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Cautious Bullishness at Commercial Observer's West Coast Leadership Reception

'We're choosing our targets carefully, but we're certainly open for business.'

BY [GREG CORNFIELD](#) OCTOBER 25, 2023 2:50 PM



ATTENDEES AT COMMERCIAL OBSERVER'S WEST COAST EXECUTIVE LEADERSHIP RECEPTION AT THE WALDORF ASTORIA IN BEVERLY HILLS.

PHOTO: DANIEL LENNOX, LENNOX PHOTOGRAPHY

Business leaders and financial players from around Southern California met this week to celebrate Commercial Observer Power L.A. honorees and discuss the state of the West Coast markets ahead of CO's 2023 "West Coast CRE Investment Forum" on Oct. 30.

The West Coast Executive Leadership Reception was held Monday at the **Waldorf Astoria** in Beverly Hills. **Beny Alagem** and [Alagem Capital](#) – which owns the famed hotel at the intersection of Wilshire and Santa Monica boulevards — hosted the event sponsored by lender [3650 REIT](#), capital advisory firm **Ackman Ziff** and law firm [Mayer Brown](#).

James Freiman, CEO of **Observer Media**, presented [Power L.A.](#) awards to honorees and recipients. **Daniel Liffman**, partner at **Mayer Brown**, also presented the award for West Coast Financing Deal of the Year to **Aram Zakian** and **Jason Choulochas** of [Bank OZK \(OZK\)](#) for closing [\\$117 million in construction financing](#) for **The Bradmore Group**'s state-of-the-art creative office campus in West L.A.'s Silicon Beach, “one of the most coveted and supply-constrained submarkets in Los Angeles.”

“There have been many challenges and nuances unique to the past year that have required especially adept leadership, foresight and creativity to get deals and financings over the finish line,” Liffman said. “It is my honor to recognize a team that consistently evolves with the market, continues to innovate, and is behind many of today’s largest financing deals.”

Simon Ziff, president of **Ackman Ziff**, facilitated a conversation with **Jonathan Roth**, co-founder of 3650 REIT. Roth said his company provides strategies that range from 10-year fixed rate — “although very few people are borrowing for 10 years right now” — to

five-year fixed rate, which is their most popular product. 3650 REIT works on construction financing as well as interim financing for projects that are coming off construction loans but aren't ready for permanent financing or ready to sell, and the company recently launched a strategy to buy distressed debt.

“It's no mystery, regional banking and local banking have shrunk to a point — I've been in this industry for almost 40 years, I've never seen it quite like this,” Roth said. “We've all lived through moments in time where there's hiccups and bumps. But I think what we're about to see is going to make the [savings and loan crisis] pale in comparison just because of the sheer volume.

“The dollar volumes are staggering. If you have \$2 trillion of debt that's coming due over the next two to three years, and the dominant lender is now all but disappeared — dominant lenders being banks — do the math. Not everything's going to pencil out all that easily. Rates have gotten to a point where values have diminished 20 to 30 percent just across the board.”

Roth did say “not all office is bad.” He pointed to the office his company uses in Beverly Hills and said it's 100 percent occupied with a waitlist of tenants willing to pay extraordinary rents.

“Why? Because it's well located and well amenitized,” he said. “And people want to be there. There are offices all around the country that have the same characteristics. ... Not all offices are bad, not all retail

is bad. You just have to choose your targets very carefully. ... So we're choosing our targets carefully, but we're certainly open for business.”