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NEW YORK CITY REAL ESTATE NEWS

Madison Realty Capital brings Arel Capital in as partner on Rego Park buy, closes \$136M deal

Midtown-based investment firm launched in 2013

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By [Rich Bockmann](#)

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From left: Josh Zegen and Richard Leibovitch with Saxon Hall at 62-60 99th Street in Rego Park

Madison Realty Capital brought in Midtown-based investment firm Arel Capital on its \$136 million acquisition of the 419-unit Saxon Hall apartment building in Rego Park.

The investment firm, founded in 2013 by hedge funder Richard Leibovitch, had previously checked out the 289-unit Buchanan rental building in Midtown East with Madison Realty Capital, which Josh Zegen's firm bought earlier this year for [\\$270 million](#).

The \$135.5 million Saxon Hall deal "was more their size of transaction," Zegen told *The Real Deal*. "They've done a lot of projects like this, and we thought they would understand the business plan."

Adam Doneger at Eastdil Secured arranged Arel Capital's equity investment in the joint venture. Steven Vegh of Westwood Realty Associates brokered the [off-market sale](#) of the property from New Jersey-based Treetop Development, as *TRD* reported in February.

Meridian Capital Group advised on the financing.

The deal, which appears to be the largest ever transaction in the central Queens neighborhood, is the first acquisition in the submarket

for Madison Realty, which had previously served as the lender on a pair of condo projects in the area.

The 503,000-square-foot building, at 62-60 99th Street, has 419 residential units, 300 of which are rent stabilized. Market-rate rents range from \$1,925 to \$3,350 per month, according to StreetEasy. The property includes 3,842 square feet of commercial space and a parking garage with more than 200 spaces.

Madison Realty plans to invest in capital improvements in the building.

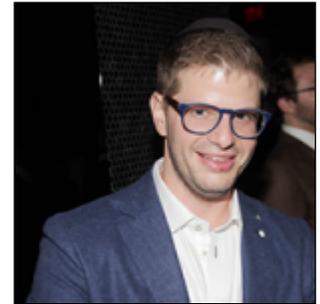
Zegen said he sees areas deeper in Queens becoming more popular as renters find themselves priced out of places like Long Island City, Astoria and Brooklyn. Markets further into Queens present attractive price points for investors, he said.

"I can see a 15 to 20-percent difference in price," Zegen explained. "That's the appeal for someone like ourselves."

Earlier this year, Madison Realty purchased a [\\$31 million development site](#) on Queens Boulevard in Woodside, where the company plans to build a mixed-use rental property.

Madison Realty purchased the Rego Park property with its Madison Realty Capital Equity Fund I, which the company launched in January.

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Steven Vegh