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Texas Roundup

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[JV Working \\$600 Million-Plus Buying Plan](#)

By **Connie Gore**

AUSTIN – With their sights set on distressed properties, Houston-based Principle Equity and Partnered Property Acquisitions Group of Austin have set a plan in motion to acquire \$600 million to \$800 million of multifamily properties from institutional lenders.

The partners have formed United Equity Ventures as their buying arm, jump-starting the spree with two agreements in hand. **Daniel Summers**, acquisitions director for the new joint venture, says the first deal will close within 60 days – a \$250 million portfolio purchase representing slightly more than 3,000 units. The JV also is doing due diligence for a \$25 million pickup.

Summers says the buying plan is being fueled by "select groups of equity partners all working on the same page." Principle Equity has a varied property-type portfolio while PPA only buys multifamily assets.

Summers estimates the JV has the equity power to acquire up 10,000 apartments, inside and outside Texas. He says the "distressed" label will be one that closely follows PPA's M.O., which targets properties with operations issues more so than deferred maintenance. The JV's principals include PPA's CEO **Monte K. Lee-Wen** and Principle's CEO **Michael McQuay**.

"The drastic fall in asset values caused by the financial crisis has marked the beginning for another turn in the cycle for significant wealth creation," McQuay says.

The JV is targeting deals north of \$20 million, with a preference for portfolios that exceed \$100 million. Summers says he is sourcing discounted deals from institutional sellers, specifically lenders. As for the anticipated hold, he says it's hard to predict, but the plan is to buy and sit pat until the market returns to its norm with regard to sales and asset values.

"I've lived through two previous market cycles and this one is by far the most challenging," Summers says. "Market values have crashed, debt markets are nonexistent and equity is on the side line. All the ingredients for a well capitalized and extraordinarily seasoned team of real estate entrepreneurs to combine assets and talents and acquire deep discounted portfolios of underperforming properties and/or notes."

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