

CONNECTICUT POST

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Tuesday, April 21, 2009 75 cents

DOW JONES
7,841.73
-225.60

S&P
832.39
-37.21

NASDAQ
1,608.21
-64.95

Business

CONNECTICUT POST

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TUESDAY
April 21, 2009

READY TO DEAL



ORU NADLER/STAFF PHOTOGRAPHER

Kenneth Boyle, left, and Reed Miller, managing partners at Hanover Real Estate Partners of Greenwich, are looking to acquire commercial real estate properties in Connecticut despite the recession.

Hanover hunts for bargains

By Peter Healy
STAFF WRITER

Hanover Real Estate Partners of Greenwich made an eight-figure profit from the 1998 sale of a 1,100-room hotel in Orlando, Fla., in which it acquired a controlling interest two years earlier.

The privately owned firm is looking to make more such lucrative deals during the current recession, its principals said.

"Basically, we are looking for Class A office properties on either coast in major markets," said Reed Miller, managing partner of Hanover. "We are continuing to look at East Coast hotels and mortgages on high-quality assets. We find this to be an attractive time to be in the market seeking strategic acquisitions."

Kenneth Boyle, the firm's other managing partner, said building owners might be ready to sell now because they need to raise cash or their mortgages are due.

"There will be tremendous opportunities over the next six to 12 months, mostly in office and retail," he said.

Hanover's past buying opportunities have been almost exclusively in

COMMERCIAL REAL ESTATE

other states. Its only current Connecticut property is a 92-room Hampton Inn & Suites in Mystic.

Hanover had owned office, industrial and warehouse properties in Wallingford, but sold them.

Miller said Hanover is looking at Fairfield County properties and has been talking to a couple of hedge funds about buying local real estate in a joint venture.

But the really good deals have not arrived yet in Connecticut, said Jeff Dunne, vice chairman at the Stamford office of Los Angeles-based CB Richard Ellis commercial real estate.

"The bigger bargains are in the problem states, where a lot of new construction of commercial and residential buildings has been taking place," Dunne said, citing Florida, Arizona, Nevada, Georgia and southern California.

Hanover owns office and bank buildings in California, fast-food restaurant buildings in Florida, Kmart depart-

ment stores in Michigan and Indiana, hotels in Maine, New Hampshire and North Carolina, a 350,000-square-foot office building in New Jersey, a cooperative apartment building in the Bronx, N.Y., retail and restaurant buildings in Westchester County, N.Y., 200 acres of undeveloped land in Lake Placid, N.Y., and the 41-story, 1 million-square-foot Marathon Oil Tower office building in Houston, among other properties.

Hanover estimates the total market value of its holdings at more than \$650 million.

The company said its strategy involves buying and improving "valuable but often under-performing real estate assets" and "lease restructurings to realize untapped potential." Hanover's investors include institutions and wealthy individuals and families.

Hanover and other commercial real estate investors are treading cautiously before making deals in Fairfield County, said Jim Fagan, senior managing director of the Connecticut and Westchester County operations of New York City-based Cushman & Wakefield

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York City-based Cushman & Wakefield Inc. commercial real estate.

"No one knows yet when the bottom of the market will come," Fagan said. "It's very

difficult to determine the correct pricing. Once the pricing has proved itself, there will be a flurry of (buying) activity."

Fagan said a similar buying frenzy occurred in 1991 in Fairfield County during

an economic downturn.

Founded in 1981, Hanover employs eight people in Greenwich. It moved from New York City in 1998.

In other news, Granite Group Advisors of Purchase, N.Y., a wealth management

firm, has leased 2,200 square feet of office space at 187 Danbury Road in Wilton.

Richard Rosencrans of Newmark Knight Frank commercial real estate represented Granite Group in negotiations for its lease.