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Berkshire Looks at Entity-Level Investment



New York City

NEW YORK CITY—Formerly the head of Citi Property Investors' North American real estate opportunity fund, Larry Ellman has set up a real estate private equity business within the Boston-based Berkshire Group. Known as Berkshire Realty Ventures, the new platform is based out of New York, and focuses on entity-level investments in operating companies.

"The strategy is to make investments in what I'll call small to mid-sized, private real estate-related operating companies," Ellman tells GlobeSt.com. "Over the years, Berkshire has had a great track record when it comes to sponsoring real estate companies, and they bring a lot to the table when it comes to helping grow businesses." He adds that providing capital is another strong point for his new employer: "they've brought four companies public in the past 20 years."

Ellman says the platform's plan is to focus on "very good management teams where there's a need for entity-level capital and a credible plan for growth. We'd consider all of the food groups including hotel and senior housing, and we'd also look at mortgage banking and real estate fund managers.

The spectrum of potential investments represents "a pretty broad universe," says Ellman. "The key is finding management teams where we think there's a cultural fit, a good business plan and a need for our kind of money."

Ellman, who left Citi in late February to set up shop at Berkshire, says the company's culture as well as the new platform motivated him to come aboard. "Berkshire wanted to start a new private equity business to take advantage of the market with a substantial allocation of capital from the firm's principals," including chairman Frank Apeche. "It's a great group of people who have worked together for many years, and after my having lived in the corporate world for 15 years at JPMorgan and Citi, I was excited to join a very nimble, entrepreneurial firm, but one that is also very well capitalized," he adds.

Along with operating companies, investing in multifamily development is another possibility. Asked whether Berkshire would consider looking at development entities in other sectors, Ellman responds, "It's kind of market-cycle driven. Berkshire has a very broad multifamily investment and management platform, so there's a lot of knowledge that goes along with that. We have a view that there could be a window here to get in early and opportunistically to the next development cycle."

Ellman says the new group is "actively looking at deals." Although the platform's corporate parent is providing support services, "shortly I'm going to be hiring support at both the senior transactor level and the analyst/associate level," he says.

At the moment, says Ellman, "we're investing primarily from the Berkshire family office. We also may bring in institutional investors on a co-investment basis in the near term. In the medium term, once we have a little bit of a track record, we may look to sponsor a discretionary fund."

During his tenure with CPI, Ellman led the North American fund platform, including the fundraising and investment activities for Citi's \$600-million opportunity fund. He joined CPI in 2004 from JPMorgan Investment Management.

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