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Electra America Buying Apartment Properties in Southeast and Texas

This year, Electra America has paid \$638 million, or about \$123,643/unit, for 15 apartment properties with a combined 5,160 units in Georgia, Florida, North Carolina and Texas.

The Tampa, Fla., company also has agreed to buy six other properties, with a total of 1,500 units, for \$200 million, or about \$133,333/unit. The deals are expected to close by the end of the year.

Meanwhile, it's selling seven of its properties for some \$200 million as it fine-tunes its portfolio's geographic diversity.

The transactions are part of Electra America's strategy to invest in class-B properties in major metropolitan areas in the southeastern United States and Texas.

Joseph Lubeck, the company's chief executive, has identified the following markets as having strong job growth and population increases, particularly among the 24 to 36-year-old age category: Charlotte and Raleigh, N.C.; Miami, Jacksonville, Orlando, Tampa, and West Palm Beach, all of which are in Florida; Houston, Dallas, San Antonio and Austin, Texas, as well as Atlanta. Lubeck said young adults in those markets often are not interested in buying homes because they want to maintain the flexibility to move if job opportunities arise.

"We still believe the multifamily market in the southeast is particularly strong," Lubeck said. "Fortunately, we have significant capital strength and the ability to execute when we see properties that we want to buy."

Lubeck has been involved in the commercial real estate industry for more than 25 years. He was the chief executive of Elco Landmark Residential Holdings, an affiliate of Electra Real Estate of Tel Aviv that in 2012 was involved in the

formation of Landmark Apartment Trust Inc., a non-traded REIT. Two years ago, Landmark was sold to a venture of Starwood Capital Group and Milestone Apartment REIT for nearly \$2 billion.

At the time, Elco retained about 8,000 units and re-branded itself as Electra America. Last year, the company merged with Robbins Property Associates, whose investors Electra America since has bought out.

Electra America owns and manages about 23,000 units. It funds its deals through a \$200 million fund, the Electra Multifamily Fund, often partnering with institutional investors. It mostly seeks garden-style properties that need renovations and upgrades and transform B-minus assets into A-minus assets.

"Our goal is to acquire undervalued, undermanaged, over-leveraged, challenged assets, apply the right capital structure, apply superior management, renovate and upgrade the physical property and seek to grow net operating income," Lubeck said. "We're all about cash flow and profit upon exit."

The company's deals so far this year have involved five properties in the Atlanta area, three in Jacksonville, two in the Orlando area and one apiece in Charlotte, Raleigh, N.C., Tampa, Miami and San Antonio.

"Our appetite remains large, but most of all what we buy is off-market and privately negotiated," Lubeck said. "We take our opportunities when they come."

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