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Inside L&L, Normandy's plan to turn Terminal Stores into a \$1.8B property Developers proposing 100K sf of new penthouse space atop landmarked property



A rendering of Terminal Stores at 271 11th Avenue and L&L Holding Companies' Rob Lapidus and David Levinson (Credit: Getty Images)

By [Rich Bockmann](#)

L&L Holding Company and Normandy Real Estate Partners are proposing to turn the Terminal Stores warehouse in West Chelsea into a \$1.8 billion property in four years.

The partners, who closed on their [\\$880 million](#) purchase of the block-sized building Wednesday, plan to spend an additional \$220 million to renovate the property, according to investor deck reviewed by *The Real Deal*.

The designs, which approvals from the city Landmarks Preservation Commission, call for the creation of 100,000 square feet of glass penthouse space on top of the building.

The developers' proposal includes carving out "an abundance of light-wells" placed strategically throughout the building's interior, and creating a wrap-around outdoor terrace on the roof. The project's setup is estimating rents of \$135 per square foot for the penthouse office space.

"One of the central features of the business plan is the introduction of a through building cut-through to create a courtyard (similar to the Empire Stores building in Dumbo) – which would allow more light into the central interior of the building, providing the opportunity to add floor-to-ceiling glass spaces facing the courtyard and to create terraces along the cut-through," the project set-up explains.

L&L and Normandy, who declined to comment through a spokesperson, are also planning to create a Chelsea Market-style retail corridor and convert 500,000 square feet of storage space to office use.

After a four-year holding period, they are projecting an exit price of \$1.8 billion.

The project's architect is COOKFOX, which designed Oxford Properties Group and the Canadian Pension Plan's renovation of the [St. John's Terminal](#) near Hudson Square.

The partners announced in a press release Wednesday that Blackstone Mortgage Trust provided a \$650 million acquisition loan for the project at [261 Eleventh Avenue](#).

The debt has a term of two years with a 12-month extension option, Commercial Observer reported.

L&L and Normandy also announced that a large institutional investor advised by JP Morgan had contributed equity into the deal. [Last year](#), L&L launched a \$500 million fund with \$4 billion worth of purchasing power with JP Morgan as an adviser to the California State Teachers Retirement System, which reportedly was investing \$100 million in equity into Terminal Stores.