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\$86M Retail Condo Buy Furthers \$1.1B Conversion

By Natalie Dolce

NEW YORK CITY-O'Connor Capital Partners has completed the sale of the Upper East Side retail condominium at Manhattan House to Madison Capital for \$86 million. The deal marks a major milestone for the \$1.1 billion condominium conversion of Manhattan House here.

Brian Fallon, partner at O'Connor Capital Partners, tells GlobeSt.com that the business plan for the Manhattan House conversion always anticipated the sale of the commercial premises prior to year end 2008. "Given the capital markets, this is a significant milestone for both O'Connor Capital Partners and Madison Capital."

Fallon tells GlobeSt.com that the commercial premises were offered to the market during the summer. He further notes that it was a very "spirited competition" with "many interested parties."

As GlobeSt.com previously reported, the Real Estate Finance Bureau of the State of New York Office of the Attorney General recently declared locally based O'Connor Capital Partners' Manhattan House's offering plan effective. The Attorney General had accepted for filing an amendment to the offering which authorizes formation of the condominium here at 200 E. 66th St.

Thanks to that [green light](#), closing on residences under contract were able to commence. Located at 200 E. 66th St., Manhattan House is a five-building, 22-story building designed in 1952 by Gordon Bunshaft of Skidmore, Owings & Merrill. As GlobeSt.com reported nearly one year ago, O'Connor Capital Partners closed on [\\$750 million](#) of senior financing from HSH Nordbank AG, a commercial bank headquartered in Hamburg/Kiel, Germany, money that it is using for the redevelopment or restoration of the landmark building. The building, located between Second and Third avenues, was [purchased](#) for \$625 million in 2005, and O'Connor plans to invest more than \$1.1-billion in the conversion.

Fallon tells GlobeSt.com that the conversion is "going extremely well with Phase I sales having just been completed and Phase II units just being offered to the marketplace consistent with our plan." He notes that the retail condo here is a "strategic investment with considerable future growth potential. Its proximity to the luxury retail core of New York City and position at the base of the top luxury residential conversion development in the city make this the prime location for retail traffic."

For this deal, the 102,842-sf retail, parking and office condominiums at Manhattan House, includes seven street-level stores on Second and Third avenues between 65th Street and 66th Street, four professional office spaces on 65th and 66th streets, and a parking garage on 65th Street. Eastdil Secured represented O'Connor Capital Partners in the transaction.

O'Connor Capital Partners has attracted new tenants, including Lululemon Athletica; Staples Express; ALDO; and Icon Parking Systems. Existing tenants include Club Monaco, a subsidiary of Polo Ralph Lauren Corp., and Madame Paulette.

"Madison Capital is extremely pleased to have been able to acquire a significant and exceptional retail asset in the heart of the Upper East Side," says Richard Wagman, managing partner at Madison Capital, in a prepared statement. "The high caliber of tenancy, together with the prime location and high quality of this asset, were what attracted Madison to this premier core plus opportunity. We continue to actively pursue new acquisitions as our historically disciplined approach to underwriting allows us to acquire assets despite market volatility."