Commercial Real Estate *Financing, Explained*

Bank vs. bridge vs. private capital for $8M–$150M deals — how the money is priced, and what closes fastest.

Three doors lead to the same building. Knowing which one to walk through — and when — is worth more than a quarter-point on the rate.

I Three doors: bank, bridge, private

Almost all commercial real-estate capital comes through one of three doors, and each is priced on a different thing. Choosing the wrong door for the deal in front of you is the single most expensive mistake owners make — not because the rate is higher, but because the **wrong structure kills the timeline**, and a missed close is the costliest outcome of all.

The bank is cheapest and slowest, and it lends on the strength of the borrower and stabilized, provable cash flow. **The bridge** is faster and dearer, and it lends on the asset and a credible plan to improve it. **Private capital** is fastest and most flexible, and it lends on the deal itself — certainty of execution over everything.

> *The best rate you cannot close on is the most expensive money in the world.*

II How the money is actually priced

Underneath the brand names, every lender is solving the same three variables. Learn to read them and you can predict, before you ever apply, what a deal will be offered and where it will trip.

LTV (loan-to-value) is how much of the asset they will finance — 55–65% for banks on many asset types, 65–75% for bridge, and deal-by-deal for private. **DSCR (debt-service coverage)** is whether the property's income covers the payment with room to spare; below ~1.20–1.25× and a bank walks. **The spread** is the lender's margin over a reference index (SOFR, the relevant Treasury), and it is where risk gets priced — the shakier the story, the wider the spread.

	BANK	BRIDGE	PRIVATE
Priced on	Borrower + cash flow	Asset + business plan	The deal / certainty
Typical LTV	55–65%	65–75%	Deal-by-deal
Rate posture	Lowest	Index + wide spread	Highest, most flexible
Time to close	45–90+ days	2–4 weeks	Days to 2 weeks
Best when	Stabilized, patient	Transitional / value-add	Time-sensitive, complex

The three lanes, side by side (typical ranges — not quotes)

III The speed-cost trade, and how to use it

Speed and cost move in opposite directions, and the whole art is spending as little as the timeline allows. The mistake is treating that as a one-time choice. The sophisticated play is a **relay**: use fast, expensive capital to win and close the deal, then refinance into cheap, patient capital the moment the asset is stabilized enough for a bank to underwrite it.

A bridge loan that costs more for eighteen months is not "expensive" if it captured a building you could never have won at bank speed — and if the exit into permanent financing was mapped before you signed. Cost is only meaningful next to the outcome it bought.

> **THE RELAY IN PRACTICE**
>
> Close in two weeks on bridge capital to beat a competing offer. Execute the lease-up or renovation over the next 12–18 months. Refinance into a bank or agency loan at a materially lower rate once DSCR and occupancy prove out. The bridge was never the destination — it was the on-ramp.

IV Where each lane fits an $8M–$150M deal

At this size the lender universe narrows and relationships matter more than portals. A few patterns hold reliably:

> *At nine figures, you are not shopping a rate. You are buying certainty of close — and then buying it back cheaper once the risk is gone.*

IF THE DEAL IS...	LEAD WITH...
Stabilized, strong sponsor, no clock	Bank / agency — chase the lowest all-in rate
Value-add or transitional asset	Bridge — priced on the improved value, not today's
Time-sensitive or competitively bid	Private / bridge — certainty and speed win the asset
Complex structure or story	Private — flexibility a committee can't match
Recently improved, now stabilizing	Refinance the bridge into permanent — bank the spread

Matching the deal to the door

V The four mistakes that cost the most

None of these show up on a rate sheet. All of them show up at the closing table:

- ✓ Chasing the lowest rate on a deal with a clock — and losing the asset while the bank deliberates.
- ✓ Taking bridge capital with no mapped exit, then discovering the property won't bank-qualify on schedule.
- ✓ Under-sizing the loan and running out of capital mid-renovation, forcing an emergency raise at the worst terms.
- ✓ Ignoring prepayment and exit fees — a low headline rate with a punishing defeasance can cost more than a higher, cleaner one.

VI What to have ready before you approach anyone

The lenders who move fastest reward borrowers who arrive prepared. Have this assembled and you compress every timeline in this guide:

- ✓ A current rent roll and trailing 12-month operating statement (T-12).
- ✓ A one-page deal summary: purchase price, business plan, sources and uses.
- ✓ Your pro forma with realistic — not aspirational — DSCR at stabilization.
- ✓ Sponsor track record and a personal financial statement / schedule of real estate owned.
- ✓ A clear, written exit: sell, refinance, or hold — and the timeline for it.

Bring us the deal

Lucaria arranges commercial real-estate financing from $8M to $150M across bank, bridge, and private-capital lanes — and, just as often, the relay between them. We are paid to know which door closes your specific deal fastest and cheapest, not to push one product.

Send the deal summary to hello@lucaria.com or start at lucaria.com. Licensed real-estate-secured transactions are handled through our licensed affiliate. No obligation to explore your options.
