



## **S3 Capital Wrote \$915Mln of Loans in 2019; Expects Similar Volume This Year**

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S3 Capital Partners, which specializes in funding bridge and construction loans against properties in New York City and New Jersey, originated 85 loans totaling \$915 million last year.

That was the New York company's most active year since its founding in 2013. The company, whose portfolio totals 150 loans with a balance of more than \$1.4 billion, expects to originate a similar volume this year.

In late December, the company closed the largest loan in its history, providing \$250 million of financing for a hotel project at 150 West 48th St. in Manhattan. The loan helped McSam Hotel Group, a New York developer, fund its \$140 million acquisition of the development site and cover construction costs. McSam expects to break ground on the project - three hotels with 1,043 rooms - in March.

Also last month, S3 Capital originated \$50 million in construction financing against a 90-unit residential project comprised of two buildings in Brooklyn, N.Y., that a venture of

Loketch Group and Meral Property Group is constructing.

S3 Capital is an affiliate of Spruce Capital Partners, a real estate investment firm founded in 2007 by Joshua Crane and Robert Schwartz, longtime friends who together went to high school in New York and the University of Pennsylvania. Before forming Spruce Capital, Crane was a partner at Irongate, a Los Angeles developer, while Schwartz ran the real estate investment operation of a family office.

Spruce Capital initially invested in small apartment buildings in Manhattan's Upper West Side neighborhood and converted them to single-family townhomes. It then began acquiring and developing residential properties in New York, before expanding to other states. Two years ago, for instance, it teamed with Post Road Group of Stamford, Conn., to pay \$134.3 million for five apartment properties with 2,013 units in Mobile, Ala.

S3 Capital, meanwhile, focused initially on loans between \$1 million and \$15 million to

help sponsors acquire and develop apartment properties in New York City. In recent years, it has expanded into financing larger projects, but it continues to focus on projects in New York and northern New Jersey that are within a short driving distance from its Manhattan headquarters.

“We go to all of these individual projects at least once a month,” Crane said. “ It’s important that we can get there and be able to see what’s going on.”

S3 Capital has sponsored funds, including S3 Capital Partners LP, which launched in 2015 and raised \$46.2 million of equity from 32 investors, and S3 Capital Partners Fund

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II LP, which launched three years ago and raised \$45 million from 43 investors. It also capitalizes its investments on a deal-by-deal basis through a network of institutional investors, family offices and high net-worth individuals. It also has a credit facility and obtains loans from banks. It sources lending opportunities through the brokerage community.

S3 Capital has originated about 320 loans since its founding. Many of its borrowers are repeat clients. McSam, for instance, two years ago borrowed \$76 million for the hotel development at 292 Fifth Ave. in Manhattan.