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## The Race to Refinance

By [Jennifer LeClaire](#) | Miami

**MIAMI**—From **offices** to **hotels** to **multifamily**, the race to refinance is on. After all, any number of X factors could cause the market to cool.

Indeed, industry watchers report several reasons developers and owners are working fast to lock in favorable loan rates. There's the relaxed set of underwriting standards, the mass capital chasing deals, and, of course, the historical low interest rates.

Take Miami Beach's [Shore Club](#) as an example. Developers secured a \$185 million refinance loan from Mexico's **Banco Inbursa**. Meanwhile, the office building [396 Alhambra](#) in Coral Gables received a \$50 million loan, a North Miami luxury condo tower closed a \$87 million construction loan, and the proposed 83-story Panorama Tower locked in a \$340 million loan for construction in Miami's Brickell neighborhood.

"As a result of strong relationships and financeable assets, we are in various stages on a number of loans expected to close within the next month or so," **Daryl Shevin**, CFO of **13th Floor Investments**, tells GlobeSt.com. "As long as interest rates remain low and capital markets unfrozen, we can expect to see debt and equity pour into variety of asset classes and loan types; especially in a market like ours."

13th Floor recently closed a \$76 million construction loan for 1010 Brickell. The firm expects to close a handful of additional loans over the coming month or so.

**Jon Chassen**, a partner at **Bilzin Sumberg**, tells GlobeSt.com interest rates have been historically low for much longer than many people anticipated. His firm just closed the \$50 million refinance loan on behalf of the mixed-use office project 396 Alhambra.

"At this point it seems only to be a question of when—not whether—interest rates will rise," says Chassen. "Concerns continue to mount that the Fed could raise interest rates as early as the middle of this year, especially with today's change in the wording of the statement from the Federal Open Market Committee. With this in mind, developers and owners see now as the time to lock in favorable rates and shore up equity to position themselves for long-term success."

**Howard Taft**, senior managing director at **Aztec Group**, tells GlobeSt.com a high volume of loans are maturing over the next few years that is causing robust refinance activity today: "CMBS lenders and banking institutions are competing for those same loans that are coming due."

Regarding the Federal Reserve's announcement that it may increase interest rates in the second half of the year, Taft adds: "I have been advising our clients that they should refinance now, even if there is a repayment penalty, in order to take advantage of the low interest rates available. We will not see this level of low interest rates again for many years to come."