



Commercial Real Estate Guide: Commercial Real Estate Lender: About NorthMarq

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Ernest DesRochers

Digging deep to find the right capital fit

As a national capital markets firm, NorthMarq has a unique perspective on the capital options that borrowers large and small can consider for their borrowing needs. In addition to being a large GSE lender, NorthMarq represents more than 500 debt and equity sources, including life insurance companies, banks, and numerous private equity sources.

Based upon the deal flow we are seeing, our debt and equity experts are digging deep to source new and innovative capital for each deal. The benefit to clients is that our national platform and extensive relationships are spread across the country, with capital sources large and small.

Lenders coming back in, one-by-one

Earlier in our economic slowdown, some life companies were on the sidelines, working through their balance sheets and risk appetite. Now, most are visibly back in business, competing effectively with the GSEs through program structure, interest rate and/or term, with many of them offering innovative new programs or elevating existing programs that may have fallen out of favor.

Each firm continues to handle the pandemic-influenced economic slowdown differently. Most firms are mainly looking to finance industrial and multifamily properties, but there are structures available for office, retail, and self-storage properties.

Industrial remains an in-favor product type, with evidence from the significant increase in online shopping. Those industrial assets are playing an important role in the “last-mile” of delivery for all online retailers, but mostly for large players like Amazon.

In addition to industrial, self-storage properties have performed well and have been able to attract life company, bank, and non-bank capital. Office and retail have been harder to finance given the current market, but there are sources available. We expect that life company lenders will continue to evaluate how their portfolios are performing and create programs that they think will withstand the

potential downfalls of a post-Covid world.

In terms of non-life company sources, national, regional and local banks as well credit unions and non-bank bridge lenders are sources for non-multifamily properties. These lenders are able to get higher returns than the lenders focused on multifamily and industrial, creating a better way for them to invest capital.

For what many of us would consider “obscure” lenders, our team has been uncovering new financing sources that meet our clients’ needs, no matter how seemingly difficult. While these sources may shift with the markets, we find them credible and important options for those requests not right-down-the-fairway. These include niche credit unions and audience-driven banks—a few examples of lenders that are less known in the world of real estate finance.

The debt markets will continue to be active for all property types, albeit with slightly different programs or lenders. We are encouraged that our nearly 100 life company lenders are purposefully expanding back into some areas outside of multifamily, actively looking for opportunities to lend.

Ernest DesRochers is the SVP/managing director at NorthMarq’s New York City office

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540