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L&L, J.P. MORGAN MAP OUT NEW YORK VALUE-ADDED PLANS

BY SAMANTHA ROWAN

L&L Holding Company and J.P. Morgan Asset Management have formed a \$500m joint venture to acquire and develop value-added office and mixed-use properties in New York's five boroughs. The partners could allocate as much as \$4bn to reposition well-located, older properties into modern assets. "We're not going to buy a fully leased, core office building – we're going to look at opportunities where we can create value," said Robert Lapidus, president and chief investment officer.

Lapidus and his partner David Levinson, a former leasing broker, were inaugural players in re-imagining the tenant and consumer experience, as evidenced by their work on properties 195 Broadway and 200 Fifth Avenue. "It's our job to understand how the workforce evolves. We're in constant communication with our tenants, asking how they're using space and what's important to them," he said. The firm's current projects also include the re-imagining of 425 Park Avenue, which will be the first full-block office tower to go up on the Avenue in almost 50 years, and the redevelopment of 390 Madison, which is the largest re-massing of a NYC office building.

With many larger tenants opting for space at Hudson Yards, Lapidus said he believes there will continue to be strong demand for properties close to transportation hubs or that are more easily accessible than the Far West Side. "New York is one of the oldest cities in the world, with more than 400 million square feet of office

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Robert Lapidus

space," he said. "What Related is doing at Hudson Yards is great and the city needs it but the city also needs new office product in Midtown."

One of the appeals of L&L's redevelopment strategy is that there's no cookie cutter solution to revamping a Class B office building in a Class A location. "When you're doing ground-up, it's easy to make sure the space is column-free and that there's good light and air. Our skill set is about transforming space where the columns might be in the wrong places or the windows just don't work. Reconfiguring it is much more challenging but, if you can get there, you'll have a really

cool product," Lapidus said.

J.P. Morgan, a longtime partner, is bringing an undisclosed institutional investor to the deal. L&L, which has a portfolio of more than six million square feet of Class A properties, recently expanded its staff in advance of the upcoming acquisition push. "Think about what happens when you buy an older house – you gut the inside, you get modern light and air, and you create a modern product. We did this with the retail redevelopment at 195 Broadway. We took great care and respected what was already there so that the redevelopment doesn't feel out of place. 195 Broadway is now one of three retail master plans in all of New York City (along with Grand Central Terminal and Rockefeller Center). Anthropologie and Nobu have chosen 195 as their flagship locations, which is a testament to the success of the project," Lapidus said. "We're already looking at things and we're extremely excited about what this relationship will help us to do."