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TRENDING



NEW YORK



Bankrupt 172 Madison units get the “Owning Manhattan” treatment

Sales team to launch five units developer Yitzchak Tessler agreed to turn over to lender





Serhant's Ryan Serhant, ArcPe's David Gordon, Tessler Development's Yitzchak Tessler and 172 Madison Avenue (172 Madison Ave, ArcPe, Serhant via Alive Coverage)

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Key Points ✨ ✓



Could Yitzchak Tessler be the latest real estate player turned reality TV star?

The developer is no stranger to appearing on the small screen for his troubled 172 Madison property, but has been limited to drab courtrooms and glitchy Zoom boxes.

Taking over the reins for a slice of the property, formerly the site of the infamous Le Penthouse, will be brokers from Ryan Serhant's eponymous brokerage.

Serhant agent Jordan Hurt announced a pre-sale launch party in an Instagram post. Dubbed the "Owning Manhattan on Madison event," the broker invited guests to join him and his fellow cast members from Netflix's "Owning Manhattan" to "a summer rooftop sunset gathering."

The post is in stark contrast to the building's legal troubles that emerged in the last year. But those cases appear to be on the cusp of resolution, with Tessler planning to turn over five of the 10 unsold residential condo units to his lender, ArcPe, along with two ground-floor commercial units, according to court records.

Hurt, along with fellow cast members Jessica Taylor of the Kantha Team and Serhant, are slated to sell the five residential units, pending the court's confirmation of a reorganization plan filed by Tessler. ArcPe managing partner David Gordon said Hurt and Serhant reached out following The Real Deal's reporting on the bankruptcy case last summer, and have been in touch as the case has been ongoing.

"The credibility these guys have gotten from their marketing is a lot better than I can get from a quote, unquote, everyday, run-of-the-mill realtor," Gordon said of the media-forward brokerage. "I'm hoping they can revitalize sales in those units that we took back."

A saga comes to an end...for now

The newest reorganization plan filed by Tessler signals the likely end of nearly a year of legal back-and-forth that followed ArcPe filing a foreclosure on the unsold condo units at 172 Madison Avenue.

Tessler responded by filing for bankruptcy twice, once for a shell company and once for the company that owned the 12 unsold condo units.

As part of the plan, ArcPe agreed to reduce its debt claim to \$45.5 million from the original \$63 million it was seeking. Tessler, who had originally been trying to obtain debtor-in-possession financing to finish the building's five unsold penthouse units by using the seven finished units as collateral, agreed to a less ambitious plan.

Instead, Tessler will be turning over the seven finished units to ArcPe in order to pay down a portion of the debt. The units are valued at \$22.5 million. To pay off the remaining debt, along with condo fees and unpaid taxes, Tessler plans to seek exit financing of \$38 million.



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The remainder of the exit financing will go toward Tessler's long-awaited efforts at finishing his penthouse units, which he had estimated would cost roughly \$13.5 million to renovate "before they can be sold at optimum value" in an earlier filing. Tessler will also be contributing \$3 million personally to pay down administrative expenses and fees.

Tessler has only a few months to see through his highwire refinancing act. If he doesn't obtain new financing by Aug. 22, he'll turn over the unfinished penthouse units to ArcPe as well.

It's a long fall from grace for the developer and his \$98 million, five-story penthouse that at one point held the claim as the priciest listing in the city. But while anybody can have the priciest listing in the city, not just anybody can claim the priciest sale, and Tessler ultimately conceded defeat, splitting his crown jewel unit into the five separate penthouses he's hoping to sell for just \$47 million, according to the reorganization plan filing.

Sell it like Serhant

While the Serhant team has already gotten approval to host its flashy event at 172 Madison, the brokers will still need to wait for the court to enter a confirmation order to begin selling, according to Jason Nagi, an attorney with Offit Kurman who has represented ArcPe in the bankruptcy proceedings.

He added that there is "overwhelming support for the plan" from both sides.

Gordon said one of the reasons he went with the Serhant team is that they were previously selling the building's last available units in 2023.

"They knew the building probably better than any other realtor," he said.

While the team was one of the last to sell at the building, they certainly weren't some of the first. Tessler rotated through teams at Keller Williams, Compass and

Corcoran over the last decade, with some sources telling *TRD* at the time that Compass departed because of aspirational pricing.

The building's value also appears to be falling since the last successful sponsor sale push. Of the nine units that have at least one resale, eight have seen their most recent sale price fall below their sponsor sale price, according to an analysis of public records.

Hurt said he expects to reveal new pricing at the June 3 event.

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