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EXCLUSIVE: \$40M Loan Backs Baylor-Leased Office Sale
By: Amy Wolff Sorter

A local investor has obtained a \$40.3-million, one-year loan to buy the 154,950-sf Baylor College of Medicine Faculty Center in the Texas Medical Center. The 18-story, class B office building, situated on a little more than one acre at 1709 Dryden Rd., was placed on the sales block in fall 2005. Holliday Fenoglio Fowler LP in Houston represented the local seller.

"There was a significant interest in this building because of its location," Frank Satterfield, founder and principal of Houston's Harbor Capital Group, tells *GlobeSt.com* about Medical Towers, which is leased to Baylor through 2013. Constructed in 1954 and renovated last year, it is fully leased, including a 23,000-sf retail component.

"It was also attractive because it's one of the few privately-owned for-profit buildings in the medical center," Satterfield adds. "That's a huge advantage. And, the people who own the building believe it has tremendous upside potential."

The two-year-old Harbor Capital Group, which recently hit the \$1-billion mark for commercial loans, secured the financing through Philadelphia-based RAIT Investment Trust. "We knew this particular bridge loan was ideally suited for RAIT," he explains, "and this partnership will benefit the buyer."

Satterfield says RAIT's floating-rate, interest-only loan was a "straight-up" deal that will likely be refinanced within a year. The loan-to-value isn't available, but typically medical office product generates a 75% ratio. Similar deals also would close with a floating rate of 350 to 500 basis points above Libor. When it's time to secure permanent financing, he says many different companies will be solicited.