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April 23, 2014

## San Francisco investor pays \$47 million for Schaumburg apartments

By Alby Gallun



San Francisco investor Morton Friedkin bought the Fieldpointe at Schaumburg apartment complex. Photo from CoStar Group Inc.

San Francisco apartment investor Morton Friedkin keeps coming back for more in the Chicago suburbs.

An affiliate of Friedkin Realty Group paid \$46.6 million, or about \$118,000 a unit, for Fieldpointe of Schaumburg, a 396-unit apartment complex in northwest suburban Schaumburg, according to Cook County property records.

With the acquisition, Friedkin owns **10 properties** with 3,441 units in the Chicago suburbs, most of them acquired in the past three years.

The suburbs have been popular for apartment investors, attracted by the area's steady, if unspectacular, rent growth: The median net suburban rent **rose 3.6 percent** last year, according to Chicago-based consulting firm Appraisal Research Counselors.

Yet Mr. Friedkin said he mainly saw Fieldpointe as an opportunity to buy a property carrying a loan with a low interest rate, 3.65 percent, keeping his costs down. Friedkin assumed the \$29.9 million loan from Freddie Mac and added another \$5.3 million in debt.

### CASH-FLOW DEAL

"It was motivated mostly as a cash-flow deal," Mr. Friedkin said. "We don't have grand expectations over the near term for rent growth."

Mr. Friedkin expects rents at Fieldpointe to rise about 15 percent over the next five years, which works out to 2.8 percent annually.

Friedkin acquired the property, 1708 Arbor Square, from a venture of Chicago-based Redwood Capital Group LLC, which paid \$37.4 million for it in June 2012. A Redwood executive did not return a call.

HFF Inc. brokered the sale for Redwood.

Built in 1973 and renovated in 2008, Fieldpointe was 97.5 percent occupied at the end of 2013, with net rents of \$1.46 per square foot, about flat with a year earlier, according to Appraisal Research. Rents ranged from \$893 a month for a studio apartment to \$1,559 for a two-bedroom.

Amid high occupancies and rising rents, sales of suburban apartment buildings totaled \$1.05 billion last year, up 47 percent from 2012, according to Appraisal Research. More big institutional investors are migrating from downtown to the suburbs, where returns are more attractive because prices haven't risen so much, said Alasdair Cripps, senior managing director at Chicago-based Mesirow Financial, which owns apartments in the Chicago suburbs.

Mr. Friedkin, meanwhile, said he is scouting for more suburban apartment deals and plans to continue buying here "as the opportunities present themselves."