

From the Phoenix Business Journal:

<https://www.bizjournals.com/phoenix/news/2018/09/26/la-investor-scoops-up-tempe-apartments-with-eye.html>

LA investor scoops up Tempe apartments with eye toward renovation

Upgrades expected to push up rents at the complex

➤ SUBSCRIBER CONTENT:

Sep 26, 2018, 2:32pm MST

Tides Equities LLC paid \$38.5 million for a 244-unit apartment complex near Arizona State University in Tempe, with plans to invest another \$7 million to renovate the property.

The Los Angeles-based investor bought the Nines Apartments property from Phoenix-based 3rd Ave Investments, which has been busy buying apartments in the West Valley.

Zev Hendeles, principal of 3rd Ave Investments, said he bought the apartments at 999 E. Baseline Road back in May 2016 for \$25.13 million.

"We were able to get our investors a 38 percent internal rate of return and a 2.02 multiple, which means for every \$100,000 invested they got back \$202,000 in 29 months," he said.

The goal was to execute this rate of return within five years, but was accomplished in 29 months, he said.

"We're actively pursuing new opportunities in the Valley and we're very bullish on Phoenix in general," Hendeles said.

Trevor Koskovich, president of Phoenix-based NorthMarq Multifamily, represented both the buyer and seller in the off-market transaction.

"It's kind of a unique situation where it wasn't widely marketed," Koskovich said. "[Tides Equities] had expressed some interests in assets of this nature. We were able to make the connection with Zev."

Sean Kia, co-founder and principal of Tides Equities, said his \$7 million upgrade investment will make it one of the company's more premium assets in the market.

The exterior will be black and white with horizontal wood siding to give it a Southern California beach vibe, he said. Plans call for adding two more rooftop lounges, complete with outdoor barbecues and firepits, all overlooking a man-made lake.

Interior renovations will include quartz countertops, stainless steel appliances, new LED lighting, upgraded fixtures and cabinets and new subway tile backsplash in the kitchen. Every unit will have a washer and dryer.

With these upgrades comes higher rents, Kia said.

"Right now, rents are averaging about \$1,150 and we're targeting \$1,400 when it's all said and done," he said.

Like other properties Tides Equities has purchased and renovated, plans call for renaming the project to include the Tides name. This one will be called Tides Lakeside.

The property is about 95 percent leased.

As 12-month leases expire, Kia expects to renovate about a dozen units a month over the next two years.

Kia said he doesn't plan to stop buying apartments in metro Phoenix any time soon.



3RD AVE INVESTMENTS

The Nines Apartments, 999 E. Baseline Road, Tempe, sold for \$38.5 million.

"We have four in escrow right now," he said. "We're still very bullish on the Phoenix market and we plan to buy a lot more."

Angela Gonzales

Senior Reporter

Phoenix Business Journal

