

RECENT FUNDINGS



\$2,600,000 Permanent Loan for the Refinance of two Industrial (Single & Multi Tenant) properties in the Southern US

- Loan-to-Value: 50% (100% LTC)
- Interest Rate: 6.75%
- Term: 4 Years
- Amortization: 30 Years

Tauro Capital Advisors sourced and placed financing for a sponsor that recently acquired separately a single-tenant industrial building and a multi-tenant industrial building. These loan requests included cash-out to further allow the sponsor to invest in real estate.

The single-tenant property sits on 3.36 acres of industrial outdoor storage and is currently occupied by Lightspeed Construction. The multi-tenant property is located in a major city submarket and is occupied by three non-credit tenants with recently executed leases in place.

Seeing as these properties were newly acquired by the sponsor with fresh leases on the multi-tenant property, it was difficult to round up documents usually required by lenders prior to close. Furthermore, the appraisal came in far below what was expected which stressed underwriting. However, due to Tauro's lending relationships, our advisors were able to find a 100% LTC and 50% LTV loan with a lender that could also allow the sponsors extra time to turn in property-related documents post-close.

OUR CAPITAL ADVISORS



Matt Ingle



Michael Bucaro



\$9,500,000 Bridge Loan for the Acquisition of a Large Office Headquarter Space in the Southeast, US.

- Loan-to-Value: 61%
- Interest Rate: 7.25% Fixed
- Term: 2 Years
- Amortization: Interest-Only



Tauro Advisors were tasked to place bridge financing for the acquisition of a four-story 61,000 square foot single-tenant office building occupied by TBC Corporation to be used as its headquarters. This property is located in a prominent business park in the Southeastern US.

This was a very challenging loan request given the current lending environment for office, the subject property was affected by the aftermath of hurricane Ian and there was a tight timeline to close. These factors, combined with the non-recourse loan requirement, narrowed the field of potential lenders. Tauro's advisors took the challenge head-on, reached out to long-standing lending relationships and sourced a non-recourse bridge lender that offered favorable, fixed-rate pricing with interest only payments and was able to close quickly.

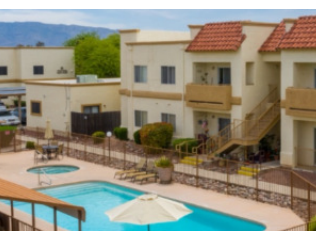
OUR CAPITAL ADVISORS



Tony Festa



Matt Bucaro



\$6,100,000 Preferred Equity for the Value-Add Acquisition of a Multifamily Property in Tucson, AZ

- Loan-to-Cost: 87.5%
- Hold: 3 Years

Tauro Capital Advisors was engaged to place preferred equity for the acquisition and renovation of a 109 unit multifamily property located in Tucson, AZ. The renovation budget includes plans for \$15,000 per unit and almost \$1,000,000 for upgrades to the overall complex.

The sponsor's hold period for this investment, similar to its other investments in the Southwest, is 5 years post completion of the renovations and lease up. Tauro was tasked to locate an equity partner that would be able to fund a large portion of the acquisition and renovation costs as the sponsor did not have the capital to complete the business plan. The equity team at Tauro reached out to its focused stable of equity sources, selecting a privately held investment company that believed in the sponsor's business plan and structured a creative funding solution to enable the acquisition and renovation of the property.

OUR CAPITAL ADVISORS



Paul Davidovac



Matt Mueller



BULLYPULPIT

Since the peak of inflation in June 2022, Consumer Price Index (CPI) has steadily decreased its rate of growth; however, January's inflation data was hotter than expected resulting in a shifting outlook from Jerome Powell and the FOMC.

As the securities and treasuries market increases in volatility, the near-impossible job of balancing inflation and interest rates lies in the hands of Jerome Powell and the FOMC. The committee is determined to raise interest rates until its target goal of 2% inflation is met. Over the last six to nine months, the growth rate of inflation has steadily decreased; however, the latest inflation data in January brings uncertainty to the market. CPI increased by 0.4% in January, after a 0.1% decrease in December. The larger concern to many investors regards the Producer Price Index (PPI), which rose 0.7% in January, the largest increase since June. With the recent uptick in inflation, Jerome Powell and the FOMC will look at the possibility of increasing interest rates faster than their original estimates. The next scheduled meeting for the committee is March 21-22, where expectations were previously a 25-basis point rate hike. Based on the treasuries market over the last several weeks, we believe there is a strong possibility of a 50-basis point increase at the next FOMC meeting. As interest rates will most likely continue to rise through 2023, let's take a look at how the five major food groups of CRE responded to the rise in interest rates in 2022:

- Multifamily rent growth rose by 6.2% in 2022; however, rent growth has significantly decreased compared to 2021's rent growth of 15%
- Multifamily vacancy rate increased by 1.2% to 6.1% with a large portion of the additional vacancy being attributed to the luxury market
- Market cap rates in the multifamily market have expanded from 4.76% in Q3 2022 to 4.92% in Q4 2022
- Office asking rents mostly held firm throughout 2022; however, large concessions have increasingly become necessary to entice companies to come back to the office
- Subleased office space continued to rise in 2022 to record levels as companies have been transitioning to remote/hybrid work
- Newly constructed offices built between 2020-2022 have outperformed offices built between 2008-2010 with nearly 10% lower availability
- In the industrial market, nearly 100 million SF of net absorption took place in Q4 of 2022
- Industrial vacancy increased by 10 basis points quarter-over-quarter; however, this was expected due to the nearly record-breaking sum of new deliveries
- A record-breaking 632 million SF of industrial space is under construction with speculative developments accounting for 84.4% of total assets
- In the retail market, net absorption amounted to nearly 76 million SF of space in 2022, the highest level since 2017
- Even with 25.4 million SF of retail space delivered to the market in 2022, vacancy decreased to 4.2% in Q4
- The top retail categories in regard to new openings included restaurants, discounters, groceries, and apparel stores
- Hospitality operating expenses saw a large increase in 2022 with hotel industry wages up nearly 18%
- The hotel and lodging industry has rebounded from the pandemic, with room revenue reaching \$188 billion in 2022, an 11% increase compared to pre-pandemic levels in 2019

Even through a rising interest rate environment, the CRE market has remained resilient and will continue to be tested throughout 2023 as interest rates are expected to climb through the end of the year.

OUR SENIOR ANALYST



Alec Weinstock



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 advisory 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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