

March 5, 2013

BACK WHERE IT BELONGED

525 BROADWAY SALE.

**Alan S. Cohen, Gregg L. Schenker;
ABS Partners Real Estate, LLC**

ABS Partners Real Estate, LLC has a reputation for representing family-owned real estate companies. On a Friday in January 2012, a referral led to a call from a Seattle doctor whose mother and aunt each controlled a 50 percent stake in 525 Broadway.

Holocaust survivors, the women's husbands had purchased the building and used it to house their textile company, which supplied pushcarts on the Lower East Side.

There were many emotional memories and ties to the building, but none of them had been in it for 25 years, as the original seller and his son had managed the building for 50 years.

With looming capital gains taxes and a booming SoHo, the doctor's family realized they needed to either sell the property or invest in improvements as several office leases and a Chase bank lease were ending within the next few years.

The doctor said he would fly to New York in a few months; however, broker Alan S. Cohen wasn't willing to wait and asked instead if he and Gregg L. Schenker could meet them sooner. "We flew to Seattle for less than 16 hours to have a two-hour dinner with the doctor and his wife," Cohen recalls.

Over two or three weeks of texts and calls, the brokers were able to negotiate and obtain a confidentiality agreement so they could begin to see financial information.

They later found agreement pages missing, which could send the parties into a drawn-out court battle, and rights of first refusal held by each of the sisters, which would be a red flag to other buyers.

The eight-story red brick building was the original Corn Exchange Building, first purchased by JP Morgan and later combined with Chase, which still maintained a two-story branch on a long-term lease that was coming due. The upstairs 5,000-square-foot floors had the high ceilings and big windows attractive to many of today's tech tenants.



Cohen and Schenker quietly turned to a handful of top SoHo buyers and offers started rolling in. Chase was advised that it could negotiate a new lease with the buyer, which would mean top-dollar rents and possibly a buyer who wanted the bank to move out and get fashion back in.

Not wanting to give up its branch, which included a costly, lower-level vault, or pay high rents, a Chase executive finally told Cohen they'd like to bid on the property.

Throughout, however, the family of the second sister kept saying they didn't want to sell. "When the top three buyers' numbers started to go over \$80 million, the other side started to listen," Cohen recalls.

Finally, JP Morgan Chase made an offer that couldn't be refused. The deal closed in May of 2012 for \$87 million — a lofty \$1,900 per square-foot for the 45,000-square-foot building — but Chase also avoided paying \$500 to \$600 per square-foot rents for itself.

ABS was hired to manage and lease the property by JP Morgan Chase — the successor to the Corn Exchange — and so the property came full circle back to its original owner. — Lois Weiss



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