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Marcone Capital arranges \$22 million financing of Porter Square Galleria

July 25, 2013 - Retail

Mike Marcone of Marcone Capital, Inc. has arranged \$22 million financing for Porter Sq. Galleria, a three story, 54,265 s/f retail property which is located at the intersection of Somerville and Massachusetts Ave. The financing was placed on behalf of the owner, KS Partners, LLC.

Porter Sq. is served by both the subway (red line) and commuter rail, which are located directly across the street from the property.

Porter Sq. Galleria includes three floors of retail space, as well as a three-story parking garage which provides ample parking in a neighborhood where parking is at a distinct premium. The property, which has enjoyed a very high occupancy rate, will now be anchored by a 20,166 s/f Walgreens who has signed a 50 year lease. The Walgreens store, which will be open within a couple of weeks, will be a Walgreens Emporium, a "drug store plus" concept which has proven successful in the first two markets in which it was rolled out - Chicago and New York City. The store has two levels accessible by an interior escalator and will offer a mix of goods and services including sushi and juice bars, a full service beauty salon, organic fruits and vegetables, pre-made foods, and a full line of household products and other goods found in traditional drug stores.

In addition to Walgreens, Potbellies Sandwich Shop signed a long term lease and is expected to open by August. Potbellies, which features great food and live & local music, is a national chain consisting of 260 restaurants in 17 states. The property includes a variety of national and local tenants, most notably US Sprint, Planet Fitness, and Anna's Taqueria. Approximately 80% of the property's income is derived from tenants whose leases do not mature for at least 10 years.

KS Partners, LLC, owned by Kambiz Shahbazi, is a holding company that owns and operates almost 3.0 million s/f of commercial property located in the northeastern United States. Shahbazi's ownership of Porter Square Galleria dates back to 1997.

The financing was provided by People's United Bank.

Marcone said, "The borrower was able to secure very competitive financing in recognition of the quality of the asset together with the fact that the loan was very conservative relative to the property value."

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