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Plots & Ploys

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Breaking News From WSJ.com's Developments Blog Fast Profit

In January, New York real-estate mogul Gary Barnett took control of a much-coveted Manhattan office building portfolio that had been the subject of a yearslong dispute between two brothers.

Now Mr. Barnett's Extell Development Co. has decided to cash in on four of the properties by leasing them for 99 years to a joint venture of New York-based Kaufman Organization and Iowa-based Principal Real Estate Investors.

Terms of the just-closed deal weren't available, but the venture plans to spend more than $34 million overhauling the properties, which are located in Manhattan's Midtown South district, according to the venture.

"This represents the largest block of vacant office space in one of the tightest office submarkets in the country," said Fred Leffel, president of a division of Kaufman.

Brothers Michael and Frank Ring had owned the portfolio with 14 properties for years, but fought over control and strategic direction. Mr. Barnett took control after he reached separate deals with both brothers.

—Keiko Morris

Core Counseling

Deutsche Bank AG DBK.XE +0.15% has some advice for commercial real-estate investors in the U.S. and Japan who are thinking about buying so-called "core" properties in other countries: Stay home.

Core properties are those with low vacancy and long-term leases. Investors are willing to pay more for them because of their stable cash flows.

Some are seeking these types of returns in other countries. But a report by Deutsche Bank Asset and Wealth Management says core investors in the U.S. and Japan would make better returns by buying domestically.