

# Merger Creates New Services

***NewBridge Retail Advisors and CREFunding merge to provide wealth building solutions for developers, owners and investors.***

— Interview by Randall Shearin

In September, Atlanta-based companies NewBridge Retail Advisors and CREFunding merged their operations in order to provide more services to their respective clients. NewBridge (whose principals were Gary Saykaly and Van Barron) was an advisory and brokerage firm, predominantly selling large assets in the Southeast. CREFunding (whose principals were Richard Levine and Mark Rowell) arranged high leverage non-recourse loan and equity transactions on behalf of clients. Together, the two companies, operating as BridgePointe Advisors, will be able to offer clients lending, advisory and brokerage services all under one roof.

*Shopping Center Business* recently interviewed Gary Saykaly and Richard Levine, principals of BridgePointe, about the merger.

**SCB:** Tell us about the merger that created BridgePointe Advisors?

**Saykaly:** BridgePointe Advisors is the

genesis of a 5-year working relationship between NewBridge Retail Advisors and CREFunding. Independently, the two boutique firms have made a significant mark in the industry, with NewBridge advising on and executing \$2 billion of retail investment sales and joint ventures, and CRE capitalizing over \$1.5 billion of assets.

Merger discussions began about 18 months ago when the two firms began collaborating closely regarding a shared vision of offering complementary investment and capital solutions to a combined pool of existing and new clients. We realized that we have very similar cultures and complementary skill sets, and there was an opportunity to build a new business model with a team of highly skilled professionals that were extremely ‘fiduciary’ oriented, passionate about their assignments, and focused on exceeding their client’s expectations. The outcome is BridgePointe Advisors, and our vision is to be an organization dedicated to the creation of wealth in its clients’ real estate portfolios through trusted and innovative investment solutions.

**SCB:** What will be your primary business?

**Saykaly:** Our primary business will be to design and deliver innovative capital and investment solutions to maximize our clients’ portfolio objectives. Our approach is to first act in an advisory role, helping our clients explore the pros and cons of various capital/investment solutions on a before and after tax basis — from dispositions to arranging joint ventures and partial interest sales to raising debt, equity/mezzanine. We will then utilize our experienced and professional team to provide leading-edge execution for the optimal solution. Having all investment and capital functions in-house provides an extremely credible offering, as it removes any potential bias in our advice to our clients. Our experience in both Class A and Class B/C assets — transitional and performing — allows our team to help clients with all their projects, not just the trophy assets. In addition, we have very deep access to transparent, emerging and cross-over investors and capital

*Chart 1: BridgePointe Advisors Customized Solutions for the Life Cycle of the Asset*

SOLUTION	Development/Redevelopment	Stabilization/Operating	Acquisition
Investment Sales	Pre-Sale, post-development sale	Full or partial interest sale	Acquisition representation, post acquisition disposition, contract “flips”
Joint Ventures	JV partner procurement	JV partner recycling	JV partner procurement
Equity Capital	Gap equity, preferred equity, mezzanine capital	Equity recycling with lower cost of capital	Preferred equity; mezzanine capital
Debt Financing	Non-recourse construction or bridge financing, land or acquisition/development (A&D) loans, take-outs and forward commitments	Refinancing into permanent market with floating or fixed debt with flexible provisions; project recapitalization.	Interim bridge loans; senior and non-participating junior debt; capital “stack” engineering to minimize ownership dilution, interest-only loans.

sources nationally and globally that are interested in opportunities all along the risk curve.

While we will continue to offer one-off solutions for the market, our real passion is to help our clients grow their business to the next level and help them maximize the value of their projects throughout the life cycle of that asset — i.e. development, acquisition, stabilization, redevelopment, and disposition. There are many investment and capitalization options available to an owner to extract value or maximize the asset's position (*see chart 1*).

The true value-add for our clients is that we will be doing this for not only our client's existing investment opportunities, but those proactively sourced by our organization. Our vast network of brokers, city planners, land specialists and other local market insiders provides us with a unique position and perspective.

**SCB:** Is that really so different than what is already out there?

**Levine:** Yes. We put extraordinary emphasis on providing an appropriate, complete and fully executable solution.

First, we establish the proper strategy and develop a solution with the client. Then our focus shifts to efficient and seamless execution. Regional and national groups approach it differently. They are focused on the execution of a particular business unit, with a secondary focus on the correct solution for the client. This filters down even to the compensation levels, as each unit is compensated for their specific service, which can result in biased solutions and recommendations. Additionally, many of the national brokerage mergers are also consummated at the corporate level with little integration or familiarity at the production levels. BridgePointe Advisors is a merger at the production level. This allows a great collaborative working environment and a full team devoted to the goals of the client.

Our team includes dedicated professionals that are focused on key aspects of execution — financial underwriting, due diligence, transaction management, marketing and research — supporting the efforts of the senior brokers. Many of these professionals hold MBAs and have 15 to 20-plus years of experience.

Lastly, our team has been very successful in representing clients on very large and complex projects where the

seller/buyer or borrower/lender misalignment required creativity and a structured transaction. Our view is that anyone can put out a marketing package to sell or finance a project in this market and secure initial interest, but the true value is created by skillfully minimizing the hedging of the buyer or lender for the risk nuances of the project and proactively resolving key issues that impact closing or an owner's position.

**SCB:** Who are your targeted clients?

**Levine:** Some of our existing and past clients (institutional and private market) include the largest and most active participants in today's market. We will be targeting clients where we can provide ongoing solutions and opportunities. Our service platform and creative solutions can and will be customized for all types of clients — developers, institutions, TICs, private investors and REITs. It also will be very useful for small to mid-size developers and operators seeking to take their business to the next level.

*Chart 2: Example of Current Offerings by BridgePointe Advisors*

Project Type	Location	Structure
<b>INVESTMENT SALES/JOINT VENTURES</b>		
Mall Repositioning	Atlanta, GA	Joint Venture (\$40 million)
Grocery Anchored Center – New Development	Baton Rouge, LA	Pre-Sale (\$11 million)
Grocery Anchored Center – New Development	Birmingham, AL	Disposition with master lease structuring (\$16 million)
Middle Market Mall Portfolio (2)	Mississippi	Portfolio Sale (\$25 million)
Power/Lifestyle Development	Boise, ID	Joint Venture
Power Center – New Development	Charlotte, NC	Disposition (\$45 million)
Grocery Anchored Center	Austin, TX	Private Placement Sale
Power Center – New Development	Charleston, SC	Disposition (\$31 million)
Retail Portfolio Sale	Southeast U.S.	One-off and grouped asset sales (\$67 million)
Enclosed Mall	Cleveland, OH	Disposition of transitional mall
Power Center Portfolio (2) – New Development	AL and VA	Private Placement / Pre-Sale
<b>DEBT/EQUITY CAPITAL</b>		
Retail Portfolio – Strip Centers	Southeast U.S.	Equity recapture (\$15 million)
Grocery Anchored Center	Mesa, AZ	Flexible permanent loan with fixed prepayment and releases
Community Center	Montgomery, AL	High leverage, non-recourse bridge loan for redevelopment
Ethnic Power Center	Fontana, CA	Flexible permanent loan with fixed prepayment and releases (\$23 million)
Power Center Development	Arkansas	High leverage, non-recourse construction financing (\$41 million)
Tertiary Market Mall	Alabama	High leverage, non-recourse permanent financing
Wyndham Hotel	Costa Mesa, CA	High leverage, non-recourse permanent financing
Condominium Development	Daytona Beach, FL	Capital “stack” engineering with senior loan and non-participating junior debt up to 98% of construction costs (\$78 million)
Senior Living Facility	Baltimore, MD	Non-participating junior loan on top of an existing senior for partner buy-out
Master Planned Community – 1,000 Acres	Savannah, GA	Acquisition and development loan (a land loan) of 90% of cost (\$21 million)

**SCB:** Will you be limited to any specific geographic area?

**Levine:** No. Because we are client driven, we will pursue opportunities in any geographic location nationwide based on the needs of our client. Our team has extensive experience in the Southeast, but has worked on projects on a national basis. We have developed a very unique way of quickly drilling down into any market to understand the local trade area dynamics and asset positioning. This is important, as many developers and investors are now expanding to other regions to grow their business and find viable opportunities in this competitive market. *(See Chart 2 for some current opportunities)*

**SCB:** What will be the driver of new growth?

**Levine:** The fastest growing area of our business is in mixed-use projects. While retail assets have been a major focus of our team, we also have ex-

pertise in other property types — multifamily, office, industrial, condominium and land. Our broad client base and market insight allows us to bring together the optimal development and capital team for the various property types within the mixed-use project and provide a very liquid exit strategy. With the evolution of mixed-use, we have a team member that is not only tracking current mixed-use development and developers, but focused on building relationships with major residential developers that can acquire or jointly develop this aspect of the project.

**SCB:** Is there anything else that you would like the market to know?

**Saykaly:** BridgePointe Advisors feels strongly that owners and developers should fully understand their short- and long-term objectives and the dynamics of the current capital markets before executing on any investment or capital strategy. The before and after tax implications of an incorrect strategy can dramatically impact the amount of

wealth created for the company and/or project. BridgePointe Advisors is committed to ensuring that our clients have the right strategy, the right product, and the right execution team. **SCB**