



Red Oak Capital Holdings provides \$8.6m for Irondequoit Plaza

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Irondequoit NY Red Oak Capital Holdings, LLC has provided \$8.6 million for Irondequoit Plaza, a neighborhood shopping center located in metro Rochester. The borrower used the loan proceeds to finance part of its acquisition of the grocery-anchored strip center. The debt was written under Red Oak's core bridge loan program, a fixed-rate lending program for institutional-quality assets that are in transition.

The interest-only, non-recourse loan carries an interest rate of 9.5% and a three-year term, and represents 65.6% of the center's stabilized value. Stratos Athanassiades, Red Oak's regional manager-Midwest, originated the loan, which was underwritten and administered by Thomas Gorski, senior CRE underwriter, and Jesus Martinez, senior CRE loan administrator. Polaris Funding's Alex Mermelstein brought the deal to Red Oak on behalf of the borrower, an affiliate of Sky Capital Group.

"The sponsor, Sky Capital, is an experienced owner and operator of retail shopping centers, with more than four million s/f in assets under management," Athanassiades said. "Irondequoit Plaza has been a mainstay in its neighborhood for decades, and we're confident in the borrower's ability to

continue, and build on, that success.”

Situated on 21 acres at 525 Titus Ave., the 205,000 s/f property houses a mix of 22 national and local tenants including Citizens Bank, Dollar Tree, Dunkin Donuts and Big Lots, as well as 1,012 parking spaces. Built in 1980, the center has been renovated three times, most recently in 2005.

The Red Oak loan provided funds toward the \$9.5 million purchase of the 123,479 s/f non-anchored portion of Irondequoit Plaza. The financing does not collateralize the adjacent Wegman’s supermarket, which the sponsor also purchased for a combined acquisition price of \$16.45 million. The borrower plans to spend approximately \$750,000 in capital improvements, tenant improvements and leasing commissions to make physical upgrades to the asset and re-tenant spaces as they rollover at longer terms with slightly higher market rents. It plans to retire the Red Oak loan with permanent financing or the proceeds from a potential separate sale of the Wegmans and outparcels.

“Irondequoit Plaza is one the many properties in the country today that are illustrating the inherent strength of neighborhood retail in the face of a challenging economy,” said Gary Bechtel, Red Oak’s CEO. “It’s been a consistent performer in terms of both revenue and expenses, with a sticky tenant base that’s kept occupancy high for almost two decades.”

The center’s typical 95%-plus occupancy is above market for the 22 million s/f Rochester retail market, which has a current vacancy of around 9%. Along with the Wegman’s, an Aldi’s across the street and the nearby I-Square project serve as additional lures for consumers living in the residential areas surrounding Irondequoit Plaza.

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