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# SKYLINE

REAL ESTATE YEAR-IN-REVIEW 2014



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# SKYLINE

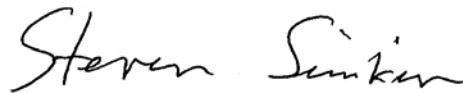
REAL ESTATE YEAR-IN-REVIEW 2014

Friends, Clients, Colleagues,

We are extraordinarily grateful to have had the privilege of working with some of the nation's top residential and commercial developers and owners, as well as government entities and non-profit institutions, entrepreneurs and investors in their most important transactions this past year – and what a year it has been!

New York is the city of dreams, and our clients are in the business of turning dreams into reality, breaking new ground last year on unprecedented development projects and residential, commercial and retail construction that will transform the neighborhoods and skyline of the City.

Abundant investment capital and funding combined with low interest rates and a safe haven for foreign capital are fueling investor demand for New York real estate. The bustling activity in the City's office, residential and hospitality sectors attracts people from all over the world to live, invest and visit. This is an extraordinary time – and we look forward to helping our clients take advantage of emerging opportunities in the coming years.



Steven Simkin

Chair of the Paul, Weiss Real Estate Department

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*Kohn Pedersen Fox*

## D E V E L O P M E N T

### **New Office Tower Planned in Midtown Manhattan**

We represent the Metropolitan Transportation Authority in the pre-development aspects for a new office tower known as One Vanderbilt, to be constructed by Hines and SL Green at 42nd Street and Vanderbilt Avenues subject to favorable zoning and land use review. The tower, which will create significant public realm improvements to Grand Central Terminal and the GCT subway stations, will be the first development to utilize the proposed Vanderbilt Corridor zoning provisions. We will continue to represent the MTA on the development agreements and other aspects of this project when the public land use review process is concluded.



305 East 51 Street



## CIM Group Continues Its Investment Activity

We represented CIM Group, a full service urban real estate and infrastructure fund manager, in a variety of investments located in high-density, high barrier-to-entry communities such as Manhattan, including:

- 432 Park Avenue (the former Drake Hotel site along 56th Street and Park Avenue), a Rafael Viñoly-designed 1,396-foot-tall residential tower with street-level retail space;
- 100 Barclay, the conversion of the top 20 floors of the Verizon headquarters building located in lower Manhattan to residential condominiums;
- Halcyon at 305 East 51st Street, a mixed-use development that will comprise a 32-story, 274,000 gross square-foot tower with residential condominium units, retail space and underground parking;
- 737 Park Avenue, an Upper East Side pre-war multi-family building that has been converted to condominiums; and
- The 34-story residential tower development above Block Thirty Seven, a five-story retail center located in Chicago's Loop.



737 Park Avenue



## Flushing Commons Commences Construction

We represent a joint venture of affiliates of The Rockefeller Group, F&T Group, AECOM Capital and Mount Kellett Capital Management LP in the development and financing of the Flushing Commons project in Flushing, Queens. The mixed-use development, being constructed on a five-acre site purchased from the City of New York, will include up to 1.2 million square feet of residential and office condominiums, retail and restaurant space, 1600 parking spaces, and a state-of-the-art community recreational facility, surrounding a 1.5-acre "town square" of landscaped open space with a fountain plaza. Construction commenced on the first phase of the project in 2014, with two additional phases of development planned.



*The Related Companies*

### **Hudson Yards Development Under Construction**

We represent the Metropolitan Transportation Authority in the Hudson Yards development, the lease and sale of the airspace over the MTA's 26-acre railyards to a joint venture of The Related Companies and Oxford Properties Group for the largest development project in New York City. Construction is underway on the first office building, to house the world headquarters of Coach Inc., as well as on the first residential and retail buildings and the platform which will cover the entire railyard east of 11th Avenue. Closing is anticipated this year on another office building site to house the new headquarters of Time Warner Inc. The Hudson Yards development will ultimately include a total of over 12 million square feet of office, retail and residential space, including 5,000 residential units, along with 12 acres of open space, a new school, a cultural institution, and major public amenities.

*Greenland Forest City Partners*



### **Pacific Park Development Commences in Brooklyn**

We represent the Metropolitan Transportation Authority in its agreements with a joint venture of Forest City Ratner Companies and The Greenland Group for the development of the air space over the MTA's Vanderbilt Railyards in the multi-building Pacific Park (formerly Atlantic Yards) development project. The developer commenced construction in 2014 of a new railyard for the MTA, which is the initial step in the development of multiple new residential buildings on the site.



### **Jonathan Rose Develops Mixed-Use Project in Brooklyn**

We represent Jonathan Rose Companies in its arrangements with non-profit cultural groups to develop a green mixed-use project in the Brooklyn Cultural District. The project will include 123 residential units (40% of which will be affordable units), commercial restaurant space, and approximately 20,000 square feet of space for non-profit cultural groups.

### **Jonathan Rose Develops Housing in Brooklyn Heights**

We represent Jonathan Rose Companies and CBD LLC in a joint venture with Treeline Companies in the development of a green, mixed-use residential project on Montague and Pierrepoint Streets in Brooklyn Heights. The project will be a luxury 80/20 rental building with approximately 115 units.

*Jonathan Rose Companies*



### **Giant Observation Wheel to Be Built on New York Harbor**

We represent New York Wheel LLC, a consortium of private investors, in the development and financing of a 630-foot high observation wheel to overlook New York Harbor and the New York skyline on land leased from the City of New York in St. George, Staten Island. Upon its planned completion in 2017, the New York Wheel will surpass the Singapore Flyer, Las Vegas High Roller, and the London Eye as the tallest observation wheel in the world. A short walk from the Staten Island Ferry, the Wheel will be the centerpiece of a planned retail and entertainment complex, designed to create a major tourist destination.

*Douglaston Development*



## **Douglaston Development Continues to Shape Williamsburg Waterfront**

We represented our long-time client Douglaston Development in connection with the debt and equity financing for 2 North 6th Street and 1 North 4th Street, two large multi-family developments on the Williamsburg waterfront in Brooklyn adjacent to The Edge, Douglaston's ground-breaking mixed-use project with luxury condominium projects that opened in 2010 (and for which we also represented Douglaston).

## **Rose Associates to Develop Metro New York Properties**

We represented Rose Associates, Inc. and its affiliates in development joint ventures throughout New York City, including a joint venture with Benenson Capital Partners for the ground-up development of a 360-unit multi-family rental building at 210 Livingston Street near the Barclays Center in Brooklyn.



## **LeFrak Ownership of Newport, Jersey City**

We represent affiliates of LeFrak, one of New York/New Jersey's largest developers, in multiple matters related to the ownership of Newport, a major multi-thousand apartment and multi-million square-foot office, retail and mixed-use development in Jersey City, NJ.

## **Prominent Real Estate Investor to Develop Luxury High-Rise**

We represent a prominent real estate investor in a luxury high-rise condominium development at 62nd Street and Second Avenue in New York City.

## **New Medical Facilities Planned on Upper East Side**

We represented Memorial Sloan-Kettering Cancer Center in its agreement to construct a 750,000 square-foot cancer treatment facility on East 73rd Street.



*Newport Associates Development Company*



*Chrystie Place*

## SALES, ACQUISITIONS & JOINT VENTURES

### **AvalonBay Sells Downtown Building**

We represented a joint venture whose managing member was AvalonBay Communities, Inc., one of the largest national residential REITs, in the sale of Avalon Chrystie Place, a residential and mixed-use building in the Cooper Square neighborhood of Lower Manhattan.





### **New York Real Estate Family Acquires Downtown Office Building**

We represent a New York real estate family interest in the acquisition of 32 Old Slip, a 1.2 million square-foot New York City office building in downtown Manhattan, and the ground lease of the property to affiliates of RXR Realty.

### **NorthStar Realty Makes Strategic Acquisitions**

- We represented NorthStar Healthcare Income, Inc. (“NHI”), a public, non-traded REIT, in connection with its commitment to provide up to \$315 million of equity, senior debt and mezzanine debt for the purchase, by an investment group comprised of NHI and two other investors, of the U.S. operations of Extendicare International Inc., including an \$870 million portfolio of 152 skilled nursing facilities and six assisted living facilities.
- We represented NorthStar Realty Finance Corp., a New York-based diversified commercial real estate company, in its \$4.2 billion acquisition and financing of Griffin-American Healthcare REIT II.
- We represented NorthStar Asset Management Group Inc., a global asset management firm, in its acquisition of a 47 percent ownership interest in American Healthcare Investors, a California-based healthcare-focused real estate investment management firm.

### **Shubert Sells Air Rights**

We represent the Shubert Organization in the sales of zoning development rights from their Broadway theaters for use in new office and residential buildings and hotels being developed in Manhattan’s West Midtown area.



*Shubert Theater*



*Carnegie House*

### **Investment Group Considers Carnegie House**

We represent substantial investment group in connection with the proposed acquisition of various residential condominium and retail units at 100 West 57th Street, known as Carnegie House.

### **New York Property Owner to Develop Luxury Condos**

We represented a prominent New York real estate owner with the proposed joint venture development of a luxury residential condominium project in the East 60s in Manhattan.

### **KLM Equities Sells Midtown Development**

We represent KLM Equities in its sale of a 310,000-square foot mixed-use development project at 150 West 34th Street in Manhattan.



### **Apollo Invests in Industrial Sector**

We represent funds and separate accounts managed by Apollo Global Management and its affiliates in a joint venture to acquire a 1.7 million square foot industrial distribution portfolio located in Atlanta, Georgia and in a programmatic joint venture to acquire infill warehouse and distribution-focused industrial properties with an opportunistic business plan in major markets in the Eastern United States.





### **KLM Equities Acquires and Leases Building in Flatiron District**

We represent KLM Equities in the acquisition and leasing of 920 Broadway, located in New York's Flatiron district.

### **PulteGroup Buys Real Estate Assets of Dominion Homes**

We represent Dominion Homes, one of the largest builders in Columbus, Ohio and Louisville, Kentucky, in the sale of its real estate assets to PulteGroup.

### **Murray Hill Acquires Parsons Building**

We represent Murray Hill Properties in a joint venture with affiliates of Soho Properties Inc., Hampshire Hotels Management LLC and Flintlock Construction Services, to acquire the former Parsons New School for Design building at 560 Seventh Avenue in the Times Square area for the construction of a new hotel and a two-story retail arcade, and in connection with the engagement of a Hampshire affiliate to operate the hotel under the Dream brand.



### **HCP Executes Strategic Transactions**

We represented HCP, Inc., an S&P 500 healthcare REIT, in a variety of transactions, including the formation of a \$1.2 billion joint venture with Brookdale Senior Living Inc., a large operator of senior housing facilities around the country.

### **Helen Hayes Theatre Sells Development Rights**

We represented The Little Theatre Group in the sales of development rights from the Helen Hayes Theatre for use in new office and residential buildings being developed in Manhattan's West Midtown area.

### **Fedcap Rehabilitation Services Purchases Condominium**

We represented Fedcap Rehabilitation Services in the purchase of a leasehold condominium unit at 205 East 42nd Street.



### **Murray Hill Sells One Pepsi Way**

We represented Murray Hill Properties in the sale of the Pepsi bottling headquarters building located at One Pepsi Way in Mount Kisco, New York.





### **The New York Public Library Acquires New Facilities**

We represented The New York Public Library in the acquisition of its new administrative office space at 445 Fifth Avenue and in the development of a new state-of-the-art branch library on West 53rd Street as part of the 46-story Baccarat Hotel and Residences.

### **Green Chimneys Sells Gramercy Building**

We represented Green Chimneys School, a prominent not for profit that provides educational and recreational services for children with special educational and emotional needs, in the sale of its former Manhattan facility at 327 East 22nd Street to an affiliate of Suzuki Capital.

### **North Shore–LIJ Continues Expansion**

We represent the North Shore–LIJ Health System, the New York region’s largest nonprofit health-care system, in multiple new acquisition and development projects for medical offices, lab space, hospital facilities and office space across New York City and Long Island.



### **Apollo Invests in Single Family Houses**

We represented Apollo Global Management in establishing a series of joint ventures to acquire portfolios of single-family houses, as well as in financing the portfolios.

### **Savills Acquires Studley**

We represented Savills plc, a global real estate services provider listed on the London Stock Exchange with more than 500 offices and associates throughout the world, in the acquisition of Studley, Inc., a New York-based privately held real estate services provider.



*LINQ High Roller, Las Vegas - Caesars Entertainment Corporation*

## HOSPITALITY & GAMING

### **Caesars Finances Gaming Projects**

We represented Caesars Entertainment Corporation, the world's most diversified gaming company, in a variety of projects including a \$1.75 billion partial refinancing of a large portfolio of casino properties and vessels throughout the United States.





*LINQ High Roller, Las Vegas - Caesars Entertainment Corporation*



## **Apollo Sells Novotel Times Square**

We represent Apollo Global Management in a joint venture with Chartres Lodging Group and other investors, to sell the Novotel New York Times Square, located in the heart of Manhattan's theater district, to Millennium & Copthorne Hotels plc, a publicly traded UK-based hotel operator, for approximately \$274 million.



*Novotel New York Times Square*



*Dorado Beach Resort*

## **D.E. Shaw Increases Its Investment in Dorado Beach Resort**

We represented D.E. Shaw in a new debt investment in the Dorado Beach resort in Puerto Rico. D. E. Shaw already had an equity investment in the resort.



*Venetian, Las Vegas - Las Vegas Sands Corp.*

## **Las Vegas Sands Continues Its Worldwide Gaming and Integrated Resort Activities**

We have been primary counsel for Las Vegas Sands Corp., the world's largest gaming company, and its predecessors since 1995. This year our work for LVS and its majority-owned public company subsidiary, Sands China Ltd., included representing them in the refinancing of its Macau, Singapore and Las Vegas resorts.





### **Oaktree Acquires Debt**

We represent funds sponsored by Oaktree Capital Management in the acquisition of debt secured by the former Frontier site on the strip in Las Vegas, the sale of the debt to Crown Hotels and Resorts and an investment in the entity established by Crown to own and operate the property post-foreclosure.

### **Yucaipa Sells Soho House Building**

We represented the Yucaipa Companies in the sale of the commercial condominium unit that houses the Soho House New York, located at 33 Ninth Avenue, and the modification of the Soho House lease in connection with such sale.



*Soho House New York*



*Fontainebleau Miami Beach*

### **Fontainebleau Refinances Miami Beach Resort**

We represented the owners of the Fontainebleau in Miami Beach in a refinancing of the iconic resort that consisted of a \$535 million securitized mortgage loan and two levels of mezzanine debt.



*Town Square Las Vegas*

## FINANCING

### **TSLV Finances Las Vegas Shopping Mall**

We represented the owner of the Town Square Las Vegas shopping center in financing for the property. The borrower is controlled by funds managed by Five Mile Capital Partners, Oaktree Capital Management and Centerbridge Partners.





*180 Maiden Lane*

### **Murray Hill Buys Building in Downtown Manhattan**

We represent Murray Hill Properties in the purchase, financing and leasing of 180 Maiden Lane in Lower Manhattan.

### **U.S. Treasury Funds Housing Program**

We advised the U.S. Treasury on its Hardest Hit housing program, which has provided over \$7.6 billion in funding to State Housing Finance Agencies in 18 states to fund programs to combat the housing foreclosure crisis.

### **Alpine Capital Refinances Palmer Square**

We represented Alpine Capital in its \$120 million refinancing of Palmer Square, a mixed-use property in Princeton, New Jersey consisting of residential, office, retail and parking components and the Nassau Inn hotel.



*Palmer Square*

### **SL Green Refinances Midtown Office Building**

We represented a joint venture led by SL Green Realty Corp., a public REIT and New York's largest office landlord, in a \$360 million mortgage loan provided by a syndicate primarily consisting of German banks, secured by 100 Park Avenue, a 36-story office building in Midtown Manhattan.

### **New York Property Owner Amends Ground Lease**

We assisted a prominent New York real estate owner with amendments to ground leases of fee premises located on West 41st Street and East 14th Street in Manhattan, to enable the developer to secure the benefit of bond financing from the New York State Housing Finance Agency, federal low income housing tax credits and 421a real property tax exemption from the City of New York.



*100 Park Avenue*



## LEASING & GROUND LEASING

### **Vice Media Leases New Headquarters Space in Williamsburg, Brooklyn**

We represented Vice Media Inc. in its lease agreements for approximately 60,000 square feet of space for its new headquarters to be located on South 2nd Street in Williamsburg, Brooklyn. Vice plans to undertake a major renovation of the new space and to more than double its workforce with the addition of 525 employees over the next five years. One of the area's largest employers, Vice was founded as a punk magazine and currently runs a website (Vice.com), an HBO show and news, sports and music channels.





## Leasing Snapshot

We had another active year in the New York City leasing market. Among the most noteworthy representations were:

- Sublandlord in sublease of over 55,000 of Park Avenue office space
- Sublandlord in sublease of full floor of Fifth Avenue office space
- Sublandlord in sublease of full floor of Third Avenue office space
- Tenant in extension and amendment of Meatpacking District restaurant space
- Tenant in lease of 57th Street office space, contiguous with subleased space (and including rights to take over the subleased space)
- Tenant in lease of two full floors of Bleecker Street office space
- Tenant in lease of full floor of Park Avenue office space.

## Portillo's Hot Dogs Consummates Sale-Leaseback

We represented Berkshire Partners and its portfolio company Portillo's Hot Dogs in the sale-leaseback of all twenty of Portillo's owned restaurants and supply sites, located in the Chicago metropolitan area and in Arizona.

## CEC Entertainment Closes Sale-Leaseback

We represented CEC Entertainment, Inc., the operator of Chuck E. Cheese entertainment and dining venues, in the \$184 million sale-leaseback of 49 properties in 21 states to National Retail Properties, L.P., a public REIT.



*Socony-Mobil Building*

## Goelet Forms Condominium Leasehold

We represented the fee owner of 150 East 42nd Street, known as the Socony-Mobil Building, in forming a condominium leasehold and selling 500,000 square feet of office space to the Mount Sinai Medical System.

## Syracuse University Renegotiates Ground Lease

We represented Syracuse University in connection with a right of first refusal under a long-term ground lease and the renegotiation of that ground lease in connection with a proposed assignment of the tenant's interest in a residential dormitory facility on the Syracuse University campus.

## St Luke's Leases Church Grounds for Residential Development

We represented The Rector, Church Wardens and Vestry Members of the Church of St. Luke in the Fields in its ground lease to Toll Brothers Development for the development of a residential building on a portion of the grounds owned by the church in Greenwich Village.

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## ABOUT THE FIRM

Paul, Weiss is a firm of more than 800 lawyers with diverse backgrounds, personalities, ideas and interests who collaboratively provide innovative solutions to our clients' most critical and complex legal and business challenges. We represent some of the largest publicly and privately held corporations and financial institutions in the world as well as clients in need of pro bono assistance.





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