

in midtown Manhattan starts at an average of about \$50 per square foot, but rates for Class A properties can top \$150 per square foot.

Retailers are already looking to cash in on tenant interest in the area, according to **Faith Hope Consolo**, chairman of retail and leasing at **Prudential Douglas Elliman**. Designer frames shop **Artsee Eyeglasses** just opened on West Street, while well-known retailers like the **Duane Reade**, watch shop **Tourbillon** and fashion retailer **Polarn O. Pyret** have also recently opened outlets in the area. "Even more activity will take place as the hotels—the Four Seasons in a couple of years, and the Conrad now—open. It's a confluence of rebuilding that's a joy to see. Those who get in early can lock in rates that are probably still a bit low compared to the rest of the city, and also get the prime street locations," she added.

New Investment Co. Targets Middle-Market Plays

Advalurem Group, a newly-formed New York-based investment management company, is planning to raise about \$100 million of equity to originate joint venture and preferred equity for middle market commercial real estate transactions. The company is seeking individual deals of \$3-15 million, which translates into properties of \$10-60 million. Advalurem is set to name a placement agent for the program, which could be structured as a commingled fund, a club fund or a separate account.

Capital Markets

Cohen Forms Equity Placement Biz

Cohen Financial, a Chicago-based advisory company, has formed an equity placement program that works with owners and operators focused on sizeable value-added deals. "The need comes out of a very competitive environment. There are too few deals for too much capital," **Kevin O'Grady**, senior managing director, told *REFI*. The program will work to place equity from sources such as family offices and opportunity funds and provide strategic advice for opportunities in the range of \$50-350 million.

The program will work with clients in all sectors. O'Grady, who heads the program from Miami, said Cohen Financial has been working with clients on a number of apartment deals. The multifamily sector will continue to be the darling of the commercial real estate sector, he added. "The state of multifamily property is really just an offshoot of the sickness of the single-family market. Multifamily has skyrocketed as a result. We think that it will be there as a viable alternative for the next few years," he noted.

Cohen Financial is involved in several large deals in the industrial

PROGRAM SNAPSHOT

- ▲ Targets opportunities in the range of \$50-350 million.
- ▲ Will place equity from sources such as family offices and opportunity funds.
- ▲ Is involved in transactions for multifamily, hospitality and industrial properties.

The company was founded by **Paul Sygrove**, **Gabriel Pozo** and **Jeffrey Carus** in response to inefficiency in middle market commercial real estate transactions. "This part of the market is too big for high-net-worth investors to invest on a repeated basis, but too small for institutional funds so it goes unnoticed from a capital allocation standpoint," one market player noted.

Advalurem is a top-down investor and will look at markets that it believes are in recovery or growth. It tends to gravitate toward infill areas and will look closely at the quality of the real estate and the sponsorship. The company is the capital partner providing equity in a joint venture with a property owner and will take a controlling stake in transactions. The company will invest in the multifamily, office, industrial and retail sectors and will hold properties for four to six years. It is targeting gross internal rates of return of 14-16%.

ADVALUREM FUND SNAPSHOT

- ▲ Seeks deals of \$3-15 million
- ▲ 4-6 year hold period
- ▲ Targets returns of 14-16%

The partners have known each other for a number of years, with Carus and Pozo working together at **Credit Suisse**. Sygrove, most recently a senior executive at **L&L Holding Company**, was also the chief investment officer at **Swig Equities**. Carus joins from **JAC Partners**, a boutique investment company, and prior to that was at Credit Suisse and **CW Capital** while Pozo has held senior positions at Credit Suisse and **Madison International Realty**.

and hospitality sectors. It has also seen a rash of Canadian firms crossing the border to get in on industrial transactions throughout the U.S. "The Canadian migration started last year and has heated up. They're looking for qualified American platform operators and are buying into their companies," O'Grady said. Cohen Financial is keeping an eye on construction in the next year, citing construction activity as a clear indicator of the market recovery, he added.

The company is active in markets across the country, but has been looking increasingly outside of the core markets and venturing into secondary markets. To further supplement the equity placement services, Cohen has also made three additional hires for its Los Angeles office, adding **John Carrick**, **Robert Linder** and **Matthew Jensen**.

Maturity Defaults Drive Uptick In CDO Delinquencies

Commercial real estate collateralized debt obligation delinquencies spiked in January due to maturity defaults, according to **Fitch Ratings'** monthly *CREL CDO Index*. Late payments rose from 12.5% in December to 13.2% in January, noted **Stacey McGovern**, director. The agency tracked 12 newly matured balloon loans, one foreclosure and three credit impaired securities.

The matured balloon loans include five B-notes on the **Kerzner**