

NEW YORK POST

FEBRUARY 10, 2010

New subway line needs cash New Subway line short of funding

by Lois Weiss - Between the Bricks

Real estate executives are calling on Uncle Sam to provide federal stimulus money to build a new subway station at West 41st Street and Tenth Avenue for the No. 7 subway line extension after budget constraints closed the door on its construction.

As of now, the only stop on the 7 line extension will be at West 34th Street and Eleventh Avenue, opposite the Javits Center. The project is expected to be completed by 2013, assuming there's funding.

On a recent hard-hat tour of the ongoing tunnel construction with **Mayor Bloomberg** and Metropolitan Transportation Authority Chairman **Jay Walder**, we discovered that boring for the tunnels has already made the turn to the northeast at West 41st Street and will hook up with the subway station at West 42nd Street and Eighth Avenue by July.

However, no larger boring will occur at Tenth Avenue for the proposed station there.

Mary Anne Tighe, chairman of the Real Estate Board of New York, said she didn't see why the building of the Tenth Avenue station shouldn't be a priority as a "shovel ready" federal stimulus project.

"They could bid it right out," she told us while attending the Young Mens'/Women's Real Estate Association lunch.

The Hudson Yards Development Corp. is hopeful the Tenth Avenue stop can be added later.

But current estimates are \$500 million just to create the space, plus another \$300 million to ensure it's safe. There could be additional costs if the tunnel boring equipment, which is currently being dismantled, has to be brought back.

The Related Cos. is scheduled to start building an apartment tower right above the proposed subway stop. But **Ann Weisbrod**, president of the Hudson Yards Development Corp., warned that if the MTA decides to begin constructing a Tenth Avenue subway

station later, it will cost significantly more because of the costs associated with ensuring the Related building isn't affected by construction.

"The Real Estate Board has been pursuing federal money and there are no pots available," she said. "That's the problem."

Wake up politicians! Don't push the Hudson Yards and Far West Side for residential development and then leave the residents angry over a subway that zooms right past them.

State documents indicate Vornado Realty Trust might have its sights set on 601 Madison Ave. and some of the buildings near it.

Located next to Vornado's Fuller Building, the five-story building's retail space is currently leased by Emporio Armani. However, the Armani retail piece is currently up for rent through **Laura Pomerantz** of PBS Real Estate, who didn't return calls for comment.

The small, 25,000 square foot building constructed in 1930 is owned by an entity called J-2, and the \$50 million mortgage on 601 also covers two other buildings, 607-611 Madison, which sits at the corner of East 58th Street, and its next-door neighbor at 42-44 E. 58th St. which abuts the Fuller Building to its south.

The mortgage was signed by **Lori Buchbinder** of Buchbinder & Warren, who said they manage the buildings for the owner and was unaware of any sale.

Officials from J-2 did not return a call for comment.

Adding to the intrigue: Sitting between 601 Madison and 607 Madison is the slender 605 Madison, owned by **Ty Warner** of Beanie Babies fame, who has been beset with financial troubles related to his ownership of the nearby Four Seasons Hotel.

We have yet to determine Vornado's plan and if it is also buying the three other properties. But if Vornado did snap up those four properties, it would totally protect the area around the Fuller Building, and could provide it with more of a retail mall.

Vornado, of course, would not comment.

The international commodities fund Galtere leased the 8,121-foot duplex penthouse of the Scribner Building at 597 Fifth Avenue.

The space features an atrium with a 20 foot high skylight and a terrace overlooking the rooftop gardens of Rockefeller Center. The space was originally built out by Benetton for its flagship showroom.

The seven-year deal averaged in the low \$50s per foot, and was one of the last Helmsley Spear transactions to be concluded.

The fund found the space through **Mark Mandell** and **Ethan Silverstein** of Cushman & Wakefield.

Vlad Spector, **Jeff Tuller** and **Joel Nelson** represented owners A&A. All three worked for Helmsley Spear, which has since shut down. Now Spector is at NAI Global, while Tuller and Nelson have joined Brown Harris Stevens.

Back in 2007, **Gary Barnett's** Extell Development bought 112-118 W. 25th St. for \$42.7 million.

He currently has a pact with the adjacent 120-22 and 124-26 to buy their development rights between now and Oct. 10, and Barnett said he is hoping to build a hotel there.

"It will be a nice hotel -- full service," he told us. "Meantime, we ain't done it yet." Barnett is moving forward with a number of developments, including the giant mixed-use tower opposite Carnegie Hall and the Gem Tower on W. 47th St., where the company is selling commercial condos.

The Real Estate Education Center signed a five-year lease for the entire 3,000-foot second floor at 144 W. 37th St.

The asking rent was \$30 per foot.

Sasha Majerovsky of Citywide Properties represented both sides of the transaction.

Joseph Chetrit, **Charles Dayan** of Boujour Equities and **Yair Levy** have signed documents with Bank of America to correct an error in earlier recorded mortgage documents that got them into trouble with their mezzanine lender, an affiliate of SL Green Realty Corp.

A lot adjacent to their 620 Avenue of the Americas retail building -- where Bed Bath & Beyond reigns -- was left off the original \$235 million Wachovia mortgage.

When the lot was transferred by the trio to a new deed, The RealDeal reported, SL Green filed a lawsuit, worried they might try to sell that "outparcel" or develop it and impinge on the bigger building's loading docks.

The lawsuit has been settled, an SL Green spokesman said.

Levy's wife, **Sosana**, recently transferred 50 percent of her 98 percent interest in a mezzanine loan on the property to D&J Investors and another entity controlled by Bonjour.

Separately Levy, who has lost or bankrupted other developments, also transferred his interest in a Fulton Street retail piece to his wife.