

# REAL ESTATE **BISNOW**



September 25, 2012

## THE 32% SOLUTION



We also chatted **yesterday** with Quantum Capital Partners managing director **Jonathan Hakakha** (right, with managing director **Mike Yim**), who just secured a \$10.5M nonrecourse loan from Freddie Mac for the **Emil Brown Lofts** in Downtown LA. What makes this deal stand out: 32% of the fully leased building's income comes from **non-residential** sources such as retail space (including Subway and Starbucks), a rooftop **billboard**, and a **cell phone tower**. Jonathan says he had to find a multifamily lender who was not only comfortable with lofts, but also willing to include nearly all of the building's commercial income in its underwriting.



South Park Group affiliate **Nazco Equities** bought the historic 1922 **clothing manufacturing** facility (Ninth Street and Santee in the garment district) in 2008 and converted it to 39 live-work lofts plus 13k SF of ground-floor retail. According to Jonathan, Quantum is on track to close more than **\$55M** in financings within the next month. The firm's activity this past summer also was hot, with nine loans totaling \$27M closed in the past 45 days on behalf of **mom-and-pop** retail and office owners. (That doesn't include Mike's recent refis totaling \$28M for two **multifamily** assets.) Jonathan avoided at least part of the summer heat wave chilling with his family on vacation in **Alaska**.