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## Blackstone Nears \$930 Million Deal for Manhattan Apartments

Property giant has made a series of recent bets on staying power of high-end New York buildings.



One Manhattan West building, left, in New York. *Photographer: John Lamparski/Getty Images*

By [Patrick Clark](#)

Blackstone Inc. is nearing a deal to acquire luxury apartment rentals in downtown Manhattan, the firm's latest wager on the resilience of New York real estate.

The property giant is in advanced talks to acquire a residential tower at 8 Spruce St. from Brookfield Asset Management Inc. and Nuveen for \$930 million, according to people familiar with the matter. It's also nearing the purchase of a 49% stake in One Manhattan West, a trophy office building developed by Brookfield, in a deal that values the Hudson Yards-area property at \$2.85 billion.

Representatives for Blackstone and Brookfield declined to comment.

In many ways, the deal for 8 Spruce St., which is located near the Brooklyn Bridge, is a poster-child for the city's rebounding real estate market. The 899-unit property, whose rippled façade was designed by architect Frank Gehry, saw occupancy rates fall below 75% during the first year of the pandemic, according to Trepp.

The building wasn't alone. Across Manhattan, vacancy rates were at record highs for much of 2020, as Covid-19 chased renters out of Manhattan or pushed them to seek larger living spaces to work and learn from home. Leasing picked up throughout this year as vaccinations campaigns helped restore some normalcy to city life. By this fall, Manhattan rents were surging by the most on record.

The rental recovery included 8 Spruce St., which Brookfield acquired when it bought Forest City Realty Trust in 2018. The building, which was completed in 2012, was 95% occupied in November, the people said. Eastdil Secured is advising Brookfield on the sale.

Other property types have seen a bumpier recovery. Employers were increasingly eager to call workers back to the office until the emergence of the omicron variant pushed many to reconsider. Rising case counts also pose new threats to local hotels, which reported pandemic-era records for demand earlier this month.

In a recent podcast interview, Blackstone President Jon Gray said that he remains bullish on New York and other hubs for commerce and creativity. In addition to the two proposed transactions with Brookfield, Blackstone has participated in the financing of ambitious New York real estate projects, including L&L Holding Co.'s Terminal Warehouse and Brookfield's Greenpoint Landing. It recently led a roughly \$910 million financing package at 425 Park Ave. to cover the final stages of the office project, which has signed Citadel as its anchor tenant. The proceeds replace the original construction loan on the property and will cover the project until it's fully leased, according to a statement Monday from developer L&L.

"As we get through Covid or learn to live with Covid, I think people will rediscover the importance of being together," Gray said on the podcast, which was hosted by RXR Realty Chief Executive Officer Scott Rechler. "We've just had a fundamental view that this was temporary in nature and therefore it was an opportunity to deploy capital."