

# HAMILTON ZANZE BUYS ATLANTA APARTMENTS FOR \$109M, ITS FIRST EAST COAST ACQUISITION

Feb 20, 2017 Jarred Schenke, Bisnow, Atlanta

A San Francisco value-add apartment REIT has made its first East Coast investment just a few miles from SunTrust Park and the new Atlanta Braves stadium.



Hamilton Zanze has purchased a portfolio of three properties in Smyrna: The Peak at Vinings Mountain, The Views at Vinings Mountain and Lakeside at Vinings Mountain, a 680-unit collection of circa 1980s apartments, collectively called The Residences at Vinings Mountain. The properties traded from Aimco for \$109M, according to Databank. Colliers International's Will Mathews brokered the sale on behalf of Aimco.

Atlanta's pro-business climate and educated workforce draw most outside investors to the city, and HZ managing director David Nelson said they were also big reasons why the California firm came to Atlanta. But right behind those factors were the new stadium and the infrastructure investment in Smyrna, "spending more now to prepare for tomorrow," Nelson said.



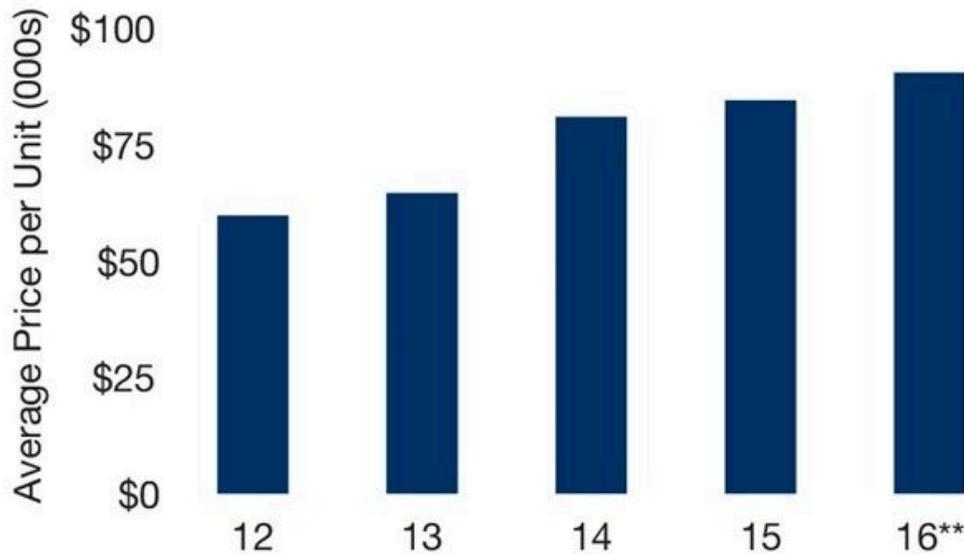
According to the Cumberland CID, some \$600M in infrastructure improvements will have occurred by the end of 2018 during the past 30 years, many in preparation for the Atlanta Braves.

Mathews said there is a strong track record of rental rate hikes at these properties. For much of the mid-2000s, Aimco invested \$45M in capital improvements, including updating 180 of the units. The result: rents rising from \$1,050/month to \$1,175/month. "Their potential upside is the renovation on the unrenovated units," he said.

Perhaps an even stronger lure to Atlanta for HZ, and other institutional multifamily investors, has been the metro area's trend of higher returns than gateway cities. They've been up to 150 basis points higher from places like New York, California or Florida, according to a [recent Marcus & Millichap report](#).

The influx of capital has largely tapped out the potential pool of Class-A buys, which has investors chasing Class-B and C assets "in popular areas where improvements can bring up marketable rents," according to the report. Still, demand has cap rates compressing into the low 6% range, even as developers are expected to deliver another 10,800 units this year and nearly double that through 2018.

## Sales Trends



Fundamentals belie these deliveries. Effective rents rose an average of 7% during 2016 to \$1,073/month — a new Atlanta area record average high — with Marietta/Woodstock seeing the largest rent hike: more than 11% to \$1,113/month, according to the report.

Buckhead and Midtown still command the highest average rents in Atlanta, exceeding \$1,500/month. But HZ is entering the market in Smyrna paying more than \$160k/unit, nearly twice the average price in the area, and on par with units trading in Midtown and Buckhead, according to data from Marcus & Millichap.

But, as Nelson said, the three properties, perched on Vinings Mountain, are irreplaceable, and it helps that Aimco spent so much on renovations before taking them to market.

Read more at: [https://www.bisnow.com/atlanta/news/multifamily/hamilton-zanze-enters-atlanta-on-a-mountaintop-71254?utm\\_source=CopyShare&utm\\_medium=Browser](https://www.bisnow.com/atlanta/news/multifamily/hamilton-zanze-enters-atlanta-on-a-mountaintop-71254?utm_source=CopyShare&utm_medium=Browser)