

RECENT FUNDINGS



\$52,400,00 Construction Debt Financing for a 125-Unit Multifamily Property; Ventura, CA

- Interest Rate: 8.31%
- Loan-to-Cost: 85%
- Term: 24 Months
- Amortization: Interest Only

Tauro Capital Advisors initially placed common equity, but then transitioned to placing senior debt for the modular construction of a mixed-use development and ground-floor retail property.

Tauro discussed the transaction with over 30 different financial providers as lenders are uncomfortable providing financing to modular construction asset types.

Tauro was eventually able to source senior and junior debt due to our longstanding relationships with lenders that were able to provide favorable terms, as well as meeting the client's requirements. Tauro was able to get them comfortable with securing the debt through ucc filings.

OUR CAPITAL ADVISORS



Frankie Paparella



Matthew Bucaro



Avi Youshaci



Anthony Johnston



\$16,100,000 Non-Recourse Bridge Financing for the Acquisition of a 128-Unit Multifamily Development

- Loan-to-Cost: 68%
- Interest Rate: 30-Day Term SOFR+4.50%
- Origination/Exit Fee: 1.0%/0.25%
- Amortization: Interest Only
- Guaranty: Non-Recourse



Tauro Capital Advisors successfully sourced a non-recourse bridge loan for the acquisition of a 128-unit multifamily complex in the Southwestern US.

This substantial funding marked the sponsor's third acquisition in the Southwestern market within the last 18 months. The asset is an important piece of their plan to continue to expand their portfolio across the region. The sponsor plans to make significant exterior improvements along with implementing an elevated kitchen package for select units. Each of the two buildings has an updated pool and common areas, and the property has a newly renovated management office, laundry room, and mail room.

The sponsor was able to purchase an interest rate cap to effectively fix the interest rate as floating interest rates began to dramatically rise during the marketing process. The property experienced bumpy occupancy while in escrow. However, Tauro highlighted the strong occupancy within the submarket to substantiate the viability of achieving projected rents.

OUR CAPITAL ADVISOR



Patrick O'Donnell



\$1,300,000 Cash-Out Loan Request to Refinance a Headstart Children's Institute in Compton, CA

- Loan-to-Value: 60%
- Interest Rate: 5.5%
- Amortization: 25 Years
- Term: 5 Years
- Prepayment: No Penalty
- Closing Date: 9/22/2022

Tauro Capital Advisors fortuitously refinanced a HeadStart Children's Institute which provides early childhood education, health, and nutrition for low-income children and their families.

The developer was seeking a cash-out refinance to remove all of his existing equity from a government-funded preschool non-profit. The decision was delayed multiple times as interest rates were rising. Tauro was able to negotiate with the lender to decrease the standard debt service coverage. The result allowed the developer to pull maximum proceeds in spite of an increasing interest rate environment.

OUR CAPITAL ADVISOR



Deryl Deese



BULLYPULPIT

As CRE sands continue to shift rapidly in a challenging interest rate and inflation environment, I kept my ear close to the ground to understand how overexuberance from the start of the year is burning off going into 2023. As Jerome Powell pushes the benchmark rates toward 5%, turning leverage increasingly negative, here are my Top 10 Bullet points heading into the new year:

- Availability of financing remains a top concern among sponsors heading into 2023 as debt and equity capital continues to flee for the sidelines
- Highly leveraged borrowers will face challenges refinancing debt at favorable terms until there is clarity on future Fed actions
- Cash is king again with equity buyers minimizing the impact of negative leverage
- As rates rise and leverage falls, buyers are slashing bid prices substantially to hit target yields
- Developers will have a tough time proving to LP's that their transactions pencil as common equity will underwrite to lower rents and higher cap rates
- Mezzanine debt and preferred equity will fill the capital stack gap, with IRR targets increased to 15-20%
- Construction, value-add and other transitional business plans face increasing funding difficulties
- Bridge lenders will prioritize buyers of distressed debt and other existing assets over speculative business plan Lenders and investors continue to raise funds in preparation for an expected wave of distressed opportunities
- Debt buyers who have experience purchasing distressed debt and working out loans will see increased opportunities

As we navigate unsettled capital markets, now is our time to step up as trusted advisors and show the true value of our profession.

OUR SENIOR ANALYST



Andrey Abramov



Tauro Capital Advisors, Inc.

Tauro Capital Advisors, Inc. is a fully integrated commercial real estate advisory services company with a diverse background in all aspects of commercial real estate. Tauro's real estate services provides clients with creative capital structuring solutions and placement services by making a market specific to a client's needs and priorities with a diverse but focused group of capital providers.

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