

Lipstick Building gets to shine again

Even in the midst of a recession, Daniel R. Elsztain saw the United States as the land of opportunity.

Elsztain is the chief real estate officer of IRSA In-



vestment and Representations, Argentina's largest landlord. In 2009, the company went international and began negotiations to purchase the Lipstick Building on 53rd and 3rd, famous for its distinctive red color, stacked oval silhouette, and notorious criminal tenant, Bernie Madoff.

IRSA closed on the building in 2010 and set out to rehabilitate its smudged image.

"The building wasn't doing what it should," Elsztain said. "We changed the perception and brought it back to what it should be."

In the hands of IRSA and co-asset managers Herald Square Properties, the building got an updated lobby and plaza area by Moed de Armas & Shannon Architects. The new owners also brought a new pride to the 34-story, 636,000 s/f office tower.

"The windows were not clean," Elsztain said. "If you own this kind of building, you need to make it shine."

Today, the building is 89 percent occupied, and the stylish, Gensler-designed pre-built offices, which feature interior walls of narrow glass panels that follow the building's distinctive curves, are attracting attention. The most recent lease in the building was for \$79 psf.

On the 33rd floor, the unfinished space offers 360-degree views from the East River to Central Park. Elsztain calls it the building's "crown jewel."

Also in 2009, IRSA purchased 183 Madison Avenue in a foreclosure auction, and the company has invested in two hotel companies, Hersha and Super-tel. "We believe that, once the recovery comes to the whole country, we will see a great upside," said Elsztain.

Elsztain lived in the Upper East side with his wife and three daughters for two years while establishing his company's US office, but the family has now returned to Buenos Aires and Elsztain visits for business every other month.

"We feel that New York is coming back. After being away for two or three months, I feel the vibrations on the street," he said.

In Argentina the company's portfolio includes properties from condos, shopping centers to mixed used buildings, Elsztain said. "Here, we're seeing what makes sense."

The company is also looking to Europe, where Elsztain's brother recently visited in search of opportunities for the family-managed, publicly traded company.

Elsztain admits he regrets not buying more property when he first started in New York. "When we were buying in 2009 and 2010, we were the only ones buying. There was a short list of people buying," he said. "Now everyone is buying. In this market, we wouldn't be able to buy this building."

Nonetheless, IRSA isn't done with New York. "It was a big challenge to come to a big city with big players," he said. "But now I think we're ready to roll."

