

NYC's Stuyvesant Town Said for Sale With Blackstone Weighing Bid

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Stuyvesant Town-Peter Cooper Village, Manhattan's largest apartment complex. Photographer: Daniel Acker/Bloomberg

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- Loan servicer CWCcapital hires Eastdil to market the property
- Apartment complex may sell for \$5 billion to \$6 billion

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Manhattan's Stuyvesant Town-Peter Cooper Village apartment complex is being prepared for a sale, five years after its prior owners defaulted on the mortgage and walked away from the property in one of the biggest collapses from the last decade's real estate boom.

CWCcapital Asset Management, the loan servicer that has been in control of Stuyvesant Town on behalf of bondholders, has hired Eastdil Secured LLC to advise on the sale of the 80-acre (32-hectare) property, which is expected to fetch \$5 billion to \$6 billion, according to a person with knowledge of the situation. Blackstone Group LP is among the companies in talks for a deal, said two people, who asked not to be named because the matter is private.

A sale of Stuyvesant Town, home to about 30,000 New Yorkers, would end the squabbling and litigation that has plagued residents, bondholders and politicians since 2010, when Tishman Speyer and BlackRock Inc. gave up the property after its value plunged in the financial crisis and they were unable to raise rents. The complex may now change hands for more than the record \$5.4 billion paid by the companies near the peak of the market in 2006, reflecting a surge in values for Manhattan commercial real estate, particularly apartment buildings.

“That’s a lot of rental housing in an area that just keeps getting better,” Joshua Stein, principal of a New York-based real estate law firm that bears his name, said in an interview. “It’s a very special asset. I would not be surprised if the value has now exceeded the value” of the 2006 deal.

Blackstone Bullish

The situation is fluid and a Blackstone bid isn’t certain, said the people with knowledge of the matter. Other bidders are also in the mix, they said.

Blackstone’s real estate chief, Jon Gray, said this month that he was **bullish** on Manhattan rentals because it’s **too costly** for many residents to buy. The New York-based firm made its first apartment purchase in the borough in September, leading a venture that acquired 24 buildings for \$690 million.

Eastdil’s Doug Harmon is handling the Stuyvesant Town sale. Mike Goodwin, a spokesman for CWCcapital, didn’t immediately return a phone call and e-mail seeking comment. Peter Rose, a Blackstone spokesman, declined to comment.

Any suitor for Stuyvesant Town -- stretching from 14th to 23rd Streets alongside the East River -- would have to bear the burden of owning one of the last bastions of affordable housing for middle-class New Yorkers. Other potential bidders may include real estate investment trusts and the various private equity funds that have moved more into commercial real estate in the past several years, according to Stein.

Buyer Hurdles

Several parties have made a play for Stuyvesant Town in the past five years, including Brookfield Asset Management Inc., which worked with tenants on a **proposal** that included converting apartments into condominiums. Brookfield is no longer pursuing a bid, according to Andrew Willis, a spokesman for the Toronto-based company.

The buyer would have to navigate a thicket of legal and political hurdles as the city struggles to provide enough housing for people with low to moderate incomes. Stuyvesant Town tenants, many of whom were protected by laws that set rents below market values, sued Tishman Speyer and prior owner MetLife Inc. in 2007 for dramatically raising the costs of regulated units while taking tax breaks from the city meant to subsidize affordable housing.

A 2013 **settlement** in the case guides how much an owner can raise some rents at the complex through June 2020, when the tax break expires. After that, units are subject to deregulation and have the potential to rise to market rates.

“The tenants are going to insist that the owners work directly with them and with the city to develop a responsible plan to protect the long-term affordability of the place,” City Councilman Dan Garodnick, a lifelong resident of Stuyvesant Town-Peter Cooper Village, said in an interview this week. “The ownership has changed more times in the last handful of years than it had since its creation and tenants want to see this issue resolved for good.”