



RXR Realty Pays \$195M for Brooklyn Investment *Starwood, GFI Sell Leasehold Interest at 650,000-SF Bldg*

By **Justin Sumner**
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Starwood Capital Group and GFI Development Company have closed on the \$195 million sale of its 75-year ground lease at 470 Vanderbilt Ave. in Brooklyn, NY to RXR Realty, in a joint venture with American Landmark Properties.

The sale marks the successful completion of the sellers' value-add and recapitalization strategy for the formerly vacant telecom hotel, which the joint venture repositioned into an 88-percent occupied office property after acquiring the asset in September 2011 for \$177.5 million, according to CoStar data. See CoStar COMPS #2193393.

Originally built in 1931, the 10-story, 650,000-square-foot office tower sits on a three-acre corner lot in the Fort Greene section of the North Brooklyn submarket of Kings County.

New York City Human Resources Administration (HRA) signed a 20-year, 400,000-square-foot lease there in 2011. Other tenants in the building include the League Education and Treatment Center, the New York City Housing Authority, and Aereo.

The building's recapitalization in 2011 also severed an adjacent parking lot from the office building's ground lease. GFI Development reportedly intends to construct a residential building on the site at a future date. Plans call for a 376-unit, 328,000-square-foot building with ground-floor retail and below-grade parking.

"As a long-time investor in Brooklyn for more than 30 years, we saw this neighborhood's potential and were able to capitalize on its growing appeal as a dynamic live-work-play destination," said Allen Gross, president of GFI Capital Resources Group, an affiliate company of GFI Development Company. "Today, 470 Vanderbilt is an income-producing, prime office asset with a high-caliber base of credit tenants that benefit from the strategic renovations we have made."

Adam Spies and Doug Harmon with Eastdil Secured represented the sellers. Meridian Capital Group, LLC arranged a \$142 million mortgage for the purchase.

Please see CoStar COMPS #2971779 for additional information on this transaction.