

## Bridge Lender Eyes Rapid Expansion

**Arena Investors** expects to originate up to \$500 million of bridge loans and other debt-related investments backed by commercial properties this year, as other lenders pull back amid difficult market conditions.

That would be roughly double the New York-based fund operator's 2022 total. It wrote about \$100 million of bridge loans last year via its stable-income strategy, including debt tied to acquisitions, recapitalizations and repositionings of value-added properties.

It also invested approximately \$150 million in commercial real estate debt under its special-opportunities strategy — including about \$75 million in nonperforming loans that it purchased itself or financed for other buyers of troubled debt. Under that strategy, Arena also pursues secondary-market purchases of stakes in commercial real estate debt and equity funds and invests in real estate securities, mezzanine loans, preferred equity and convertible debt.

Arena is aiming to expand both programs in 2023, as rising interest rates, declining property values and rampant capital-market volatility have constrained originations by more-traditional lenders.

As a nonbank lender that typically has not used leverage, “we see this brave new world as a ripe opportunity to expand our reach in the real estate credit markets,” managing director **Peter Locke** said. For example, “CRE CLO issuers and debt funds that rely on outside leverage have experienced setbacks from lessening demand for bonds and cautious warehouse lenders hampering originations.”

Noting that demand is on the rise from borrowers struggling to refinance overleveraged assets, Locke added: “We have the bandwidth to play in all parts of the capital stack and structure investments creatively.”

Locke [joined](#) Arena last June after 17 years at New York-based **Spectrum Group Management**. As of Jan. 1, he took over from **Don Moses** as head of real estate for North America. Moses, who was a managing director, is now a senior advisor focusing on special projects and existing investments, and Locke is the portfolio manager for Arena's commercial real estate debt business.



Arena invests in commercial real estate debt independently and through joint ventures. The lender originates fixed- and floating-rate loans on all property types across the U.S. Loans typically range from \$5 million to \$50 million, running one to three years. Under its stable-income strategy, Arena targets senior and subordinate debt with loan-to-value or loan-to-cost ratios of up to 80%. It can offer leverage of up to 90% through opportunistic financings, including mezzanine loans and other forms of junior debt.

Formed in 2015, Arena is led by **Dan Zwirn**, chief executive, chief investment officer and co-founder. ❖