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**Two investment veterans decide to rejoin Houston realty fray**

By Katherine Feser

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ARTICLE TEXT

Martin Bronstein and Ralph Howard are the minds behind BHW, a new commercial real estate investment company in Houston.

The duo started Situs in 1985 and sold it nearly three years ago to a company controlled by Lewis S. Ranieri of Wall Street fame.

Under their leadership, Situs grew from a small investment company into a global real estate advisory firm with offices across the U.S. and in Europe.

Now Bronstein, 64, and Howard, 62, are returning to their roots as real estate investors, seeking out deals where they can add value by repositioning and improving properties. To carry the firm forward, they've brought on former Situs executives Maury Bronstein, Nick Howard and John S. Wall Jr. as partners.

Martin Bronstein and Ralph Howard talked about the commercial real estate market. Edited excerpts follow.

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Q: What will your new venture focus on?

A: Bronstein: We're focused on making investments through either acquiring properties or solving problems for other people in which we come in and become part of the ownership, typically.

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Q: What types of properties do you see the firm investing in?

A: Howard: Basically, we're more focused on retail and land transactions, but we'll also look at office and industrial.

Bronstein: We've actually looked at some opportunistic plays. We've looked at a marina, some small hospitality and multi-family deals.

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Q: Do you have any developments in the works?

A: Howard: We've got two deals we're looking at developing. We bought 25 acres of land for a fund we have at Promenade in Stafford off of Highway 90 (Main Street). We've got three sites under contract to various freestanding retail users. We're considering developing a multi-tenant retail center. We're considering redeveloping the Situs headquarters site on the Southwest Freeway near (Loop) 610. Situs is moving out in 10 months. We're looking at remodeling the building and possibly building another building on the site.

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Q: What kind of interest do you see from investors outside of Houston?

A: Bronstein: There's been so much interest to a point that prices people are asking for properties make no sense. They are really too high. Land, in particular. Most properties are being marketed at a price that only a user could afford to pay.

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Q: Which sectors are doing the best?

A: Howard: Houston right now is hitting on all cycles. I've heard people say that Houston is the best commercial real estate market in the world of any major city. It's certainly one of the best. There's more construction planned or underway than just about anywhere. Houston had not had much new development to speak of in the last two years. There's plenty of pent-up demand. You know there's going to be a major wave of apartments, office buildings and industrial construction. The only thing that is lagging a little behind is retail.

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Q: Where is there trouble?

A: Bronstein: The market is so overheated right now, especially the investment market, that prices that people are paying for property are so high. Houston, in the past, always had a penchant for overestimating the demand and overbuilding. We have a period of time after the construction where the space takes a while to absorb. We don't know if that is going to happen.

We're operating with some degree of restraint. That's one of the reasons we've been able to successfully raise money for the projects we're doing. We're not taking undue risk. We're not willing to overpay.

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Q: Is it easier to get financing these days?

A: Howard: It's easier than it was two years ago, but not as easy as it was four years ago. Interest rates are low, but they're starting to creep up. The biggest difference is the amount of equity that is required nowadays. Banks and other financial institutions require the borrowers to put up more cash now. If they used to get debt on 75 percent to 80 percent of the acquisition price, now it's more like 60 to 65 percent.

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Q: Why did you start BHW now?

A: Howard: We thought it was a good time to try a different kind of business, back to the way we started Situs to begin with. It was a real estate brokerage, like an investment sales company. It evolved into a consulting company about the time that they started securitizing real estate in the early '90s.

We brought in these three young professionals. They're the next generation. It's an opportunity to extend our careers, but allows us to look at things with a longer holding period.

One of our goals in doing this is to help these young men become powerful participants in the real estate community.

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Martin Bronstein and Ralph Howard are back on the Houston commercial real estate investing scene with the founding of BHW.

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Martin Bronstein and Ralph Howard, founders of commercial real estate investment firm BHW, are evaluating their options for 4665 Southwest Freeway, including a potential redevelopment of the site.