



BH Properties launches \$200M fund to capitalize on troubled real estate

The LA-based firm projects a “dramatic” increase in foreclosures, defaults, and bankruptcies

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BH Properties CEO Steve Gozini (BH Properties, iStock)

West Los Angeles-based investment firm BH Properties launched a \$200 million distressed real estate fund to capitalize on a wave of opportunities expected in the near future.

The firm is betting on a “dramatic and troubling increase” in foreclosures, defaults, receiverships, and bankruptcies nationwide when coronavirus-related government support such as eviction moratoriums begins to dry up, according to Commercial Observer.

BH Properties plans to deploy funds through a number of vehicles, including debt through debtor-in-possession and receivership financing, sale-leasebacks, foreclosure auctions, and secured notes.

Bankruptcy attorney Howard Weg will lead the fund alongside BH’s Andrew Van Tuyle. Weg said the firm will target smaller properties and projects because larger investments financed through multiple lenders or CMBS tend to get financing from larger banks.

Weg said “we will target troubled real estate assets between \$5 million and \$150 million, including commercial office, hospitality, distribution and call center industrial properties,” according to the Observer.

The company owns and operates roughly 10 million square feet of space across 19 states. Locally, it owns a 45,000-square-foot mixed-use property in Little Tokyo, as well as the Marina View apartment complex in San Pedro.

The financial stress brought on by the pandemic could be a **boon** for opportunistic funds. Some hedge funds and private equity funds are seeking upwards of 20 percent returns in deals with real estate investment trusts strapped for cash and looking to quickly liquidate assets.

Major firms including Blackstone Group, Starwood Capital, and Oaktree Capital have been **scooping up** real estate-backed securities in recent months because they view them as undervalued.

As of May, private equity firms globally had around **\$328 billion** in dry powder ready to deploy. [CO] — Dennis Lynch