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L&L, Columbia Property Trust Lock Down \$1.3B Construction Loan For Huge Chelsea Redevelopment



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Terminal Stores

Miriam Hall

The developers behind the Terminal Warehouse revamp closed on a hefty construction loan that will allow the restoration of the sprawling [West Chelsea](#) property to begin.

L&L Holding Co. and [Columbia Property Trust](#) secured \$1.25B, the biggest construction loan in the city this year, according to a release from the firms. The financing includes \$974M in senior and senior mezzanine loans from a consortium of lenders [led by Blackstone Real Estate Debt Strategies](#), with [Goldman Sachs](#) and [KKR](#) participating. [Oaktree Capital Management](#) managed funds in partnership with [Paramount Group](#) led the \$274M in junior mezzanine financing.

“Today marks a major milestone in our ongoing effort to restore, reimagine and adaptively reuse an icon of commerce dating back to the late 19th century,” L&L President [Robert Lapidus](#) said in a statement. “Our ability to secure financing in this current environment is both a testament to the merits of this project as well as a show of the investment community’s continued faith in the future of New York City’s economy.”

Terminal Warehouse [runs](#) a full Manhattan block from 11th to 12th avenues and West 27th to 28th streets. It was built as a seven-warehouse complex, and it was said to be one of the few of its kind in the city that had access to road, rail and water. It now has 1.3M rentable SF and is home to office tenants like L’Oréal USA.

Now, L&L and Columbia Property are turning the building’s 550K SF of storage space into Class-A office and redoing its retail and common areas. The project was approved by the city’s [Landmarks Preservation Commission](#) last year, and it is now due to be complete in 2023.

Once finished, it will have six new office floors and a new courtyard. The train tunnel that runs along the length of the building is being restored, as are the recessed arched entrances on the avenues. [COOKFOX](#) is the architect on the project, while [CBRE](#) brokers arranged the financing package.

L&L Holding and [Normandy Real Estate Partners](#) [paid](#) \$900M for the property in 2018, and Columbia Property Trust agreed to [buy](#) Normandy in 2019 in a \$100M cash and stock deal. Waterfront paid \$12M for the building in 1983, and GreenOak bought a 49% stake in the building in 2014.