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New Seattle firm will buy real estate in U.S. markets

■ *James Neal and Bill Pollard say the goal of Talon Private Capital is to enter the market before “the herd.” Today’s market is “a once-in-a-career opportunity.”*

By **KATIE ZEMTSEFF**
Journal Staff Reporter

Two Pacific Northwest real estate professionals — James Neal and Bill Pollard — have launched a new multimillion-dollar investment firm called Talon Private Capital in Seattle. The company will use private funds to buy commercial real estate nationwide.

Neal recently retired as president and CEO of Metzler North America, and Pollard was co-founder of Pacific Real Estate Partners.

After working in the Seattle market for 20 years, the two had planned to set out on their own, but then the market started going down hill.

Pollard said they had anticipated a downturn, but still were committed to the idea of having their own business and thought a down cycle would be the best time to start.

“We had no idea that values were going to plummet as far as they have so we’re obviously very excited,” he said. “We think it is a once-in-a-career opportunity.”

Talon is working with a small group of families, individuals, endowments and foundations. Neal and Pollard are also contributing personal funds.

The firm will concentrate on industrial, office and retail buildings across the country. It tracks 17 markets, and Pollard said he and Neal are actively engaged in evaluating 12 for opportunities.

Pollard said this is the right time for individual investors to enter the market because property values are the lowest they have been since the early 1990s and because many other investors are busy dealing with problems in their portfolios and are shy about reinvesting.

Those who buy now can get high quality, well performing real estate from owners who are having trouble with financing, he said.

“We’re not going to buy troubled, distressed real estate,” he said. “We’re going to buy outstanding real estate that’s troubled because of the way the owners financed it.”

Talon is actively pursuing a couple of assets but has not purchased any properties. Pollard said he hopes to be investing in the next 12 months, around the time when many commercial real estate loans will come due.

In the industrial sector, Talon will be focused on distribution properties in gateway cities that support international trade, such as Seattle, Oakland, New York and Boston. In office property, Pollard said Talon is “enamoured with” and will concentrate on the urban core. In retail, he said the company will be selective, with demographics a deciding factor in what to buy.

In deciding where to invest, the company also will look at what is driving growth. Pollard said Talon will invest in markets with strong but different drivers to create economic diversity for its investors.

The company’s key markets are Seattle, Portland, the Bay Area, Oakland, Los Angeles and San Diego. It is also looking at Dallas and Austin, Washington, D.C., New York, Boston, Chicago and Atlanta.

In the commercial real estate sector nationally, Pollard sees more devaluation occurring in the next three to five years.

In Seattle, he said the oversupply of class A office space in the central business district will act as a cloud over recovery, though in general Seattle has strong drivers for growth. Pollard said he expects Talon to become a significant investor in Seattle in the long term.

The goal right now, he said, is to enter the market before “the herd” understands the bottom of the real estate market has been reached.

“Once the herd comes in, that’s the time that we’re going to have the discipline to not invest,” he said. “We think the wind is at our back.”

To learn more, check out Talon’s Web site talonprivate.com.



Pollard



Neal

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