



Madison Realty Capital acquires The Brooklyn Whale Building for \$82.5 million

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Joshua Zegen, Madison Realty Capital Aaron Jungreis, Rosewood

NEW YORK, NY— Joshua Zegen, co-founder and managing principal of Madison Realty Capital (MRC), an institutionally backed real estate investment firm focused on real estate equity and debt investments in the middle markets, the firm has acquired— The Brooklyn Whale Building, a seven-story 400,000 s/f— industrial property located at 14 53rd St. within the Sunset Park neighborhood of Brooklyn, New York in an off-market acquisition for \$82.5 million.

The asset is currently 79% occupied and is also nearing the completion of an over \$8 million renovation program to fully reposition the building into a state-of-the-art office hub that caters towards mid-size companies in the technology, media, and creative arts sectors as well as garment industry and back office tenants. The existing owners initiated the capital expenditure program, but MRC plans to add substantially more to the building's renovation plans as it assumes ownership.

The full-block property, which was built in 1918 by E.W. Bliss and later served as the headquarters for the Whale Oil Company, sits at the heart of the neighborhood's new 22-acre Sunset Park Waterfront Park.

Through a series of economic incentives and partnerships, the one-time industrial neighborhood of Sunset Park is undergoing a rapid transformation. The area has added several modernized, mixed-use campuses that has turned it into one of the leading office space areas in all of New York City, particularly with TAMI (technology, advertising, media and information), as well as other traditional office tenants. Recent developments include the 16-building, 6.2— million s/f— Industry City complex, home to tenants in a variety of industries and artisanal restaurants; the 2-building, 4— million s/f— Brooklyn Army Terminal campus, which has attracted several state-of-the-art biotechnology companies; and the eight-story, 1.2— million s/f— Liberty View Industrial Plaza. In addition, the recently announced NYU Langone Medical Center acquisition of Brooklyn's Lutheran Medical in Sunset Park will create one of the borough's premier healthcare facilities.

"MRC continues to seek out high-quality developments with substantial upside and the Brooklyn Whale building is no exception. We anticipate strong interest once the renovations have been completed, given the high demand and short supply of quality affordable office product in Brooklyn, particularly for creative and tech tenants," said Zegen. "Sunset Park has historically demonstrated strong and consistent occupancy and rental rate performance. But this area's transformation over

the last few years has now positioned it among the hottest office neighborhoods in New York City, and the future home for growth companies throughout the entire region. We're pleased to have acquired one of this area's most recognized assets, right on the waterfront which also offers some of the best views of downtown Manhattan available."

Zegen said, "This transaction represents the second MRC purchase of an industrial building that will be converted to office space in Brooklyn, following our acquisition of 29 Ryerson St., a 250,000 leasable s/fÂ property near the expanding Brooklyn Navy Yard office submarket earlier this year. We believe strongly that there's even more growth to come throughout Brooklyn and will continue to seek out new investment opportunities in the coming months."

Recent updates at the Brooklyn Whale Building include the installation of energy-efficient windows, new elevators, a new roof, improved power infrastructure, and the addition of a new lobby with concierge desk along with spaces for amenity shops and restroom facilities for visitors. The property is also situated within close proximity to public transportation, including the 53rd Street subway station.

Aaron Jungreis of Rosewood represented both the seller and buyer in the off-market transaction.

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