

Wrights pay \$8.1M for Tulsa apartment complex

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TULSA – A group of Tulsa and New York investors paid \$8.1 million for the 272-unit Silver Springs Apartments in Tulsa, and a \$1.5 million renovation is in the works.



(Photo by Rip Stell)

The Silver Springs Apartments in Tulsa sold for \$8.1 million.

This marks the first of several multifamily complexes Greg and Royce Wright hope to acquire in this troubled economy with partner NDC Capital Partners of New York.

“It was tougher to find the financing,” said Greg Wright, vice president of apartment management company Capital Assets of Tulsa. “We obviously were able to do the deal with SpiritBank. They gave us a great loan, but the options were less than normal, partly because of the condition of the property and the occupancy there.”

Multifamily industry analysts anticipate many property owners will face similar difficulties refinancing complexes this year under the nation’s tightening credit and encroaching recession. The Wrights expect this to open doors to buying Class B properties in Tulsa and Oklahoma City.

“We’re in the process of looking at some other opportunities right now,” said Wright. “Because of the economic situation, we’re out trying to find good deals for our clients and partners.”

Besides its acquisition of the 226,440-square-foot, 25-building Silver Springs complex at 6112 S. 87th East Ave., Capital Assets has taken over management of Cimarron Apartments at 13201 E. 31st St. in Tulsa. That gives Capital Assets 4,800 units at 21 multifamily complexes under management – 4,000 of those in Tulsa, 800 in Oklahoma City – which gets the Wrights very close to their targeted critical mass of 5,000 units.

Although his 2008 Tulsa apartment market survey charted strong improvement through most of last year, CB Richard Ellis of Oklahoma broker David Forrest also recorded a fourth-quarter slowdown, raising fears about how the industry would progress as the national downturn stretches deeper into Oklahoma.

“It’s hard to tell, but we feel that if oil prices can get back in the \$70-to-\$80-per-barrel, that will stabilize Oklahoma’s economy and we can hold our own in the low-90s occupancy,” said Greg Wright. “I don’t see a lot of rent growth in ‘09 but feel like we can hold that 91-93 percent occupancy without rent growth.”

“Our portfolio in Tulsa ended the year at 93-percent occupied,” he said. “We had topped out in ‘08 at 96 percent in September. Throughout the year, we were able to increase rents, but it went along pretty much with what David said. Through the fourth quarter, the rent increases slowed down.”

With Silver Springs at 77-percent occupancy, Wright will attempt to reinvigorate the property with interior and exterior renovations.

“We’re going to get it back to a B class,” he said of the 26-year-old wood-frame, pitch-roof complex equally divided between one- and two-bedroom town homes. “We typically manage mostly B-class properties, so it fits in real well.”

We do value-added properties, so the value here is obviously to reposition it with the re-siding, refurbishing the property.”

The 12-acre site in the Union School District features two swimming pools and a clubhouse with kitchen, bar and billiards. Rents now range from \$419 to \$599 a month.

To meet expectations of most customers today, Wright said the renovation will involve installation of a fitness center and business center as well as adding washers and dryers in every unit – which already had the plumbing, but not the appliances.

“The property itself has several ponds and then the spring at the entrance,” said Wright. “It’s really a beautiful property and has great potential, so we’re really excited about restoring that beauty.”

The partners bought the complex as Silver Springs Apartments LLC from Oklahoma Bay Springs LLC of San Francisco. Royce Wright and Gary Krisman of Tooman Partners LLC brokered the transaction.

At \$29,922 a unit, analyst Darren Currin said the partners succeeded in gaining Silver Springs at a below-average price.

“It’s a little more realistic for the value we’re seeing now,” said Currin, vice president and research director of OKC Property Research.

While October’s financial meltdown may have helped the partners acquire a better price, Greg Wright said they have not yet seen the settling recession lower parts or service costs for their renovation efforts.

“I don’t know that the negative impact has really taken full effect yet on pricing in Tulsa, so that will be interesting,” he said. “We have a lot of people who wanted to work, but it’s not like we’re getting deep discounts yet. I think the work’s beginning to slow down, so there’s a lot of competition, but I’m not certain it’s hit full yet.”

Concerning NDC Capital Partners

Private equity firm NDC Capital Partners of New York has invested with various partners in a variety of real estate projects across the nation, including a September 2008 deal with Capital Assets for Oklahoma City’s 152-unit Arbor Lake Apartments, and the Lincoln Glens Apartments in Tulsa.

Through other partners, it owns part of two state retail centers, the North Hills Centre complex in Ada and the 140,000-square-foot Riverwalk Plaza in Moore.