

COMMERCIAL NEW YORK

Naftali's lending arm funds Village, LIC condos

Declining inventory makes higher interest rates palatable



Naftali's Glenn Grimaldi and 24-01 Queens Plaza North and 813-815 Broadway (LinkedIn, New Empire Corp., Google Maps, Getty)

JUL 23, 2024, 8:30 AM

By Orion Jones

With new condo inventory falling, some developers are willing to pay a bit more to finance their projects.

Developer Bentley Zhao's New Empire secured \$72 million in financing to build 117 condo units in Long Island City, and Benjamin Shaoul's Magnum Real Estate Group nabbed \$38 million to build 20 in Greenwich Village.

Both financing packages included mezzanine loans from Naftali Credit Partners, a subsidiary of Naftali Group: \$18 million to Zhao and \$13 million to Shaoul. The senior debt on those projects came from Axos Bank and [Israel Discount Bank](#), respectively.

"Our money is more expensive but it's the only way to get deals done," Naftali Group CEO Miki Naftali told *The Real Deal* in March. "Higher interest rates dictate fewer projects and smaller inventory, but the demand in New York is strong."

Naftali's lending arm has invested \$104 million since March, according to the company. Its loans to New Empire and Magnum will refinance the projects' existing land loans and fund future development costs, said the lender, whose CEO is Glenn Grimaldi.

New Empire's condo project at 24-01 Queens Plaza North, designed by ODA New York, will have 1,800s square feet of retail and feature dozens of recessed balconies and cantilevered floors, according to the company's website.

Naftali said in a statement that it had partnered with Zhao on his management of a [troubled condo project](#) at 208 Delancey Street on the Lower East Side, also designed by ODA.

Magnum company will build one- to three-bedroom units with 10-foot high ceilings and 2,400 square feet of retail at 813-815 Broadway. Shaoul did not reply to a request for comment.

New development sales recently rose to [10 percent above their pre-pandemic levels](#), and sales in Manhattan have been on a [hot streak](#).

“While mortgage rates have increased, demand is as strong as it was pre-pandemic,” Stephen Kliegerman, president of Brown Harris Stevens Development Marketing, said recently. “For every three new development units released onto the market, four contracts are signed.”

His colleague Robin Schneiderman said as supply declines in Manhattan, “the forefront of the next building cycle” approaches.

Naftali previously lent to [64 University Place](#) in joint venture with Argo Real Estate, [8 Carlisle Street](#) developed by Grubb Properties and to Tidal Real Estate Partners at a development in Nashville, Tennessee.