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Pembrook Capital Sets Its Sights Outside NYC

By [Jacqueline Hlavenka](#)



Boesky says people are choosing lifestyle over square footage.

NEW YORK CITY- Pembrook Capital Management, LLC, an investment firm that originates commercial real estate debt to finance multifamily, office, retail and industrial properties in high-barrier-to-entry urban markets, has completed several new deals outside of its traditional New York City radius. The company has provided a total of \$25.5 million in financing for four new properties in Florida, Ohio, Maryland and California, which Pembrook CEO **Stuart Boesky** tells GlobeSt.com is a demonstration of the company's flexibility and investment diversity across the country.

"Roughly half of our portfolio is in New York, but we are obviously lending nationally," he says, noting that since Pembrook's origination in 2006, the firm has originated and acquired 44 investments with a total value of approximately \$495 million—and is growing.

In the largest of the four recent deals, Pembrook provided a \$9 million first mortgage bridge loan for the acquisition and renovation of 735 Collins Ave., a 14,000-square-foot retail property in Miami Beach. The site – the former home of the storied Lynmar Hotel – is located in the city's high-street South Beach/Art Deco district near primo retailers such as Kenneth Cole, Guess, Barney's Co-op, Sephora, Armani Exchange and True Religion Jeans. The financing will go toward repositioning the asset while preserving its historic character, Boesky explains, noting that Miami has become a target for international investment once again.

"Miami, absent the residential issues, it has been a relatively strong market," he says.

"Throughout the crisis, there was a slight period of time during the depths of the crisis when the hotel industry and tourism in general was doing poorly, but that has recovered very nicely largely because what you find in Miami is that it is much like New York. It is an international destination, and it also has become an international investment focus. You see money coming in from Europe, South America and Asia. People are very anxious to get into dollar-dominated

investments because the dollar is still looked at as probably the world's largest currency. There is still a lot of nervousness particularly in South America and Europe, but people who have made significant amounts of money in Asia and Russia are looking for safe havens to park their money.”

In the second largest transaction further north, Pembroke provided a \$6 million mezzanine loan for the acquisition and light rehabilitation of Stonehaven Apartments, a 200-unit multifamily property in Columbia, MD, a suburb of both Washington, DC and Baltimore. Built in 1999, the property boasts high occupancy (95%) and in place rents that range from \$1,333 for one-bedrooms, \$1,545 for two-bedrooms and \$1,700 for three-bedrooms.

Boesky says the deal was attractive based on structural changes across the country that favors renting over buying. “First homebuyers are finding it difficult to get financing,” he says. “If they can get financing, it requires a large down payment beforehand. There is this subtle idea that homeownership, while desirable, is not necessarily a route to riches. We are finding that people are choosing lifestyle ahead of square footage. People want to live in densely populated urban environments where they can walk to places, so they will pay much more to rent a small apartment in a densely populated area than to rent or own something much larger further out.”

Pembroke also originated a \$5.5 million mezzanine loan for the refinancing of a six-building, 600,000-square-foot portfolio of flex/office buildings in Cincinnati, OH and Columbus, OH and \$5 million subordinate loan secured by a 528-unit garden apartment complex in Canyon Country, CA.

Overall, Boesky says the most sought-after assets are anchored retail with long-term credit leases and multifamily apartments. “When I speak to developers and owners of those particular product types, overwhelmingly, they are telling me there is a tremendous inflow of capital and people are paying extraordinary prices and moving very quickly on deals, including all cash purchases,” he says.