

WALL STREET MEDITATORS SEEK \$45 MILLION FOR PROPERTY

By Oshrat Carmiel | September 21, 2009

Sept. 18 (Bloomberg) -- A Wall Street center for transcendental meditation is being offered for sale for \$45 million, eight times more than the followers of the Maharishi Mahesh Yogi paid for it in 2004.

The neo-Classical five-story building at 70 Broad St. has 15,000 square feet (1,400 square meters) of office space and luxury apartments, according to the property listing by residential brokerage Brown Harris Stevens.

The non-profit Global Country of World Peace bought the property in the Financial District, two blocks south of Wall Street, for \$5.5 million in May 2004. The Iowa-based group used the city's backing in 2005 to obtain \$6.2 million in financing through tax-exempt bonds. The group uses the building to teach meditation.

"Thanks to a remarkably flexible zoning, 70 Broad Street can be used either as an office, mixed-use property or residence and is ideal for a corporation, individual, or institution," reads the listing by broker Danielle Grossenbacher. The building was subject to "an extensive and complete renovation" this year.

Grossenbacher referred calls to Brown Harris Stevens spokeswoman Amy Gotzler, who declined to comment. John Hagelin, a board member at Global Country of World Peace, confirmed the sale of the building. Hagelin is also a chairman of the Center for Leadership Performance, a tenant at 70 Broad that teaches meditation to business professionals and chief executives.

Center's Services

While the group "could absolutely not be happier" with the building, a sale would benefit the non-profit's charitable mission, he said. "Financial resources at that level would be a huge boost to us in fulfilling our various goals and purposes," Hagelin said.

Robert Roth, who teaches transcendental meditation at the Center for Leadership Performance, said meditation classes in the Financial District are booming.

One of the luxury apartments inside the building is sometimes used by Hagelin, who was the Natural Law Party's 1996 and 2000 candidate for U.S. president.

The center, with its meditation-oriented tenants, is colloquially known a "Maharishi Invincibility Center," Hagelin said. '

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Meditation classes at the Broad Street location cost between \$750 to \$1,500 for a one-hour-a-day program that spans four days, Roth said.

Global Country of World Peace benefited from a city economic development program that allowed non-profits to use triple tax-exempt bonds to help pay for capital projects.

In 2005, the New York City Industrial Development Agency issued \$6.2 million in bonds on behalf of Global Country of World Peace, said David Lombino, the agency's spokesman. The program is now defunct.

"Some of those benefits would be recaptured if they re-sold," the building, Lombino said. "They'd be on the hook for some money in tax breaks that they received."

Bond Arrangement

The interest rate on the non-profit's bonds, which mature in June 2025, is 7.25 percent, according to the group's 2007 federal tax filing, the latest available from Guidestar.org. As of June 2007, the date of the group's last available tax filing, Country of World Peace owed just over \$6 million on that debt. It's described as an interest-only loan.

Global Country of World Peace describes its mission as establishing world peace "by unifying all nations in happiness prosperity, invincibility, and perfect health," according to their tax filings. Transcendental meditation, a technique founded by Maharishi Mahesh Yogi 53 years ago, is part of the group's health initiatives, Roth said.

The 70 Broad building was completed in 1908 and is a New York City landmark. It was built by architects Kirby, Petit & Green and was the headquarters for the American Bank Note Co.

"In the below ground section there is a state-of-the-art Cisco teleconferencing room which could also act as a profit center," the listing says.

Values Drop

New York office values have fallen 30 percent to 50 percent since peaking in late 2007, according to FirstService Williams, a New York-based brokerage.

Twelve office buildings sold or were under contract in Manhattan, with an aggregate price of \$1.8 billion, this year through August, according to Real Capital Analytics, which tracks commercial property sales.

In the Manhattan luxury apartment market, the median sales price dropped 26 percent in the second quarter from a year earlier to \$3.66 million, according to appraiser Miller Samuel Inc. and broker Prudential Douglas Elliman Real Estate. Luxury sales fell 50 percent, with 153 apartments trading.