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Gibson Dunn, Szenberg Guide \$85M NY Real Estate Financing

By **Andrew McIntyre**

Law360, New York (November 18, 2014, 6:12 PM ET) -- A joint venture between Tavros Holdings LLC and Arel Capital LP that recently bought a mixed-use portfolio in New York has scored \$85 million in acquisition financing from Blackstone Mortgage Trust Inc., with Gibson Dunn representing Blackstone and Szenberg & Okun PLLC guiding the borrower venture.

Holliday Fenoglio Fowler LP, the borrower's broker for the deal with Blackstone, announced on Tuesday the financing for the portfolio, which includes 19,409 square feet of retail space and 82 rental residential units.

The properties are located at the corner of West 14th Street and Ninth Avenue.

"The high-quality portfolio's irreplaceable location at the heart of the historic Meatpacking District represents one of the most sought-after retail and residential submarkets in Manhattan," HFF's Steven J. Klein said in a statement Tuesday. "The in-place vacancy and below-market rents in both the residential and retail components of the transaction presented the borrower with a very appealing and unique opportunity."

The portfolio includes three residential buildings — all 100 percent leased — and retail space home to Le Pain Quotidien, Solstice Sunglasses, Scarpetta, and L'Occitane.

The retail portion includes more than 200 feet of space facing the Ninth Avenue public plaza, and the residential portion includes 18 one-bedroom apartments, 59 studios, and five two-bedroom apartments.

The purchase also comes with additional development rights on West 15th Street.

The joint venture bought the properties from Chelsea/Village Associates LLC for \$105 million in a deal that closed earlier this month, according to public records.

"Once the property was put into contract, we engaged HFF to find an attractive source of capital," Richard G. Leibovitch, managing partner at Arel Capital, told Law360 in an interview Tuesday. "Blackstone turned out to be an attractive source. It was a very smooth transaction. A two- to three-month period to close the loan."

Arel Capital, formed in 2013, invests in and develops multifamily properties, targeting properties in the \$50 million to \$200 million range. Tavros Holdings formed in 2009 and has since acquired or developed north of \$550 million worth of properties in New York.

This is the first joint venture between the two, both based in New York, and the first time Arel has borrowed from Blackstone, Leibovitch told Law360.

A spokesman for The Blackstone Group LP declined to comment on the deal Tuesday.

Andrew J. Dady, counsel for Blackstone, declined to comment on the deal Tuesday, as did Jacob Okun, who represented the borrower joint venture.

Shares in HFF Inc. closed up 1.03 percent Tuesday to \$34.31. Shares in Blackstone Mortgage Trust fell 0.11 percent to close at \$28.52.

The borrower had brokerage services from Steven J. Klein and Jennifer L. Keller of HFF.

The borrower joint venture is represented by Jacob Okun of Szenberg & Okun PLLC.

Blackstone Mortgage Trust is represented by Andrew J. Dady and David Egdal of Gibson Dunn.

--Editing by Edrienne Su.