

# Land firm thrives during recession by understanding distressed property

Premium content from Sacramento Business Journal - by Michael Shaw, Staff writer

Date: Friday, February 25, 2011, 3:00am PST

“We don’t take property back.”

It’s hard to imagine a banker making that statement today. But the Sacramento office of [Land Advisors Organization](#) heard it a lot from bankers leading up to the real estate crash. And they kept hearing it until it was clear that loans secured by land were about to become very distressed.

“It wasn’t until later, maybe the latter half of ’07, they started saying ‘OK, maybe we are going to take this back,’ ” said **Ryan Long**, a senior marketing consultant with the firm that’s built a fledgling practice in Sacramento into a thriving one by understanding distressed property.

Last year, the company’s Sacramento office was involved in the sale of 3,200 lots in Northern California for more than \$115.3 million. That’s a 151 percent increase from 2009, the firm said.

The company realized the recession was going to reshape the landscape and kept knocking on doors until the message got through.

“The principals said we need to start talking to banks, lenders and private equity,” Long said. “When we started talking to them, they weren’t even ready. But we got in there early.”

The company is now the listing agent for multiple properties; the latest is a large portion of the Spring Lake development in Woodland. Land Advisors is marketing a 615-lot subdivision that’s a remnant of the old [Reynen & Bardis Communities](#) empire. Despite the dismantling of that company’s assets over the past four years, the Woodland property wasn’t foreclosed until last year. It’s the largest of 21 land offerings listed in Northern California by Land Advisors.

The Spring Lake property is an example of the thousands of acres that have turned over due to the recession. Reynen & Bardis was a Sacramento-based homebuilder and developer whose principals declared bankruptcy with debts of nearly \$1 billion.

[Indymac Bank](#), which became the first major savings and loan victim of the financial crisis, was the lender with claim on the property. OneWest Bank bought Indymac from the federal government and foreclosed on the Woodland property last year.

Pursuing these types of assets has paid off. “They’ve done a good job of representing a lot of bank-owned assets,” said **Steve Thurtle**, a land consultant who has done deals with the Sacramento office of Land Advisors. “That’s a key piece of the market. They were virtually unknown a couple of years ago.”

Land Advisors, known as Park Place Partners until a 2009 merger, arrived in Sacramento just before the real estate crash to find brokerage a pretty exclusive trade. Local land brokers were a small but established group of longtime players such as the firm [Brown, Stevens, Elmore & Sparre](#); broker **Chris Ksidakis**; and **Randy Grimsman** at [CB Richard Ellis](#).

Park Place Partners, based in Irvine, merged with Land Advisors Organization of Scottsdale, Ariz., creating a brokerage network in eight regions in California, Arizona, Texas, Colorado and Florida.

In the past year, the company has been involved in transactions as small as just four lots to the 400-acre, 1,200-lot piece of the Sierra Vista Specific Plan in Roseville sold by [Richland Planned Communities](#) to [Westpark Associates](#) in 2010. Land Advisors represented both sides in the transaction.

The firm is handling the disposal of property from the partnership of Lehman Bros. Holdings Inc. and [SunCal Co.](#), which ended with Lehman's bankruptcy in 2008. A few assets are coming to market from that portfolio, which includes the 1,942-acre Bickford Ranch property between Lincoln and Penryn.

The property eventually will come to market, said **Tom Reimers**, Land Advisors' division president for California. Developers and environmentalists have long battled over Bickford Ranch, which had been highly coveted due to its natural setting.

The next step for the company is to make the transition to representing more traditional sellers, a transition that already is under way.

As Long put it: "Once the bank business is done, it will be the same game again."

Reimers noted that two years ago, 77 percent of the firm's transactions in California involved distressed real estate, including foreclosures, short sales, land in receivership, or tax-motivated sales. Last year, the number of distressed deals dropped to 68 percent. This year it will be less than half, he said.

So that means the company will have to rely on new relationships.

"Real estate is still very much a good-old-boy network," Reimers said. "And it's local. It's not just that you have boots on the ground — it matters whose boots are on the ground."

"I think they will do fine," Thurtle said. "There's lots of money in the market looking for deals. It's a matter of the right deals."