

U.S. called new emerging market for real estate

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NEW YORK (Reuters) - Brazil, Russia, India and China move over. There's another emerging market for commercial real estate opportunities.



"Now that the meltdown has happened, the new emerging market is the United States," Tom Shapiro, president of real estate investment firm GoldenTree InSite Partners, said on Tuesday at the Reuters Global Real Estate Summit in New York.

The U.S. commercial real estate crash, in which prices are down more than 20 percent and are expected to fall 40 percent to 50 percent, has created a landscape of what is expected to be a land of vast opportunity for those with cash.

"I think there's going to be the best opportunity to make money in the last 20 years in real estate in the U.S.," Shapiro said.

GoldenTree InSite stopped investing in U.S. real estate in early 2006 and has focused most of its attention and cash on Brazil, where it has invested in residential and office properties.

But with about a \$1 billion to use, it is poised to return to the U.S. market and take advantage of the right projects that need or will need money when they come up short.

"We are just at the point now where we are seeing some very interesting entry points on certain transactions," he said.

New York-based GoldenTree InSite is an opportunistic real estate company that invests funds raised from pension funds and other institutional investors.

Shapiro said his firm not only considers location but places more weight on the merits of an individual project.

"We're more about finding the right project in the right location," he said. "We're not looking for shotgun shots. We're looking for rifle shots."

Still, Shapiro said his firm likes big cities, such as Los Angeles and New York where downtrodden commercial real estate markets tend to rebound strong.

"San Francisco right now is a pretty interesting place to think about because San Francisco is a very diversified economy," he said.

He also mentioned residential land and hotels are of note because they are bottoming out.

"There's a lot of projects, whether it be development or operating properties, or properties that need to be renovated that were done with the best of intentions but relied on increasing fundamentals, rents working and not having construction overruns," Shapiro said.

GoldenTree InSite has not yet committed any funds to a new U.S. investment. It is not only evaluating what project to invest in, but how to enter the deal -- via equity, mezzanine financing or by buying distressed senior mortgages. Depending on the position of the financing, investment could be bought at 20 cents or 30 cents on the dollar.

For U.S. investing, GoldenTree InSite is likely to add leverage to its existing capital but will use it carefully, Shapiro said.

(Reporting by Ilaina Jonas; editing by Carol Bishopric)

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