

Dockwell in *TheRealDeal*: Sale of Office Building Once Worth \$332M Closes for 97% Less

October 9, 2024 Brett Dockwell

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Haynes Boone Partner [Brett Dockwell](#) was quoted in an article from *TheRealDeal* after the sale of a nearly 1 million-square-foot Manhattan office building listed on the online auction site Ten-X was completed Tuesday for only \$8.5 million, 97 percent less than the \$332.5 million that the seller, Swiss bank UBS, paid for the Midtown property in 2006.

Ground leases have been especially hard hit since the pandemic because, as offices have emptied, the monthly rent payments have come to exceed the revenue generated by the property, said Dockwell.

“I have seen and been involved in a number of ground leases where they’re just not economically viable post-Covid,” Dockwell said. “Basically you have a position that’s underwater.”

In those cases, the building owner will often try to renegotiate the ground rent, only to find the landowner is not willing to do that. In the meantime, the building owner stops making debt service payments and struggles to keep up with the ground rent payments. The landlord eventually terminates the lease and takes control of the building.

“Those properties where they have a significant portion of their office leases turning over in this market are likely looking at reduced cash flow,” Dockwell said. “Properties that have a much more manageable turnover in their leases in the next three to five years probably aren’t as concerned and they’ll make it through this readjustment.”

To read the full article from *TheRealDeal*, click [here](#).