

Madison Realty, USAA Real Estate Team For \$270M NYC Buy

By **Matthew Perlman**

Law360, New York (March 7, 2016, 7:19 PM ET) -- Real estate private equity firm Madison Realty Capital said Monday that it has teamed up with USAA Real Estate Co. to purchase The Buchanan, a sprawling 16-story midtown Manhattan apartment building, for a reported \$270 million with plans to renovate.

The property, at 160 E. 48th St., includes five interconnected towers surrounding a garden courtyard with 300,000 square feet of mixed-use space, according to a statement from Madison announcing the deal. In addition to 289 apartments, the property includes 16,000 square feet of retail and office space and 140,000 square feet of unused air rights, the company said.

Terms of the deal were not disclosed, but media reports pegged the price at \$270 million.

Madison said the partnership plans to initiate renovations of the building, "enhancing operating efficiencies and creating a high-end amenity package." Josh Zegen, Madison co-founder and managing principal, said the company had executed a similar strategy at a nearby building and that The Buchanan has the potential to be just as successful.

"We believe that The Buchanan provides a tremendous value proposition backed by sound fundamentals with sustainable growth. This was a rare chance to acquire a full block asset exhibiting predominantly core characteristics while providing significant value-add potential," Zegen said in a statement.

Madison said apartments in The Buchanan include oversized studio, one-, two- and three-bedroom units on the second through 16th floors. Penthouse units in the building feature private outdoor terraces, the company added. The retail and office space in the building is 100 percent occupied.

Based in New York, Madison is an investment firm that makes real estate equity and debt investments in the middle market. The company said it has completed \$4 billion of transactions in the multifamily, retail, office, industrial and hotel sectors.

The midtown deal marks Madison's second partnership with USAA Real Estate Co., a subsidiary of the financial services company USAA. The company said it has more than \$15 billion in assets under management and provides co-investment, acquisition, build-to-suit and development services for corporate and institutional investors.

President and CEO Len O'Donnell said he looked forward to continuing to work with Madison and that

he expected the Buchanan deal to work out well.

"We are extremely pleased to be expanding our relationship with Madison Realty Capital. They have proven to be an outstanding partner and we are looking forward to the successful execution of this transaction," O'Donnell said in a statement.

Buchanan Apartments LLC, the seller, was represented by Rosenberg & Estis PC, with a team led by Richard L. Sussman and Patricia Cleary.

--Editing by Aaron Pelc.

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