

Lightstone Lines Up \$500M Rescue Capital Fund For Troubled Loans, Stalled Projects

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Lightstone Group (<https://www.bisnow.com/tags/lightstone-group>) is launching a \$500M rescue capital platform, another developer looking to seize on dislocation in the commercial real estate debt markets.



The New York-based development and investment firm, which has a \$9B portfolio, is eyeing investments between \$20M and \$100M in multifamily, industrial and hospitality assets across the country, according to a release. Notably, the firm isn't considering office assets with the rescue funding.

Lightstone, founded by David Lichtenstein, is looking at “right-sizing impaired equity or credit positions” with the fund, which is prepared to invest equity, preferred equity or credit. The firm said the platform could invest in restarting stalled developments or with buildings that need additional capital expenditures.

The firm plans to deploy \$500M of its own equity with the platform, which it expects to spend over the next two years, targeting the top 50 metropolitan areas in the U.S., a Lightstone spokesperson said.

Lightstone President Mitchell Hochberg (<https://www.bisnow.com/tags/mitchell-hochberg>) said in a statement that he sees “tremendous opportunity in this new venture to fill voids in the capital stack,” given the amount of commercial real estate debt set to mature soon.

A total of \$929B in commercial property loans are due to mature this year alone — almost a fifth of outstanding debt, according to the Mortgage Bankers Association (<https://www.bisnow.com/national/news/commercial-real-estate/929b-in-commercial-property-loans-set-to-mature-in-2024-122842>). More than \$2.2T is coming due between now and the end of 2027, data firm Trepp estimates (<https://www.wsj.com/real-estate/commercial/the-bill-is-coming-due-on-a-record-amount-of-commercial-real-estate-debt-451ec8cb>). Those obligations will force borrowers to either refinance or sell properties, and with the pullback in bank lending (<https://www.bisnow.com/national/news/commercial-real-estate/cre-lending-exposure-could-mean-fresh-trouble-for-regional-banks-122825>), more private real estate firms are angling to take advantage.

RXR (<https://www.bisnow.com/tags/rxr>) and Ares Management (<https://www.bisnow.com/tags/ares-management>) Corp. have teamed up to launch a \$1B fund (<https://www.bisnow.com/new-york/news/office/rxr-ares-launch-1b-fund-to-buy-distress-manhattan-offices-122495>) to acquire distressed Manhattan office properties. Lone Star Funds (<https://www.bisnow.com/tags/lone-star-funds>) raised \$2B for its seventh opportunistic real estate fund, *Bisnow* reported last week (<https://www.bisnow.com/london/news/capital-markets/revealed-distressed-specialist-raises-2b-for-new-fund-122988>). And last year, Starwood (<https://www.bisnow.com/tags/starwood>) started raising its 13th opportunistic fund, which has a \$10B target (<https://www.perenews.com/starwood-launches-fund-xiii-eyes-allocation-changes/>).

Lightstone launched its lending platform in 2019 and hired Eugene Rozovsky (<https://www.prnewswire.com/news-releases/lightstone-announces-new-real-estate-lending-platform-300780833.html>) to oversee the debt strategies arm. In September 2020, Rozovsky told *Commercial Observer* that the pandemic allowed the firm to step into deals when traditional lenders and banks backed out.

“Lightstone wanted to get into the debt business to capitalize and further diversify its scope of investments in general and — given where we were in the market cycle — understanding how to lend not on core assets, which the rest of the world does, but distressed opportunities, we thought that there was going to be a lot of opportunity,” Rozovsky told *CO* (<https://commercialobserver.com/2020/09/lightstones-eugene-rozovsky-talks-market-opportunities-in-a-post-covid-world/>) at the time.

Lightstone invests in, develops and manages \$9B of assets across 26 states, including a \$3.5B development portfolio in New York, Los Angeles and Miami. Its projects include 130 William St., a luxury condo tower in the Financial District that opened last year with more than 90% of units sold (<https://www.costar.com/article/931086932/heres-why-this-new-york-condo-tower-is-selling-out-%E2%80%94-at-full-price>). It has also developed several Moxy Hotels in New York with Marriott International.

UPDATE, MARCH 5, 8:50 A.M. ET: *This story has been updated to include additional details about the rescue capital platform.*

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