

Mission Capital Markets Massive Portfolio of Distressed Mexico Loans

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Commercial Real Estate Direct Staff Report

Mission Capital Advisors is offering a massive portfolio of distressed residential and commercial mortgages on Mexican properties on behalf of a private-equity fund.

In addition to the portfolio, which contains 4,136 loans totaling 2.3 billion pesos (\$222.2 million), the offering includes a servicing unit with six offices in Mexico that has been working the portfolio. Mission, a New York advisory firm, will take offers just for the loans, the loans and the servicing platform, or just the platform.

The portfolio could provide an investor an instant toehold on the Mexican mortgage market, which has evolved considerably since the country's economic downturn in 1994, which led to a banking and mortgage-market crisis. Now, the country's president, Vicente Fox, is pushing to substantially increase the country's housing stock in the coming year. To facilitate that, he has proposed providing at least partial government guarantees on mortgages in order to spur the development of a secondary mortgage market.

As a result, demand for mortgages should climb considerably.

What's more, Mexican government authorities continue to try cleaning up the country's mortgage market and have regularly put portfolios of loans up for sale. An investor with a servicing operation in tow would have a leg up on competitors.

Roughly 2,900 of the loans in the portfolio that Mission Capital is marketing are backed by single-family homes. The remaining 1,200 are backed by commercial properties. Those loans generally have small balances. Collateral properties are scattered throughout the country.

The loans are in various stages of distress. Some loans have already been foreclosed. The loans' current owner has been working them since acquiring them over the past three years. Because a buyer has the option of acquiring the servicing platform handling the loans, they could simply continue those recovery efforts seamlessly.

Mission Capital started distributing offering information on the portfolio this week and expects to gather indicative bids in late-January. It has set a final bid date of Feb. 24.