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Randy Reiff-Led Team Launches Full-Service Real Estate Lending Platform

Commercial Real Estate Direct Staff Report

The team of seasoned industry veterans that ran FirstKey Lending has formed Allegiant Real Estate Capital, a full-service commercial real estate debt platform.

The idea behind the company, led by Randy Reiff, chief executive and chief investment officer, is to be able to provide a broad range of capital solutions against properties across the country. That would mean writing senior loans, mezzanine loans, preferred equity and bridge loans. Allegiant might also pursue investments in CMBS B-pieces and other securitized debt instruments.

FirstKey, which is backed by Cerberus Capital, initially funded loans against single-family rental properties, but later started writing bridge loans against commercial properties. It completed some \$1 billion of originations and still has some \$215 million on its books. While it's shutting down its commercial real estate lending business, Allegiant will continue to serve as adviser to Cerberus and will manage the existing portfolio.

"This next step will allow us to be nimble in identifying a wide variety of new opportunities and addressing needs in the (commercial real estate) debt space," Reiff said.

The company, meanwhile, has lined up a \$500 million commitment from an investor, allowing it write short- and long-term loans against stabilized and transitional properties. It'll be writing loans of \$25 million to \$100 million each.

It's also in the process of lining up capital that would be used to fund other types of investments and could ultimately write loans for securitization. The idea is to become a one-stop shop for property owners. The company aims to be a "holistic solution for our customers," Reiff explained, providing whatever type of capital a client might need for his property, be it a short-term loan with a floating rate, or long-term mortgage with a fixed coupon.

The key is "not to be fickle," Reiff said. "It's not to disappear when our customers need us the most. It's important to lend, when it's not obvious to lend."

The company, which aims to develop a comprehensive lending platform, might also pursue certain niches created by increasing banking regulations. For instance, it could pursue investments in CMBS B-pieces, the most subordinate bond classes in CMBS transactions.

Those typically have been bought by a number of specialized investors who always had the liberty of leveraging their investments, either by selling chunks off, or by placing financing against them. But that changes when restrictive risk-retention rules go into effect on Christmas Eve. Investors will have to keep the B-pieces for at least five years and would be restricted from selling any pieces of them or otherwise leveraging them.

Reiff is a long-time commercial real estate industry professional. He had [joined FirstKey in 2013](#) from [Macquarie Group](#), where he was head of its global CMBS and commercial mortgage finance business. He previously had formed Spartan Real Estate Capital after leaving JPMorgan Securities, where he was global head of commercial mortgage finance and CMBS. He had joined JPMorgan in 2008 when the investment bank had acquired Bear Stearns, where he was co-head of CMBS.

Other senior executives at Allegiant, all of whom previously were with FirstKey and most have been with Reiff for more than 10 years, are: Simon Breedon, its chief operating officer; Ben Milde, head of originations; Mark Lebowitz, head of capital markets; Jeff Wiseman, head of asset management and chief credit officer; John Vavas, head of legal and chief compliance officer; Justin Short, head of whole-loan trading, and Brian Mascis, head of CMBS credit.

Collectively, the group has handled more than \$100 billion of commercial real estate deals over the past 20 years.