

Austin private equity firms complete \$5M financing

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Austin private equity firms [First Capital Funding](#) LLC and Principals Capital Funding LLC completed more than \$5 million in commercial real estate financing during the past four months, involving property totaling \$39 million of market value.

Purchases were of mainly Class B and C multifamily properties in Austin, Dallas and Houston urban areas, and were bought from banks that had foreclosed on them. Private equity-financed deals included new construction of a 240-unit apartment complex in South Austin called the Retreat at North Bluff, the rehabilitation of an 810-unit multifamily complex in Houston and a 200-unit complex in Garland.

According to observers, such financings signal recovery in the debt and equity markets while being the fallout of a long drought in institutional lending. Such renewed willingness to lend, coupled with banks clearing out foreclosed properties at bargain prices, has lured private investors back into what is still seen as the country's most basic and tangible asset — commercial real estate.

"Our anecdotal information, including the Dallas Beige Book, does suggest that the commercial real estate sector is beginning to recover," said **D'Ann Petersen**, an economist at the Federal Reserve Bank in Dallas. At the same time, the Dallas Fed has "heard of more sales of distressed properties."

Nationally, the volume of outstanding commercial real estate bank loans has subsided to levels last seen in 2006 and continues to fall as the increase in bank-owned properties outpaces the issuance of new loans, according to the Federal Reserve's most recent survey of loan officers.


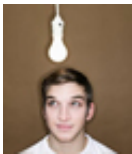
Meanwhile, capital for commercial real estate is becoming more available across most sources of debt and equity, [Grubb & Ellis](#) economist **Robert Bach** said in a May 16 report.

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