



# nyrej

## **IPG closes \$438m recapitalization of 830,000 s/f LIC property**

November 19, 2019 - Financial Digest

24-02 49th Avenue - Long Island City

Queens, NY Innovo Property Group (IPG), a real estate investment and operating company founded by Andrew Chung and backed by Nan Fung Group, has closed a \$438 million recapitalization of 24-02 49th Ave. in Long Island City. IPG previously owned the property with Westbrook Partners and recapitalized the asset through an equity joint venture with Nan Fung Group as well as debt from Axonic Capital and affiliates of Athene Annuity & Life Assurance Company. Athene is a leading retirement services company affiliated with Apollo Global Management.

Pej Razavilar of McDermott Will & Emery led a team of attorneys advising IPG. Apollo was represented by Victoria Shusterman of Gibson, Dunn & Crutcher and Axonic was advised by Michael Vines of Fried, Frank, Harris, Shriver & Jacobson. Nan Fung was represented by Dan Stanco of Ropes & Gray. Westbrook Partners was represented by Krista Miniutti and Justin Vilinsky of Simpson Thacher & Bartlett LLP.

IPG acquired the 830,000 s/f, seven-story building with Westbrook in July 2016 for \$195 million. The building, which was a former Bloomingdale's warehouse, features up to 24' ceilings, over 100,000 s/f floorplates, a 20,000 s/f parking lot, unobstructed city views, and potential for private indoor and outdoor amenity spaces.

In December 2017, IPG and Westbrook signed the building's main tenant, the New York City Housing Authority, to a new, over 30-year lease for 600,000 s/f. IPG and Westbrook created a commercial condominium for NYCHA to occupy 100% of its condo unit and began a substantial capital improvement program, upgrading the former warehouse into modern, class A office space.

The building's renovation project is nearly complete and IPG will soon be in the market to lease the remaining available space 230,000 s/f that includes the building's top two floors and ground floor retail. The available space is its own commercial condominium unit and designed to be a "building within a building" featuring a private ground floor lobby and amenity space, dedicated loading docks, parking, exclusive freight and passenger elevators, as well as roof access. This unique, large-block of space could be an ideal educational or medical facility with its private entrance, elevators and

flexible ground floor space. The location offers convenient access to transportation as it is directly across the street from the Hunters Point 7-train subway and Long Island Rail Road train stations, adjacent to the Long Island Expressway, and right outside of the Queens-Midtown Manhattan Tunnel.

“This is a unique opportunity for tenants seeking a headquarters and/or campus feel right outside of Manhattan,” said Paul Amrich of CBRE, who has been engaged by IPG to market the space for lease. “It is extremely rare to find floor plates this large and so well located to transportation. In addition, ownership has thoughtfully constructed a new private entrance, lobby and vertical transportation which allows a tenant to create a significantly branded building-within-a-building, not to mention the two remaining floors are at the top of the building.”

Long Island City is one of the fastest-growing neighborhoods in the United States. The area has experienced unprecedented residential development, with over 20,000 residential units built since 2006 and more than 11,000 units planned or under construction, along with over 5 million s/f of new commercial space to be delivered by 2021, according to the Long Island City Partnership. This has caused an influx of new residents and companies and caused rapid transformation of the neighborhood into a 24/7 mixed use destination.

Since 2015, IPG has been investing in New York City with a focus on value-add developments and redevelopments in the outer boroughs. IPG has been one of the most active industrial players in New York City over the last few years with big bets on last-mile warehouse facilities and the growing demand from e-commerce. This is IPG and Nan Fung’s second investment in Long Island City this year, as they closed on the acquisition of the former Fresh Direct warehouse for \$75 million in January. That asset, located at 23-30 Borden Ave., is across the Long Island Expressway, near IPG’s latest investment.

“We are proud of the value we were able to create with Westbrook, who has been a great partner. We are excited to recommit to the asset for its next phase of growth,” said Andrew Chung, founder and CEO of IPG. “This transaction represents our belief in Long Island City’s future and is another example of our strong partnership with Nan Fung.”

“Long Island City is the fastest growing neighborhood in New York City with private sector job growth of 28% since 2009, the property benefits from the long term lease with NYCHA, but can take advantage of the business growth activity from every sector to lease up the remaining space on the top two floors,” said Cushman & Wakefield’s Adam Spies, who brokered the deal between IPG and Westbrook.