



# Building Relationships:

New York Real Estate Highlights | Fall 2018

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## Greetings From the Chairs

Once a year, as we pull together this newsletter, we get an opportunity to reflect on the past 12 months—on what we’ve accomplished, what we hope to achieve going forward, and what highlights we want to share with our clients and friends.

This year we had the great fortune to experience a number of exciting changes, beginning in April when we merged with Andrews Kurth Kenyon to form Hunton Andrews Kurth. In addition to the merger bringing us a number of new lawyers in important sectors such as oil and gas, we were also thrilled to add 20 lawyers to the real estate team, bringing our core team to 85 lawyers. Along with the merger, we have been actively bringing in new partners and other team members to facilitate growth in key strategic real estate markets. Partner Jane Hinton joined our Los Angeles office in April, coming over with a counsel and three associates; at the same time, partner Jonathan Kurry joined our Miami office, expanding our presence and making us better able to service clients in Florida. And all the while, against the backdrop of this major growth story, we have been busy closing a variety of market-leading deals. Over the past 12 months, our New York real estate practice has closed more than 125 transactions around the country, valued at over \$11 billion. In fact, we were ranked #6 by *The Real Deal* for “highest dollar volume of New York City real estate sales in the past 12 months.”

We want to thank you, our clients, for your unwavering trust and for sending our way the most interesting and complex deals. It’s an honor to support you in a range of endeavors that are literally changing the landscape of New York City and beyond.



Photo Credit: Steve Friedman 2017

**Howard E. Schreiber**

Co-chair, Real Estate Practice

**Carl F. Schwartz**

Co-chair, Real Estate Practice

# Building New York: Recent Deals

## Real Estate Development Team

Our New York real estate development team has represented clients on major transactions such as the following:

- **Pebblebrook Hotel Trust** in its **\$217.5 million** sale of the Manhattan NYC, a 618-room hotel with ground floor commercial space, located at 371 Seventh Avenue near the Herald Square neighborhood of New York City.
- **Tishman Speyer** in its **\$250 million** sale of a 19-story, 398,000 square foot Class A office tower in Arlington, Virginia, located less than three miles from Washington, DC.
- **Savanna** in connection with the...
  - Purchase of 5 Bryant Park for **\$640 million**. Originally built in 1957 and directly overlooking Bryant Park, the office and retail property is 34 stories and spans 682,988 square feet, 38,306 of which is occupied by the retail space.
  - **\$126 million** (approximately \$875/square foot) purchase of a 12-story, 107-year-old Beaux-Arts-style office building with ground floor retail, located in the NoMad neighborhood of Manhattan. The building is currently fully leased, but as NoMad continues to develop into one of New York City's most desirable mixed-use neighborhoods, Savanna plans to transform the property by undertaking strategic renovations and repositioning the ground floor retail.
  - **\$176 million** construction loan, **\$49.89 million** mezzanine loan and **\$64.5 million** corporate loan for the development of Vandewater, a high-rise luxury condominium building with approximately 170 units located in Manhattan.
- **Sumaida + Khurana and LENY** in connection with a **\$120 million** construction loan and a **\$35 million** mezzanine loan for the development of 611 West 56th Street. The project includes development and repurposing of the site into a 35-story, 173,163 square foot ultra-luxury residential condominium with retail components. Seven months earlier, we advised the client in connection with the **\$65 million** acquisition of the property.
- **World Wide Group** in its **\$276 million** sale of aalto57, which includes a 33,000 square foot retail condominium unit and 170 residential rental units.
- **Empire State Development**, New York State's chief economic development agency, as outside legal counsel in a **\$1 billion** project to redevelop Belmont Park into a sports and entertainment destination. The new complex, in Elmont, New York, will house the New York Islanders National Hockey League franchise as well as other entertainment, dining, retail, hotel and commercial office spaces.
- **Hersha Hospitality Trust** in connection with the refinancing of seven Manhattan limited-service hotels owned by a joint venture between Hersha and Cindat Capital Management Ltd. The financing consisted of a floating-rate mortgage loan in the amount of **\$300 million** and a floating-rate mezzanine loan in the amount of **\$85 million**. In 2016, we represented Hersha in the sale and original financing of the hotels.
- A global **private equity firm** in connection with a **\$1.8 billion** sale of 24 REITs, which indirectly owned 25 multifamily properties in Maryland, Pennsylvania, Virginia, Illinois and Florida.
- **Naftali Group** in connection with the **\$48 million** refinancing of a residential apartment building (with a retail and parking component) in an up-and-coming area of Park Slope, Brooklyn. The financing consisted of a mortgage loan in the amount of \$48 million.
- **Tall Pines** in connection with the origination of a mezzanine loan for the construction and development of a **\$100 million** mixed-use condominium project located in the Boerum Hill neighbourhood of Brooklyn, New York.
- A **real estate fund** in connection with a preferred equity investment of **\$140 million** into the owner of a one million square foot office building located a few blocks from Penn Station in Manhattan. The preferred equity investment will be advanced over time to fund landlord work, tenant improvements, leasing costs, and a major base building improvement project in connection with the re-tenanting of the building, including the replacement of the building's current anchor tenant.

**Building Relationships: New York Real Estate Highlights**

# Building New York: Recent Deals

## Commercial Real Estate Lending Team

Our commercial real estate lending team has closed billions of dollars in loans for clients in transactions such as the following:

- A **financial institution** in connection with the origination of a **\$235 million** mortgage loan and a \$195 million mezzanine loan secured by an office building located in Midtown Manhattan.
- A **portfolio of affiliated institutional lenders** in connection with a **\$470 million** loan comprised of a \$370 million mortgage loan, \$55 million senior mezzanine loan and \$45 million junior mezzanine loan, secured by a major office tower in downtown Los Angeles. The transaction was structured to permit the building's atrium level to be redeveloped and eventually released as a first-class shopping center.
- A **financial institution** in connection with the origination of a **\$200 million** mortgage loan and complex loan facility secured by 138 retail properties across the United States that was successfully closed within the borrower's short-turnaround deadline.
- A **commercial bank** in connection with the co-origination of a **\$403.5 million** construction financing for a 25-story office building near Hudson Yards in New York City.
- A **credit rating agency** in connection with its rating of a securitization related to a **\$2.2 billion** mortgage loan secured by an iconic hotel and casino in Las Vegas, Nevada.
- A **life insurance company** in connection with the origination of a **\$205 million** mortgage loan secured by 56 logistics facilities in five metropolitan areas across the country; this was part of a REIT membership interest purchase transaction that included provisions to provide for contemplated post-closing mergers, consolidation of entities and other restructuring of the borrower and sponsorship entities. The loan was structured with a master lease to accommodate Shariah-compliant investors.
- An **investment management company** in connection with the origination of a **\$68 million** construction loan that will fund the development of a 15-story student housing project adjacent to the downtown campus of the University of Central Florida and Valencia College in Orlando, Florida, focused on creating a true "live, work, learn, and play" urban destination.
- A **non-profit client** on a pro bono basis in connection with the origination of a \$709,000 mortgage loan secured by four multifamily properties in Syracuse, New York. The loan proceeds will be used by the borrower to fund pre-development costs in connection with a planned project in Oswego, New York, that will contain mixed-income housing and 10,000 square feet of commercial/retail space.
- A **commercial bank** in connection with a **\$310 million** floating-rate refinancing of the ground floor retail portion of a mixed-use retail/residential building located on the Upper East Side of Manhattan. The refinancing consisted of a \$245 million mortgage loan and a \$65 million mezzanine loan. The building is ground-leased to the borrower, which in turn leased the floors above the ground floor to a residential cooperative.
- The asset management division of a **commercial bank** in connection with three mortgage loans in an aggregate amount in excess of **\$95 million** secured by apartment complexes in Houston, Texas.
- Three **financial institutions** in connection with the origination of a **\$170 million** mortgage loan secured by 33 supermarkets located throughout California. The transaction involved structuring for key estate tax matters, existing purchase options and a master lease.
- A **life insurance company** in connection with the modification of an existing **\$470 million** mortgage loan secured by a portfolio of 44 industrial facilities located throughout Mexico to originate additional proceeds consisting of a loan increase and an add-on loan secured by four additional properties.
- A **credit rating agency** in connection with its rating of a commercial mortgage-backed securities issuance related to a **\$2.075 billion** mortgage loan secured by a portfolio of 410 hotel properties.

# Q&A With Jane Hinton



## **How did you get your start in real estate?**

When I first moved to London to gain experience before starting my training contract, I worked in the real estate department of Clifford Chance and supported the

project finance team. During that time, and amongst other things, I worked on the real estate aspects of developing a gas-fired power station and a gas storage plant, railway-related matters, and the Atlantic Crossing optical submarine telecommunications cable system. Those transactions really gave me an insight into how real estate touches all facets of everyday life, including electricity, travel and telecoms. When I qualified as a solicitor a couple of years later, it made sense to join the property group, which is what they called the real estate team in London.

## **What is keeping you busy these days? Any particular type of deal?**

We are continuing to see a lot of activity in the middle markets, particularly in multifamily and industrial assets, both on the buy-sell side as well as in financing. With a huge volume of assets likely to change ownership as baby boomers go through life changes, whether they retire or otherwise divest of their assets, we continue to see opportunities for value-add players and their financiers throughout the capital stack, including joint ventures and preferred equity.

## **What was your most interesting recent deal?**

We are assisting a developer client who is creating a new model for providing affordable housing in metro-markets such as Los Angeles through co-living. It is a really exciting opportunity for such an underserved market, where affordability and sense of community can be and has been lost in this transitional city. The client really is at the forefront of innovation and looking to take advantage of some of the city's own incentives for developers.

## **What was your first deal?**

As mentioned above, my first deal was a project finance deal that involved the acquisition and financial close of the Coryton Power Station by a joint venture of Bechtel, Shell and InterGen. I worked on documenting the acquisition, lease or easement for the pipelines bringing gas to the main power plant and for the electrical cables bringing electricity to the national grid. It was a huge deal to get it closed, as the UK government had imposed a moratorium on all other new gas-fired power stations. I can still remember the in-person signing room on closing day, and the what must have been 30 signatories for the transaction sitting around a large meeting table, where pages were being revised and updated up until the final seconds before closing. The transaction actually went on to win Power Deal of the Year 1998.

## **If you could own any piece of New York real estate, what would it be?**

I love the High Line and the adaptive reuse of the railway lines through the West Side of the City. Having lived in leafy London, I think green spaces in cities are really important for the soul.

## **What was the strangest professional situation you found yourself in?**

When I worked at Deutsche Bank I covered the emerging markets, including Eastern Europe and Russia, and I can remember one meeting where the Sponsor kept his pet shark in an aquarium in the boardroom of his office in which the meeting was being held.

## **What is your favorite TV show (past or present)?**

*Below Deck*, it is one of my secret vices. I think I am a wannabe "Yachty" at heart.

## **What was your favorite summer job? Or first job?**

I grew up in an English seaside town, and during the summer I had myriad jobs, including waitressing, bartending, working in the ice cream and candy floss kiosk and burger flipping, but the one which stands out most was when I was asked to fill in as the magician's assistant for a cabaret show.

# Q&A With Jonathan Kurry



## **How did you get your start in real estate?**

I was always fascinated by real estate, though I started off in a very different direction. In high school, I took design and architecture classes and was accepted to

a five-year architecture program in college. Before graduation, however, I changed my focus to law. I still intended to focus on real estate development, but when I graduated law school in 1993, Miami was still very much feeling the effects of the recession and the S&L crisis. Condominium prices had yet to bottom out, and interest rates were close to double digits. I stuck with it though, taking on whatever real estate work there was; then, when things turned around, it really paid off. Firms were desperate for associates with commercial experience, and in the following years I got to work on some great stuff.

## **What trends are you seeing in real estate right now?**

From here in Miami, I'm seeing continued high levels of interest from New York investors in the South Florida market, particularly in the hospitality sector. Though there's a lot of new room inventory, and more in the pipeline, there are emerging neighborhoods that are still underserved, and, of course, they aren't making any more oceanfront land. Areas farther away from Miami—like Martin County north of Palm Beach, the west coast of Florida and suburban Orlando—are also experiencing explosive growth and bucking national trends in retail and residential development.

## **Favorite real estate icon?**

I have a few, but in keeping with the Miami theme I'll say Henry Flagler and Carl Fisher. One of the things I love about Miami history is that it's so recent. Only 100 years ago, Henry Flagler was convinced by frost-free oranges to bring his railroad and hotel to Miami, and two decades later Carl Fisher built a bridge to Miami Beach, cleared the scrubby land with elephants and started selling lots. It takes a tremendous amount of vision to do something like that, especially while everyone is telling you why it will never work.

## **Where did you grow up?**

In Scotch Plains, New Jersey, a commuter suburb about 45 minutes from the City (Exit 135, before anyone asks!).

## **What is your favorite thing to do in your spare time?**

Anything on the water, but especially boating. Little known fact: I'm a licensed captain, and though I don't do it that often, every once in a while you can find me taking a charter out on a sunset cruise.

## **What was your first job?**

One of my first jobs was at a candy warehouse in New Jersey, picking orders for mostly mom-and-pop stores. One day the cooling system broke and we had to move a tremendous amount of chocolate before things started melting. It was a lot of work, but we ate a lot of candy along the way!

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***“I’m seeing continued high levels of interest from New York investors in the South Florida market, particularly in the hospitality sector.”***

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# The View From There: Q&A With Chris LaBianca, Managing Director at UBS Real Estate Finance

Welcome to our series “The View From There,” a Q&A featuring one of our many noteworthy real estate clients. Here we talk with Chris LaBianca, Managing Director of UBS Real Estate Finance.



**Chris LaBianca** is a Managing Director and Head of Origination within the Real Estate Finance Group at UBS. He is responsible for leading a national production team that provides commercial real estate debt for execution through the CMBS market as well as traditional balance sheet lending. Mr. LaBianca has spent over 25 years in the real estate debt markets with firms in the commercial banking, investment banking and private equity space. He is a past Chairman of the Real Estate Board of New York’s Finance Committee, was recently elected Vice Chairman of the Commercial Mortgage Board of Governors for the Mortgage Bankers Association and is a member of the Advisory Board for the Kuhn Real Estate Center at Syracuse University.

## **How did you get your start in real estate?**

My first job out of business school was with Chemical Bank. I was working in Corporate Mortgage Finance, providing warehouse lines to residential mortgage companies. The group was run by Pat Micka, who was asked to start a new line of lending for the bank known as CMBS. Pat recruited many of those who worked on the CMF team to help launch the venture. I think it took about two years before we finally made our first loan.

## **What is keeping you busy these days?**

In addition to the constant treadmill of the CMBS issuance cycle, UBS is developing several new real estate lending programs for its balance sheet to best serve the needs of its high net worth client base. We are excited that this initiative will expand our product menu and allow us to become a more flexible provider of real estate debt.

## **What piece of advice are you constantly giving?**

Always have a positive attitude. I have always looked at the world from a glass-half-full, optimistic perspective. Positive people seem to have a can-do spirit that allows them to face challenges and believe there is always a solution. Also, never burn a bridge. You would be surprised how small the industry can be.

## **What was the strangest professional situation you found yourself in?**

I was closing a very large loan on a high-profile office building. It was after midnight, we were in the lawyers’ offices and there were as many people around as if it were 2:00 in the afternoon. We came to an impasse on a particular negotiating point and

the client challenged me to a race down the hall, proposing that whoever won would prevail on the point. All I could think was that I would get halfway down the hall, be ahead, and the client’s brother would jump out and knock me down. It was really late. I declined.

## **Where did you grow up?**

I grew up in Paramus, New Jersey. If you know anything about Paramus, I believe it once laid claim to the highest retail sales per capita by zip code in the US. As kids, we called it Malltown USA. It was classic suburbia. I had a high school band, and our signature original tune was “1001 Suburban Nights.” That didn’t work out, so I guess I was destined to go into real estate.

## **What was your favorite summer job?**

I had a lot of jobs in college, from waiter to stock boy to delivering pizzas. But by far the best one was as a test driver for Jaguar. Most of the foreign automakers were headquartered in Northern New Jersey back then. The engineering department would hire people to put 100,000 miles on a car when they were testing new parts, like fuel injection or cruise control systems, to see how they would perform. We would drive the cars hard in eight-hour shifts. Exhilarating when your regular car is a Chevy!

# Things You Need to Know in 5 Minutes or Less



***We are excited to introduce several new videos in our series “Things You Need to Know in 5 Minutes or Less.”***

Each episode features a discussion of different legal and business challenges facing the real estate industry, and includes lawyers from various disciplines throughout the firm. To check out our entire playlist of videos, click [here](#).



**Video I: Defaulted Construction Loans** – We sit down with Michael Albers to discuss what to do when your development isn’t going according to plan and how lenders can protect their collateral while figuring out the best way to move forward when it looks like a construction loan is going into default.



**Video II: Cyber Attacks** – We sit down with Lisa Sotto to discuss why every business, including real estate companies, should be concerned about cyber attacks. Find out the things you need to know to prepare for an attack, and how to respond quickly and efficiently.



**Video III: Cyber Insurance** – We sit down with Walter Andrews to talk about cyber insurance for real estate companies. If your real estate company or real estate portfolio suffers a data breach, who will cover the cost? A complete and holistic approach to cyber insurance can help protect your real estate assets.



**Video IV: Crowdfunding** – We sit down with Scott Kimpel to talk about crowdfunding. For entrepreneurial developers that want to be at the forefront of the latest financing and technological fundraising techniques, crowdfunding allows them to tap into an entirely new pool of investors.

# Real Estate Events

## “She Builds” Community Service Project

On September 28th, a team of Hunton Andrews Kurth lawyers stepped away from their computers and picked up their paintbrushes to assist in “She Builds,” a full-day renovation project to provide much needed revitalization to the Lincoln Square Neighborhood Center. The event, organized by a committee of female real estate industry leaders led by Hunton Andrews Kurth lawyer Laurie Grasso, was a labor of love that took nearly a year to pull together. The committee partnered with Rebuilding NYC, to find a location that needed refurbishing and then quickly organized a team of nearly 100 volunteers and raised \$100,000 in sponsorship donations in record time in order to make the project a reality. The event was a wonderful opportunity to empower women and specifically women in real estate, and to give back to the community.



# Real Estate Events

## Project Destined

Hunton Andrews Kurth recently partnered with Project Destined, an innovative non-profit real estate firm co-founded by former investment banker Cedric Bobo and real estate industry veteran Fred Greene. The mission of Project Destined is to transform minority youth into owners and stakeholders in the communities in which they live, work and play. Bobo and Greene accomplish this through hands-on training in which students are exposed to all the elements involved in making a real estate investment and ultimately help bid on an actual property in their community. A portion of the profits from the property is then distributed to the students in the form of a scholarship.

As with a lot of good ideas, our participation started small and local. Rob Smith, a Real Estate Capital Markets partner in our Washington, DC, office, first heard of Project Destined in the fall of 2016. He quickly assembled a team, and they started doing pro bono corporate and tax work for the organization. But as Smith explains, he needed help in taking our involvement “to the next level,” so he reached out to Laurie Grasso, a nationally known real estate partner in the New York office.

Under Smith and Grasso’s leadership, Hunton Andrews Kurth now serves as Project Destined’s exclusive law firm. Over 30 of our lawyers have worked on matters for them, and because we firmly believe in their goals—diversity, mentoring, education and inclusiveness—we are proud to continue supporting them on a pro bono basis. Project Destined continues to grow and currently is planning countrywide launches in 2018, and their focus is not solely on children; through Grasso’s contacts, Hunton Andrews Kurth recently hosted an event in DC, where Project Destined is creating a new program for veterans. In that program, Hunton Andrews Kurth and Project Destined are teaming up with the veterans organization Code of Support. Once again, we are proud to be a key partner in such an important and innovative initiative.

To see a highlight from the recent veterans program, click [here](#).



Hunton Andrews Kurth client, David Ardit from Aria Development Group, showcasing their recent project, The Bond in Washington DC, as part of the Project Destined event with veterans and Code of Support.

# Real Estate Events

## Real Estate Rockers in Relief

Real estate professionals from across the industry rocked out for charity on June 13<sup>th</sup> at the seventh annual Real Estate Rockers in Relief concert at Irving Plaza in New York City. The concert drew a packed house of more than 700 guests, raising awareness and over \$145,000 in funds for NECHAMA, an organization that assists communities nationwide with disaster recovery.

In the course of the past seven years, the event—founded by Carl Schwartz, co-chair of Hunton Andrews Kurth’s global real estate practice, and David Lowenfeld, Chief Operating Officer of World Wide Group—has raised over \$600,000 for NECHAMA.

To see a highlight video from this year’s event, click [here](#).



# Real Estate Events

## Covenant House New York Annual Sleep Out

On October 18th, a group of Hunton Andrews Kurth New York real estate lawyers joined their clients Nahla Capital and Angelo Gordon for a cold night of sleeping on the hard New York City streets. The event was part of the annual Covenant House Sleep Out, an event that raises money and awareness for the 2 million youth who will experience homelessness this year.



# Real Estate Events

## 2018 Real Estate Client Reception

On October 3, Hunton Andrews Kurth hosted more than 350 clients and friends at its Seventh Annual New York Real Estate Client Reception. The industry’s best and brightest gathered at ABC Kitchen, the award-winning Jean-Georges Vongerichten restaurant to enjoy an amazing spread of food and drink, lively conversation and deal making.

To see a highlight video from this year’s event, click [here](#).

Photo Credit: Michael Meyer Photography 2018





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