The CRITTENDEN REPORT® Real Estate Financing

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AGGRESSIVE PRIVATE BRIDGE MONEY

With bank regulations tightening, expect private money lenders to fill in and fund sub-$5M bridge loans. Look for small-balance bridge lenders to push higher up the capital stack, take on riskier deals and start to consider non-recourse money. Leverage will reach 80% of value, which could be even higher based on cost. Rates will be 8% to 12% with 2 to 3 point fees. Borrowers will see 1% to 2% higher pricing on non-recourse loans. Keep an eye out for new entrants into the space, as more bridge lenders dip below $5M in order to get money out the door.

JCR Capital allocates leverage up to 80% and originates non-recourse bridge financing. The lender provides $3M-plus loans for multifamily, office, retail, industrial and self storage. **Bloomfield Capital** funds $1M-plus bridge loans for multifamily, office, retail, industrial/flex and hotels. Leverage will be 50% to 80% of value, but could go higher based on cost. Bloomfield provides 10% to 12% rates plus points. Terms will be 12 to 24 months with extensions. Most deals will be full recourse, but non-recourse money will be considered.

Commercial Capital provides $100K to $1.5M bridge loans for most commercial properties, including multifamily, budget hospitality and cell-phone towers. Borrowers will see two-year terms and 12% pricing. Leverage will max at 80% of purchase price or 60% of appraised value. Full recourse will be required. **Avant Capital** starts bridge lending at $500K with 12- to 36-month terms. Multifamily, condos, office and retail will be preferred. Leverage will be 65% to 75% with 8% to 11% rates. The stronger the deal, the less recourse required. **A10 Capital** lends $1M-plus for retail, office, industrial, multifamily, self-storage, parking and MHCs. Hotels will also be considered. A10 will originate non-re

TOP MEZZ LENDERS
(PROJECTED 2014 ORIGINATIONS)

MEZZ LENDER	FULL-YEAR PROJECTIONS	DETAILS
Colony Capital	$500M+	$20M+ loans for all properties
Principal Real Estate Investors	$500M	Multifamily, retail, office, industrial, hotels in top 30 markets
CIBC	$500M	Mezz behind CIBC's balance-sheet, floating-rate loans and fixed-rate CMBS loans; multifamily, office, retail, industrial, hotels, mixed-use
Torchlight Investors	$350M	$10M+ loans for office, retail, multifamily, condos, hotels, industrial, student housing
Canyon Capital Realty Advisors	$250M	All properties, including condos, multifamily, retail, office, hotels, industrial, mixed-use; acquisitions, construction, redevelopment, refi
Terra Capital	$250M	All value-add and stabilized properties, except senior housing, nationwide
RCG Longview	$200M-$250M	Stabilized and value-add office, retail, multifamily, industrial, flagged hotels
Heitman Financial Services	$200M[illegible]	[illegible]

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UPDATED LENDING CONTACTS

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RESIDENTIAL JV EQUITY ON FIRE…

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NorthStar Realty Finance will look for $15M equity investments with a focus on manufactured housing and multifamily in the Southeast, Texas and Arizona. **Oaktree Capital Management** and **Westbrook Partners** target $20M-plus deals. Westbrook will slow on residential deals and consider more commercial investments. Look for institutional JV players such as **Carlyle**, **Morgan Stanley** and **PCCP** to accept lower yield for deals in major markets rather than entering secondary locales.

Leverage for senior loans will top out around 70% but JV equity investors will step in and fund up to 90% of the remainder. Equity firms will also be attracted to deals with lower leverage, because it allows them to invest a heftier chunk of capital. Watch for more deals to be structured with lower priced 60% debt and 40% equity. The institutional equity investors will look for $10M or even $20M JV minimums, so the largest void will be for $5M to $10M equity infusions. Many equity groups will want to cut $10M checks, so expect numerous JV partners to avoid deals with multiple layers of capital, including mezz and pref equity. JV investors will be interested [illegible]

BANKS, LENDERS & EQUITY PROVIDERS

(Supplemental to the Directory)

A10 Capital: 800 W. Main St., Suite 1100, Boise, ID 83702. Jerry Dunn, CEO, (208) 577-5010. jdunn@a10capital.com

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

Bloomfi[illegible]

DEALMAKER DATABANK

Capital Advisors
200 S. College St., Suite 1520, Charlotte, NC 28202
Shippen Browne, EVP
(704) 945-3403
shippen.browne@capadvisors.com

Capital Advisors works on financing a multitenant office building in a Southeast core market. Rollover is spread out over the 10-year requested loan term and the tenancy includes both national credit tenants and stable local tenants.

Capital Advisors
434 Fayetteville St., Suite 2120, Raleigh, NC 27601
Clark Jenkins, VP
(919) 835-9825
clark.jenkins@capadvisors.com

Capital Advisors arranges a $1.6M refinance on a 23,000-s.f., 100%-occupied office building in Raleigh, N.C. LTV was 60%. The loan has a 10-year term and 25-year amortization.

CBRE Capital Markets
2100 McKinney Ave., Suite 700, Dallas, TX 75201
Mike Landon, VP
(214) 979-6576
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CBRE puts the finishing touches on a $16M construction loan for an office/retail building in the Fort Worth, Texas, market. The project includes 92,000 s.f. of office space and a 17,000-s.f. retail component. The project is 100% spec.

CBRE Capital Markets
101 California St., 44th Floor, San Francisco, CA 94111
Brad Zampa, EVP
(415) 772-0225
brad.zampa@cbre.com

CBRE works on financing a $65M loan on two Class A office buildings leased to a single tenant with favorable credit. Zampa looks at 10-year proposals at 75% leverage with five-year interest only at 4.5%.

Cohen Financial
227 W. Monroe St., Suite 1000, Chicago, IL 60606
Daniel Rosenberg, Partner/Managing Director
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drosenberg@cohenfinancial.com

Cohen Financial secures $5.56M in acquisition financing for a loft office property in Chicago. The bridge loan was provided by First Midwest Bank. Proceeds will go to reposition and re-tenant the property.

George Smith Partners
10250 Constellation Blvd., Suite 2700, Los Angeles, CA 90067
Steve Bram, Principal/Senior Director
(310) 557-8336, Ext. 123
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George Smith completes an $89M non-recourse construction loan for Pacific City, a 12% leased retail center in Huntington Beach, Calif. Bram also arranges a $51M non-recourse renovation/construction loan for Lido Village Marina in Newport Beach, Calif.

George Smith Partners
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Gary Mozer, Managing Director/Principal
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George Smith works on non-recourse acquisition/repositioning financing for a multifamily property. Mozer quotes 75% of the purchase price and 100% of the repositioning. The rate is Libor-plus 250.

Grandbridge Real Estate Capital
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Tony Carlson, VP
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Carlson closes a $3M loan secured by an office warehouse property in Minneapolis. The loan was fu[illegible]ign a life insurance company and featured a fixed-rate, 15-year term and 15-year amortization.

NorthMarq Capital
3200 E. Camelback Road, Suite 253, Phoenix, AZ 85018
Shari Stults, VP
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NorthMarq works to secure a $20M acquisition loan for a 90%-occupied office building in a major submarket. Stults also closes a $7M flex industrial/office property with an institutional life insurance company with a rate of 4.8%.

NorthMarq Capital
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NorthMarq finalizes a suburban, multitenant office building bridge loan with a life company lender. Trebil recently closed a lower leverage multitenant acquisition. A number of lenders were willing to provide full-term, interest-only financing.

OFFICE FINANCING EXPLODES

Life companies will become more active on shorter term loans, floating-rate financing, interest-only provisions, flexible pre-payments and mezz lending for office. Look for an increase of three-, five- and seven-year loans, instead of the typical 10-year terms. Life companies will be flexible with mezz behind their loans and provide sub-debt in a one-stop-shop format. Expect debt yield to drop as low as 8.5% from the 10%-plus seen the last few quarters. The bulk of life companies will prefer 9% to 10.5% debt yield. DSC will be 1.30x to 1.50x. Count on LCs to dip loan minimums down to $2M for office and provide aggressive pricing for the $5M to $7M loan space. Borrowers will need around 25% recourse on smaller deals.