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Chicago investor buys 238 apartments in west suburbs

By: [Micah Maidenberg](#) March 10, 2014

A Chicago apartment investor that has focused on buying distressed buildings in the city is taking another swing in the suburbs, paying nearly \$13 million for 238 apartments in Glen Ellyn and Addison.

Ventures of Windy City RE LLC paid about \$6.9 million for the 120-unit Parkside complex at 16-24 Parkside Ave. in Glen Ellyn and \$5.8 million for 118 units in seven out of the 13 buildings at the Villa Brook Apartments at 107 S. Villa Ave. in Addison, said Milan Rubenstein, a Windy City principal. The firm plans to fix up the properties and raise rents.

The suburbs offer "solid but unspectacular" returns for apartment investors, and the prices for the best suburban properties are increasing, said Scott Gould, vice president at Deerfield-based Sherman Residential, which owns two multifamily properties here. That's drawing investors like Windy City to so-called value-add properties, which need renovation but can offer attractive returns due to the rent hikes that follow.

"They're looking for opportunities where they can find them," Mr. Gould said. "I can see people moving in that direction just to create better yields and returns."

The rising apartment market is lifting many suburban landlords. Median suburban net rents **rose 3.6 percent in 2013**, the fourth straight year of increasing rents, according to a recent report from Chicago-based Appraisal Research Counselors.

Windy City is looking in the suburbs because it's getting harder to find smaller, distressed apartment buildings in Chicago, Mr. Rubenstein said. Last year, Windy City cut its first suburban deal, buying **251 units** at the Colonial Greens complex in Mt. Prospect; it subsequently bought the remaining 93 apartments at the property, Mr. Rubenstein said.

IMPROVEMENTS PLANNED

Mr. Rubenstein said his firm will invest around \$2 million into the Parkside property, adding new fixtures and paint jobs to the units, in hopes of increasing rents from \$1,100 per month for a two-bedroom to \$1,400 per month.

The Parkside sale has raised **worries** in Glen Ellyn that the apartment complex's population of immigrant and refugee tenants won't be able to afford units if rents are hiked.

"We're not going to try to displace anyone," Mr. Rubenstein said.

Oakbrook Terrace-based real estate broker Wadie Ashamalla, part of the ownership group that sold Parkside to Windy City, did not return a message. David Ashamalla, a Des Plaines-based lawyer who represents the investor group, said it sold the property to focus on other investments. The group paid \$6 million for the property in 2001, according to DuPage County public records.

Meanwhile, Windy City will spend less than a \$1 million on improvements in Addison and hopes to eventually buy the other six buildings that make up the apartment complex.

Downers Grove-based investor Glen Heinemann, who is part of the venture that sold Windy City six of the Addison buildings, did not return a message. It's unclear how much the group paid for the properties.

Mark Steinhilber, part of a partnership that sold Windy City the other building it bought in Addison, said "it was just a good time to sell." The partnership bought the building in 2000 for \$650,000 and sold it for \$714,000, DuPage County property records show.

Windy City now owns or plans to develop about 1,000 apartments locally, Mr. Rubenstein said. The bulk of the units, 582 total, are in the three suburban properties Windy City owns, but the firm owns around 40 smaller rental properties in Pilsen, Logan Square and other city neighborhoods.

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