LaSalle

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Transcript: Why US real estate debt?

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Craig Oram: The opportunity in terms of being a private market or alternative lender today is more attractive than it's been over the past 20 years. We had a situation in the US where banks became a really large part of the commercial lending market, lending up to 40 percent of commercial real estate. That's changing going forward.

Real estate, as a credit investment, has particular attributes that we find important in terms of securing downside and that's having an underlying collateral that actually has value; you're not lending against an intangible asset.

Alexandra Levy: As we think about portfolio diversification, the debt component really helps to round out the diversification in a larger portfolio and helps to mitigate market cycles and risk, and in 2025, where we anticipate volatility, that will continue to be important. The current market cycle is different from the GFC (Global Financial Crisis) in that in the GFC, there was a liquidity vacuum. Today, what we're seeing is there's multiple lender types available but there's more conservatism in the market.

Craig Oram: In the US, we like the first mortgage space. We find that that's the most secure part of the capital stack.

We like the attributes that it is 100 percent cash flowing today, so you're not earning your income from appreciation down the road, but you're earning your income today. And having that current pay feature is really attractive to investors.