

INDIANAPOLIS, INDIANA

OVERVIEW

- Multi-Tenant Retail Center
- ± 64,000 SF
- 7.5 years WALT
- 9.3% going-in cap rate
- **Loan Amount: \$4,935,000**



"My team hired Dave and Ryan to work alongside us to source our loan for a time-sensitive acquisition. They exceeded expectations in running a comprehensive process and quickly narrowed down the most qualified lenders. They were extremely communicative and helpful through closing - even assisting with the coordination of third parties. This team effort enabled us to close on a tight timeline before year-end and with extremely competitive terms."

- John Rickert
CCIM

THE CHALLENGE

Our client was on a tight timeline, needing to close on the acquisition in 2024 for tax purposes. This left a six-week window at the end of the year including the holidays.

The property had recently been re-tenanted and lacked strong historical financial performance, posing a significant challenge in obtaining financing. Compounding the issue, the new anchor tenant was privately owned with no public credit rating and limited visibility into the tenant's financial strength.

Further complicating the deal, the client required 70% loan-to-purchase-price (LTPP) financing - a high leverage level that is particularly difficult to achieve in today's lending environment. The combination of a tight timeline, limited property financial history, and a high leverage request made it a uniquely challenging transaction.

OUR APPROACH

We quickly understood that the client was indifferent as it related to recourse and instead prioritized minimal lender fees and hitting their desired proceeds level of 70% LTPP. With these parameters in mind, we determined that the best execution would come from a bank or credit union.

We canvassed the market thoroughly, reaching out to more than 40 regional and community banks and credit unions. Our goal was to find a lender that intimately understood the local market dynamics—specifically the property's highly attractive cost per square foot, its prime location with 400 feet of frontage along Route 40, and the broader context of the tight Indianapolis retail market, which is experiencing historic vacancy lows of just 3% with limited new supply on the horizon.

THE OUTCOME

We ultimately secured a financing solution with a regional bank that recognized the inherent value of the asset and the favorable local market conditions.

The bank offered the requested proceeds at 70% LTPP financing with a competitive interest rate achieved through an interest rate swap. The loan term was structured over 66 months, including an initial 18-month interest-only period, which provided the client with greater cash flow flexibility during the early stages of ownership, to reduce the possibility of potential capital calls for investors. Additionally, the lender fees were kept to a minimum, aligning with the client's preference for low upfront costs.

In the end, we were able to deliver exactly what the client was seeking: a high-leverage loan at favorable terms, secured within a tight timeline, ensuring a successful year-end close.