



CELEBRATING
55 YEARS

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2019 Annual Review: Dirk Falardeau of KeyBank

December 27, 2019 - Spotlights

What was your greatest professional accomplishment in 2019?

As a newly appointed regional production manager for New England, New York (excluding NYC) and Pennsylvania, my greatest professional accomplishment this year may simply be weathering the storm during a year of unprecedented spread increases due to the GSEs' efforts to manage their FHFA allocations, combined with tremendous treasury volatility evidenced by over 100 basis points movement. Despite the headwinds, we had another very successful year but we really had to work for it. One of the greatest benefits of our platform is that we have the full range of products. In times of uncertainty when one capital source becomes less competitive for any reason, we have the ability win business with any of our other executions be it CMBS, Life Cos, FHA, Fannie, Freddie, proprietary debt funds or our own balance sheet. I think our clients really value that.

What was your most notable project, deal, or transaction in 2019?

We have a great relationship with The Dolben Company, Inc., a well-respected industry leader known for developing and managing multifamily housing. We worked with Dolben to finance an interesting deal in Salem NH this year. The 256-unit project was built on the site of the old Rockingham horse racing track and incorporated historical track photos and memorabilia at the property. We used the Freddie Mac lease up program and had clearance to close when the asset was only 65 percent occupied. Dolben was extremely pleased with the execution and the project is successful. Interestingly, when I look back on the interest rate stack (treasury plus spread) in the first quarter you could almost flip the treasury and the spread with where they are today. Further evidence of the huge swings we experienced this year.

What are your predictions for commercial real estate in 2020?

Predictions are always tough and heading into an election year makes things even less predictable. I generally do not spend too much time focusing on how Washington is going to impact our industry outside of direct initiatives such as tax policy, rent control laws and the like. However, this coming year could be different because of this particularly unique political climate. I fear an unusually divisive election cycle and/or if the election result is in question, as it was following the 2000 presidential election, that may roil the bond and equity markets and cause foreign investors and domestic speculators to the sidelines for a recess. The commercial real estate market place is awash with capital right now, with low cap rates and high renter demand due in part to demographics. When you have cheap capital and high demand, that is generally a recipe for a good year and barring any serious political abnormality, I think commercial real estate will have another good year.