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Blackstone Leads \$911M Refi of NYC Tower

L&L Holding's office project is the first full-block building to rise along Park Avenue in half a century.

By [Scott Baltic](#)

L&L Holding Co. has completed \$911.4 million in financing for 425 Park Avenue, the developer's 47-story Class A-plus office tower that's nearing completion in Midtown Manhattan's Plaza District.

The financing package was obtained through a consortium of lenders led by Blackstone Real Estate Debt Strategies and replaces the project's original construction loan. The financing will cover the building's final stages, including full lease-up, [before being replaced by permanent financing](#).

The original construction funding of \$556.4 million was extended by Massachusetts Mutual Life Insurance Co., according to CommercialEdge data

A JLL Capital Markets team led by Executive Managing Director Michael Tepedino and Senior Managing Director Michael Gigliotti worked on behalf of L&L Holding and its project partners BentallGreenOak and Tokyu Land Corp.

The 670,000-square-foot tower will be anchored by global asset management firm Citadel, which has committed to occupying 331,800 square feet across 16 full floors. Other preleases have been executed by Wafra Capital Partners, Hellman & Friedman and Medical Properties Trust.



425 Park Avenue. Image courtesy of Alan Schindler

425 Park is on the east side of Park Avenue between 55th and 56th streets and reportedly is the first full-block tower to rise along Park Avenue in half a century.

The design by Foster + Partners encompasses both a monumental lobby and illuminated ornamental fins at the tower's crown. Employees and guests at 425 Park will have access to a full-floor, triple-height amenity center near the top of the tower, featuring multiple outdoor gathering spaces, food and beverage service, and an art installation by celebrated artist Yayoi Kusama.

425 Park is subject to a 77-year unsubordinated net ground lease held by Safehold and expiring in 2090, according to CommercialEdge.

A mixed picture

In a prepared statement, L&L Holding Executive Vice President Susan Choi Raffo said the refinancing is a reflection of the investment community's faith in New York City and the insatiable demand for high-performance office buildings.

In a good sign for landlords, office tenants in Manhattan this year are increasingly committing to longer-term leases, by an average of 16.8 percent, according to a third-quarter report from Avison Young. Alongside that, a flight to quality continues; all 34 relocations larger than 50,000 square feet have been to properties of the same or higher quality, the report stated.

However, availability remains at recent historical highs, with the current figure of 18.2 percent being 220 basis points higher than at the end of 2020. And although sublease withdrawals continued through the third quarter, the Manhattan sublease space total of 22.7 million square feet is the highest since 2005, again according to Avison Young.