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STEELBRIDGE PLANS HALF BILLION DOLLAR FUND

Steelbridge Capital is planning a \$250-500 million opportunity separate account venture to target acquisitions in Florida. The venture will target the firm's core markets in the state and will use asset leverage of 75% and 65% on the portfolio level.

Miami-based Steelbridge is shooting for returns in the high teens to low twenties and is raising capital from institutions, hedge funds and endowments, looking for a minimum investment of about \$75 million, and a hold period of three to five years, said Gavin Campbell, principal. He believes that because Florida was the epicenter of the real estate bubble, the number of distressed opportunities will be higher than in other parts of the country.

Steelbridge recently merged with Max Property Management, a local property manager, to augment its work in the state. "We give people the opportunity to get on the phone and talk directly to a principal. We don't want to have the biggest global reach. We are Florida and we want to be Florida," said Michael Manno, managing principal.

Steelbridge focuses on markets with high barriers to entry, such as Miami, Tampa and Fort Lauderdale. It particularly liked submarkets that are constrained by natural features, such as oceans or wetlands, and have affluent neighborhoods. It is looking for value-added opportunities in office, retail or mixed-use created either by distressed or mismanaged properties, said Campbell.

The venture will look for acquisitions of \$15 million to \$35 million but as the market further deteriorates, Campbell said he is expecting to see more opportunities in smaller deals of \$3 million to \$5 million. It could also acquire some distressed commercial mortgage-backed securities or bank loans. Although it has been difficult to buy bank debt at reasonable prices, Campbell is hopeful that this will change in 2010. —*Ben Barczewski*