

JV Secures \$103M Acquisition Loan for Chicago Tower

Newmark Knight Frank represented the partners in the purchase of the 39-story CityFront Place.



Cityfront Place. *Image courtesy of Newmark Knight Frank*

A joint venture between Strategic Properties of North America (SPNA) and Integrated Capital Management (ICM) has acquired Cityfront Place in Chicago. The partners secured a \$102.5 million acquisition loan for its purchase of the 39-story tower.

Financing the acquisition was a co-GP investment from ICM, an LP equity investment from a Korean global investment manager Mirae Asset Daewoo, which NKF introduced to SPNA, and a senior loan from Freddie Mac. Newmark Knight Frank arranged the loan as well as acted as the joint venture's advisors on the debt financing. NKF's Henry Stimler, Charles Han, Matt Mense and Dan Sarsfield arranged the five-year Freddie Mac fixed-rate, full-term interest-only debt at 3 percent. The seller was represented by CBRE.

Located blocks away from Lake Michigan at 400 N. McClurg Center, Cityfront Place offers 480 units in studio, one- and two-bedroom floorplans with convertible options.

Rental rates start at \$1,826 for a studio and \$3,003 for a two-bedroom. Apartments feature granite countertops, stainless steel appliances, walk-in closets, high-speed Internet and, in select units, wood laminate flooring. The property's amenities include a fitness center, a parking garage, bike storage, a resident lounge with coffee bar, storage units, a yoga studio, on-site laundry facilities, a business center, a landscaped roof deck, an indoor pool, and an outdoor grilling area with fire pits and a gaming area.

The residential tower also features ground-floor commercial space, home to the well-patronized Lizzie McNeill's Irish Pub. Cityfront Place is also located near the area's major employers like Northwest Memorial Hospital, University of Chicago Medicine and NBC Studios. Located in downtown Chicago's Streeterville submarket, Cityfront Place is also close to the area's many bars, restaurants, retail and entertainment venues.

Han added in his prepared statement that the new owners will be conducting high-quality improvements on Cityfront Place. The joint venture will be doing several property upgrades and have retained Lincoln Properties as the new property manager.

In April, SPNA also purchased a 163-unit [value-add property](#) in Chicago for \$44 million. CBRE arranged the sale and represented the seller, 21 East Chestnut Condo Association.

FACING OBSTACLES

The biggest hurdle the partners faced was closing on the acquisition during the economic crisis. *"ICM, in particular, had to consider its alternative investments and whether it made sense to advance or withdraw,"* Robert Lindner, co-founder & managing principal of ICM, told *Multi-Housing News*.

"For several reasons, we committed to advancing and are thrilled with the opportunity. The partners needed to step back and truly assess the short-term, medium-term and long-term impact of COVID-19 and the broader economic conditions on not only Chicago, but also specifically the profile of Cityfront Place relative to both inferior quality and superior luxury downtown housing alternatives."

SPNA and ICM expect Cityfront Place to outperform its peers over the next three to five years, Lindner added. *"The combination of a great institutional-quality asset whose location and rental price point are likely to maintain high demand through difficult markets, lower leverage with sharply reduced interest rates, an experienced local*

sponsor in SPNA and sufficient time to execute the business plan were the key factors that allowed us to overcome the near-term hurdle related to the economy,” he said.

Last month, [**ICM partnered with Ashland Pacific**](#) in the acquisition of a Los Angeles student housing property.