

L&L, Normandy Seal Terminal Stores Purchase With \$650M Blackstone Loan

BY [CATHY CUNNINGHAM](#) OCTOBER 24, 2018 10:55 AM

[REPRINTS](#)

THE TERMINAL STORES BUILDING. PHOTO: WATERFRONT NY REALTY

[L&L Holding Company](#) and [Normandy Real Estate Partners](#) have closed their \$880 million acquisition of [Terminal Stores](#) with a \$650 million loan from [Blackstone Mortgage Trust](#), Commercial Observer can first report.

SEE ALSO: [Online Antique Marketplace 1stdibs Subleases 41K SF at Terminal Stores](#)

The transaction closed yesterday.

The two-year loan features one 12-month extension option and will see the sponsors through the property's initial redevelopment phase. **Goldman Sachs** and **Apollo** were co-lenders in the deal.

L&L and Normandy are investing significant capital into repositioning the former warehouse, in a plan that includes converting 500,000 square feet of storage facilities into office space.

In August, Bloomberg reported that the **California State Teachers' Retirement System** would also be providing \$100 million of equity for L&L's share of the purchase, and that it would be advised by **J.P. Morgan Asset Management**.

The *Wall Street Journal* first reported in July that the [sale was underway](#), with the joint venture purchasing the former freight house—at **271 11th Avenue**—from **Waterfront New York** and **GreenOak Real Estate Advisors**. Waterfront paid \$12 million for the asset in 1983, and the property was valued at \$300 million when GreenOak took a 90 percent stake in it in 2014, meaning its value has effectively tripled over the prior four years.

[CBRE Capital Markets' James Millon](#) , [Tom Traynor](#), **P.J.**

Finley and **Ethan Gottlieb** arranged the financing while **CBRE's Darcy Stacom** and [Bill Shanahan](#) represented the sellers. Officials at CBRE could not immediately be reached.

The 1.3-million-square-foot asset occupies the entire block bounded by 11th and 12th Avenues (the **West Side Highway**), and West 27th and West 28th Streets in the Chelsea and Hudson Yards neighborhoods.

Current tenants include **Uber**, **L'Oreal** and architectural firm **Grimshaw**. Most recently, **1stdibs**—an online antiques marketplace—

[inked a deal in August to sublease 41,000 square feet](#) at the building for its second Manhattan showroom.

The property will soon be transformed into a cutting-edge office and retail destination, but it was constructed as a warehouse building in 1891—designed by naval architect and engineer George Mallory. Railroad tracks once ran through the center of its ground floor from 11th to 12th Avenues, serving lumber yards, mills and factories and connecting docks on the **Hudson River** to a freight line running up 11th Avenue.

Maintaining much of its original features, Terminal Stores features ceiling heights ranging from nine to 20 feet and distinctive architectural details such as oversized arch windows and exposed brick walls.

Officials at Blackstone and L&L did not immediately respond to requests for comment. Representatives for Normandy could not be reached.

KEYWORDS: [271 11th Avenue](#), [Bill Shanahan](#), [Blackstone](#), [CBRE](#), [CBRE Capital Markets](#), [Darcy Stacom](#), [James Millon](#), [L&L Holding Company](#), [Normandy Real Estate Partners](#), [Terminal Stores](#), [Tom Traynor](#)