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New headquarters for developer Equity Resources is next

The apartment market on Highway 280 is about to get a little ritzier.

Equity Resources Inc., a Birmingham based apartment management and construction company, is building a 348-unit, Class A complex behind the HealthSouth Corp. headquarters.

To be called The Parc at Cahaba River, the \$24 million project will be completed late next year and will feature a business center and concierge services, according to Jack Fiorella, owner of Equity Resources.

The development is among the latest in Fiorella's 25-year career, nearly all of which has been at the helm of Equity Resources- now a \$350 million portfolio of apartments, commercial space and raw land across six Southeastern states.

"We took a close look at Birmingham's apartment market, and what we found was that there is a large, arguably over-built supply of middle-of-the-road properties," Fiorella said. "There is very little in the way of Class A properties."

Monthly rental rates for the one-, two- and three-bedroom units will range from \$665 to \$930.

The concierge services will include mail pickup and plant watering for traveling residents, dry-cleaning pickup and delivery, and access to a social director who

can make dinner reservations or cater a business luncheon in the property's business center.

Construction on The Parc is set to begin this fall, with the first of 16 buildings scheduled to open in spring 1999, Fiorella said.

General Contracting work on the project is being conducted by ER Development Inc., a division of parent company Equity Resources.

Another division, ER Management Inc., led by Carl Bohn, handles property management responsibilities for the parent company's holdings.

Fiorella said that while such an integrated approach to the industry is unusual, he prefers it.

"The only way to control the entire process is if everybody is on the same team," Fiorella said. "There are always 1,000 things that we need to revisit during construction for making adjustments or additions. It's so much easier to do under one roof."

Fiorella said his development and acquisition activities - heavily concentrated in the multi-family property sector - have been largely successful since starting his company in 1975.

An Auburn University graduate who played football with Pat Sullivan, Fiorella struck out on his own after just two years as a commercial real estate broker in Atlanta.

"The only thing I learned in those two years was what I didn't want to do in this business," he said.

The early years of his business were punctuated by real estate investor partnerships that were fraught with complexity and uncertainty.

Today, Fiorella turns to commercial lenders and institutional investors to finance his endeavors, which have been approaching \$80 million annually.

Partnerships with Protective Life Corp. and ERE-Yarmouth broadened his financing power.

"Your relationship with lenders is strained by the frequency and size of the transaction," Fiorella said. "But relationships with institutional investors offer a

nearly unlimited source of capital. It allows us to do almost any size transaction, including acquiring entire portfolios."

That's important, considering that Fiorella's goal is to complete at least \$1000 million in transactions each year for the immediate future

"We will continue to aggressively pursue existing properties," Fiorella said, adding that he will stay focused on multifamily housing but less so on development.

"We've found so many opportunities in the residential market that we haven't been inclined to look too much further."

One of Fiorella's key local successes was the former Quail Creek apartments, which was "the single biggest source of crime in Hoover at one time," Fiorella said.

He bought the property from the U.S. Department of Housing and Urban Development, issued eviction notices where necessary, required background checks on prospective residents and ultimately earned a commendation from the Hoover police chief.

"We completely changed the resident profile," Fiorella said proudly.

Equity Resources is also developing Barrington Parc, a 96-unit apartment complex in Moody. And it is either the owner or developer of new and existing properties in Fort Myers, Fla., Chattanooga and elsewhere.

Fiorella's accomplishments in the commercial property arena include the development of a business and convenience center at the Moody exit off of Interstate 20, where a Winn-Dixie Marketplace, a Comfort Inn and string of restaurants contribute significantly to that town's sales tax base.

One thing the company lacks is a home of its own - it currently leases space in Liberty Park's Stonegate office building - but that will soon change.

Fiorella said construction will begin in September on a \$2 million, four-story office building in Liberty Park that will house Equity Resources and its divisions, which employ about 15 people at the main office and 300 people throughout the company's 16 holdings.