

## Apartment investors going 1960s, '70s retro with rehabs

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A number of multifamily investors have taken a liking to Mid-Century Modern apartments, a style built primarily in the 1960s and 1970s. They're remodeling them for a retro-cool ambience to appeal to a diverse group of renters.

Brian Smuckler, senior vice president of CBRE's Multi-Housing Private Capital Group, said his team recently completed transactions for five Mid-Century Modern apartments, and other brokers are doing some, as well.



"We've also got a couple in escrow," he said. "These are seasoned investors with heavy rehab experience."

Pathfinder Partners LLC is one of those investors. That San Diego company has purchased a cross-section of multifamily complexes in the Valley, including two Mid-Century Modern properties in central Phoenix.

"The age of the product is the opportunity," said Mitch Siegler, a Pathfinder partner.



Raymond Solorsano-Agras frames a carport at Shorewood apartments in Phoenix. The Mid-Century Modern property is being renovated by Pathfinder Partners LLC of San Diego.

Shorewood and \$1.25 million at Academy.

In other words, because the properties are older and have deferred maintenance, there's an opportunity to invest in modernizing them and increasing rents. That's often called a "value-added" play.

The two Phoenix properties Pathfinder purchased — the Academy apartments at 2626 N. Fifth Ave. and Shorewood apartments at 3601 N. Fifth Ave. — are undergoing upgrades of the interiors, exteriors and landscaping. Siegler said Pathfinder plans to invest \$400,000 in renovations at

"They'll have new appliances and upgraded fixtures, but it will maintain a lot of its character," he said.

For instance, the 50-year-old hardwood cabinets will be refinished to lend a historical touch.

Shorewood will begin offering units in a few weeks. Rents that averaged \$775 now will

average about \$862. The Shorewood units are large, averaging about 1,000 square feet.

**RETRO REVIVAL**

A sample of recent Mid-Century Modern apartment sales:

**ACADEMY**  
ADDRESS: 2626 N. Fifth Ave., Phoenix  
PRICE: \$4.08 million (\$42,448 per unit)  
BUYER: Pathfinder Partners LLC, San Diego

**18 AT BILTMORE**  
ADDRESS: 5335 N. 18th St., Phoenix  
PRICE: \$2.37 million (\$46,569 per unit)  
BUYER: 2025 East Turney Ave. LLC, Phoenix

**CONTINENTAL**  
ADDRESS: 1030 N. Third St., Phoenix  
PRICE: \$1.25 million (\$26,146 per unit)  
BUYER: FRI Continental LLC, Tempe

**PHOENIX GARDENS**  
ADDRESS: 4435 N. Eighth Ave., Phoenix  
PRICE: \$1.06 million (\$29,306 per unit)  
BUYER: Ridgeway Wellington LLC, Scottsdale

**EL DORADO**  
ADDRESS: 6825 E. Fourth St., Scottsdale  
PRICE: \$2.18 million (\$65,909 per unit)  
BUYER: Eldorado Investments LLP

**SHOREWOOD**  
ADDRESS: 3601 N. Fifth Ave., Phoenix  
PRICE: \$900,000 (\$42,857 per unit)  
BUYER: Pathfinder Partners LLC, San Diego

Source: CBRE

Academy isn't quite as big, with units averaging 869 square feet. Rents that averaged \$587 per unit will average about \$783 after the upgrades.

Pathfinder acquired Shorewood through Rhodes Inv. LLC, a financial institution with a Mesa address, and sold the property for \$900,000, or \$42,857 per unit.

Pathfinder acquired Academy from an out-of-state family, Janna Holdings LP of Santa Monica, Calif., which had owned the property since it was built about 50 years ago. The price was \$4.07 million, or \$42,396 per unit.

Location played an important role in property selection.

"Our sense is (the properties are) near employment centers and very close to light rail. That submarket is attractive," Siegler said.

Greg Thielen, associate partner with Hendricks & Partners Inc. in Phoenix, said he's seeing a trend toward buying Mid-Century Modern properties that are located in desirable submarkets, including specific areas of central Phoenix, Tempe and downtown Scottsdale.

"It really depends on the submarkets and the rents they can get," Thielen said.

In most cases, investors can get a good return on remodeling a property that was acquired for less than \$40,000 per unit.