

Pathfinder Acquires 195-Unit Sacramento Property

Savannah Court, a 31-year-old, 24-building community, will receive interior and exterior renovations. It is the company's second acquisition in the metropolitan area.

by Jeffrey Steele | Sep 01, 2017

San Diego-based Pathfinder Partners has acquired Savannah Court, a 195-unit multifamily community in Sacramento, Calif. The property, located at 4337 Norwood Avenue, was acquired from CIP Savannah LLC. It represents Pathfinder's second acquisition in the metropolitan area.



The 31-year-old, 24-building community sprawling across approximately nine acres offers head-turning Antebellum-style architecture reminiscent of the Old South.

Residences average 700 square feet and include 107 one-bedroom/one-bath, 44 two-bedroom/one-bath and 44 two-bedroom/two-bath apartment homes. Savannah Court also delivers an array of upscale amenities, from a fitness center and a swimming pool and spa to a tennis court and covered parking.

GOVERNMENT NOT DISAPPEARING

Pathfinder Partners found Savannah Court appealing for a number of reasons. *"I guess there were a few elements to the decision,"* company senior managing director Mitch Siegler told MHN. *"Sacramento is the capital, and government is not going away. It's an hour away from the Bay Area, and people are commuting from Sacramento to be able to afford a home. Companies are also locating back office operations there. So you have all those drivers. Sacramento had 13 percent rent growth in 2016. It is one of the top performing markets in rent growth. We expect that to continue with strong tail winds in the market. It's also a supply-constrained market."*

The company's "property thesis," he added, is that while there are many garden-variety apartment designs in any market, an antebellum-style architectural design stands out and gets instant attention from renters accustomed to ordinary aesthetics.

DANCE COMPETITION

In addition, Siegler said, Savannah Court offers exceptional opportunity for [value-add enhancements](#), including additional amenities and upgraded units. Pathfinder's business plan calls for comprehensive interior and exterior renovations aimed at modernizing the property, as well as the addition of several residential amenities.

Asked what return the firm anticipated, Siegler replied, *"We're typically underwriting to a mid-teens internal rate of return. That's a leveraged return based on a five- to seven- year holding period."*

Marc Ross of CBRE, who represented both buyer and seller, brokered the transaction.

"It's a highly competitive market to buy apartment buildings these days," Siegler concluded. *"There's no smooth sailing. It is always competitive."*

"You're never showing up alone to the dance."