



Outside the Region: Cronheim secures \$33.5 million mortgage for renovated retail center in Fairless Hills, Pa.

December 19, 2017 - Front Section

Fairless Hills, PA Cronheim Mortgage completed the closing of a \$33.5 million mortgage loan for a Fairless Hills Towne Center, grocery-anchored retail center. The loan was placed with an investment bank and structured with a seven-year term and 30-year amortization schedule after an 18-month interest only period. The permanent loan refinanced the bridge loan used to acquire and reposition the property.

The client, a JV between Larken Associates and Red Starr Investments, acquired the 294,000 s/f property in May 2015 with 120,000 s/f of vacancy after Walmart left the center, relocating to a new SuperCenter a couple miles away. The owner immediately undertook a full property renovation including a new façade, roof and HVAC replacements, parking lot repaving, new landscaping and signage. The cosmetic upgrades and an activist management approach led increased leasing velocity, which resulted in new leases and existing tenant term extensions totaling over 170,000 s/f. Additionally, the client converted 35,000 s/f of retail space in the rear of the former Walmart space to climate-controlled self-storage.

David Turley said, “Larken and Red Starr did a great job identifying the latent potential of this property and location and then executing quickly and creatively. We are pleased to have helped them recapitalize their capital stack to allow them to harvest some equity and structure the debt for long-term cash flow.”

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