

“With higher interest rates, the likelihood of additional rate hikes and the looming backdrop of a potential recession, it’s a significantly different landscape than we saw 6 to 12 months ago”

Despite the uncertainty and volatility in the market, we’ve seen continued lender appetite albeit at a higher cost, reduced leverage, and more stringent collateral and sponsor underwriting. The piece of the puzzle yet to play out is how all of this will impact valuations, while buyers and sellers continue to move much more slowly to transact.

Some lenders have stepped away or slowed their appetite for lending, which has created opportunity for other lenders. It’s still a competitive sector, but is much more measured than in 2021, which was a record year for deal volume in the industry.

RARE CRE’s capital services team has been laboriously working to identify active capital providers and the most competitive financing solutions for our clients who may need to refinance maturing loans, or fund the acquisition or development of their projects in the near term.

RARE CRE is a boutique advisory and investment banking firm focused on providing tailored, real estate capital solutions to commercial real estate entrepreneurs.







Our Capital Services team is dedicated to delivering white glove, customized debt & equity solutions for owners and developers of multifamily and commercial real estate.

- ✓ Bridge Loans
- ✓ Construction Loans
- ✓ Mezzanine Loans
- ✓ Preferred Equity
- ✓ Fixed-Rate Perm Loans
- ✓ Agency (Fannie/Freddie/HUD)
- ✓ NPL Loans
- ✓ Equity Recapitalizations
- ✓ Joint-Venture Equity
- ✓ Entity-Level Credit Facilities

WHICH CAPITAL SOURCES ARE LENDING TO EACH PROPERTY TYPE?

PROPERTY TYPE:	MULTIFAMILY	INDUSTRIAL	OFFICE	RETAIL	SELF-STORAGE	HOSPITALITY
Construction	<ul style="list-style-type: none"> ▪ Banks ▪ LifeCo ▪ Private Debt ▪ HUD 	<ul style="list-style-type: none"> ▪ Banks ▪ LifeCo ▪ Private Debt 	Selectively available for pre-leased / build-to-suit / strong sponsors	Selectively available for pre-leased / grocery / build-to-suit / strong sponsors	<ul style="list-style-type: none"> ▪ Banks ▪ Private Debt 	<ul style="list-style-type: none"> ▪ Private Debt (selective) ▪ Banks/SBA
Construction Completion	<ul style="list-style-type: none"> ▪ LifeCo ▪ Private Debt 	<ul style="list-style-type: none"> ▪ LifeCo ▪ Private Debt 	n/a	n/a	<ul style="list-style-type: none"> ▪ Private Debt 	n/a
Long-Term / Fixed-Rate Perm Loans	<ul style="list-style-type: none"> ▪ Agency (Workforce) ▪ LifeCo (Class A) ▪ CMBS 	<ul style="list-style-type: none"> ▪ LifeCo ▪ CMBS ▪ Bank/SWAP 	<ul style="list-style-type: none"> ▪ LifeCo ▪ CMBS ▪ Bank/SWAP 	<ul style="list-style-type: none"> ▪ LifeCo ▪ CMBS (select) ▪ Bank/SWAP 	<ul style="list-style-type: none"> ▪ LifeCo ▪ CMBS (select) ▪ Bank/SWAP 	<ul style="list-style-type: none"> ▪ CMBS (select) ▪ Bank/SWAP ▪ Banks/SBA
Mezz/Pref	<ul style="list-style-type: none"> ▪ Private Debt 	<ul style="list-style-type: none"> ▪ Private Debt ▪ Conduit 	<ul style="list-style-type: none"> ▪ Private Debt ▪ Conduit 	<ul style="list-style-type: none"> ▪ Private Debt 	<ul style="list-style-type: none"> ▪ Private Debt ▪ Conduit 	<ul style="list-style-type: none"> ▪ Private Debt
Bridge	<ul style="list-style-type: none"> ▪ LifeCo ▪ Private Debt 	<ul style="list-style-type: none"> ▪ LifeCo ▪ Private Debt 	<ul style="list-style-type: none"> ▪ Private Debt 	<ul style="list-style-type: none"> ▪ Private Debt 	<ul style="list-style-type: none"> ▪ LifeCo ▪ Private Debt 	<ul style="list-style-type: none"> ▪ Private Debt ▪ Banks/SBA
JV Equity	<ul style="list-style-type: none"> ▪ LifeCo ▪ Private Equity ▪ Family Office 	<ul style="list-style-type: none"> ▪ LifeCo ▪ Private Equity ▪ Family Office 	<ul style="list-style-type: none"> ▪ Private Equity (selective) ▪ Family Office 	<ul style="list-style-type: none"> ▪ Private Equity (selective) 	<ul style="list-style-type: none"> ▪ Private Equity (selective) ▪ Family Office 	<ul style="list-style-type: none"> ▪ Private Equity (selective)

TAKING THE TEMPERATURE OF REAL ESTATE CAPITAL MARKETS

CMBS	Life Companies	Construction Loans
 <ul style="list-style-type: none"> CMBS issuances are in decline and expected to fall further in 2022 according to JP Morgan and Barclays' projections in June. Relatively conservative underwriting among CMBS lenders since the Global Financial Crisis should minimize refinancing risk despite rising interest rates. What's New: The CMBS world continues to fund high-quality assets albeit at lower leverage and wider spreads. Recession defensive property types are being prioritized. 	 <ul style="list-style-type: none"> Life companies continue to underwrite more conservatively, but still above Covid-era standards. 50% to 65% LTV on commercial, up to 75% LTV MF. Rates starting in low-to-mid 4's. Strength of borrower's balance sheet more important than ever. What's New: More LifeCo lenders are back in the market than at any point since the pandemic, though available capital will begin to dry up during latter half of the year. 	 <ul style="list-style-type: none"> All types of construction lenders are aggressively quoting construction for multifamily and industrial. Equity requirements remain higher for most conventional lenders; 50%-60% LTC. Private debt funds have been very active, over the past couple of years; with LTCs often exceeding 80% on MF/Industrial. Primarily multifamily, industrial, and pre-leased/net-lease commercial properties. What's New: Similar to the CMBS market, CLO issuances are projected to decline in 2022. For the time being, there continues to be a significant volume of dry powder available.
Banks & Credit Unions (Acquisition/Refi Loans)	Private Debt Funds (Bridge/Transitional Loans)	Agencies (Fannie/Freddie/HUD)
 <ul style="list-style-type: none"> Most banks are actively originating new commercial mortgage business, however underwriting has become more stringent in 2022. Conservative underwriting and borrower strength/PFS continue to be of utmost importance. What's New: Some banks and credit unions may scale back CRE lending activity for certain higher risk property types in 2022, with other moving completely to the sidelines if liquidity continues to be constrained. 	 <ul style="list-style-type: none"> Lending from CLO-driven lenders may slow in 2022. Unlevered, balance sheet lenders seek to remain active. Rates have widened across the board, though competition among private lenders remains elevated. What's New: There continues to be more bridge capital than there are high-quality, value-add opportunities. Strong sponsors and solid business plans will attract capital on the best available terms and pricing. 	 <ul style="list-style-type: none"> Fannie/Freddie continue to be the most active source of capital for multifamily transactions. Rates have considerably increased since the 2020-2021 lows, with the lowest rate possible for low-leveraged deals and natural affordability starting in the high 4's. With GSE lending caps, workforce housing continues to be a priority. Class A MF may not get as competitive execution/pricing. HUD more in play after relaxing 3-year rule. What's New: Spreads have widened and LTV caps have been lowered. Transactions with an affordability component will secure the best terms and pricing.

Current Index Rates 7/27

5yr UST	2.89%
7yr UST	2.87%
10yr UST	2.79%
30d Term SOFR	2.33%
30d SOFR Avg.	1.53%

CRE CAPITAL UPDATE RATE SHEET JULY 27, 2022

Fannie Mae Conventional Rates (Multifamily)

TERM	LTV	DSCR	SPREAD	RATE
15-Year	65%	1.35x	195-245	4.86%-5.36%
12-Year	65%	1.35x	170-220	4.56%-5.06%
10-Year	55%	1.55x	140-190	4.19%-4.69%
10-Year	65%	1.35x	160-210	4.39%-4.89%
10-Year	80%	1.25x	180-230	4.59%-5.09%
7-Year	55%	1.55x	130-180	4.17%-4.67%
7-Year	65%	1.35x	150-200	4.37%-4.87%
7-Year	80%	1.25x	170-220	4.57%-5.07%
10-Yr ARM	75%	1.00x	260-290	4.07%-4.37%

Freddie Mac Conventional Rates (Multifamily)

TERM	LTV	DSCR	SPREAD	RATE
15-Year	65%	1.35x	160-190	4.51%-4.81%
12-Year	65%	1.35x	160-190	4.46%-4.76%
10-Year	55%	1.55x	130-160	4.09%-4.39%
10-Year	65%	1.35x	150-180	4.29%-4.59%
10-Year	80%	1.25x	165-195	4.44%-4.74%
7-Year	55%	1.55x	140-170	4.27%-4.57%
7-Year	65%	1.35x	160-190	4.47%-4.77%
7-Year	80%	1.25x	175-205	4.62%-4.92%
10-Yr ARM	80%	1.25x	200-230	3.47%-3.77%

Life Companies (Commercial)

TERM	AMORT	LTV	SPREAD	RATE
5-Year	25-30	65%-75%	170-210	4.59%-4.99%
10-Year	25-30	50%-65%	150-175	4.29%-4.54%
10-Year	25-30	65%-75%	170-210	4.49%-4.89%
15-Year	15-25	65%-75%	170-210	4.61%-5.01%
Longer	Fully Amort.	65%-75%	170-210	4.72%-5.12%

* Most LifeCo lenders have index floors.

Bridge Lenders / Private Debt Funds (All Property)

TYPE	TERM	AMORT	LTV	Light Value-Add	Deep Value-Add	Construction
				RATE	RATE	RATE
Senior	1-3 Years	IO	65%-80%	5.33%-8.33%	7.33%-12.33%	7.33%-12.83%
Mezz/Pref	1-3 Years	IO	80%-90%	8.83%-13.33%	11.33%-16.33%	11.83%-16.83%

Rates are general in nature and are for informational use only. Rates are subject to change based upon evaluation of each transaction and preparation of detailed quotes and letters of interest. For specific quotes based on your property, contact a RARE CRE office.

Life Companies (Multifamily)

TERM	AMORT	LTV	SPREAD	RATE
5-Year	25-30	65%-75%	170-210	4.70%-5.10%
10-Year	25-30	50%-65%	150-175	4.50%-4.75%
10-Year	25-30	65%-75%	170-210	4.70%-5.10%
15-Year	15-25	65%-75%	170-210	4.70%-5.10%
Longer	Fully Amort.	65%-75%	170-210	4.70%-5.10%

* Most LifeCo lenders have index floors.

Freddie Mac SBL Rates (Multifamily - \$1M to \$7.5M)

Market Type:	Top	Standard	Small	Very Small
5-Yr Fixed (Avg.)	4.82%	5.12%	5.26%	5.35%
7-Yr Fixed (Avg.)	4.93%	5.02%	5.12%	5.21%
10-Yr Fixed (Avg.)	5.05%	5.17%	5.25%	5.36%

* Assumes affordability discount, yield maintenance prepay, <65%- LTV, 1.30x DSCR, and no IO. Hybrid structure will vary from Fixed.

FHA/HUD (Multifamily)

PROGRAM	TERM	AMORT	LTV	DSCR	RATE
223(f) Refinancing	35	35	85%	1.176X	4.45%
221(d)4 Constr/Perm	40	40	85%	1.176X	4.95%

* Before MIP of 0.25% to 0.60% (223) / Before MIP of 0.25% to 0.65% (221)

CMBS (All Property)

TERM	AMORT	LTV	SPREAD	RATE
5-Year	30	65%-75%	330-380	5.90%-6.40%
10-Year	30	65%-75%	230-280	4.87%-5.37%

Bank / Credit Union (All Property)

TYPE	AMORT	TERM	LTV	RATE
Balance Sheet	25	3-5 Yr	Up to 75%	4.34%-5.54%
SWAP/Perm	25	5/7/10 Yr	Up to 75%	4.24%-5.29%
Construction	IO	1-3 Yr	50%-75%*	5.03%-7.03%

*Rates and LTV/LTC vary low-to-high (hospitality > commercial > multifamily)