

Cynergy Bank And Delancey Look To Flex Alternative Lending With £1.5B Partnership

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Banks and nonbank lenders are usually depicted as rivals in the world of real estate lending. But as the sector evolves, with providing debt looking an attractive option in an uncertain market, the two sides are starting to work together.

UK business bank Cynergy Bank and real estate asset and investment manager Delancey (<https://www.bisnow.com/tags/delancey>) recently announced a strategic lending partnership targeting up to £1.5B of property-related debt transactions over the next three years.

The ambitious pair aim to prosper from each other's capabilities by combining challenger bank energy with on-the-ground know-how, adding their weight to a growing shift from traditional banking

finance to alternative lending.

Bisnow sat down with Cynergy Executive Director of Property Finance Kenny Stewart and Delancey Head of Real Estate Debt Strategies Martin Farinola to find out how a unique partnership works in practice — and where it will be putting that £1.5B.

Historically, Cynergy has targeted lower-value residential investment lending, Stewart told *Bisnow*, and it had a strategic desire to move into higher-value, complex lending.

“We felt this strategy would benefit from partnering with someone that has credibility, that is known in the market, with a track record and an established network of origination,” he said.

Cynergy instructed JLL (<https://www.bisnow.com/tags/jll>) just over a year ago to undertake a broad search to find asset managers and alternative lenders to assist the challenger bank in developing its proposition.

Formed as a nonexclusive, multiyear joint venture, the partnership said it was looking to focus on the origination and execution of senior and whole loans ranging from £10M to £80M, funded either jointly or solely by Cynergy Bank.

The JV marks Cynergy Bank’s first sector-specific collaboration with an alternative lender, and Delancey will lead sourcing and structuring activities, with the JV to look at opportunities from development finance through stabilisation, and to more mature investment loans across sectors including student accommodation, healthcare, hospitality and traditional commercial offices.

For Delancey, it brings in a trusted partner and access to a programmatic source of senior capital. When it provides debt as well as sourcing deals, it will use capital from a mix of fund and nonfund clients.

Meanwhile, Farinola said that aside from helping Cynergy originate deals, Delancey is able to look at things “with an equity lens,” using its specialists across different product types to help Cynergy when they are considering deals.

“We've seen, even during this volatile time, our pipelines stay relatively steady,” he said.

“There is a need for alternative finance providers and partnerships like ours to help finance and fund the gap that's out there and to be clever and structure deals that work for sponsors. Because every deal is very bespoke, and it requires expertise, knowledge and patience to get it done.”

The JV is already looking at live deals and has established operating protocols around how the two sides share information under a nondisclosure agreement, how it will create a joint view relatively quickly, and thereafter go into a normal execution process involving additional due diligence.

Farinola said it means the borrower or sponsor has a one-stop shop and certainty of execution.

“If I've seen anything over the last two years of the market, it's that relationships actually matter again — your ability to deliver and execute on what you promise is very important,” he said.

Key to the partnership is that Stewart hopes it will help fast-track Cynergy's lending ambitions in the real estate market, utilising Delancey's capabilities to help it unlock new business.

“The market itself, by its nature, is probably London and south-east concentrated, but that said, a number of the opportunities that we are already discussing are across the UK,” Stewart said. “The market's developing in a positive way, where a lot of deals were London-centric and now we're starting to see deals in the other large cities.

“I don't think there is any other partnership currently utilising the capabilities of a challenger bank that has a desire to grow and do more, but also with the credibility and track record of a company like Delancey, with strong relationships, that allows them to tailor and build these bespoke solutions for the customers.”

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