

# MIANN REPORT<sup>TM</sup>

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| THE PEOPLE BEHIND THE DEALS IN THE NY REAL ESTATE SCENE |



A HIGHER STANDARD IN INVESTMENT SALES

## Highcap Group

LAURENCE ROSS, CHRISTEN PORTELLI AND JOSH GOLDFLAM

# Innovative Deal Making - Relationships, Experience, Results

## Highcap Group

The year was 2008. Banks were freezing funds and the commercial real estate business was feeling the onslaught. Prior to the financial crisis, three successful, young and innovative deal-makers, working together at a large firm, knew the market would take a turn for the worst; they concluded collectively that a leaner and more strategic brokerage operation would best weather the storm. While the three had different negotiation styles and unique personalities, those differences would be advantageous in creating their enterprise. Against the advice of many in such uncertain times, they decided to make a move and form Highcap Group.

The trio consists of Josh Goldflam, Christen Portelli and Laurence Ross. Combining a total of more than 50 years of experience, today they are Highcap Group's Managing Principals. Highcap offers value-added investment brokerage services such as property acquisition and dispositions plus capital advisory services with a focus in the New York City and Metropolitan areas. Additionally, the team has been involved in numerous ground-up development and building conversions, helping shape the city and its skyline.

"When we started Highcap, the investment sales market was in shambles. Rarely was anyone selling their property unless they were going bankrupt," says Josh. "In order to stay ahead of the curve, we shifted our strategy and started selling the distressed debt on some of the same properties we had sold when the market was in full swing. Many of these properties were stalled construction sites."

An early example was Highcap's ability to negotiate the sale of the debt on a 150,000-square-foot unfinished condo project, known as the Crescent Club, located in Queens Plaza, in Long Island City. Construction came to a halt when only 75 percent of the building was complete. Highcap sold the mortgage on it for \$39 million to Simon Development, who in turn completed the development, stabilized the asset, and only two short years later sold it for \$81 million — a success story for all involved.

In 2010, traditional investment brokerage sales started to make a comeback. For example, that same year, the up-and-coming firm facilitated the \$32.6 million sale of a package of buildings located at 102 Christopher Street and 7-11 Cornelia Street, in the West Village. Totalling 85 apartments and five stores, the property was purchased by a new venture planning to renovate extensively and make capital upgrades.

Highcap's three Managing Principals bring strong credentials to their work, with extensive knowledge in every asset class. The synergy among them has contributed importantly to their success. Josh has been, and continues to be, involved in various development assemblages including the I.M. Pei-designed Centurion condo on West 56<sup>th</sup> Street, 50 Franklin Street in Tribeca, and the Gotham Hotel in Midtown. Christen has contributed to the progression of numerous building conversions such as the Morgan Lofts on East 36<sup>th</sup> Street, the iconic Met-Life building in Bronxville, and the Whitman on Madison Square Park. Some of Laurence's noteworthy transactions include the sale of the 180,000-square-foot Childrenswear Building on West 33<sup>rd</sup> Street, the Anthropologie loft building on West Broadway in Soho, and the conversion to the Wyndham TRYP Hotel in Midtown West.

Together, their collective expertise is incredibly powerful and a key factor in their clients' success and appreciation. This magazine's cover photo features them on the rooftop of the Pod39 Hotel, formerly the 100,000-square-foot "Allerton House" Salvation Army building, another conversion deal they completed.

### A Team Oriented Firm

When the trio formed Highcap Group, their business model was focused not only on how to continue to pave the path of success for themselves, but also for their junior brokers to benefit and to stay for the long haul. Christen states, "Highcap has a work-from-the bottom-up mentality. We make every effort to attract quality team members, versus quantity, and to promote their continued growth as brokers and dealmakers — a challenge for many brokerage firms." To foster this goal, the training and support are unlimited. Further, Highcap's offices have always enjoyed an open-space layout. There are no closed offices. "We can easily consult with each other and collaborate on deals in an efficient manner," says Laurence. "In some firms, the brokers are left alone in a pit-type environment where it can become the Wild West. At Highcap, we make sure they are not left to fend for themselves; we help support them every step of the way." Christen adds, "Having access to three principals on a daily basis for analysis or negotiating advice is a true advantage for our brokers and, in turn, for our clients."

Collaboration is a key element at Highcap. On every deal, the company's three principals and the agent involved sit down and



Josh Goldflam, Larry Styker, Charles Chang, Laurence Ross, Ahmadu Ahmed, Michael Ferrara, Lovin George, Jeff Weiss, Jonathan Hakimian, Guy Bazanos, Christen Portelli and Cole Roses (not pictured Daniel Hakimian)

strategize on the proper marketing and sales requirements. The team will assess the property and determine its present value and future potential in an effort to formulate a strategic marketing approach to get the deal sold successfully.

Marketing may take any of a number of forms. Some properties are introduced widely throughout the real estate community, while others are presented more quietly. "Some owners don't want their rent rolls and sensitive financial information floating around," explains Laurence. "Such information needs to be very controlled. Our discretion is a large part of why clients trust us to sell their properties."

The concept of "strategy" plays a major part in Highcap's work. "We approach specific clients on sensitive deals," says Josh. "We are not typically a mass-marketing machine. Our method is a streamlined and more formulated approach to marketing properties. Every deal we negotiate benefits from the participation of all three Highcap principals. With our distinctive backgrounds and skill sets, plus individual unique approaches to analyzing a property, we can provide an unusually comprehensive perspective."

The success of Highcap's approach is reflected, for example, in the firm's off-market \$81 million sale of 375 West Broadway, a five-story turn-of-the-century commercial loft building and home to Anthropologie. "The sale involved months of negotiations,

complicated at the time by power and communication problems caused by Hurricane Sandy," says Laurence.

Another example is Highcap's recent \$42 million sale of 396 Broadway, a 60,000-square-foot, 10-story building in Tribeca. Designed in 1899 by architect William H. Berkmyre, and family-owned since the early 1900s, the building had been vacant for several years but once was occupied by office tenants and Citibank. "I look forward to seeing the evolution of this asset, a diamond in the rough on a strip of Broadway that is undergoing a dynamic transformation," adds Christen.

The continued success of Highcap Group is reflected in the firm's recent move to a larger office, located at 425 Fifth Avenue. "Even though we are growing our team," the trio emphasizes, "our goal is to maintain our focused, intelligent and entrepreneurial approach to every sale and remain personally involved in every deal that passes through the firm."

By Peter Haas

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