

City Tower Sought

Developer Sues Over Failed Deal For Bank Of America Building

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Northland Investment Corp., already downtown Hartford's largest landlord and the developer of a new 36-story apartment tower, is seeking to add to its holdings another office building prominent in the city's skyline.

But Northland has been rebuffed in its effort to buy the Bank of America tower at 777 Main St. and is accusing the current owners of backing out of a deal to sell it for \$12 million.

In a lawsuit in U.S. District Court in Hartford, Northland, based in Newton, Mass., accuses American Financial Realty Trust and two associated firms of breach of contract and is asking the court to force the sale of the 360,000-square-foot building.

Chuck Coursey, a Northland spokesman in Hartford, declined to comment on the lawsuit or how Northland planned to use the 27-story building.

American Financial Realty, based in Jenkintown, Pa., could not be reached for comment.

The tower, originally erected in 1967 as the headquarters of Hartford National Bank, is now half leased, with floors 15 through 26 vacant. The remainder serves as Bank of America's Connecticut headquarters.

Commercial real estate experts said late Thursday that Northland's latest attempt to make a purchase in downtown Hartford was a positive sign.

"It clearly shows they are believers in Hartford," said Jay Wamester, a broker at Colliers Dow & Condon in Hartford.

Northland is already heavily invested in Hartford. The company owns Trumbull Place, CityPlace II, Goodwin Square, Metro Center and other properties. It also has two residential projects in the works - luxury apartments at Hartford 21, at the site of the former Civic Center mall, and luxury condos and apartments at the site of the downtown YMCA, which Northland is buying.

Of the company's \$1.4 billion portfolio, roughly one-third is in Hartford. Wamaster said Northland's large holdings in such a small market pose risks. "But if Hartford stabilizes and grows, they are going to be in an excellent position," Wamaster said.

Lawrence R. Gottesdiener, who heads Northland, speaks of "catalytic" development projects in Hartford, ventures that could eventually succeed in encouraging the type of growth needed to turn Hartford's 9-to-5 sensibility into a 24/7 way of life.

Gottesdiener made headlines in late 2005 when he proposed demolishing the current Civic Center Coliseum and building a new \$250 million sports and entertainment arena elsewhere in the city.

American Financial Realty purchased the tower at 777 Main St. in late 2004 for \$18.4 million, according to city records. The property was part of a \$353 million portfolio of 248 properties owned by Bank of America and purchased by American Financial.

It wasn't clear late Thursday why Northland offered \$6.4 million less for the building than what American Financial Realty paid. But real estate sources said the building is now classified a step below a prime property and may be in need of renovations.

According to the lawsuit, Northland agreed to purchase the building in a letter of intent that was signed by American Financial Realty on Jan. 17. The transaction progressed during the next nine days as drafts of a definitive agreement and other documents were delivered to Northland, the lawsuit says.

Then, on Jan. 26, American Financial Realty terminated the agreement in an e-mail. The e-mail was included in the lawsuit, but most of it was redacted from the public record, giving no sense of why the deal was broken off.

The lawsuit pointed out that American Financial had agreed in the letter of intent not to consider other competing bids, suggesting that another buyer might have emerged.

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