



# 2904 S STATE ROAD GREENWOOD, IN



**Asset Type:** Retail

**Start Date:** 1/31/24    **End Date:** 2/4/25    **Duration:** 12 Months

## LOAN TERMS

Spectra received 2.5% in interest per month for 12 months and a 2% origination.

## WHY THIS BORROWER CHOSE SPECTRA

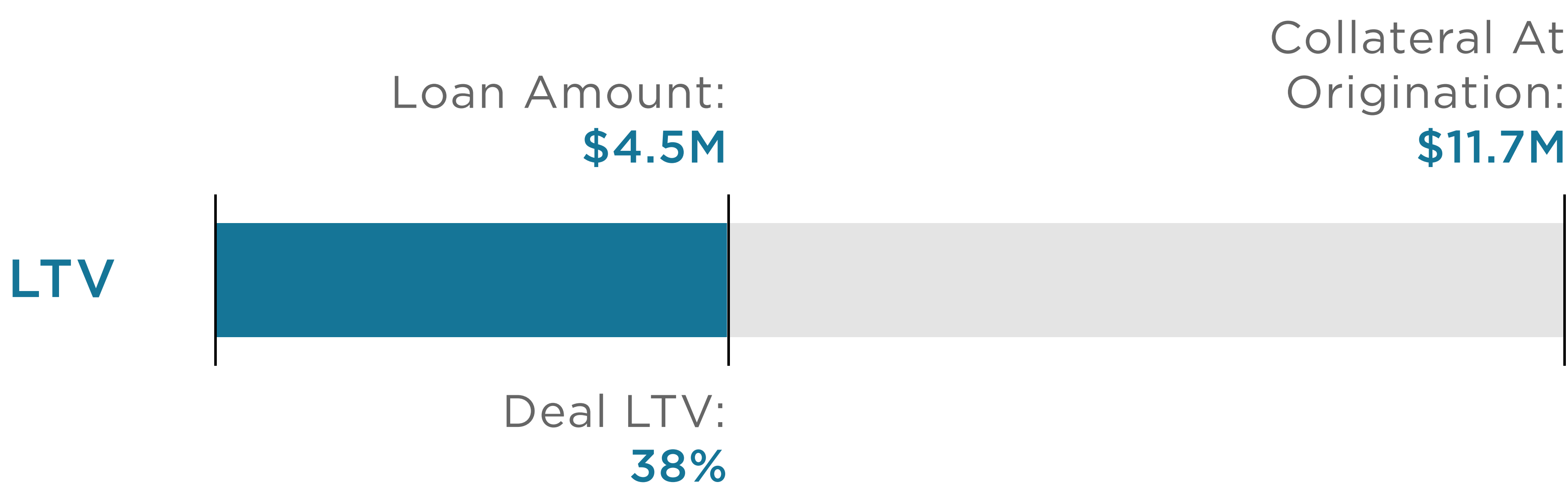
Borrower was attracted to Spectra’s ability to close fast and the fact that no money down was required. Additionally Spectra allowed the seller of the property to take 2nd position loan which was very helpful in allowing the borrower to get the deal done. Buyer was creating so much value that the interest paid to Spectra was so small by comparison.

## WHY SPECTRA PROVIDED THE LOAN

Borrowers had an executed 15-year NNN lease with Slick City, a family entertainment center with rent commenting in month 9 of the loan, whether or not the tenant had completed tenant improvements. The tenant, and not the landlord, was responsible for the build-out of the space.

Borrowers also had strong track record of completing similar projects on time and not missing their debt payments.

Additionally the stabilized loan to value was extremely favorable at 38% even using very conservative assumptions. The contract that borrowers had to sell an outparcel was additional security.



## BACKGROUND

Borrowers purchased this 55,632 retail asset in the Greenwood section of the Greater Indianapolis metro for \$3,970,000, and sought a short-term, 12-month bridge loan to both acquire the asset and complete tenant improvement work. The asset was built in 2001 and was vacant, but the borrowers had already executed a lease with Slick City Greenwood, a family entertainment center. The borrowers, who already owned 2 other retail assets units, had successfully completed 2 very similar projects and without any loan defaults. Furthermore, the borrowers had over 15 years of professional experience in leasing for a private REIT that specialized in retail assets. The borrowers were also under contract to sell an out-parcel that was carved out of the existing parking lot for \$2.5M. The plan was for a tenant to take possession in month 9 of the loan and for the borrowers to refinance 3 months thereafter into long-term financing.

This asset was previously a popular grocery store located in an ideal location. Borrower had strong credit and reputation.

## MARKET OVERVIEW

The property was located in the Indianapolis MSA, which is the 34th largest in the US. It was located approximately 14 miles of downtown Indianapolis and historically had traffic of over 20,000 vehicles per day. Both the market and submarket were experiencing low retail vacancy rates of 3.1% and 2.9%, respectively. While retail rents decreased slightly in 2023 in both the market and submarket, there had been considerable rent growth in both the market and submarket over the past 5 years. 2018 market and submarket rents were \$12.12 PSF and \$14.06, respectively, and were \$15.47 and \$16.27, respectively, as of Q42023.

Indianapolis demographics and population continued to trend positively, with 3.99% growth between 2020-2023 in a 5-mile radius of the property. Between 2023 and 2028, the population was expected to grow 2.36%. Over the same period, per capita income is expected to grow 14.34%.

## RESULTS

**Borrower never defaulted and loan was paid off in full.**