

# BusinessWeek

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## INVASION OF THE BOTTOM FISHERS

Gutsy real estate investors think the market may be near its nadir, so they're buying big.

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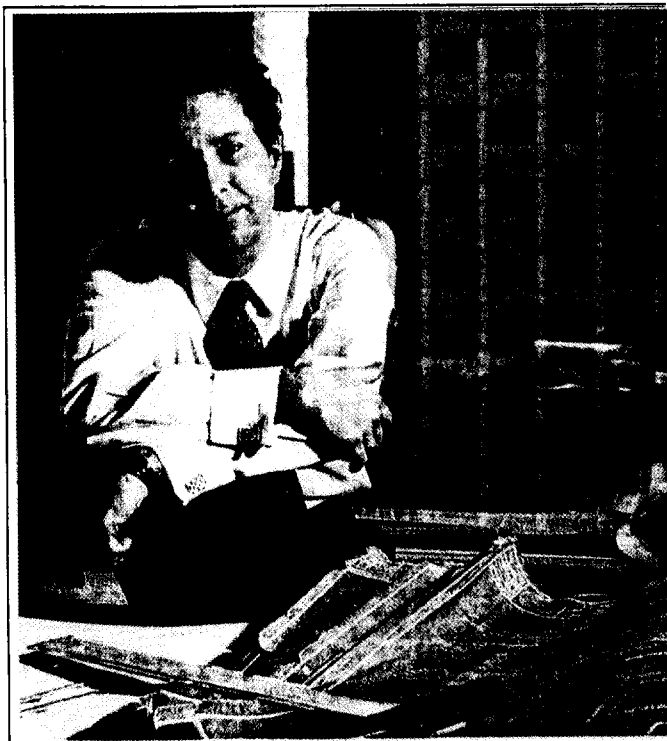
The real estate market these days looks like a bottomless pit. The glut of unsold homes and unrented commercial space has led to ungodly declines in value. But some venturesome investors view the pit as a wellspring of opportunity, a time to buy cheap. They are scarfing up holdings that foreclosing lenders or pressed owners want to unload, then waiting for a market rebound.

Bottom-fishers seek to divine when the market has hit its low point, so they can buy, and when it is well on the way toward recovery, so they can sell or boost rents.

The canniest bottom-fishers usually have a good feel for all parts of the kaleidoscopic U. S. real estate scene.

Bargain angler Ronald B. Bruder, head of New York's Brookhill Group, has bought 30 troubled shopping centers in 20 states in the past few years. His most recent purchase was in Griffin, Ga. "The owner was strangling," explains Bruder. "He was highly motivated to sell."

As U.S. bottom-fishers see it, there should be good bargains for the next two or three years. The inventory of real estate mark-downs should swell as banks, thrifts,



**RONALD BRUDER HAS BOUGHT 30 TROUBLED SHOPPING CENTERS**

pension funds, and insurers suffer under increasingly heavy loads of foreclosed real estate. To them, the properties are merely a drain on earnings. With a few exceptions, lenders are not property managers or spectators, and they often want to be rid of the problems at almost any price.

Big league bottom-fishers are interested in the RTC's large commercial holdings. But they are very selective, dismissing a lot of the

buildings as poorly constructed or badly located. Yet potential gems can be found.

Other toothsome prey favored by bottom-fishers are properties whose developers were pressured to sell to pay off lenders.

**LIGHT ON DEBT.** If being a successful bottom-fisher requires savvy, it also takes a good supply of cash. These days, badly burned lenders are seldom willing to provide much in the way of financing.

Not surprisingly, many bottom-fishing deals are heavy on equity and light on debt.

Wherever the money comes from, bottom-fishers are going to proliferate. Many feel the market still isn't low enough and have yet to put their money on the line.

The art of bottom-fishing is knowing just when to stop cutting bait and start casting your line.

*By Barry Light in New York, with Robert D. Hof in San Francisco.*



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