



Pinetree Apartments 1435 Bernath Parkway, Toledo, Ohio

Quick Facts

- 90 Unit Apartment Complex

Challenge

We were asked to make a proposal for the listing of this 90 unit apartment complex for the estate of the deceased owner. We were initially given operating numbers that were not the best representation of the property because some expenses were blended or reduced due to combining with other properties the family was managing, which indicated a larger NOI than was the actual number. Like 92% of the apartment product in our market, this was built prior to 1980 (actually 1974), was dated and in need of some capital improvements/updating.

Solution

We were chosen as the listing company and packaged an Offering Memorandum and did a campaign to our extensive database which generated a high level of interest. Many of the interested prospects questioned some of the expenses and as we began to dig more and more, it was determined that some of the numbers were not as accurate as initially indicated and offers came in accordingly, but nothing acceptable to those making the final decision for the disposition of this property. We suggested a substantial price reduction based on these "new & more accurate numbers", but were only allowed to reduce the price about 40% of our suggested price. We took this back to the market only to continue to find resistance to the price. We kept the estate fully aware of the reactions we were receiving. Over time, they began to see that they were reaching for more than the market would bare. They were also getting closer to a loan maturity date that would force a refinancing situation that would be complicated at best. At this point we were able to convince them to reduce the price to our initial suggestion and we quickly generated five LOI's/offers at, or near, full price.

Results

After reviewing all offers with the owner, we assisted them in deciding the most qualified party and negotiated through a tough due diligence inspection with some substantial issues. We assisted in delaying the closing to get beyond a very large prepayment penalty to the seller and consummated a successful closing at one of the higher prices per unit than this market has seen in recent years.