The CRITTENDEN REPORT®

MEZZ LENDERS GET ACTIVE WITH HOTELS...

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Canyon Capital will target upper upscale hotels with major flags. The average loan size for subordinate debt runs $20M to $25M, with a 15% minimum on pricing. **Washington Holdings** targets mezz loans between $

[illegible] trend down in Seattle. Fundamentals in Hawaii will improve, so expect a number of lenders to get involved with refis.

Lenders will keep a close watch on Denver as it shows signs of resilience and begins to heat up. Select markets in the Carolinas, Texas and Midwest will [illegible] demand on high-quality properties with a favorable sponsor. Look for activity in Phoenix and Las Vegas to pick up somewhat, but these cities will see more conservative transactions and less competition. Some lenders, including **Oasis Financial** and Canyon Capital, could be attracted to Phoenix and offer short-term loans since it appears to be stabilizing. **Buchanan Street Partners** wants major branded hotels in areas such as Phoenix, as well a Chicago, Seattle, Denver, and San Diego.

BANKS & LENDERS

Allianz 55 Greens Farm Road, West Port, CT 068814 Eric Bergwall, Managing Director/Head of Portfolio Management (203) 341-5772 eric.bergwall@azoa.com	Allianz plans for $700M in originations this year. The lender will focus on retail and multifamily in major markets. The average loan size will be around $40M.
Buchanan Street Partners 444 S. Flower St., Suite 2150, Los Angeles, CA 90071 Michael Hurst, Senior Director of Investments (213) 236-3311 mhurst@buchananstreet.com	Buchanan Street would like to allocate around $50M in first mortgage loans and $50M in mezzanine dollars by year's end. The lender will work with office, retail, multifamily, industrial and hotels nationwide, with a western states focus.
Canyon Capital Realty Advisors	Canyon Capital expects to invest $500M in loan

BANKS & LENDERS

Pacific Life Insurance Company 700 Newport Center Drive, Newport Beach, CA 92660 Tony Premer, Senior Managing Director-Real Estate Finance (949) 219-5447 tony.premer@pacificlife.com	Pacific Life will target around $2B in commercial mortgage loans by year's end. Apartments will be highly sought after, along with high-quality office and super regional malls. The typical loan amount will be between $75M and $400M.
Prudential Mortgage Capital Company 180 N. Stetson Ave., Suite 5400, Chicago, IL 60601 David Durning, Senior Managing Director (312) 565-6246 david.durning@prudential.com	Prudential has a goal of $6.5B of debt domestically this year. Multifamily, retail, industrial and office will all be targeted. The average loan size is $15M to $18M, although loans can go as high as $200M.
Seattle Funding Group 1239 120th Ave. N.E., Suite J, Bellevue, WA 98005 John Odegard, President (425) 455-1733 jodegard@sfgfunds.com	Seattle Funding provides short-term loans from one to three years in the $500K to $6M range. Non-stabilized and value-add properties will be the private lender's specialty this year. Properties in primary markets on the West Coast will be targeted.
Silo Financial Corp. 2 Landmark Square, Suite 208, Stamford, CT 06901 Jonathan Daniel, President/CEO (203) 327-3327 jdaniel@silo-financial.com	Silo Financial will originate $125M by year's end. The private equity bridge lender will look at all property types except land. Count on Silo to be very active in the Northeast and Mid-Atlantic, but the lender will look at deals in most markets.
Starwood Property Trust 11611 San Vicente Blvd., Suite 920, Los Angeles, CA 90049 Warren de Haan, Chief Originations Officer/Managing Director (310) 893-2777 wdehaan@starwood.com	Starwood Property Trust, likely the largest commercial mortgage REIT, will originate $800M in senior loans, mezz and preferred equity for hotels this year. The lender will consider all property types but 40% of originations will be for hospitality.
StoneTree Financial 436 14th St., Suite 1118, Oakland, CA 94612 Frank Sanders, Owner/President (510) 268-4884 frank@stonetreefinancial.com	StoneTree's goal is to loan out $25M per year. Rates will be in the 9% to 12% range, depending on first or second position. California, Oregon, Washington and Nevada will be the target markets this year. Niche properties will be considered.
Washington Holdings 600 University St., Suite 2820, Seattle, WA 98101 Craig Wrench, CEO (206) 613-5305 cwrench@waholdings.com	Washington Holdings is a private investor of debt and equity. Look for around $100M to $150M in six to eight mezz loans from the lender this year, most of which will go toward hotels. Office, industrial and land deals will also be on the docket.

CONDUITS, LCs RAISE LEVERAGE FOR INDUSTRIAL

Lenders will show a willingness to push leverage for industrial assets by year's end. Leverage will be in the 65% to 75% range on the most favorable properties, after the market was stuck at 50% over the last few years. CMBS will go up to 75% to win the coveted deals, while most LCs will max out at 65%. Look for more industrial lending activity in the second half of the year, as improving occupancy and strong rents catch lenders' eyes. Count on conduits and life companies to be the most aggressive on industrial loans going forward. Conduits will look for debt yield at less than 9% and the life companies will prefer 10%-plus. DSC will be 1.25x to 1.35x.

Solid infill properties will achieve interest rates in the high 3% to low 4% range on 10-year money. Large, low-leverage deals with shorter amortization at 15 years or less will obtain rates starting at 3.5%. High-leverage loans with longer amortization will see rates starting at 4.85%. CMBS lenders, including **JP Morgan Chase**, **Morgan Stanley**, **Cantor Fitzgerald**, **Deutsche Bank** and **Archetype** will all be active and price deals around 4.75%. Conduits will provide short-term loans. *Continued on Next Page*

DEALMAKER DATABANK

NorthMarq Capital 2929 E. Camelback Road, Suite 226, Phoenix, AZ 85016 James DuMars, Managing Director (602) 508-2206 jdumars@northmarq.com	NorthMarq teams up with RiverSource on two non-recourse refi loans for retail centers in Tempe, Ariz. Marcos De Niza receives $2.5M and Royal Palm Plaza obtains $2.1M. Both loans had 10-year terms, with 25-year amortization schedules.
NorthMarq Capital 500 Newport Center Drive, Suite 650, Newport Beach, CA 92660 Rob Hervey, EVP/Senior Managing Director (949) 717-5210 rhervey@northmarq.com	NorthMarq arranges a $5.9M refi with Nationwide Life for Valley Springs, a multitenant industrial property located in Los Angeles. LTV was 55%. Interest came in at 4.98%. DSC was 1.5x and debt yield was 14%.
Q10 Dwyer-Curlett & Co. 1500 Quail St., Suite 400, Newport Beach, CA 92660 Thomas B. Kenny, EVP (949) 222-1100 tkenny@q10dc.com	Q10 Dwyer-Curlett provides a $4.15M refi with Lincoln National for a single-tenant industrial distribution property in Vernon, Calif. LTV was less than 50%. Interest came in at 4.05% and was locked at application.
Thomas D. Wood and Company 2105 Park Ave. N., Winter Park, FL 32789 Joe Dear, VP (407) 937-0470 jdear@tdwood.com	Thomas D. Wood secures $13.5M through American National Insurance Company for the Navarro Discount Pharmacy Headquarters in Medley, Fla. This loan went to refinance an existing bank loan. LTV was 75%. DSC was 1.45x.

CONDUITS, LCS RAISE LEVERAGE FOR INDUSTRIAL...

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LCs will target Class A deals north of $25M with favorable coverage and moderate leverage. **Nationwide, Lincoln National** and **Aegon** will be the most aggressive life companies on industrial loans. **Cornerstone Real Estate Advisers, MetLife, John Hancock, Northwestern Mutual, Unum, State Farm, Principal, Advantus, One America** and **Kansas City Life** will be active on fixed-rate loans at 10 years or longer.

[illegible] will allocate 30% of its portfolio [illegible] and industrial this year. The LC is attracted to the low cost of capital for re-tenanting. **Prudential** will consider going up to 75% leverage for the most favorable industrial deals. **American National Insurance Company** will ponder owner-occupied industrial buildings. Life companies will target strong markets and lenders with a favorable track record.

Many lenders will be aggressive and fund more industrial loans because it will be a lower risk property type, values will increase and caps will be lower in the space. Keep an eye out for bidding wars on rates and amortization on the most sought-after properties. Anticipate the gap between the underwritten value and acquisition price to narrow as the economy improves. Most lenders will prefer large, higher-quality multitenant parks. Class A and B distribution or generic office/warehouse properties will also be favored.

Expect lenders to prefer warehouse product versus flex or research-and-development space. Properties close to freeways or with port access and high ceilings of at least 24 feet will be targeted. In favorable markets such as Orange County and Los Angeles 22-foot ceilings will suffice. The most important factors will be the location and functionality of the building. Properties will need to be at least 50,000 s.f. and offer a $3M-plus loan opportunity to provoke lender inquiries. Single-tenant properties will be considered with a long-term lease and strong tenant. Several single-tenant buildings tied together will mit[illegible]

LCs PLAN BUSY SECOND HALF OF 2012

Anticipate an increase in allocations during Q3 and Q4, as life companies strive to hit projected volumes