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New Bascom Unit Targets Distressed Deals

By Bob Howard

IRVINE, CA-A new joint venture of the Bascom Group that will focus on distressed properties is taking a slightly different tack from many of the new funds that have been launched lately to buy troubled loans or take over distressed properties. "We're coming at this from a slightly different angle than some of these funds are. We're looking at coming in on the service end," new Bascom managing director Jane Hoffner tells GlobeSt.com.

Hoffner joins the Bascom Group after more than 20 years of real estate investment, management and workout experience, most recently her 12 years with Lehman Bros. The new joint venture that she heads, called Bascom Portfolio Advisors, will target distressed multifamily, office, industrial and retail properties in markets throughout the US, including broken condo deals. She notes that Bascom is a partner in joint ventures specializing in nearly all commercial real estate product types, so the new advisory group will draw upon these JVs as resources.

Bascom Portfolio Advisors will definitely buy assets and nonperforming loans, a path that some of the Bascom entities are already pursuing, in situations where the analysis shows that's the right solution. However, the new venture will approach each situation by first providing advisory services to determine the best solution for the specific asset.

"We will start out by identifying where the problems are, whether it's a weak sponsor in a good market or a good sponsor in a poor market, or whether there is a reason to restructure the existing capital stack," Hoffner explains. In some situations, she adds, Bascom will offer its asset management services to get involved on a hands-on basis to help add value to a property. "We will really be providing a variety of solutions. If an institution forecloses on a piece of real estate and doesn't want to just flip it, for example, we might operate it for them to add value."

Hoffner has a track record of optimizing asset values through up and down real estate cycles, having started her workout experience with the Federal Asset Disposition Association at the commencement of the savings and loan debacle of the late 1980s and continuing at Hanford Healy, where she managed loan workouts and ran the REO department. She also has managed acquisitions and dispositions for Prudential Real Estate and O'Donnell Armstrong and Partners, a commercial real estate developer.

Bascom's announcement of its launch of Portfolio Advisors notes that, with all the trouble in the credit and real estate markets, "Even some of the best sponsors and most prudent lenders are having issues with distressed assets." The company says that the joint venture with Hoffner at the helm anticipates "looming credit problems stemming from impending loan maturities, potential capital imbalances and decreasing property values." Hoffner observes that, "What we're seeing right now is a lot of residential land and a lot of broken condo deals, which I think is going to be the first wave, and then eventually it will start trickling into the retail and office sectors as well."