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<https://therealdeal.com/2019/09/06/the-daily-dirt-we-company-considers-chopping-valuation-delaying-ipo/>

The Daily Dirt: We Company considers chopping valuation, delaying IPO



WeWork CEO Adam Neumann (Credit: Getty Images and iStock)

By Kathryn Brenzel

The We Company could chop its valuation by more than half. The company also might delay its IPO.

Will We or won't We? There are many iterations of this question swirling around as the parent company of WeWork prepares for its initial public offering. The main mysteries (at the moment) are: Will the We Company go public this month, or will it wait? Will it stick to a \$47 billion valuation, or bring it down to a more modest number?

At the very least, the actions of the We Company in the past few days show that it's taking some critics' concerns to heart. According to the Wall Street Journal, the company is considering halving its valuation to somewhere in the ballpark of \$20 billion. That idea was presented among others when CEO Adam Neumann met with the company's largest investor, SoftBank, in Tokyo last week. The executives also reportedly discussed SoftBank purchasing \$3 billion to \$4 billion raised in the IPO. They also apparently mulled holding off on an IPO until 2020, with the help of additional capital from the Japanese conglomerate.

What the company does between now and its IPO — either this month or next year — could have a big impact on whether or not its entry into the public markets is successful. Investors and landlords are already nervous about a potential recession and the We Company's massive losses, and it's not clear if its reactive actions in the lead up to the IPO will reassure investors or be viewed as confirmation that their concerns are valid.

A new bill could ramp up penalties for buyouts of rent-regulated apartments.

Sen. Julia Salazar proposed legislation that would impose penalties of up to \$1,000 for buyout offers that qualify as harassment, Georgia Kromrei reports. That includes providing false information about an offer, contacting a tenant at their place of work without their permission or contacting a tenant too soon after they have rejected a buyout offer.

The bill would also require landlords to make buyout offers in writing and submit such paperwork to the state's Homes and Community Renewal agency within 90 days of the offer. HCR would then have to provide the state legislature an annual report on buyout offers for each census tract.

The proposed legislation was apparently inspired, in part, by a *TRD* article. The proposal mentions a July 12 article about a landlord-focused seminar on the changes to the rent law. Industry experts at the event predicted that landlords would turn to buyout offers in order to combine vacant rent stabilized apartments in order to secure a one-time rent bump.

CLOSING TIME

Residential: The most expensive residential closing recorded on Thursday was for a condo unit at 90 Morton Street in the West Village, at \$8.4 million.

Commercial: The priciest commercial closing of the day was for an apartment building at 50 Manhattan Avenue in Manhattan Valley, at \$15.7 million.

BREAKING GROUND

The largest new building filing of the day was for a 3,825-square-foot residential building at 3769 Barnes Avenue in Williamsbridge. Fran Vucinaj filed the permit application.

NEW TO THE MARKET

The most expensive residential listing to hit the market on Thursday was for a condo unit at 111 West 57th Street in Midtown, at \$29.5 million. Douglas Elliman's Amy Williamson, Shari Scharfer-Rollins, Holly Parker and Tal Alexander have the listing. — *Research by Mary Diduch*

A thing we've learned...

The Bank of America Building at One Bryant Park sits on two ground leases, according to the Kroll Bonding Agency. The state's Empire State Development owns one, and the other is controlled by the Brandt Organization. Thank you to Kevin Sun, who spotted this factoid.

Top stories from our other markets:

NATIONAL

Following the announcement of its new home lending program, iBuyer Opendoor has acquired title and escrow company, OS National. It specializes in residential and commercial title and settlement services. OS National's 500-member team will join Opendoor's 1,300 employees in offices around the country.

CHICAGO

Across the Midwest, Plymouth Industrial REIT went on a Labor Day weekend shopping spree. In all, the firm spent \$90 million on 2.2 million square feet of industrial properties in Chicago, Cincinnati, Columbus and Memphis. The Chicago portion alone netted it 1.1 million square feet, adding to it already substantial local industrial holdings.

LOS ANGELES

Playa Vista is home to Google's massive Spruce Goose campus, as well as offices leased by Facebook and Yahoo, among other tech notables. Now, an industrious developer wants to build a bridge so his planned 236-unit residential complex can be closer to those tech companies that have set up shop in recent years.

MIAMI

The developer of the Palm House Hotel, one of the largest EB-5 frauds in South Florida history, can no longer afford to pay his lawyers. Robert Matthews will use taxpayer funds to pay his attorneys, as he awaits sentencing after he pleaded guilty in April to defrauding foreign EB-5 investors out of millions of dollars. — *Compiled by Alexi Friedman*