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JLL Capital Markets arranges construction financing for two projects in Union Sq.

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Somerville, MA JLL Capital Markets has arranged construction financing for two projects in the Union Sq. neighborhood of the city. Sitting adjacent to the new MBTA Union Sq. Green Line station, the 194,000 s/f, life sciences and lab facility and the adjacent 450-unit residential tower and mid-rise building mark the first phase of the Union Square Revitalization (USQ) master plan, which will deliver 2.4 million s/f of mixed uses to the neighborhood.

JLL worked on behalf of the borrower, a joint venture between affiliates of Magellan Development Group, RAS Development, Cypress Equity Investments and USAA Real Estate, to secure the development financing, being provided by Bank OZK, for both projects. Details were not disclosed.

The JLL Capital Markets team representing the borrower was led by senior managing directors Daniel Kaufman and Frederic Wittmann, and managing director Brett Paulsrud.

Sitting less than a mile from MIT and Kendall Sq., the epicenters of the life science industry, the projects will benefit significantly from their proximity to the world's most innovative and recognized technology, biotechnology. The resulting ecosystem provides one of the most sought-after talent and employment bases in the country and supports companies at every stage of growth, from start-up to multinational in scale.

“Bank OZK is delighted to provide senior-secured construction financing for the first two projects in the USQ master plan,” said Christopher Lawton, executive vice president of originations at Bank OZK’s real estate specialties group. “The development team’s vibrant life science and residential project is years in the making and a bold beginning for the Union Sq. revitalization. This project embodies the high standards we consistently seek in our project financings – marquee real estate, strong market fundamentals and top-tier sponsorship.”

Union Sq.’s revitalization is a key component of the city’s “SomerVision,” a plan to make the city a regional employment center by creating a 30,000 new high-quality jobs through new commercial development. The addition of the MBTA Green Line to Union Sq., one of the city’s oldest commercial districts and cultural centers, will be a catalyst for USQ’s 2.4 million s/f of new mixed use development, including 1.4 million s/f of new biotech, lab and office, and 1,000 new housing units and retail space. Working together with the city, the borrower was selected as the master developer in 2014 to facilitate the investment and lead the transformation of the neighborhood.

“A new class A life sciences building will anchor the neighborhood and create opportunities for the next great concentration of life sciences and technology companies to flourish,” said Greg Karczewski, a principal of the borrower venture. “New housing, retail opportunities and open spaces next to the new MBTA Station will make this great neighborhood even better.”

“This marks a major milestone for the neighborhood,” said Paulsrud. “A significant amount of effort and perseverance have gone in to creating a plan and design that has remained thoughtful of the urban fabric and character that Union Sq. has always represented for the city. It is great to see it all come together, and will be exciting to watch this best-in-class development team execute its plan.”

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