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Bridge Lender Sees Doubling Originations in 2015 to $200Mln

Commercial Real Estate Direct Staff Report

September 18, 2013 – Trevian Capital, a New York bridge lender that was launched in 2013, expects to originate $200 million of loans this year, up from $100 million in 2014.

To meet its target, the firm, founded by Michael Hoffenberg, is planning to add an analyst and a loan originator to its four-person team in New York. It's also considering adding staff in its Chicago office.

Demand for the sort of short-term, quick-close financing that Trevian provides is expected to increase substantially as a wave of loans, written from 2005 to 2007, mature. Many of those are backed by properties that might require capital improvements, or have operating issues that need to be addressed before they're able to get permanent financing.

"You have about $1 trillion of commercial real estate debt that's maturing in the next three to four years," Hoffenberg said. "There is a big opportunity for us."

Trevian can close loans within 30 days of application and is willing to lend against properties in secondary and tertiary markets. It doesn't write loans with an ultimate goal of taking over collateral.

"We are not a loan-to-own shop," Hoffenberg said.

Trevian originates loans of $5 million to $50 million with terms of six to 24 months. Its loans are typically used by investors who need to quickly complete the purchase of a property and need capital to improve it. So its loans typically have coupons starting at about 9 percent.

It is backed by an insurance company that doesn't originate commercial real estate loans on its own.

It recently provided $12.1 million of financing against Morrell Park and the Harvey Johnson Towers, a pair of federally subsidized seniors-housing properties in Baltimore. The 12-month loan, which could be extended for another six months, allowed one of the properties' owners to buy out partners.

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