

COMMERCIAL REAL ESTATE

Grunberg beats out Northland to buy Bank of America Building

Developer to retain major tenant, convert empty space to commercial use or condos

By Christina H. Davis

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Grunberg Realty — which purchased 280 Trumbull St. in Hartford in 2004 for \$65 million — is well on its way to owning a second major piece of real estate in the city's downtown.

The family-owned Manhattan-based real estate company has signed an agreement with American Financial Realty Trust (AFRT) to purchase the 26-story, 360,000-square-foot Bank of America building at 777 Main St. The sale also includes a 200-space parking garage behind it, and several storefronts totaling approximately 6,000 square feet.

The closing is expected to take place in March.

Grunberg's success in negotiating the purchase of the Bank of America Building comes after Northland Investment Corp. filed and then withdrew a lawsuit for breach of contract in U.S. District Court, alleging that AFRT violated a written agreement between the two firms for the purchase of the office building for \$12 million.

Grunberg — who declines to name his price for 777 Main St. — says that

he is grateful to Northland for withdrawing the suit.

"Both Northland and I wanted this building, and I'm indebted to Northland that they chose not to make a big brouhaha over it — and I owe them for that," he says. Grunberg also says that he was not aware that Northland was interested in the building until news of the lawsuit came out in the press.

According to the civil suit filed on Jan. 30, Northland entered into a written agreement with AFRT on Jan. 16 for the purchase of 777 Main St. for \$12 million. Within the lawsuit, Northland included a copy of a redacted e-mail sent from AFRT's vice president of real estate transactions and associate general counsel to Northland on Jan. 26, saying AFRT was "withdrawing from and terminating" the previous letter of intent between the two firms for the purchase.

However, just eight days later, Northland withdrew the lawsuit. A representative for Northland could not be reached for comment.

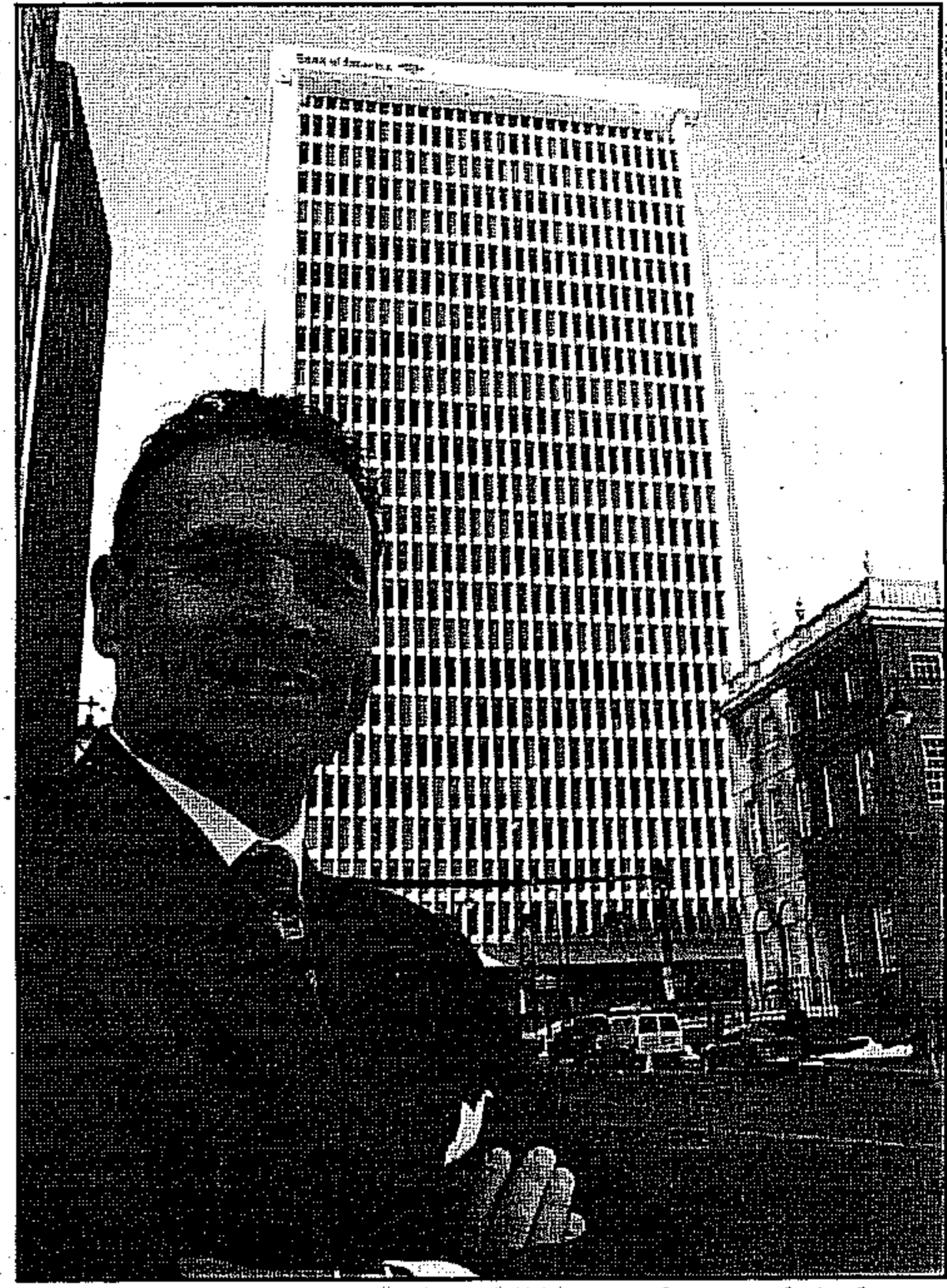
Newton, Mass.-based Northland owns several pieces of prime Hartford real estate already, including Goodwin Square at 225 Asylum St., which it bought from the state of Connecticut in 2005 for \$41 million. Northland is also the developer for Hartford 21, a \$160 million mixed-use high-rise connected to the Hartford Civic Center.

With Northland's lawsuit out of the

way, "the little guy," as Grunberg refers to his firm, was in a position to move forward.

AFRT — a Pennsylvania firm with \$4 billion in assets, primarily in the banking sector — had acquired the building from Bank of America in October 2004 as part of a 248-property portfolio sale that totaled \$544 million. The price for the Hartford building alone, according to City of Hartford records, was \$18.4 million.

Since that time, Bank of America has continued to lease space at the building, according to Anthony DeFazio, AFRT's spokesman. The bank currently occupies 58 percent of the building's



Michael Grunberg, principal of Grunberg Realty, stands in front of the Bank of America Building in the heart of downtown Hartford. His firm plans to close on the purchase of the building by March for an undisclosed sum.

space. The remaining 42 percent of the building is vacant.

Continued on page 12

COMMERCIAL REAL ESTATE

Grunberg

Continued from page 8

The first step after the deal is closed, says Grunberg, will be to sit down with Bank of America and find out what its needs are.

"I will do whatever it takes to make it [the development of 777 Main St.] a success, both in the eyes of the public, but most importantly, in the eyes of my tenants," he says.

"If it turns out that there is a need for commercial [space], that would be my first choice, but I would also be prepared to move in a residential direction."

Grunberg says he is not ruling out the possibility of developing all or part of the building as condominiums, depending on what Bank of America's plans are. He believes the building's



PHOTO/CHRISTINA H. DAVIS

Grunberg Realty purchased 280 Trumbull St. in downtown Hartford in 2004 for \$65 million. Once the deal on 777 Main St. is complete, Grunberg will own a total of 1,032,000 square feet in downtown Hartford.

high ceilings, floor-to-ceiling windows and spectacular views of Hartford would make it well-suited to that use.

"I think that's what is lacking in Hartford," Grunberg says. Except for developer David Nyberg's Metropolitan building on Pearl Street, "all of the existing projects that are on the books or are coming to market are rentals."

Grunberg says 777 Main St. "hit my radar" the day Bank of America sold the building to AFRT. He ticks off a list of characteristics of the Bank of America Building that make it a desirable acquisition. First, the building's location at the heart of downtown is plus, he says.

Secondly, the building offers his firm the chance "to do something and develop a property that is not 100 percent occupied and doesn't have a business plan in place."

That is somewhat in contrast to 280

Trumbull St. in Hartford which, at the time of Grunberg's purchase in 2004, had a very well established roster of tenants, including Prudential Financial and the law firm of Robinson & Cole.

The third reason why the Bank of America Building is a good investment, Grunberg says, is the building's construction.

"I've been inside, and I was very impressed with its existing structure and views," he says.

The Bank of America Building was built in 1967 as the home of Hartford National Bank. The structure's footprint covers slightly more than one acre, on the corner of Pearl and Main streets.

"The building is built like a fortress," Grunberg says, speculating that its construction was meant to convey confidence in the "strength of [Hartford National's] deposits."

In addition to 280 Trumbull St., Grunberg Realty also owns one other property in Hartford — the Medical Arts Center at 21 Woodland St. in Hartford's Asylum Hill neighborhood.

As for future acquisitions, Grunberg replies, "Never say never."

"I like Hartford," he continues. "I like it very much, and if opportunities should arise, I will be there along with all the other [like-minded] companies, like Northland and New Boston Fund," which owns an office building at 100 Pearl St. in Hartford.

Since first entering the Hartford market, Grunberg says, he's seen plans for the city that seemed like "pipe dreams" become reality.

"We continue to see Hartford rising," he adds. "We continue to see reasons for the downtown becoming a vibrant residential and business locale."

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