

Michael Lefkowitz

Member, Rosenberg & Estis, P.C.



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Mortgage Observer Weekly: How did you get your start?

Michael Lefkowitz: My great-grandfather and grandfather both were in the real estate business, and my father was a judge, so I chose the best of both worlds and became a real estate attorney. I first came to Rosenberg & Estis for a summer position as a second-year law school student. I have now been with the firm for more than 25 years, and I'm one of the few professionals I know who has worked with one firm for an entire career. Beyond the benefits of continuity and the long-term relationships with partners and clients, it has been especially rewarding to help the firm grow to become one of the largest and best-regarded real estate boutiques in the city.

You focus on workouts. What are banks looking for in restructuring these days?

I have always focused on workouts and real estate transactions, with special expertise in leasing, purchase and sales, and financing. I represent landlords and tenants, buyers and sellers, and borrowers and lenders. After the fall of Lehman and during the subsequent recession, I focused on working out many of the loans that were completed prior to the crash. This phase

is now winding down, with most of the workouts successfully concluded, and the market has shifted back toward financing. Many of the owners who found themselves over-leveraged during the downturn have now seen the value of their buildings increase, with increased leasing across all sectors. The reduction of debt relative to value, coupled with an increase in the availability of financing, has led to significantly increased lending activity. Lenders are moving with greater caution and due diligence, but it is a competitive market and the role of lenders is to lend, so there is a lot of action right now.

So, the activity is in financing and land sales right now?

In New York City, and Brooklyn especially, multifamily residential development is very hot, with land sale prices in record territory. While costs may be high, there are many more lenders that are willing to make loans for land than there were a few years ago. There are also new players, including foreign investors, taking advantage of the federal EB-5 Financing program, which has provided a significant new capital source for developers. It will be interesting to see how much more energy there is in the New York City residential market. A political shift already has caused some uncertainty about the future, but most remain optimistic about New York City's continued prosperity.

What is the most interesting deal you have worked on recently?

I completed a refinancing for a shopping center in a secondary market in Kentucky, which only two years ago had faced foreclosure and was in workout discussions with the lender. Today, based on economic improvements, the owner has been able to retenant the space after previous tenant losses. In fact, we refinanced with a CMBS loan for more than the existing debt, enabling the owner to take refinancing proceeds out of the property. It shows where we are in the cycle, and it also demonstrates that markets nationally that were hit harder by the recession than New York City are finally improving. **MOW**

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