

What's the Deal: News Digest

A Roundup of Commercial Property News From Across the Tri-State Region

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Lenders Love Rentals

In another sign that New York's apartment rental market is booming, lenders are becoming increasingly willing to make riskier loans to developers.

Take the case of Queens Plaza South, a 391-unit luxury rental tower in Long Island City being developed by a venture of Property Markets Group, Kamran Hakim and New Valley LLC. The venture, which has been advised by Mission Capital Advisors, has obtained \$188.6 million in financing.



In the early days of the recovery, developers were lucky to borrow 60% of what it would cost to buy land and build an apartment tower. The financing for Queens Plaza South is equal to about 90% of the cost.

“For good projects, there’s a lot of money available,” said Ari Hirt, of Mission.

As part of the financing package, Deutsche Bank is providing a senior loan of about \$148.4 million, which was arranged by Mission Capital. NorthStar Realty Finance is making a more junior \$40.2 million “mezzanine” loan, according to Mission.

Kevin Maloney, principal of Property Markets Group, said the 44-story

project one block from the Queens Plaza subway station is expected to be completed in about 20 months. Rents likely will be in the mid-\$50-a-square-foot range, he said.

Mr. Maloney said the developers were able to borrow so much partly because the value of land in Long Island City has risen sharply since they purchased it. “The bank took that into consideration,” he said. “They feel a lot more comfortable.”

—Peter Grant

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