

## Startup Prioritizes Senior Debt Focus

A new lender that provides debt and preferred equity to owners and buyers of commercial properties across the U.S. is ramping up its focus on senior bridge loans.

While Boston-based **Offset Capital** intends to continue pursuing mezzanine debt and preferred equity, the middle-market lender recently formed a joint venture with an undisclosed institutional investor that has a large appetite for senior bridge loans.

The partner is set to fund the vast majority of the debt — totaling at least \$150 million — that Offset expects to source and underwrite in 2025. That would mark a sharp jump from roughly \$50 million of projected originations this year.

The first origination via the joint venture is slated to close this month. That roughly \$15 million loan would finance the acquisition of a limited-service hotel in the Southwest U.S. Two other bridge loans, of around \$25 million each, also are in the works.

Offset was **founded** early this year by its three principals: former **GreenLake Asset Management** executives **Kamau Coleman**, **Adam Frank** and **Renee Volaric**. The trio targeted mostly mezzanine loans and preferred equity at the outset, but they ran into some headwinds because many would-be borrowers already had financing in place and their existing lenders weren't open to allowing additional debt on collateral properties, Frank said.

"With most of the [subordinate financing] requests that came in from brokers or borrowers, they were trying to solve for a change in their business plan without getting cooperation from the senior lender up front," he said.

"We always planned to invest in both senior and subordinate debt, but we're evolving to meet the market — which we've found is just not receptive to restructuring deals with existing



lenders in place," Coleman added. "We're getting a lot more traction on the senior-loan side."

Offset is now looking to write floating-rate loans of \$5 million to more than \$50 million, including construction-completion financing. It's prepared to lend on light-to-heavy transitional properties of all types. ❖

**COMMERCIAL MORTGAGE ALERT: November 1, 2024**

Click here for [more information](#) or call 949-640-8780.