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M&T Bank's commercial real estate lending department understands what's important

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With many of what were the most popular players in real estate finance no longer active on the lending scene, decreased amounts of available capital and skittishness on the part of the industry, it's good to be a portfolio lender in today's vastly transformed market.

Thus it is that M&T Bank's New York City division commercial real estate department finds itself among lending institutions now being called "the new masters of the lending universe."

Always a master of its domain as a premier New York City lending institution, for M&T, being a master of this new universe is an extension of its long-standing operating philosophy of understanding, regardless of market conditions, what's important to both the bank and its clients: consistent market presence, underwriting standards and quality service; creativity in its ability to provide financing options for a large variety of financial scenarios and property types; and a deep-rooted commitment to building and maintaining long-term relationships.

A mere year or two ago, when loose structures, high debt capitalization and looser underwriting standards were prevalent, though not ceding competitive business, M&T could not compete for transactions based on price alone.

"For some people, it's only about price; for others, it's about price, ability, execution and relationship and those are the clients with whom we have always done, and continue to do, business," said Gino Martocci, senior vice president of M&T who heads up the New York City commercial real estate lending department.

Martocci took charge of his department in early 2007, returning to the city office where he previously ran the private banking group. No sooner had he restructured the commercial real estate and lending department, leveraging the bank's real estate skill sets with the structuring ability and flexibility of the former private banking group and expanding the breadth and depth of the bank's lending reach, the market underwent profound upheaval.

For M&T Bank's New York City division, it was a perfect storm, presenting dramatically increased opportunities for commercial banks concurrent with M&T being able to meet those needs more capably, expansively and creatively than ever before.

"We have a team who can rapidly respond with solutions to even the most complex finance needs of a diverse client base," said Martocci. "Having always offered the complete spectrum of real estate lending products at the highest levels of personal service, we added capabilities while more aggressively pursuing growth in all lending sectors as well as the creation of new client relationships."

Key players on Martocci's team include Peter D'Arcy manager of the structured real estate finance group with Dan Shields as team leader; and Jason Lipiec, group manager, commercial and private banking, charged with growing the middle market, not-for-profit, private banking and hospitality

component.
M&T's real estate lending department has long been well known and highly regarded for its ability to take an innovative approach to complicated transactions and develop finance solutions. Its ability to do so is a core competency that has always served as a competitive market advantage. But the bank has also built its business through straightforward transactions in office, residential, commercial condominiums and loft-offices, industrial, warehouse, retail and garage.

"We have a surety of execution in a timely manner consistent with the customer's needs. We don't have a big, bureaucratic shop," said Martocci.

The department's flexibility is remarkable considering the parent company of M&T Bank (the initials stand for Manufacturers and Traders Trust Company), M&T Bank Corporation, has over $64 billion in assets and is one of the 20 largest commercial bank holding companies in the U.S.

One of the greatest competitive strengths of the New York City division is a client base that includes long-term relationships with some of the leading real estate families and companies in New York City. The importance of those relationships, for both borrower and lender, have become even more compelling in today's changed, and charged, finance environment.

"We have been instrumental in the growth of many of the real estate players in Manhattan and welcome the opportunity to build long-term relationships based on a partnership approach, teamwork and a high level of trust, all keys to the bank's longevity, stability and consistent presence in this market," said Peter D'Arcy. "Our customers have the confidence that we can accomplish what they need, when they need it."

As but one example, in late 2007, just as the market began to unravel, Joseph Jerome, principal of JEMB Realty who has enjoyed a productive, long-term relationship with M&T, turned to the bank to refinance Herald Towers, a $250 million loan that closed in a mere 45 days in an extremely volatile market.

What will the near future hold for New York City's altered lending environment?

While Martocci acknowledges that neither he nor anyone else can accurately predict what a sustainable lending platform for commercial real estate will look like going forward, he foresees a few trends, among them, banks retaining a higher risk portion of securitized assets, providing reassurance to potential investors previously provided by a rating agency; personal recourse coming back in vogue; and opportunities for real estate investors with access to capital to take advantage of current market dislocations.

"Even in a today's wary market with less available capital and where lenders are actively protecting their balance sheet, borrowers who have built relationships with their lenders will continue to have access to capital," said Martocci. "Lenders, such as M&T, who have protected their balance sheets and have sound underwriting will continue to be in a position to provide capital to borrowers with whom they have a long-standing relationship, when others cannot."