

REAL ESTATE **BISNOW**

August 26, 2010

CREEKSIDE UPSIDE



Hendricks & Partners' **Dean Zander** (above) and **Joe Leon** just sold the 628-unit Creekside Meadows, Tustin's **largest** apartment community, to a national apartment **REIT**. The REIT's name wasn't disclosed, but a little Bisnow cyber-sleuthing pegs the buyer as AvalonBay Communities. (Creekside Meadows now pops up on the REIT's website.) We spoke yesterday with Dean, who says the property is a fully **renovated** community on several parcels with the ability at some point to sell them separately. The **95% leased**, Class B property attracted interest from institutional as well as private investors. They conducted more than **40 property tours**, which generated **15 qualified offers**. Dean says the deal was completed in just **48 days start-to-finish**, reflecting continued strong demand for well-located institutional-quality assets.



Joe notes **30M SF** of commercial developments on the boards within 20 minutes of the property are projected to create over 90k future jobs. Monthly rents in adjacent **Irvine and Tustin Ranch** master-planned communities average as much as \$500 per unit higher, and the property will achieve rental upside by "drafting on these luxury rental units." Dean says the buyer has significant holdings in SoCal. Although the demand and demographics support higher rents, the new owner has no plans to hike rates to match neighboring luxury rentals but to "narrow that gap a little bit over time."