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ENHANCING THE QUALITY OF LIFE IN THE PHILADELPHIA SUBURBS

Meridian Bank works with local developers such as Odin Properties to transform underutilized real estate in Philadelphia. Here (from left), Philip Balderston, principal of Odin Properties, stands in front of a property he purchased in the city's Bella Vista neighborhood with help from the team at Meridian, including Clarence Martindell, senior vice president; Scott Herald, senior vice president; and Emily Holl, credit analyst and relationship manager.

In Philadelphia's commercial real estate sector, one might consider Philip Balderston a pioneer of sorts. His burgeoning business has grown tremendously in five years' time, and—like all smart pioneers—he credits much of his success to some well-chosen allies, including Meridian Bank.

As the economy stabilized in the aftermath of the Great Recession, Balderston found himself at a crossroads in his career. He was a rising star with one of the largest developers in Philadelphia when he decided to branch out on his own. With a solid business plan but no track record outside of his experience with his former employer, Balderston went in search of the funding he needed to get his first project off the ground. What he discovered was a hesitant, conservative lending environment where few lenders were returning phone calls.

Then he met Clarence Martindell, senior vice president at Malvern-based Meridian Bank. Martindell took the call and ultimately partnered with Balderston on his first bank-financed property, lending him \$315,000 to buy a building in the South Philadelphia neighborhood of Bella Vista.

"Phil's expertise is buying mismanaged properties and retrofitting them into apartments, then bringing in his management team to find new tenants and stabilize the project," Martindell says. "We wanted to work with him because of his skill set. He came from a much larger organization where he learned how to manage properties and raise the equity of a property. That, coupled with his ability to negotiate the price he was paying for the property, made us confident he would be successful."

And succeed Balderston has. He and his team quickly refurbished and re-tenanted the nine-unit apartment complex. The building, which had been essentially abandoned before Balderston acquired it, is now leased and fully occupied.

"I had no solid balance sheet, but I had good experience and great credit, and [Meridian] was very comfortable with our abilities," Balderston says. "A lot of banks liked those things, but they weren't lending, regardless. Meridian took an honest look at our merits and the merits of the deal, and that was the start of what has become a great relationship."

Meridian and Balderston have since collaborated on more than 10 other loans, worth approximately \$10 million, for properties in

Building Trust

Malvern-based Meridian Bank partners with innovative, growth-minded real estate developers to finance projects in Philadelphia and beyond

by BILL DONAHUE | Photography by JODY ROBINSON



↑ Meridian's expertise in construction and other areas of real estate enables team members to offer prospective borrowers objective feedback in the course of the loan application. Here, Martindell and Balderston review plans for a prospective property.

Philadelphia and Delaware County. In fact, Balderston's Fishtown-based company, Odin Properties LLC, has grown the number of its units from nine in 2009 to more than 2,500 today. The company owns and operates properties throughout Philadelphia and its surrounding suburbs, as well as in South Jersey and the state of Delaware, often in areas that some would consider distressed.

"What Meridian allowed our company to do is transform underutilized real estate in the inner city," Balderston says. "Here you have a suburban-based bank that has been responsible for taking tough inner city real estate and making it productive. Our strength is in turning around troubled assets and creating a nice environment for working people. It's been great for us and great for the city, and Meridian has been a big part of that."

Since current chairman and CEO Christopher J. Annas founded Meridian in 2004, the locally owned and managed bank has played a central role in revitalizing the real estate market throughout the region. In 2014, Meridian's construction lending and permanent financing in Philadelphia has increased by approximately \$20.7 million, or 41 percent, according to Emily Holl, credit analyst and relationship manager at Meridian.

"In 2014 Meridian lent over \$50 million in Philadelphia County, up from about \$30 million in 2013," Holl says. "Meridian's growth in Philadelphia, especially in neighborhoods like Fishtown, Kensington and Northern Liberties, is what's most noteworthy. Working for a community bank, I get to be part of a customer's business plan, to help it grow and see it move forward, especially when the surrounding neighborhood starts to change."

Even during the Great Recession, Meridian was one of the few lenders that kept local builders building. The bank also helped borrowers expand the size and scope of their businesses once the economy entered the recovery phase, according to Scott Herald, senior vice president with Meridian.

"We're working with some customers who may have gone through harder times in the downturn and are now coming back out of it, and we structure deals that protect the bank and allow borrowers to get back in business," Herald says. "I also think we're a little more flexible and creative. We have a lot of

experience with people in the construction industry, and that allows us to make quick decisions and handle complicated transactions that maybe a smaller bank couldn't handle."

Meridian has excelled in this specialized arena due largely to the experience of its lending team and the diversity of its business. In addition to commercial lending, Meridian Bank has a burgeoning residential mortgage group with 11 offices across Pennsylvania, New Jersey and Delaware. Meridian also offers an array of insured deposit accounts, cash-management products and related services, as well as electronic payments processing, and investment and wealth-management services.

In each area of its business, Meridian prides itself on providing trusted counsel and high-touch personal service. In matters of commercial lending, loan officers strive to offer meaningful responses to prospective borrowers in quick fashion so they know where they stand in the loan-application process. Here, the bank's nimbleness is paramount, according to Holl.

"The benefit of being small is that we can sit down and talk to customers, really find out what their track record is and learn what their plans are to see if we can work together," she says. "If I have a question on any aspect of the project, being footsteps away from anyone at

Meridian is a huge benefit that helps with customer service. It makes for a faster turnaround for customers who need to get deals done in a relatively short period of time."

In addition, because Meridian's team members are so well versed in construction and other areas of real estate, prospective borrowers gain objective, no-cost feedback in the course of the loan application. This "second set of eyes," as Martindell suggests, gives borrowers unbiased feedback on each property, to make sure their plans are on target.

"We want to hear the whole story," he says. "We want to see if a borrower has the capabilities to be successful with the project—things such as their experience with similar projects, who they're bringing in to help them succeed, and if they have aligned themselves with the right professionals to get them over some of the hurdles they will inevitably encounter along the way."

Given the right plan and the right property, Meridian can place prospective borrowers on a path to thrive. Just ask Philip Balderston, whose company has flourished, with a growing portfolio of strong properties and a support team that has increased from three members to more than 100 within five years.

"We're going to keep growing by doing deals in existing markets, and we'll continue to expand south," says Balderston. "We hope to become a regional apartment company. This might not have happened if not for that first deal with Meridian, which came at a time when not a lot of transactions were happening."

"Meridian has always done what they said they were going to do," he continues. "They have been willing to follow us into areas that other banks may not be comfortable with, and they have been very open-minded when looking at loan requests that might make other lenders nervous. ... They're the kind of bank that goes where their customers go." ■

↓ Since its founding in 2004, Malvern-based Meridian Bank has played a central role in revitalizing the real estate market throughout the region.



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