

Volume 6 | Issue 195 | Monday, October 08, 2007

DealMaker of the Day

MBA (10/8/2007) Michael Murray

JCR Capital, Denver, provided a **\$10.5 million** senior loan for a **60,500 square-foot** office building in **Gaithersburg, Md.**

The floating rate loan was priced as **interest only** with spread over **30-day Libor** and has a **24-month term**, with a **one-year extension option**.

The office building, located at **200 Professional Drive** and built in **1982**, was purchased by the current owner in **2000**. The owner will use the loan for the payment of existing debt, renovation costs, tenant improvements, leasing commissions and closing costs.

With a two-fold business plan, the borrower plans to repay the loan in full on the maturity date through exit strategies of either refinancing or from the sale of the property, according to **Jay Rollins**, president of JCR Capital.

"The first component is to renovate the building," Rollins said. "With little improvements to the exterior of the property since it was built, it is currently considered a **class C property**. The exterior of the building, lobby, and common areas will be renovated and enhanced to improve the property to a **class B building**."

Meanwhile, the second component of the business plan consists of increasing occupancy from **25 percent** to the market level of **93 percent**.

"The space is projected to be at market levels by **July 2008** and leased at **\$23.50 per square foot** in a submarket that averages **\$25.32 per square foot**," Rollins said.