

News

NAVIGATING THE STORM: STRATEGIES FOR DISTRESSED COMMERCIAL REAL ESTATE LOANS

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BCLP Partner Varuna Bhattacharyya and Associates Chase Sandler and Matias Gallego-Manzano co-authored, with valuable assistance from David Holmberg, Elizabeth Goldberg and Andre Smith, an article in Law360 addressing the navigation of the significant challenges currently facing the U.S. commercial real estate market as a record number of loans — a total of \$2.2 trillion anticipated by the end of 2027 — are approaching maturity against the backdrop of a variety of distress scenarios.

As the market grapples with rising interest rates, decreased property values and lower occupancy rates due to remote work, the authors highlight two viable alternative exit strategies to consider: deed-in-lieu of foreclosure and the consent foreclosure.

Varuna, a seasoned commercial real estate finance lawyer, provides pragmatic solutions to financial institutions and real estate funds in single-lender and agented, multi-lender construction and permanent loans, mezzanine loans and other leveraged financings across local and national markets. Chase advises commercial real estate lenders on various loan types secured by diverse asset classes nationwide. Matias, a member of the firm's Business & Commercial Disputes Practice Group, actively handles litigation involving complex business transactions, commercial contract, and real estate disputes. All three, as well as the contributors, are members of BCLP's Distressed Real Estate Task Force, a cross disciplinary team of attorneys from both the litigation and transactional practice areas who specialize in real estate loan workouts, foreclosures and providing alternative and creative strategies to address distressed real estate.

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