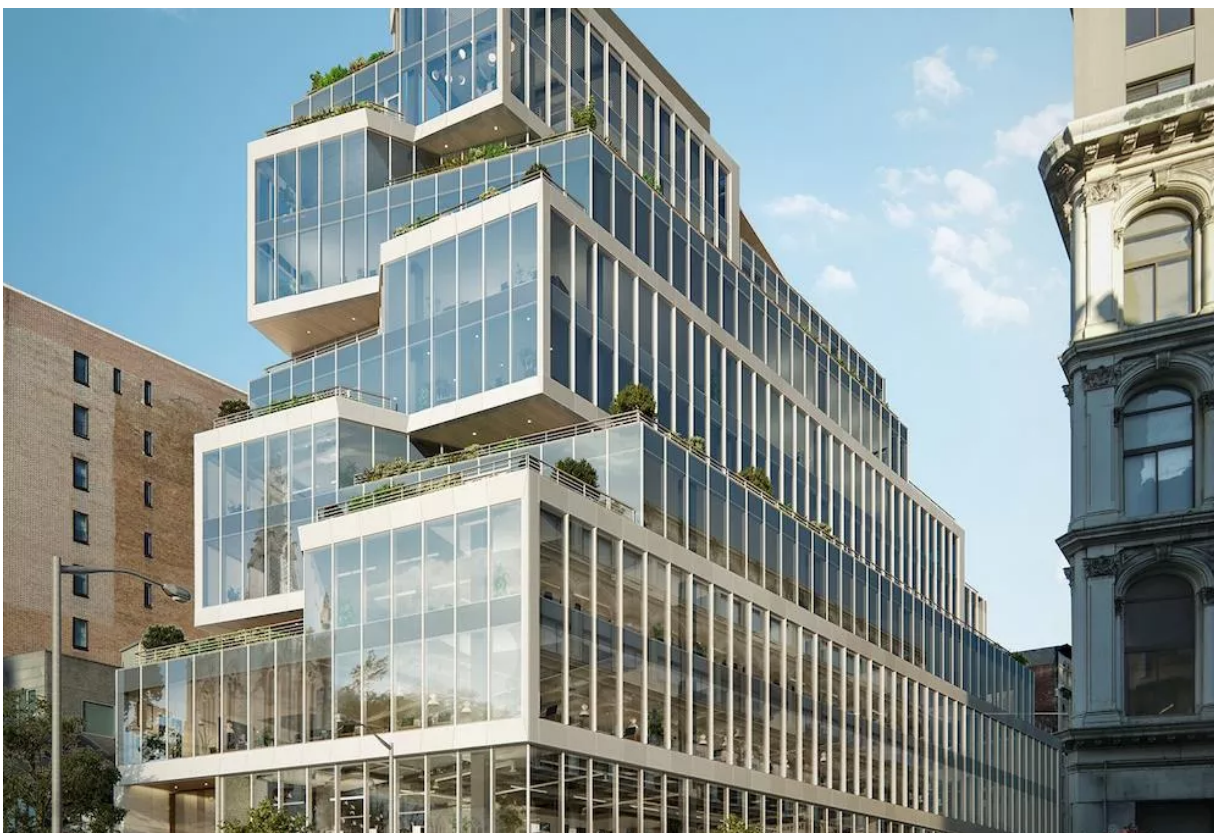


New Firm Spins Out Of Columbia Property Trust With Normandy's Old Funds

July 1, 2022 | Ciara Long, Bisnow New York City (<https://www.bisnow.com/author/ciara-long-552474>)
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Less than three years after Normandy Property Trust was acquired by Columbia Property Trust (<https://www.bisnow.com/tags/columbia-property-trust>), executives and funds from the former New Jersey investment firm have spun out and formed a new one.

Cannon Hill Capital Partners has acquired Normandy Real Estate (<https://www.bisnow.com/tags/normandy-real-estate>) Funds III and IV and the Normandy Opportunity Zone Fund from CXP, in addition to two separate accounts and the third-party management contracts attached to the accounts, according to a press release.

Cannon Hill will also assume the employment of roughly 50 real estate professionals from both Normandy and CXP, including Cannon Hill's new heads: Jeffrey Gronning, Eric Rubin and Melissa Cosgrove Donohoe.

"We're looking forward to taking advantage of some of the impending distress that we are starting to witness in some of our primary markets — so, similar to what our team executed after the Global Financial Crisis," Donohoe, who is Cannon Hill's chief operating officer, told *Bisnow*. "We were starting to look at opportunities to do either special situations or distressed investing, heavy repositioning and redevelopment. That would be across not only office, which we've done for several decades now, but also expanding into life science, industrial and multifamily."

Cannon Hill's portfolio includes properties in Boston, New York and Washington, D.C., but the move doesn't affect real estate assets directly owned and managed by Columbia, according to the release.

CXP will continue to act as a developer and manager for 799 Broadway, Terminal Warehouse and 101 Franklin, the New York City projects it still owns together with Normandy Real Estate Fund IV.

CXP was a public REIT listed on the New York Stock Exchange when it agreed to buy (<https://www.bisnow.com/national/news/capital-markets/columbia-property-trust-buys-normandy-101342>) private equity investor and developer Normandy in October 2019. The partnership was already co-developing a 180K SF ground-up development close to Union Square (<https://www.bisnow.com/tags/union-square>), 799 Broadway, and collectively owned several office properties in parts of Manhattan where demand was high prior to the pandemic.

But the pandemic's effects on office markets have been punishing, especially in CXP's core markets: New York, San Francisco and D.C. It received multiple unsolicited purchase offers for the company in spring 2021.

By September, the REIT had accepted a \$2.2B bid (<https://www.bisnow.com/national/news/capital-markets/pimco-buys-columbia-property-trust-2b-110105>) from Pacific Investment Management Co., a subsidiary of German financial services Allianz SE (<https://www.bisnow.com/tags/allianz-se>). PIMCO (<https://www.bisnow.com/tags/pimco>)'s purchase of CXP, which came as interest rates fell low enough to undercut bond returns, delivered the California-based manager a 6.2M SF portfolio, including the former New York Times headquarters on 42nd Street and 315 Park Ave. South, The Wall Street Journal reported at the time (<https://www.wsj.com/articles/pimco-sets-its-sights-on-commercial-real-estate-11631620800>).

"For my partnership, my partners and our team, and the team of 50 people coming with us, it was an opportunity to be able to take the portfolio out and focus on what we had done for several years even within Columbia — but under our own, privately held real estate team, and use that as an opportunity to grow that platform independent of a PIMCO-owned real estate company," Donohoe said.

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