

Larimer & Weld Counties

Owner makes \$12.95 million deal in a stone's throw

by Jill Jamieson-Nichols

The owner of a Fort Collins apartment community went across the street and paid \$12.95 million for the 167-unit Stone Creek Apartments.

"It's a beautiful property," said Ed Newman, chief executive officer of Akron, Ohio-based Summit Management Services. "It's ready to go. It's almost 100 percent full, and it's a well-managed property. We're going to bring our management angle to it – that's where we bring value to the properties we buy."

Summit Management Services, which is affiliated with Herbert Newman Co., bought Stone Creek from RAIT Financial Trust for \$77,545 per unit. RAIT took control of the property in February 2009. It realized a \$1 million gain after costs and repayment of all underlying debt.

Located at 1225 W. Prospect

Road, Stone Creek is about a mile from Colorado State University and across the street from the 120-unit Landmark Apartments, which Summit Management also owns. The company had its eye on Stone Creek for the last couple of years, Newman said, adding the property has many of the same attributes as the Landmark. Smaller markets like Fort Collins are Summit Management Services' niche.

Stone Creek features a mix of 88 one-bedroom, one-bathroom flats and lofts, as well as 79 two-bedroom, one-bath flats. Units include wood-burning fireplaces, breakfast bars, and washer and dryer connections.

Built in 1985, the apartments sit on a spacious, parklike site with ponds. Improvements include a clubhouse, heated outdoor swimming pool, barbecue area and bike racks.

Summit Management Services

will realize economies of scale with the acquisition of Stone Creek Apartments, said Newman. The company would like to own additional properties in Colorado because of growth potential that comes with the quality of life, he said.

Summit Management Services also owns the 240-unit Rosemont Ridge at Lowry (formerly the Estates at Mira Vista) in Denver. Its portfolio of 30 owned and managed properties includes approximately 3,500 units in Ohio, Colorado and North Carolina.

RAIT Financial originally sourced, funded and held the first mortgage and mezzanine loan on Stone Creek Apartments. It converted its loan position to direct ownership as the economic crisis hurt the property's performance. RAIT worked with Jupiter Communities to reposition the property, which



Apartment Insights

The Stone Creek Apartments, above, was acquired by the owner of the Landmark Apartments, located across the street.

resulted in increased occupancy and net operating income, and refinanced the property with Freddie Mac in early 2010.

The sale was the third significant apartment transaction in Fort Collins recently. Hamilton

Zanze & Co. bought The Miramont Apartments for \$17.2 million and Pinecone Apartments for \$15.88 million.

Also in Northern Colorado, Lincoln Place in Loveland recently traded for \$23.66 million.▲