

Trez Relaunching Bridge-Loan Effort

Trez Capital is restarting a bridge-lending expansion that it put on hold during the pandemic and expects to issue commercial real estate CLOs to finance it.

The Vancouver, Canada, company initially planned to build up the operation alongside its construction-loan business last year, after bringing in key hires in 2019 to kickstart the effort. Trez halted expansion plans as lockdowns began.

It has relaunched the program under **Darren Esser**, who came aboard in January 2020 from **Wells Fargo**, where he oversaw underwriting of CRE CLOs. He joined as head of U.S. capital markets, and the position now includes leading the bridge-lending initiative.

On June 1, the firm opened a Los Angeles office by adding veteran origination specialist **Kyle Geoghegan**. He co-led originations at **Resource America** for 14 years before leaving in April 2020.

Trez expects to hire at least three more senior and mid-level origination specialists and an underwriter, who may work with Esser in New York or elsewhere nationwide.

The company also has operations in Atlanta, Dallas and Palm Beach, Fla., with a team that includes 20 originators. It long has focused almost exclusively on construction and lot-development lending, particularly in the Sun Belt. Lot development is the process preparing land for construction. That turned out to be fortuitous, as those projects continued during the pandemic.

"The business is focused on building off the existing bridge-loan efforts, leveraging the tremendous scale of the Trez platform and creating a dedicated team to solely focus on bridge-lending opportunities," Esser said.

Esser said Trez expects to tap the CRE CLO market for financing, using public funds listed on the **Canadian Securities Exchange** for first-loss capital. Trez hopes to originate \$1 billion in bridge loans in 2022, with a concentration on multi-family, industrial and office properties across the Sun Belt. The focus will be on loans in the \$5 million to \$50 million range.

He noted that bridge lending enables the company to provide next-stage financing to its own construction-loan clients as well as those of other lenders.

Trez aims to capitalize on what is expected to be a busy bridge-loan market in the coming years, as property owners



Commercial Mortgage Alert
THE WEEKLY UPDATE ON REAL ESTATE FINANCE & SECURITIZATION

Mezz Shops Predict Big Jump in New Loans

High-yield lenders are gearing up for a busy second half, betting that opportunity to originate commercial real estate debt will soon amid an anticipated jump in the volume of commercial property trades and refinancings. For now, the crowded field of mezzanine lenders continues to target deals involving multi-family, manufactured housing, industrial, life-science and self-storage properties — which have become extremely popular with investors since the pandemic took hold, but originations backed by certain types of hotels, office buildings and retail properties also are expected to pick up as the health crisis continues to recede.

"I am very optimistic about the economic recovery," said Michael Egli, a managing director at **Blackstone**. "I expect to see a big increase — a further increase, because we are already seeing it — in transaction activity." That, in turn, will boost demand "for capital all across the debt spectrum, and certainly in the high-yield spectrum."

Commercial Mortgage Alert's 10th annual survey of mezzanine lenders has

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Mirae Shops for Fresh Debt on Hawaii Resort

Mirae Asset Global Investments is on the hunt for up to \$545 million of debt to refinance the Hyatt Regency Waikiki Beach Resort and Spa in Honolulu. The South Korean pension manager is looking for a five-year loan with either a fixed or floating rate. It is asking for quotes at two proceeds levels: \$400 million, which would replace an existing mezzanine debt, and \$545 million, which would add out mezzanine debt. **411** is in line with the assignment to leaders.

The project would be the leadhold interest in the 1,230-room hotel, built in 1976 at 2424 Kalakaua Avenue. Mirae acquired it in September 2016 for \$780 million. The seller, **Blackstone**, had completed a \$100 million renovation the previous year.

J.P. Morgan originated a \$400 million loan to finance the purchase, and securities it in a single-borrower commercial MBS deal (IPACC-2016-W1). It has interest-only payments, with a 4.02% coupon. The senior mortgage matures in 2026.

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Blackstone Looks to Finance Rental Package

Blackstone is shopping for up to \$575 million of floating-rate debt on eight multi-family properties it recently bought or soon will purchase. The investment giant has tapped **Morgan Stanley** to solicit quotes from lenders at two proceeds levels: \$550 million and \$575 million. The higher amount would peg the loan-to-value ratio at 81%, based on total acquisition costs of \$721.6 million. A \$550 million loan would carry an LTV of 77%. The debt will have a term of up to five years.

This funding opportunity has attracted substantial interest from commercial MBS shops, which are likely to originate a private-label mortgage and securitize it via a stand-alone issue. Industry insiders said certain factors make the portfolio an unlikely target for agency lenders, including an initial debt yield under 4%.

The Class-A property encompasses 2,520 units in several states, including

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set back by the pandemic try to complete business plans.

The previous effort was led by a three-member executive committee created in 2019. One of those executives, **David Bloom**, left the company last June to join **Conduit Capital** in New York. Another longtime executive, **Sandy Manson**, recently retired. The remaining member, **John Hutchinson**, leads the Dallas office, but focuses on construction and lot-development lending. Esser reports to chief executive **Morley Greene**, who founded Trez in 1997.

The firm has a roughly C\$4 billion (\$3.3 billion) portfolio of commercial mortgages, with about three-fourths of the properties in the U.S. and the remainder in Canada. ♦

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