

Major Manhattan church agrees to make Norway fund a real estate partner

The deal involves Trinity Wall Street Episcopal Church's 11 properties in the Hudson Square area and allows the church to diversify its assets.

By Bloomberg News



Trinity Church at 75 Broadway

Photo: PropertyShark.com

Lower Manhattan's Trinity Wall Street Episcopal Church reached an agreement in principle to bring in Norway's sovereign wealth fund as a partner for 11 of its office buildings in the borough's Hudson Square neighborhood.

The church's governing body voted to proceed with the joint venture late Wednesday afternoon, Betsy Vorce, Trinity's chief communications officer, said by telephone. She declined to disclose financial details, saying the deal still needs final review and documentation.

Trinity, whose chapel sits across Broadway from the western end of Wall Street, traces its ownership of Manhattan property to the early 1700s. The deal with Norway's fund will enable the institution "to diversify its real estate assets in order to ensure that it will be able to sustain the hundreds of programs, services and ministries provided by the church in service to millions of people for generations to come," Ms. Vorce said.

Norway's \$830 billion sovereign-wealth fund, the biggest in the world, has been expanding in real estate, snapping up properties in cities including New York, Paris, London and Berlin. Its Manhattan holdings include stakes in Times Square Tower and 601 Lexington Ave.

The fund was informed by Trinity that it was picked as the preferred partner, Line Aaltvedt, a spokeswoman, said in an e-mail on Thursday. "We don't have any further comments until an agreement has been signed," she said.

The Trinity transaction comprises about 5 million square feet (465,000 square meters) of offices, according to Ms. Vorce. She declined to specify the properties involved, saying that it is still subject to negotiation. The church's office buildings mostly lie north of Canal Street near the Holland Tunnel entrance and west of Sixth Avenue.

Trinity's Manhattan real estate holdings date back to a 1705 grant of 215 acres from Britain's Queen Anne. Originally farmland, many of the properties would later house print shops used by the city's financial institutions.

As manufacturing declined, the buildings gradually became popular with technology and creative companies. Tenants include MTV Networks, the Saatchi & Saatchi advertising firm and CBS, according to the church's website.

Hudson Square is part of Manhattan's midtown south office market, which has the lowest vacancy rate in the U.S. The Hudson Square/West Village area, which consists of 10.7 million square feet of offices, had a second-quarter vacancy rate of 6.7%, compared with 6.2% for midtown south, according to Cushman & Wakefield Inc. Rents averaged \$68.47 a square foot, higher than midtown south's \$66.86.

"By reallocating these holdings, Trinity continues its tradition of responsible stewardship for the long-term benefit of our mission, both in New York and beyond," Reverend Dr. William Lupfer, the church rector, said in an e-mailed statement.

http://www.crainsnewyork.com/article/20150910/REAL_ESTATE/150919997/major-manhattan-church-agrees-to-make-norway-fund-a-real-estate