

# CRAIN'S

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## SOURCE LUNCH:

ROBERT IVANHOE

Interview by Daniel Geiger

# A legal take on NY's hot real estate deals

**R**obert Ivanhoe, chair of law firm Greenberg Traurig's global real estate practice, has helped build it into one of the city's biggest and most active real estate legal groups. Mr. Ivanhoe, 62, specializes in transactional work. He had a hand in some of the city's largest real estate deals in the past year, including Anbang Insurance Group's \$1.95 billion purchase of the Waldorf Astoria and Sunshine Insurance Group's \$230 million acquisition of the Baccarat Hotel on West 53rd Street.

### Could this be the biggest year ever in total property sales in the city?

It's amazing. Recently I was involved in the closing of the Waldorf Astoria and the Baccarat, and also the Crown Building.

### The Crown Building was reported to be the most expensive ever sold in the city.

The price for the retail space was something around \$12,000 per square foot. It's possible the sale of the retail space at the St. Regis was close to that or higher—I'm not sure. But this retail space is much bigger and sold in total for close to \$1.3 billion. The office space upstairs sold separately for roughly \$475 million. Look, it's the most valuable corner of real estate [Fifth Avenue and West 57th Street] in America, if not the world. It's an iconic building, and the new owners are going to reimagine it and make it even more fantastic and iconic.

### The Crown Building is not landmarked. Does that mean the new owners could significantly alter it?

No. If they do any damage to the building, it would probably get

landmarked before they had a chance to begin that kind of work. They have to be respectful of what's there.

### The Crown Building shows we're at a new high point in the real estate market. Can prices continue to go up?

I can't see how things can go up much higher, unless there's a significant improvement in the underlying economy and if interest rates also don't rise. Pricing, though, is at a new record. The Waldorf was the highest lump sum ever paid for a hotel. The Baccarat is the highest price ever paid per room for a hotel.

### Both of those hotels were purchased by Chinese insurance companies. Why have Chinese firms been so active?

Their regulations have changed. They can make investments like this abroad now, whereas previ-



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ously they had not been permitted to. They're smart to diversify outside China.

### Are they overpaying?

They have a very different horizon. These Chinese buyers tend to look way more long term than most investors, who have typically have a three- to five-year horizon. They're looking at 20- or 30-year holding periods. They're not here to make a high return; they want safety and long-term appreciation.

### Are they coming here because there's economic trouble brewing in China?

I'm not an expert on the Chinese economy, but a lot of people I respect say there are some cracks. Just that concern will lead Chinese firms to increasingly diversify and come here.

### Were hotels the best assets to buy? A recent report hinted there may be a glut of hotel rooms in the city.

There might be a temporary softening, but as long as tourism and

the economy are good, the additional rooms will be absorbed. All the rooms may prevent rates from shooting up, but that will keep tourists coming here.

### Congress may lift a decades-old tax on foreign real estate investors. Will that boost foreign investment?

It would be a big change. Foreign buyers have had to set up a tortured structure to invest in real estate here. It's not only complicated, but also expensive from a legal perspective. If the change takes place, [the foreign funds] will be treated like domestic funds. It will give major pension investment funds much more freedom to do deals here.

### Is the high-end residential market in a bubble?

There's a big question whether the market can absorb the number of high-end units coming. It's un-

precedented. No one really knows what demand will be, and whether they will get absorbed at prices as high as \$8,000 a square foot. I have doubts, but there are a lot of rich

people in the U.S. and the world.

### One of the acquisitions you helped arrange—Joe Chetrit's purchase of the Sony Building two years ago—is asking a record \$150 million for its penthouse.

It's a very big number. But it's a great property. Sony still has possession of the building, so they can't start construction

for another year. The units probably won't be ready for another two or more years beyond that. It's very hard to predict.

### Could Mr. Chetrit sell the hotel planned as part of the Sony Building's conversion, as developers did at the Baccarat?

It's certainly something that's be-

ing considered and should be considered. But it wouldn't shock me if they manage the hotel and continue to own it. Once it's up and running and he has performance numbers, maybe they'll sell it.

### For much of your career, you've focused on Manhattan real estate. Are you doing more deals elsewhere, such as Brooklyn?

Yes, there are more and more deals there. It started as a residential market, but more projects are commercial. I am involved in a project now that could be a huge affordable-housing development. We're doing another project on the waterfront that will be a high-end condo.

### The real estate industry is under attack for its outsize political giving through limited-liability companies. Should such donations be banned?

People can contribute to political action committees to back candidates. That has been upheld by the U.S. Supreme Court, and that is a much bigger problem than LLCs. ■

## WHERE THEY DINED

**KELLARI TAVERNA**  
19 W. 44th St.  
(212) 221-0144  
kellari.us

**AMBIENCE:** A Greek restaurant for the business-lunch crowd

**WHAT THEY ATE:**  
■ Lavraki (European sea bass) and wild greens  
■ Chicken salad  
■ 2 cappuccinos

**PRICE:** \$72.90, including tip

## PLAY/LIST People, places and things that make Robert Ivanhoe tick

### GOLF

"I used to be a low single handicap golfer. Now I am respectable, but I don't play like I used to. I had hip-replacement surgery because of a childhood injury, so that didn't help my golf game."

### VROOM

"My son Matthew is 28 and has had a lifelong passion for cars. We own a car-storage warehouse facility in Westchester. I have a few investment cars."

### VROOM VROOM

"I have a 1960 275 four-cam Ferrari, which I bought about two and a half years ago, thanks to my son. I didn't know what it was, but I had two other cars that I made an even trade for. Now it has tripled in value, probably to

\$4 million or \$5 million."

### BRAKES ON

"I am terrified to drive in a car worth that much money. I have never driven the car and have no plans to. Matthew has driven it, but rarely."