

MANNTM REPORT

FEBRUARY 2015

| THE PEOPLE BEHIND THE DEALS IN THE NY REAL ESTATE SCENE |



INTRODUCING THE MADISON SQUARE PORTFOLIO

The Kaufman Organization

MICHAEL HEANER, GRANT GREENSPAN, JESSICA KOSARIC,
MICHAEL KAZMIERSKI, FRED LEFFEL, STEVEN KAUFMAN AND EDWARD HART

Cover Feature

© 2015 Jill Lutenberg



56

The Kaufman Organization

Long a leader in leasing, ownership and management, The Kaufman Organization isn't resting on its laurels; it's embarking on an ambitious acquisition campaign that will define the organization for the next 100 years.

Century Old Firm Places Bet On Madison Square Portfolio

The Kaufman Organization

The Kaufman Organization's visionary, 360-degree approach to real estate over the past 106 years has led it to become one of the most respected and well-known full-service real estate firms in New York City. Long a leader in leasing, ownership and management, The Kaufman Organization isn't resting on its laurels; it's embarking on an ambitious acquisition campaign that will define the organization for the next 100 years.

Founded in 1909, the firm continues to evolve and utilize modern techniques to maximize the services it offers. Its hands-on approach allows The Kaufman Organization to be entirely client and partner focused, while the combination of its extensive market knowledge, willingness to embrace technology and keen sense for identifying market trends has allowed the firm to succeed for three generations. Today, the firm holds approximately six million square feet of owned and managed office space in its expansive 30-building Manhattan portfolio.

2014 proved to be a banner year for The Kaufman Organization when it acquired four Ring Portfolio properties in NoMad and Flatiron via a 99-year net lease with joint-venture partner Principal Real Estate Investors. Kaufman's team, led by Fred Leffel, President of Kaufman New Ventures, the firm's acquisitions arm, Michael Kazmierski, Vice President of Kaufman New Ventures, and Grant Greenspan, Principal of Kaufman Leasing Company LLC, identified the acquisition as a rare opportunity to transform the long-vacant properties into vibrant office and retail destinations in one of the most in-demand office markets in the United States. "What we've done in acquiring the Madison Square Portfolio and the imaginative work we're doing to rebrand those buildings is just one example of the direction in which we've taken Kaufman. Going forward in 2015, look for us to be active in other areas of Manhattan and the outer boroughs with similar value-add, transformative ventures," said Leffel.

The properties were in varying states of significant disrepair, some vacant for almost a decade. Immediately after the acquisition, the Kaufman Organization began an aggressive capital improvement campaign to transform each of the properties' facades, storefronts, lobbies, retail and office interiors and telecommunication infrastructures. Rebranded as the Madison Square Portfolio, Kaufman plans to attract today's top creative, tech and new media companies looking to make Flatiron and NoMad their home.

"In order to attract innovative companies, we have to provide them with the types of spaces and amenities that will support

their growth and technology needs," said Mr. Greenspan. "The Kaufman Organization has a proven track record of repositioning and renovating properties. We have assembled a group of professionals — in-house from our leasing and marketing divisions and outside contractors — who are committed to transforming these properties into some of the most attractive office and retail destinations in the neighborhood." Greenspan selected Michael Heaner, Partner of the Kaufman Leasing Company and Jessica Kosaric, Director of Marketing for the Kaufman Organization, to market the buildings and create an innovative leasing campaign.

Located at 13-15 West 27th Street, 45 West 27th Street, 19 West 24th Street and 119-125 West 24th Street, and boasting more than 341,441 square feet of prime retail and office space, the firm also expects the portfolio's retail spaces to attract best-in-class retailers and restaurants looking for well-trafficked, prime locations among one of the city's burgeoning neighborhoods.

The firm recently announced the first lease at the Madison Square Portfolio — Pondicheri, a Texas-based Indian restaurant that specializes in bold Indian fusion cuisine, which signed a 15-year lease for the ground floor retail space at 13 West 27th Street — and they have leases out for two of the other retail locations.

When completed in 2015, each building will boast a series of unique features that capture the imagination of tenants and visitors alike. Renowned architecture firms Design Republic and NV Design Architecture (NV/da) have been brought on board to create the Madison Square Portfolio's public spaces, which will provide a sense of transition into the contemporary and free flowing workspaces The Kaufman Organization is in the process of building out.

At 19 West 24th Street, 13-15 West 27th Street and 45 West 27th Street, each lobby will be equipped with a set of unique features that express the NoMad and Flatiron vibe — bold, tech-savvy and creative. Each lobby will include a series of custom-designed, illuminated, three-dimensional wooden fins that use Computer Numerical Controlled fabrications that create a sense of motion as tenants and visitors walk through. Other lobby features include oversized oil-rubbed textured steel logos displaying each building's address, recessed colored LED fixtures and poured Terrazzo floors.

Elevators in each building will be unique, playing to the creative and artistic sensibilities of the building's future tenants. At 19 West 24th Street, 13 West 27th Street and 45 West 27th Street, elevators



Michael Heaner, Jessica Kosaric and Grant Greenspan – The Madison Square Portfolio's Leasing Team

will feature glass panels that reveal brick shafts transformed into canvasses. The Kaufman Organization is commissioning artists to create custom art or branded graffiti; tenants will also have the opportunity to serve as curators and hire their own artists to create branded graffiti to be applied at their respective floors.

The Madison Square Portfolio's storefront renovations will draw pedestrians, visitors and tenants to modern and completely re-designed spaces that are ideal for retailers and restaurateurs. The Kaufman Organization is in the process of upgrading each space to suit the tenants that will set the tone for each Madison Square Portfolio property.

Kaufman's thorough office renovations will offer potential tenants full or partial floor creative work spaces that foster the innovation that Midtown South has become synonymous with. The firm recently unveiled a model floor at 19 West 24th Street and is sparing no expense in bringing to market creative and modern office spaces that will feature new windows and bathrooms, state-of-the-art pantries and hard-wood floors.

In addition, the Kaufman Organization is installing high-definition security systems and "smart meters" that allow tenants to monitor electricity consumption and receive alerts if there is significant usage after-hours. Tenants in all buildings will be given HID cards that they will swipe in the elevators for access to their respective floors. The firm is also partnering with BCM, a telecommunications provider, to ensure 24/7 access to high-speed broadband and redundant connectivity. Other improvements include upgrading

plumbing, new boilers, sprinkler and electrical systems and installing secure telecommunications risers.

The firm also created an interactive website, www.madison-squareportfolio.com, and social media pages where brokers and potential tenants could follow the progress of Kaufman's extensive capital improvements taking place at the properties.

The Kaufman Organization's approach to leasing at the Madison Square Portfolio focuses on curating tenants that will add their own identities to the influx of businesses that have transformed NoMad and Flatiron into a top destination for restaurants, retailers and creative firms. "I believe the leasing velocity will continue to grow with rents increasing on average by 7 to 10%. The leasing market will show price resistance on certain blocks while others could see increases over 10%," said Mr. Heaner. The firm has already received a high level of interest from a variety of brand-name and creative firms looking to take multiple floors or take advantage of the exclusive roof access that boasts expansive views of Midtown and Downtown Manhattan.

For more information regarding the Madison Square Portfolio please contact the leasing team: Grant Greenspan (212) 471-4340, Michael Heaner (212) 471-4310 or Jessica Kosaric (646) 421-6420.

The Kaufman Organization
 450 Seventh Avenue
 New York, NY 10123
 Tel: 212-471-4300
www.kaufmanorganization.com