

March 29, 2011

## FedEx near to leasing 12 acres in LIC

Complex deal involves two separately owned properties, across the street from each other, near Midtown Tunnel in Queens; 500,000-square-foot distribution facility would be built on the site.

By Andrew Marks

**Published:** March 29, 2011 - 12:53 pm

Two years after its plan to lease a 21-acre site in Astoria, Queens, was rebuffed by the community, FedEx's long quest to find a property for a large distribution facility close to Manhattan is nearing a conclusion in Long Island City. The package delivery giant is close to inking a lease for approximately 12 acres on Borden Avenue there, sources close to the transaction said. It would replace FedEx's existing center in Maspeth, Queens.

The deal involves two properties near an elevated portion of the Long Island Expressway, near where it becomes the Queens-Midtown Expressway. One is a 10-acre site with its main building at 29-01 Borden Ave.; the other is 1.86 acres at 28-20 Borden Ave.

The larger parcel, owned by Richard Zirinsky Associates, a longtime commercial and industrial real estate owner, has a 185,000-square-foot warehouse at 29-01 Borden Ave., which is listed by Greiner-Maltz. It also boasts a 145,000-square-foot building at 2910 Hunters Point Ave. that once housed the New York Envelope Co.

FedEx did not return calls for comment, but Robert Corroon, chief operating officer of Richard Zirinsky Associates, acknowledged that a deal with FedEx is being negotiated. Mr. Corroon declined to discuss the status of the negotiations or further details of the arrangement, whereby FedEx would likely lease both the Zirinsky property and the 28-20 Borden Ave. property. "All I can say is that this deal is not completed, and that it is very complex," he said.

Another organization is likely involved in the lease deal, and local property brokers speculated that the unidentified third party could be Steel Equities, the developer that tried to buy the 21-acre parcel from Con Edison in order to build a transport and distribution center that FedEx would lease. ConEd backed out of the deal in late 2008 after community opposition rose over increased truck traffic and noise.

Steel Equities President Joseph Lostritto did not return calls for comment.

Applications for creation of a new building permit at 29-01 Borden Ave. were filed with the Department of Buildings on Feb. 16, according to state public records.

Sources said that FedEx Ground intends to either demolish the two existing buildings on the site or rebuild them to connect the two into a single structure of up to 500,000 square feet.

The parcel at 28-20 Borden, owned by Charlie Zaharia, according to local residents, has an 80,000-square-foot building, currently leased to Spring Scaffolding. It was listed for sale or lease by Bel-Site Realty, with an asking price of \$10 million, or \$123 per square foot.

Several people familiar with the deal said FedEx intends to use the 28-20 Borden Ave. parcel for delivery vehicle and/or employee parking.

Andrew Sitomer, a broker at Bel-Site Realty, which represents the owner at 28-20 Borden, would only say that a deal is "in the works," for the property.

No application has been filed yet with the buildings department for 28-20 Borden Ave., which has a single, 80,000-square-foot building.

The Borden Avenue site is "not quite what FedEx wanted," said a real estate executive familiar with the company's search, referring to the size and layout of the two parcels. But he noted that the property's close proximity to Manhattan, via the Midtown Tunnel, and to Brooklyn, via the Brooklyn Queens Expressway, is a big draw.

No details on pricing could be obtained, although one broker cited the example of the lease FedEx Express signed in 2008 for a 10-acre property at the Harlem River Yards in the Bronx, where it built a 100,000-square-foot distribution center.

"FedEx is paying over \$22 per square foot there, but the Borden Avenue site is more valuable because its so close to Manhattan and major roads," said the broker, who spoke on the condition that his name would not be used.

FedEx also received a \$7.3 million in real estate, sales tax and mortgage recording tax benefits from the city's Industrial Development Agency to relocate there from midtown Manhattan to accommodate the extension of the No. 7 line and the development of Hudson Yards, according to news reports.

A spokeswoman for the New York Economic Development Corp., which oversees the Industrial Development Agency, said that the Borden Avenue site had no similar subsidies associated with it.