

September 24, 2010

Platinum Props Plans Hotel/Condo at \$52M Asset

By Paul Bubny



Cecora

NEW YORK CITY—Its commercial division less than a year old, Platinum Properties scored a notable deal earlier this week with the \$52-million sale of a Midtown development site. Platinum EVP of investments Raymond Cecora arranged the deed-in-lieu transfer to HFZ Capital Group, which plans a 198,000-square-foot hotel-condominium on the site, currently used as a parking lot.

The previous owners of 14-20 W. 40th St., identified in city records as 40th St. Partners LLC, had defaulted on a \$44-million loan from lender Petra Capital. Petra moved to foreclose on the site earlier this year.

Platinum says in a release that it brought together Petra and a pre-existing Platinum client, HFZ, at first striking a deal for HFZ to purchase the remaining debt and take control of the non-performing note from Petra for \$41 million. Petra took back the deed in lieu of foreclosure this past June, city property records show. One day prior to an auction of the site, HFZ bought it for \$52 million.

Cecora says in the release that “all the parties involved were able to walk away satisfied” while HFZ was able to acquire this site at a price level that is sure to show them great returns, even given today’s economic variables.” Cecora and Platinum president Khashy Eyn launched Platinum Properties Commercial Investments in late 2009, and Cecora says the division, branching out from Platinum’s established residential brokerage, is pursuing other deals similar to the 14-20 W.40th transaction. It aims to provide solutions to distressed building owners, lenders with non-performing debts and investors looking to acquire property throughout New York City, in addition to the Miami and Los Angeles markets, the release states.

This week, another well-established residential company, AKAM Living Services, also branched out into the commercial sector, seeking to take advantage of current market conditions in a different way. Having founded AKAM in 1983, company president Leslie Kaminoff announced the formation of the Ashtin Group, a separate commercial subsidiary that will manage office, retail and industrial properties in both New York City and Florida. AKAM manages a portfolio of more than 150 apartment properties in the two markets.

In a release, Kaminoff calls the expansion into commercial “a natural outgrowth of our capabilities in residential management.” He says AKAM’s existing residential clients have “continually” asked the company to venture into the commercial arena, “and we have finally taken the official plunge.” The

fundamentals of management, he says, are identical regardless of whether the property is residential or commercial.

The timing of the launch is “excellent,” Kamiloff believes, “despite the challenges in today’s economic environment, largely because quality office buildings always need to be meticulously maintained and improved in order to retain value and attract creditworthy tenants. Leasing was the main focus for landlords when the market was stronger, but in today’s tenant-friendly environment, the quality of a building is foremost in attracting the right mix of occupiers.”

Most recently, Ashtin was awarded the management contract for the retail component at 25 Bond St., a NoHo apartment building, as well as an office condominium at 211 W. 61st St.