

USD 350m condo construction notes in LA area offered at 30% to 40% discount

Crown Realty Advisors, a Florida-based real estate investment and workout advisory firm, is taking bids on nonperforming and performing construction and property loans located in the Los Angeles area, according to **John Bielefeldt**, partner at Crown Realty Advisors.

The undisclosed seller is offering the loans at 30% to 40% discounts from current value.

The total portfolio, which includes 60 projects ranging from USD 5m to USD 100m in size, is valued near USD 350m in total, Bielefeldt said.

According to data provided by Real Capital Analytics, a global research firm tracking troubled commercial properties, Citibank and Credit Suisse are potential sellers. The lenders have two separate large troubled condo construction loans or properties in Los Angeles. Citibank's loan has an unpaid balance of USD 365m, while Credit Suisse now obtained a USD 12.25m REO unfinished condo property.

Since not all the loans are nonperforming, however, other potential sellers may have not appeared in Real Capital's troubled asset reports. Bank of America is more likely to be a seller, considering the smaller loans sizes, less than USD 10m, according to Bob White, president at Real Capital.

The notes are primarily unfinished premiere condo construction loans in foreclosure in locations including Beverly Hills, Southern California, where the seller is also offering 70% LTV financing and 25% to 35% equity financing, according to Bielefeldt. The properties have not been listed on the market and the lender is very willing to take deep discounts, he said.

“These properties are not just for sale, they are “priced to sell,” Bielefeldt said. Every lender has properties and notes for sale, but “very few actually have attractive prices and are willing to sell,” Bielefeldt said.

Crown Realty works with 30 to 40 lenders, but only two or three willing to sell at the discounts expected in this auction. Most are listing their properties close or at the last BPO, or broker price opinion.

Many large financial institutions have already shown interest in acquiring the properties, but negotiations are still pending.

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