



Ira Zlotowitz of Eastern Union is leveraging technology and a client-first attitude to provide top-notch service

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Ira Zlotowitz

New York, NY The New York Real Estate Journal (NYREJ) recently sat down with Ira Zlotowitz, this month's executive of the month. Zlotowitz is founder and president of Eastern Union.

NYREJ: Tell us about yourself.

I am 44 years old and live in New Jersey. My wife and I are the proud parents of three beautiful children, and a wonderful foster son. My oldest daughter got married a few years ago, and I have

since been blessed with a beautiful granddaughter who is two years old.

I will say forthrightly that I come from a religious Jewish upbringing and I was raised to put my faith in God—and this upbringing reinforces my commitment to ethical business practices. My devoted parents always emphasized that it was important to do charitable deeds, to do what we can in our lives to provide educational opportunities for young people, and to give back to the community. I remain committed to putting these principles into practice.

Eastern Union brokers Jack Beida and Michael Muller secured \$12.4 million in financing for this six-story multifamily property in Brooklyn. The transaction carried a 3.35% rate with a 75% LTV.

NYREJ: How did you set about establishing Eastern Union?

After working for a prominent commercial real estate firm for several years, I gained the skills to deliver top-tier financing services to my clients. The reason why I left, even though I had already made partner, was because the firm had been purchased by a bank, and mindsets began shifting.

I wanted to work in a brokerage that had a strong fiduciary responsibility to the client, and aimed to put clients first, as their trusted advisor. I felt that a successful company should do more to train and develop its employees with this mindset. I also believed that technology represented a powerful competitive advantage. I wanted to create a new company that would leverage state-of-the-art technologies and a client-first attitude to help us better serve owners, investors and lenders.

NYREJ: When did you launch the firm?

Eastern Union was founded in 2001 by myself and managing partner Abe Bergman. I'm pleased to say that we've since grown to become one of the country's most trusted deal advisers and largest commercial mortgage brokerage firms. We've got a team of some 100 brokers and real estate professionals. Eastern Union achieved \$5 billion in deal volume over the past two years running, and executed \$4 billion in 2017.

Our professionals leverage their close relationships with nearly 200 lenders—combined with our intimate understanding of the commercial real estate marketplace—to deliver the best rates available for our owner and investor clients. Eastern Union has closed thousands of commercial deals valued at up to \$100 million, with no minimums.

NYREJ: Eastern Union says it's "resetting" pricing in the world of commercial mortgages. What's that all about?

After observing shifting trends in our sector, Abe Bergman and I decided to form a new refinancing

division to “reset the market” in respect to pricing with the addition of our “Multi-Family Group”—the sole department in Eastern Union offering a new pricing model. It’s one of several steps we’ve taken to pivot our corporate model in response to market stresses set in motion by COVID-19.

This innovation has quickly begun to jump-start the market in the midst of recent turmoil, and also expand our market share.

Our new “Multi-Family Group” charges a quarter-point fee for “agency refinancings,” which, as readers know, are refinancings of multifamily properties backed by Fannie Mae or Freddie Mac. We charge no back-end fees. Until now, brokerages have generally charged a one-point fee for mortgages in this category.

Setting new fees is highly feasible, because agency deals entail fewer issues and more automation than conventional financing. We invested heavily in a strong technology base that helps ensure that these transactions proceed at a streamlined pace, and at a rate clients appreciate.

The owner of this single-tenant bank building in Scotch Plain, N.J. received \$3.9 million in financing at a 2.92% rate through Eastern Union.

NYREJ: Who’s leading up this new “Multi-Family Group?”

The group was created through the merger of two of our top teams. One is managed by Michael Muller, our senior managing director in the New York office, and a leading broker in your readers’ market for more than 19 years. The other is led by Marc Tropp, the senior managing director of Eastern Union’s Mid-Atlantic office, and the top broker in that region for the last 16 years.

By combining these two teams’ strengths, and by pooling our assets, Eastern Union aims to increase annual production volume. We’ve just hired 75 new brokers to join this dynamic team.

The “Multi-Family Group” has also set a half-point fee for agency acquisitions. This revised pricing also applies to CMBS multifamily transactions.

NYREJ: How active is Eastern Union in the agency financing sector?

With God’s help, we have become very big players. The Mortgage Bankers Association ranked us second nationwide in 2019 as an intermediary for loans backed by either Fannie Mae or Freddie Mac.

NYREJ: You’re also aiming to help lenders dispose of distressed investments, right?

Yes! We’ve just launched a “Distressed Notes Initiative” dedicated to identifying investors interested

in purchasing lenders' troubled mortgages.

Eastern Union has an extensive database of investors. Tapping this deep well of investors, we'll help community banks and private debt funds find buyers for distressed debt. This will help blunt the damage lenders have sustained from the pandemic.

We'll ensure that lenders reap top dollar for the mortgages they sell through this new "Distressed Notes Initiative."

NYREJ: So, is your recent offer of free underwriting services a "pivot" as well?

It's not so much a pivot, because it was something we had already been doing. We simply expanded on the underwriting aspect to provide a full suite of services that would fill a gaping void in the market.

Investors have begun looking at deals again. But amid staffing constraints arising from the pandemic, they often lack the back-office resources to run numbers or analyze data.

To help replenish the deal pipeline, Eastern Union is offering free basic underwriting services to the entire sector. We're providing the industry with the free services of our full in-house team of expert underwriters and loan specialists.

Tapping into our extensive analytical infrastructure, owners and investors can analyze data and scrutinize prospective deal options, all at no cost. Free services can include the conversion of offering memorandum (OM) setups into Excel models, calculating internal rate of return (IRR) using the new "eCALC" tool on our popular Eastern Union app, running essential financial projections, and other forms of assistance.

NYREJ: Tell us more about the new eCALC tool.

Eastern Union invested more than a quarter-million dollars to upgrade our widely adopted Eastern Union app. The new eCALC tool offers a full line-up of sophisticated calculator resources designed to extend across a transaction's entire life cycle to help fully underwrite any transaction. From calculating cap rates, to figuring out blended-rate mortgage payments, to determining IRR, to calculating equity waterfall distribution—you can run it by yourself from wherever you are located, in the palm of your hand, all in under five minutes. The app is available for download on the Eastern Union website and it's absolutely free.

NYREJ: In a few words, what's your bottom-line message to the commercial real estate world?

Especially in this high-stress period, Eastern Union is fortunate to have the resources, the track record, the talent, and the flexibility to adapt our business model in ways that benefit the industry at large, while also contributing to our own growth. It's symbiotic. We're privileged to be able to do it.