

CRITTENDEN Real Estate Buyers™

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APARTMENT BUYERS HUNGRY FOR VALUE-ADDED PROPERTIES

Value-added apartment buyers move to boost yield in coming weeks via market entries, new funds and structures. Count on more portfolio buys, recapitalizations, forward commitments and distressed transactions from dealmakers in search of higher yields compared to stabilized, Class A-seeking counterparts. **Greystar Real Estate Partners** and **Prime Group** eye diversification into new markets. **Canyon Capital Realty Advisors**, **Carmel Partners** and **Fairfield Residential** use fund cash to advance value-added strategies. **BRT Realty Trust**, **PCCP** and **Preferred Apartment Communities** will delve into note purchases and predevelopment agreements, and affordable-housing specialist **WNC & Associates** prepares a 2013 entry into the market-rate segment. Continued cap rate compression in

APARTMENT BUYERS HUNGRY FOR VALUE-ADDED...

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BRT Realty Trust, PCCP and Preferred Apartment Communities are among active regional and national buyers. BRT Realty Trust's expansion into apartments earlier this year sets the stage for more joint ventures, presales and debt purchases. The Southeast and Mid-Atlantic regions will be a primary focus based on the buyer's experience and recent activity involving \$100M-plus of acquisitions in Florida, Georgia and Tennessee, for complexes ranging from 170 to 542 units.

PCCP will put \$100M equity to work in distressed apartment purchases, performing and non-performing note buys and recapitalizations during the next 12 months, in addition to a bridge-lending platform. Preferred Apartment Communities has been writing forward commitments and purchase options on eastern and southern U.S. complexes. Additional fresh equity heading to market includes The Canyon Catalyst Fund venture between Canyon Capital Realty Advisors and the **California Public Employees' Retirement System**. The \$200M partnership will consider opportunistic apartment buys, as well as office, industrial and retail purchases during the next three to four years. Austin and Houston, Texas, and Miami are among markets Canyon Capital Realty Advisors has been most active in this year.

New investors will diversify with market-rate complexes. WNC & Associates plans to acquire market-rate apartments next year, and will seek upwards of \$400M worth of mostly off-market acquisitions during the next three to five years — for a longer-term strategy. Planned action in the value-added to distressed segments will occur in California and the West, and complement an established focus on low-income housing tax credit (LIHTC) apartment investments typically ranging from \$5M to \$30M equity per property. The buyer also looks for tax-credit syndications and HUD mark-to-market buys, expiring LIHTC property acquisitions and investments and a federal New Markets Tax Credit program targeting commercial real estate in designated lower income neighborhoods. The company plans another \$50M to \$100M of activity on behalf of various platforms. It has raised and invested \$300M so far this year.

MORE MANUFACTURING MOVES INDUSTRIAL BUYERS

Industrial investors will tap larger deals in areas once avoided because of overbuilding and go deeper into infill markets for vacant buildings and land buys. Joint ventures involving institutional investors and private buyers will flourish, responding to increased manufacturing demand and higher rental rates. Private investors beef up joint ventures with institutional partners to expand portfolios in Southern California, the Midwest and Southeast regions, where buyers want mostly bulk distribution and warehouse. A plummeting cap rate trend into the 5% range will result in more value-added buys. A host of diversified, value-added funds from **Carlyle Group, Jones Lang LaSalle Property Income Fund** and **RREEF Property Trust** may follow the **Blackstone Group's** big dive into the sector earlier this year.

Smaller investors will forge new JVs with institutional buyers hungry for yield. **CT Realty Investors** will shop for upwards of \$300M to \$400M of core and value-added industrial during the next 18 months, with new and existing partners including **Artemis Real Estate Partners, American Realty Advisors** and **Heitman**. A recent \$58 per s.f. buy of a 100,000 s.f.-plus Rancho Cucamonga asset will be followed with additional buys in the greater Los Angeles area's Orange County and the adjacent Inland Empire region's Riverside and San Bernardino counties; it will avoid San Fernando County assets, but that market is on **Shubin Nadal Realty Investors'** radar.

Infill buyer Shubin Nadal Realty Investors has \$40M remaining this year for a \$100M acquisitions goal targeting warehouse/distribution, R&D, land and office purchases in Los Angeles and Orange counties.

MORE MANUFACTURING MOVES INDUSTRIAL BUYERS...*Continued from Previous Page*

A \$700M credit line that could expand to \$1.4B will support dealmaker preferences for single-tenant warehouse/distribution centers, office and retail. Stateside buys, subsequent to activity in Chicago and Kansas City, Mo., earlier this year, will complement an international focus on Asia and Europe. During 2011 the buyer acquired more than \$100M worth of office and industrial properties in Arizona, Colorado, Florida, Illinois, New Jersey and Pennsylvania.

International buyer **Prologis** has also been active in the states with a recent buy in the Los Angeles metro area, reflecting more than \$85M worth of acquisitions since January. The public REIT's Atlanta and Chicago purchases support a Midwest and Southeast focus, areas where **Duke Realty** is among deep-pocketed buyers pursuing a regional acquisitions, development and redevelopment strategy.

Active in and outside the single-tenant space are **DCT Industrial Trust.** DCT Industrial could use some cash from a \$117M equity raise for single- and multitenant buys nationwide, to follow acquisitions earlier this year in Chicago, Dallas, Houston, Miami, northern New Jersey and Southern California. Value-added buyers including DCT Industrial may enter deals at a high-5% range return but expect rates in the 7s upon stabilization. **Terreno Realty** can be expected to hunt for 7%-plus cap rates in coastal markets, following a recent Miami buy involving debt assumption. Additional purchases will follow action in the Los Angeles and Orange counties' Commerce, Redondo Beach and Whittier areas, in addition to the San Francisco Bay area's South San Francisco and Sunnyvale markets, plus Doral, Fla.; Elkridge, Md.; Kent, Wash.; and Sterling, Va.

DEALMAKER DATABANK™

<u>Company/Address</u>	<u>Contact/Phone/Fax</u>	<u>Property Type</u>	<u>Buying Criteria</u>
Aeroterm 201 West St. Suite 200 Annapolis, MD 21401	Erin Gruver (410) 280-1100 Fax: (410) 280-0100 egruver@aeroterm.com	Industrial	Private investor and developer acquires industrial airport properties nationwide.

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<u>Company/Address</u>	<u>Contact/Phone/Fax</u>	<u>Property Type</u>	<u>Buying Criteria</u>
Cavalry Capital Group 2801 N. Tenaya Way Suite C Las Vegas, NV 89128	Jeff Pori (702) 454-9000 Fax: (702) 454-9001 jpori@cavcapital.com	Apartments	Private investor acquires apartment buildings nationwide.
	David Stubbs (702) 454-9000 Fax: (702) 454-9001 dstubbs@cavcapital.com	Apartments	Private investor acquires apartment buildings nationwide.
Chambers Street Properties 47 Hulfish St. Suite 210 Princeton, NJ 08542	Phil Kianka (609) 683-4900 phil.kianka@cspreit.com	Industrial	Non-traded REIT mostly acquires single-tenant industrial and will consider some office and retail.
CT Realty Investors 65 Enterprise Aliso Viejo, CA 92656	James (Watty) Watson (949) 330-5770 Ext. 330 Fax: (949) 330-5771 watty@ctrinvestors.com	Industrial	Private buyer acquires Southern California industrial; plans \$200M acquisitions in 2012.
	Carter Ewing (949) 330-5777 Fax: (949) 330-5771 cewing@ctrinvestors.com		
DCT Industrial Trust 518 17 th St. Eighth Floor Denver, CO 80202	Phil Hawkins (303) 597-2400 Fax: (303) 228-2201 poneill@dctindustrial.com	Industrial	Public REIT acquires industrial in outside Southern California.
Fairfield Residential 5510 Morehouse Drive Suite 200 San Diego, CA 92121	Richard Boynton (858) 824-6424 Fax: (858) 457-3982 rboynton@ffres.com	Apartments	Private buyer acquires Class A and B apartments with Brookfield Asset Management.
Greystar Real Estate Partners 18 Broad St. Third Floor Charleston, SC 29401	Wes Fuller wfuller@greystar.com	Apartments	Private investor acquires and develops nationwide.
KTR Capital Partners 140 Broadway 43 rd Floor New York, NY 10005	John DiCola (212) 710-5060 Fax: (212) 710-5061 jdicola@ktrcapital.com	Industrial	Private investor acquires industrial properties nationwide.
MG Properties Group 10505 Sorrento Valley Road Suite 300 San Diego, CA 92121	Justin Smith (801) 359-7522 Fax: (801) 359-7561 jsmith@mgproperties.com	Apartments	Private investor acquires apartment buildings in the West.
Overton Moore Properties 19300 S. Hamilton Ave. Suite 200 Gardena, CA 90248	Timur Tecimer (310) 323-9100 ttecimer@omprop.com	Industrial	Private buyer and developer acquires and builds in Southern California.
PCCP 280 Park Ave. 35 th Floor West New York, NY 10017	John Randall (646) 308-2100 Fax: (646) 308-2130 jrandall@pccpllc.com	Apartments	Private buyer pursues distressed scenarios including fractured condominiums, REOs and note purchases.
Preferred Apt. Communities 3625 Cumberland Blvd. Suite 400 Atlanta, GA 30339	Leonard Silverstein (770) 818-4147 lsilverstein@pacapts.com	Apartments	Public buyer acquires, originates debt on complexes on eastern and southern U.S. properties.
Prime Group 50 California St. Suite 3240 San Francisco, CA 94111	John Adair (415) 986-2415 Fax: (415) 986-4518 john.adair@primegrp.com	Apartments	Private investor could acquire \$100M to \$200M of assets during 2013.
PS Business Parks 701 Western Ave. Glendale, CA 91201	Ross Parkin (818) 244-8080, ext. 1662 Fax: (818) 242-0566 rparkin@psbusinessparks.com	Industrial	Public REIT acquires multitenant flex industrial and office.
Real Estate Capital Partners 114 W 47th St. 23 rd Floor New York, NY 10036	Paul Doocy (212) 655-4370 Fax: (212) 843-6120 pdoocy@recp.com	Apartments	Private investor acquires apartment buildings nationwide.

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<u>Company/Address</u>	<u>Contact/Phone/Fax</u>	<u>Property Type</u>	<u>Buying Criteria</u>
Shoptaw Group Two Buckhead Plaza 3050 Peachtree Road NW Atlanta, GA 30305	Emily-May Richards (678) 538-1060 ext. 1049 Fax: (678) 538-1055 erichards@sgatl.com	Apartments	Private investor acquires apartment buildings Florida, Georgia, North Carolina, South Carolina, Tennessee and Texas.
Shubin Nadal Realty Investors 901 Dove St. Suite 225 Newport Beach, CA 92660	Lonnie Nadal (949) 752-4100 Fax: (949) 752-4101 lnadal@snrinvestors.com	Industrial	Private investor acquires industrial in and outside JVs.
Terreno Realty 101 Montgomery St. Suite 200 San Francisco, CA 94104	W. Blake Baird Michael Coke (415) 655-4580 Fax: (415) 655-4599	Industrial	Public REIT acquires warehouse/distribution in select markets nation-
WNC & Associates 117 Sky Park Circle Irvine, CA 92614	Will Cooper Jr. (714) 662-5565 jkaake@wncinc.com	Apartments	Affordable housing and tax-credit buyer eyes market-rate expansion in 2013.

BIG YEAR COMING FOR RANGE OF MULTI-FAMILY INVESTORS

Buyers will eagerly look for multi-family properties during 2013, particularly throughout the Southeast, the Los Angeles metro area and the Washington, D.C./Baltimore corridor. **Real Estate Capital Partners**, **Associated Estates Realty** and **MG Properties Group** all look to strengthen their deep portfolios and will push hard for multi-family opportunities. Meanwhile, **Cavalry Capital Group** will jump into the scene to diversify its retail and office holdings, and **The Shoptaw Group** will restart its acquisitions aim after spending this year whittling down its core.

Real Estate Capital Partners will buy \$850M worth of multi-family properties — as well as industrial, office and retail — in 2013; it has spent \$700M on acquisitions this year. The New York firm has heavy concentrations of apartment buildings in Florida, Southern California, Colorado, Dallas, Houston, Atlanta and Seattle, which will be models for future investments. Equity is also being raised with its partner, **Regional Real Estate Investment Corp. (RREIC)**, for a new fund, **Develop-DC LP**, to invest in developments throughout the Washington, D.C. and Baltimore metro area. Expect Sunbelt properties to receive attention as well, with Dallas and Tempe, Ariz., being targeted this year through JV investments.

Cleveland REIT, Associated Estates Realty, will look for \$250M of multi-family buys in both 2012 and 2013, with focused efforts in Southeast Florida, Southern California, Baltimore, the Washington, D.C., metro area and Dallas. This year has seen a rush of new territorial entries for the company, as it entered Southern California for the first time in May, Raleigh-Durham in June — with over \$100M invested in two condo complexes and an apartment facility so far — and began construction of the first of two projects in the Dallas metro area.

Cavalry Capital Group looks for \$350M worth of acquisitions in 2013, following \$170M this year. The Las Vegas private investor looks primarily for multi-family properties across the U.S. for its core portfolio, as well as opportunistic distressed acquisitions. With an already solid presence in Nevada retail and office properties, Cavalry now wants to expand its holdings with apartments throughout the West and as far as New Jersey.

MG Properties Group will grab \$200M worth of multi-family, condo and senior housing facilities in 2013, matching this year's stated target, which it reached this month with a \$92M apartment buy in Lancaster, Calif. The San Diego-based private investor and management company is focused on the West for its acquisitions. Value-added and underperforming properties in primary and major metropolitan markets are most desirable for the company.

The Shoptaw Group will target \$100M to \$125M in acquisitions within primary markets in Florida, Georgia, North Carolina, South Carolina, Tennessee and Texas by the end of 2013. The Atlanta-based investor looks for class A or B, garden or mid-rise apartments between \$10M and \$40M. While they will not acquire any properties this year, instead focusing on building up capital by selling three apartment complexes, the company plans to hop back in next year to supplement its portfolio of four properties in Georgia and one in North Carolina.

BIG INDUSTRIAL PLAYS AHEAD IN 2013

KTR Capital Partners leads a pack of industrial buyers actively searching for industrial distribution and warehouse properties. Major, class A distribution hubs for multi-national behemoths — like KTR's purchase of a UPS property this month — are rare but KTR and a host of smaller buyers also look for class B properties in smaller markets.

KTR Capital Partners will reach \$700M of individual asset and portfolio industrial buys nationwide both this year and in 2013. The private equity firm will build upon its strong presence in California, Illinois and New Jersey with new buys and development, including the acquisition of the UPS facility in San Leandro, Calif. Houston is also a repeat target. The New York-based firm will mainly pursue top tier, Class A properties with high lease occupancies but will consider value-added opportunities that suit their needs.

Private REIT and investor **Aeroterm** wants to acquire \$50M to \$75M in distribution, storage and aircraft parking facilities on or near major airport facilities nationwide during 2013. This year the company has focused its capital on developing, with a \$200M, 820,000 s.f. project at Chicago's O'Hare International Airport to improve the facility's cargo center and shoring up long-term leases for over 20 companies and government agencies. The Maryland-based buyer has a strong presence in the Northeast and in the South, but has only two properties west of Texas, in Portland, Ore., and Anchorage, Alaska.

Carson Cos. will look to acquire \$150M of industrial properties in Southern California and Texas during 2013 — matching this year's output — with a focus on California's Los Angeles, Orange, San Bernardino and Riverside counties, and the Houston metro market in Texas. The private investor buys through various vehicles, including the Carson Estate Trust and Carson Dominguez Properties LP, in search of assets valued at \$5M to \$200M for a long-term hold period.

New York investor and developer **Ashley Capital** projects \$15M in acquisitions for 2013, a \$3M increase over this year. Major metropolitan areas and secondary markets in Georgia, Illinois, Michigan, New York, Virginia and Wisconsin are in play. Ashley made the Detroit metro area a target for this year by acquiring warehouse and distribution center portfolios in separate transactions.

Agracel will expand its scope in search of industrial properties in Michigan, Oklahoma and Pennsylvania, adding to its existing portfolio in the Southeast and Midwest. The private investor has grabbed four properties to date in 2012, following three in 2011. The trend should continue into next year as the company is keeping tabs on the burgeoning auto manufacturing industry in the Southeast. Agracel is looking for distribution centers, warehouses and manufacturing properties from \$1M to \$20M to add to its \$220M portfolio.

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