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Pikesville's Carl Verstandig, L.A. real estate investor join forces

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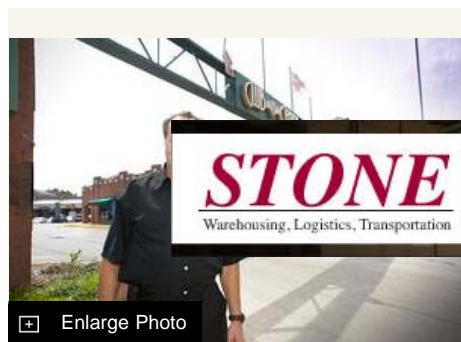
James Briggs
Deputy Managing Editor-
Baltimore Business Journal
Email

Pikesville real estate investor [Carl Verstandig](#) is finalizing a joint venture that could become a national player in buying and managing retail centers.

Verstandig, CEO of America's Realty LLC, plans to partner with [Samuel K. Freshman](#), the president of Los Angeles-based real estate investment firm [Standard Management Co.](#), on an entity that would follow Verstandig's business model of acquiring and improving distressed properties.

"I can offer him the ability to grow, and he can offer me funding," said Verstandig, who owns about 200 shopping centers in 17 states, including Maryland.

Although the deal is not final, both men



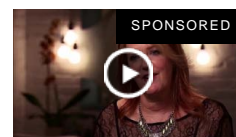
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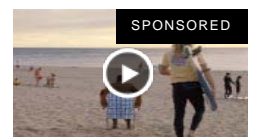
Carl Verstandig's America's Realty invests in distressed retail centers.

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said they already are eyeing a Midwest portfolio of up to 60 retail centers. [Mark Millman](#), a retail consultant who heads [Millman Search Group Inc.](#) in Owings Mills and is familiar with Verstandig's company, said such a purchase would make a splash.

"That's a pretty big number of centers to acquire at one time," he said.

The talks have come as Verstandig also has considered raising money through an initial public offering. Verstandig's goal this year has been to settle on a strategy to more than double his annual number of shopping center acquisitions from about 20.

Verstandig has spent \$90,000 on audits and legal fees in preparation for filing paperwork with the [Securities and Exchange Commission](#), he said, but he plans to scrap that plan.

A deal with Freshman means "the IPO is not a necessity," Verstandig said, "because I can accomplish what I need without going through all the hoops and still maintaining my own autonomy."

Freshman, who has owned as much as 6 million square feet of real estate, brings name recognition and "virtually unlimited funding" to the table, Verstandig said. Freshman invests in retail, housing, industrial and parking properties, and he has authored "Principles of Real Estate Syndication."

He also founded a Los Angeles law firm — Freshman, Marantz, Orlanski, Cooper & Klein — which sold to Pittsburgh-based [Kirkpatrick & Lockhart LLP](#) in 2001.

Freshman would handle financing and accounting, while Verstandig would hold the title of managing member and be responsible for leasing and managing properties.

The pair met at the 2010 [International Council of Shopping Centers](#) conference in Las Vegas. Freshman, who loaned money to Verstandig for the acquisition of an Ohio shopping center, said Verstandig demonstrated his skill in the transaction, leading to future business between them.

"He had 18 months to pay me back, and he did it in about six months," Freshman said. "I think he bought the property 50 percent occupied and got it to almost 90 percent occupied. I was very impressed with that."

Although the pair target different types of real estate — many of Freshman's properties could be described as high end, while Verstandig buys distressed strip malls — their investment strategies are the same.

"I never buy anything where the idea is I'm going to sell it," Freshman said. "At least in the transactions I've been involved in with [Verstandig], he seems to have taken the same approach."

Verstandig and Freshman could finalize the joint venture and make their first purchase within a few weeks, they said.

Until now, Millman said, Verstandig has amassed a growing roster of shopping centers without drawing much attention.

"He's under the radar screen. There's nothing wrong with that," Millman said.

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But that could change. A joint venture, Verstandig said, could enable him to exceed his previous vision for growth.

"Funding is very, very tough," he said. "We've been able to do it, but you can spend 40 percent of your year doing loans and answering bank questions. So, the ability to grow with [Freshman] is a magic wand in today's economy, because people are looking for quick deals."

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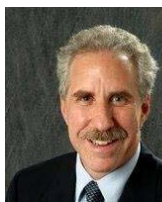
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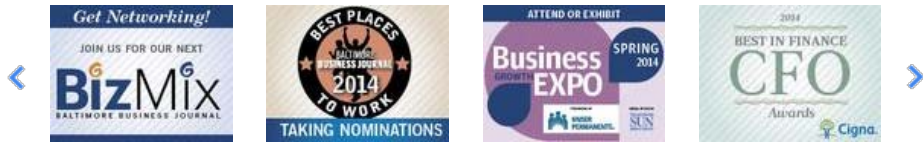
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