

Major Miami investor buys first Austin multifamily property, looks for more

OREI receives \$15.1M loan, equity financing for deal

By [Erin Edgemon](#) – Staff Writer, Austin Business Journal
Oct 16, 2019, 2:54pm CDT

A Miami-based real estate investment firm with more than \$800 million in assets has entered the Austin market with the purchase of a 200-unit apartment community on the northeast side of the city.

One Real Estate Investment purchased Mira Vista Apartments at 9601 Middle Fiskville Road for an undisclosed price on Sept. 18, according to Travis County property records. In its value-add strategy, the firm plans to invest \$1.5 million in renovations at the 36-year-old property and hold it for about five years, said [AJ Rose](#), chief investment officer at OREI. The property was 97% occupied at the time of sale.

“We decided to invest in Austin two years ago, but it’s been a very difficult market to enter,” he said. “It’s very competitive.”

Austin is a competitive market to buy multifamily properties because of steady rent growth and high occupancy rates — which can conversely be pain points for apartment renters.

Rents in Austin are climbing at an annual pace of 4.7%, well above the national average of 3%, according to a third-quarter report from RealPage. Rent growth is strongest at 5.4% for middle-market class B properties. Austin-area apartments have an occupancy rate of 95.9%, up from 95.2% a year ago, according to RealPage.

Mira Vista's seller — Beverly Hills, California-based Omninet Capital LLC — received more than 20 offers on the complex, Rose said. And OREI didn't even have the winning bid. However, the initial deal fell through and the seller reached out to OREI.

To get the deal done, OREI had to guarantee the sale would close by providing a non-refundable deposit, abiding to a tight closing timeline and providing a competitive price, Rose said.

OREI purchased Mira Vista because of its proximity to downtown, the forthcoming Apple Inc. expansion in Williamson County and strong job growth, Rose said.

“It’s rare to have a state capital, a major university and significant tail winds from a growing tech sector all in one city,” Rose said, adding that OREI is seeking additional properties to purchase in Austin.

Berkadia Proprietary Holding LLC arranged the debt and equity financing for the purchase. Through Fannie Mae, Berkadia provided a \$15.1 million, 10-year fixed-rate loan with a 3.24% interest rate. The equity financing came from a publicly traded real estate investment trust that Berkadia declined to identify.

Travis Central Appraisal District values the property at \$21.7 million.

Mira Vista will be rebranded The Plaza @ Windsor Hills, according to OREI. Built in 1983, the garden-style multifamily community has 32 one-bedroom units and 168 two-bedroom units ranging from 650 square feet to 960 square feet. Amenities include a bark park, clubhouse, community grill area, courtyard, playground, sauna, recycling, pool with sundeck, resident business center and 400 parking spaces.

Unit renovations will take place on a rolling basis as tenants decide not to renew leases, Rose said. Interior renovations will include updated lighting, plumbing, countertops, flooring and backsplashes. Exterior renovations will include painting and resurfacing the parking lot. The swimming pool and dog park will also be upgraded.

Rose said he expected rents could increase 10% to 20% on renovated units.

The average rent for a market-rate two-bedroom apartment in Northeast Austin is \$1,341, according to a third-quarter report from ApartmentTrends.com by Austin Investor Interests. Rents for two-bedroom units in this submarket have increased 8.4% in the past year.

OREI, led by CEO and founder [Jeronimo Hirschfeld](#), is a value-add, multifamily investor active in Texas and the Southeast. The firm seeks to buy multifamily properties built after 1980 and with between 200 and 500 units in cities with significant growth potential. By the end of the year, OREI expects to spend about \$250 million on 2,500 apartment units.

Houston is one of OREI’s biggest markets; it has been investing in the Bayou City for about 10 years and has owned and sold around 3,000 units there.