

Capital Assets pays \$27.98M for four Tulsa apartment complexes

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TULSA – Capital Assets paid \$27.98 million for four Tulsa apartment complexes, with plans to spend \$3.1 million renovating the Class B properties.



Capital Assets of Tulsa paid \$7.47 million for the 328-unit Sand Dollar on the River apartments.

Adding those 984 units brings the company to 5,043 under management in Tulsa and Oklahoma City, eclipsing the mark Vice President Greg Wright targeted two years ago for optimum critical mass. But with the national recession and continued tight credit making mortgage refinancing far more difficult, president Royce Wright anticipates closing more bargain deals this year on potential distressed properties.

This one involved a two-month deadline that heightened the suspense, said Tooman Partners Principal Gary B. Krisman, who with Royce Wright represented Capital Assets in the deal.

“It was a miracle we got this one pulled off,” said Greg Wright. “We had four different properties that all had to close at the same time. To really do it in 60 days is phenomenal.”

The deal involves three 1970s-era properties and one built in 1982, their occupancies generally trailing the 93 percent averaged by others in the Capital Asset portfolio.

“We feel like these fit in rather nicely,” he said of the portfolio mix. “We will have property all across Tulsa, east, central and south.”

Under the name Sand Dollar on the River Apartments, Tulsa-based Capital Assets paid \$7.47 million for the 10.3-acre Sand Dollar on the River complex, 910 E. 61st St. The firm will invest \$1 million, adding fitness and business centers, upgrading the office, installing washer and dryers in some units, restoring some offline units and making overall cosmetic improvements.

The 27-year-old Sand Dollar gives Capital Assets a Riverside Drive product with great views of the Arkansas River. It also boasts an entryway pond and other water features.

“We see Sand Dollar as a property you can really reposition in the market,” said Greg Wright, their renovations intended to boost its occupancy rate above the low 80s level.

Apart from its 64 two-bedroom units at \$568 a month, Sand Dollar's 328 units target one-bedroom or studio customers, their rents ranging from \$359 to \$459.

As Tulsa Four Hunters Creek LLC, Capital Assets paid \$6.9 million for the 25.2-acre Hunters Creek Apartments and Duplexes, 1563 S. 79th East Ave. Capital Assets intends to spend \$600,000 sprucing up the trim, woodwork and paint while adding a business center.

Opened in 1972, almost half of the 206 Hunters Creek units offer three bedrooms and two baths at \$699 a month. Another 44 represent two-bedroom floor plans, their monthly rents ranging from \$539 to \$569.

"It's just a beautiful setting, with a meandering creek that runs through the property," Royce Wright said of the low-90s occupancy site. "It's got these arbors with flowering vines. ... It's just lovely."

Under the name Tulsa Four Lakewood Park LLC, the Wrights spent \$4.56 million for the 6.27-acre Lakewood Park Apartments, 3625 S. Lakewood Ave. The firm allotted \$400,000 to freshen up the complex, adding a fitness center while sprucing up the office and business center.

Greg Wright said Lakewood's location makes that it attractive, sitting just behind Bishop Kelley High School, along Tulsa's 41st Street retail corridor.

Like Sand Dollar, that 224-unit property focuses predominantly on one-bedroom units, now offered at \$404 a month. The 93-percent occupied complex provides 56 two-bedroom units at \$514 a month.

Capital Assets, as Tulsa Four Arbors LLC, paid \$3.99 million for the Arbors of Southern Hills, an 11.9-acre complex at 6630 S. Zonis Ave. The Wrights will pour \$1.1 million into that 1972 complex near Oral Roberts University, returning some units to service, improving the fitness center, business center and office, and touching up the wood and paint.

With occupancy rates in the 70-percent range, the Arbors offers 120 two-bedroom apartments at \$622 a month, 88 one-bedroom units at \$422, and 18 three-bedroom units at \$725.

The seller of all four properties was nonprofit multifamily investor NVHF, owning these properties under the names Hunters Creek Properties LLC, Sand Dollar on the River LLC, Arbors of Southern Hills Properties LLC, and Lakewood Park Properties LLC. An affiliate of NVHF also had invested in the Cambridge Landing Apartments in Oklahoma City.

To finance the purchase of Hunters Creek and Lakewood Park, Capital Assets worked with Evans Rector with Power One Financial, Todd McNeill with Metropolitan Capital Advisors, and Alliant Capital LLC.

For Sand Dollar and the Arbors, the Wrights used Rector and SpiritBank.

'The most stressful three hours' Balancing financing through several different lenders against the seller's rigid closing deadline caused tremendous challenges, said Krisman.

"On Jan. 15, we had a verbal agreement," said Greg Wright. "It wasn't until Feb. 1 that we got a written copy of the contract. And we had to close it by March 31."

A technical snafu heightened the pressure for Hendricks and Partners broker Aaron Hargrove, who with Tim McKay and John Clayton had offered the deal to Capital Assets.

“We had a hard date that it had to be closed by or the deal was off,” he said. “We were putting all our eggs in one basket. We had to be very confident that we had picked the right buyer.

“Literally we had a 12 o’clock Central Standard Time wire deadline on Tuesday the 31st,” said Hargrove. “I literally was on the phone between 9:40 and 12:15 constantly, on probably 100 different phone calls, and receiving last-minute signature page faxes. Now, our fax machine, anytime I receive a fax, comes straight into my Inbox on Outlook. At 11:30 we’re waiting for the last signatures to come in and our national server goes down.

“I’m not kidding,” he stressed. “People were freaking out.

“I knew it would get done,” he said. “I never was sweating it wouldn’t get done, but I was sweating taking calls from the buyer and seller and closing agent that it wouldn’t get done.

“It was the most stressful three hours I’ve ever been a part of in a business transaction,” said Hargrove. “It was exciting.”