

THE REAL DEAL

REAL ESTATE NEWS

GFP, Metro Loft close on \$536M loan at 25 Water Street

Apollo among lenders for massive office-to-resi project



Metro Loft's Nathan Berman, GFP Real Estate's Jeff Gural and 25 Water Street (Edge Funds, Getty, Metro Loft, GFP Real Estate)

The three partners planning a 1,300-unit conversion of 25 Water Street closed the \$536 million loan that's been in the works for months. Michael Dell's MSD Partners and Apollo Commercial Real Estate Finance provided the loan for the acquisition and redevelopment of the Financial District property, Newmark announced Thursday. The Real Deal reported in October that 25 Water Street's developers — Jeff Gural's GFP Real Estate, Nathan Berman's Metro Loft and Rockwood Capital — were closing in on a \$500 million loan from MSD. Apollo's involvement was not reported at the time. The loan is the largest for an office-to-residential conversion in United States history, according to Real Capital Analytics data shared by Newmark. A Newmark team led by Dustin Stolly and Jordan Roeschlaub arranged the loan. GFP and Metro Loft went into contract to buy the office building earlier this year and expect to close this month, according to sources. Edge Funds would hand over the keys in a deal in lieu of foreclosure. The 22-story, 1.1-million-square-foot property has long been back offices for JPMorgan. The bank, however, has been looking to sublease a substantial portion of its 700,000 square feet as it prepares to move to its new headquarters, under construction at 270 Park Avenue. Edge Companies and HSBC Alternative Investments acquired 25 Water Street from Harbor Group International for \$270 million in 2012. Harbor Group had bought the building from JPMorgan for \$107 million in 2010. The city's largest office-to-residential conversions include Harry Macklowe's One Wall Street, which debuted this year with 566 condo units, and 70 Pine Street, which DTH Capital and Rose Associates converted to 612 rental units and a 132-room hotel. Another developer experience in the space, Vanbarton Group, may have the largest ongoing conversion. It is turning 160 Water Street into 588 apartments. Metro Loft has done about 20 conversions. Nathan Berman's firm and Fortress Investment Group are planning to buy a stake in 85 Broad Street and begin a residential conversion of the Financial District property. As for 25 Water Street, units will range from studios to four-bedrooms. Amenities will include a basketball court, indoor and outdoor pools, sports simulators and a sky lounge.