



## Tempe Role Could Become Permanent for Pathfinder Partners

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San Diego-based Pathfinder Partners is forging a new path for the company, in Arizona. The firm has completed two notable acquisitions in the state so far this month, marking a strong entrance into the region's multifamily market. The acquisitions were in Tempe and Mesa.



Dorsey Place

In Tempe, Pathfinder has acquired 84 units within Dorsey Place, a 90-unit, high-end, four-story condominium project at 1275 University Ave. Pathfinder will operate Dorsey Place as a rental community with Phoenix-based Allison Shelton Real Estate Services as the property manager.

Situated on a 1.4-acre site, Dorsey Place is just two blocks from Arizona State University, one of the country's largest universities with more than 55,500 students. Pathfinder's Dorsey Place condos include 64 two-bedroom/two-bath, 1.1k sf units and 20 three-bedroom/two-bath units spanning 1.2k sf. The property – boasting an interior courtyard, heated swimming pool and common use lounge – is expected to appeal to both ASU graduate students and faculty members.

Dorsey Place was completed in 2007 for about \$23 mil, when six condos were sold at prices in excess of \$400k each. Pathfinder acquired Dorsey Place from the original developer for \$11.3 mil. Included in the acquisition are all of the common areas, along with 6.5k sf of ground floor, retail space.

According to Lorne Polger, senior managing director of Pathfinder Partners, the units represent an attractive investment in an outstanding location. "Dorsey Place is a very high-quality, extremely well located project. While the 'for sale' condo market in the Phoenix area today is challenged, there is considerable demand for quality rental units. Given our attractive cost basis, we are able to reconstitute Dorsey Place as a rental community for the foreseeable future," Polger says. "We are very bullish on the future of ASU and the university's growth should bode well for nearby housing."

Rents will begin at \$1,350 per month for two-bedroom units and \$1,950 for three-bedroom units. All feature a washer/dryer, balcony and top-of-the-line appliances. About half of the condos are fully appointed with luxury furnishings and finishes, including plasma TVs, granite countertops and plush, leather couches. Dorsey Place features a 132-space subterranean garage and an additional 47 above-ground spaces.

The Dorsey Place acquisition marks another key milestone in Pathfinder's continued expansion. The company has raised three opportunistic real estate investment funds since 2007 and is poised to continue its rapid growth – concentrating primarily on acquiring distressed assets and defaulted loans from lenders and special servicers.

Pathfinder specializes in making opportunistic investments in distressed real estate assets and defaulted loans. Since its inception in 2006, the company has acquired more than \$350 mil in defaulted commercial real estate loans and REO properties and currently owns and operates more than 1,000 units and several hundred thousand square feet of office space in California, Colorado, Oregon, Washington, Florida, Texas and Oklahoma.



Dobson Springs

And in Mesa, Pathfinder – in a partnership with Arizona- and British Columbia-based Bruckal Properties and its affiliate New Summit Partners – has purchased Dobson Springs Apartments in an REO acquisition from an affiliate of Wells Fargo Bank. The 120-unit complex is located at 1325 West Guadalupe Rd in Mesa, AZ.

Dobson Springs was originally built in 1980, but 30 of the units were remodeled in 2009. The owners plan to complete the renovation on the remaining 90 units over the next several quarters. The community features 18 one-bedroom/one-bath, 600 sf units and 102 two-bedroom/two-bath, 900 sf apartments. Each unit includes a private balcony or patio, washer/dryer and oversized interior closets. Amenities include a pool and clubhouse, several barbecue areas and 188

parking spaces.

The property was acquired for \$5.4 mil (\$45k/unit) and Pathfinder plans to infuse about \$500k in upgrades, new carpeting, upgraded hardware/fixtures, high-end countertops and cabinetry and other finishes in the un-remodeled units.

Polger points out that the three-story, five-building Dobson Springs complex is 96% occupied, with Sunrise Management tapped as the property manager. Polger cited the property's location, within walking distance to many shops and restaurants as well as proximity to Dobson Ranch Park, a 17.3-acre recreational hub with sports facilities, a lake and golf course, as attributes that added to the investment appeal. The community is also situated near U.S. 60 and Loops 101 and 120, as well as two major airports: Phoenix-Mesa Gateway and Falcon Field.

Since its inception in 2006, Pathfinder has acquired more than \$350 mil in defaulted commercial real estate loans and REO properties and currently owns and operates more than 1,200 units and several hundred thousand square feet of office space in California, Colorado, Arizona, Oregon, Washington, Florida and Oklahoma.