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Delicate Deal: One Buyer, Many Sellers

Alchemy Properties Conducted a Lot of Negotiations to Secure a Site at 846 Sixth Ave.

By Keiko Morris



The retail shops at Sixth Avenue and West 30th Street.

Real-estate developers need to be skilled at a variety of tasks such as design, finance, construction and sales.

Sometimes it also helps if they are good at navigating the conflicting demands that arise when properties are handed down through generations, amassing a motley crew of owners with widely differing financial strategies.

Take the case of Alchemy Properties, a retail and residential developer in the New York region. Last year, Alchemy set its sights on a property that included the parking lot and low-slung shops at 846 Sixth Ave. as a site for a project with about 50 condo apartments and 13,000 square feet of retail space.

To buy it, Alchemy had to hammer out an agreement with about 17 owners, mostly descendants and extended family of a group of about a half-dozen men who bought it a half century ago. In the end, many of the stakeholders cashed out while others retained a stake in the retail piece of the planned development.

"You had two different sides we were negotiating with," said Kenneth Horn, Alchemy president. "It went up and it went down. It went sideways."

These deals are common, but they can take longer because two separate negotiations often take place simultaneously—an internal set of negotiations among inheritors of the property and another with the outside buyer, says Woody Heller, head of Savills Studley's New York capital transactions group.

"Internal negotiations often have emotion tied to it," Mr. Heller said. "Emotion is a much more difficult ingredient to introduce to negotiations."

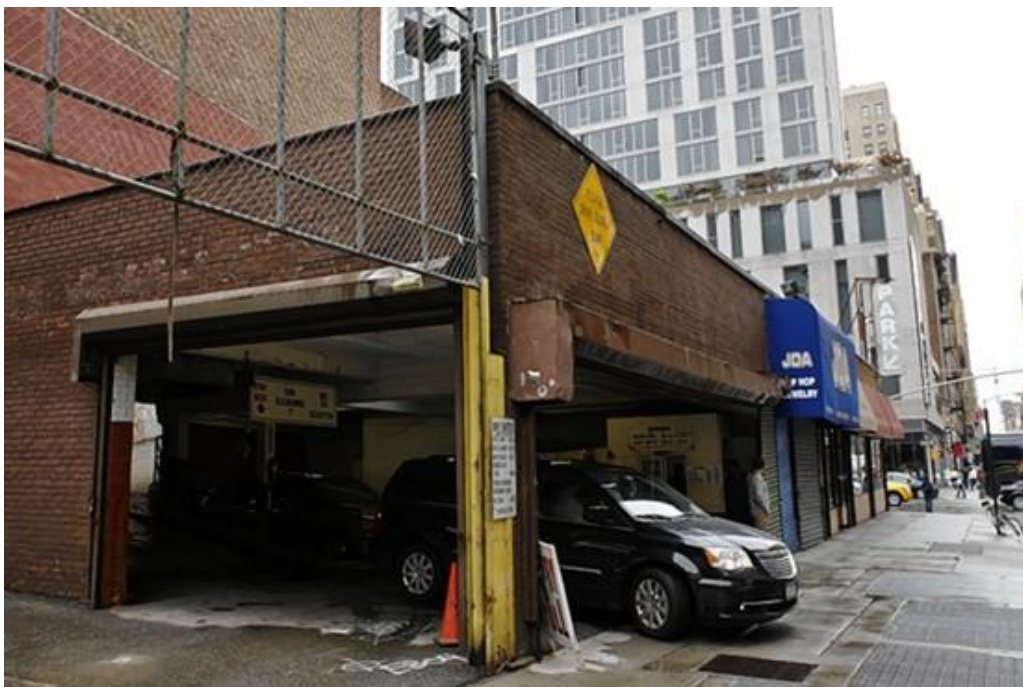
The saga of 846 Sixth began in the late 1950s and early 1960s when the original owners—including fur dyer Philip Green, his brother and dressmaker Murray Green, furrier Al Feirstein, Morris Greenberg and Joseph Richter, Murray Green's brother-in-law and partner in the garment business—joined in numerous property investments.

The men were friends and business partners, whose families sometimes vacationed with each other. "The next generation had a different agenda," said Howard Waxman, 67, a retired psychotherapist and one of the principal family members today. "The next generation wasn't as close with each other."

Over the years the men and their descendants sold many of their holdings. But they held on to the Sixth Avenue property. Some wanted to sell, but others wanted to participate longer in the rising values on Chelsea's northern border.

Those who wanted to hold included Mr. Waxman and Morris Greenberg's 106-year-old widow. "I didn't want to leave the business," Mr. Waxman said.

Richard Richter, 80, a psychotherapist who lives in Great Barrington, Mass., was among those who wanted to sell. He says he preferred to cash out of the real estate now rather than leave his children the task of dealing with strangers over the property after his death.



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About 36% of the ownership interest wanted to sell their stake. Those with the other 64% stake decided they wanted to retain some sort of ownership in the property that also would generate income, said Mr. Waxman, who led negotiations for the latter group.

The owners decided to work with Alchemy because the developer has a history of negotiating complex deals with multigenerational property owners. The Alchemy-led joint venture negotiated with a representative for each side simultaneously, and the two deals were contingent on each other.

It wasn't until May that Alchemy and the side of the ownership selling signed an option agreement, giving Alchemy a certain amount of time to work out a deal with Mr. Waxman's side.

The owners who wanted to keep some ownership of the property gave Mr. Waxman a lot of authority to negotiate for them, trusting that he would make decisions in their best interest, Mr. Waxman said. After all, he was representing the interest held by his wife, sister-in-law and his children.

Finally, the Alchemy-led venture and the ownership represented by Mr. Waxman closed deals with both sides of the family in July. The side of the family that wanted to sell got an undisclosed amount.

Alchemy will develop the residential condominiums as well as a retail unit, which eventually will be owned by the family owners that didn't want to sell. Alchemy will own the residential condo units, which it will sell.

"This was a very delicate negotiation process," Mr. Waxman said. "I'm impressed that we pulled it off."