

**2/10/2003 - Jack Fiorella starts 2003 with a \$60 million bang**

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The New Year's Eve fireworks haven't stopped for Jack Fiorella.

During January, the Birmingham real estate investor and developer closed on two apartment complex buys near Atlanta and in Naples, Fla., for a total of \$60 million.

He shows no signs of slowing down soon. Later this month, Fiorella's Equity Resources Inc. plans a \$15 million buyout of two partners, enabling him to take sole ownership of the 408-unit Lincoln at Wolfchase apartment complex in Memphis.

Meanwhile, Fiorella and partner Mark Marlowe have formed a new company, Equity Residential Inc., to sell homes the two men will build through an existing company, Equity Development Inc.

In two weeks, Equity Development will break ground on 51 garden homes in the Lake Cyrus subdivision on Alabama Highway 150. Design is under way for 55 garden homes to be built in the next two or three months off Caldwell Mill Road.

In the midst of this frenzy, Fiorella is moving his 19-employee corporate headquarters this week to a new \$2.5 million, 16,000-square-foot building in Liberty Park.

No wonder Fiorella is a fast talker.

But big deals are his forte. He estimates he'll reach the \$200 million mark for sales, acquisitions and developments in 2003.

Fiorella has carved a niche that could be perceived as risky: He buys newly built but not fully leased apartment complexes as a long-term investment. He is able to buy them cheaper than if they were fully occupied and on the radar of other investors.

In 2001, he paid \$47.7 million for a 532-unit apartment complex in Orlando. It was the largest multi-family property purchase in the nation that year.

With the newly signed deals, he will have an apartment inventory of 6,500 units in six states valued at \$400 million. Fiorella's revenue for 2002 was \$43 million but could have been more, as heavy lifting was done last year, and it spilled into 2003.

"We can't meet our objectives by playing the game like everyone else," says the 52-year-old Fiorella. "We bring a different element to the table."

His philosophy requires much front-end research to make sure the risks are worth taking.

"We do a lot of homework. When you pick a market, it's like looking for the head of a pin," he says. "You have to be careful that today's Class A won't be tomorrow's Class B."

### **Atlanta acquisition**

In the Atlanta purchase last month, Fiorella paid \$26.7 million for Preston Creek, a 260-unit apartment complex that is 98 percent occupied. It's located in the bedroom community of McDonough, 20 miles south of Atlanta. The deal includes construction of another 74 units by Macon developer LandSouth Corp. Rent averages \$950 a month for one-, two- and three-bedroom units.

"There's a lot of softness in the Atlanta market," Fiorella says. "But we're bullish about the property and the stability and growth of that particular community. There's a new hospital, a lot of employment centers. Fortunately, that softness does not exist in McDonough." Birmingham-based banks Southtrust and Colonial provided financing.

In Naples, on the south Florida Gulf Coast, Fiorella bought the 300-unit Reserve at Naples for \$32.8 million, or about \$110,000 per unit, which he says is an

unprecedented amount. Financing was handled by Wachovia Bank and the Capri Financial Group.

The lakeside complex, finished late last year by Related Group of Florida, is 61 percent occupied, with an average per-unit monthly rent of \$1,050.

Fiorella is poised to buy an adjoining 60 acres for \$4 million on which to build 218 garden-carriage homes ranging from \$250,000 to \$300,000. Construction should begin within three months once the deal is signed.

"This is by far the nicest AA property in Naples," Fiorella says.

### **Memphis buyout**

The \$15 million buyout of his partners in the Wolfchase complex in Memphis will be financed by Colonial Bank.

Back home, Fiorella's companies will occupy all 8,000 square feet on the top floor of his new building in Liberty Park, built by Brice Building Co. Williams-Blackstock Architects designed the facility. Fiorella will lease 3,000 square feet of the first floor, reserving 5,000 square feet for expansion.

"We saw expansion with residential construction and development of garden homes," he says. "We felt compelled to put equity in our own building."

Fiorella had been in the Stonegate building in Liberty Park and needed more room.

"As soon as I think I've gotten a handle on everything on the radar screen, we come up with new ideas that reshape the nature of my company."

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