



Manhattan Firm Sees Potential for \$500Mln of Distressed Asset Deals

Commercial Real Estate Direct Staff Report

Alchemy Properties, a Manhattan developer that partners with institutional investors, is looking to opportunistically invest in financially-distressed properties in the greater New York area, including the suburbs.

Joel Breitkopf, a partner in the firm, hopes to make investments in up to \$500 million of properties, based on the responses received from Alchemy's past investment partners and prospective new ones. It aims to invest \$15 million to \$100 million per deal.

"The dislocation in today's markets is creating great opportunity to turn around distressed properties," Breitkopf said. "So for the right kinds of risk and reward, partners are very much eager to continue investing with us or invest with us for the first time." He added, "The challenge is finding and structuring deals that make sense."

He expects to use about 60 percent leverage, which would mean that Alchemy and its partners would commit about \$170 million of equity for the \$500 million of deals. It is targeting equity and debt in financially-troubled residential, office and retail properties, including lenders' foreclosed properties, or real estate-owned.

Residential condominium projects will continue to be a key target for Alchemy. Its ongoing projects include the construction of 95 condo units at a former studio property in upper midtown Manhattan, which [a venture it has with Jamestown Properties](#) acquired from Sony Corp. in 2007 for \$44 million.

Going forward, Breitkopf said the firm is particularly interested in reviving busted condo projects in strong locations, particularly Manhattan.

Its other institutional investment partners include ING Realty Partners, Alcion Ventures, Credit Suisse and AEW Capital Management, among others.

AEW earlier this year joined with Alchemy to bid on 1.4 million square feet of downtown Manhattan office space offered by American International Group.

[A venture of Youngwoo & Associates and Korea's Kumho Investment Bank](#) submitted the winning \$135 million bid for those properties, at 72 Wall St. and 70 Pine St.

Retail properties that Breitkopf said Alchemy has its eye on are a pair of shopping centers in Westchester County, N.Y.

In its debt investments, Alchemy will look for deals that can lead to taking over the underlying assets.

The firm, which began business in 1990 as an adviser to owners of financially-troubled properties, expanded into buying debt and foreclosed properties in the mid-1990s and subsequently added financing, property-management, construction-management and development capabilities.

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