

Last updated: Monday June 26, 2006

Complex Near Beach Commands Nearly \$69M

By Bob Howard

EXCLUSIVE

HERMOSA BEACH, CA-The Equity Residential apartment REIT has acquired the 285-unit Playa Pacifica apartment complex for \$68.5 million in a transaction brokered by Ron Harris and Greg Harris of Marcus & Millichap. Ron Harris tells GlobeSt.com that the new owner plans an extensive renovation of the property, which Equity bought from a partnership of Fairfield Residential LLC and a private party.

"The seller has maintained the property beautifully but has never renovated it to bring rents in line that would be commensurate for this area," Harris says. The complex does not fall under rent control, so the renovation will provide upside for Equity Residential, which is one of the largest apartment REITs in the country.

The sale of the Playa Pacifica, which is about a block and a half from the beach at 415 Herondo St., represents a rare case of a class A institutional apartment complex trading in an area where few such properties exist and where they rarely trade. The Playa Pacifica itself is an example of how rarely such properties trade, having been developed in the early 1970s and owned by the developer ever since then, with Fairfield coming in as a partner in the 1990s.

The Playa Pacifica, which was 100% occupied at the time of the sale, is one of only a handful of 100-plus-unit apartment complexes in the South Bay. Almost all of the apartments in the area are in buildings that range from duplexes to about 30 units.

The 285 units at Playa Pacifica include 83 singles, 148 one-bedroom units and 54 two-bedrooms. They range from approximately 400 sf to one unit that is nearly 1,300 sf, with rents that range from approximately \$1,100 to \$2,300.

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