

Sprucing up Southern Hills Villas: Calif. company buys Tulsa apartments, plots renovations

By: Kirby Lee Davis The Journal Record March 26, 2013 0



The Southern Hills Villas Apartments recently sold for \$2.3 million. (Photo by Rip Stell)

TULSA – An affiliate of Tahiti Partners of Long Beach, Calif., paid \$2.3 million for south Tulsa's Southern Hills Villas Apartments, according to CBRE Richard Ellis of Oklahoma.

This marks Tahiti Partners' third Tulsa multifamily acquisition, giving it 350 units. The company has opened a management division in Tulsa, called Evolutions, even as it ponders more purchases.

"We're actually negotiating a couple of deals right now," principal Geoffrey Payne said. "We still want to get to at least 1,000 units."

OK SHV Apartments LLC paid \$21,962 per unit to seller TriTex Real Estate Advisors II for the 107-unit Southern Hills Villas, which was built in 1965 at 6609 S. Lewis Ave., near its namesake golf course and Oral Roberts University. CBRE brokers David Forrest, William Forrest, Eva Wills and Brian Donahue handled this sale.

The 68,980-square-foot property is one of nine former Remy family apartment blocks that Fannie Mae foreclosed on in 2010. This sale brings Southern Hills Villas back into the commercial sector.

"It wasn't in that bad of shape, even though occupancy was not at market levels," said David Forrest.

Payne said Tahiti Partners has already started an estimated \$500,000 renovation of its new asset.

"We're going to bring the units to a very nice state," he said. "The outside is attractive, but we're going to make it even more attractive."

Planned changes range from a new entry feature, landscaping improvements and perimeter fencing to new unit flooring, countertops, appliances, paint options and other spruces.

"We've already got the pool all fixed up," said Payne, noting patio furniture additions and other improvements.

His staff found several photographs of Southern Hills from the 1960s, taking pleasure in their dated hairstyles and clothes.

"It kind of reminds you of people from the show *Batman*," said Payne. "We're going to have these pictures blown up and put in frames and kind of put them all around."

One-bedroom units dominate the complex. Southern Hills Villas features 86 of those 600-square-foot units, more than four times the 20 two-bedroom, one-bath units at 814 square feet. The complex also offers a single two-bedroom, two-bath unit at 1,100 square feet.

With rent levels at purchase ranging from \$450 to \$755 a month, Tahiti Partners bought Southern Hills Villas projecting \$631,968 in potential annual revenue. With their planned improvements, Payne said he would like to raise the rents into the high \$500s to low \$600s.

"This property was only 30-percent occupied a year ago," said Payne. "It looks like its 75-percent occupied now. We intend to get it to 100 percent."

Southern Hills gives Tahiti Partners its first south Tulsa asset. In 2010 the California investment firm paid \$830,000 for the 86-unit Compass Pointe Apartments, 29 N. Lakewood Ave., and \$3.1 million for the 136-unit Bradford Creek Apartments, 3147 S. 108th East Ave.

The Long Beach investment firm also owns or manages about 1 million square feet of retail and office properties in Texas and California. While Tulsa marks its only multifamily investment market, Payne said Tahiti Partners provides third-party management services for about 1,000 apartment units in California.

He expects Evolutions to open a formal Tulsa office by the end of this year.

"Our problem remains finding reliable contractors here," he said. "We have just struggled with it for three years."

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