



AMERICAN
BANKRUPTCY
INSTITUTE

Distressed Real Estate Symposium

Anatomy of a Fall?: Distressed Real Estate Trends and Forecasts for 2024 and Beyond

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Changes in Work and the Workplace

A riff on real estate markets and how they will shape civic life

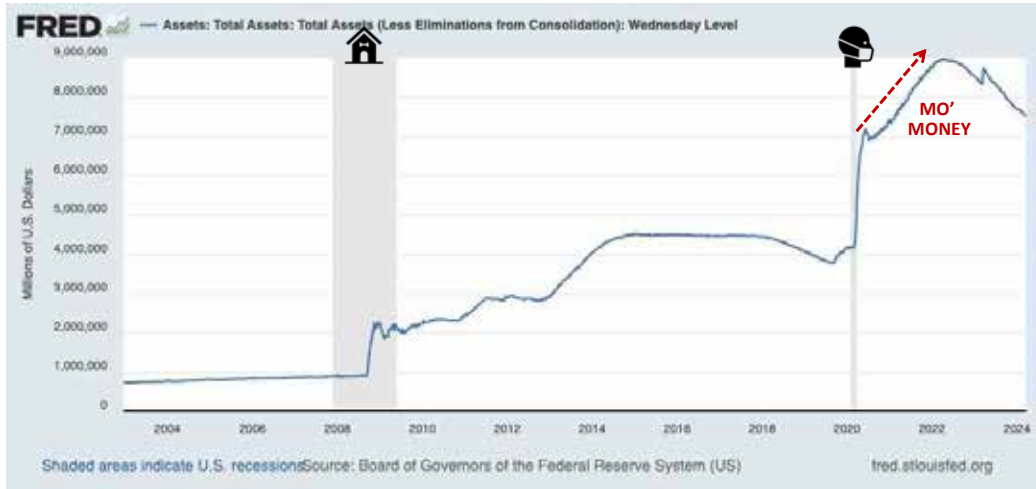
Lisa Picard

Oxygen Investment Management

Macro View

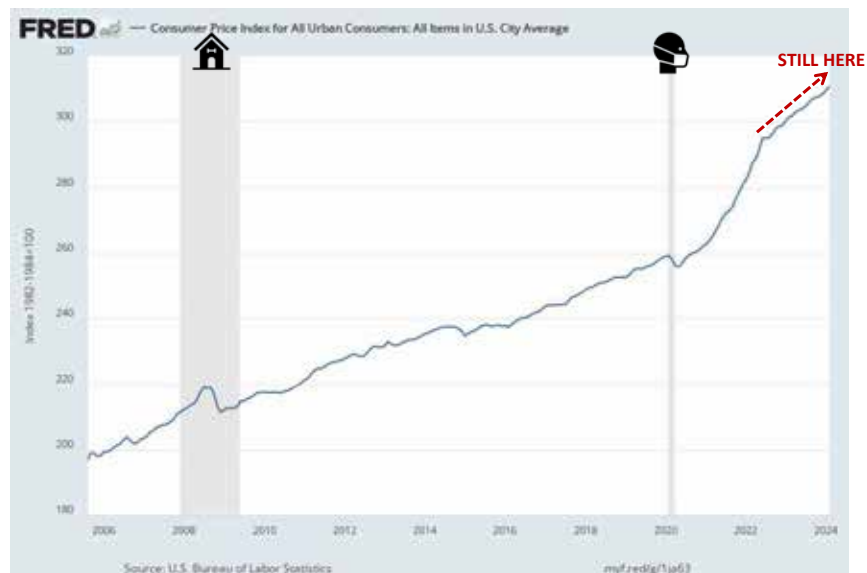
A curious view into some data trends effecting work and civic life

Flood Level of Fed Balance Sheet (aka Stimulus)



Source: Federal Reserve Economic Data: <https://fred.stlouisfed.org/series/WALCL>

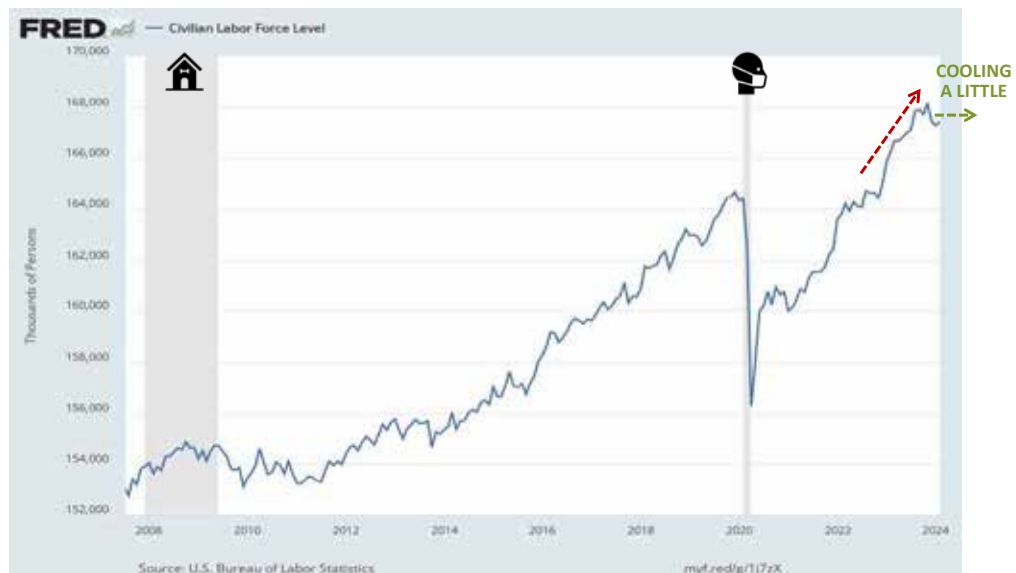
Inflation Trend – Asset Inflated



Interest Rate: Fed Tool for Economy (Fed Funds Effective Rate)



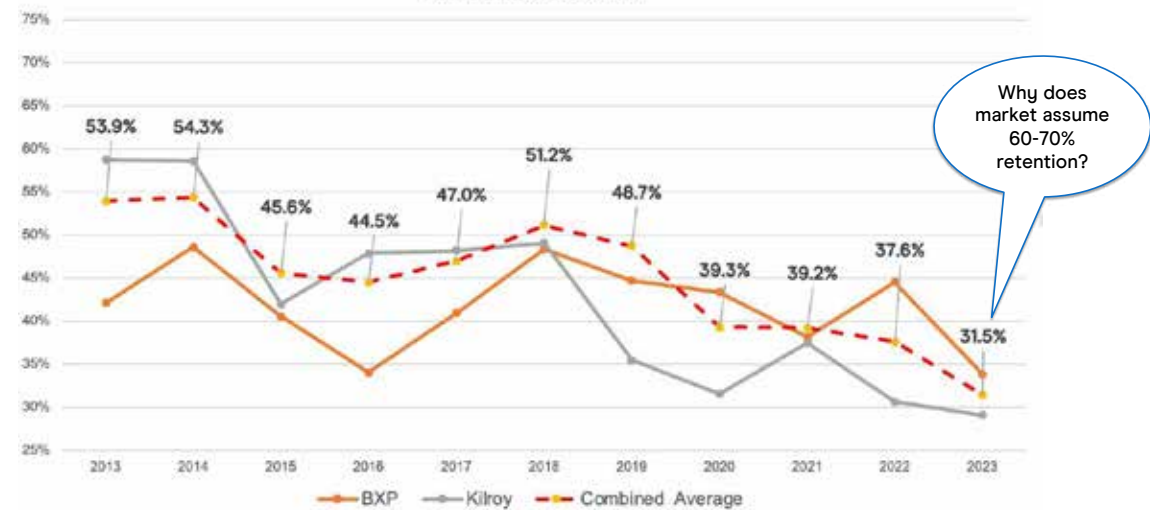
Labor Remains Strong (🔥 Hmm its still burning)



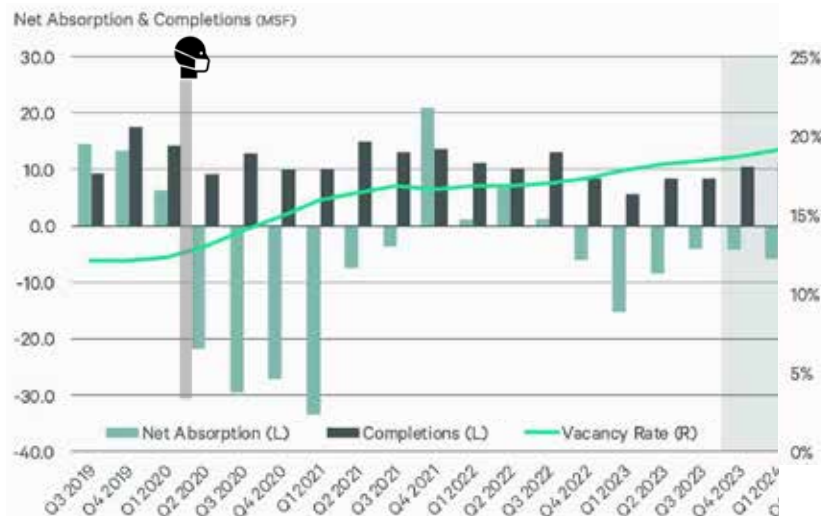
Office Net Absorption per Office Employee (🏠 nothing new)



Systemic Change in Office Retention (since 2013 offices are less sticky)

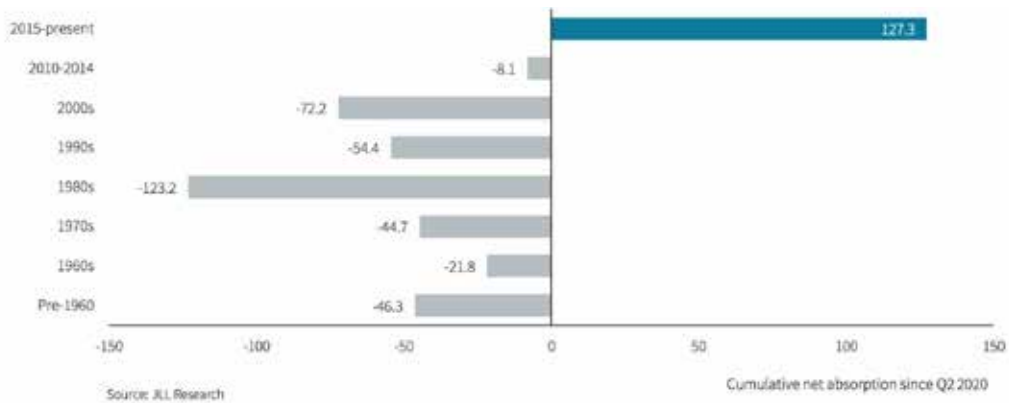


Historical + Forecast Office Absorption (🤫 demand muted)



Source: CBRE

Net Absorption by Year Built (in millions s.f. from Q2 2020 to Q4 2023)

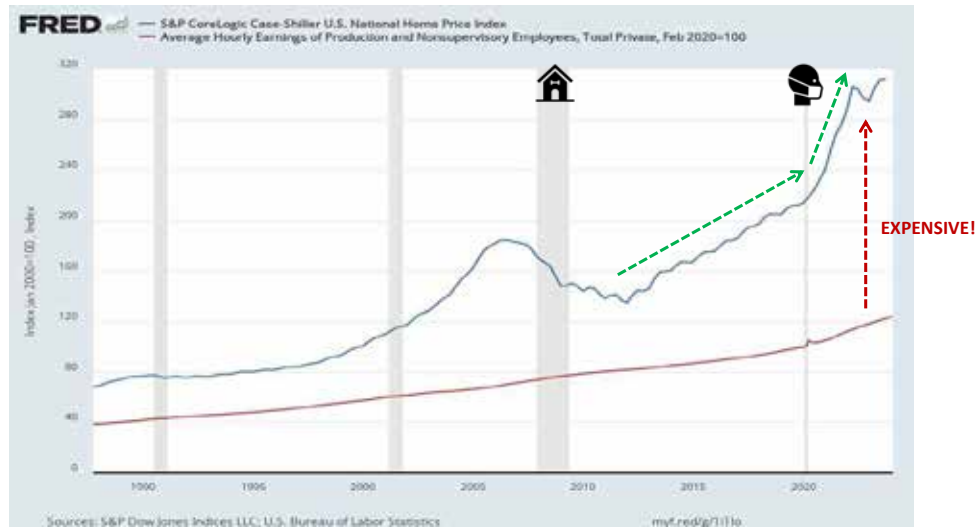


Jobs Follow People

The Great Labor Diaspora

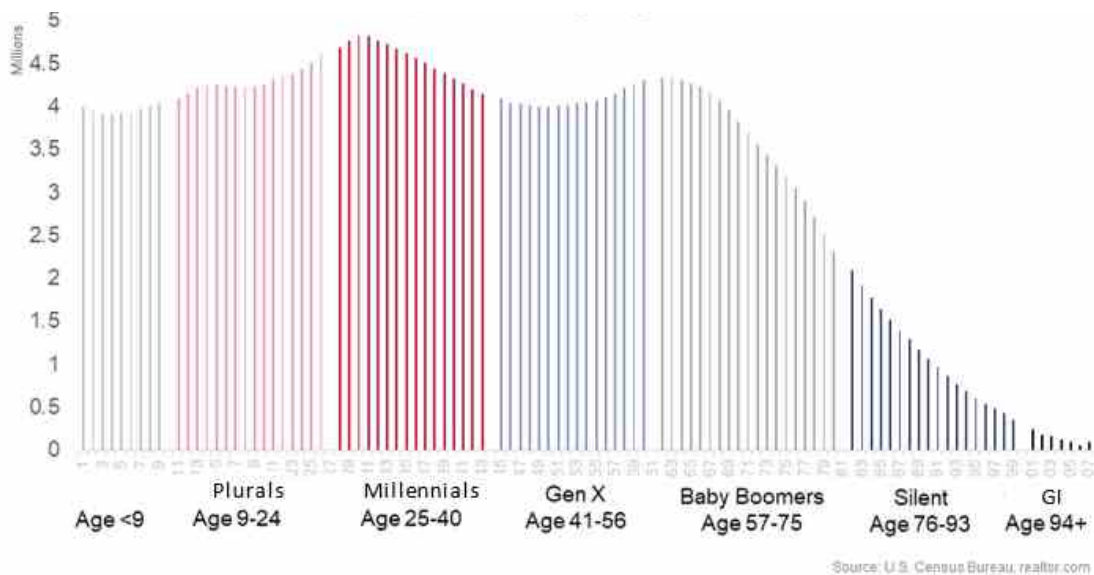
Approximately 1 of out 10
young adults moved in
2020-2021

Housing Price vs Salaries

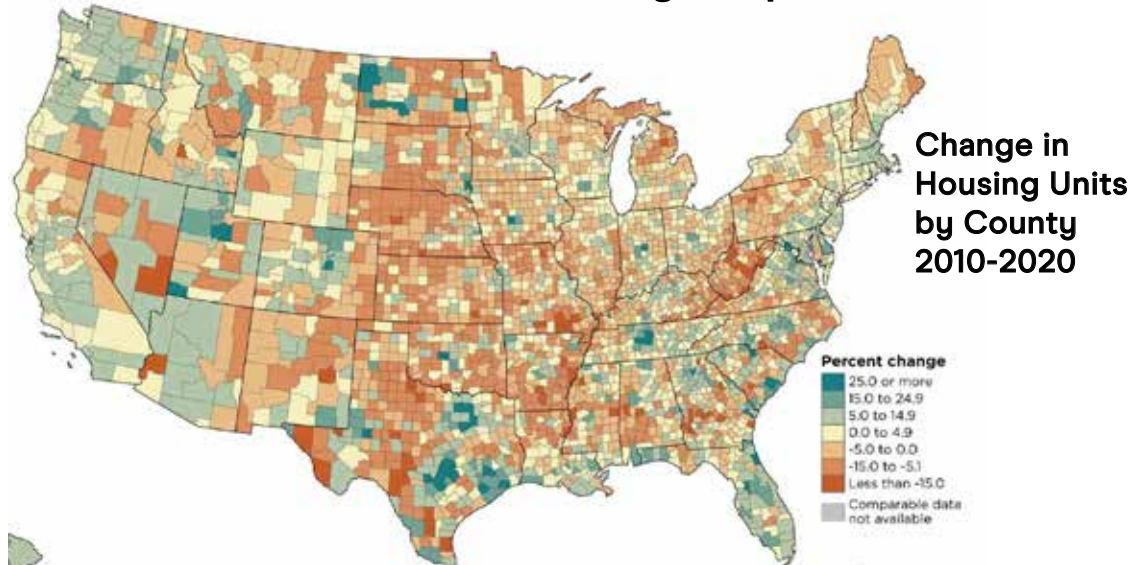


Source: Federal Reserve Economic Data: <https://fred.stlouisfed.org/series/WALCL>

DEMAND: US Population by Age in 2021 (Millennials enter home buying)



SUPPLY: We've Underbuilt Housing for past 40 Years



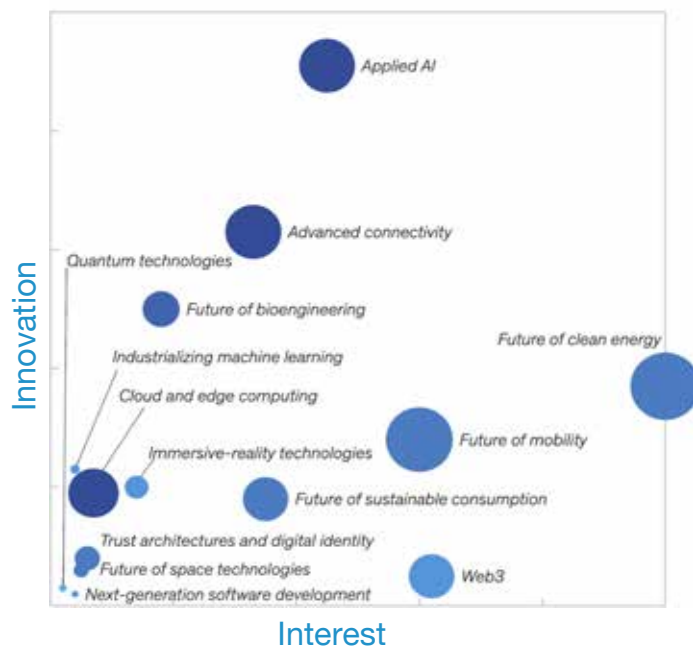
Technology Shifts

Technological Changes Future of Work Leadership Strategies

Our World is Changing...

Advances in... AI, clean power, mobility, life science, space ...

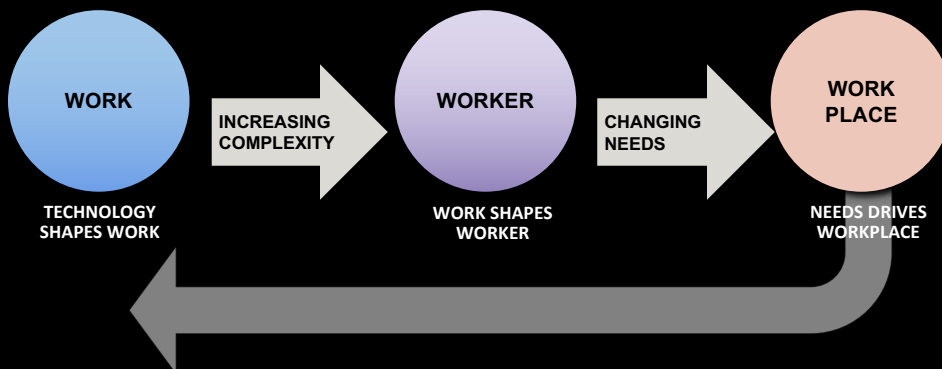
will have the greatest impact on humanity this next decade.



Source: McKinsey Technology Outlook 2022 - <https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/the-top-trends-in-tech>

Change will never be this *slow* again.

Redefinition of Work



The Future of Work?



Future Workforce

2022 World Economic Forum - Found Massive Skill Shortage; by 2025

- 32% of existing roles MUST expand
- 34% of the workforce WILL BE entirely new roles
- 55% of the existing workforce MUST re-skill / upskill

Workforce must become...

More flexible and decentralized



Source: World Economic Forum Future of Work report 2020 - https://www3.weforum.org/docs/WEF_Future_of_Jobs_2020.pdf (page 29 - Figure 20 and 26)

Transformations in the Workplace



PHYGITAL
WORK

IRL and remote AND the
use of atoms with bits.



VISUAL
APPRENTICESHIP

Proximity of leaders to
talent - critical for
growth



AVOIDING
TALENT DECAY

Relevance or keeping it
is the goal.



SUPPORT OVER
SURVEILLANCE

Inspiring, trusting
leadership supports
development

Performance: Offense and Defense



OFFENCE



DEFENSE

Strategy	Drive	Defend
S-Curve	Innovate	Maturing
Action	Acquire (talent)	Retain (talent)
Results	Grow Margin	Cut Costs
Requirements	Iterate	Produce
Process	Huddle / Collaborate	Block / Concentrate



HARD ALONE

4 Things We Need for Effective Work



→ Concentration



→ Convenience



→ Collaboration



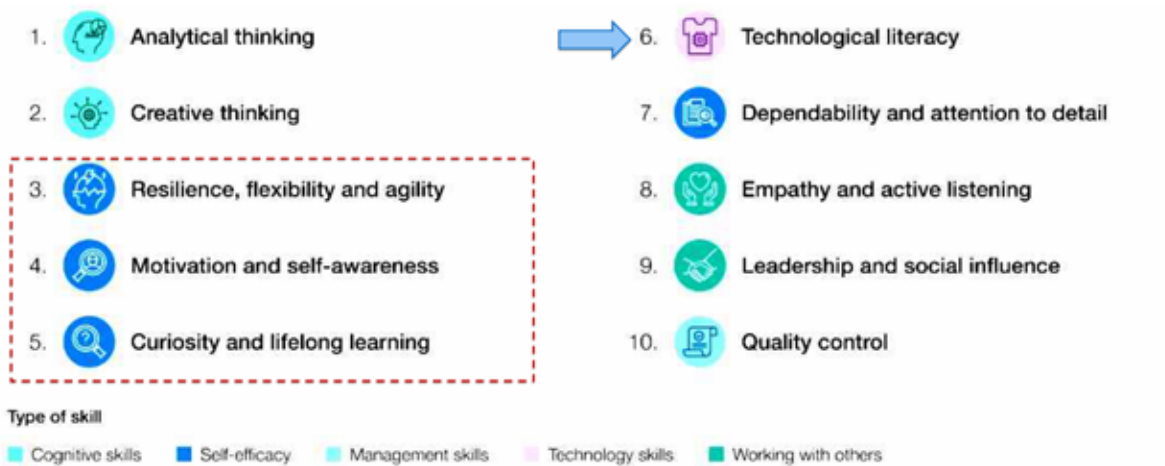
→ Community

Drive Humanity into the Workplace

Pivotal Point

Technological Changes Future of Work Leadership Strategies

Top Skills Needed in 2024 (via World Economic Forum)



New Leadership in a Boundaryless World

Transcend the constraints and limitations of the past



Embrace Human Performance:

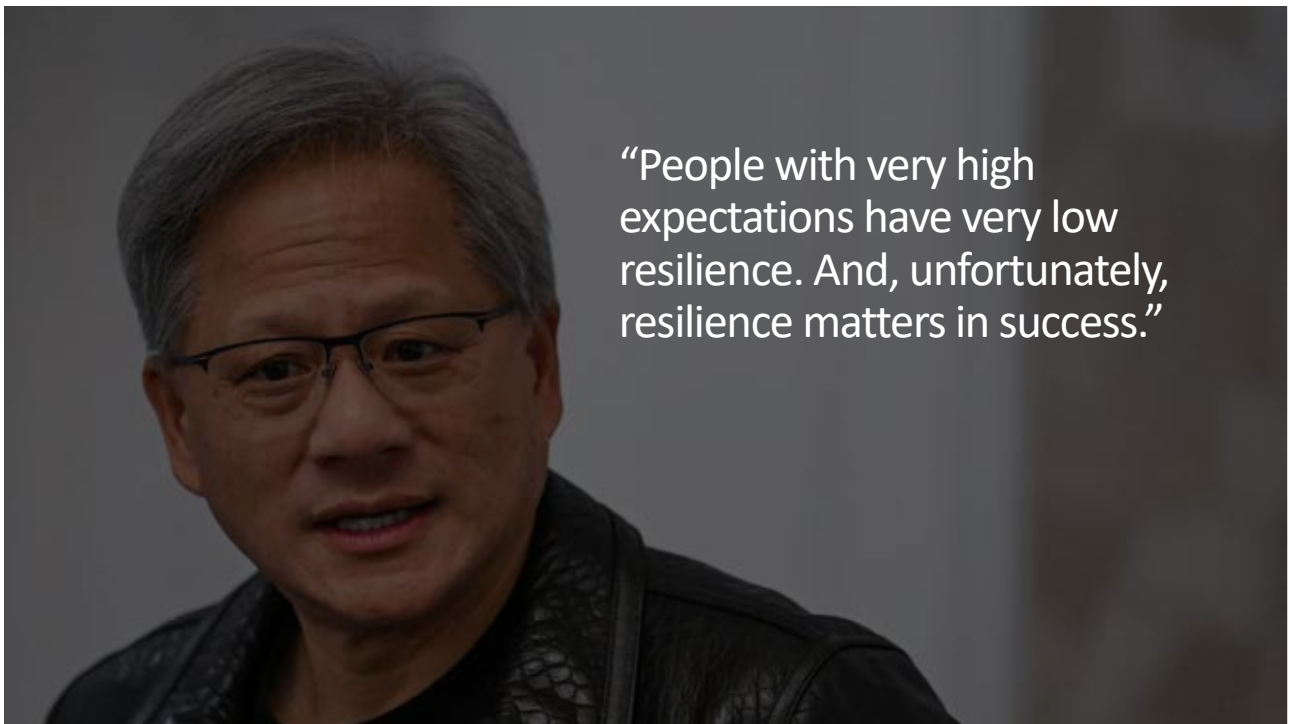
- NOT traditional productivity metrics.
- Leverage new data and AI for insights into performance.

Foster Imagination and Innovation:

- Encourages imagination and play.
- Use digital play to experiment new ideas, collaborate, co-create

Cultivate Adaptive Microcultures:

- Allow different working styles (i.e. kindle, book, audible)
- Space for perspectives and collaboration across teams.



“People with very high expectations have very low resilience. And, unfortunately, resilience matters in success.”

Thank You

Change Will Never Be this Slow Again

Lisa Picard
Picard@oxygenre.com



Concord Summit Capital

One of the leading intermediaries between sponsors & capital providers for CRE debt & equity financing.

Over 20 years of experience investing in transitional, underperforming, and distressed properties.

Over \$25 billion in structured finance closings.

Preferred equity investments and bridge loans from \$2-25 million for all asset classes



Products Include:

- Bridge Loans for Note Purchases
- Rescue Capital
- Single Asset and Portfolio Loan Acquisitions

Summit Investment Management

Invests in and manages distressed and underperforming commercial debt and other financial instruments.

Invests in opportunistic credit or complex transactions involving middle market companies ranging in size from \$10 million to \$250 million in revenue.

Partnered with Fortress Investment Management (\$44.7 billion AUM).



StoryBuilt: Rise and Fall of Urban Developer

CASE STUDY

- StoryBuilt and Swiss private market investor Partners Group AG formed a \$1 billion joint venture with plans to develop 17 projects across the U.S.
- StoryBuilt also had several balance-sheet projects and other joint-venture partners, with groups such as IHP Capital (CalSters).
- After furloughs and attempts at reorganization, the struggling developer entered voluntary receivership in 2023, marking one of the largest Texas development company to collapse in history.



CONCORD SUMMIT SOLUTION:

CSC was originally hired to finance all the vertical development of the Company. When it was clear there were issues, CSC did the following:

- 1) Conducted all negotiations with GP/LP
- 2) Selected the Receiver
- 3) Brought in a credible developer to manage all the assets and to take vertical all those that were deemed economically viable.
- 4) Finance the first two developments for vertical construction.

Class-C Houston Multifamily: Insurance And Taxes

CASE STUDY

- Class-C Houston multifamily has performed relatively well throughout the interest rate cycle.
- Unfortunately, two items have erased significant common equity: Insurance and taxes.
 - Underwrote: \$800 - \$1,200 per unit;
 - Actual: \$2,300 - \$2,800.
- Result:
 - Onslaught of mezzanine foreclosures
 - LP's exercising take-over rights in an attempt to renegotiate with lenders and protect equity.
- The number of impacted properties is astonishing.

CONCORD SUMMIT SOLUTION:

- CSC works directly with owners, operators, and lenders.
- Don't just approach lenders and ask for discount or an extension,
- Rather, curate solutions that fairly re-engage management and provide lenders with fresh equity and operators, and business plans.

Property #	City, State	Vintage	Units
1	Fort Worth, TX	1985	264
2	Mesquite, TX	1982	286
3	Fort Worth, TX	1986	264
4	Fort Worth, TX	1985	263
5	Dallas, TX	1986	242
6	Dallas, TX	1985	208
7	Mesquite, TX	1983	120
8	Arlington, TX	1977	224
9	Arlington, TX	1969	204
10	Stephenville, TX	1983	306
11	Stephenville, TX	1984	200
12	Stephenville, TX	1972	127
13	Stephenville, TX	1982	80
14	Houston, TX	1979	659
15	Houston, TX	1980	572
16	Houston, TX	1982	250
17	Houston, TX	1981	312
18	Houston, TX	1979	216
19	Houston, TX	1977	347
20	Houston, TX	1983	284
21	Houston, TX	1978	432
22	Houston, TX	1972	940
23	Houston, TX	1979	844
24	Houston, TX	1979	704
25	Houston, TX	1978	708
26	El Paso, TX	1986	248
27	Longview, TX	1973	264
28	Corpus Christi, TX	1973	783
29	Dallas, TX	1984	396
30	Dallas, TX	1986	486
31	Dallas, TX	1984	774
32	Dallas, TX	1983	270
33	Dallas, TX	1983	310
34	Dallas, TX	1983	284
35	Dallas, TX	1983	314
36	Dallas, TX	1983	309
37	Longview, TX	1983	310
38	Longview, TX	1983	252
39	Tyler, TX	1980	317
Totals		1981	14,373

Defunct Syndicators

CASE STUDY

- Previously, the overall strength of the market allowed poor operators to show decent returns even with a lack of execution.
- As lenders pulled back on "bridge-to-bridge" and "construction-completion", these syndicators were left with projects that, as-is, had no equity value.

CONCORD SUMMIT SOLUTION:

- Concord Summit recognized that many strong projects were stalled while operators looked for any lender who would be willing to give them a lifeline.
- We take a different approach and demonstrate the value of completing the project with an experienced owner/operator who will sign guaranty's and is a known quantity for execution.
- In many cases, the existing equity remains in the project with value when/if the market returns to normalcy.
- Created new, \$200 million new investment platform to buy equity positions in troubled properties and operate on behalf of equity investors that are afraid of having their equity wiped out under current structure



Faculty

Paul R. Glassman is Of Counsel with Stradling Yocca Carlson & Rauth, P.C. in Santa Monica Calif., where he chairs the firm's Business Reorganization and Financial Restructuring Group. His practice focuses on complex corporate and municipal reorganizations, workouts, financings, distressed M&A and related litigation, with particular emphasis in the municipal, media/technology, real estate, health care and retail sectors. He has represented numerous debtors, secured creditors, committees, bidders and landlords in various high-profile real estate and hotel cases. Mr. Glassman's experience spans a number of landmark bankruptcy cases, including the City of San Bernardino, Calif., chapter 9 municipal bankruptcy case (lead debtor's counsel), the Orange County, Calif., chapter 9 municipal bankruptcy case (lead counsel for the official subcommittee of Orange County Cities and the City of Irvine and later the County), and a number of significant out-of-court restructurings, including a major apartment portfolio (lead counsel for a BlackRock fund as creditor) and of a major hotel REIT (lead counsel for the debtor). He has lectured extensively and authored numerous articles in various leading publications, including the *Business Lawyer*, the *American Bankruptcy Law Journal*, the *ABI Journal*, *The Norton Bankruptcy Advisor* and the Thomson Reuters Aspatore publication. Mr. Glassman received his B.A. *magna cum laude* and Phi Beta Kappa and his M.A. in economics from the University of Pennsylvania, and his J.D. from Stanford Law School, where he was a member of its law review. He clerked for U.S. Bankruptcy Judge Mariana R. Pfaelzer of the Central District of California from 1978-79.

Kevin M. O'Grady is the founder, chairman, co-CIO and partner of Concord Summit in Miami. He has more than 40 years of commercial real estate finance and related industry experience. Mr. O'Grady provides solutions for commercial real estate transactions of all types of asset classes, including office, retail, multi-family, for-sale residential condominiums, hospitality, industrial and mixed-use developments both urban and suburban. In his combined experience, he has been responsible for the development of more than 10 million square feet of commercial projects, 23 master-planned housing communities, 6 million square feet of commercial leasing and more than \$25 billion in structured finance closings. Prior to founding Concord Summit, Mr. O'Grady was a senior vice president and managing director with Walker and Dunlop. He also was a founding member of the National Equity Practice Group of Cohen Financial, a division of Guggenheim, and a director at LJ Melody, and he was a senior officer at such development companies as Atlantic Gulf Communities, HF Ahmanson, Robert Trent Jones Development, Turner Development and CSX Development. Mr. O'Grady received his undergraduate degree in 1977 from the University of Maryland.

Lisa Picard is a founding partner at Oxygen in Seattle, an investment management firm providing expertise and capital to distressed office and multifamily assets. She also consults with large owners and asset managers, leveraging her operational expertise to advise on strategies amid cyclical and systemic change. Ms. Picard sits on several boards and is an advisor to proptech startups and real estate funds. As former president and CEO of EQ Office, a Blackstone portfolio company, she oversaw the restructuring and rebranding of its nationwide office portfolio. This encompassed the strategic disposition of nearly \$11B in legacy assets from Blackstone's 2007 acquisition of EOP, as well as stabilizing remaining assets valued at over \$27B. Ms. Picard has nearly 30 years of experience in developing, operating and investing in major urban properties. She has led 200+-employee organiza-

tions and managed multifaceted portfolios. Ms. Picard has taught real estate classes at the University of Washington and the Massachusetts Institute of Technology, and is a frequent speaker and writer on real estate issues. She is a member of the Urban Land Institute. Ms. Picard received her B.S. in urban and regional planning from California State Polytechnic University in Pomona in 1991, and her M.C.P. in economics and urban design and her M.S.R.E.D. in finance and investment from the Massachusetts Institute of Technology in 1995.

Genna Zaiman is a managing director with Silver Point Capital in Greenwich, Conn., and serves on the firm's Direct Lending team. Previously, she was a loan-closer in the leasing division of Citigroup, where she was responsible for managing the operations of the financing process from inception through closing. Before Citigroup, Ms. Zaiman was a mortgage coordinator at New Century Financial and Argent Mortgage. She received her B.A. in psychology from The George Washington University.