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Allianz acquires majority stake in ground lease at 114 Fifth Avenue

By Elizabeth Blossfield

Allianz Real Estate has acquired a 95% majority interest in the ground lease at 114 Fifth Avenue, a 19-story, 350,000 square foot office tower in New York's Midtown South submarket, for \$209m from private equity firm **Lubert-Adler**. **L&L Holding Company** and Lubert-Adler acquired the office tower and a 99-year leasehold interest in 2013 for \$165m, leading Lubert-Adler to realize an approximate \$44m gain from the sale. L&L Holding will continue to manage the property following the acquisition.

“We bought the property a couple of years ago, and when we acquired it, we really saw a diamond in the rough,” said **Robert Lapidus**, president, chief investment officer and co-founder of L&L Holding Company. “It was in a great location and had great bones, but it was in need of a complete renovation.”

L&L recently completed a \$45m building-wide repositioning, which it began shortly after acquiring the then-distressed property in 2013. Through the renovation, L&L updated the interior and exterior of the building to better position it as a Class A asset that would appeal to the thriving technology industry that has established itself in Midtown South.

“We re-imagined the building to make it a 21st century office with older historical bones,” Lapidus said. “Because of that, we were able to attract tenants in that famous TAMI sector. We wanted to build the product that type of tenant would be interested in, and our tenants paid premium rents because of it.”

The property is now 100% leased to tenants such as **Mashable**, **Gawker**, **MasterCard** and **Capital One**, and rents for the property range from approximately \$70 to \$90 per square foot. “This was the right type of deal for Allianz and us to work together on,” Lapidus said. “They are a long-term holder, and they liked the asset, they liked the profile of the deal and they liked us, so it all fit.”