

Investor Finds Plum Bay Area Real Estate Ripe for Picking

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HAYWARD, CA - Despite tightening credit, Michael Halper is proving that the time is right for small investor/developers with a good track record to pick off lower-profile properties below replacement cost. Case in point: Halper's ATC Partners, a San Francisco real estate investment company that recently sealed a \$10.5 million deal for a 163,000-square-foot office complex in Hayward -- its third acquisition in six months.

ACT President Halper cut his teeth at Trammel Crow Co. after earning his MBA from Stanford, and went solo six years ago when the real estate market was mired in a major slump. But the 36-year-old managed to acquire several suburban, Class B properties in need of repositioning by tapping into highly leveraged participating mortgage loans with the likes of GE Capital and Heller Financial.

"I bought at the right time and in the right way," said Halper, who acquired a Burlingame office complex in 1996 for \$9 million and sold it for \$17 million 18 months later.

In the Hayward deal, Halper tried to line up debt financing with conduit lenders, such as Capital Company of America, Lehman Brothers and Credit Suisse First Boston. When those sources dried up due to the global financial crisis, he turned to a community bank, East West Bank of Los Angeles, for his loan. Because of his track record, he secured one for 65 percent of the \$10.5 million purchase price.

In his niche -- \$5 million to \$15 million deals -- Halper said competition has eased because it isn't worth the effort of many bigger players, such as REITs and pension funds, to pursue these properties.

"Not that many people can do these \$5 million to \$15 million deals," said Halper, whose success in navigating a tricky credit market bodes well for his plans to expand his roughly \$55 million portfolio in the coming months.

by Douglas Robson - from San Francisco Business Times