

BUFFALO BUSINESS FIRST

COMMERCIAL REAL ESTATE

Multifamily lender Arbor Realty Trust expands Western New York presence



Arbor Realty Trust moved its 200 local employees to an office in Tonawanda.

BY JACOB TIERNEY
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Despite the headwinds in the commercial real estate market, national multifamily lender Arbor Realty Trust sees plenty of opportunity ahead – and plenty of room for growth in Western New York.

The Long Island-based real estate investment trust has more than 200 employees locally – about a third of its total workforce.

Last year, the company moved its local offices from Depew, signing a long-term lease for a 30,000-square-foot building in Colvin Woods Business Park in Tonawanda. The new space is about 10,000 square feet larger than the old office, giving Arbor room for continued growth.

The company opened a Buffalo office in the '90s, and it's been growing steadily since. Company

officials said there's a few reasons why Arbor chose Buffalo. It's roughly equidistant to the Long Island headquarters and to Boston – one of Arbor's major markets. Western New York also has a highly educated workforce, many of whom have experience in banking and finance.

"We have a good experience being in Buffalo," said Danny Van der Reis, executive vice president of servicing and asset management, who is based in the company's Miami office.

Arbor lends almost exclusively to multifamily developments. It often sells those loans on to government-sponsored agencies like Freddie Mac and Fannie Mae, but retains the responsibility of servicing the loan. Most of the servicing staff is based in Buffalo, and servicing fees provide a steady source of income even when the economy tightens.

High interest rates and other economic forces

have slowed lending, but Charles Marino, director of servicing and agency asset management, who is based locally, said Arbor's focus puts it in a better spot than many lenders.

"The majority of our assets are in multi-family, which does fare better in this type of environment than offices or other types of properties," Marino said.

Arbor has stepped up its attention on monitoring loans to ensure borrowers can head off any potential problems.

"We're focusing on our basic blocking and tackling, and getting our own eyes on the property," Marino said. "While we're not immune to issues, we're confident we will come out of this very strong."

Many banks have reduced commercial real estate lending. Signature Bank and First Republic Bank, both of which were significant commercial real estate lenders, failed earlier this year.

That means more customers are turning to REITs like Arbor.

"It's very hard for mortgage REITs to compete with banks that have a deposit base that they can use to lend out, so if banks pull out of the market that creates an opportunity for mortgage REITs," Van der Reis said.

Arbor's not immune from the economic pressures that affect both borrowers and lenders. Loan originations are down, and unlikely to bounce back until interest rates start to dip. But deals are still happening, Van der Reis said.

"We're here for our borrowers when times are great and originations are booming, but in times like we see today, because of our disciplined approach, were still here for them," he said. "Obviously every deal needs to make