowledge each party brings to the transaction, the smoother it will go. To that end, our real edge at Skyline is our personal relationships with the most sophisticated real estate investors. For owners, this translates into not wasting time and getting a deal done correctly. Ground leases are considered sophisticated and complex transactions. If done correctly, ground leases can be tax efficient and protect both the landlord and the tenant.

What asset classes can be ground leased?

Khodadadian: Technically, you can ground lease any asset class, but most commonly vacant land,

industrial properties, office buildings, residential buildings, and hotels are ground leased. An example of recent ground lease transactions in New York City include: SL Green leased 885 Third Ave., "The Lipstick Building", to Ceruzzi Holdings; Extell Development signed a 99-year lease for Goldman-owned properties at 516 East 14th St., 530 East 14th St. and 222 Ave. A; and Skyline closed 236 5th Ave. with The Kaufman Organization.

Is the owner stuck once the ground lease is in place?

Khodadadian: Since the title to the property never transfers to the tenant, the owner retains the right to mortgage the leased property or sell it. In fact, the owner can borrow more money from the bank once the ground lease is in place because often their net income has increased substantially.

Once the tenant has committed to a ground lease, are they trapped?

Khodadadian: The ground lease tenant retains the option to mortgage their lease or assign the lease to a new tenant. It's also worth mentioning that

Ground leases are considered sophisticated and complex transactions. If done correctly, ground leases can be tax efficient and protect both the landlord and the tenant.

since the tenant is not on the title, the owner is not responsible for any debt they incur, so if the tenant defaults on the debt, the landlord isn't held accountable.

What makes an appropriate ground lease tenant?

Khodadadian: Ground leases can be thought of as long-term partnerships.

Therefore, it's vital that landlords have partners who are knowledgeable about ground leases to provide the owner with tax efficient structures. The tenant also needs the financial ability to perform the renovations or development in the timeframe outlined in the lease. When picking a ground tenant, owners should look for tenants who are willing to provide personal guarantees for the work they are saying they are going to do, and they should obtain a comprehensive understanding of the tenant's financial history including defaults.

Can you give us a forecast for ground leases in New York City in 2018 and beyond?

Khodadadian: I believe that ground leases are the future for real estate in New York City. Due to the current state of the market ground leases are becoming the most tax efficient way for long-term or generational property owners to get a deal done.

To comment on this story visit nyrej.com

Manhattan Office Building Inventory South of 96th Street

Total number of existing office buildings
20,000 Sq Ft+



Company of the Month

DEDICATED TO DELIVERING SUPERIOR RESULTS TO BOTH BUYERS AND SELLERS ALIKE

Skyline Properties: Focuses on the sale of off-market properties in the N.Y.C. metro area

NEW YORK, NY Investment salesbroker Robert Khodadadian has reinvigorated Skyline Properties and his aim is to zero in on the off-market sector where discretion is the watchword for some of the city's most active real estate players.

"Our mission at Skyline is to create off-market opportunities designed to provide sellers with complete discretion while offering buyers the opportunity to buy prime assets without going through the traditional competitive marketing process," said Khodadadian, a 10-year veteran of the brokerage business.

Khodadadian began his career in 2004 at Massey Knakal Realty Services. For two years, he participated in the sale of over one hundred investment properties with total capitalizations in excess of \$300 million. During this time he was exposed to a variety of marketing and sales experience with an array of asset types throughout the New York metropolitan area.

In late 2006, frustrated with the inefficiency he saw in the traditional way of marketing properties, Khodadadian struck out on his own and



711 Madison Avenue - New York, NY

founded Skyline to focus primarily on Brooklyn, Queens and the Bronx. By avoiding the extreme competition of the Manhattan market at the time, Khodadadian became his clients "go to" broker for the sale of residential, mixed-use, affordable housing, multi-family and development properties in the outer boroughs. In 2010, Skyline opened a second branch in Manhattan

at 220 Park Ave. This office specialized strictly on off-market transactions in Manhattan. Khodadadian let the company wind down when the financial crisis hit and joined up with Eastern Consolidated.

In May of 2013, Khodadadian decided to re-launch Skyline to seize the uptick in commercial sales spurred by the low interest rates and the abundance of capital focused on New York City real estate. "I saw an opportunity to approach the business differently," he said. Although buyers have constant deal flow, as the dollar value of properties keeps increasing the pool of active buyers that can afford to compete is diminishing. Skyline's approach is to tailor-make the process to create personal relationships with buyers and make sure they only see deals that fit their acquisition criteria. Most importantly, Skyline will never send out deals to clients unless they are in direct contact with the seller and have complete control to negotiate every stage of the deal.

"The market is now so competitive that many buyers simply won't participate in the bidding process for traditionally marketed 'exclusive listings' from the most well-known brokerage firms," said Khodadadian.

Focusing on off-market opportunities and avoiding the often time-consuming process of obtaining exclusive listings, allows Skyline the ability to be more agile than competing brokers. Traditional brokerage firms often need significant time to prepare glossy marketing materials, deal with listing agreements and solve internal political disputes. Khodadadian contends that these matters have little to do with what the buyers and sellers really care about.



133-135 Greenwich Street - New York, NY

Although Skyline doesn't market properties on an exclusive basis, they are dedicated to delivering superior results to both buyers and sellers alike. To ensure that Skyline can manage their seller's expectations, they make it a priority to provide sellers with a thorough analysis of their investment property and confirm that they are comfortable with the true value of their asset in today's market before they present the opportunity to prospective buyers.

"Finding off-market deals and realistic sellers is not an easy task," said Khodadadian. Many buyers chase deals for months and months with no luck. "We have many deals in our pipeline that would certainly trade, but simply don't have the time to manage all of the different sellers, the market is prime for Rob's investment strategy," said one of Khodadadian's clients.

Skyline properties offers personalized canvassing for their buyers, letting them know which properties are in fact available for sale and which ones aren't. With personalized

canvassing buyers are able to turn to Skyline with a specific property address and offer with the confidence of knowing that the company will submit the offer and continue to follow up with the seller until there is a deal to be had. "In the past nine months since re-launching Skyline, four out of the five transactions we have completed came from our clients giving us leads to chase down. "Hustle is our middle name," Khodadadian said.

Khodadadian's success as a commercial real estate broker can be attributed to his wide range of experience and his tenacity in meeting the needs of the most demanding clients. Some of his most recent transactions include:

- The sale of 711 Madison Ave. for \$49 million to Sitt Asset Management & Ashkenazy Acquisitions.
- The sale of 133-135 Greenwich St. for \$28 million to Hidrock Realty.
- The sale of 210 Bowery for \$7.5 million to Acadia Realty Trust.
- The sale of 119 Chambers St. for \$2.5 million to Centurion Realty.



210 Bowery - New York, NY

Concerning ground leases: How to pick the right ground tenant for your property?



Daniel Shirazi
Skyline Properties

Ground leases are an effective tool that property owners can use to maximize the upside potential of their asset without the expenses associated with transferring ownership of the property through a conventional sale. In general, a ground lease (master lease) is a long-term net lease (usually 99 years) of land including any improvements (if any) on the said land. Once a landlord decides to ground lease their property they must pick the right ground tenant to partner with. Unfortunately, often times owners choose a ground tenant based solely on receiving the highest offer for their property. However, this should not be the only factor to take into consideration. Landlords must properly vet any prospective ground tenant and should take into consideration asking the ground tenant my "Top 5" questions as outlined below.

What is the ground tenant's transaction history? Have they done a ground lease in the past?

Ground leases are known to be very complex transactions and are in many ways like a partnership. It is crucial to choose a sophisticated and experienced ground tenant to successfully negotiate the terms of the lease. Working with a ground tenant that has past experiences with ground leases can provide the owner with comfort and guidance through the sometimes grueling lease negotiations. Furthermore, experienced ground tenants can provide tax efficient structures to help save the landlord money. An example of this is compounding/deferring the taxes associated with an upfront payment made by the tenant.

How many years has the ground tenant been in business?

Due to the cyclical nature of the real estate market, it is important to pick a ground tenant who has been through it all, and survived. However, this should not rule out new companies whose principals have ground leasing experience in their repertoire.

Has the ground tenant completed similar projects that you can tour/visit?

Ground leases can be made on all different property types including but not limited to: vacant land, industrial properties, office buildings, residential buildings, and hotels. Therefore, it is important to pick a ground lessee who specializes in the same asset class as your property. It is also helpful to visit and tour the prospective ground lessee's projects in an effort to get a better idea of their craftsmanship and expertise in their execution.

What type of work is the ground tenant guaranteeing?

Unlike a standard office or retail lease, obtaining a personal guaranty and/or security deposit from a ground tenant are not common practice on ground leases. However, a personal guaranty from the ground tenant guaranteeing to complete certain capital improvements on the property within a specific timeframe provides the landlord with security. All such work should be outlined in an itemized "Scope of Work" that should be attached as an exhibit to the lease. Furthermore, the more money a tenant spends the more "skin in the game" they have. It is important to note, however, that the amount of money that the ground tenant should spend depends on the condition of the property and the type of property.

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CB DEVELOPERS TO PAY \$25M FOR SITE NEXT TO MURRAY HILL PROJECT



Charles Blaichman's CB Developers is in contract to acquire three adjacent five-story buildings for \$25.2 million, or \$420 per square foot, *The Real Deal* has learned. The rental buildings at 587-591 Third Avenue, near 39th Street, offer a combined 60,000 buildable square feet. They sit next door to an 18-story, 91-unit rental project under construction on the corner. CB Developers, in partnership with Hoboken, N.J.-based Iron state Development and Soho-based SK Development Group, are overseeing the development of the site,

which is located at 593-597 Third Avenue, also known as 200 East 39th Street.

The retail includes Wharf Bar and Grill and formerly Margarita Murphy's, which closed in April. A Chinese non-profit family trust known as the J. T. Tai & Company Foundation has owned the site for more than 30 years, property records show. The foundation is also in contract to sell a Sutton Place development site at 1055-1057 Second Avenue for \$19 million, as *The Real Deal* reported in July. Skyline Properties head, Robert Khodadadian, who represented both the buyer and the seller, declined to comment. Broker Joanna Cutler served as an adviser on both sides. The deal entered contract in May.

The New York Times

Recent Commercial Real Estate Transactions

By Amy Osorio

Jan. 28, 2020, 9:00 a.m. ET

Recent Sale

\$22.9 MILLION

79-81 Clifton Place, Brooklyn, NY

This six-story apartment building in the Clinton Hill neighborhood was built in 1939. It has seven one-bedroom units, eight two-bedrooms, 21 three-bedrooms and four four-bedrooms, as well as 16 parking spaces. The building last changed hands in 2012.



This building in the Clinton Hill neighborhood was built in 1939.

Buyer: Freo Group

Seller: Ami Ariel of G-Way

Brokers: Daniel Shirazi, Robert Khodadadian and Jacob Lewis of Skyline Properties

711 BRIGHTON, LLC SELLS BROOKLYN PROPERTY TO 711 SBA LLC Khodadadian and Shirazi of Skyline handle \$3.2 million off-market deal

BROOKLYN, NY Skyline Properties has sold 711 Brighton Beach Ave. for \$3.2 million

Robert Khodadadian and Daniel Shirazi of Skyline represented both the seller, 711 Brighton, LLC and purchaser, 711 BBA LLC on this off-market transaction.

Skyline's customized canvassing tool enables buyers to focus on purchasing assets that meet their acquisition criteria as opposed to waiting for them to become available on the open market and thereby bypassing the time consuming process of bidding on properties that are marketed.



COMMERCIAL OBSERVER

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NONPROFIT SELLS MIDTOWN PROPERTIES TO MOIN, JOHN K. RAPP FOR \$18M



Two affiliated entities, Tai Properties and a Chinese nonprofit foundation, J.T. Tai & Company, have sold two 25-foot, multi-family properties in East Midtown to David Moinian's Moin Development and John K. Rapp of Junction Management for \$18 million, sources with intimate knowledge of the deal told Commercial Observer.

The sale of the adjacent four-story walk-ups at 1055-1057 Second Avenue between East 55th and East 56th Streets closed last Wednesday. There are a total of 24 apartments and four commercial spaces in the two buildings; 1055 Second Avenue is 6,645 square feet and 1057 is 6,700

feet. Market rate residential units rent for as much as \$1,700 per month. The four retail tenants are era's Shoe Repair, Skyscraper Cleaners, J & P Timepieces and Naya restaurant.

Joanna Cutler of Joanna Cutler Real Estate represented the sellers in the deal and Skyline Properties' Robert Khodadadian represented the buyers. Ms. Cutler and Mr. Khodadadian declined to comment.

Mr. Rapp also owns the adjacent 1059 and 1061 Second Avenue, and is operating them as walk-up multifamily properties. All told, Mr. Rapp owns 100 contiguous feet on Second Avenue.

J.T. Tai & Company appears to be shedding its real estate assets. Last month, it sold three adjacent walk-up buildings in Murray Hill for \$24.1 million, as CO previously reported. Prior it sold 928 Second Avenue to Lloyd Goldman's BLDG Management and 56 West 11th Street to Icon Realty Management.

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ML7 BUYS COMMERCIAL SPACE AT TRIBECA CONDO BUILDING FOR \$18M



New Jersey-based office landlord ML7 is breaking into the Manhattan market with the acquisition of a pair of commercial condos at the base of a seven-story Tribeca apartment building, The Real Deal has learned. But as one investor debuts in the city, another is phasing out. The seller, MacKenzie Door Company, owned the retail and office component at 70-72 Reade Street, also known as 112-114 Duane Street, for more than 30 years, but now plans to move most of its operations to New Jersey. The deal closed today for \$18 million, the brokers confirmed.

The commercial condos span a combined 32,000 square feet across the first two floors and lower levels. The space will be delivered vacant, said Skyline Properties' Robert Khodadadian, who represented the buyer.

ML7 plans to convert the second-floor office space into two residential condos roughly 4,000 square feet apiece. The units are slated to feature 14-foot-high ceilings and cast-iron columns. "This block of Reade Street is currently undergoing a complete transformation with many of the surrounding buildings under development," Jeffrey Siegel, president of ML7, said.

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