



## **TDC and HSP sell 142 West 36th Street and 234 West 39th Street for \$118 million; Partnership between Waterman Interests and USAA Real Estate**

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The Davis Companies (TDC), in partnership with Herald Square Properties (HSP), arranged the sale of two office buildings in the borough's Garment District - 142 West 36th St. and 234 West 39th St. - to a partnership between Waterman Interests and USAA Real Estate for \$118 million. The sale follows TDC's/HSP's investment in upgrading the properties to capture increased demand from tenants attracted to the value, convenience and an emerging tech environment offered in this location. The sale takes place three years earlier than the joint venture initially projected, owing to the dramatic appreciation in the Manhattan office market.

TDC and Herald Square Properties purchased the buildings in January 2014 and swiftly transformed both assets: upgrading the lobbies, common areas, exterior signage and floor plan efficiency. As a result of the capital improvements, the joint venture was able to increase rents from the mid-\$20s per rentable s/f to the low \$40s. Since acquisition, the joint venture has executed nearly 50,000 rentable square-feet of new leases at or above pro forma.

"When we purchased both buildings, we knew they offered a desirable value-play for growing companies that were being priced out of other high-demand Manhattan office submarkets," said The Davis Companies' managing director Quentin Reynolds. "We are proud to have played a role with Herald Square Properties to upgrade these two buildings to better match the growing interest in and around Penn Station. This area will continue to blossom for today's office tenants."

Gerard Nocera, principal of Herald Square Properties said, "We knew this was a vital submarket when we acquired the properties. It's perfectly positioned between Times Square and Penn Station and was already diversifying to accommodate tech-sector tenants, along with the traditional fashion industry."

The buildings are located between the retail and entertainment centers of Herald Square and Times Square and close to Penn Station and Grand Central Station. 142 West 36th Street is a 16 story, 116,000 square-foot building located on the south side of 36th Street between Broadway and 7th Avenue. 234 West 39th Street is a 10 story, 94,000 square-foot building located on the south side of 39th Street. They are in an ideal position to play off the area's existing activity. CBRE handled the leasing of the buildings on behalf of TDC during its ownership. A sales team from Eastdil Secured facilitated the sale.

The Davis Companies continues to be an active player throughout Metropolitan New York. TDC recently developed and successfully sold out a condominium and townhouse project at 340 Court Street and also sold a development parcel at 101 West Street, both multifamily development properties in Brooklyn. A TDC joint venture also owns 900 Stewart Avenue, a 270,000 sf office building in Garden City, Long Island and various office and industrial properties in Northern New

Jersey and Fairfield County, Connecticut.234 West 39th Street and 142 West 36th Street -  
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