

Minnesota firm takes The Lakes

by Kirby Lee Davis

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Timberland Partners of Minneapolis purchased the Lakes Apartments in south Tulsa for \$14.7 million. (Rip Stell)

TULSA – Commercial real estate operator Timberland Partners of Minneapolis has entered the Sooner State with its \$14.7 million purchase of south Tulsa’s The Lakes Apartments.

That brings Timberland’s portfolio to 33 multifamily complexes in eight states, as well as seven office and warehouse commercial properties in the Minneapolis area.

Tulsa County Courthouse records indicate Timberland Oklahoma 1 LLC paid \$41,903 per unit to The Lakes Apartments LLC, led by D.R.R. Properties of Dallas, for the 352-

unit complex at 8028 S. Wheeling Ave.

That exceeded the price recorded for post-1990s properties sold through the first half of 2011, according to the midyear market survey by the Norman multifamily brokerage Commercial Realty Resources Co.

That’s especially impressive since The Lakes opened in 1985.

“That’s a very strong price for Oklahoma for that kind of product,” said CRRC Tulsa broker Darla Knight. “That’s kind of a Class A price.”

Aaron Hargrove, who handled the sale for the Phoenix multifamily brokerage Hendricks and Partners, attributed the high price to its good visibility and access along Riverside Drive, just across the street from the River Spirit Casino. Hargrove said The Lakes, although 26 years old, remains one of the younger properties along that popular multifamily corridor, with a good floor plan mix, washer and dryer hookups in every room, and placement in the Jenks Public Schools District.

“It was built as a condominium project, so there’s a little more to it than a standard apartment project that’s that old,” said Gary Krisman, a multifamily broker with Grubb and Ellis/Levy Beffort in Tulsa.

Hargrove also attributed the price to good timing and the strength of Tulsa’s apartment sector. Interest rates dropped as Hendricks and Partners listed the sale, he said. The deal closed with a 7-percent capitalization rate, The Lakes at 95-percent occupancy.

“The property raised rents two different times while we were marketing the property,” said Hargrove. “Two consecutive weeks they raised the rents, \$10 a unit across the board.”

Scattered across 27 buildings on 15.7 acres, The Lakes offers 176 one-bedroom, one-bath units, the portfolio equally divided in two sizes, and 176 two-bedroom, two-bath units, also divided in two sizes. Listed rents range from \$469 to \$644 a month, offering the potential for \$2.36 million annual revenue.

Hargrove expects the new owners to spruce up exterior paint finishes at The Lakes and catch up on some deferred maintenance issues.

Matt Fransen, vice president of real estate investments for Timberland, could not be reached for comment.

Courthouse records indicate Timberland secured this deal with a \$12.3 million Fannie Mae-backed mortgage from lender Walker and Dunlop of Bethesda, Md.

Hargrove said Timberland is interested in expanding its Oklahoma foothold.

"They've been looking for years," he said in a telephone interview. "They own properties in Wichita, Kan., and they own in Texas. Wichita has perceived ups and downs, and is kind of a riskier market because of the aerospace industry. That being said, I believe that Wichita has been their best performing market."

While Wichita's similarity to Tulsa and Oklahoma City drew Timberland's interest, Hargrove said the Minneapolis firm was not alone.

"I legitimately had more interest in that property than anything I've ever sold before in Tulsa," said Hargrove. "We had 14 offers, nine of which exceeded our initial expectations on sale price."

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