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### Realty Capital targets foreclosed properties

Funds will buy foreclosed homes and commercial properties; efforts face competition, other challenges, observer says

Dallas Business Journal - by [Bill Hethcock](#) Staff Writer

Dallas-based real estate firm **Realty Capital** Partners has raised \$6 million to acquire foreclosed homes and is raising \$25 million to target commercial properties, according to filings with the **U.S. Securities and Exchange Commission**.

The RCP Distressed Residential Property II fund is buying foreclosed homes in bulk from banks, said Rory Maguire, the company's president. The fund targets homes in hard-hit areas such as Florida, Georgia, Arizona, Nevada and California, and buying houses it can pick up for 30 percent to 50 percent of their current value, Maguire said.

"That home may have already dropped 30 to 40 percent (in value), and then we receive a discount of 30 to 50 percent off what we believe the new price to be," Maguire said. "These are dramatic discounts."

The homes can range from single-family houses and duplexes priced at less than \$100,000 to \$1 million homes, Maguire said. RCP targets homes that need minimal repair, fixes them up, then gets them listed with a local real estate broker.

In early July, Realty Capital began raising money toward a \$25 million goal for another fund called the RCP Distressed Property & Income Fund LLC. That fund will target commercial properties in markets with strong long-term growth outlooks, Maguire said. The fund aims to acquire office, retail, medical office and assisted-living buildings.

"It's looking to invest in properties that have some type of distressed component, but in general generate income," he said. "And if it doesn't generate income immediately, we see a clear path to get there."

That's a difficult strategy to execute because banks today are holding onto distressed commercial properties rather than selling them at a loss, said Dwayne Toler, managing director of Challenger Solutions, an affiliate of Dallas-based investment bank Challenger Capital Group. Realty Capital Partners also will face competition from other firms with similar strategies, Toler said.

"It's very difficult to find product in today's marketplace," he said.

Realty Capital Partners provides private real estate investment funds for high net worth individuals and institutional investors. Over the last 18 years, RCP has provided more than \$300 million of equity capital and secured loans for real estate projects throughout the United States in sectors including retail, multifamily, hospitality, office, residential, industrial and land.

The company moved its headquarters from Colleyville to Preston Center in Dallas last year.

[bhethcock@bizjournals.com](mailto:bhethcock@bizjournals.com) | 214-706-7125

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