



## Navigate to success in current finance market

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Real estate is a cyclical business. When times are good, developers proceed with enthusiasm and energy. But when times are turbulent, such as the last five months, developers need the experience and expertise of proven financial advisors to provide realistic assessments of the requirements of lenders and equity providers.

Despite the tightening of lenders' requirements, there are still many financial sources available to meet the financing requirements of developers and owners. Navigating swiftly changing markets requires the expertise that only the most qualified financial advisors can provide.

Long-term interest rates continue at low levels. Some sophisticated New York owners are availing themselves of the opportunity to refinance permanent loans placed on their properties within the last five years even though the loans will not mature for three to five years. By using this strategy, they are taking advantage of substantial increases in project NOI since the initial permanent financing. By refinancing, they can distribute substantial tax-free cash proceeds. For example, one \$50 million loan on which we worked has been refinanced for an excess of \$100 million. This refinancing opportunity is available for all property types - rental residential, office and retail.

Bond financing for hotels, in some circumstances, may provide value for developers. Earlier in the year, I arranged a \$305 million construction loan for a new luxury hotel project in Downtown Manhattan. Recently, I refinanced \$50 million of the \$305 million with commercial Liberty Bonds, reducing the project's interest costs.

Construction loans for rental and condominium projects continue to be required by our clients. I am currently working on over a billion dollars in construction loans to finance residential rentals and condominiums. Clients are also seeking financing for mixed use projects. As an example, we are currently processing a loan for a major client for an approximately 50/50 retail and residential project in Midtown Manhattan.

While arranging financing is more difficult today, all of these lending avenues and many others remain open. Now more than ever, you need a seasoned advisor to steer you through.

(Richard Bassuk is President of The Singer & Bassuk Organization, a mortgage brokerage and real estate advisory firm serving a select group of New York City's most prominent developers and investors.)continued on page 14

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By Bassuk, president, The Singer & Bassuk Org.continued from page 2  
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