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**MORE REIT JVS EXPECTED**

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More real estate investment trusts are likely to turn to joint venture partnerships as a way of raising capital. “Three or four years ago, people were not as inclined to do joint ventures because REITs had access to a variety of capital sources, whether it was public market capital, asset disposition or debt financing at high loan-to-value ratios,” said **Yaacov Gross**, co-chair of the real estate capital markets group **Goulston & Storrs**, which advised on the recent $1.09 billion joint venture between **TIAA-CREF** and **CBL & Associates Properties**. “That dynamic has altered and is still shifting. Joint ventures were viewed in the past as being a complicated source of financing and today it is becoming increasingly looked at with favor.”

REITs have often shied away from joint ventures because they can be tricky to structure. “On one hand, you’re selling the asset but you’re also keeping the asset,” Gross said. “You have to structure the venture correctly from a tax and day-to-day management point of view. You also have to control it from an exit point of view. When you start dealing with tax, structuring, governance and exit issues, therein lies the complication. But if you look at the REIT space, you will see that many are reaching out for joint venture capital.”

TIAA will invest in four CBL-owned malls—Oak Park Mall in Kansas City, West County Center in St. Louis, CoolSprings Galleria in Nashville and Pearland Town Center in Pearland, Texas. It will receive a 50% pari passu interest in Oak Park Mall, West County Center and the CoolSprings Galleria and a 12% stake in Pearland Town Center. Additionally, TIAA will assume $268 million of debt while CBL will continue leasing and management. This is the first time that CBL has done a joint venture like this with institutional capital, Gross said. “Institutional capital comes with quirks and issues. CBL is more of an entrepreneurial culture than an institutional culture,” he noted, adding that the partners were able to bridge these issues.