



## **Gaines and Stolly lead JLL team in securing \$165 million in mezzanine financing for 237 Park Avenue; SL Green Realty Corp. and Blackstone provide loan at an interest rate of 7%**

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On behalf of a partnership between RXR Realty and Walton Street Capital, Jones Lang LaSalle's Capital Markets has secured \$165 million in mezzanine financing for 237 Park Ave., a 22-story, 1.2 million s/f office tower adjacent to Grand Central Terminal. The asset was acquired for \$810 million and the partnership has assumed a \$420 million securitized senior mortgage. SL Green Realty Corp. and Blackstone provided a mezzanine loan, which carries an interest rate of 7% and provides the borrowers \$125 million up front and could provide up to \$40 million more.

Managing director Kellogg Gaines and executive vice president Dustin Stolly led the Jones Lang LaSalle team.

"237 Park Ave. is an outstanding asset and offered lenders a rare chance to originate a loan collateralized by the equity in a true class A tower in one of the most coveted and irreplaceable locations in Manhattan with best in class sponsorship," Gaines said. "Furthermore, as the owners are about to embark on a comprehensive renovation of the property and with extensive discussion at the N.Y.C. department of planning about improved zoning to the Grand Central District along with the East Side Rail Project bringing more commuters through Grand Central Terminal this asset is well positioned to be a premier Manhattan office property. The value here was well recognized by the lending community which resulted in a very favorable execution on the sourcing and structuring the debt on this asset."

"Mezzanine lender interest came from an ever increasing variety of capital sources, including insurance companies, money managers, banks, and mortgage REITS; all a testament to the continued evolution of the mezzanine lending space for prime assets such as 237 Park," said Stolly.

98% of the building's tenants are investment grade; current tenants include J. Walter Thompson, UBS, J.P. Morgan Chase, Credit Suisse and Jennison Associates. Formerly the Railroad Mail Services Building, the property was built in 1920 and fully redeveloped in 1981. 237 Park Ave. features an atrium lobby, and includes 153 ft. of retail frontage on Lexington Ave. and 145 ft. of retail frontage on Depew Place.

RXR Realty and Walton Street Capital are planning a multi-million dollar renovation of 237 Park Ave., which will include modernizing and brightening the lobby and atrium, enhancing the Park Ave. entrance, improving the retail entrance on Lexington Ave. and generally improving the exterior of the building.

237 Park Ave. is located in one of the strongest office markets in the nation, one that is characterized by strong performance fundamentals, robust job creation, an increasingly diverse tenant base and a growing reputation as a center of technology and innovation.

The Midtown office market, which represents 60% of the area's inventory and has an class A vacancy rate of 11.6%, is benefitting from three trends: competition for space in trophy buildings, which has fueled rent growth; the migration of technology and new-media tenants to the area due to the lack of high-quality class A space below 42nd St.; and the growth of Midtown's media and advertising firms, which is drawing complementary businesses, such as digital marketers and digital content creators, to the market.

Jones Lang LaSalle Capital Markets is a full-service global provider of capital solutions for real estate investors and occupiers. The firm's in-depth local market and global investor knowledge delivers the best-in-class solutions for clients – whether a sale, financing, repositioning, advisory or recapitalization execution. In 2012 alone, Jones Lang LaSalle Capital Markets completed \$63 billion in investment sale and debt and equity transactions globally. The firm's dealmakers completed \$60 billion in global investment sales and buy-side transactions, equating to nearly \$240 million of investment trades completed every working day around the globe. The firm's Capital Markets team comprises more than 1,300 specialists, operating all over the globe.

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New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540