

CAPITAL SOURCE

REAL ESTATE INVESTMENT FUND RAISES \$56 MILLION

A Miami Beach-based commercial real estate investment fund led by Matthew Adler completed a \$56 million capital raise.



Adler

For Adler, previously chief investment officer at family-owned Adler Group, and Kawa Capital Management, this is the second fund and a much larger endeavor.

The first fund started in 2008 and leveraged \$17.5 billion in capital through joint venture pieces in eight transactions totaling \$175 million in equity from all the partners. That fund was mostly friends and family, so this time Adler aimed higher and reached farther, drawing more than 50 individuals. While most of them are from South Florida, Adler said he had solid participation from Houston and South America, especially Brazil.

So far, the second fund has deployed \$22.5 million in four transactions: Carmel Executive Park in Charlotte, N.C.; Bammel Business Park in Houston; Legacy Park in Houston; and Vista Point North in Dallas.

Since the second fund is larger than the first, Adler said it can take the lead investor role in these deals. He said investors in the new fund have the right of first refusal to become joint venture partners in each deal, and some of them took him up on that offer.

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Matthew Adler | Adler Kawa Real Estate Advisors

The fund finances 65 to 70 percent of each transaction, and looks to lock in interest rates for at least five years, he added.

“We do anticipate, over time, interest rates to rise, but we think we’re buying at very attractive prices, and we think the properties have attractive cash flow,” Adler said. “Even if we sold the properties for what we bought them for, we’d still get an 11 percent return based on cash flow alone.”

Adler said he’s looking at commercial properties in South Florida, as well, but there’s more competition here than in other markets, which drives up prices. He’s looking to deploy \$5 million to \$15 million in equity per deal, which works out to purchases of \$10 million to \$40 million.