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## Accord transforms apartment complex

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OKLAHOMA CITY – In just over two years, Oklahoma City's second-largest apartment complex has gone from being a haven for criminal activity to being a thriving community once again, as a result of a comprehensive \$32 million renovation project.

California-based Accord Interests LLC acquired the 800-unit Water Garden apartments in September 2007 for \$16.56 million and wasted no time in beginning the dramatic transformation of the once-beleaguered property. The ownership group led by Joe Mansour began its retrofit by helping transform the public perception of the property with a change in name to Isola Bella, which is Italian for "the beautiful island."

"Accord specializes in adaptive reuse projects and there was a floundering condo project in Hollywood we turned around and called Isola Bella," said David Miller, director of marketing for Accord. "We loved the name so much and had been seeking projects where we could do another Isola Bella."

Because the California commercial real estate market has taken such a dramatic hit as a result of the downturn in the national economy, Miller said, Accord was instantly attracted to the stability of Oklahoma City's economy with its low unemployment and stable real estate market. Furthermore, Miller said, the large size and scope of the property were also attractive.

"You simply cannot duplicate and build this type of property today. It just cannot be done," Miller said. "This property has 45 acres with a couple of lakes and a 30,000-square-foot fitness center."

While typical apartment renovations consist of new paint and carpet, Miller said Accord went far and beyond typical renovations to both the interiors and exteriors of all buildings on the property. Some of the major interior renovations included new HVAC systems, remodeled kitchens, upgraded baths, new appliances, upgraded electrical systems and the addition of energy-efficient doors and windows. Miller said that with the addition of double-paned windows and metal doors, Isola Bella tenants have seen their utility bills drop dramatically during the summer months.

Isola Bella's exterior has also received an extreme makeover with new paint, roofs and upgrades to the property's extensive array of amenities, including the fitness center, indoor swimming pool, tennis court and basketball court. Additionally, Accord installed fencing around the entire property, which Miller said has proven instrumental in dramatically reducing the crime level not just on the property, but in the surrounding area as well.

"This property was 40-percent occupied when we sold it and was in bad shape," said Andy Burnett, one of the Sperry Van Ness advisers who handled the sale of Isola Bella to Accord in 2007. "Joe had such great vision for this property. He was able to look past the condition of the property to what it would be when finished. Most buyers, and owners for that matter, don't have that sort of vision."

Miller said the most extreme change was converting about 280 units into extended-stay units that can be used for corporate housing. Accord has vast experience in the hospitality industry. Having owned and operated a Marriott Residence Inn in Beverly Hills and a Marriott Courtyard in Pasadena, Calif., the company wanted to incorporate the experience into Isola Bella.

Miller said that experience allowed Accord to create a variety of housing services not just to its extended-stay guests, but to its traditional apartment residents. The services include housekeeping, breakfast, dinner, automobiles, personal fitness training and a wide variety of spa services, including a full-time masseuse. Isola Bella also has a guest services desk open seven days a week for all tenants and guests.

"We have created a wide spectrum of services at Isola Bella," he said. "One end of the spectrum are your traditional apartments where all the tenants receive is their key to their unit, while on the other end of the spectrum are fully furnished apartments for extended-stay guests with appliances, Wi-Fi and all bills paid."

Accord's \$32 million investment in renovating Isola Bella appears to be paying off already, as Miller said in the past few months the property has achieved stabilized occupancy. Shortly after acquiring the apartments, Accord removed all of the property's problem tenants, including a number of gang members and leaders. As a result, the property's occupancy fell to as low as 10 percent. Miller said occupancy in the traditional apartment units has now risen to just more than 90 percent, while occupancy in the extended-stay units currently ranges between 85 and 90 percent.

"There were months where we were signing around 114 new leases each month," said Miller.

Moreover, Miller added that he expected occupancy in Isola Bella's extended-stay units to steadily increase as Accord continues to partner with local corporations in meeting their housing needs. Isola Bella already serves such corporations and groups as ProCure Proton Therapy Center, Integris Health and the Federal Aviation Administration.

Not only has Isola Bella's renovation positively impacted the living conditions in the surrounding area, but Burnett added that it has also had a positive impact on the northwest Oklahoma City apartment market, which has seen an increase in distressed properties over the past couple of years.

"What northwest Oklahoma City needs are more rental properties like Isola Bella," said Burnett. "People want to live in this part of the city because of the retail along Northwest Expressway and the proximity to the lake. The problem has been the rental housing options."

Burnett also believed the successful way Mansour and his team have renovated Isola Bella should serve as a model for other owners, especially with the aging apartment product being seen throughout the entire Oklahoma City metro area.

"Hopefully more owners will follow suit," Burnett said. "The blame for other properties having not followed suit cannot be put entirely on the owners. The lenders need to open the purse strings for this type of rehab because it takes a substantial investment to pull off what Joe has done here."

In looking back on the extreme makeover Accord has accomplished with Isola Bella, Miller said the catalyst for the property's success can simply be attributed to how "hands on" Accord has been in every aspect of the property's renovation and daily operations.

"We have completed the heavy lifting in terms of renovations and now the challenge is maintaining the quality the community we have built," Miller said. "With 800 units, running Isola Bella is like running a small town."

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