

Last updated: March 30, 2009 06:45pm

Sycamore Targets Distressed Condos, Notes

By [Bob Howard](#)

IRVINE, CA-Sycamore Urban Properties has acquired a newly completed 41-unit townhome project in Rancho Cucamonga and is seeking to acquire more distressed projects to buy and hold until the market improves. Irvine-based Sycamore, which was founded last year to acquire and stabilize new and converted condominium properties that have fallen into distress since the housing bubble burst, foresees a strong demand for condos, especially in the more affordable price ranges, once the market recovers.

Sycamore Urban President Mitchell Bradford, who founded the firm in early 2008 with company CEO Lew Halpert, says that multifamily projects today include "numerous quality properties out there in various stages of completion that have fallen victim to nothing more than bad timing."

Sycamore anticipates that many of the properties or the notes on them will be changing hands via note sales or bank REO sales. In fact, the company acquired its Rancho Cucamonga asset by first buying the note on the property and then navigating through the bankruptcy process, taking title to the property via foreclosure in early March.

Sycamore's plan is to rent the condos until the market improves and demand for sales begins anew. The company is positioning itself for a market return in three to five years, when consumer interest in such properties is projected to be very high, with new construction unable to meet the demand at competitive prices. Condominium prices have declined by up to 50% in the region, and many are trading at prices well below replacement value, the Sycamore executives point out.

"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 says. Sycamore is working with financial institutions to acquire notes and assets of distressed multifamily property in California, Arizona and Nevada.

Once the market begins to recover, Bradford says, demand for condos will be a strong, particularly in the more affordable price ranges, due to a limited supply. The company hopes to take control of several thousand condominium units in supply-constrained locations by the time the market begins to recover. Sycamore Urban will then be positioned to bring its properties to the market either through bulk sales or as individual units sold through traditional retail sales programs, he adds.

Sycamore CEO Halpert is a 35-year commercial real estate veteran whose career includes 16 years of partner-level experience at Beverly Hills-based Kennedy Wilson. He has been involved in the acquisition, rehabilitation and resale of more than \$3 billion dollars of real estate throughout the US and internationally, including the acquisition of nearly 100 failed and/or fractured condominium developments.

Bradford brings 20 years of experience in the homebuilding 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 a billion dollars in property in his career and entitled more than 5,000 residential lots. Sycamore Urban also includes vice president Daniel Flynn,

who has purchased, entitled and financed more than 2,000 lots as well as multifamily and mixed-use projects throughout Southern California over the past 12 years. He was most recently a vice president for John Laing Homes.

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