

## **SPRAGGINS TEAM OF COMMONWEALTH CLOSES \$21.6 MILLION APARTMENT SALE**



### **SUNSET RIDGE APARTMENTS – 240 UNITS- COLORADO SPRINGS SOLD FOR \$90,000 PER UNIT**

**Ron Spraggins, CCIM, President of Commonwealth, Colorado Springs oldest apartment brokerage/research firm, recently announced that their firm has closed the Sunset Ridge apartments in Colorado Springs for \$21.6 million.**

**Ron Spraggins, CCIM & Shane Spraggins represented both the buyer & the seller in the sale of the 240 unit complex.**

**Sunset Ridge, located in a quality northeast location at Vickers & Rangeview was constructed in 1996. The complex contains 240 total units made up of 54-1 bedroom-1 bath-808 square feet, 174-2 bdrm/2 bath-1,100 sq. ft., & 12-3 bdrm/2 bath units-1,317 sq. ft. All units have fireplaces with full sized washer/dryers. Complex also has 160 garages with automatic door openers & a complete resort center that includes club house, fitness facility, hot tub, sauna, & heated outdoor pool.**

**The seller was Sunset Ridge, LLC, a local owner who purchased the property in 2000. The buyers are Sunset Ridge Associates, LLC, which is made up of investors from New York & California. The new owners are in the process of doing major improvements to the project, including Pent House Suites. Omni Apartment Communities will manage the complex.**

**Spraggins noted that, “We’ve had contact with the seller since he came to the Springs in the 70’s & bought his first of several apartment complexes. The property wasn’t on the market for sale. We were searching our data banks for a complex for some California/New York investors the Sunset Ridge complex met most of their requirements. We then contacted the owner who told us the complex wasn’t for sale. After several months of intense negotiations, we finally got it closed. The majority of Commonwealth’s sales are on properties that weren’t on the market. We’ve found that most of the better deals are on complexes that are not for sale! Our 37 years in the local market has given us personal contact with most of the owners & consequently we can usually get a deal together if we have a serious buyer.**

**Apartments still don’t make economic sense if you only look at today’s numbers, or worse if you look at the 2004 actuals. The market has gone through the worse vacancy in 16 years; consequently, rents are still below 2001 actuals! The apartment buyer today is buying “future cash flows” & usually has long term holding periods, 7-10 years, according to Spraggins.**

**There are some active buyers in the market today for the first time in several years; Spraggins is currently working with 3 large buyers wanting to purchase 3,000 plus units. Two of these investors have over \$100 million each in liquid funds earmarked for Colorado apartments. We’ve closed over \$90 million in Colorado apartments with these investors in the last year or so.**

**Class A complexes are in the mid 90’s in occupancy now for the first time since 2001. Much of this occupancy has come at the detriment of the Class B complexes. When the Class A complexes lowered their rents & offered concessions in order to fill their vacant units, many tenants from Class B complexes found they could move up to better quality/amenities with little increase in rent, said Spraggins.**

**We call this the “migration cycle” in the apartment industry. Many of the Class B complexes went from mid 90’s occupancy to as low as the mid 60’s during this cycle. The Class B complexes will now have to lower their rents to fill these vacancies that moved up to the Class A projects. In turn, the tenants living in Class C complexes will start moving up to Class B projects. After Class A complexes start running in the mid 90’s for a period, the owners will then start raising rents & we’ll start another cycle”, commented Spraggins.**

**MORE INFORMATION ON APARTMENT SALES: Commonwealth has recently published a detailed 29 page APARTMENT SALES REPORT 1990 – NOVEMBER 2005. It breaks down sales by Class A, B, & C, price by square foot, price per unit, etc. Anyone interested in obtaining this report may contact Commonwealth at (719)685-0600.**

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