

Ceruzzi refinances land under Lipstick Building

Landlord and partners score \$272M, fixed-rate loan from Suisse Group AG

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Louis Ceruzzi with the Lipstick Building at 855 Third Avenue

With interest rates on the rise, Ceruzzi Holdings and its partners refinanced the land underneath Third Avenue's Lipstick Building with a fixed-rate, \$272 million loan.

When Ceruzzi purchased the ground underneath the 34-story Midtown tower at 855 Third Avenue in February 2016 for [\\$453 million](#), it assumed a \$267.5 million loan originated a decade ago that had an above-market interest rate at 6.21 percent, the Wall Street Journal reported. Sources close to the property told The Real Deal that SL Green Realty, which sold Ceruzzi the fee position, still maintains a piece of the deal.

The loan had one year left on its term, and this month was the first opportunity to prepay the loan without penalties, Louis Ceruzzi, president of Ceruzzi Holdings, told the Journal.

Ceruzzi, which owns the land along with investors including SMI USA, refinanced the property with a fixed-rate loan from Credit Suisse at 3.35 percent with a four-year term.

Ceruzzi said getting a fixed-rate on the loan was essential considering the Federal Reserve is expected to [raise interest rates twice](#) this year.

"There's a lot of talk and action about the Fed raising interest rates, and had we done a floating rate loan we would have been subject to those increases," he told the Journal.

A group of investors including Argentine real estate company IRSA Inversiones y Representaciones SA owns the Lipstick Building through a long-term ground lease, and has an option to buy the land from Ceruzzi in 2020 for \$520 million. [\[WSJ\]](#) – Rich Bockmann