

Thorofare Finds Lending Edge with Greenwich Village Office Deal

BY ANDREW COEN AUGUST 4, 2022

A unique value opportunity to convert an older Greenwich Village building into a modern Class A office asset in the shadow of Google's New York City headquarters proved to be a big attraction for Thorofare Capital to tackle a \$34.5 million financing at 132 West 14th Street.

The Los Angeles-based lender supplied the debt package to KPG Funds for a refinance and construction loan of the seven-story property it acquired in 2021. KPG plans to transform the office and retail office property with a new structural expansion featuring enlarged 15-foot ceiling heights on the top two floors along with a new façade designed by Marvel Architects.

David Perlman, head of Thorofare's New York office, noted that the location near Google will help attract top technology and media tenants seeking modern amenities. Asking rents are expected to start between \$90 and \$95 per square foot, which is on the low end of other planned office properties in the neighborhood.

"They are offering turnkey prebuild space at a lower price point than other comparable deals in the market," Perlman said. "We're underwriting between \$85 and \$100 a foot for basically a new building."

A JLL team led by Aaron Niedermayer arranged the financing. Cyril Derzie from Seyfarth Shaw represented the borrower.

The Real Deal first reported the transaction.

The starting asking rents at 132 West 14th compare to a \$115-per-square-foot average rent at nearby 76 Eighth Avenue, an office building that, according to Perlman, is already 100 percent leased before even receiving its certificate of occupancy. Perlman also noted that another nearby office property at 60-74 Gansevoort Street has starting rents of \$133 per square foot. MatchGroup, which

owns dating websites Match.com, PlentyOfFish, Tinder and Hinge, signed a long-term lease in June 2020 at the Gansevoort Street site.

Perlman added that in addition to the proximity to Google, the property — also known as La Galerie — has solid public transportation access near the L train and express bus routes. He noted that the cost basis on the deal is low compared to other properties at less than \$1,000 a foot even when factoring in a 99-year ground lease KPG signed last year with the Salvation Army, the building's previous owner.

KPG's business model is aimed at purchasing aging "architecturally significant" buildings and converting their office space into Class A properties.

"La Galerie will leave the market in awe," Rod Kritsberg, KPG's founder and CIO, said in a statement. "It will be completely rebuilt from the ground up with KPG's signature luxury interiors, finishes, technology, along with a new architecturally stunning glass façades and one-of-a-kind rooftop amenities with incredible, unobstructed views of the New York City skyline."

<https://commercialobserver.com/2022/08/thorofare-finds-lending-edge-with-greenwich-village-office-deal/>



DISCLOSURE: This reprinted article being provided for informational purposes only and intended for our non-advisory loan origination and servicing clients only. The content herein was prepared by third parties of which we have no editorial control, so we do not warrant the reliability of any statements herein.

Nothing herein is an offer or solicitation for the purchase or sale of any security, may not be relied upon in connection therewith, and is qualified in its entirety by any related Private Placement Memorandum and Partnership Agreement. An investment in a private real estate fund involves a substantial degree of risk and investors could lose some or all of their investment.