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NY REAL ESTATE RESIDENTIAL | January 7, 2011

Developer Maps Price Cuts, Refunds

By JOSH BARBANEL and CRAIG KARMIN

The distressed sale of the unsold apartments in William Beaver House, a 47-story condominium tower in the Financial District, has led a sharp drop in asking prices and refunds for unhappy would-be buyers.

The new owner took control of 209 unsold units at the new condominium building on William Street last month, as it was in the midst of a foreclosure.

The new owner, CIM Group, a California investment firm, has now filed an amendment to the offering plan cutting combined asking prices by \$91.8 million, but indicated they might rent out some or all of the units instead.

The new filing shows the flip side of the normally painful foreclosure crisis, underscoring how distress can sometimes lead to lower prices, and the possibility of new opportunities for buyers.

In this case, CIM Group purchased \$66 million in debt at a discount from a fund controlled by Blackstone Group. It then took title to the unsold units as part of a complicated deal in which it helped bail out Tamir Sapir, developer of William Beaver House.

The new documents, filed with the New York state attorney general's office, show official asking prices on many units are being cut by 21.5%.

In most new developments, lenders set limits on how much developers can cut asking prices, sometimes keeping prices unrealistically high. The amendment hasn't yet been approved.

In the plan, the asking price on a one-bedroom apartment on the 37th floor with 812 square feet was cut to \$1.13 million from \$1.44 million, reflecting the lower market values on the units.

But in the short term at least, the unsold units mostly are to be rented out to tenants, who would live among the 100 or so buyers who already own units in the development.

The amendment submitted didn't identify a brokerage firm that would sell the apartments.

Instead it said the CIM Group would sell its own apartments, and listed a telephone number in California to call.

The amendment will bring some relief to a group of 10 buyers, who had been working with a lawyer, **Adam Leitman Bailey**, and had planned to file a suit to get their deposits returned.

Mr. Bailey said that he has been hoping the need to file an amendment would convince the sponsor to return the deposits.

Last month, CIM made a trio of Manhattan real-estate deals with properties controlled by Mr. Sapir, head of the Sapir Organization.

Besides William Beaver House, CIM agreed to pay down about \$85 million of senior debt held by iStar Financial for the downtown hotel-condo Trump SoHo.

The group also purchased a 49% stake in 11 Madison Ave., an Art Deco office building that is the U.S. headquarters of Credit Suisse, according to public property records filed Thursday. These filings show the 49% stake in the building's mortgage and equity results was valued at \$469.4 million.

The William Beaver House, was an ambitious bet in the Financial District. The building was a bronze, brick and glass, structure constructed from the ground up on the corner of William and Beaver streets, when most apartments were converted from outdated office buildings.

It featured ads appealing to young single Wall Street types with ads of scantily clad women and a shower "big enough for three." But sales stalled in the downturn.

The building set a record price downtown, when a two-bedroom penthouse sold in 2007 for \$3,512 a square foot.

But sales sputtered, and last spring foreclosure actions were begun.