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HOTELIERS SEE BANK FINANCING OPTIONS INCREASE

Anticipate improvements in ADR to push banks such as **PNC, Chase, BofA, US Bank** and **Wells Fargo** to more aggressive lending in the hotel sector through 2016. Look for banks to reduce spreads and increase flexibility regarding recourse. Rates will be in the low 4% range, while floating rates will start at Libor-plus 250. Borrowers will see 60% to 75% leverage on most deals, with a select few pushing up to

TOP LIFE COMPANY LENDERS (PROJECTED 2014 ORIGINATIONS)		
LIFE COMPANY	FULL-YEAR PROJECTIONS	DETAILS
Prudential	\$14B	\$10M+ for office, industrial, retail, multifamily, hotels, self storage
MetLife	\$10B+	Targeting floating-rate and mezz loans for office, retail, multifamily, industrial, hotels
New York Life	\$5B+	\$20M+ perm (five- to 25-year) and floating-rate (three- to five-year) loans for

LENDERS REACH FOR CONDO CONSTRUCTION...

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Banks, including **M&T Bank**, **Wells Fargo**, **PNC**, **Chase**, **BofA** and **KeyBank** will be active on loans with 60% to 65% leverage and partial recourse requirements. Borrowers will see 4% to 6.5% rates from bank lenders. **Natixis** will originate non-recourse construction money with completion guarantees.

Doral Bank will allocate recapitalization condo loans for construction completion. Look for regional banks to be most active on \$10M to \$20M deals.

Debt funds and private money lenders will allocate non-recourse financing and 6% to 12% rates.

Madison Realty Capital boasts a \$10M to \$50M condo construction loan sweet spot. Non-recourse financing will be available. Rates will be 8% to 12%. Madison will be active with special situation and recapitalization loans where money will go toward construction completion. Loans will carry 18-month terms with a couple six-month extension options. **UC Funds** focuses on \$3M to \$25M non-recourse construction and renovation loans in stable markets with strong economic growth. Leverage can go north of 80% of total cost. UC Funds plans to exit loans through unit sales in one to three years.

Avant Capital originates \$1M to \$10M condo construction loans with 18- to 24-month terms. Leverage will reach as high as 75%; most deals will be 60% to 65%. Rates will be 8% to 11%. Small loans will require recourse, while larger deals will see limited or no recourse. Condo projects in the New York City metro area will be desired. **INCA Capital** provides \$250K to \$10M condo construction loans in the Southwest. Leverage will be 50% to 65% depending on horizontal or vertical construction. Rates will be 10% to 11% for 12-month terms, interest only with extension options. Full- to

DEALMAKER DATABANK

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Belovicz and Stambules complete \$17.8M in CMBS financing for a Comfort Inn, Best Western and Cambria Suites in Traverse City, Mich. The borrower wanted 10-year, non-recourse money, making a conduit the best fit.

George Smith arranges a \$2.1M construction loan for a townhome project in Denver. LTC was 79%. The loan has an 18-month term, interest only. The rate is based on Prime-plus 1%. The project was fully entitled at close.

Stein specializes in single-tenant, net-leased properties. He closes \$1.6M in acquisition financing for an auto repair store in New York State with a local lender. LTV was 67%. The rate is fixed for five years

BANKS, LENDERS & EQUITY PROVIDERS

(Supplemental to the Directory)

Avant Capital: 209 Bruce Park Ave., Second Floor, Greenwich, CT 06830. Adam Luysterborghs, Managing Principal, (203) 930-3400. adam@avant-capital.com

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Beech Street Capital: 1 N. Franklin St., Suite 3340, Chicago, IL 60606. Josh Rosen, SVP/Team Leader-Senior Housing, (773) 634-9881. jrosen@beechstcap.com

Berkadia Commercial Mortgage: 521 Fifth Ave., 20th Floor, New York, NY 10175. Dan Biron, SVP/Co-Head, Seniors Housing and Healthcare Group, (646) 432-7452. dan.biron@berkadia.com

Blackburne & Sons Realty Capital Corporation: 4811 Chippendale Drive, Suite 101, Sacramento, CA 95841. Angelica Gardner, EVP, (916) 338-3232, Ext. 308. angelicag@blackburne.com

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LENDING BUILDS FOR SPECIAL-PURPOSE

Borrowers will see looser underwriting requirements on special-purpose assets, while select lenders push leverage from 70% to more than 80%. Borrowers will see 5% to 14% rates. DSC will be 1.15x to 1.35x. Non-recourse loans will be available for sub-55% leveraged deals. Debt yield will be 10%-plus. Lenders will want to see lease terms longer than the loan amount or at least 15 years. Count on lenders to look closely at the "go dark" value since properties will most likely have to be retrofitted to fill the empty space. Lenders will require 20% of the loan amount in liquidity and want to see proven track records and experience.

Middle market and local banks, including **Umpqua Bank** and **Inland Bank** will be active in an effort to find relationship sponsors. Expect **Fidelity Bank** to fund \$1M to \$5M loans with rates starting at 5%. Gas stations, convenient stores, auto repair shops, daycares, assisted living centers and restaurants will all be in the cards. **Pacific Mercantile Bank** originates \$100K to more than \$20M SBA loans with up to 85% leverage for special-purpose assets. Restaurants, healthcare, hospitality and entertainment properties will be targeted. DSC will start at 1.15x. Loans will have fully amortizing, up to 25-year terms with no balloon payments.

Debt funds and private money lenders will also fill the gap in special-purpose financing. **PMC Commercial Trust** provides up to \$5M loans, with a \$2M average for special-purpose assets. Hotels, gas stations, RV parks, self storage and assisted living properties will all be targeted. Leverage will reach 80% with 5% to 6% rates adjusted quarterly. DSC will be 1.25x and the company allocates 25-year fully amortizing loans. **Blackburne & Sons Realty Capital Corporation** targets all types of special-purpose assets, including gentlemen's clubs and gas stations. Loans max at \$2.5M, with a \$600K average. Leverage will reach 70%, with most deal landing around 65%. Rates will be 8.9% to 13.9%, with 10.9% average. The lender requires personal guarantees, but some non-recourse financing will be available with "bad boy" carve outs. DSC will be 1.20x.

Pacific Private Money originates \$1M loans for special-purpose properties such as small wineries with real estate collateral. Leverage will be 55% to 60% with 9% to 12% pricing. Borrowers will see 24- to 36-month terms, interest only. Pacific Private Money will require full recourse unless leverage is sub-50%. DSC will start at 1.10x. Borrowers will obtain 15-year loans with 30-year amortizations. Gas station borrowers will see 15-year amortizations. **StoneTree Financial** will consider churches, convenience stores, gas stations, marinas, parking garages, R&D/Bio science centers, recreation centers and restaurants