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## SPECIAL REPORT REAL ESTATE QUARTERLY

### Local Investment Company Cashes In on Tight Market

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Having trouble getting a commercial real estate loan?

There's one West L.A. real estate investment company that rarely has to worry about such everyday concerns – BH Properties LLC pays cash.

Seems unlikely after an era when real estate investment was all about maximum leverage? But that's the way the company has been since it was founded in 1997.

"It enables us to be a unique buyer," said Steven Jaffe, executive vice president and general counsel of BH Properties. "What we give (sellers) is a certainty of close, because financing has never been an issue for us."

BH Properties was founded by Steve Gozini, who had success in the 1990s buying savings and loan properties auctioned off by the Resolution Trust Corp.

The company owns 17 properties in L.A., Orange, San Bernardino and Riverside counties, in addition to holdings across most of the country. The Southern California holdings represent about one-third of the company's portfolio of largely retail, industrial and office properties.

BH Properties occasionally borrows against properties to fund redevelopments. And there are limitations on the all-cash format. For example, the deals are relatively small, typically in the \$2 million-\$10 million range. BH Properties' largest all-cash purchase was a \$14 million industrial building in Texas.

Despite the recession, which has created a massive pool of eager and often distressed sellers, BH Properties is moving slowly. Last year it bought 10 properties – none local – for a total of about \$22 million. They haven't purchased any properties this year.

"Our whole approach has been patience," said Jaffe.

While the company is feeling some of the pressure from the recession and real estate collapse, he said, BH Properties has it better than most competitors.

"It is nice to be in the position we are in and to ... have our leverage levels where they are," Jaffe said. "There is no question we will be there as things start to uptick again."



Steve Gozini



Steve Jaffe