

Debt Sought To Complete NY Office Project

05/12/2023

A joint venture that's building office space above several historic residential and retail properties next to Manhattan's Meatpacking District is seeking a \$175.2 million loan as it finishes the project.

Tavros Holdings and Arel Capital, both of New York, would apparently use a portion of the proceeds to retire an existing \$65.3 million loan they obtained in mid-2021 from Nonghyup Bank of Seoul. The funds would also go toward completing development of the complex. Walker & Dunlop is advising on the financing.

The venture is constructing office space over the rear portion of several row homes it bought nearly a decade ago. The facades of the three- and four-story buildings at 44-54 Ninth Avenue are being incorporated into a new structure rising eight stories atop them. It's slated to have more than 55,000 sf of office space, with around 22,000 sf of retail space mostly or entirely on the ground floor. The concept is generally reminiscent of a project Brookfield and Douglas Development **completed** in Washington.

The project, known as 50 Ninth, is along the east side of Ninth Avenue, between West 14th and West 15th Streets, on a block that borders the Meatpacking District and Chelsea neighborhoods.

Tavros and Arel acquired the Greek Revival-style **properties** in October 2015 for \$105 million from Vectra Management Group. The buildings comprised 82 residential units on the upper floors, with street-level storefronts and restaurants. The owners subsequently pitched several plans for a repositioning that eventually included the office component.

Because the original buildings are in a historic district, approvals were subject to closer scrutiny. The developers eventually began work in 2021, but the buildings — dating to about 1845 — were found to be structurally deficient. As they build the office component, Tavros and Arel are reconstructing the lower-rise buildings from the inside out, salvaging original materials for the facades.

The property is along a corridor that sees substantial foot traffic. The Chelsea Market food-hall complex, where Google has offices, is diagonally north across the street. Soho House New York, a club and hotel, is a block south, and there are numerous restaurants and shops in the area.

Source: <https://www.greenstreet.com/news/commercial-mortgage-alert?breakdownId=63>