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## Magellan Refis Early to Capture Low Rate

By: Bob Howard



**Grace Place**

CITY OF COMMERCE, CA-The Los Angeles-based Magellan Group has refinanced its 530,000-square-foot Grace Place industrial and office complex here a year early with a \$34.5 million loan from Morgan Stanley. Magellan obtained the 10-year loan with a fixed interest rate of 5.86% to retire existing short-term and mezzanine debt one year before maturity and "to capitalize on the favorable interest rate environment and the recovering CMBS market," the company says.

Located at 5556 and 5650 Grace Place, the fully leased properties consist of a 500,000-square-foot industrial building and an adjacent 30,000-square-foot office building. The Magellan Group acquired the properties in 1998 as part of a portfolio purchase that included over one million square feet of commercial space.

Kevin Staley, principal and co-founder of the Magellan Group, commented: "The key to unlocking the value in the portfolio was to reposition and re-lease the 500,000-square-foot industrial building. We were able to successfully capitalize on the property's excellent location, 30-foot clear height and other building and site attributes to reconfigure the building and tenancy and create highly functional distribution space on a multi-tenant basis."

The Magellan Group has strong roots in Los Angeles that date back to the 1980s when Staley and Magellan Group principal and co-founder Martin Slusser were responsible for redeveloping numerous former manufacturing facilities in the area, including the landmark redevelopment of the Citadel in the City of Commerce.

"We started acquiring and redeveloping properties in the Commerce area over 25 years ago," said Slusser. "Our longstanding relationships in this market provide a decided advantage to our tenants, investors and lenders."

Jeff Hudson in the Los Angeles office of George Elkins arranged the financing through the Los Angeles office of Morgan Stanley.