



# Case Study

PEACHTREE GROUP



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## Challenge

Peachtree Group is a privately held, fully-integrated real estate investment management, lending and servicing platform. The company owns, operates, manages and develops hotels, hotel- and other commercial real estate-related assets throughout the United States. Founded in 2008 as a family office, Peachtree has invested over \$3.0 billion into real estate equity and fixed income transactions with a cost basis of more than \$9.0 billion. The firm has approximately 250 employees outside hotel operations.

Peachtree's 1031 Exchange/DST Products division approached us for the launch of their inaugural DST product. With an overloaded internal marketing department, Peachtree had an immediate need for additional marketing resources. A key part of their need was a unified and compelling design that effectively represented their brand and offerings.

## Solution

Initially, our collaboration with Peachtree involved refining their brochure layout, aligning it with their existing branding while modernizing and elevating the design. Subsequently, we crafted a dynamic video to offer a compelling visual representation of the property in their offering, allowing potential investors to virtually tour the asset. Our commitment to working within their timeline ensured a prompt launch, expediting their entry into the market.

## Impact

Peachtree was able to enter the market quickly, allowing them to fully subscribe the offering faster than anticipated. Following the product launch, they experienced a notable surge in material usage and sales conversations, solidifying their position as an industry leader in the competitive 1031 exchange product market. After the initial project, we created materials for several additional DST offerings, a development fund and an opportunity zone fund.



Peachtree Group

## Fulfilling the Demand for Private Lending in Commercial Real Estate

Founded in 2007, Peachtree Group (PG) is an investment management firm driving growth through diverse investments across commercial real estate. PG uses three distinct investment strategies to opportunistically deploy capital throughout business cycles.

Acquisitions

Development

Credit

Vertically integrated servicing platforms maximize the value of investments

**Property Management**  
Manage 10+ million sq ft of office space

**Asset Management**  
Manage 10+ million sq ft of office space

**Construction Management**  
Manage 10+ million sq ft of office space

**Capital Markets**  
Manage 10+ million sq ft of office space

**Loan Servicing**  
Manage 10+ million sq ft of office space

**PG Significant Lending Experience**

With more than \$4.3 billion in loan originations and \$1.4 billion in note purchases in the commercial real estate industry, PG is uniquely positioned to serve the industry's growing lending needs.<sup>1</sup>

<sup>1</sup> As of October 1, 2023.

### Challenges for Commercial Real Estate Borrowers

There is approximately \$45 billion of outstanding mortgage debt on commercial real estate assets, \$728 billion (6% of total outstanding CRE loans) will mature in 2023, with another \$650 billion (5%) maturing in 2024. \$31 billion of fixed debt is set to mature by 2024, representing roughly 20% of the new \$200 billion in securitized bridge loans in the United States.<sup>1</sup>

Commercial real estate operators often borrow using floating interest rates, short-term loans. The worst multiple increases in interest rates over a short amount of time have increased borrower debt obligations significantly, which may cause distress to their balance sheets. As a result, commercial real estate borrowers are looking for ways to refinance loans more effectively manage their debt obligations, and before potentially facing balloon payments at loan maturity. Add to this the new borrowing needs for acquisitions, developments and renovations, and the demand for lending is ever greater.

**Traditional Lenders Constrained**

Historically, a significant lending source for the commercial real estate industry has been banks. However, persistent economic uncertainty — including regional bank failures — has led to a shift for bank lending to commercial real estate borrowers. FDC reserve requirements are putting many traditional lenders to the sidelines or causing them to adopt much stringent underwriting criteria that even well-qualified commercial real estate borrowers cannot easily access debt capital.

### PG's Focus on Bridge Loans

While there are many types of loans available to commercial real estate operators, PG focuses on bridge loans. Unlike to bridge loans used by individuals to purchase a home, a commercial real estate bridge loan is designed to fill the gap between traditional loans and the needs of the borrower. PG has established collaborative relationships with bank lenders and created a bridge loan structure that reduces FDC reserve requirements for traditional lenders, encouraging them to lend. The structure also allows PG to bring a lending solution to the commercial real estate industry that provides expedited access to much-needed capital.

<sup>1</sup> Mortgage Bankers Association, Cohen & Steers, WallStreetInsights, Business Market Strategy at London Bank of Referring, March 1, 2023.

### Loan Due Diligence

As a longstanding source of debt capital to the commercial real estate industry, PG uses a well-versed and detailed due diligence and underwriting process with every potential loan. Considering factors like business plan, location and borrower experience, PG selects 100-200 potential borrowers for every one loan underwritten.

**Loan Structure Designed to Protect PG Investors**

Once a borrower is vetted through the due diligence process, PG designs a bridge loan package. In most cases, before presenting the package to the borrower, PG negotiates with its traditional lending partners to finance a portion of the loan PG is making to the borrower.

In commercial real estate lending, a first mortgage bridge loan can be segmented into an A-note and B-note to improve overall investment returns. An A-note is senior to B-notes in the capital stack, the structure of equity and debt used to finance an investment. An A-note partner is specifically selected by PG, who retains the B-note position in the capital stack, to generate higher equity-like returns without being in last-dollar position by taking advantage of the interest rate spread between the A-note and subordinate B-note (see illustration).

**Capital Stack Structure**  
A-Note & B-Note

**PG structures its loan packages with traditional lending partners to include provisions that allow PG to have management control over the underlying collateral in the event of borrower default. PG's extensive experience in property management provides comfort to the A-note partner, helps protect their equity and mitigates risk.**

**How PG Bridge Loans Help Bolster Investor Value**

While the entire loan is designed to generate annual interest payments, the bridge loan B-note rate is typically significantly higher than the A-note rate. Allowing PG to collect a greater amount of annual interest on its loan, which PG may then pass on to its fund investors in the form of distributions and total returns.



Your consistent ability to surpass our expectations empowers us to bring high-quality materials to the market. Your deep understanding of the industry and your skill in presenting it in a manner easily digestible for those who don't live and breathe our work every day helps us effectively educate advisors on our offerings and raise capital.

**Tim Witt**  
PRESIDENT, 1031 EXCHANGE/DST PRODUCTS | PEACHTREE GROUP

**Flexible Commercial Real Estate Credit & Equity**

**Three Strategies to Opportunistically Deploy Capital Throughout Business Cycles**

**Diversified Portfolio Exposure**

**Expertise and Strength to Hit it Hard**

**\$9.0B** underwritten

**\$2.5B** annual commitment

**Peachtree Group**

**HILTON GARDEN INN JACKSON**  
1324 Vann Dr.  
Jackson, Tennessee

**Hilton Garden Inn**

**PROPERTY DETAILS**

- Select service
- Opened 2017
- 98 keys, 4 stories
- 115 surface spaces
- Business travelers
- Families



Marketing Intent is a sales-focused marketing agency specializing in the alternative investments industry. We have decades of experience helping asset managers explain their investment offerings to financial advisors and investors with clear messaging and compelling design. We deliver strategy, copywriting, design, branding, website design and development, print and digital marketing.

**MARKETING INTENT**

Denver, CO

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