

# **REAL ESTATE WEEKLY**

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## **Profile of the Week: Entrepreneur Zegen enjoys the thrill of the deal**

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To say Joshua Zegen was an entrepreneur at birth is a slight exaggeration—but not much of one. With the success of his childhood baseball card business, along with a profitable sportswear company in college, it's little wonder why Madison Realty Capital is on pace to complete millions of dollars in transactions.

“This year, we're on track to do \$500 million in transactions,” said Zegen, managing partner and co-founder of Madison Realty Capital. “This year we're going to double production.”

Specializing in bridge lending, Zegen found his niche with clients who swiftly needed money for short-term financing. Their transactions—which are all commercial—include everything under the sun, except for assisted-living facilities. The firm recently financed the Southwest Center Mall, in Dallas, and Zegen's resume includes deals on properties in all 50 states.

While many financial companies have felt the credit crunch, Zegen says Madison is busier than ever; the company has grown from \$12 million in equity in May 2005 to \$250 million in equity today. The stingy lending of other financial companies has increased the demand of balance sheet financing and today's climate has meant less competition for the firm.

“In New York you see a lot of foreign buyers and that's something that's propelling the market here...it's definitely sucking up some of the demand that's evaporated from Wall Street,” Zegen said. “But some of our competitors are simply out of money.”

After graduating from Brandeis University in 1997, with a degree in economics, Zegen entered the debt capital market with Merrill Lynch, working on mortgage and asset backed debt offerings within their Debt Capital Markets division. Shortly thereafter, he was recruited at a venture capital firm but his entrepreneurial passion didn't take long to kick in. He helped launch PanAm Mortgage, growing the company to 100 people in three years.

But Zegen's partner at PanAm wasn't interested in penetrating the commercial financing market. So to explore the possibility of founding a new firm, he called upon

an old friend and business partner—his college roommate. In 2004 Zegen founded Madison Realty Capital with college buddy Brian Shatz, and with Mark Bahiri.

Together at Brandeis, he and Shatz transformed their dorm room (and parents' basements) into a warehouse of sorts, stocking inventory for their sportswear business. Buying game caps for less than a \$1 and selling them for \$7 proved a profitable venture for the two friends. It was a sign of things to come, but it was also a learning process.

“An idea is only as good as it's executed,” Zegen said. “We had a lot of great ideas, but we had a lot challenges and sometimes you learn more from that than all of the successes.”

But entrepreneurial instinct was always a staple for Zegen—even growing up in New Jersey. As early as 12 years old, he was a savvy businessman.

Zegen purchased baseball cards directly from the traditional card companies including Fleer, Dunruss and Topps. His father, who worked as an attorney, brought him to area batting cages to sell. Zegen even recalls his father waking up at 6 a.m. on game days to drive him to Giants Stadium where he operated his own sales booth.

He ran the baseball card business for about four year and the work of his teenage years paid off. When Zegen needed cash to help launch PanAm, he emptied his parent's basement and liquidated the card collection on eBay, netting approximately \$20,000.

Zegen's past experiences also include founding Alpine Commercial Capital, where he originated more than \$1 billion in mortgages since 2001. He also worked as an investment banker for Salomon Smith Barney's Financial Sponsors/Private Equity group, concentrating on leveraged buyouts, equity/debt financing, mergers and acquisitions, as well as private placement transactions.

At Madison, Shatz—who recently launched a hedge fund—handles the back end investing, while Zegen focuses on the real estate side, specifically deal origination and deal structuring. The company has flourished, now operating with a 35-person staff and Zegen hopes to soon add mezzanine financing to his repertoire.

He is also president/co-founder of the Brandies Entrepreneurs Network, and co-founder of The New York Private-Equity Network. Away from finance, Zegen enjoys traveling and spending time with his family.