Acore Backs Mixed-Use Acquisition

A **Bridge33 Capital** partnership has lined up $99.4 million of floating-rate debt from **Acore Capital** to finance the purchase of a mixed-use complex in suburban Denver that previously backed a defaulted mortgage.

The joint venture between Bridge33, a Seattle fund operator that targets value-added investments in commercial properties, and **Waterfall Asset Management** of New York paid $113 million to buy Belmar, a 1 million-sf retail/office complex in Lakewood, Colo. The property sale on June 28 followed an initial attempt by **Wells Fargo** to pitch the senior mortgage it had provided to the previous owner, **Starwood Capital** of Miami Beach, as a loan-to-own play.

The acquisition loan from Acore, of Larkspur, Calif., has an initial term of three years, plus two one-year extension options. Some $80 million was funded at the closing, and the Bridge33 partnership may draw down the rest over time to cover tenant improvements, leasing expenses, renovations and other upgrades.

"This asset has quite a bit of optionality," said **Julio Siberio,** Bridge33's head of acquisitions. "While branding and leasing will be our early focus, potential space repurposing and redevelopment will be interesting to explore in the future." He also noted that Belmar has a number of major, big-box tenants, and there's relatively little risk of the property's value deteriorating further.

As previously reported by sister publication **Real Estate Alert,** the sale of Belmar marked a steep discount from the last time it traded. After paying $293.5 million to buy it from **GF Properties** of Durango, Colo., in 2015, Starwood defaulted on the senior mortgage and eventually agreed to hand over the keys to Wells. It also defaulted on a $30.8 million mezzanine loan from **Apollo Global** insurance subsidiary **Athene Holding,** which also opted to walk away.

Wells selected **Eastdil Secured** in January to market the senior mortgage, expecting the debt would trade for slightly less than its face value. But bids for the loan came in stronger than anticipated, and the Bridge33 partnership ultimately struck a deal to buy the property outright. The proceeds of the sale were more than enough to pay off the $99.75 million balance of the Wells loan. A sale price above that amount suggests Starwood and/or Apollo collected some payment from the trade.

Belmar has 747,000 sf of grocery-anchored retail space that's about 80% occupied. It also has 255,000 sf of office space that's about 60% occupied, down from more than 90% when the loan hit the market. The property derived some 70% of its income from the retail component at the time, according to marketing materials.

The marketing campaign highlighted the shopping center's open-air layout as a key selling point amid the pandemic, along with the fact that it's anchored by **Whole Foods.** Other major tenants include **Best Buy, Century Theatres, Dick's Sporting Goods** and **Nordstrom Rack.** The complex also has a 158,000-sf **Target** store that's separately owned and not part of the loan collateral.

Belmar, at 464 South Teller Street, totals 103 acres. Like the previous debt, the Acore loan is collateralized by a 29-acre portion. The property was developed in 2004 as an enclosed mall, then converted to its current format. It has 4,900 parking spaces.

The space that traded is part of a mixed-use development that spans 22 city blocks and includes 1,200 residential units and a 135-room Hyatt House hotel. ❖