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## One Boerum Place gamble pays off with huge lease deal

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Avery Hall Investments

One Boerum Place

Scoring a \$27K monthly rent for the penthouse helps validate the developer's decision to switch gears midproject and turn a planned condominium into a rental building

As Downtown Brooklyn continues to go from a governmental to a residential hub, a rental development appears to have set a record for the highest-ever price paid for a Brooklyn apartment.

The new building, One Boerum Place, has leased its largest penthouse for \$27,000 per month, according to Avery Hall Investments, the project's developer, which provided a

redacted lease as proof of its claim.

Scoring such a sky-high rent for the penthouse, which has four bedrooms, four baths and 2,000 square feet of terraces, helps validate the developer's decision to switch gears midproject and turn a planned condominium into a rental building, said Avi Fisher, a founding principal, who declined to identify the tenant.

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“We thought: Let’s take a gamble. There are renters out there with nowhere to go,” Fisher said. “It looks like our thesis was right.”

One Boerum’s penthouse deal easily beats one inked in April for a three-bedroom with a private yard at 3 Pierrepont Place, a brownstone complex in [Brooklyn Heights](#). It leased for \$20,000 per month, said Nancy Packes, the broker marketing [One Boerum](#).

The third-biggest deal also closed in the spring, for a four-bedroom triplex at 15 Third Place in Carroll Gardens. It was \$15,000 per month, Packes said. But Brooklyn Heights rentals accounted for most of the recent top deals, she said, including 146 Pierrepont St., a 90-unit high-rise that opened in 2019.

A 22-story tower with 138 units, 96 of which are market-rate, [One Boerum](#) was conceived as a condominium with 120 units. But with the condo market softening, followed by the hit of the Covid-19 pandemic, Avery decided last year to take the project in a different direction.

Since leasing began in May, more than a third of the 96 market-rate units have rented, said Fisher, who as of last month is no longer offering a deal-sweetening one-month concession. There are 42 affordable units, available at below-market rents—an inclusion that allows for tax breaks.

Overall, One Boerum seems competitive for Downtown Brooklyn. Its units start at \$4,500 per month, which was about the average list price for [the neighborhood](#), according to

StreetEasy. But new development product there is more expensive, with an average list price of \$6,100, according to the data.

“There is definitely a pocket of people who left the city during Covid and went to Austin or Florida,” Fisher said. “But we are seeing a lot of them come back, even if it’s not quite as aggressive as the outward migration.”

### **One Boerum Place**

This 22-story rental tower at Fulton Street has mostly three- and four-bedroom apartments. It is from a team that includes Avery Hall Investments and Aria Development Group. The developers pivoted the building from condominium to rental last year, boosting the number of units in the process, but keeping high-end finishes, said founding principal Avi Fisher. The wear and tear from renters could result in pricier-than-usual repairs, Fisher acknowledged. “But the couple million dollars in extra finishes will pay for itself, and then some,” he said. Avery, which is named for the building at Columbia University where the principals met, purchased its arrow-shape site from Brooklyn Law School in 2016 for \$76.5 million; the 4-story building there once housed school offices. Avery also snapped up air rights from the commercial building next door. One Boerum, still under construction, began moving in tenants last month.

### **250 Joralemon St.**

This 10-story high-rise, completed in 1968, is Brooklyn Law School’s main building and contains classrooms, offices and a 4-story library. The private school, with about 1,000 students, was founded in 1901 but bounced between locations before settling in 1927 at nearby 375 Pearl St., an address that today houses Brooklyn Friends School, a Quaker institution offering pre-kindergarten to 12th grade. “Brooklyn Law School” remains inscribed over its front door.

Brooklyn Law School, which guarantees housing to first-year students, has shrewdly invested in real estate through the years. In 1985 it paid \$2.2 million for 2 Pierrepont St., a Brooklyn Heights apartment building that it sold in 2015 for \$35 million. The buyer of the building was a limited-liability company connected to Vincent Viola, billionaire co-owner of the Florida Panthers hockey team, who used to live a block away. During the winter, Viola sold his home, an 1875 brownstone with 10 fireplaces at 8 Montague Terrace, for about \$26 million, a big jump from the \$8 million he shelled out in 2007. That deal set a borough sales record.

## **405 Fulton St.**

This 2-story trapezoidal building is owned by the aptly named LLC Fulton Gateway; it sits at the head of Fulton Street. Michael Chera, a principal of the firm, is a member of the Chera family, retail-focused developers. The family's most well-known member, Stanley Chera, died last year from Covid-19. Tenants at No. 405 include Shake Shack and Burger King. Upstairs is Physio Logic, a wellness provider with Pilates studios. As part of the ongoing makeover of the commercial area, the stretch of Willoughby Street next to No. 405 was in 2006 temporarily closed to traffic and in 2013 permanently became Willoughby Plaza, a pedestrian-only park. It was one of the first such conversions in New York. Since the pandemic, nearby blocks also have gone car-free as part of the city's Open Streets program.

## **415 Red Hook Lane**

One Boerum might have competition across the street, in the form of The Lane at Boerum Place, a 21-story luxury rental building that opened four years ago. It has 108 apartments—studios to three-bedrooms. To construct the complex, developers Quinlan Development Group and Lonicera Partners razed five tenement-style prewar walk-up buildings lined with stores along Livingston Street. The Lane includes Rumble Boxing, a gym that offers simulated matches; it has leased part of the retail space, a commercial condo, since 2018. In 2019 Quinlan closed on a \$75 million loan from TD Bank that paid off the project's construction debt from M&T Bank and also included a gap mortgage of \$22 million. No apartments were available in late July. But a three-bedroom, two-bath recently traded for \$6,417 per month, which reflected a concession of a free month on a 12-month lease, according to StreetEasy.

## **14 Boerum Place**

This 22-story postwar office tower, also known as 111 Livingston St., has been owned since 1996 by investors including the Leser Group, a Brooklyn-based developer. Brooklyn Law School has offices in the building. So does the state of New York, whose Office of Temporary and Disability Assistance is there. The office is overseeing the Emergency Rental Assistance Program, the \$2.7 billion Covid-aid initiative designed to help tenants stave off eviction. The Legal Aid Society, a not-for-profit organization that provides lawyers for low-income New Yorkers, also has an office there. Onetime phone giant Nynex used to control the entire building.

## **372 Fulton St.**

On and off for more than a century, this 4-story 1870s Italianate commercial building has been home to the Gage & Tollner restaurant. In 2011 the building offered the Ladies and Gents costume jewelry store, after years when it contained a TGI Friday's restaurant and an Arby's. But since the mid-1970s, tenants haven't been able to modify the interior. The 2,500-square-foot space, which has eight gently curving Victorian brass lamps along its ceiling, is one of the few rooms in New York to enjoy landmark protection. (The exterior is a landmark as well.) This year a new incarnation of Gage & Tollner opened at the address, a reopening that was delayed by a year because of the pandemic. So far, reviews have been strong and reservations scarce. The buzz about the eatery—whose landlord is commercial developer JJ Operating Real Estate Investment, which bought the site in 2004 for \$2.8 million—has local owners hopeful about a revival of Fulton Street, a once-elegant retail strip that declined with the advent of malls. An effort to punch back led to the street's rebranding as Fulton Mall in the 1970s. Today the street, which recently shed the "mall" moniker, is dotted with vacancies.

### **209 Joralemon St.**

In 1848, when it opened, the marble-columned Greek Revival structure here was Brooklyn's City Hall. But in 1898, with the consolidation of greater New York—as cities and towns were lumped together into the current five-borough structure—the building was recast as Borough Hall.

### **130 Livingston St.**

Although soaring apartment towers have elbowed in during the past few decades, [Downtown Brooklyn](#) is still packed with commercial and governmental buildings such as this 12-story, 500,000-square-foot tower, called Livingston Plaza. It's home to the New York City Transit Authority, as well as Local 100 of the Transport Workers Union. Developed in 1989 by Cohen Brothers Realty and designed by the Helmut Jahn, the full-block building is across the street from the New York Transit Museum, which is tucked inside an abandoned subway station.

Inline Play

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