

Vol. 37, No. 20

November 7, 2011

BANKERS BULLISH ON ACQUISITIONS

More banks will participate in transaction deals in 2012 due to limited competition from non-balance sheet lenders. Banks will provide leverage up to 75% on acquisition loans. Most will boast three- to 10-year terms. Fixed rates will range from 5% to 6%. Floating-rate loans will be available as well and will be based on Libor. DSC will be about 1.20x. All the major banks, including **Wells Fargo, JP Morgan Chase, PNC Bank** and **BofA** will do acquisition financing. **US Bank** will offer LTV in the ballpark of 65% to 70% and will work on loans from \$5M to \$50M.

LENDERS INCREASE LOAN PROCEEDS...

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Expect to see **Met Life, New York Life, Prudential, Teachers and Northwestern** compete on the \$30M and up deals. **Allstate, Nationwide, ING and Lincoln Financial** will dominate the \$10M to \$30M loans, while companies such as **Ohio National and American Equities** will take on the loans under \$10M. On any given deal, there could be up to five or seven LCs strongly competing, so these lenders will need to differentiate themselves through pricing and dollars. Nearly all life companies will lend on office and retail, although a few may pass on deals if they are overweight in that property class across their entire portfolio.

Multifamily borrowers will see the most favorable debt yield from bank lenders who will lower it to 8.5% to 9% next year. Large banks, including **Wells Fargo, Union Bank, Citizens Bank, HSBC, US Bank, Capital One and KeyBank** should start to push debt yield to the mid-8% to low 9% range in the next few months. LTV will be 70% to 75% on average, though some banks will begin to toy with 80% leverage in order to compete with the agencies. Regional banks such as **BB&T, BBVA Compass, Amegy Bank, Webster Bank and East West Bank** will likely be slightly more conservative on multifamily lending and target debt yield at 9% to 10% with a 1.20x DSC.

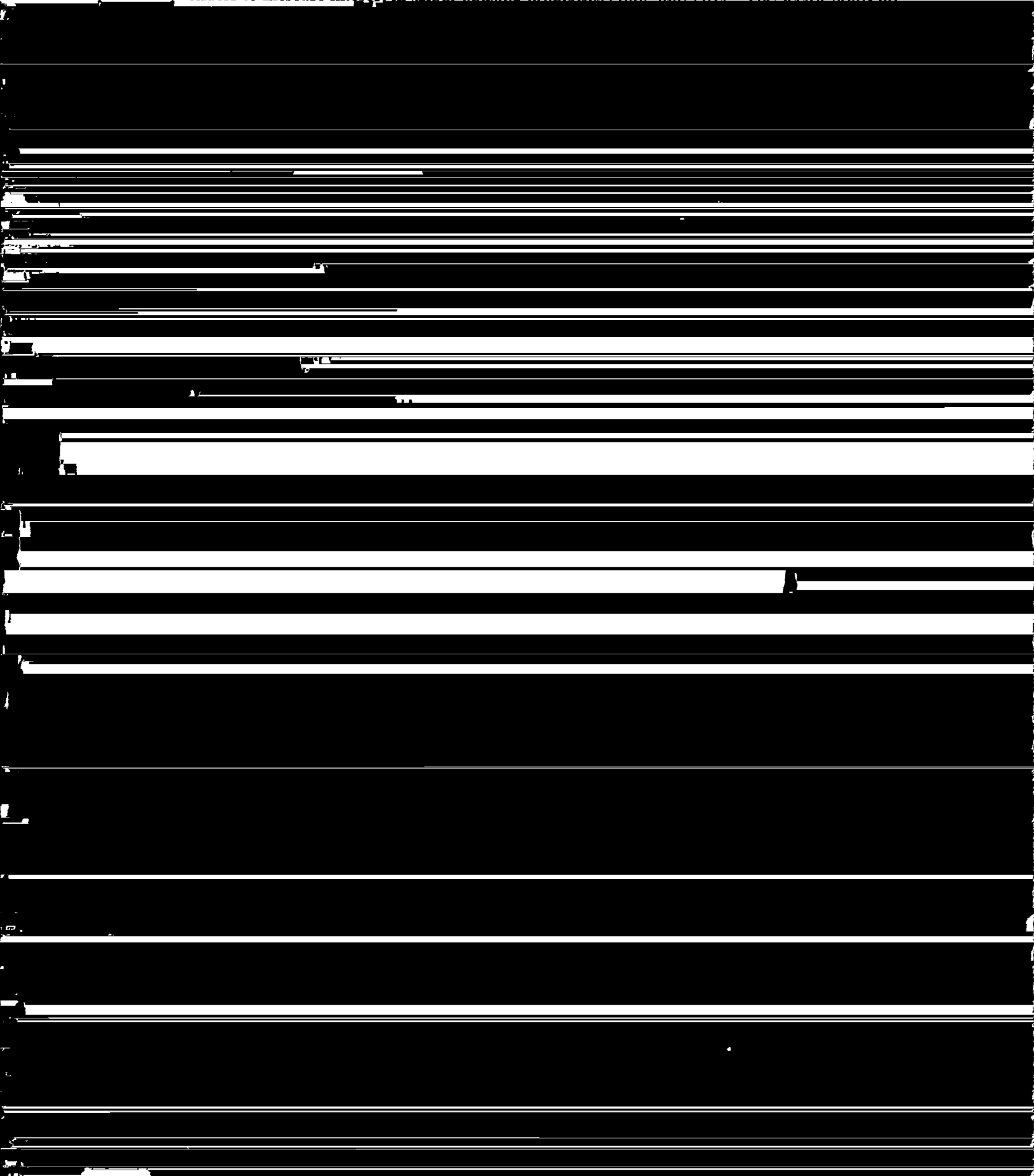
CMBS lenders, including **BofA, Deutsche, Cantor Fitzgerald and Morgan Stanley** will likely reduce

BANKS & LENDERS

<p>Berkadia Commercial Mortgage 3 Bethesda Metro Center, Suite 700, Bethesda, MD 20814 Steve Ervin, SVP (301) 961-1582</p>	<p>Berkadia just renewed its commitment to loan originations in the senior housing and healthcare sector and is expanding its team. Will underwrite straight with the GSEs and HUD.</p>
<p>Cambridge Realty Capital 125 S. Wacker Drive, Suite 1800, Chicago, IL 60606 Jeffrey Davis, Chairman/President; Brent Holman-Gomez, SVP-Originations/Operations/Asset Management (312) 521-7600; (312) 521-7601 jeffrey_davis@cambridgecap.com; bh@cambridgecap.com</p>	<p>Plans to complete up to \$400M in senior housing loans this year, with around the same amount expected for 2012. Will work with assisted and independent living, as well as skilled nursing. Look for a large assisted living investment to be announced soon.</p>
<p>ING Investment Management Americas 5780 Powers Ferry Road, Suite 300, Atlanta, GA 30327 Gregory Michaud, SVP-Head of Real Estate Finance (770) 690-4865 greg.michaud@inginvestment.com</p>	<p>Will originate total of \$2.1B to \$2.2B this year. Around 35% of that number will go for industrial, 25% for retail, 15% for multifamily, 15% for office and 10% for other.</p>
<p>M&T Bank Commercial Real Estate 350 Park Ave., New York, NY 10022 Peter D'Arcy, Group VP (212) 350-2550 pdarcy@mtb.com</p>	<p>Count on \$1B in new money loans in New York City and around \$2B bank wide for the year. Loans can be \$20M up to \$100M. M&T will work with all property types.</p>
<p>Oak Grove Capital 125 S. Wacker Drive, Suite 300, Chicago, IL 60606 William Kauffman, Managing Director-Seniors Housing (312) 893-5098 bkauffman@oakgrovecap.com</p>	<p>Should finish the year with \$750M in loans for senior housing and healthcare through Fannie, Freddie and HUD. Average loan size is \$10M. Oak Grove will do loans for all facets of multifamily, nationwide.</p>
<p>Prudential Mortgage Capital Company 3560 Lenox Road, Atlanta, GA 30326 Karen McGinnity, Director (404) 704-8900 karen.mcginnity@prudential.com</p>	<p>Offers multiple capital sources for senior housing through the LC arm, agency lending, CMBS JV and bridge loans. Shoots for a minimum of \$10M on senior housing loans, but can go lower. Refi and acquisition loans are both targeted.</p>
<p>Red Capital Group 2 Miranova Place, Columbus, OH 43215 James Sherman, Senior Managing Director (614) 857-1664 jfsherman@redcapitalgroup.com</p>	<p>Will consider mezzanine loans for multifamily, including senior housing. Red Capital will work on Freddie, Fannie and FHA loans, nationwide.</p>
<p>Tri Valley Bank 2404 San Ramon Valley Blvd., San Ramon, CA 94583 David Greiner, President/CEO (925) 791-4343 dgreiner@trivalleybank.com</p>	<p>Focused on owner-user properties in the San Francisco Bay Area. Loans will fall in the \$1M to \$2M range. Terms will be no more than five-year fixed, with rates in the 5% range. Max DSC will be 1.25x.</p>
<p>Union Bank 350 California St., Suite 720, San Francisco, CA 94104 Michael Stedman, Senior EVP-Real Estate Industries (415) 705-7589</p>	<p>Overall origination volume this year is split between refis and new acquisition loans. The bank will also provide land and development financing for apartments and some single family.</p>
<p>US Bank Commercial Real Estate 4100 Newport Place, Suite 900, Newport Beach, CA 92660 Wayne Brander, California Region Manager (949) 863-2317 wayne.brander@usbank.com</p>	<p>US Bank expects to complete 75% of the product levels of 2008 by year's end. Looking to work with all stabilized properties except healthcare, land and condos. Recently became involved in industrial spec building financing.</p>

LENDERS ANSWER SENIOR HOUSING DEMAND

Expect many lenders to increase interest in senior housing properties going into 2012. The sector holds up



DEALMAKER DATABANK

<p>CBRE 777 Brickell Ave., Suite 900, Miami, FL 33131 Charles Foschini, Vice Chairman-Debt & Equity Finance (305) 381-6124 charles.foschini@cbre.com</p>	<p>UBS loans out \$26.3M for the acquisition of a medical healthcare facility in Boynton Beach, Fla. LTV was 70%. People's United Bank puts together \$20M in acquisition financing for an apartment complex in Stamford, Conn.</p>
<p>Cohen Financial 50 California St., Suite 3550, San Francisco, CA 94111 Paul Schroeder, Managing Director (415) 591-3107 pschroeder@cohenfinancial.com</p>	<p>Union Central Life, a UNIFI Company, loans out \$3M for the refi of Galleria Office Park in Santa Cruz, Calif. LTV was 60% and DSC was 1.80x. Interest was 5.85% on the 10-year loan. There is a 20-year amortization schedule.</p>
<p>Four Point Alliance 15445 Dallas Parkway, Suite 6013, Addison, TX 75001 Dan Smith, CEO (972) 764-5219</p>	<p>Advisory firm that specializes in expert witness testimony in CMBS lawsuits, as well as advisory services for investors, borrowers and lenders.</p>
<p>HFF 1 Oxford Centre, Suite 600, Pittsburgh, PA 15219 Gerard Sansosti, Executive Managing Director (412) 281-8714 gsansosti@hfflp.com</p>	<p>Nationwide loans \$32.25M in refinancing for The Grant Building, an office building in Pittsburgh. LTV was 73% on the 10-year loan. Debt yield was 11% and DSC was 1.50x. Interest was fixed at 5.25%.</p>
<p>Johnson Capital 50 California St., Suite 1500, San Francisco, CA 94111 Rick Hayward, Senior Director (415) 728-6600 rickhayward@johnsoncapital.com</p>	<p>Morgan Stanley puts together \$12M for the refinance of a medical office building in Walnut Creek, Calif. LTV was 65% and DSC was 1.50x. Morgan Stanley did a 60-day rate lock 45 days prior to funding.</p>
<p>Marcus & Millichap Capital Corp. 101 S.W. Main St., Suite 1850, Portland, OR 97204 Steven Wiltshire, Associate Director (503) 200-2046 steven.wiltshire@marcusmillichap.com</p>	<p>Morgan Stanley originates a \$5.3M CMBS loan for the acquisition of a retail and multifamily property in Portland, Ore. LTV was 72% and debt yield was 9.5%. This was a 10-year loan with 30-year amortization. Interest was 5.5%.</p>
<p>National Investment Center 1997 Annapolis Exchange Parkway, Annapolis, MD 21401 Mike Hargrave, VP (410) 267-0504 mhargrave@nic.org</p>	<p>National Investment Center for the Seniors Housing & Care Industry (NIC) facilitates informed investment decisions for investors, lenders, owners, operators and developers through research, date and dealmaking events.</p>
<p>NorthMarq Capital 4011 Westchase Blvd., Suite 210, Raleigh, NC 27607 Todd Crouse, SVP/Senior Director (919) 781-1811 tcrouse@northmarq.com</p>	<p>Principal and John Hancock team on \$36.5M in perm financing for an office property in Cary, N.C. The borrower, Capital Associates, had a previous relationship with Principal and a good reputation, which helped facilitate the loan.</p>
<p>NorthMarq Capital 255 S. Orange Ave., Suite 1540, Orlando, FL 32801 David Schofield, SVP/Senior Director (407) 418-5001 dschofield@northmarq.com</p>	<p>RBC and American Momentum Bank complete a 50% syndicated \$33.85M construction loan for Gulfstream Gardens, a multifamily development in Boynton Beach, Fla. The 30-month loan will be interest only during construction.</p>
<p>Progress Realty Advisors 1151 Broad St., Suite 212, Shrewsbury, NJ 07702 Joel Kraut, VP of Commercial Lending (732) 389-9701, Ext. 146 jkraut@pranoth.com</p>	<p>Provident Bank arranges a \$2.5M construction loan to acquire and renovate a car dealership into a retail strip center in Belleville, N.J. LTV was 63% and interest was 4.9%. This will convert to perm money once it reaches a 1.25x DSC.</p>

BALANCE-SHEET CONDUITS TO BE BULLISH

Conduits lending from balance sheets will control the CMBS arena next year with non-recourse loans. Apartments, grocery-anchored retail, medical office, multitenant industrial and Class A CBD office with strong rent roll will get the most attention. Leverage will land between 70% and 75%, with the majority coming in at the lower end of the spectrum. Debt yield will be 9.5% and rates will be around 6%. Count on most CMBS lenders to offer 10-year terms with 25-year amortizations. The 10-year money will have the best rates going forward.

The balance-sheet backed conduits will be the most active since they can sell more efficiently without involvement of a third party. **Wells Fargo, BofA, JP Morgan Chase, Cantor Fitzgerald, Goldman Sachs, UBS, Prudential, Morgan Stanley and Principal**, as well as other lenders will originate the most loans. During the next three years the most bullish companies will be the lenders with a seasoned team that understands the risk profile of the asset. Lenders backed by their own lines of credit will be stronger than those with warehouse lines from other banks. Expect companies to come and go in the market, which could cause disruption in the pipeline.

Count on CMBS to pick up the deals left behind by the life companies because of leverage or location. Conduits will also grab deals from sponsors who need non-recourse loans. CMBS will focus on cash flow and coverage. These lenders will make healthy non-recourse loans in markets the LCs would consider secondary. The conduits will start to underwrite on the deals below \$15M in secondary markets.

A couple of issues will need to be taken care of before the CMBS market can fully recover. Investors will have to become more comfortable with the rating agencies again and the B piece investor markets will have to be deeper for more growth to occur. The structure of the bond deals will change going forward. Senior investors in CMBS 2.0 will look for ways to have more control over the process. Conduits will also need to work on how to properly hedge warehouses. Expect some volatility next year. It is an election year, which could make the market choppy for the next six to nine months.

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