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[Ground beneath Lipstick Building sold for \\$453M](#)

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The Lipstick Building at 885 Third Ave.

Investor Louis Ceruzzi's Ceruzzi Holdings has bought the ground under the iconic Lipstick Building at 885 Third Ave., where the now-incarcerated Bernie Madoff once had offices on the 17th floor.

According to a release by SL Green, which did not disclose the buyer, the pricing was \$453 million, or about \$713 per square foot.

Ceruzzi's longtime broker, Christopher Peck of HFF, advised the parties and structured the transaction for the controlling 78 percent of the fee (ground under the building). Another party owns the minority stake. Peck declined to comment.

City documents show the July 2007 ground lease includes an option for the building's lessee — or operator — to buy the land. The option can be exercised with one year's notice on April 30, 2020, as well as on the 30th, 40th, 50th, 60th and 70th anniversary years of the lease, which ends on April 30, 2077.

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The terms of that purchase option were not revealed but are significant enough to have prompted Ceruzzi's nearly half a billion dollar outlay.

"If they exercise the purchase option, he makes a bunch of money and, if not, he gets a reset in the rent," said one source on condition of anonymity. Ceruzzi assumed more than \$267 million in financing and may refinance for a higher amount and rate savings.

Ceruzzi, a real estate dealmaker and restaurateur, has global capital partners eager to invest in his purchases.

Ceruzzi and Shanghai Municipal Authority are partners on the 520 Fifth Ave. development site that can host a 72-story tower now being redesigned by Gary Handel.

Building department records show concrete foundation work is underway for a mere six-story 115-foot-tall base with restaurants and retail space, but the final project is yet to be revealed.

"He is finalizing plans for a significant mixed-use property," said the source. "Meanwhile, he will build an iconic retail box to capture the strong retail demand south of 50th Street."