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Tropp of Eastern Union arranges \$13.297 million financing for ground-up construction of a self-storage facility

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Marc Tropp

Worcester, MA Marc Tropp, a senior managing director with Eastern Union, has secured \$13.297 million in financing toward the ground-up construction of a four-story, 931-unit, self-storage facility at 80 Barber Ave.

Eastern Union, based in New York, is one of America's largest providers of commercial mortgage brokerage and capital markets advisory services. Together with senior managing director David Merkin, Tropp oversees the firm's Mid-Atlantic Region office in Bethesda, MD.

The climate-controlled property will have a gross size of 126,260 s/f and 93,186 s/f of rentable space. The average unit size will be 100 s/f.

"This construction project had suffered from unacceptable delays until Eastern Union arrived on the scene," said Tropp. "By working quickly and efficiently, we pleased the borrower by promptly identifying a willing lender for this transaction."

The financing carries a 65% loan-to-cost value. The interest rate over an initial, 36-month construction and lease-up period will equal 300 bps over SOFR. The borrower will make interest-only payments during this period.

The original lender, a local bank, had subjected the project to lengthy delays. The lender waited nine months before finally advising the borrower that it would be unable to deliver on financing. Once Tropp and the Eastern Union team became involved with the transaction, a deal was closed with a local community bank within 60 days.

The construction term will be followed by a permanent loan over an initial five-year term at an interest rate of 300 bps over the FHLB rate. The rate will then reset to 300 bps above the then-FHLB rate in year six for a second, five-year term. The permanent loan will be tied to a 30-year amortization period.

The facility will be operated by CubeSmart, a real estate company focused on the ownership, operation, acquisition, and development of self-storage facilities in the United States.

Value-added amenities at the site will include exterior lighting, security gates, uncovered parking, onsite managers and video surveillance.

Once a nationally prominent manufacturing region, the area has transformed itself into a more diverse economy, with industries such as biotechnology, advanced manufacturing, information technology, healthcare and medical research.