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Capital One lends \$175m on 600 Third Ave.

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[*Sondra Campanelli*](#)

Capital One has provided a \$175m loan to a joint venture between a BlackRock Real Assets fund and L&L Holding Company to refinance debt on 600 Third Avenue. The 575,000-square-foot office building is valued at \$440m.

The facility is a three-year, interest-only, adjustable-rate term loan with two 12-month extension options. “We also provided the flexibility that the sponsors needed on some of the mechanics in the loan, which made us competitive,” said Jonathan Smith, v.p. at Capital One.

The new loan takes out a maturing \$175m loan from MetLife from March 2014. The property recently underwent a 10-yr capital expenditure program that allowed L&L and BlackRock to renovate the lobby, corridor, and plaza sections of the building, in addition to other improvements.

Capital One is making a push to go after low-leverage office properties in core markets, according to Smith, who originated the transaction. “The Grand Central submarket has a low vacancy rate for the most part, which we like. And as you get to the higher floors in this property, you get river views, which is pretty captivating.”

The bank beat out about 10 other insurance company and bank balance sheet lenders to win the lending assignment. “It’s a sign to where the market is going today with the demand for these types of assets and wanting to put these loans on the books,” Smith said.

Market players have expressed concerns that new office developments in Hudson Yards could pull tenants away from the East Side, but Smith maintained that the new supply is unlikely to hurt this building. “[This building] has 13,000-square-foot floor plates, which are smaller than the newer product coming online, so I think it draws a different quality of tenants with different needs within the market.”

BlackRock has owned 600 Third Ave. since 2006 when it formed a JV with the operating partner, L&L Holding Company, to buy the 42-story office building from GE Capital.