

# Builders & Buyers

## Advalurem Group Seeks Secondary Market Opportunities

**Advalurem Group**, a New York-based investment management company, is looking for middle market lending opportunities in secondary markets around the U.S. due to competition and cap rate compression in primary markets. "Pricing has been better in secondary markets such as Charlotte, Dallas and Houston," said **Gabriel Pozo**, founding principal. "We can come in as co-investors, joint venture partners or equity sponsors. In those secondary markets our partners don't have the time or assets to provide the capital we have."

To this end, the company has expanded its lending platform with the hire of **Fred Scott** from Indianapolis-based **Strategic Capital Partners**. Scott filled a similar role for the company, which also focuses on

value-added middle-market opportunities. He targeted equity transactions averaging \$5 million there.

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Scott will focus on recapitalizations.

Scott told *REFI* he is a strong believer in the need for capital for middle-market real estate deals and saw that Pozo has the same mindset. "We saw the real estate world in the same light," he said. "We have one focus only and that's providing equity capital for middle market transactions that require around \$3-15 million in equity because [this market] goes unnoticed."

Advalurem invests in all asset classes except hotel and Scott will oversee acquisitions, transaction execution and capital raising. Using a value-add strategy to help borrowers reposition assets, Pozo said he and

## Benson Elliot Sees Value Outside of Central London

**Benson Elliot**, a London-based investment management company, aims to get in front of the trends with its investment strategy. The firm spotted value in the U.K. real estate market outside of Central London and is well down the road on a campaign to invest more than GBP1 billion in the U.K. regions, including the recent acquisition of 55 Princess Street in central Manchester. "We don't get paid for riding market waves but we do get paid for predicting tides," said **Marc Mogull**, managing partner.

The company has invested primarily in the U.K., with a number of transactions in Germany. "We are still finding opportunities in the U.K. but it's gotten tougher. We do things that are hard for our competitors to do because we tend to take on more occupational risk and do much more internal management," Mogull said.

Benson Elliot follows deals that are being shopped, deals that could be shopped in the short term and even deals that could be shopped someday. This means that the firm's team of analysts is up to date on potential acquisitions that would fit the company's profile, Mogull explained. "If we have a hunch

there is a deal that could get done at some point, we wait for the ambulances to pass by. If we've devoted the right resources in preparation, we'll have four pints of blood ready as we race to the scene."

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could increase the property to 100% leased [only to see occupancy drop]," Mogull said. "So we turned it inside out." The firm re-leased the space to three large tenants, changing the property from an enclosed center to a center with only street-facing occupiers.

Opportunities in London are scarce but Benson Elliot last year acquired a prime retail site in London's Ealing submarket. The Arcadia Shopping Center, located on top of a rail station, encountered trouble and Benson Elliot acquired it out of administration in 2012. The shopping center was enclosed, with a number of smaller tenants that had trouble generating enough foot traffic to stay in business.

Benson Elliot knew the center had value given its prime location and the area's population density. But it also knew that it had to change the space to make the property perform. "We didn't want to be the umpteenth owner to assume they

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