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Buyer of defaulted loan eyes quick \$10M gain

The holder of the loan on a boutique office building on West 18th Street eyes sale to group that seeks to quickly lease up the 65% vacant property in the hot midtown south market.

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Published: January 16, 2012 - 12:41 pm

A recently redeveloped boutique office property in Chelsea that was embroiled in a legal dispute is about to get a new owner and new leasing team.

A joint venture between Atlas Capital Group and GreenOak Real Estate Partners closed Friday on the purchase of 218 W. 18th St. as part of a consensual bankruptcy restructuring. Harry Jeremias, who had bought the building in 2007 and has been battling foreclosure for more than two years, placed the building in bankruptcy recently as part of the deal. He will be a limited partner in the 172,000-square-foot office property.

In 2009, Mr. Jeremias defaulted on the \$68 million loan he got from Bank of America Corp. The bank started foreclosure proceedings and then sold the loan to the Fishman Group in October 2010 for \$50 million. Sources said Fishman will receive about \$60 million from the joint venture.

Mr. Jeremias said he decided to reach out to the partners at Atlas because he has known them for years and thought they would find the property a good investment. He notes it already has two tenants and is in the very hot midtown south market, which has been popular with creative firms. Mr. Jeremias believes it can command rents of \$50 a square foot.

"We are very excited about the building," said Andrew Cohen, a partner at Atlas, a real estate investment firm. Mr. Cohen said CBRE Group Inc.'s chairman of global leasing Stephen Siegel and executive vice president Peter Turchin have been tapped to lease the building, which is 65% vacant.

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