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L&L, Columbia Property Trust Close \$1.2B Construction Loan for Terminal Warehouse

They will begin renovating the 1.2-million square foot facility into an office and retail destination in West Chelsea.

By **Erika Morphy**

L&L Holding Co. and Columbia Property Trust have secured \$1.25 billion in construction financing for the renovation of the Terminal Warehouse, putting in motion the restoration and transformation of the 1.2 million square-foot office, retail and self-storage facility into a workplace and retail destination in Manhattan's West Chelsea neighborhood.

Vehicles managed by the Blackstone Real Estate Debt Strategies platform led the \$974 million senior loan and senior mezzanine loan financing with Goldman Sachs and KKR participating, while funds managed by Oaktree Capital Management, L.P. led the \$274 million junior mezzanine financing in partnership with Paramount Group. With the loan package—the largest construction financing to date in New York City this year, according to the companies—now secured, L&L and Columbia are ready to begin major construction.

In collaboration with architectural firm COOKFOX, L&L and Columbia are converting Terminal Warehouse's 550,000 square feet of self-storage space into offices while also reimagining its ground floor retail and common areas. As part of the project plan approved by the New York City Landmarks Preservation Commission in January 2020, floor area will be removed to make room for the new courtyard, a series of double-height interior spaces throughout the western portion of the building, and six new office floors with floor-to-ceiling glass overlooking the Hudson River. The project is estimated to be completed in 2023.

Built in 1891, Terminal Warehouse occupies an entire Manhattan block from 11th to 12th Avenue and 27th to 28th Street. As the first major New York City facility with direct access to the river, streets and rail lines, the building initially served as a transfer point for goods heading into and out of the city. The property's most distinctive characteristic is the tunnel with a twin set of rail tracks, which runs through the center of the facility and originally offered a direct connection from the Hudson River's docks to the freight lines operating at street level along 11th Avenue. This tunnel also housed the famous Tunnel nightclub in the 1980's and 1990's.

The 670-foot-long train tunnel will be restored, and eventually lined with shops, restaurants and other amenities. L&L and Columbia also plan to restore the monumental recessed arched entrances located on 11th and 12th Avenues.

CBRE arranged the financing package on behalf of the joint venture. Terms of the loan were not disclosed.