



DALLAS/FORT WORTH

## Is The Economy Overheating?

FEBRUARY 12, 2018 | BY LISA BROWN

In this **EXCLUSIVE**, Revere founder/CEO Clark Briner recently discussed the reasons to add executive level management at this time and some of the broader trends he sees impacting the financial markets.



*Revere Capital recently hired its first COO, Murrey Wanstrath.*

### **GlobeSt.com: Revere Capital has apparently gotten along fine in its early years without a COO—why the addition of a COO now?**

**Briner:** In the early days, I was able to run the company, run point on raising equity to create the funds that comprise the investment capital we deploy and also chair the investment committee, which is the core group here that decides which loans to fund and terms of the loans. At this point, my time is better spent managing the relationships we have established with our investors, working on raising additional capital and also participating in the investment committee's work and decision making. I'm excited by the opportunities Murrey brings to the team.

### **GlobeSt.com: Murrey, what is your main focus in this new position?**

**Wanstrath:** I'll be working closely with Clark to implement the company's growth strategy through people, systems and process. I have a data-driven background which will form the backbone of our decision-making process going forward. Clark's focus is to manage the deployment of capital associated with the company's third fund, Revere High Yield Fund LP, which is a \$350 million pool of capital for the origination and acquisition of real estate loans and specialty assets. My work will largely be supportive of those efforts.

**GlobeSt.com: Federal Reserve chairwoman Janet Yellen concluded her final policy meeting last week. Her successor, Jerome Powell, is expected to follow her policy of gradually raising interest rates for the remainder of 2018. What does your crystal ball say and how will an interest rate increase affect your real estate lending business?**

**Briner:** Everyone expects the Fed to keep raising interest rates—most expect three more times this year and probably 25 basis points at a time. Yet there are increasing concerns that the economy is overheating and there is a labor shortage. This could cause inflation to spike and if inflation starts to rise rapidly, I would not be surprised if one or two of those rate increases are for 50 basis points. In other words, rates are going up—we'll just have to wait and see how fast they go up. Most of our loans are floating rate based on the risk associated with the loan applicant's plans, so our rates will go up with the market. The difference will be that as traditional banks raise rates, it may disqualify some borrowers based on equity ratios they would need for their deals. That creates opportunities for all of the private equity lenders in the market, including Revere.

**GlobeSt.com: What's hot, what's not, in the lending space these days?**

**Briner:** Banks are increasingly reluctant to fund construction loans. We're in the ninth year of economic expansion and there has been a lot of product built in the run up, especially in some of the verticals like multifamily, hotels and self-storage. All the lenders still want to lend on core and core-plus assets in gateway markets, but most of the activity last year—and we expect the same for 2018—is in secondary and tertiary markets. Investors are seeking value-add deals and chasing yield. The lending community is smart to follow them.



### **Lisa Brown ›**

Lisa Brown is an editor for the south and west regions of GlobeSt.com. She has 25-plus years of real estate experience, with a regional PR role at Grubb & Ellis and a national communications position at MMI. Brown also spent 10 years as executive director at NAIOP San Francisco Bay Area chapter, where she led the organization to achieving its first national award honors and recognition on Capitol Hill. She has written extensively on commercial real estate topics and edited numerous pieces on the subject.