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Real estate veterans Dufton and Oran form Dinosaur Capital Partners to invest private equity in real estate

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Boston real estate veterans Mark Dufton and Scott Oran have formed Dinosaur Capital Partners LLC to invest private equity in real estate. Like the oft-maligned dinosaur from which the firm takes its name, real estate, they believe, is frequently misunderstood.

Dufton and Oran most recently co-headed Gordon Brothers Group's real estate investment division. Dufton previously was a senior executive with DJM Realty, Gordon's real estate advisory affiliate. Oran formerly ran Morgan Stanley's Boston real estate office and was responsible for its real estate investing in the Northeast and Mid-Atlantic.

Dinosaur's focus is on making real estate investments in distressed situations, not distressed assets.

"Dinosaur Capital Partners invests the old-fashioned way. We believe superior risk-adjusted returns can be achieved in all parts of the real estate cycle through careful asset selection and appropriate financial structuring. Careful asset selection means we're picky about the properties and locations we choose and the people we do business with. We look for the best in both and place a premium on integrity and transparency. Appropriate financial structuring means we're not momentum players but long-term investors focused on the preservation of capital and long-term wealth creation. Historically and fundamentally, we believe, real estate is a get-rich-slow business, ill-suited to chasing the latest fad," stated Dufton and Oran, managing directors of the new company.

Dufton and Oran jointly said, "We believe the on-going re-pricing of risk will create a historic buying opportunity with real estate values trending to 45% to 55% below peak pricing. At these price levels, cash yields are attractive and the possibility of capital appreciation is real. Over \$1 trillion in loans will mature over the next three years and loan defaults will peak during this period. Lenders who have or will become accidental owners probably can't wait out the cycle and will be forced to sell. As in past recessions, we expect real estate fundamentals to stabilize and begin improving 12 to 18 months after the business cycle bottoms. Unlike recent recessions, real estate is generally not over-supplied, just over-financed. Negative equity is a growing reality, creating distressed situations. Compelling values and less competition in smaller deals as well as available and attractive financing for these assets make this niche especially appealing."

Dinosaur's multi-pronged investment strategy emphasizes acquiring core assets with underlying cash flow, opportunistic assets requiring value enhancement, performing or non-performing loans as well as taking preferred equity positions to recapitalize real assets. Dinosaur invests in office, industrial, retail, multi-family, hospitality, mixed-use and parking properties from \$3 million to \$100 million. Primary target markets are the Northeast and Mid-Atlantic United States, with other major markets east of the Mississippi considered secondary targets.

And, yes, say the partners, they get asked about the name of the firm all the time. As they explain,

"While the dinosaur continues to capture the modern imagination, for many, the dinosaur also connotes something impractically large, slow-moving, obsolete, or bound for extinction. And yet, the dinosaur was the dominant terrestrial vertebrate animal for over 160 million years. (By comparison, the human has been on earth only 200,000 years -- just 1/800 the span of the dinosaur.) And despite its stereotype, widely-accepted research since the 1970s suggests the dinosaur was actually active, intelligent, and highly adaptable to a broad range of situations. So, as perceptions slowly change, the dinosaur, like real estate, must be reconsidered."

Dinosaur Capital Partners is on the web at www.dinosaurcap.com

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