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Record Office Rent Secured In Big Midtown Lease

By Rayna Katz

NEW YORK CITY—GlobeSt.com has confirmed that a new lease has been signed in Midtown for a record-setting citywide rent at 425 Park Ave., being developed by L&L Holding Co.



A new lease has been signed at still-in-development 425 Park Ave. for \$300 per square foot at the penthouse level.

NEW YORK CITY—GlobeSt.com has confirmed that a new lease has been signed in Midtown for a record setting citywide rent at 425 Park Ave., the brand new, heavily amenitized building being developed by L&L Holding Co.

Citadel, one of the city's biggest hedge funds, has signed a lease for more than 200,000 square feet at the building, located between East 55th and 56th streets, reports Crain's New York Business. The tenant has agreed to pay \$300 per square foot for the penthouse level, making its rent the highest ever paid for office space here, and likely one of the highest office rents worldwide.

The other floors to be leased by the firm are less expensive, making the average rent that the firm will pay somewhere around \$200 per square foot, sources familiar with the deal told Crain's. The building's features will include a fine dining, 14,000-square-foot restaurant—created by the masterminds behind Eleven Madison Park, a triple-Michelin-star eatery—and

Mary Ann Tighe, CEO of the New York tristate region for CBRE, represented L&L in the deal with Citadel, which was also represented by CBRE. "From the moment L&L secured the ground lease their plan was to create a 21st century masterpiece on Park Avenue where no new buildings had been constructed for over 50 years," says Tighe. "The challenges were enormous, including a zoning code that essentially makes it impossible to create an economic rationale for tearing down a Park Avenue building, leaving the district frozen for decades."

She continues, "David Levinson and Rob Lapidus gambled that if they did everything perfectly—pick the right architect, the right design, the right amenities, etc—the market would respond. To attract a tenant of Citadel's caliber validates L&L's vision."

During a presentation made in late 2014, Lapidus, L&L president and CIO, described the company's ambitious plans for 425 Park Ave. "This is going to be the first block front development on Park Avenue in 47 years. Every floor has four corner offices and you can see the whole floor when you get off the elevator, which is great for the collaborative offices we want today.

He continued, "Floors four through 11 feature 14-foot floor-to-ceiling windows and we've built the building out so it's like you're floating over Park Ave. in glass. It's pretty special. There also will be a "club" or "amenity" floor, he said, providing "a space where people can take their own time out."

Before construction even started, Lapidus estimated that average asking rents for the space would include a 10-15% premium for new construction, with tenants getting a 7.25% return on costs. He expected costs to break down to \$1,200-1400 per square foot, and didn't balk at the suggestion of \$2000 per-square-foot rents. The building is scheduled for delivery in 2018.