

FEATURED ARTICLE

EQUITY ADVISORS GROUP POOLS RESOURCES TO BETTER SERVE CLIENTS

By Jeff Erxleben, Executive Vice President/Regional Director

NorthMarq Capital launched its Equity Advisors Group last fall to create a stronger “backbone” for equity sourcing nationally, wrapping a more formal structure around expertise that the firm has had in place for years. Individuals who have been arranging equity financing for clients within their own markets are now part of a collective, collaborative unit that can share expertise and market knowledge.

The group, which currently includes 12 experts from NorthMarq offices across the country, focuses on sourcing institutional equity from entities that range from high-net-worth family offices all the way up to pension funds, life insurance companies and other significant institutions. Primarily, those professionals are sourcing *pari passu* joint venture equity and preferred equity in conjunction arranging the debt capital and thus raising the majority of the capital stack.

Successfully sourcing equity in today’s market is about more than just showing up with the capital. It requires helping sponsors and investors make the right partnership for each opportunity. The right partnership requires having the local relationships to understand the details of each project, with an added layer of national market coverage to source the right equity partner no matter where the project is located.

In addition to tackling highly structured finance deals for a variety of projects, the group also serves as an internal “think tank” that allows people to more easily tap the experience of their peers. Working through any JV deal comes with a lot of moving parts and complex situations. Drawing on the group’s existing knowledge, rather than reinventing “the wheel” over and over again, ultimately helps move a deal forward more smoothly and efficiently.

A few recent equity/structured finance examples:

- Our Phoenix regional office recently arranged JV equity and acquisition financing of Keystone at Alamo Heights apartment complex in Texas. The package provided the sponsor Jevan Capital more than 97 percent of the capital to be invested in the acquisition and repositioning of the asset. The 95/5 LP/GP JV equity investment was funded through an insurance company correspondent relationship, and the acquisition loan was funded through a top-tier debt fund. In this case, the team was able to quickly source and negotiate the majority of the capital stack needed to facilitate the investment.
- Our Washington, D.C., regional office arranged \$10,250,000 in JV equity financing for a bulk industrial development in Manassas, Va. As a part of the assignment, the construction loan was sourced through a national bank. The project was approximately 35% pre-leased.
- Our Dallas regional office sourced \$105 million in financing for the construction of Elan City Lights, a new multifamily development in Dallas. The financing included an \$80 million, fully underwritten construction loan along with a low coupon preferred equity component from a life insurance company.

Internal collaboration is a key part of what differentiates NorthMarq from other organizations. Producers take ownership of a transaction, but a big part of the company philosophy – on both the debt and equity side – is teamwork. At the end of the day, that coordination, collaboration and shared knowledge creates a more cohesive company and better service to our client. ❖

Jeff Erxleben, executive vice president/regional director, provides oversight to NorthMarq’s regional offices in addition to assisting clients with their debt and equity needs.