

# MORTGAGE OBSERVER WEEKLY

The Insider's Weekly Guide to the Commercial Mortgage Industry



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## Pakistani-Owned Roosevelt Hotel Refinanced by J.P. Morgan

### The LEAD

One of New York's premier hotels has caught the eye of one of New York's leading banks.

**J.P. Morgan Chase & Co.** provided a \$140 million loan to refinance existing debt on the iconic **Roosevelt Hotel**, which is owned by the Pakistani government's state-run **Pakistan International Airlines**, public records show.

The 1,015-room art deco hotel at **45 East 45th Street** recently underwent a "multi-million dollar guestroom upgrade," which began in November 2011, according to the hotel's website.

PIA acquired the hotel for \$36.5 million in 1999 in partnership with Saudi Arabia's Prince **Faisal bin Khalid bin Abdulaziz Al Saud** after an ongoing legal battle with the hotel's previous owner, **Paul Milstein**. PIA later bought out Prince Al Saud's share in 2005,

taking full control of the hotel.

The Pakistani government put the hotel up for sale in 2007, with an asking price of \$1 billion, and then took it off the market in 2011 due to declining real estate prices at the time, according to previous news reports.

The historic hotel, which first opened in 1924, has appeared in famous Hollywood movies including *The French Connection*, *Wall Street*, *Quiz Show*, *Boiler Room* and *Man on a Ledge*. The hotel temporarily closed in 1995 and reopened in 1997 following a \$65 million renovation.

The Roosevelt has 30,000 square feet of meeting and exhibit space, including two ballrooms and 17 meeting rooms.

The loan from J.P. Morgan closed on May 9, according to city records. The hotel's owner could not be reached for comment. A spokesperson for J.P. Morgan declined to comment. —*Damian Ghigliotti*

### By the Numbers

# \$1B

Asking price for the Roosevelt Hotel in 2007

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*"We're making a more deliberate effort now to take more market share."*

—Chad Tredway From Q&A on page 10

## Iron Hound Closes Deals on Upper East Side Hotel Refi and Harlem Development



The New York-based real estate advisory firm **Iron Hound Management Company** has arranged two recent loans for a hotel refinancing on the Upper East Side and a ground-up apartment and retail construction project in Harlem, *Mortgage Observer Weekly* has first learned.

Iron Hound closed a \$45 million loan from **CIBC** on behalf of **Denihan Hospitality Group** to retire a construction/renovation loan taken out for an extensive upgrade on **The Surrey** hotel at **20 East 76th Street**.

*See Iron Hound... continued on page 3*

The renovation of the hotel's interior, which was completed in 2009, included newly added rooms and expanded restaurant space. The building's facade work was finished in September 2013, allowing the hotel to operate at full capacity post-renovation.

The new loan from CIBC carries a five-year term including extension options, said Iron Hound Managing Director **Christopher Herron**. The previous loan was refinanced at maturity, he said.

"It's a continuing relationship between Iron Hound and Denihan," Mr. Herron told *MOW*. "They're one of the more sophisticated hospitality groups not only in this city, but throughout the country."

Iron Hound also closed a \$36 million construction loan from **Natixis** on behalf of **Bobby Cayre's Aurora Capital Associates** and the **Adjmi family** for their mixed-use apartment and retail development at **5-15 West 125th Street**. The completed building, which will span a full block, is expected to contain 100,000 square feet of retail space in addition to several apartment units.

Both loans closed on May 22.

"These two transactions represent Iron Hound's ability to be creative and secure financing on difficult transactions

for our clients," said Iron Hound Principal **Robert Verrone**. "We have closed more than \$2.25 billion in brokerage assignments across the country and this side of the business continues to grow, complementing the restructuring services we provide."

—*Damian Ghigliotty*



Robert Verrone

## Carlyle, Megalith Score \$72M Construction Loan For Dumbo Residential Project



177 FRONT STREET RENDERING CREDIT: AUFANG + SUBOTOVSKY

Developers planning residential conversions in Dumbo received \$72.5 million in construction funds backed by three parcels from Tel Aviv-based **Bank Leumi**, according to records filed with the city of New York this week.

The developers are a partnership comprised of an affiliate of Washington, D.C.-based asset manager **The Carlyle Group**, **Megalith Capital Management** and developer **Urban Realty Partners**, a representative for Megalith confirmed.

New York-based developer and equity investor Megalith was already at work on the project—a residential rental and a condominium building—with Urban Realty. Now, they have brought in a new equity partner in Carlyle, though the amount of any equity infusion from the asset manager was not disclosed.

The plots—at **200 Water Street**, **177 Front Street** and **173 Front Street**—were signed over to an LLC controlled by the partnership for \$30.6 million earlier this week. That is exactly the amount Megalith paid last year when it bought the parcels from the **Jehovah's Witnesses**, a major Brooklyn landowner that has been systematically shedding assets for years now.

The new equity partner, in combination with the construction loan, will allow the group to move forward developing on the parcels, which currently hold warehouses or are vacant.

"We are pleased to have a new equity partner and construction lender as we move forward with our continued goal to create new condominium residences and rental apartments within the context of this emerging New York City neighborhood," said **Sam Sidhu**, chief executive officer of Megalith, in a statement provided exclusively to *Mortgage Observer Weekly*.

"We have assembled an impressive team led by **Ari Aufgang** of **Aufgang Architects** and these new financing partnerships come at an exciting time as we enter the next phase of the projects' development," added **Shelly Listokin**, managing member of Urban Realty Partners, in the statement.

At 177 Front, Megalith plans to build a mixed-use project with 105 residential rentals and retail; at 200 Water Street the developer is plotting residential condominiums, according to previous reports.

A representative for Carlyle declined to comment; Bank Leumi did not respond to a request for comment. —*Gueda Voien*

## Greystone Provides One-Year Bridge to Permanent HUD Financing for Queens Nursing Home



New York-based multifamily and health care lender **Greystone** brought \$36.7 million in bridge financing on a senior living facility in Hollis, Queens, to permanent HUD financing in one year, *Mortgage Observer Weekly* can exclusively report.

The original bridge loan provided to **Centers**



Holliswood Care Center

for **Specialty Care Group** to acquire the 314-bed facility, **Holliswood Center for Rehabilitation and Healthcare**, closed in May 2013. The new 30-year HUD loan closed on May

20, 2014, marking a relatively quick takeout.

**Fred Levine**, a loan originator based out of the company's Monsey, N.Y., office, led the transaction.

"HUD financing is the best long-term non-recourse financing option for health care properties, and our expertise in this area, such as our state-specific knowledge and relationship with HUD, is evident by the successful bridge-to-HUD process for Holliswood that was closed in under a year," Mr. Levine said.

The private nursing home, which accepts Medicare and Medicaid, is significantly larger than New York's average facility size of around 183 beds. —*Damian Ghigliotty*