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NorCal Buyers Close \$38M Apartment Deals

By Bob Howard

LOS ANGELES-Northern California-based buyers Pacific Property Co. and Montgomery Partners have acquired two apartment complexes for an aggregate of \$37.5 million in two separate deals, including the sale of the landmark Park Wilshire complex. Pacific Property bought the 102-unit Wilcox Apartments at 1750 N. Wilcox Ave. in Hollywood for \$20.5 million from Montgomery, and Montgomery acquired the 170-unit Park Wilshire at 2424 Wilshire Blvd. from the Irvine-based Bascom Group for \$17 million.

Broker Ron Harris of Marcus & Millichap, who was involved in both of the deals, tells GlobeSt.com that the acquisition of the Wilcox property, which is across the street from another Pacific Property complex, gives the Palo Alto-based company "a significant position in a tight rental market in Hollywood." Harris notes that the seller in the Wilcox transaction had completed a significant capital improvement program over the past two years, renovating a large percentage of the units.

Harris represented both the buyer and the seller in the Wilcox transaction, and he teamed with Greg Harris to represent both parties in the Park Wilshire deal. Ron Harris notes that Montgomery, which has acquired about 2,000 units in Southern California since entering the market two years ago, bought the Park Wilshire as an upleg in a 1031 exchange from the sale of the Wilcox property.

The other Pacific Property Co. asset on Wilcox Avenue, directly across the street, is the 243-unit Victor Hollywood, which Pacific acquired in 2006. Pacific's managing director, Rory Gardner, says that Hollywood "remains a top tier target market" for the company, which "is aggressively seeking to increase" its portfolio of 8,000 West Coast apartment units.

Pacific Property, which bought the Wilcox Avenue complex in a joint venture with Capmark Financial, plans to invest in excess of \$600,000 to implement what the buyer calls "a modest repositioning of the property." In addition, Pacific has renamed the complex the Mark Hollywood.

Acquiring the second Wilcox Avenue property gives Pacific "a second contemporary asset in the dynamic Hollywood submarket," Gardner comments. He points out that the Wilcox Avenue properties offer a location that is close to urban amenities including the Arclight Theater, the Hollywood & Highland retail complex, and some of the most popular clubs, lounges and restaurants in Los Angeles.

The Wilcox complex acquisition includes the assumption of a \$7.2-million loan with Citibank. The apartment complex, built in 1987 and not under rent control, includes 33 singles, 45 one-bedroom units and the rest two-bedroom units.

The Park Wilshire is an eight-story concrete building that was built in 1924, a time when many of the stately apartment complexes along Wilshire Boulevard were constructed. Seller Bascom had completed a \$3-million renovation program at the property over the past two years.

The Park Wilshire includes 133 singles, 35 one-bedroom units and two penthouses, both of them two-bedroom, two-bath units, with parking at an adjacent lot that the seller has been leasing from the L.A. Unified School District. The buyer is exploring the possibility of building a parking structure on an adjacent lot that was included in the sale and is used for parking.

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