

California 'TIC' investors to buy Westside apartments

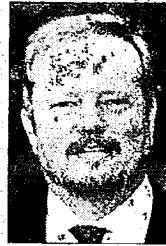
BY ABBY ROEDEL | NMBW STAFF

A third TIC is coming to Albuquerque's hot real estate market.

CORE Realty Holdings LLC, out of Newport Beach, Calif. expects to close on its first multi-family property next month, with up to 35 different investors involved in a tenancy-in-common ownership structure, commonly called a TIC.

President and CEO Russ Colvin declined to disclose the exact location of the property, but he said the purchase price is expected to be around \$44 million. The 572-unit complex sits on 44 acres in the northwest quadrant of the metro area. There are also 14 acres of excess land, which CORE Realty plans to develop into about 250 additional apartment units. That narrows down the possibilities.

"The only apartment that has 572 units



Colvin

in that area is **Vistas at Seven Bar**," says Todd Clarke, CEO of **NM Apartment Advisors Inc.**

Tenant-in-common is a form of concurrent ownership of real estate, where groups of people hold individual legal titles in the same property.

Each investor has control over major decisions, including refinancing or selling the property.

The properties they own are managed by professional management companies.

By investing through a TIC, a person can defer paying federal capital gains taxes after selling an investment property, as long as he or she reinvests the money into another

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investment of equal or greater value within a certain period of time, says Anita Maestas, associate with **CB Richard Ellis**.

"They really don't have to worry about managing the property this way," adds Maestas. "They just own that tenant-in-common interest and receive a return on the investment," she says.

CORE Realty Holdings is the third California-based TIC to invest in multi-family housing in Albuquerque, according to **CB Richard Ellis**.

"We see Albuquerque as an area with a strong potential for growth, a productive labor force and strong demographics," says Colvin, adding that housing prices in Albuquerque are very reasonable. **CORE Realty** has annual revenues of about \$10

million a year.

"The lowest median property value in California is going to be \$150,000 to \$200,000 higher than Albuquerque," says Stephen Bottfeld, executive vice president of **Marketing Solutions** and senior partner of **Crystal Ball Seminars**, an organization that looks at housing trends across the Southwest.

"I think everyone in Albuquerque understands it's a hot market, but I don't think they understand it's going to be even hotter in the future. These people from California have figured it out," says Bottfeld.

Evergreen Development LLC, of Pasadena, owns the **Pavilions Apartments**, a 240-unit complex on Academy Boulevard NE and **La Paloma Apartments**, a 424-unit building on Moon Street NE.

SCI Real Estate Investments out of Los Angeles currently has two properties and is in the process of acquiring a third.

"We attended a national multifamily housing conference in January '05 and the consensus was that Albuquerque was the No. 1 city in the U.S. to invest in multifamily properties this year," says Robert Robotti, co-founder of **SCI**. Scott DeFrick is the company's chief acquisitions officer.

SCI has a 216-unit complex called **Broadstone Heights** on Barstow Road in the far Northeast Heights.

Last month, the TIC sponsor bought the **Camino Real Apartments**, a 248-unit luxury apartment community on the city's Westside.

By the end of the year, **SCI** expects to have \$60 million in holdings in

Albuquerque.

"Newer and nicer is better," says Steve Monroe, managing director of **CB Richard Ellis** in Ventura and Santa Barbara, Calif. "Less than 10 percent of the housing market [in Albuquerque] would be of interest to a TIC buyer," adds the former managing director of the Albuquerque **CBRE** office.

TIC investors generally purchase the highest quality properties, what listing agents typically qualify as anything built after 1990 with all the latest amenities.

"We want a property in a good location where the cash flows from the property are sustainable for a number of years," says Colvin. "Generally, investors own properties from 5 to 10 years."

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