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ARE Asset Management delves into troubled mortgages

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NEW YORK, April 2 (Reuters) - ARE Asset Management said on Wednesday it launched two new offshore investment funds that invest in assets many have been shunning: troubled mortgages.

Jeffrey Kirsch, managing principal of Miami-based ARE Asset Management, said the ARE Fixed-Income Fund and the ARE Opportunity Fund are committed to $300 million each, of which two-thirds will go into non-performing mortgages.

The funds, registered in the British Virgin Islands, began investing in income-producing and opportunistic situations in the U.S. real estate credit market on Wednesday. They were established to capture commercial and residential real estate investment opportunities.

Kirsch, sensing a new phase in the U.S. credit and real estate markets, said he believes the market is getting closer to a bottom and his objective is to take advantage of the buying opportunities that the current sell-off presents.

"There is no flag that goes up when a market hits bottom, but we have every reason to believe that liquidity is coming back," he said.

Kirsch has been acquiring and resolving non-performing mortgages on behalf of non-domestic private investment funds and individually managed accounts since 1996.

He deems a mortgage as non-performing if a borrower has not paid for 90 days.

Most investors in non-performing mortgages are now having difficulties in servicing and liquidating their assets, which has forced them to sell at record discounts.

Kirsch said he believes that government intervention and economic pressures are now creating greater flexibility and options in the servicing and management of these distressed loans to return them to performing status.

"We have received a lot of interest in the funds, from contrarians to people who realize an opportunity," he said.

Interest has also been coming from all over the world, including China, Russia and other emerging markets, he said.

"Although turbulence due to repricing of subprime adjustable rate mortgages may continue, the U.S. real estate market has stabilized somewhat, producing some unique circumstances," Kirsch said in a news release.

And given the current prevailing interest-rate scenario, a U.S. real estate portfolio based upon accurate appraisals and aggressive loan servicing has the potential to yield above-average returns, he said. (Reporting by Julie Haviv; Editing by Jan Paschal)