

## Bridge Lender Pitches Niche Strategy

**Arena Investors** is expanding its bridge-loan operation to pursue opportunities it sees being overlooked by other lenders amid the pandemic — and it's adding staff to support the effort.

The New York investment manager aims to write more loans whose yield and leverage profiles fit somewhere between those favored by high-yield debt funds and the more conservative metrics preferred by lenders that funnel their originations into commercial real estate CLOs. The debt would be funded via a new closed-end vehicle backed largely by insurers, although other institutional investors also might contribute capital.

The unleveraged vehicle, Arena Stable Income Strategy-Real Estate Credit Partners 1, is starting out with roughly \$100 million of equity provided by two undisclosed insurers that have invested in that strategy through separate accounts since 2017. Arena is expected to raise \$200 million to \$300 million of additional equity within six months.

Under its stable-income strategy, the firm targets loans of \$5 million to \$30 million, focusing on a mix of property types in mostly second-tier and third-tier markets. Unlike most bridge loans on transitional properties, this particular strategy doesn't necessarily require borrowers to show any projected cashflows for the first year, or possibly longer.

Loans originated via the stable-income program generally will carry coupons of 7% to 8%.

Loan-to-value ratios will hover around 75% to 80% for debt on most property types, and up to 500 bp higher for loans on multi-family properties.

The vehicle's portfolio manager is **Don Moses**, a managing director who oversees originations for Arena's broader bridge-loan program. After adding three seasoned originators to his nine-member team in the past week, Moses plans to hire another soon — plus one or two underwriters by yearend. The

opening for an originator in the Northeast requires at least 10 years of experience, while the other positions call for five to 10 years of experience.

The new originators are **George Kruse** in Tampa and **John Bauer** and **Sarah Woodward**, both in Los Angeles.

Kruse spent the past two years as a principal at **Pursuit CRE**, a commercial real estate advisory firm he founded in Bradenton, Fla. He previously worked with Moses at **CapitalSource**, where Kruse was an investment officer from 2004 to 2008. After leaving CapitalSource, which was later acquired by **Pacific Western Bank**, Kruse spent time at **Vesta Equity**, **Ian Black Real Estate** and **SBR Commercial**.

Bauer was most recently a regional director covering the Western U.S. for bridge lender **Money360** in its Ladera, Calif., headquarters. Before joining that firm in late 2019, Bauer was a first vice president at **Cathay Bank** of Los Angeles for just over a year. He previously spent 12 years working on bridge and mezzanine loans at **Tremont Realty Capital**, a unit of **RMR Group**. Bauer earlier worked at **Hanover Financial** and **KeyBank**.

Woodward has run her own advisory firm, **Woodward Realty Capital**, for the past 14 years. From 2012 to 2017, the Orange County, Calif., firm was retained by **CT Realty**, of Newport Beach, Calif., as its exclusive debt-placement agent. Woodward's firm also served from 2007 to 2017 as chief investment partner for a joint venture between CT and **KDF Communities**, another Newport Beach-based developer.

Woodward was previously a vice president and regional manager at **Fremont Investment & Loan**. She spent 12 years at Fremont, until it was acquired by **iStar Financial** in 2007. She worked at **KPMG** for three years before that.

Arena, which has \$2.2 billion of credit-related assets under management, is led by CEO **Dan Zwirn**, who is also its chief investment officer. ❖

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