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Cronheim Mortgage arranges \$13 million in leasehold mortgage financing for the acquisition of 8-10 Wright St.

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Westport, CT Cronheim Mortgage has arranged \$13 million in leasehold mortgage financing to facilitate the acquisition of 8-10 Wright St., an 84,000 s/f, class A office building in the heart of downtown. The financing was arranged for a 10-year term with a 25-year amortization and has a rate reset at the end of the seventh year.

In order to maximize leverage at a modest cost, the fee and leasehold were split with the fee granting the leasehold a 99-year ground lease upon acquisition. The fee secured a \$14 million, 30-year fee mortgage that was placed with Federated Insurance Co. to offer long term stability to ownership. The mortgage was able to obtain an investment grade rating (BBB) which allowed it to be placed in the bond portfolio of Federated which offered the benefit of a much lower risk capital charge against the debt.

The subject is leased to 13 tenants and one cell tower. As leases roll, several of the below market leases are expected to be increased. There is covered parking, recent upgrades to the interior and exterior, terrific views over the Saugatuck River and it is within a short walk of the town's unique and attractive downtown shops and restaurants.

Cronheim came up with a creative solution to allow the borrower to obtain a lower overall cost of capital that makes this a much more attractive investment than otherwise would be the case. WFF Westport TT, LLC was able to acquire a first class asset with low cost debt at a high leverage point.

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