

August 8, 2007

Metropolitan scores a bargain with \$25m 'Jericho Jewel'

Metropolitan Realty Associates LLC, along with equity partners Angelo Gordon & Co. and Belvedere Capital, has purchased The Jericho Atrium, in Jericho, NY, and two other properties in Mineola from Kimco Realty Corp. The acquisition will rank Metropolitan among the largest landlords on Long Island.

Industry sources Industry sources put the purchase price of the Jericho Atrium at less than \$25 million, or \$169 psf. Average asking rents in Jericho are \$33 per square foot and up. Rents in the Jericho Atrium, according to industry sources, now average about \$27 per square foot.

Kimco acquired the properties as part of its purchase of the Birchwood Development Corp. commercial portfolio. That transaction closed simultaneously with Metropolitan's purchase.

The Jericho Atrium is a Class-A, 145,000 s/f complex at 500 N. Broadway, Jericho. "I call it the jewel of Jericho," said Metropolitan president Joseph A. Farkas. "We think there is tremendous upside in the market."

The backdrop for the deal is an active Long Island investment sales market that has seen several high profile, high-price-tag transactions involving Class A office buildings being acquired by buyers seeking to reap the benefits of climbing office rents. SL Green recently paid a record \$328 per square foot for two Class-A buildings in Jericho.

The Jericho Atrium is 97% occupied and all tenants in the building have leases that have annual rent step ups. Major tenants include residential developer Beechwood Organization, New York State United Teachers and Hoegh Autoliners Inc., the North American division of a Norwegian ocean shipping company. Real Estate Strategies LLC, current leasing agent for the building, is being retained.

Designed by Hauppauge architect Peter Elkin, the Jericho Atrium was created on a former retail site that housed, in turn, Great Eastern, W.T. Grant and Woolco discount department stores. The building features two atrium lobbies, as well as a landscaped courtyard located in the center of the property. Building amenities include a conference room, a concierge security attendant and complimentary Wall Street Journal.

Grubb & Ellis Management Services Inc. has been retained to manage the Jericho Atrium.

The other properties purchased by Metropolitan and its partners are 410 Jericho Tpke., Mineola, a 6,800 s/f office building that had been Birchwood's headquarters, and 400 Jericho Tpke., Mineola, 14,000 s/f of undeveloped land.

Ripco Realty is marketing the undeveloped property at 400 Jericho Tpke. as a build-to-suit retail site, because of its prominent location on a traffic-light-controlled intersection on one of Long Island's most heavily traveled roads. Tri-State Properties is the sales agent for the adjacent office building.