

# Commanding capital: Flagship Capital Partners funds flow in otherwise dry market

BY BRANDI SMITH

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“Our phones have really been ringing off the hook,” said J.C. Clemens.

The director of investments for Houston-based Flagship Capital Partners, Clemens said the past few months have been about as close to business as usual as they can be under the current circumstances.

“We’re being very smart about the deals we’re choosing to lend on and we’re being thoughtful on our underwriting, but that’s how we’ve always operated as a capital source,” he said.

Doing so has made Flagship dependable and durable, able to continue investing in projects even as the capital markets dried up due to the COVID-19 pandemic.

“There are many larger capital providers with a lot of exposure to hotels, retail and oil and gas. Therefore, a lot of them have gone away,” said Clemens.

He said the advantage of a private capital source such as Flagship is that the company keeps all its loans on its balance sheet. It doesn’t sell those loans off, as some other groups do.

“Given all the uncertainty that's in the market, people are looking for a lender who can close, somebody who can close on the terms they quoted in that first call. There’s no bait-and-switch,” Clemens said. “This is what we can do. We know we can do it. And we’re closing on those terms.”

Flagship does it so well, its clients are spreading the word about the reliable capital provider that is actively looking to lend right now.

“We have plenty of dry powder that we want to put out in Q4 of this year and all of next year,” said Clemens. “We have capital available.”

Those funds are available via two Flagship programs. The first is its Senior

Bridge Debt Fund, which provides bridge loans to acquire value-add properties throughout Texas, the southeast and southwest.

“We’re on our fifth debt fund,” Clemens boasts, “so that is a very well-oiled machine.”

He said he’s noticed a decrease in retail deals since the pandemic started, but volume for office, industrial and multifamily has been pretty consistent.

Flagship also offers an Equity Opportunity Fund, a facility by which the company partners with owners and operators as an equity investor with a particular focus on multifamily.

“We invest with them on a joint venture basis,” said Clemens. “For example, if someone is going to buy an apartment complex and they need a partner to go in with them, Flagship can be that partner.”

Those equity funds just started flowing at the beginning of the year and already Flagship has closed deals in Austin and Louisville, Kentucky. It’s also looking at deals in Florida and other parts of the Southeast.

“We’re really focused on value-add workforce housing,” Clemens said. “Our partners are going into these properties and fixing them up, then either refinancing or selling them in three to five years.”

Multifamily assets, Flagship knows, are a reliable investment. After all, COVID-19 can shut down retail and hospitality offerings, but when that happens, it’s because people are choosing to stay home.

“People are always going to need a clean, safe and affordable place to live,” said Clemens. “Food and shelter: those are the bare necessities people need to live a safe and happy life.”



Flagship has a long history with multifamily that even predates its founding by David Minberg and Jarrod Foerster in 2011. Before founding Flagship Capital Partners, managing partner David Minberg owned and operated a portfolio of roughly 30,000 multifamily units. He sold off those properties in the mid-'00s, converting that portfolio into a capital source. In 2011, Flagship was born. That background is one of the reasons the company has been so successful.

"I think a lot of borrowers are attracted to our program because we come from the ownership side, not the New York investment banking side. We really understand what our clients and our borrowers are going through," Clemens

said. "That makes it easier for us to custom tailor a capital solution to help fit their needs."

It's that custom fit and the challenges that lie in each deal that ignite Clemens' passion for his job.

"No deal is like any other deal. It keeps it exciting," he said, adding that he's always eager to learn from the veterans with whom he works at Flagship.

Ten years into the industry, Clemens said he's soaking up what he can from mentors, such as Minberg and Foerster, who have weathered the storms of commercial real estate. He attributes Flagship's staying power to the decades of experience on its team.

"They've seen so many deals, so many different structures," said Clemens. "Over time, your tool just gets sharper and sharper."

It's a tool Flagship is now able to wield during yet another challenging cycle for CRE, one that keeps those phones ringing.

For more information about Flagship Capital Partners, visit [FlagshipCo.com](http://FlagshipCo.com) or call 713-623-6000.

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