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Tauro Capital Arranges \$50 Million in Loans for Developers

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Tauro Capital secured \$50 million in loans in August for three developers interested in developing triplenet lease properties

Downtown-based Tauro Capital Advisors Inc. has secured a total of \$50 million in loans for three developers on triple-net lease properties. Tauro Capital's Stephen Stein and Tony Festa arranged the loans.

The largest loan was for \$25 million for an unnamed Santa Monica-based developer, which plans to use the money to develop new triple-net properties for tenants including 7-Eleven, Starbucks, Dutch Bros. Coffee and Chick-Fil-A, according to Tauro Capital.

The second loan, Tauro Capital said, was for \$15 million to a Western developer for triple net developments for Circle K, O'Reilly Auto Parts, AutoZone, Starbucks and other tenants.

The third loan, for \$10 million, was for a private developer based in Northern California. The money will fund future developments in California for tenants including Starbucks, Grocery Outlet and 7-Eleven.

The providers for all three loans were private lenders and debt funds. The loans were 100% loan-to-cost, which frees up equity without asking for profit sharing.

"While most construction financing has dried up, our firm continues to source funding that aligns with our clients' needs," Festa said in a statement. "This is largely because we are actively nurturing our capital relationships."

"The \$50 million in facilities will enable these three developers to acquire parcels with certainty, ramp up development, make faster decisions, and reduce long-term costs while moving their business plans forward," he added.

Triple-net properties are seen as relatively safe investments when leased to tenants with good credit. The landlord doesn't have to do much upkeep and can collect monthly rent without doing day-to-day management. The leases are common in industrial properties and stand-alone retail buildings.

"Single-tenant triple-net-leased product has continued to emerge as a stable asset class of choice for many investors across the country," Festa said in a statement. "The industry saw a similar trend out of the 2008 downturn and throughout the last cycle when single-tenant net-leased properties continued to perform and emerged from the recession relatively unscathed and resistant to market conditions."