



CELEBRATING
55 YEARS

neresj

Marcone of Marcone Capital, Inc. arranges \$16 million financing of Porter Sq. Galleria

November 17, 2011 - Front Section

Mike Marcone of Marcone Capital, Inc. has arranged the \$16 million financing of Porter Sq. Galleria, a two story, 54,265 s/f retail property which is located in Porter Sq., at the intersection of Somerville and Mass. Ave. Porter Sq. is a neighborhood of Cambridge and is home to a variety of retail shops, office buildings, apartments, and restaurants. Porter Sq. is served by both the subway (red line) and commuter rail, which are located across the street from the property.

Porter Sq. Galleria includes two stories of retail space plus a lower level that is leased to Planet Fitness. Tenants include a variety of national and local tenants including Pier One, AT&T, Healthworks, Anna's Taqueria, and Kool Smiles. The property which has historically been generally 100% leased suffered a setback during 2010 when three of its tenants including Uno's Chicago Bar & Grill, Blockbuster Video, and Jennifer Convertibles declared bankruptcy. All three tenants vacated the property last year. Although for some properties this would have been a major setback, the additional vacancy allowed the borrower to combine several spaces to accommodate a new anchor tenant. The owner has signed a long term lease for 14,000 s/f with a national, investment grade credit retailer. This retailer will not only re-stabilize the property but will add a new presence to the property.

The property is managed by KS Partners, LLC, which is owned by Kambiz Shahbazi. KS Partners is a holding company that owns and operates over 2.2 million s/f of commercial property located in the northeastern U.S. Shahbazi's ownership of Porter Sq. Galleria originally dates back to 1997.

Prior to loan closing, the property was structured as separate condominium units with Shahbazi owning the upper two levels. The lower level was owned by a separate partnership. The financing, which was provided by Cambridge Savings Bank, allowed Shahbazi to refinance his existing loan on the upper levels as well as purchase the lower level condo. Subsequently, ownership was able to collapse the condominium structure entirely.

The non-recourse financing was for a term of five years at a fixed interest rate of 4%.

Marcone said, "I have worked with Cambridge Savings Bank for many years and have always found their process and personnel to be exceptional. With respect to Porter Sq. Galleria, their direct knowledge of the asset made them comfortable providing a very competitive loan structure as well as a quick closing."

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540