



2017 Year in Review: Matthew Scoville, Hunton & Williams LLP

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What trends will impact your business in 2018?

We expect clients that are traditionally focused on acquisitions and equity investments to invest in debt positions. This has been a trend in 2017 and we expect this trend to continue. Non-bank clients that have traditional equity investment platforms are forming funds and setting up infrastructure to be able to provide debt, including preferred equity that functions like debt. Clients are leveraging relationships developed as owners and operators to source transactions.

For example, a developer will source a large financing through its relationships with brokers and the owner from their dealings in equity positions, originate a loan that will be structured as mortgage and mezzanine component loans, and then draw on their relationships with banks or other traditional lenders and sell off the mortgage component. Alternatively, owners may be able to draw on their client relationships with banks to take a subordinate component of a financing originated by the bank. In addition, clients that are looking to develop debt platforms at a rapid pace to meet existing demand and seize on current market opportunities sometimes look to partner with smaller debt providers that have expertise and infrastructure in place, but need capital sources and can benefit from the relationships of a major player in the equity space. Other clients are using technology with online-based syndication platforms to raise capital to support new and expanding debt platforms.

We expect representations of non-traditional lenders to continue to grow in 2018, including significant work on preferred equity investments and related joint ventures, fund formations and syndications. With these trends, there are ample opportunities for synergies among clients and other relationships to keep an eye on as well.

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