

# Korth Ramps Up Multifamily Lending

By Bob Mura  
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**Korth Direct Mortgage** is on track to triple its commercial-mortgage originations within a year, mostly through a multifamily-focused debt fund that closed on its first three bridge loans over the last month.

The Coral Gables, Fla.-based lender expects to fund roughly \$325 million of commercial real estate bridge loans and other senior mortgages over the next year, with an eye toward increasing its annual volume to between \$400 million and \$500 million in 2025. That would reflect a significant jump from \$100 million last year, when soaring interest rates and widespread financial-market disruptions constrained commercial real estate lending across the U.S.

Korth has revised its lending strategy to write about three-quarters of its loans through its debut fund, called **KDM Capital Partners**, while continuing to execute the rest via joint ventures with other lenders. Plans call for raising about \$100 million of equity for the bridge-loan vehicle by yearend. With leverage, that would give it approximately \$400 million of lending power.

The open-end vehicle mainly pursues senior bridge loans on value-added multifamily properties in the central and southeast U.S. It's targeting floating-rate loans ranging from \$3 million to \$20 million, with terms of no more than three years and projected stabilized loan-to-value ratios of up to 75%. Loan-to-cost ratios can go as high as 80%.

The multifamily bridge-lending initiative marks a departure from Korth's traditional focus on originating longer-term, fixed-rate mortgages on stabilized or slightly transitional collateral across major property sectors. The middle-market lender typically would securitize each loan separately by selling "mortgage-secured notes" to investors, but short-term floaters don't lend themselves to such an execution, chief executive **Holly MacDonald-Korth** said.

Amid significantly less competition from regional banks in the current cycle, "we've paused MSN lending this year and pivoted to focus on the bridge-loan

program,” she said. “We used to not be competitive in that sector of the market. People previously could get better rates elsewhere ... but we’ve decided it’s a good place to be at the moment.”

Also known as KDM Financial, Korth was formed in 2016 as a unit of J.W. Korth & Co., a securities brokerage founded in 1982 by MacDonald-Korth’s father, **James Korth**. The brokerage became a subsidiary of Korth Direct Mortgage in 2020, and MacDonald-Korth took control of the overall company last year. James Korth is now a managing director at J.W. Korth & Co. and chair of Korth Direct Mortgage.