

In The News

Carol Faber Elaborates on Recent Interest In Distressed Debt with *Private Equity Real Estate*

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Carol Faber, co-chair of Akerman's Distressed Property Practice, spoke to *Private Equity Real Estate* (*PERE*) about the recent uptick in interest by private equity firms in acquiring distressed real estate debt. According to *PERE*, during the first two quarters of 2019, real estate funds which target distressed debt raised \$18.75 billion, making it the most popular debt strategy so far this year. The publication elaborated, the first-half equity haul is the largest half-year volume for such vehicles over the past five years. *PERE* also noted a likely reason for the trend is that mature pricing has driven cap rates down, making certain equity acquisitions less appealing. Taken into account with other market trends, managers see this pricing environment leading to a rising demand for refinancing and, ultimately, more defaults.

"People are starting to think a downturn is coming sooner than later," Faber said. "They want to be well positioned to take advantage, so they're talking about it and trying to raise money for it, but they aren't necessarily deploying it just yet." Faber added, "They sliced and diced the capital stack in a number of different ways, so workouts will be a lot more complicated than they were last time. But where there are challenges, there are also opportunities

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