



nerej

Hynes and Vornado's \$650m development secures financing for mixed-use project

October 23, 2008 - Retail

The developer of the \$650 million Filene's project has done the unthinkable in this global credit crisis: borrow money.

After weeks of uncertainty about the struggling project, developer John Hynes III and partner Vornado Realty Trust have secured financing to proceed with construction on the 1.25 million s/f mixed-use site, which will include retail shops, condominiums, a hotel, and offices in the historic department store building and a new 38-story tower next to it.

The head of the company building the project, John Fish of Suffolk Construction Co., said he was told by the developers to ramp up construction work because the team had locked in its final pieces of funding in recent days.

"We've been given the green light to move forward, and the financing has been validated, so we're in good shape," Fish said. His firm has even bought the structural steel for the complex.

Fish said he did not know details of the funding, and Hynes and Vornado declined to comment, so it is not known when and under what terms the developers obtained the funds.

But the Filene's funding is a rare bit of positive news amid a national credit freeze that is stalling major development projects across the city. It's also a significant boost to mayor Thomas Menino's effort to remake the gritty shopping district into the new heart of downtown Boston.

In June, Menino and city planners launched a marketing plan to brand Downtown Crossing as "Boston's Meeting Place." The effort included placing new logos in vacant storefronts where the city is hoping to spur development.

"That's a great sign," Menino said of the financing deal. "Now we can fill in that hole and continue the redevelopment of Downtown Crossing. It proves that Boston is a sound investment, even in these uncertain economic times."

Site preparation on the Filene's block, at Franklin and Washington Sts., slowed to a crawl this summer after the developers were unable to secure financing.

Hynes and Vornado are building a 495-foot tower with retail on the first four floors, 250 hotel rooms over eight floors, 475,000 s/f of office space, and 166 condominiums on the top 12 floors. The project also includes a grocery store and about 300 underground parking spaces, according to documents filed with the city.

The original Filene's building, designated a landmark by the Boston Landmarks Commission, will be substantially preserved. The project will also preserve a 1905 structure at Franklin and Hawley Sts. Two newer buildings on the property were demolished last year.

The project's financial difficulties will delay its completion by several months. Fish said construction

is now scheduled for completion in July 2011, instead of the original deadline of early that year.

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