

Starwood/Herald Square JV Buy 1372 Broadway



Gerard Nocera,
principal of
Herald Square Properties.

NEW YORK CITY-Private investment firm **Starwood Capital Group** and investment/operating company **Herald Square Properties LLC** have teamed up to buy 1372 Broadway in Midtown from **BLDG Management**, GlobeSt.com has confirmed. While either party could not disclose the price of the transaction, it has been rumored to go for \$325 million, according to industry reports.

Property records from **Real Capital Analytics** indicate that BLDG acquired the 571,667-square-foot tower from Manhattan-based office REIT **SL Green Realty Corp.** in October 2008 for \$274 million, or \$506 per square foot. Currently, the 21-story property is 100% occupied by a mix of fashion and financial services tenants, including Ross Stores, Inc., Walmart and LF USA. It is also home to ground-floor retailers such as GNC, Starbucks and New York Health Club.

Under the deal, Herald Square Properties will serve as asset manager and exclusive leasing agent for the building. **Michael Reid**, a principal at Herald Square, says the asset was a smart buy due to its “stable cash flow” and roster of blue clip tenants. “We also feel we can create significant long-term value by capitalizing on the building’s strategic location in the heart of a high growth submarket,” he says, in a prepared statement.

With the new acquisition, Herald Square now manages 1.4 million square feet in three Midtown submarkets, including prominent properties such as the Lipstick Building and 292 Madison Avenue. **Gerard Nocera**, a principal at Herald Square Properties, says the deal signals the continued growth of the company—and the firm is actively in the hunt for new opportunities. “New York is the toughest place in the world to buy real estate because it’s the best place to own,” he says, in a statement.

RCA records show that New York Life purchased the land on the deal. A spokesman for Starwood Capital Group declined to comment for this story.

