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REAL ESTATE AWARDS

Commercial Real Estate

Deal of the Year: Ridgeport Apartments another feather in Martens' multifamily cap



A local buyer purchased Ridgepoint Apartments and Townhomes in northwest Wichita. NAI Martens vice presidents Jeff Englert and Nathan Farha completed the deal in about four months.

NAI MARTENS

By Jeffrey Lutz

Jul 17, 2020

In a strong 2019 market for multifamily properties, Jeff Englert played to his strengths.

Working with Nathan Farha to head NAI Martens' multifamily division, Englert says he's helped sell approximately 5,000 units and \$250 million worth of property in the last decade. Last year, he added Ridgepoint Apartments and Townhomes in northwest Wichita to that portfolio, completing the sale to a local buyer.

"Multifamily isn't all we do, but it's probably about 80 percent or more of our business, Nathan and I," said Englert, who brokered the deal with Ridgepoint.

"(Multifamily properties) are just attractive in general right now. You have different buyers that look for different aspects. Some are looking for the upside properties where they can do in and make improvements, and get that higher return. Then you have other buyers who are looking for that stabilized operation, good quality. More often than not these days, everything that's selling is stabilized and in decent shape, just because any owner knows they can get the value out of the property if it's operated well."

Ridgepoint recently emerged from Section 42 low-income housing credits, losing its restrictions on income of tenants and rents it could charge. The deal was attractive to potential buyers because the restricted rents were lower than the market rents, offering the buyer an immediate and potentially substantial return on investment.

“The buyer has the opportunity to come in there and purchase the property with the upside of future increased rents on the property,” Englert said. “It definitely made it more attractive and it brought in more interest. We received numerous offers on the property from buyers around the country, and we ended up getting our contract and selling it above the asking price.”

Englert said the deal was completed in about four months, slightly quicker than average for multifamily properties. Interest was high because of potential rent increase on Ridgepoint’s 88 units and because Wichita offers a stable market where rent prices rarely fluctuate, keeping occupancy high.

“Our rents increase, on average 2.5 to 3 percent a year, and they just stay pretty stable from that,” Englert said. “Other markets, you'll see a larger percentage growth, therefore they'll take a lower return because they know income is going to increase in coming years.

“A lot of people like the Wichita market and Kansas because it's a fairly safe and stable investment. You're not going to get rich overnight on it and have high appreciation, but you're going to have a nice, stable return on the deal.”