

Vol. 38, No. 8

April 23, 2012

HOTEL BORROWERS SEE LEVERAGE INCREASE

Hoteliers will see leverage hit 75% for loans with a senior piece and mezz going into the second half of the year. Refi and acquisition loans will fall into this realm. Conduits and national banks will be the most bullish lenders in the space. Look for many CMBS players to present loans with mezz as a whole package because the conduits will source the mezz directly. **Pembroke, Torchlight, Blackrock** and **Pearlmark** will be among the more active mezz lenders working with the conduits. Hotel loans will likely top out at 75% throughout the year. Loans underwritten at 80% to 85% during the peak caused many hotels to get in trouble, so lenders should be cautious and stay below 80%.

Goldman Sachs, UBS, Cantor Fitzgerald, Deutsche Bank, Ladder Capital, Wells Fargo and **JP Morgan Chase** will be among the most active conduits with hotel loans. Balance-sheet lenders like **GE, Wells Fargo** and **BofA** will follow similar

DEAL OF THE WEEK

Property Type: Mobile Home Park in Miami
Loan Amount: \$9.1M, non-recourse
Lenders: **Ladder Capital**
Leverage: 65%
Rate: Fixed at 5.45%

This CMBS refi replaces a maturing GE loan. Favorable terms were achieved thanks to Ladder's upcoming securitization that needed to be filled and aggressive spreads at the time. Ladder won the deal over other

BANKS & LENDERS

American Security Bank
1401 Dove St., Suite 210, Newport Beach, CA 92660
James Roberson, EVP-Commercial Real Estate Manager
(949) 440-2050
jroberson@amsecbank.com

American Security Bank projects total loan volume to reach \$50M in 2012. Owner-user properties, investor industrial, office, medical office, credit-tenant leased retail and mini storage in Southern California will all be considered. The average loan size is \$2M to \$3M.

Apartment Bank, A Division of BofI Federal Bank
220 Newport Center Drive, Suite 11-268, Newport Beach, CA 92660
David Boyles, Senior Loan Officer-Income Property Lending
(949) 244-8614
dboyles@bofi.com

Apartment Bank focuses on multifamily, mixed-use properties and mobile home parks, nationwide. The under \$5M loans are the lender's bread and butter. The bank can provide quick closings, rate lock

DEALMAKER DATABANK

CBRE
3501 Jamboree Road, Suite 100, Newport Beach, CA 92660
Sharon Kline, EVP
(949) 725-8500
sharon.kline@cbre.com

CBRE teams up with American General Life Insurance Company to provide a \$15M refi for Westlake Village Market Place in Westlake Village, Calif. LTV was 42.2% and DSC was 1.80x. The 15-year loan has two year of interest-only payments.

CBRE Capital Markets
1300 S.W. Fifth Ave., Suite 3000, Portland, OR 97217
Jim Rice, EVP-Debt & Equity Finance; Nick Santangelo, VP
(503) 221-4842; (503) 221-4821
jim.rice@cbre.com; nick.santangelo@cbre.com

CBRE closes \$25M with Freddie Mac to finance the acquisition of Hampton Bay Apartments in Kent, Wash. LTC/LTV was 80%. This was a 10-year loan, with two years of interest-only payments. The rate was fixed at 4.21%. DSC was 1.25x.

CBRE
189 S. Orange Ave., Suite 1900, Orlando, FL 32801
David Borge, SVP-Debt & Equity Finance
(407) 839-3142
david.borge@cbre.com

CBRE closes a non-recourse \$6M perm loan with a life company lender for an office/service center in Orlando, Fla. LTV was 50% and interest came in at 5%. DSC was 1.60x. This was a fully-amortizing, 20-year loan.

Cohen Financial
50 California St., Suite 3550, San Francisco, CA 94111
Paul Schroeder, Managing Director
(415) 591-3107
pschroeder@cohenfinancial.com

Cohen teams up with Sun Life Financial to allocate \$9M in refinancing for Westwind Business Park Y, an office building in Santa Rosa, Calif. LTC was 60% and LTV was 75%. This was a five-year loan, with 25-year amortization. Interest was 4.75%.

Cohen Financial
222 S.W. Columbia St., Suite 1100, Portland, OR 97201
Peter Norrie, Managing Director
(866) 315-6216
pnorrie@cohenfinancial.com

Cohen arranges a \$10.5M Freddie Mac refi for Birch Hills Apartments in Pullman, Wash. LTV was 80%. This was a seven-year, non-recourse loan, with two years of interest only and a 30-year amortization schedule. DSC was 1.30x.

George Smith Partners
10250 Constellation Blvd., Suite 2700, Los Angeles, CA 90067
Josh Roseman, SVP
(310) 557-8336
jroseman@gspartners.com

George Smith works on a \$5.8M refinance for an unanchored strip retail center in Santa Clarita, Calif., with a fund lender. LTV was 75%. Debt yield was 10%. Interest came in at 7%. The non-recourse loan has two years of interest only.

HFF
6300 Bee Cave Road, Building 2, Suite 450, Austin, TX 78746
Doug Opalka, Managing Director
(512) 532-1922
dopalka@hfflp.com

HFF works on a \$33M non-recourse loan with Sun Life for Prominent Pointe I and II, two office buildings in Austin, Texas. The fixed-rate loan went to fund the acquisition of the property.

HFF
4200 George J. Bean Parkway, Suite 2524, Tampa, FL 33607
Daniel Peek, Senior Managing Director
(813) 870-1001
dpeek@hfflp.com

Peek currently works on 21 hotel financing deals. HFF offers debt placement, investment sales, advisory services, structured finance, private equity, loan sales, and commercial loan servicing.

HREC Investment Advisors
230 Park Ave., 10th Floor, New York, NY 10169
Geoffrey Davis, President/Senior Principal
(212) 551-1775
gdavis@hrec.com

HREC currently works on 67 assets, ranging from highly performing limited service hotels to portfolios of bank owned/servicer assets. Deal volume is expected to remain steady for the balance of the year, as buyers and sellers come closer together on value.

Mark One Capital
600 J. Clinton St., Suite 2100, Seattle, WA 98101
Glenn Gioseffi, Director of Capital Markets
(206) 579-1178
glenn.gioseffi@marcusmillichap.com

Mark One Capital arranges a \$1.75M, 10-year loan with American Life Company. LTV/LTC was 65%. Interest was fixed at 4.8%. DSC came in at 1.15x, while debt yield was 12%-plus. The lender liked the low DSC and leverage on the deal.

DEALMAKER DATABANK

Meridian Capital Group
 1 Battery Park Plaza, 26th Floor, New York, NY 10004
 Aaron Appel, Managing Director
 (212) 612-0198
 aappel@meridiancapital.com

Meridian Capital Group teams up with Santander Real Estate Capital to provide a \$28.4M acquisition and construction loan for a mixed-use development project in Brooklyn, N.Y. LTC was 70% and LTV was 65% of the stabilized value. This is a 36-month loan.

NorthMarq Capital
 1 Penn Plaza, Suite 1421, New York, NY 10119
 Ernest DesRochers, SVP/Managing Director
 (212) 904-4438
 edesrochers@northmarq.com
 NorthMarq Capital
 111 S. Wacker Drive, Suite 3975, Chicago, IL 60606

NorthMarq provides an \$18M refi with National Life for The Park Atrium, a Westbury, N.Y., office building. LTV was 75% and interest came in at 4.75%. This is a five-year loan with a 30-year amortization.

NorthMarq closes a \$9M refi with American

and look for more activity on assets near transit-oriented developments going forward.

LCs will want well-capitalized owners with a proven track record of managing and leasing office buildings. Borrowers will need to demonstrate past ability to manage rollover costs and may be required to fund reserves for the near term rollover. Most LCs will look for stable core assets with reasonable rollover throughout the loan term. Life companies will focus on rent roll and rental rates versus market rates.

Cap rates will come down, which should lead to more trading and acquisition activity. LCs will keep their distance from properties with lease expirations within the first few years of the loan.



BANKS FILL SMALL LOAN NEED

Expect to see banks increase allocations for loans under \$5M as the year

*