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FINANCE

BHI, Naftali Lend \$203M for Manhattan Office-to-Resi Conversion

BY ANDREW COEN MARCH 30, 2026 4:22 PM

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ISSAC HERA, CEO OF YELLOWSTONE REAL ESTATE INVESTMENTS, AND INSIDE TM:RW AT 220 WEST 42ND STREET.

PHOTOS: MATT CARASELLA/PATRICK MCMULLAN VIA GETTY IMAGES; ISMAIL MERAD

Yellowstone Real Estate Investments inked a \$203 million loan to execute an office-to-residential conversion of the **Candler Building** near **Times Square**, Commercial Observer can first report.

BHI, the U.S. lending arm of Israel-based **Bank Hapoalim**, provided the loan for Yellowstone to transform the 25-story office building at **220 West 42nd Street** into 176 apartments with 18,174 square feet of retail. **Naftali Credit Partners** also provided \$36 million of mezzanine debt for the 221,357-square-foot multifamily project that will set aside 44 units for households in compliance with the 467m affordable housing conversion program.

“Our bank is continually active in the citywide trend of office-to-residential conversions as a mechanism to create more living spaces for NYC residents,” **Ilana Druyan**, senior vice president and head of international origination at BHI, said in a statement. “We’re pleased to support Yellowstone with this capital to advance their vision for repositioning this asset and bringing it back to market with renewed purpose.”

IPA Capital Markets, a division of **Marcus & Millichap**, arranged the transaction, with a team consisting of **Max Herzog**, **Marko Kazanjian**, **Andrew Cohen** and **Max Hulsh**.

“As New York City continues to navigate the evolution of its office market, we see strong opportunity in well-located office-to-residential conversions that bring new housing to dynamic neighborhoods,” **Glenn Grimaldi**, CEO of Naftali Credit Partners, said in a statement.

The project adds to Yellowstone’s active pipeline since the firm was formed in 2020 by **Isaac Hera**, now the company’s CEO. Hera previously led residential real estate company **Star Real Estate Ventures**, whose portfolio was acquired by **Morgan Properties** and **Olayan America**. Yellowstone filed plans for another office-to-resi project a year ago at **1730 Broadway** looking to transform the 26-story building into 422 residential units.

Yellowstone has worked closely with BHI since forming and got a \$60 million boost to a capital call line facility provided by the bank in early 2024 up to \$150 million.

“Having a partner like BHI who understands both the speed and complexity required to execute on opportunities in Manhattan is incredibly valuable,” Hera said in a statement. “Their ability to align with our business plan and deliver capital with certainty allows us to move decisively as we reposition assets and pursue opportunities across the market.”

<https://commercialobserver.com/2026/03/bhi-naftali-manhattan-office-to-resi-conversion/>