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NEW YORK CITY REAL ESTATE NEWS

Four NYC Sports Authority leases to hit auction block

Stores on Third Ave., in the Bronx and in Queens pay annual rent of more than \$6M

May 04, 2016 08:10AM

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Sports Authority at 845 Third Avenue in Manhattan.

Everything must go! Embattled retailer Sports Authority will put the leases for four New York City stores paying a combined annual rent of more than \$6 million on the auction block when it sells off its assets later this month.

The leases cover a 30,000 square-foot store at [Equity One's Broadway Plaza](#) in the Bronx, a 21,000 square-foot location at Rudin Management's 845 Third Avenue and two others in Queens, according to bankruptcy filings and other sources.

The Colorado-based sporting-goods retailer was operating 464 stores nationwide when it filed for Chapter 11 bankruptcy protection back in early March, crippled by \$1.1 billion worth of debt.

The company toyed with a restructuring plan that included closing as many as 200 underperforming stores. But after a bid deadline for those stores came and went late last month with little interest, the retailer abandoned its restructuring plans and announced it would look to sell off its remaining assets.

And in cases like these, the store leases are often the most valuable assets remaining.

"Most of the time, the only value in these kinds of cases is in the leases. Usually the leases are worth more than the merchandise," said Matthew Roseman, head of the creditors' rights practice at the law firm Cullen and Dykman, who is not involved in the case. "In the case of Sports Authority, where they have hundreds of stores, they have to make very fast decisions about what they want to do with these stores."

When the sporting goods retailer filed for bankruptcy in March, it identified 143 locations nationwide that it planned to shut down, including one at the Related Companies' Gateway Center in East New York and the one on the second floor of Equity One's 130,000 square-foot shopping center at 171 West 230th Street in the Bronx.

Sports Authority then put those leases – which pay their landlords \$109,142 and \$194,708 per month, respectively – up for auction. But when the April 28 deadline came, only one qualifying bid came in for four of the 143 stores: the one at Gateway Center as well as two others in New Jersey and one in California.

Now, the remaining leases will be put up for auction scheduled for May 16 with the rest of the company's assets.

The costliest lease in New York City is at Equity One's property in the Bronx, which comes with a monthly rent of \$194,708, according to bankruptcy filings.

Sports Authority pays \$133,333 per month for a 21,000-square-foot store with a 7,000 square-foot selling floor at Rudin's 21-story office building on Third Avenue, and less than \$100,000 per month for a location in Woodside owned by Worldwide Holdings and one in

Forest Hills belonging to the San Diego-based retail REIT Realty Income Corporation.

Roseman said potential bidders could be rival sporting goods stores, other retailers looking to operate the locations under their own brand or even landlords who want the space.

“You could potentially have one bidder come in and bid for the whole package, or different bidders on different stores,” he said. “They’ll do a lot of number crunching and look to take the highest and best offer.”

Sports Authority is but one among several large retailers to seek bankruptcy protection recently. On Tuesday, supermarket chain Fairway filed for Chapter 11 protection, with a plan to restructure the business and keep its 15 locations open.

That comes on the heels of national grocery chain A&P entering bankruptcy last year.

And it was a year ago that a bankruptcy judge gave the green light for RadioShack’s biggest shareholder [to buy the retailer’s 1,700 stores](#), including 250 in New York.

