

Philadelphia Business Journal - October 5, 2009
[/philadelphia/stories/2009/10/05/story9.html](#)



Friday, October 2, 2009

Real estate companies seeking distressed property work

Philadelphia Business Journal - by [Natalie Kostelni](#) Staff Writer

While some real estate investment companies have established funds to buy what is expected to be a glut of distressed commercial property, other firms have formed new divisions to seize on battered real estate.

Fameco Real Estate, a retail brokerage, and **Acorn Development Corp.**, an office owner, developer and property manager, have established these new practice areas within their existing companies to deal with troubled assets.

"We think we're in a unique position because of that fact that we're one of the largest landlord and tenant representation firms," said Jonathan Rome, Fameco's general counsel who is heading up the **Fameco Distressed Asset Group**. Fameco has a deep bench of tenant relationships and property management experience and Rome spent 15 years handling loan modifications, negotiating forbearance between lenders and owners for institutional lenders and borrowers.

Rome's group will provide brokerage and management services to owners of retail properties that have property or loan issues. The company will assess a distressed retail property, come up with a strategy to fix any problems, and execute on that plan — whether it's filling vacancies, improving property management or seeing a property to foreclosure — to the benefit of a property owner or even a bank that has taken over the troubled asset. Its focus will be the mid-Atlantic region.

"I look at it in three stages," Rome said. "Evaluation, maximization and realization."

Acorn Development formed **Resolution Realty Advisors** to concentrate on office and industrial properties that have faltered. Don Resnick, president of Acorn, formed the new company with Mike Brown, who spent the last 25 years in commercial lending with various financial institutions, the latest of which was **Citizens Bank**. Brown also spent the last nearly four years with **O'Neill Properties Group** where he oversaw its capital markets division and has had a working relationship with Resnick, providing the developer with loans over the years.

Resolution Realty aims to, among other services, help an owner renegotiate loan terms, access equity and opportunity funds to complete development of a stalled property or office space, manage an office or industrial building, coordinate leasing and billing activity, see a property through foreclosure as well as other tasks associated with stabilizing a property.

Resolution Realty will target medium to small banks and other financial institutions valued at \$5 billion and below that made loans on commercial real estate, or when the loans or the property had problems, Brown said.

While most larger institutions have in-house "work out" groups that deal with bad loans made on properties, Resolution Realty figures those financial firms will go to a third party for such things as property management. It will also gain business from that.

In addition, Resolution will seek to help property owners and developers who don't have expertise in repositioning commercial properties as well as investors in a partnership who are dealing with an owner or developer that is having problems.

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