



Capital solutions a hot topic at ICSC's recent Florida Conference

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Capital remains hard to come by for players in real estate capital markets, but numerous solutions exist for those willing and able to seek them out. That's the underlying message of the "Capital Today-Not So Much. Solutions-Plenty" panel at the recent ICSC Florida Conference.

"Sources of debt currently in the market include private funds, life companies, commercial banks and the re-emergence of the CMBS market," said panelist Patricia Blasi, president of Aventura, Fla.-based Borghese Investments and ICSC Southern Division government relations committee chair. "Clearly the public markets are more efficient than private markets, but 80% of the industry's assets are owned privately. So it's going to take some time to work through all of the existing need that we have for new debt. However there's probably about \$100 billion of capital on the sidelines. Logic would dictate the market's going to find a way to get that capital engaged."

Cash-strapped retail property owners and investors are increasingly turning their sources of weakness-vacant spaces-into assets. "One way to raise quick cash is to pull a single-tenant outparcel property out of a shopping center," said Lori Schneider, senior vice president, investments with Marcus & Millichap Real Estate Investment Services' Fort Lauderdale office.

"A crop of impending retailer bankruptcies and retrenchments stand to provide landlords with more opportunities to buy back leases and sell off units within their properties," said David Robinov, senior vice president, investments with White Plains, N.Y.-based Acadia Realty Trust. "American Apparel and Abercrombie just said that they are going to have to give back stores. A&P has owned locations they might be looking to sell."

Blasi also emphasized the need for the successful passage of the Community Recovery and Enhancement Act of 2010. The ICSC-crafted bill, which was introduced to the House of Representatives last month with bipartisan support, recognizes the need to inject new sources of debt and equity into real estate capital markets through short-term tax incentives.

"What we're trying to do is provide temporary tax incentives to attract new equity investment in existing real estate projects," Blasi said. "It should encourage new investment into existing loans. It's really a free-market solution that uses private capital investment to try to help bring underwater loans into proper equity balance."

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