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By: [Paul Bubny](#)

Allen Matkins' William Ahern Sees Slowdown in CRE Lending, Trades

For a reading of current market conditions in commercial real estate, it's difficult to find a better vantage point than that of a leading CRE attorney. Allen Matkins partner William Ahern will bring that wide-ranging perspective to his role as moderator for the "Financing Deals in an Uncertain Climate" panel at [Connect Orange County 2023](#), scheduled for Sept. 27 at VEA | Newport Beach Marriott. Connect CRE spoke with Ahern for a sense of what he's been seeing.

Q: When it comes to completing financing transactions in the current uncertain climate, what would you say are some of the pain points that your clients have identified recently, aside obviously from the high cost of borrowing?

William Ahern: A lot of my clients are dealing with financing issues, especially with apartment complexes. Many bought them on variable rate debt, with caps in place to protect against interest rate risks. Many of these caps will need to be replaced soon and the cost to do so has become very expensive. So the increased financing costs, together with the limit on how much of this can be passed on to the tenant via rent increases, has made it challenging for some apartment owners to stay cash flow positive. Many of my clients are spending a significant amount of time focusing on how to stay in the black until the market stabilizes and financing becomes more available.

Q: Has this been in effect since the second half of last year or has it come up more recently?

Ahern: We kind of hit the brakes about a year and a half ago. Late last summer or early last fall, the bankers I know were saying "we've made plenty of loans, we've all hit our bonuses. There isn't any need to deploy any more money for the rest of the year. I think a lot of the bankers thought they would be back to business in early 2023. I think they foresaw a temporary pause that's now been around for over a year now and going into year two. Then some of the regional banks began having problems and many feared that the Fed would require the bank to have greater reserves to cover bad loans. So the pullback has been prolonged beyond what was initially anticipated and the lending market's been slow. Many anticipate that the bridge lenders will step in to fill this void, but the process has been slow. Notwithstanding, there are deals still going on, just a lot fewer.

Q: Across your practice, you work with quite an extensive range of types of clients. Are you seeing this pretty uniformly across the spectrum of your clients or are there some that are having a somewhat easier time of it?

Ahern: Yes – my client base is very diverse. Most of my more active clients have a deal here and there, but volume has slowed. A lot of my work now is dealing with existing assets, helping

with organizational issues which they didn't have the time or desire to address when the market was red hot, and raising capital for the next cycle.

Q: One final question. If you could provide one overall piece of advice or watchword to all of your clients, what would that be?

Ahern: I would just echo what one of my best clients always likes to say, which is that you can never buy too much real estate in a down market. This is just a temporary issue and things will recover. If work habits have permanently changed, some office projects may have some serious headwinds, but I think the other sectors will come back in full force; it's just a matter of time.

Connect Orange County will take place Sept. 27, 2023 at VEA | Newport Beach Marriott in Newport Beach, concurrently with Connect Healthcare Real Estate on Sept. 27 and 28. [Click here](#) to register for Connect Orange County, and [here](#) to register for Connect Healthcare Real Estate.



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