



Martin,
Brower's

ORANGE COUNTY REPORT

For business, professional, institutional,
governmental and other decision makers
who need to understand the nation's
fourth most affluent county.

March 2009

Volume 25, Number 2

Martin Brower – Publisher

Arthur J. Barrett – Editor

1984-2009
25
years

Another Company Joins Hunt For Distressed Properties; Inland Empire Condos Acquired

Sycamore Urban Properties of Irvine recently made its first acquisition – a 41-unit, newly constructed town-home development in Rancho Cucamonga – and is pursuing other properties as the multifamily housing market begins to thaw and become more active.

“There are numerous quality properties out there in various stages of completion that have fallen victim to nothing more than bad timing, and we anticipate many of these notes and properties changing hands via note sales or bank REO sales,” said Mitchel Bradford, Sycamore Urban Properties’ president.

Bradford founded the firm in early 2008 with Lew Halpert, the company’s chief executive officer.

‘Patience, Cash And Courage’

Sycamore Urban purchased the note for the Rancho Cucamonga asset last September and took title through foreclosure this month.

“When the market returns to some level of normalcy, shrewd acquisitions will lead to generous returns over time – as long as the investor has equal portions of patience, cash and courage,” Bradford added.

Sycamore Urban is positioning itself for a market return in three to five years, when consumer interest in such multifamily residential properties is projected to be very high with new construction unable to meet the demand at competitive prices, the company says.

Targeting California, Arizona, Nevada

The firm is working with financial institutions to acquire notes and assets of distressed multifamily properties in California, Arizona and Nevada.

Halpert is a 35-year commercial real estate veteran, including 16 years of partner-level experience at

Kennedy-Wilson, a nationwide real estate services and investment firm. He has been involved in the acquisition, rehabilitation and resale of more than \$3 billion dollars of real estate internationally, including the acquisition of nearly 100 failed and fractured condominium developments.

Bradford brings 20 years of experience in the home-building industry to Sycamore Urban, having served in senior roles at companies including Kaufman and Broad, Ryland, William Lyon Homes and John Laing Homes. He has purchased and sold more than \$1 billion in property and entitled more than 5,000 residential lots. Bradford has served as president of both the Building Industry Association of Southern California and the Orange County chapter.

‘The Timing Couldn’t Be Better...’

The multi-family market in this region has seen condominium prices decline by as much as 50 percent, and many are trading at prices well below replacement value.

Once the market begins to recover, Bradford said, there will be a strong demand for condos, particularly in the more affordable price ranges, due to a limited supply. Inflationary pressure on pricing for housing also is expected as a result of the scarcity of developable land, long and arduous entitlement approvals, lack of infrastructure and shortages of labor and materials, he said.

“The timing couldn’t be better for us,” Bradford said. “We’re entering this market at a time of tremendous opportunity – and when we emerge we hope to have taken control of several thousand condominium units in supply-constrained locations.”