

NEW YORK



Yitzchak Tessler loses the rest of 172 Madison

After failing to source funding,
troubled developer hands over last
12 units to lender



*Tessler Development's Yitzchak Tessler, render of 172 Madison Avenue
and ArcPe's David Gordon (Getty, Google Maps, NCM-USA, ArcPE, 172
Madison Avenue)*

By Jake Indursky

AUG 19, 2025 AT 5:19 PM EDT



Listen to this article

03:28

1x

Key Points ✨ ✨ ✓



The end has arrived for Yitzchak Tessler at 172
Madison Avenue.

A federal court judge confirmed a reorganization plan of the developer's entity that controls the nearly decade-old condo project that will result in Tessler turning over the 10 remaining unsold residential and two commercial units at the 72-unit building to distressed debt investor ArcPe.

Tessler had entered the entity into bankruptcy one year ago to stave off ArcPe's foreclosure efforts. ArcPe had bought the construction loan on the building from Deutsche Bank for roughly \$60 million in Jan. 2024.

It wasn't supposed to go down like this.

ArcPe and Tessler had agreed upon a reorganization plan in June, in which ArcPe agreed to reduce its debt claim to \$45.5 million from the original \$65 million it was seeking and Tessler agreed to turn over the building's seven units while keeping the unfinished penthouse units for himself to sell.

Tessler was planning to obtain \$35 million in exit financing, which would go towards finishing the penthouse units and paying down the remaining debt. He would also be contributing \$3 million personally to pay down administrative expenses and fees.

But days before a hearing set at the end of July to confirm that plan, Tessler informed ArcPe that he would not have the funding required to move ahead with the plan as constituted.

Ever the deal-maker, Tessler tried for one last-ditch attempt to hold on to the penthouse units, submitting a status update at around 8 p.m. the night before the confirmation hearing.



Sign Up for the National Weekly Newsletter

SIGN UP

In it, Tessler claimed to have found a co-developer willing to act as a guarantor for a \$24.5 million refinancing of the five penthouse units, which would still leave him several million short of the money needed to confirm the reorganization plan.

The co-developer, Los Angeles-based Wylan/James, would receive 100 percent of the proceeds from the sale of the penthouse up to \$10 million, and split the remaining sales 50/50, according to the term sheet submitted to the court. Assuming the finished penthouses had a value of \$45 million as Tessler posited, he would receive \$17.5 million for the penthouses, a far cry from the \$98 million he once sought.



THE REAL DEAL
REAL ESTATE NEWS

Sign in

Subscribe



Subscribe

After a delayed start to the hearing, in which Tessler's lawyer Kevin Nash couldn't access the Zoom, Nash made a plea to ArcPe and its lawyer, Offit Kurman's Jason Nagi, to consider extending the refinancing deadline and give Tessler time to finish his refinancing efforts, which would still require due diligence and appraisal.

“There’s an opportunity here that Mr. Tessler has isolated with new money and a fresh developer to finish off the construction on these unfinished units,” [REDACTED] said in court.

Nagi and ArcPe were ultimately unmoved.

“Mr. Tesler has burned up all of the goodwill

he possibly could have had,” said Nagi, pointing to a number of false starts on Tessler’s part in terms of obtaining financing.

“It’s time to move on,” he concluded.

The marketing for the unfinished penthouse units and the seven finished units will be handled by a Serhant team, including Jordan Hurt and Jessica Taylor. ArcPe’s David Gordon said he expects sales to begin after Labor Day.

READ MORE



NEW YORK

**Developer of 172 Madison says
distressed debt buyer “can go f*#
themselves”**



NEW YORK

Judge denies Yitzchak Tessler's plea to unfreeze bank accounts



NEW YORK

Jardim penthouse seen in "Owning Manhattan" sold for \$15M

COMPANIES AND PEOPLE

Deutsche Bank

Serhant

Yitzchak Tessler

TAGS

Bankruptcy

Construction loan

Debt restructuring

Distressed Debt

Foreclosure

Property sale

Real Estate Financing

Refinancing



Top stories delivered to your inbox

FEATURED



COMMERCIAL



RESIDENTIAL

WEEKLY



NATIONAL



CHICAGO

[VIEW ALL NEWSLETTERS](#)

Enter Your Email

[SIGN UP](#)

Recommended For You

NEW YORK

Hawkins Way buys former migrant shelter in FiDi for \$155M

NEW YORK

Flagstar takes aim at Joel Wiener's portfolio management, valuations

NEW YORK

The highs and lows of reselling on Billionaires' Row

NEW YORK

One Wall snags \$9M sale, scores peak FiDi price

NEW YORK

McCarren Park penthouse sets Greenpoint condo record

NEW YORK

**Edward Minskoff sued for
\$138M over defaulted
Dumbo loan**

TRI-STATE

**Gary Melius files for
bankruptcy to save Oheka
Castle: “I could no longer
keep them at bay”**

NEW YORK

Beitel nabs \$155M to refi Mott Haven rental project

NEW YORK

Aby Rosen contests “charade” foreclosure auction of 285 Madison

NEW YORK

Sapir’s Nomo Soho hotel on brink as bondholders eye payback



ABOUT US

CONTACT US

PRIVACY POLICY

TERMS AND CONDITIONS

SUBSCRIBE

CORPORATE SUBSCRIPTIONS

ADVERTISE

HELP CENTER

CAREERS

SHOP

