

# Realty News Report

Realty News Report  
Multi-Family Magazine

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**George Bush delivering the opening address of the Texas Apartment Association Education Conference and Lone Star Expo on Thursday afternoon at the George R. Brown Convention Center.**

## Fein Launches Major Development Effort

Martin Fein Interests, Ltd., in partnership with BlackRock Realty, will develop four apartment complexes in suburban Houston in a construction program with an approximate value estimated at \$100 million.

The new projects, located in large-scale master-planned residential communities, demonstrate that highly sophisticated investors have considerable confidence in the Houston multi-family market.

"Houston's strong economy presents a rich opportunity to commence this unprecedented multi-family development program, which will begin immediately," said developer **Martin Fein**.

"The participation of BlackRock Realty, an advisor to major institutional investors, represents a unique endorsement of Houston's multi-family market," said **Hal Holliday** of Live Oak Capital, a Houston-based commercial mortgage banking firm.

"This is a milestone in Houston real estate. We have never seen capital of this high quality come into the city and undertake three or four new projects simultaneously," Holliday said. The apartments will be located in suburban master-planned communities developed by Johnson Development Corporation.

Currently under development are the 270-unit Gateway at Sienna Plantation Apartment Homes in the Sienna Plantation community in Missouri City, the 204-unit Sorrento at Tuscan Lakes Apartment Homes in the Tuscan Lakes community in League City, and the 246-unit Cascade at Fall Creek Apartment Homes in the Fall Creek community in Humble Texas. The joint venture also controls 15 acres for another development in Tuscan Lakes.

"Many developers realize that Houston's Inner Loop is a prime location for multi-family projects," Fein said. "However, large master-planned communities have fully emerged as the ideal niche for suburban apartment development."

Fein's firm, founded in 1989, has completed 6,500 units, with more than 1,500 units currently under development. Westchase Construction, Ltd., a

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## Rents Are Rising As Housing Markets Shift To New Era

Rent.com, the online apartment listing service, says renters in Houston can expect to see more competition for apartments in coming months. Cooling housing markets and rising interest rates are expected to increase rental demand throughout the summer. Rent.com data indicates demand is already on the rise in Houston.

Apartment rental rates in Houston have **risen by 7.2% percent** over the same time last year. According to Rent.com data, the average reported monthly rent in Houston was \$715 during the first quarter of 2006. The most popularly searched for rental unit in Houston is the studio apartment – comprising 65.8% percent of all Houston apartment rental searches conducted on Rent.com.

"We're seeing an increase in rental activity across the country," said Todd Katler, Director of Sales at Rent.com. "We expect rental demand in most markets to remain strong throughout the rest of 2006 and into 2007. Competition for

Fein affiliate, will be general contractor for the new projects. JP Morgan Chase, represented by **Todd Fuller**, is providing construction financing.

**David Aaronson** and Hal Holliday of Live Oak Capital arranged the Fein/BlackRock joint venture. Executive Vice President **Timm Wooten** represented Martin Fein Interests.

## New Apartments in Clear Lake

CB Richard Ellis announced the sale of the Alexan Landing Apartments, a 364-unit, Class "A" multi-family complex located in the Clear Lake area of Houston. CBRE's Craig LaFollette, Executive Vice President; Todd Stewart, Executive Vice President; Todd Marix, Senior Vice President; and Tre Banks, Senior Associate, represented the seller Clear Lake Apartments Limited Partnership in the transaction. The buyer, Inland American Webster Clear Lake Limited Partnership, represented themselves. The property is at 501 Sarah Deel Drive in Webster.

## Financing In North Texas

DALLAS - The Dallas office of HFF (Holliday Fenoglio Fowler, L.P.) has secured \$34.15 million in financing for Fairmont at Fossil Creek, a 240-unit multifamily community in Fort Worth, and Auberry at Twin Creeks, a 216-unit multifamily community in Allen, Texas. HFF senior managing director Mona Carlton worked exclusively on behalf of Abacus Capital Group LLC to arrange two 10-year, fixed-rate loans through Freddie Mac. The financings have five-year, interest-only periods, amortize over 30 years and will be serviced by HFF. Proceeds will be used to acquire both properties.

## New Apartments in College Station

HOUSTON – The Houston office of HFF (Holliday Fenoglio Fowler, L.P.) has arranged financing for the development of Crescent Pointe Apartments, a 280-unit, luxury multifamily community in College Station, Texas. HFF senior managing director Grady Roberts, director Steve Henderson and real estate analyst Colby Mueck exclusively represented Rockwood Capital in arranging fixed-rate capital with ING Investment Management, which will provide approximately 90% of the total cost of the project. Rockwood Capital is a multifamily investor and developer that currently owns more than 1,800 units in Texas. Upon completion in 2008, Crescent Pointe Apartments will have one- and two-bedroom units averaging 906 square feet each. Select units will have attached garages and residents will be able to rent detached garages for a monthly fee. Community amenities will include a clubhouse, pool, fitness center, billiards room and cyber café. The 14.25-acre site is located at Crescent Pointe Parkway and Copperfield Parkway within the master-planned community of Crescent Pointe, one mile east of Highway 6 and close to Texas A&M University in College Station, Texas.

## National Rankings

WASHINGTON, DC – Concentration in the management sector of the apartment industry changed dramatically in 2006, according to the National Multi Housing Council's (NMHC) 18th annual ranking of the top 50 apartment owners and top 50 apartment managers.

The NMHC 50 rankings have long been used to measure concentration in the apartment industry, but over the past 10 years, most of the concentration documented has been among apartment owners. That changed last year with the emergence of a growing number of medium-to-large firms among the nation's apartment managers.

The share of apartments managed by the top 50 management firms rose by a record 8.3 percent to 2.6 million units. The top 50 apartment management firms now oversee 14.7 percent of the nation's 17.6 million apartments. As further evidence of the growing size of the nation's apartment managers, a firm had to own 19,759 units to make the NMHC 50 owners list, but it took another 5,518 units for a total of 25,277 to make the NMHC 50 managers

available rental units is likely to remain steady until there is a significant decline in interest rates or a shift in other factors that influence occupancy dynamics."

According to the most recent U.S. Census data available, the nation's 36 million renter households include 23 million multi-family apartment homes and 12 million houses, condos, townhouses or duplexes. Based upon median rental data published by M/PF Research, this market represents an annual value of more than \$350 billion in lease revenues.

list. In fact, the portfolio of the smallest NMHC 50 apartment manager is larger than 12 of the NMHC 50 owner firms.

“The increasing concentration among apartment managers is the result of two important trends,” noted **Doug Bibby**, NMHC’s President. “First, many institutional owners are more comfortable having a single firm manage all of their apartment holdings. Second, continued technology improvements—including sophisticated property management systems, online rent payment solutions and demand-based pricing models—have made economies of scale achievable in property management.”

In stark contrast to the growing portfolios of the nation’s apartment managers, several of the largest apartment owners were substantial net sellers in 2006. The largest apartment owner in the country, Apartment Investment and Management Company (AIMCO), slimmed down by 22,000 units. Last year’s No. 2 firm, Equity Residential, followed suit with a 30,000-unit net reduction, pushing the firm into the No. 3 spot this year.

The 2007 NMHC 50 rankings also documented the decreasing role of real estate investment trusts (REIT) in the sector. The number of apartment REITs is down from a high of 14 to 12 now as several have been taken private in recent years. For the third year in a row, apartment REITs as a whole were net sellers. REITs now own just 4.7 percent of the total U.S. apartment stock (892,292 units), the lowest figure since 1998, and down from a peak of 6.4 percent.

“The REIT dispositions are not unexpected,” said Bibby. “Many apartment properties continue to command a premium in the private market over their value in the portfolios of publicly traded companies. The best way for a firm to capture that premium is to sell those properties that no longer fit its strategic direction or market focus.”

Highlights of this year’s survey follow, and a complete analysis of the results is available on NMHC’s web site at [www.nmhc.org/Top50/ListYears.cfm](http://www.nmhc.org/Top50/ListYears.cfm) or by calling 202/974 2354.

#### Largest Portfolio Gains among NMHC 50 Owners

Not all of the nation’s apartment firms were in disposition mode in 2006, however. Several firms significantly increased their portfolios. For the second year in a row, Wachovia (No. 19) had the biggest net pickup, adding 16,042 units to its portfolio. BlackRock Realty, also one of the biggest gainers last year, was close behind this year with a 15,500 unit gain. The firm’s \$5.4 billion purchase of the landmark New York City Peter Cooper Village and Stuyvesant Town apartments added 11,000 units and helped propel BlackRock up 13 slots in the NMHC 50 rankings to No. 17. This was the biggest jump in rank recorded for the year.

#### Largest Portfolio Gains among NMHC 50 Managers

The portfolio gains were even more significant among the NMHC 50 managers. The biggest by far was CAS, Riverstone/Banyan (No. 5), which added 36,250 units to its portfolio. BlackRock Realty, the second-largest gainer among the NMHC 50 owners was also the second-largest gainer among the NMHC 50 managers, adding 23,255 apartments, and pushing the firm up 26 slots to No. 16.

#### Additional Apartment Ownership Findings

\* The five largest apartment firms in the country are:

1. Denver’s AIMCO (211,800 units);
2. Baltimore’s MMA Financial, LLC (177,062 units);
3. Chicago’s Equity Residential (165,716 units);
4. Boston’s Boston Capital (156,758 units); and
5. Los Angeles’s SunAmerica Affordable Housing Partners (145,224 units).

\* As of January 1, 2007, the top 50 apartment owners held 2.66 million apartments, or 15.2 percent of the nation’s estimated 17.6 million apartments.

\* There were five new firms added to the NMHC 50 owners this year: CnC Investments (No. 25), Alliant Capital (No. 28), BH Management Services (No. 37), Lindsey Management (No. 38), and Berkshire Property (No. 49).

#### Additional Apartment Management Findings

\*The five largest apartment managers in the country are:

1. Denver’s AIMCO (209,412 units);
2. Chicago’s Equity Residential (165,716 units);

3. Seattle's American Management Services (dba Pinnacle) (144,327 units);
4. Dallas's Lincoln Property Company (126,104 units); and
5. CAS, Riverstone/Baynan (91,250) with executive offices in Dallas and Rockville, MD.

\* Seven new firms joined the NMHC 50 managers this year: CnC Investments (No. 28), JPI (No. 29), Forest City Residential (No. 37), Steven D. Bell & Co (No. 38), Milestone Management (No. 41), Realty Management (No. 45) and Lindsey Management (No. 49).

EDITOR'S NOTE: The full 2007 rankings are available on NMHC's web site at [www.nmhc.org/Top50/ListYears.cfm](http://www.nmhc.org/Top50/ListYears.cfm) or by calling 202/974 2354.

#### Methodology

To ensure that the 2006 NMHC 50 is as complete and accurate as possible, NMHC staff gathered names of apartment owners and managers from a wide range of sources. A senior officer from each firm was contacted for the information included in the rankings, which are for property owned or managed as of January 1, 2007. Although membership in the National Multi Housing Council is not required for inclusion in the survey, 92 per-cent of the firms appearing in this year's rankings are NMHC members. To be considered an owner, a firm must have an equity stake in an apartment property or be a general partner with effective responsibility and decision-making over the investment property owned by the partnership. The NMHC 50 does not distinguish between partial and full ownership.

The NMHC 50 tallies rental apartments, including rental housing for seniors. Condominiums and cooperatives are excluded, as are hotel rooms, nursing homes, hospital rooms, and mobile homes.

## High-rise Condos For Downtown Austin

A downtown Austin condo project, the Four Seasons Residences, Town Lake Austin will be co-developed by an affiliate of Post Properties, through a taxable REIT subsidiary, and Austin's Ardent Residential. The Residences will be professionally managed by Four Seasons Hotels Limited and residents will have convenient access to many of the services and amenities offered at the adjacent Four Seasons Hotel Austin.

The firm of internationally acclaimed architect Michael Graves designed the building and developed innovative interior plans for the individual units. Construction is expected to begin on Four Seasons Residences, Town Lake Austin this fall.

Developers plan **166 condominiums in a landmark 30-story** building located adjacent to the existing Four Seasons Hotel Austin.

Services available to condominium owners will include in-residence dining, housekeeping services, dry cleaning, turndown services, laundry and valet services all provided by Four Seasons. The 30th floor rooftop amenity area will offer a tranquility pool and relaxation area. This pool will be the highest in Austin. Penthouse units will occupy the 28th and 29th floors, and many residences will have stunning views of the nearby Hill Country, Texas Capitol building, Austin skyline, UT Tower and Town Lake. The building will contain approximately 7,000 square feet of ground floor retail. Prices of the Four Seasons Residences, Town Lake Austin are expected to range from the \$400s to \$2 million. Residence sizes will range from 1,000 square feet to 2,700 square feet, with unit combinations available up to 5,500 square feet, with a mix of one-, two- and three-bedroom homes. The penthouses will average 2,700 square feet each.

## New Project in West Houston

Houston-Newport on the Lake, L.P., led by the principals of Cambridge Development Group, Inc. and Atticus Real Estate Development, has begun the construction of the 234-unit Newport on the Lake Apartments in West Houston. The ten-acre site is located on the west side of Barker Cypress Road between Saums and South Parkview and the entire northern property line abuts the Cullen Park and Alkek Velodrome facility, while the western and southern property lines front on a private lake. The site is in proximity to the rapidly expanding Energy Corridor employment base and is one-half mile

north of the recently announced Texas Children's Hospital West Houston Campus.

Humphrey's & Partners Architects, L.P. of Dallas designed the project using their copyrighted "Big House" design whereby many of the units will have attached garages with direct access to the units.

"This design has proved to be well received throughout the country as "Big House" communities throughout the U.S. are averaging in excess of 94% occupancy," said **Mark Humphreys**.

Newport on the Lake is a new prototype for the "Big House" known as the "Newport Series". The community will feature a traditional design using a predominately stone veneer exterior and will feature both two-and three-story buildings. Floor plans will range from one bedroom/one bath units of 762 sf to three bedroom units of 1,454 sf with an average unit size of 1,080 sf. Unit amenities include crown molding, vaulted ceilings, ceramic tile kitchen and entries, granite countertops in the kitchen, fireplaces with raised hearths, built in computer desks, washers and dryers and full internet capabilities. The facility also has direct access to the lake and park system. The clubhouse will be centered around a great room with adjacent kitchen, conference room, business center and fully equipped exercise room. The site will be extensively landscaped and parking will be provided for 370 residents and guests.

"We think this design and amenity package will set the standard for West Houston," said **Ron Lightfoot** of Cambridge. "The direct access garage and overall residential feel of the design located between a park and lake is very unique for this part of the city and we are excited about the project," said **Doug Dalton** of Cambridge.

In addition to the architecture by Humphrey's & Partners Architects, L.P., civil engineering is provided by Momentum Engineering, structural by Sterling Engineering Design Group, MEP by Summit Consultants, landscaping by McDugald Steel, and C.F. Jordan will be the general contractor.

**John Fenoglio** and **Kelvin Wascom** of Live Oak Capital, Ltd. arranged the financing with **Jim Waschow** of Key Bank Real Estate Capital and **Fred Ruess** of Key Bank Private Equity Group.

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## Java Investments Completes Re-Fi

Live Oak Capital, Ltd. has arranged for the refinance of the Inwood Apartment Portfolio in Houston.. **Jim Kirkpatrick** and **Brandon Myers** of Live Oak Capital arranged the loan with Legg Mason Real Estate Investors out of California. The \$11 million loan is a four-year LIBOR based floating rate loan that carries interest-only payments. The portfolio consists of three, Class C apartment properties. The properties are Inwood Greens, Oaks of Inwood and Trails of Inwood Forest, which were purchased in 2005 by Java Investments, a California-based sponsor.

Having completed an extensive renovation on two of the properties in 2006, the borrower elected to refinance the project to obtain the lower interest rate and to seek additional monies, which will finalize the rehab of this apartment complex. The project is scheduled to be completed in the 3rd quarter of 2007.

The Inwood Apartment Portfolio are multi-family properties totaling 564 units in the Inwood Forest suburb of Houston. All three properties have frontage on West Gulf Bank Road, with a small bayou separating one property (Inwood Greens) from its sister properties (Oaks of Inwood and Trails of Inwood Forest).

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## Pat O'Connor: Apartment Forecast 2007

The Houston apartment market is expected to see lower occupancy rates in

2007 in Class B and C properties, despite the city's outstanding job growth and an economy fueled by high oil prices, according to multi-family analyst **Patrick O'Connor**.

The reduction in the bubble of Katrina evacuees, many of whom are returning to New Orleans or finding other housing options, will have a dampening effect on the Houston occupancy rate this year, said O'Connor of **O'Connor & Associates** at the company's recent apartment forecast luncheon.

A large number of new apartment projects – some 13,000 units are under construction – will put downward pressure on occupancy, O'Connor said. Developers are being encouraged to construct multi-family properties in Houston because investors, including REITs, are eager to purchase them and put profits into the developers' coffers.

The new Class A units should perform fairly well in 2007. But the older apartment complexes, particularly Class C projects, would see some substantial declines, O'Connor said.

If the conditions take a negative turn, the occupancy rate for Houston's Class C segment, could fall to 80.3 percent occupancy by the end of 2007, down from 86 percent at the end of 2006, O'Connor projected.

A significant factor in the multi-family picture is the prevailing low mortgage interest rates, which remain in the low 6-percent range. The low rates have encouraged many apartment dwellers to buy homes, a detriment to the rental market.

"2007 and 2008 will be difficult years for B and C property owners," O'Connor said.

However, if the Houston economy remains robust and job growth is exceptionally strong and the drain-off of the Katrina renters is mild, then Houston apartment market should remain in fairly good shape.

Two apartment brokers who were speaking at the luncheon, **David Mitchell** of Apartment Realty Advisors and **Todd Marix** of CB Richard Ellis, commented that institutional investors have become highly interested in the Houston multi-family market. In addition, REITs are again active in Houston.

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## Crescent REIT

Crescent Real Estate, a large REIT based in Fort Worth, announced that it has sold a 301-unit project in Dedham, Mass. The project was developed in partnership with JPI. For its part, Crescent will recognize a \$5 million gain on the sale.

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## Dallas Sale

Transwestern's Dallas office represented Bascom Group in the sale of Spanish Village Apartments near the intersection of Coit and Arapaho in Dallas, Texas. The 272-unit garden and duplex style property was purchased by Bascom Group for an undisclosed amount. Transwestern vice presidents **Armand Charbonneau** and **Mark Freeman** brokered the transaction.

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## Teresa Guidotti Lowery Organizes All-Cash Sale

HOUSTON -- Offers from qualified investors are being received for two multi-family properties in Houston's burgeoning Westchase District, in an investment sale organized by **Teresa Guidotti Lowery**, a recognized multi-family investment specialist for Colliers International.

The two properties, the 296-unit Boca Springs Apartments and the 166-unit Pagewood Place, are being offered on an "all-cash" basis.

"The interest level in these properties is very strong. The numerous energy companies located in West Houston have a lot of momentum and the surge in the local economy holds a lot of promise," said Lowery. "Houston is regarded as one of the top markets for multi-family investors and West Houston is one of the city's most rewarding submarkets."

Chevron-Texaco, Dow Chemical, Halliburton and many major energy companies have facilities in West Houston's famed Energy Corridor.

In addition, the influx of over 100,000 evacuees from Hurricane Katrina has tightened the Houston apartment market a great deal, said Lowery, chairman of Colliers International Multi-Family Advisory Group of North America.

Lowery, who has specialized in multi-family investment sales since 1980, has generated almost \$2 billion in apartment transactions in her career. Over the years, Lowery has represented many institutional investors, financial institutions, real estate investment trusts, private investors and governmental entities. Saul Keeton, a vice president in the Houston Multi-Family Investment group in Houston, is also organizing the sale.

Pagewood Place, 9767 Pagewood Lane, was built in 1980 and it is currently 96 percent occupied. The Boca Spring Apartment 3777 South Gessner Road, was built in 1997 and it is currently 95 percent occupied. The properties may be purchased individually or as a portfolio. For more information about the properties please go to:  
<http://www.rcm1.com/invite/1276-01-A2EEA>

The Westchase District is one of the premier master-planned developments in Texas. Westchase has 14.1 million square feet of office space in 97 buildings, 2.4 million square feet of retail space and 17 hotels with 2,481 rooms. More than 500,000 people live within five miles of the Westchase District.

## Dallas Project Sold

DALLAS – The Dallas office of Holliday Fenoglio Fowler has closed the sale of The Madison, a 364-unit multifamily community in Dallas.

The HFF investment sales team was led by director **Roberto Casas** and managing director **Bill Miller** who marketed the property exclusively on behalf of the seller, Archon Group. Colorado & Santa Fe Real Estate, a Colorado-based real estate firm, purchased The Madison for an undisclosed price.

The Madison is located at 12800 Jupiter Road just south of the LBJ Freeway in the Highlands area of Dallas. The property has 23 buildings with units averaging 731 sf each. The Madison is currently 91% leased.

## Live Oak Loan

Live Oak Capital, Ltd. has arranged the permanent financing for Retreat at City Park in Houston, Texas. **Rob LaRue** of Live Oak Capital arranged the loan with Guardian Life Insurance Company of America of New York in the amount of \$22 million with a fixed interest rate of 6.30 for a term of 10 years and amortized over 30 years.

Retreat at City Park is located at 1640 East T. C. Jester, Houston, TX. The property consists of 308 units with 257,364 sf. The property was built and developed in 2001 by Allied Realty with principals being **Tim Myers** and **Al Bradley** and **Greg Baxter** of Baxter Development Corporation.

City Park Venture, Ltd., is the owner and is locally based here in Houston. Allied Realty Services Orion Real Estate Services, Inc. provides on-site management services. In addition, Orion Real Estate Services, Inc. provides marketing and management operations consulting to financial institutions and other owner-clients. Offices are located in both Houston, Texas and Denver, Colorado.

"The borrower was looking for life insurance execution and Guardian understood the ramifications of the Katrina effect," said LaRue.

Live Oak Capital, Ltd. will service the loan as a mortgage loan correspondent for Guardian Life Insurance. Live Oak Capital is a full-service commercial real estate mortgage-banking firm that specializes in debt and equity placements and loan servicing for the commercial real estate industry.

## Two Houston Projects Sold

Two Houston apartment projects have been sold. The 534-unit Sierra Vista Apartments, 5500 El Camino del Rey, and the 142-unit La Scala project were sold in separate transactions handled by CB Richard Ellis.

The buyer of the La Scala, 7510 Burgoyne in the Galleria area, plans to redevelop the property. The buyer was GC 127 Voss Holdings LLC. The seller was Wentwood Capital Fund I, LP.

GALP Sierra Vista Limited Partnership purchased the Sierra Vista Apartments on El Camino. The seller was Villa Del Rey Properties, LLC, an affiliate of Beverly Hills, California based StarPoint Properties, LLC.

The sellers were represented by CBRE's **Craig LaFollette**, Executive Vice President; **Todd Stewart**, Senior Vice President; **Todd Marix**, Senior Vice President; and **Tre Banks**, Senior Associate

Houston is the 4th largest rental market in the nation with 2,522 total properties and 491,925 total units, according to CB Richard Ellis. Citywide average occupancy has averaged at or about 90% for three quarters, rental rates remain at record highs, and the city has absorbed 33,306 net units over the last six quarters.

## Finger Names Downtown Tower

Groundbreaking will be held in January for a 37-story tower being developed by Finger Cos. in downtown Houston. Finger said the project, announced last May with the name Park Tower, has been renamed One Park Place. The tower's occupancy will start in the spring of 2009.



One Park Place will be located adjacent to the new Houston Downtown Park. The high-rise luxury apartments will be an urban residential environment on the eastside of downtown.

"As our design plans for the tower evolved and expanded and with the Downtown park taking on more significance, I wanted a sterling identity for what I consider will be an instant landmark," stated One Park Place developer, Marvy Finger, president of the Finger Companies, developer of the project. "One Park Place will be the premiere residential address in Downtown Houston."

The 346 luxury apartments will have traditional interiors with upgraded appointments unusual for most high-rise rental apartments. All will have balconies, 10-foot-high ceilings, hardwood floors in living spaces, designer kitchens, luxurious baths and spacious walk-in closets.

The eighth level will feature four terraced suites; a 2,000-square-foot grand social terrace facing the park; a business center; three resident social rooms; and a fully-equipped, state-of-the-art exercise facility facing the 35,000 square-foot, outdoor, resort-style grand pool terrace.

One Park Place will also provide retail services to residents and others in Downtown. Plans include 21,800-square-feet of retail lease space in two sections on the street level to feature a specialty gourmet grocery store, wine merchant, specialty coffee shop and sidewalk café.

The tower is within a short walk to many urban amenities in addition to the park: the METRO light-rail line, with its direct access to the Museum District, Texas Medical Center and Reliant Park, home of the Rodeo and the Texans; the Toyota Center sports and performance venue; Minute Maid Park, home of the Astros; the Hilton Hotel Americas and the Four Season's Hotel; and Downtown's indoor shopping mall, the Park Shops at Houston Center. The Theatre District, Historic District and Buffalo Bayou amenities are within a brief walk, run or bike-ride away.

The Finger Companies is an independent developer of luxury multi-family properties.

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## Camden's DC Development

Camden Property Trust, one of the nation's largest multifamily companies, announces the development of Camden Monument Place, a 368 unit apartment community expected to open in early 2007. Camden Monument Place will be the third Camden community in the Fairfax, Va., area. With this addition, Camden will own and operate a **Washington, D.C.** portfolio that includes thirteen apartment communities representing 4,499 apartment homes, including those under construction.

Located on the northeast quadrant of Monument Drive and Fair Lakes Parkway, Camden Monument Place sits on seven and one-half acres in the Fairfax Center area. Immediately west of the Interstate Highway 66 and Route 50 Interchange, the community is well-situated with easy access to the major transportation corridors within the D.C. metro and Northern Virginia areas. Fair Lakes Parkway and Monument Drive lead to major destinations within Fairfax County including the Government Center, Fair Lakes shopping district and the regional Fair Oaks Mall.

Houston-based Camden maintains a mix of property types, including one, two and three bedroom garden-style apartment homes in suburban communities and upscale studios, lofts and town homes in urban mid-and high-rise residences – a variety that appeals to differing consumer demographics and lifestyles.

In addition to the greater D.C. metro area, Camden has multifamily communities in eighteen high-growth markets, including Atlanta, Miami, Tampa, Charlotte, Houston, Austin, Phoenix, Denver, Las Vegas and Los Angeles. From late 2006 through 2007, Camden will open four additional communities in the greater D.C. area, two communities in Houston, and one community in Orange County.

Camden Property Trust owns interest in and operates 185 communities, consisting of 63,449 apartment homes, geographically dispersed across the lower half of the United States from Washington, D.C. to Los Angeles. Through the ownership of land parcels and development rights in promising markets, Camden is uniquely prepared for future growth. Their development pipeline is substantial, with over \$1.4 billion in current and future projects. Upon completion of thirteen communities under development, the company's portfolio will increase to 67,911 apartment homes and 198 communities.

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## El Paso Deal

The Houston office of Holliday Fenoglio Fowler L.P. has arranged refinancing totaling \$5.28 million for two El Paso, Texas multifamily communities: Ashton Parke Apartments and Southview Apartments.

Working on behalf of Cash Investments, HFF senior managing director **Greg Pappas** placed two 10-year, fixed-rate securitized loans with JP Morgan Mortgage Capital, a conduit lender. A \$1.8 million loan was arranged for Ashton Parke and a \$3.475 million loan was arranged for Southview Apartments. Proceeds of the financings will be used to pay-off existing debt, cover any closing costs and return equity to Cash Investments, a Texas-based owner of 7,800 multifamily units. Ashton Parke and Southview Apartments are two of a larger Cash Investments portfolio that HFF is arranging loans for.

Ashton Parke Apartments has 10 residential buildings with 67 studio, one-bedroom and two-bedroom units averaging 746 sf each.

Community amenities include laundry facilities, storage units, a party room and a swimming pool. The 97% occupied property is located on 2.7 acres at 5815 Timberwolf Drive east of downtown El Paso.

Southview Apartments is situated on a 4.1-acre site at 611 Yarbrough Drive close to the Bel-Air High School and YUCCA park. The seven building community, which is 97% leased, has 121 one-bedroom/one-bath and two-bedroom/two-bath units averaging 614 sf each.

## Tampa Deal Goes For \$21.2 M

Holliday Fenoglio Fowler, L.P has closed the sale of The Remington Apartments, a **369-unit** multifamily community in Tampa, Fla.

HFF directors Jason Nettles and Ike Ojala led the investment sales team on behalf of the seller, BMA Capital, LLC. JEM Realty Advisors purchased the property for **\$21.2 million** free and clear of existing debt. BMA Capital is a Des Moines, Iowa-based private group with a focus on value-add opportunities in the Southeast and Southwest.

The Remington Apartments is located at 10610 30th Street North between Fowler Avenue and Busch Boulevard in Tampa. The **95% occupied** property has one-, two- and three-bedroom units averaging 967 square feet.

## Las Vegas Financing

The Orange County office of Holliday Fenoglio Fowler has secured a \$20 million financing for Rancho Serene Apartments, a **216-unit** luxury multifamily community in Las Vegas.

HFF managing director **David Bleiweiss** worked on behalf of R.W. Selby & Co., Inc. to arrange the five-year, 6 percent fixed-rate loan through MetLife Real Estate Investments. The financing has a three-year interest-only term and will be used for the acquisition and renovation of Rancho Serene Apartments.

Situated on a 11-acre site at 9405 South Eastern Ave., Rancho Serene Apartments is close to the Las Vegas Strip. The property was completed in 1997 and has 12 buildings with 80 one-bedroom, 92 two-bedroom and 40 three-bedroom units ranging in size from 745 to 1,200 square feet.

R.W. Selby & Co. is a vertically integrated multi-family development and investment firm specializing in value-added opportunities, which has owned and improved over \$1 billion in multifamily properties during its 30-year history. Selby is active principally in Southern California and Nevada.

## Memorial Heights Project Sold

The 437-unit Estates at Memorial Heights apartment project, located new Memorial Drive and Washington Avenue in Houston's Inner Loop has been

purchased by CH Realty Acquisitions IV, according to CB Richard Ellis. CBRE's Craig LaFollette, Todd Stewart, Todd Marix and Tre Banks represented The Pauls Corp. Houston's occupancy has



risen sharply since Hurricane Katrina sent thousands of New Orleans residents to Houston. Houston is the nation's fourth largest apartment market with 2,508 apartment complexes containing a total of 488,000 units, CBRE said. Rental rates are at record highs and citywide occupancy is above 90 percent. Over the last five quarters, the city has absorbed 32,844 units.

## Multi-Family Investors: *What Are They Thinking?*

Rising mortgage interest rates may be diminishing the attractiveness of home buying in the eyes of apartment dwellers and first time home buyers. The rising rate may be slowing down the conversion of apartments into for-sale condo units.

After a record number of condo conversions in 2005, the first three months of 2006 saw only 14,000 units converted -- the lowest level since mid-2004, according to **PricewaterhouseCoopers' Second Quarter 2006 Korpacz Real Estate Investor Survey**. Part of the reason may be related to rising interest rates. While rising interest rates typically strengthen the multifamily market, the return of some condos to rental units may have a short-term negative effect on apartment market fundamentals. This effect may be especially evident in markets such as South Florida, where a large number of investors entered the condo market with the intent of capitalizing on a housing trend.

The winter months saw a jump in interest rates, a drop-off in concessions, sluggish apartment absorption and a general slowdown in condo conversions. Fort Lauderdale, Los Angeles and Orange County each reported the lowest apartment vacancy rates nationwide, the PricewaterhouseCoopers' survey said.

At the same time, rising interest rates and overall capitalization rates are reducing margins in many apartment transactions, thereby pricing many leveraged buyers out of the market. As a result, the slowdown in condo conversions remains in evidence, dropping to 15% of all sales during the first quarter of 2006. By comparison, condo conversions accounted for approximately 25% of total apartment sales in 2005.

By geographic market, Broward County and Orlando continue to see significant activity, but sales have slowed significantly in Tampa, Naples/Sarasota, Phoenix and Las Vegas, when compared to 2005, the investor survey said.

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## Camden Reports 2nd Quarter

Camden Property Trust, a Houston-based apartment REIT, has reported increased second quarter profitability.

Camden's funds from operations ("FFO") for the second quarter of 2006 totaled \$0.89 per diluted share or \$53.4 million, as compared to \$0.80 per diluted share or \$47.0 million for the same period in 2005.

During the quarter, Camden disposed of three wholly-owned apartment communities: Camden Pass, a 456-unit apartment community in Tucson for \$20.3 million; Camden Trails, a 264-home apartment community in Dallas for \$8.8 million; and Camden Wilshire, a 536-home apartment community in Houston for \$20.4 million. Gain on sale of those three properties totaled \$23.7 million. In addition, the Company sold a 4.7 acre parcel of undeveloped land in College Park, MD for a gain of \$0.8 million.

Subsequent to quarter-end, the company acquired Camden Stoneleigh, a 390-unit apartment community in Austin for \$35.3 million, and disposed of Camden Oaks, a 446-home apartment community in Dallas, for \$19.2 million.

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