

Turnaround Specialist Discusses Capital Stack Complexities at ULI Luncheon Series

ULI Atlanta

Close to a hundred real estate developers, investors and industry types gathered in Buckhead on Aug. 24 for ULI's Luncheon Series to listen to Norman Radow, the renowned founder of The RADCO Companies, a firm that specializes in developing, re-developing and restructuring distressed real estate entities across the United States.

Radow, who has been featured in publications such as the New York Times, Wall Street Journal and New York Law Journal as well as on television programs such as CNBC's Power Lunch and the Closing Bell, discussed the complexities of capital stacks during his presentation, "The Complications of Unwinding Today's Capital Stacks".

For those unfamiliar with capital stacks, it is defined as the totality of capital invested in a project, including pure debt, hybrid debt and equity. The stack is described as containing the most risk at the top, traveling down the stack to the position with the least risk.

"Complexities of capital stacks, the sheer volume of the problem and fear of further financial turmoil have caused policy makers to promote artificially high asset prices, preventing the market from finding its bottom," Radow told the crowd.

After providing a case study of an apartment complex his company helped restructure in Los Angeles—it eventually became the best selling complex in the area—Radow discussed the importance of good asset and property management.

"It is more important now than ever," he said. "Owners are longer able to rely on cap rate compression to increase value, rather, they must execute well thought out business plans to add value."

ULI's Luncheon Series resumes on Sept. 29. Be sure to visit ULI Atlanta's website for upcoming information about events.