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The lenders who foreclosed on a 10-story office building at 3101 Broadway will put it on the market after failing to attract a purchase offer in excess of the debt owed on the building.

John Snyder, a partner at **Sonnenschein Nath & Rosenthal LLP** who represents the lenders, opened the bidding at \$6.7 million during a foreclosure sale on the steps of the **Jackson County Courthouse** on Thursday afternoon.

“If someone was willing to bid higher, then (the lenders) would have been willing to walk away with that number,” Snyder said. “But there were approximately 15 people there, and no one else opened up their mouth.”

Broadway Center Associates LP, a group of New York attorneys, recently allowed the building to slip into default because they couldn't sell it and were taking a loss after operating costs and principal and interest payments on the debt, Snyder

said.

“It's only 55 to 60 percent occupied,” Snyder said. “It wasn't cash-flowing, and the owners were probably tired of paying out of pocket to fund it. They just decided not to do it anymore.”

Debt on the building is owed to a number of lenders, who acquired it as part of a commercial mortgage backed security bundle. Centerline Servicing Inc. of Irving, Texas, is the special servicer for the property, and it has retained NAI Farbman of Southfield, Mich., to sell the building on the open market

Snyder said the local NAI affiliate, NAI Capital Realty, will manage the building and work with Farbman on leasing and sale of the building.

Built in 1983, the 137,000-square-foot building probably will be listed for around \$6.7

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million, or \$48.90 a foot, Snyder said.

“It’s a decent building, decent location, right across from Penn Tower (Office Center),” said Snyder, who called the rare office building foreclosure “a sign of the times.”

But Tim Schaffer, executive vice president of **RED Brokerage LLC**, said the building probably wouldn’t have sold for \$6.7 million “even if the economy was rockin’ and rollin’.”

“That building was purchased out of bankruptcy in 1985 or 1986, and really nothing’s been done to it since then,” Schaffer said.

In addition to requiring improvements, Schaffer said, the building is in the tough Midtown office market, “where there is no rent growth.”

During Thursday’s foreclosure sale, Schaffer represented an investor who was willing to make an offer of “about half” the opening bid, he said.

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