

From the Phoenix Business Journal:

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## L.A. investor adds to growing Phoenix portfolio with \$37M apartment buy

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Los Angeles-based Tides Equities LLC has paid \$37.25 million for the 376-unit Fairways at Cave Creek, with plans to invest about \$7 million to renovate the property.

Sean Kia, co-founder and principal of Tides Equities, said he bought that complex — which is 97 percent occupied — from Starwood Capital.

"They're one of the most active sellers in the country right now," Kia said. They bought a portfolio of roughly 20 properties all over the country and this was one of the only ones in Phoenix. They were selling this so they can focus their attention on the other assets of the portfolio."

Built in 1981, the Fairways will undergo extensive renovations inside each of the units as well as the exterior of the property, including landscaping, clubhouse and pool deck. Kia said he's also going to add new amenities, including a dog park and putting greens.

As a result of those extensive renovations, rents will go up, he said. Currently, tenants pay roughly \$850 a month, and will be looking at monthly rental rates of around \$1,150 once renovations are completed.

"They will have the option to take a new renovated unit or take a nominal increase on current rent," he said. "We will most likely renovate units as leases expire."

Tides Equities also closed on a 65-unit apartment complex in Tempe, paying \$7.5 million for Epic at University Pointe, with plans to invest \$3 million to renovate that property, Kia said.

He just put the 167-unit Cabana on Mill in escrow on May 22. While he said it's too early to disclose the purchase price, he said he plans to spend \$4 million to renovate that complex.

Earlier this month, Tides Equities paid \$14.5 million for Riverview Place, a 155-unit apartment complex at 2107 W. Broadway Road in Mesa, where Kia said he spent \$3 million to upgrade that property.

Plans call for changing the names of all of the properties to include the name The Tides. For example, that project will be called The Tides on Broadway.

Kia said he's not putting a cap on how much he plans to invest here.

"Honestly, the sky's the limit, as long as we keep finding good deals," he said. "There's no set amount we want to invest."

The company's acquisitions come at a time when it's getting tougher to buy an affordable single-family homes — which, in turn, is driving more people to rentals.

Of the homes for sale in the metro Phoenix area, only 17 percent are entry-level homes, according to a report released by Seattle-based Zillow Group Inc. (Nasdaq: Z and ZG)

The Zillow rent index is at \$1,364 in the Phoenix market, representing a 4.1 percent increase from last year, which is faster than the U.S. increase of 2.7 percent during that same period, according to the Zillow report.



TIDES EQUITIES LLC

Fairways at Cave Creek is now owned by Tides Equities LLC.