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Commercial Real Estate

What's the Deal: News Digest

A Roundup of Commercial Property News From Across the Tri-State Region



APF Properties has bought out its partner in 28 W. 44th St., center, a Midtown office building it values at about \$235 million. Claudio Papapietro for The Wall Street Journal
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Midtown's Growing Value

A real-estate investment firm founded by an electrical contractor and a financial services consultant has expanded its stake in a Midtown office building, buying out its partner and making a bet on rising rents.

APF Properties LLC said it paid about \$188 million for the 80% stake in the office building at 28 W. 44th St. that was held by Prudential Real Estate Investors. The two companies purchased the 372,000-square-foot building together in 2011 for \$161 million.

Since then, the building's value, which APF said is now about \$235 million, has increased 46%. Prudential approached APF a few months ago to discuss selling its stake in the 22-story tower, said Kenneth Aschendorf, one of the principals who founded APF in 1995. His initial reaction was to keep it.

APF, which owns about 2 million square feet of office space, now holds several prewar buildings in the area, including 25 W. 45th St. and 1156 Avenue of the Americas.

“In today’s environment, a building like this, should it hit the open market, there would be a feeding frenzy for this,” Mr. Aschendorf said. “Chances are we wouldn’t be able to buy it back.” Situated near Grand Central Terminal, the building has undergone \$9 million in upgrades and is 99% occupied. In 2011, rents in the building ranged from \$39 to \$57 a square foot, depending on the floor, Mr. Aschendorf said. The building’s last several lease deals in the past few months have averaged in the high-\$50s range.

The City University of New York is among the mix of technology, accounting and law-firm tenants in the building.

Mr. Aschendorf said he expects area rents to rise. Currently the building’s prices are still competitive compared with those at newer, pricier Midtown buildings, he said.

APF was founded in 1995 by Mr. Aschendorf, who had worked as a principal at an electrical contracting company, and Berndt Perl, who had worked at Greenwich Associates, a financial service consulting firm.

—Keiko Morris