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## $100 million paid for Harborplace

### New York-based real estate investment firm financed purchase with $76 million loan

By Steve Kilar, The Baltimore Sun

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The New York real estate firm that purchased Harborplace in November paid close to $100 million for the iconic Inner Harbor shopping center, according to Baltimore land records.

Ashkenazy Acquisition Corp., through an affiliate company called AAC HP Realty LLC, spent $98.5 million to buy the two shopping pavilions from General Growth Properties, records show.

AAC borrowed $76 million from UBS Real Estate Securities Inc. to finance the transaction, records show. Although news of the sale of Harborplace did not become public until last fall, Ashkenazy and General Growth, according to land records, entered into a sale agreement in March.

"This will be good for them and, by the way, good for Baltimore," said Howard Davidowitz, of Davidowitz & Associate, a retail consulting and investment banking firm based in New York. He called it a fair price for the property.

In all, Harborplace has about 150,000 square feet of leasable space. That means Ashkenazy paid about $650 per square foot.

"This is going to be a great investment," Davidowitz said. "The principal reason I say that is because retailers are looking for urban space."

General Growth, which took on Harborplace in 2004 when it bought the Rouse Co. for $12.6 billion, had trouble finding the right mix of tenants to attract both tourists and local residents.

The mall also developed a reputation for being outdated and ill kept. Phillips Seafood restaurant, the mall's last original tenant, left in 2011 and re-opened in the Power Plant building several blocks east.

But Harborplace also has had a boost from new occupants in recent years. As Phillips was leaving, the discount Swedish clothing chain H&M was moving in. And last year, Ripley's Believe It or Not Odditorium and McCormick World of Flavors, the Hunt Valley-based spice company's lone retail store, both opened in the Light Street pavilion.

Davidowitz said he thinks Ashkenazy plans to build success at Harborplace on the emerging interest in downtown locales.

The firm knows there's retailer interest in Harborplace, he said, or they would not have agreed to buy the property. "I don't think they did this off the cuff," he said.

It's difficult to determine how good a deal Ashkenazy got on Harborplace without knowing how much rent is coming in from the property, said Rene F. Daniel, a principal with commercial real estate brokerage Trout Daniel & Associates in Baltimore.

Although Harborplace's rent roll has not been made public, city records show that during General Growth's tenure, the mall never had a positive net cash flow. According to those records, 93 percent of the mall was leased last year.

Even knowing the amount of space leased in the mall isn't necessarily helpful, though, in determining whether Ashkenazy's price was fair.

Some of the leases could be below market rate or short term, said Geoffrey L. Mackler, a vice president with H&R Retail, a Baltimore-based commercial real estate firm that specializes in retail.

The city owns the land on which Harborplace sits and leases it to the mall owner. The two pavilions, at 301 Light and 201 E. Pratt streets, are assessed for tax purposes at about $40 million, according to state records.

Ashkenazy recently has taken on several properties from Chicago-based General Growth, which has been selling off assets since emerging from bankruptcy in 2010.

General Growth sold the Village of Cross Keys, an upscale North Baltimore shopping center, to Ashkenazy last year for $25 million. In the fall of 2011, the stressed company sold the leasing rights to Faneuil Hall Marketplace in Boston to the New York firm, known for investing in unique, urban shopping centers, for $136 million.

General Growth still owns The Gallery, across Pratt Street from Harborplace, as well as The Mall in Columbia, Owings Mill Mall, Towson Town Center and White Marsh Mall.

Ashkenazy's leadership, Ben Ashkenazy and Michael Alpert, did not respond to inquires Tuesday.

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