

May 31, 2011

http://www.crainsnewyork.com/article/20110531/REAL_ESTATE/110529868

Extell gets \$114M for East Side tower

Building on East 46th Street is currently occupied by United Nations' staffers; reported Massachusetts-based buyer specializes in leasing space to public sector tenants.

By Theresa Agovino and Amanda Fung

Extell Development Corp. has reached a deal to sell 305 E. 46th St., which is leased to the United Nations, for \$114 million.

Government Properties Income Trust, a Newton, Mass.-based real estate investment trust which specializes in leasing its buildings to government tenants, confirmed the acquisition Tuesday afternoon.

“This property fits well within our business strategy of owning buildings leased to the government,” said David Blackman, president and chief operating officer of Government Properties Income Trust. “We like it because of its Manhattan location and we believe that the UN will stay in this building long term.”

This deal would be the REIT's first acquisition in New York City. According to Mr. Blackman the company will continue to look for similar deals in the city. “I wouldn't say we will become an incredibly large landlord in New York, but we will look at opportunities as they present themselves,” he said.

According to published reports, the U.N. reached a deal back in 2007 to lease the 16-story property, between First and Second Avenues, to house roughly 700 employees while it renovated its landmarked Secretariat Building. The rent was reported to be about \$50 a square foot.

Extell President Gary Barnett couldn't be reached for comment.

Mr. Barnett is currently one of the city's busiest developers. He is building the 34-story International Gem Tower on West 47th Street, and late last year, the City Council unanimously approved his proposed 3.1 million-square-foot mixed-use Upper West Side project known as Riverside Center. The project, which includes retail space, a school and 2,500 apartments in five high-rise towers, spans from West 59th to West 61st streets, between West End Avenue and the West Side Highway. It is the last major undeveloped parcel on the Upper West Side.