



## **Hudson Realty Capital arranges a total of \$700m in debt and equity transactions during 2007**

January 14, 2008 - Financial Digest

Hudson Realty Capital LLC (HRC) has completed a record year, closing \$700 million of debt and equity transactions, a 58% increase over 2006.

During 2007, HRC also closed its fourth real estate opportunity fund - the largest to date for the company - with \$350 million of equity commitments. HRC currently has more than \$1.2 billion of assets under management and since its formation in 2002, the company has closed more than \$2 billion in debt and equity transactions.

In addition, the real estate fund manager expanded its internal organization during the past year. In June, HRC acquired Questor, LLC of Portland, Me., a real estate consulting firm providing due diligence and underwriting services to the real estate industry. Shortly thereafter, HRC opened a new office in Miami to focus on its increasing business in the southeast region. In addition, HRC both relocated and expanded its New York office to accommodate a number of new team members. "Although the last half of 2007 was a difficult one for the real estate industry, HRC has been able to seize opportunities created by the lack of liquidity in the marketplace. This was especially true with regard to borrowers seeking bridge and mezzanine financing as a result of traditional sources of capital pulling back. In addition we have been active in purchasing subordinate debt positions from conventional lenders; whereas, until the credit crises, we were priced out of this market," said Spencer Garfield, managing director of HRC, who is responsible for new loan originations and business development nationwide.

The firm attributes its success to several factors, including its niche positioning as a middle market real estate investor. By concentrating on investments in the \$5 million to \$50 million range, the company has tapped into a market underserved by traditional lenders and investors. Further, HRC is a balance sheet lender and is not reliant upon heavy leverage thus increasing its competitive advantage in this environment.

From its inception, HRC has prided itself on its ability to conduct thorough due diligence in a timely fashion. "Underwriting, which has always been critical, is more important than ever in the current environment," Garfield said. "We continue to be very disciplined and selective in terms of the transactions we pursue."

The firm's funding highlights for 2007 include:

- \* \$31.5 million preferred equity, residential, Cabo San Lucas, Mexico.
- \* \$29.5 million direct equity, medical office, Gilbert, Ariz.
- \* \$28.2 million direct equity, office, Dallas, Tex.
- \* \$25 million B-note acquisition, residential, Seattle, Wash.
- \* \$16.25 million B-note acquisition, industrial, Philadelphia, Penn.
- \* \$16 million direct equity, office, Neptune, N.J.

- \* \$11.4 million mezzanine loan, hospitality, Pompano Beach, Fla.
- \* \$9 million B-note acquisition, residential, New York.
- \* \$8.78 million first mortgage, retail, Howell, N.J.
- \* \$6.75 million first mortgage, residential, Bronx.
- \* \$5.5 million first mortgage, hospitality, Pismo, Calif.
- \* \$3.75 million mezzanine loan, office/retail, Miami, Fla.

The key executives of HRC have extensive experience in a variety of real estate lending and investment cycles and have demonstrated the ability to remain diligent while still being flexible, investing across the country as well as choosing select international investments in a range of asset types.

The company's activities include originating, participating in, servicing, restructuring and/or acquiring high-yield, special situation debt and mezzanine loans, as well as investing directly in real estate and acquiring under-performing real estate assets and other real estate-related instruments.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540