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## New York firm buys second DuPage apartment complex

By [Alby Gallun](#), July 21, 2010[ShareThis](#) | [Print](#) | [Reprints](#) | [Related Stories](#) | **1 comment**

(Crain's) — A New York investment firm has acquired its second DuPage County apartment complex in seven months, paying \$30.8 million for a 252-unit property in southwest suburban Woodridge.

Edge Principal Advisors LLC, which bought a 295-unit Wheaton property in January, decided to come back for more, closing two weeks ago on its purchase of Lincoln at Seven Bridges in Woodridge from the Multi-Employer Property Trust, a \$3.8-billion real estate investment fund.

It's hard to get zoning to build apartments in DuPage County, limiting competition, one reason Edge likes the area.

"We feel like it's a great long-term market to invest in," says Edge Principal Jeffrey Walker.

Money has flowed back into the local apartment market since the financial crisis of 2008-2009, supporting property values and pushing returns lower. Rising rents and occupancies have boosted investor confidence, and government-controlled housing lenders Fannie Mae and Freddie Mac have continued to finance apartment purchases even as other lenders have retrenched.

Edge financed the Seven Bridges acquisition with a 10-year, \$24.6-million Freddie Mac loan originated by Deutsche Bank Berkshire Mortgage Inc., according to a mortgage filed with the DuPage County Recorder.

In January, Edge paid \$45 million for Avalon at Danada Farms in west suburban Wheaton. Mr. Walker says he would buy more multifamily properties in the county "if the opportunity presents itself."

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Including concessions, rents in DuPage County rose 4.7% in the first quarter over the year-earlier period, vs. a 2.8% rise for the suburbs overall, according to Appraisal Research Counselors, a Chicago-based consulting firm. Rents were flat at the Woodridge property, at 6690 Double Eagle Drive, while its occupancy rate was 97.4%, up from 95.7% in the fourth quarter and 92.8% in first-quarter 2009.

DuPage County has a relatively strong job market and employment growth compared with other Chicago submarkets, say Michael Zaransky, co-CEO of Prime Property Investors Ltd., a Northbrook-based firm that paid \$32 million in December for the Arbors of Brookdale, a 281-unit apartment property in west suburban Naperville.

"It's got all the right demographics," he says.

Prime bid on the Woodridge property but came up about \$1 million short, Mr. Zaransky says. He estimates Edge's purchase price equates to a first-year yield, or capitalization rate, in the low to mid 6% range. The yield on the Naperville property was about 7.3%, showing how much more investors are willing to pay for apartments these days. Like bond yields, cap rates move inversely with prices.

"You can't really touch an asset of that quality today for greater than 6.5%," he says.

The Multi-Employer Property Trust, a Washington, D.C.-based real estate fund whose investors are union and public-employee pension funds, has been selling off properties since the financial crisis to raise cash and pay off investors asking

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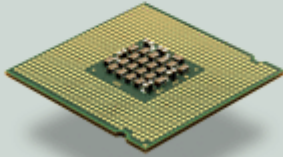
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for their money back. By the end of the first quarter, the fund had satisfied all investor redemption requests, according to an MEPT newsletter.

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