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Investor Snaps Up 89 Co-ops

Kips Bay Apartments in Two Locations Sell for Combined \$15 Million at Auction

By Yaffi Spodek

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New York investor Barry Rudofsky beat out 20 other bidders in a foreclosure auction last week to buy 89 Kips Bay cooperative apartments for a combined price of \$15 million.

That comes to less than \$175,000 per apartment, quite a deal when run-of-the-mill studio co-ops in Manhattan can go for more than two times that much. But the Kips Bay units - 60 apartments at the Victoria House at 200 E. 27th St. and 29 units at the Peter James at 201 E. 25th St. - are all subject to rent regulations and most of them are occupied.

That means that it may be some time before their full value is realized, said Adam Paul, one of the bidders who showed up at the auction at the Wall Street offices of Cullen & Dykman, who represented New York Commercial Bank.

"If [the units] were vacant, they would probably be worth about \$60 million," Mr. Paul estimated. Bidding on the occupied apartments "is an enormous gamble to the investor, but potentially a very lucrative one," he said.

Mr. Rudofsky, of the real-estate firm Bronstein Properties, declined to comment.

The Kips Bay co-ops are tied to embattled developers Simon Elias and Izak Senbahar, of Alexico Group. According to court papers, they were the principals of a limited liability corporation, 200 East 27, that borrowed \$15.5 million from New York Commercial Bank in 2007. The promissory note, backed by all 89 units, went into default, court papers said.

Lawyers representing 200 East 27 LLC last week requested a temporary postponement of the foreclosure auction but that was denied by a New York State Supreme Court justice. Slava Hazin of Warsaw, Burstein, Cohen, Schlesinger & Kuh, counsel for 200 East 27 LLC, declined to comment.

The foreclosure was the latest of several financial headaches Alexico's principals have faced this year.

Dune Real Estate Partners recently filed to foreclose on loans backed by Alexico Group's Mark

Hotel at 25 E. 77th St. Dune bought the loans on the hotel - which has undergone an extensive renovation project - earlier this year from Anglo Irish Bank.

Messrs. Elias and Senbahar pledged the hotel and co-op building as collateral for a total of five Mark Hotel-related loans, all of which are now in default, according to a public foreclosure filing last month. Phone calls to the Alexico group and Messrs. Elias and Senbahar weren't returned.

At the auction, New York Commercial Bank put in an initial bid of \$5 million, but the price was rapidly bid up. At the end, the bank got almost all of its principal back, people at the auction said. The bank didn't return calls requesting comment. Alan Waintraub, a lawyer with the firm of Cullen & Dykman representing the bank at the auction, declined to comment.

Several bidders noted that it was rare to have a bulk sale of so many units, particularly in such in such prime locations.

"It's worth the money, because those are valuable pieces of property," said Mordechai Eisenberg, a private investor from Brooklyn. Mr. Eisenberg owns residential and co-op units in the five boroughs and Yonkers, and participated in the foreclosure auction until bidding reached \$13.1 million.

Others viewed the bidding war as a telling sign of optimism for the market. "It's evident that real estate is alive and well in New York City," said Gene Barrett, a member of the co-op board at 200 E. 27th St.