



Real Estate Financing Remains Competitive in a Tightening Capital Markets Environment

BEVERLY HILLS, Calif. - Dec. 15, 2016 | While the real estate capital markets are showing early signs of slowing down due to higher rates, there are still very competitive deals for borrowers in the marketplace, according to Los Angeles-based real estate capital advisory firm Quantum Capital Partners.

"Since the election, the 10-year U.S. Treasury yield has increased more than 60 basis points, which has negatively impacted the commercial real estate mortgage markets," said Managing Director Jonathan Hakakha. "However, despite the recent increased cost to debt capital, the fundamentals are still strong thanks to better and stronger income and rent trend, along with job growth. While some lenders have become more conservative on their lending practices, there are still competitive lenders in the marketplace lending aggressively."

Working with a variety of lending sources, Quantum has secured approximately \$150 million in both short- and long-term real estate debt over the past 90 days with another \$235 million expected to close by the end of the year.

On a recent assignment, Quantum was tasked to secure \$15 million in construction financing for a 62-unit multifamily development in Los Angeles. The key to maximizing leverage on this assignment was identifying a lender who would underwrite the property taxes based on the actual cost of the project and not the appraised stabilized value.

"The construction lending market has tightened and a lot of lenders have either increased their spreads or pulled out of the market altogether, making this an incredibly difficult assignment," added Managing Director Mike Yim. "In the end, we were able to identify a lender willing to structure a financing solution that met our borrowers' business objective. That loan has closed and the construction is now underway."

Among the loans recently secured by Quantum include:

- \$26 million, five-year, fixed-rate credit union loan secured by a 107,000-square-foot office building in West Los Angeles, CA;
- \$24 million, 10-year, fixed-rate CMBS loan secured by an 80,000-square-foot shopping center in Los Angeles' South Bay;
- \$17 million, five-year floating rate bank loan secured by a portfolio of 1-4 units assets in West Los Angeles, CA;
- \$15.5 million, seven-year bank loan, secured by a 29,000-square-foot creative office and retail building in Culver City, CA;

- \$13 million, 10-year bank loan, secured by a 62,000-square-foot shopping center in Los Angeles, CA; and

- \$11 million, sub-4% variable rate loan from a local Los Angeles based lender secured by a retail development in Arvada, CO. The loan included release provisions to sell off individual parcels.

###

About Quantum Capital Partners

Quantum Capital Partners (www.quantumcp.com) is a boutique real estate capital advisory firm that provides creative capital solutions to real estate investors and developers.

We have more than \$4 billion of debt and equity financing experience nationwide across all major asset classes. With a diverse network of domestic and international capital providers and a comprehensive knowledge of the capital markets that encompasses the entire capital stack, Quantum consistently delivers executable advice and customized financing solutions on every assignment, regardless of size or complexity.