

Real Estate Finance & Investment

Mission Capital tapped to sell performing commercial mortgage portfolio

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Mission Capital Advisors is marketing a portfolio of performing commercial mortgages on behalf of a private equity firm. “We launched the sale last week and plan to take indicative bids next Tuesday, followed by a final bid on September 1st,” said Tom Hall, managing director of sales and trading. The portfolio is backed by commercial, residential, land and C&I assets, with a more than 70% commercial real estate concentration, and is geographically concentrated in the Southeast. The largest concentrations are in Texas and Florida.

The seller is aiming to sell the entire portfolio of small balance loans to a single buyer. Hall sees the ideal candidate having the ability to take down the entire portfolio. “Potential investors range from middle-tier private equity firms targeting high-yield performing debt opportunities opportunistic banks that can acquire seasoned loans to supplement their traditional origination platforms as well as other strategic investors. The intention is to sell the entire portfolio to a single buyer,” he added.

With this latest transaction, Mission Capital has arranged the sale of close to \$900m across 20 transactions. The spike is partly due to robust loan sales activity for resellers. “We are seeing resellers flooding the market as funds their term and need to return capital to investors, but also to take advantage of strong bids in secondary markets right now. Interestingly, we are seeing a lot of the resellers, PE that acquired in bulk at the beginning of the downturn, are exiting and moving into the small balance lending space as the supply of distressed assets dries up,” Hall said.

The segment of the market shows no signs of slowing down and Hall expects an additional \$1bn of paper from private equity sellers in the second half of 2015. “PE firms and re-sellers have stepped in as dominant market participant, adding to the volume from commercial banks, insurance companies and special servicers selling performing and non-performing real estate debt,” he said.

The portfolio has a 5.6 percent WAC and 2021 WAM. PE firms serviced by Mission include Colony Capital, Lone Star Investment Advisors, Rialto Capital Management, Oaktree Capital, Garrison Investment Group and others are among the firm’s 15 separate reseller clients.