

# Crittenden Real Estate Buyers™

P.O. Box 1150, Novato, CA 94948  
Customer Service: (800) 421-3483

VOL. 15, No. 7

## Gulf Coast Buyer Seeks Class A Apartments

Private apartment buyer Equity Resources moves away from acquiring and repositioning tattered properties in favor of skipping the rehab work and buying stronger, stabilized properties. The buyer recently paid \$9.6M for a 184-unit complex in its home market outside of Birmingham, AL. Equity Resources built its portfolio of 20 apartments complexes comprising 4,000 units through renovation and repositioning. Before the switch Equity Resources spent on average \$15,000 to \$20,000 per unit for renovations.

Equity Resources paid \$52,173 per unit for the Morning Sun Villas complex in Shelby County. SCA-Alabama Multifamily Trust sold the 12-year-old property. Equity Resources regards the Morning Sun Villas complex as a Class B+ property in an A location. The complex sits atop New Hope Mountain about 25 miles south of downtown Birmingham and is located in the Meadowbrook subdivision, comprised of single-family houses, apartment complexes and an office park. Equity prefers acquisitions in second-tier markets over new construction.

The going-in cap rate is 9.25% for Morning Sun Villas. Equity Resources expects its cap to increase by 25 basis points at the end of the first year by repositioning management. SCA-Alabama Multifamily Trust's management was considered top heavy by the buyer. In-place rents at the Morning Sun Villas range from \$580 to \$885 per month. Amenities include a swimming pool, two tennis courts, a fitness center, in-unit fireplaces and sunrooms. The complex is 98% leased with more than a 50% annual turnover rate. The complex draws as tenants people who are waiting for houses to be built in the area and corporate travelers.

The buyer owns complexes in Birmingham and Montgomery, AL.: Chattanooga, Memphis and Jackson, Tenn., Orlando, FL. and Jackson, Miss. Last year the company spent \$74M on properties. It wants to spend \$100M this year. Equity Resources will consider acquisitions in new markets and states within close proximity to the company's Alabama, Florida, Tennessee and Mississippi markets. The firm has

912 units in Birmingham and Austin, Texas under contract to close by the second week of March for an estimated \$50.16M. Equity Resources doesn't have a minimum or maximum deal size, but the company's deals last year ranged from \$10M to \$28M.