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THE WEEKLY UPDATE ON THE INSTITUTIONAL MARKETPLACE

Listings Sprout for NY Land, Projects

In a sign of optimism for post-pandemic New York, listings for development sites and projects have emerged as green shoots in a mostly dormant market.

At least a half-dozen parcels in the city have hit the block over the past month, with marketing campaigns that emphasize the opportunity to invest equity now and reap gains during a rebound.

Given that construction takes anywhere from 18 months to three years, investors would be underwriting market conditions that may have returned to pre-crisis levels, or perhaps surpassed them. By comparison, the current disruption to cashflow at stabilized properties has made it difficult to assign values.

"You can underwrite through any rent disruption and get to pre-Covid rent levels at the end of that analysis, depending on the size, the market, the absorption," said **Rob Hinckley,** a managing director in **JLL's** New York office. "We're more bullish . . . and believers in development deals."

Added **Paul Massey,** founder of New York brokerage **B6 Real Estate:** "Most developers are wondering what the market for their product is going to be like in four or five years. Probably better than now."

JLL is marketing a handful of parcels, including a residential site in Brooklyn's burgeoning Greenpoint neighborhood with an asking price of $165 million. It's also pitching a request for some $95 million of equity to help build a 24-story apartment building in the Jamaica section of Queens.

Other listings include a development site in Far Rockaway, Queens, adjacent to an apartment building. B6 is shopping that property, in a federal opportunity zone, with an asking price of $70 million.

For sites in opportunity zones, marketing campaigns are highlighting the potential tax advantages. By reinvesting capital gains from the sale of any asset into funds undertaking developments in those zones, investors can defer taxes on those profits until they exit the fund, or until yearend 2026, whichever comes first. Additionally, capital gains on the fund investment can be reduced by 10% after five years, 15% after seven years, or eliminated altogether if the investment is held for at least 10 years.

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THE GRAPEVINE

Newmark has hired former **JLL** executives **Elizabeth Gagliardi** and **Chuck Johanns** as senior managing directors for its Midwest Multifamily Capital Markets Investment Sales group. Both started this month in Chicago, reporting to vice chairman and group head **Blake Okland.** Gagliardi previously spent nearly 14 years working for JLL in Chicago, most recently as a senior vice president. Johanns was at JLL for six years as a senior director. He also has worked at **Houlihan Capital** of Chicago and Dallas-based **Trammell Crow.**

Richard Kulick joined **Beacon Real Estate** of Coral Gables, Fla., this month as a partner. In his new role, Kulick will lead multi-family acquisitions for a family-office client in Latin America, primarily focusing on value-added and core-plus deals in the Southeast. He previously was chief investment officer for multi-family assets at **Gamma Real Estate,** a New York

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Private Capital Keeping Some Brokers Busy

While the coronavirus pandemic has largely sidelined institutional investors, some private buyers are moving ahead with trades, making brokers who specialize in that segment among the busiest in the market.

Wealthy individuals, family offices, private equity firms and other smaller buyers are typically more nimble than institutions, and can act more quickly because they aren't subject to investment committees and other organizational constraints. They often have relationships with local banks, making them less susceptible to turmoil in the broader debt markets. Some can close deals in cash.

"Private investors can be more entrepreneurial, and many relish these down cycles when institutional buyers are mostly on the sidelines," said **Kevin Shannon,** chief of **Newmark's** capital-markets operation on the West Coast. Two years ago, the firm launched a dedicated private-capital team for the region that focuses on office

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Hotel Portfolio Pulled Amid Bid-Ask Chasm

Park Hotels & Resorts has cancelled an offering of four hotels in the wake of a bidding contest that highlighted the wide gap between buyer and seller expectations in the beleaguered hotel sector.

The Tysons, Va., REIT tapped **Hodges Ward Elliott** early in the year to market the 780-room portfolio, encompassing properties in San Diego, San Francisco, Seattle and Washington. Park was hoping to attract offers of about $300 million, or $385,000/room, based on 2019 net operating income.

But that was before the pandemic shut down travel and forced the closure of hotels across the country. When bids came in last month, they were at least 25% below pre-crisis expectations, sources said.

Since the coronavirus outbreak mushroomed into a public-health crisis in mid-March, Park has taken steps to cut costs and boost liquidity by drawing down credit lines — stockpiling enough cash to stay afloat for about 17 months, executives told

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Barachs' Real Estate Shop Seeking Partners

Vista Investment is looking for equity partners to help purchase up to $1 billion of properties in the Western U.S.

The Santa Monica, Calif., firm, founded in 2008 by **Philip Barach** and his son, **Jonathan Barach,** currently has about $1 billion under management, including partner money. Vista wants to buy another $500 million to $1 billion of properties in the next 24 months, with the goal of reaching roughly $5 billion of assets by 2025.

The push comes as Philip Barach is stepping up his duties as chief executive following his retirement last month as president of debt-focused fund shop **DoubleLine Capital,** which he co-founded in 2009 with **Jeffrey Gundlach.** DoubleLine, which had $148 billion under management at yearend, occupied much of Barach's time during the past decade.

Vista's portfolio currently encompasses about 2,000 apartments and nearly 2 million square feet of commercial space. Going forward, the firm will continue to focus on the multi-family sector, while also investing in office buildings and niche

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Massey said development projects in New York are drawing strong investor interest because the city historically has always rebounded from crisis.

"A great parallel to this was 9/11, where a whole bunch of major business built headquarters in Stamford [Conn.] and North Jersey, and all moved back in two years later," Massey said. "There is a long-term benefit in New York."

Massey added that while financing for projects can be difficult in the current environment, the pullback by many major lenders has opened up opportunities for smaller, community banks. "Local banks are stepping in to take market share when they have the opportunity to," Massey said. "It's local banks to the rescue." ❖