

Why Today's Office Crisis Is Tomorrow's Opportunity – And Why Homeland Is Built To Win It

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Winter Park/Grand Junction Colorado
December 2026

Across Denver and Colorado's Front Range, the commercial office market is in the middle of a once-in-a-generation reset. Remote and hybrid work have permanently reduced daily office attendance; vacancies are elevated and many downtown and suburban buildings are struggling to cover debt and operating costs. At the same time, city leaders and private developers are racing to convert obsolete buildings into housing and mixed-use projects, backed by new policy tools, capital programs, and a growing public consensus that under-used office stock must be reimaged. For most traditional landlords who relied on short-term leases, top-of-market rents, and aggressive leverage, this is a painful moment. For disciplined operators who think like long-term partners to their tenants—and their investors—it is a rare opening.

Homeland Opportunity Fund is positioned squarely in that opening. Built on a conservative, cash-flow-first strategy and a portfolio of more than \$100 million in stabilized office, retail, and industrial assets across the Front Range, Homeland has spent years doing the unglamorous work of cultivating durable landlord-tenant relationships, underwriting to downside protection, and focusing on properties that remain useful and relevant through cycles. That foundation is exactly what the current market rewards. While many owners are handing keys back to lenders or trying to engineer complex conversions under pressure, Homeland is able to buy distressed assets at compelling discounts, stabilize them faster, and support tenants who still need high-quality, well-managed space in the region's growth corridors.

For investors, the result is an opportunity to back a manager that is not trying to “trade the cycle,” but to compound value through it. Homeland's structure—monthly income at Prime + 2.5%, a 15% preferred return waterfall that prioritizes investors, no capital calls, and performance participation only after investors exceed a 15% IRR—aligns the firm's incentives with long-term, sustainable outcomes rather than short-term fees. In a volatile office environment, that alignment, combined with deep local expertise and a vertically integrated platform, is what turns today's uncertainty into tomorrow's durable returns.

The Denver Office Reset

The starting point is simple: it is not a great time to own a generic, commodity office building in Denver. Since 2020, a structural shift to hybrid work has left large portions of the city’s inventory under-utilized. Vacancies are elevated, sublease space is abundant, and many owners who bought or refinanced at peak pricing now face maturing loans with weaker cash flow and higher interest rates.

In response, the region is seeing:

- A wave of office-to-residential and mixed-use conversions, from historic towers downtown to aging suburban buildings.
- Growing municipal openness to rezoning, density, and creative capital stacks that can bring life back to under-performing blocks.
- A widening gap between “have” and “have-not” buildings, where well-located, well-run properties still attract strong tenants, while obsolete assets spiral into distress.

This is the environment in which Homeland is operating: a bifurcated market where weakly positioned owners are forced sellers, while sophisticated, well-capitalized operators can selectively acquire, reposition, or finance assets on far more attractive terms than were available just a few years ago.

Why Relationship-Driven Landlords Win

In stressed office markets, the old game—maximizing rent at all costs, cycling tenants quickly, pushing leverage to the limit—breaks down. Tenants who have options gravitate toward landlords who offer predictability, flexibility, and genuine partnership. Lenders and capital partners prefer sponsors with a track record of steady performance and responsible stewardship.

Homeland’s model has been built around that ethos from the outset:

- Long-term ownership mindset Homeland’s strategy is to acquire prime, income-producing properties—often in the \$10–\$30 million “middle market” range—at below-replacement or distressed pricing, stabilize them quickly, and hold with an eye toward compounding value rather than flipping.

- Vertical integration Through affiliated construction, property management, and leasing capabilities, Homeland can solve problems in-house—re-tenanting a floor,

re-configuring space for more flexible work patterns, or executing targeted capital improvements—typically at lower cost and with tighter control than a fragmented team.

- Tenant-centric operations The fund's success depends on keeping high-quality tenants in place, not on speculative rent spikes. That means responsible build-outs, responsive management, and lease structures that balance stability with the ability to adjust to evolving space needs.
- Risk-conscious capital stack Homeland uses a mix of preferred equity, preferred debt, and secured lending to hold senior or well-protected positions in each asset's capital stack. In co-investments where Craig or Abby Clark participate directly at the property level, their capital is structured junior to the fund's, and they do not receive profits until investors pass a 15% annualized return—hardwiring alignment around investor protection.

In the current environment, that combination translates into:

1. Higher tenant retention and occupancy Tenants stay with landlords who maintain buildings well, respond quickly, and are willing to work through challenges. Homeland's long-term approach and on-the-ground presence support that retention, which underpins steady cash flows even as the broader vacancy picture remains choppy.
2. Better deal flow Because Homeland is known as a capable, reliable sponsor in the Front Range, it is more likely to see distressed or off-market opportunities—both income-producing assets and value-add projects—before they are widely marketed. That matters in a market where not every building is a good candidate for conversion or repositioning.
3. Resilience in the capital markets Homeland's investors are protected by a structure that emphasizes steady income and downside protection: monthly dividends at Prime + 2.5%, a 15% preferred return that must be met before the manager participates in upside, and no capital calls. Combined with personal guarantees from Craig and Abby Clark—backed by a large,

already-stabilized portfolio—this gives the firm freedom to act as a patient buyer and lender rather than a distressed seller.

Homeland As a Case Study

To see why Homeland is set up to be a “big winner” in today’s office environment, it helps to look at three pillars: portfolio, strategy, and structure.

Portfolio: Concentrated Where Growth Is Durable

Homeland manages a diversified portfolio of more than \$100 million of stabilized office, retail, and industrial properties concentrated along Colorado’s Front Range. This region offers:

- Long-term population and employment growth.
- A diverse, resilient economic base spanning energy, technology, healthcare, aerospace, and outdoor-recreation-aligned services.
- Municipalities increasingly open to adaptive reuse, mixed-use development, and higher-and-better uses for under-performing assets.

That combination means Homeland is operating in markets where demand for quality space—whether office, flex, industrial, or residential—should remain resilient, even if the exact use mix of buildings evolves. Each asset comes with multiple potential “future paths”: maintain as office, reposition to higher-demand uses, or serve as collateral for loans to third-party developers executing more extensive conversions.

Strategy: Distress As an Entry Point

Homeland’s strategy is designed for exactly the kind of dislocation the office sector is experiencing now. The fund aims to:

- Acquire distressed or under-managed commercial properties at attractive discounts, particularly in the underserved \$10–\$30 million segment.
- Stabilize these assets within roughly 36 months through active leasing, tightly scoped capital expenditures, and hands-on management.
- Use a mix of direct ownership, preferred equity, and first- and second-lien loans to control risk while capturing upside, with clear limits on leverage and exposure to any single deal.

- Allocate a portion of capital into secured loans on value-add and redevelopment projects, allowing investors to participate in the broader repositioning of the office stock not only as owners but also as senior or mezzanine lenders.

In today's Denver office market, that means Homeland can:

- Buy well-located buildings at today's repriced levels, underwrite conservative business plans that do not assume a full return to 2019 office demand, and still generate strong yields by serving tenants who truly need space.
- Selectively support conversion or mixed-use adaptive reuse projects where the economics and the sponsorship are compelling.
- Sidestep speculative, one-off redevelopments that rely on heroic assumptions or untested partnerships.

Homeland is not betting on yesterday's office model. It is investing in locations, buildings, and income streams that can remain productive through a range of future work and space-use patterns.

Structure: Investor-First Economics

Homeland's fund structure is deliberately built to be investor-friendly, especially in turbulent markets:

- Targeted returns and income The fund targets annualized returns in the high-teens, supported by ongoing monthly dividends at Prime + 2.5%. This offers competitive current income alongside meaningful equity upside.
- Preferred return and waterfall Investors receive a 15% preferred return and a full return of capital before the manager participates in profit-sharing. Above that hurdle, incremental net profits are split 50/50 between investors and the manager, reinforcing partnership around performance.
- No capital calls Investors commit once. The responsibility to manage leverage, reserves, and investment pacing sits squarely with Homeland. That protects investors from being forced to add capital during periods of stress.

- Manager co-investment and guarantees Craig and Abby Clark invest alongside the fund and personally guarantee the fund's obligations, supported by their own balance sheet and by a large, stabilized property portfolio. At the asset level, their capital typically sits behind the fund's, so that investors are repaid first and managers participate in profits only after investors have achieved robust returns.

In a cycle where many office owners are struggling to refinance or are negotiating with lenders from a position of weakness, this structure—grounded in real assets and real alignment—gives Homeland the ability to be a solution provider instead of a problem case.

Want to learn more? Come meet the Homeland team at Winter Park Resort Base Investment Club January 16th meeting!

www.highcountryaccess.org



Malcolm + Roberto.