

# THE REAL DEAL

www.therealdeal.com

NEW YORK REAL ESTATE

January 7, 2014

## STILLMAN BAGS UPPER EAST SIDE SKYSCRAPER SITE IN THORNY DEAL

*PENTHOUSE AT CAPE ADVISORS' 64-RESIDENCE DEVELOPMENT ALSO LISTS, FOR \$10M  
DEVELOPER STRIKES UNUSUAL PARTNERSHIP WITH SOL GOLDMAN ESTATE*

By KATHERINE CLARKE

Stillman Development, the company behind the Schumacher condominiums at 36 Bleecker Street, is finalizing a complex deal for a corner development site that could see an immense new residential project come to the Upper East Side.

Stillman and its partner in the deal, Ceruzzi Properties, a retail-driven investment and development firm, have inked a contract to buy a 77,000-square-foot commercial building at 151 East 86th Street from Town Sports International Holdings, the owner and operator of gym chain New York Sports Clubs, for \$82 million.

At the same time, the company entered a long-term lease agreement with the estate of real estate mogul Sol Goldman for an adjacent low-rise building at 161 East 86th Street, which occupies the corner of Lexington Avenue and 86th Street.

Matt Crosby of Eastern Consolidated represented both the buyer and seller in the transaction.

Stillman and its partner have plans to construct a 210,000-square-foot mixed-use tower with retail on the first four floors of the building and high-end residential units up top, principal Roy Stillman told The Real Deal.

The developers intend to demolish both structures after NYSC's lease runs out in two years to make way for the new skyscraper. NYSC has agreed to enter a new lease for a health club inside the planned high-rise.

But Stillman faced a hurdle in building condos at the site because the Goldman estate has historically declined to sell its real estate outright and has instead opted to lease its land. It's not possible to build a condo on land that a developer does not own outright.

To get around the issue, Stillman and the Goldman estate struck a deal where the duo would partner to submit condominium plans to the New York Attorney General, which regulates condos, as sponsors of the project. Once the property has been declared a condo, Stillman will turn title of the retail space – the first two floors and part of the cellar of the building – over to Goldman and then lease it back for roughly 100 years. Goldman will have no control over the condominium component of the building.



“Stillman and his team did a great job getting this deal done despite the complexity of meeting the objectives of both owners,” Crosby told TRD. “Stillman Development decisively recognized the potential of the site for retail and residential and emerged as the frontrunner in negotiations.”

Of the complexity of the deal, Stillman joked: “It was like a [Works Progress Administration] project for the legal department.”

Town announced the deal for 151 East 86th Street, which has not yet closed, on its website late last month, with the company's CEO, Bob Giardina, commenting that it “will generate substantial value for our stakeholders. We are also excited for the opportunity to replace our 35-year-old club with a brand new club at this same location upon the completion of construction.”

The new skyscraper will likely be delivered in four year's time, Stillman said. Stillman has tapped Maverick Capital Partners, a New York-based real estate private equity advisory firm run by Adi Chugh, to raise capital for the project.

The Goldman estate was not immediately available for comment.