

California firm buys Springs apartment building

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A California real estate company has acquired its second apartment complex in Colorado Springs in the past two years and plans to buy a third this month — more evidence of the red-hot apartment market in the Pikes Peak region.

Seagate Properties Inc., headquartered north of San Francisco, paid \$9.75 million for the Copper Chase Apartments, a 150-unit garden-style building at 2041 Southgate Road, near the Broadmoor Towne Center on the Springs' southwest side.

Built in 1969, Copper Chase has one-, two- and three-bedroom units that average about 825 square feet. Springs-based Griffis/Blessing Inc. will manage the property.

Seagate also is scheduled to complete the purchase of another apartment property by month's end, said Trent Isgrig, a principal with the company who works in its Denver office. He declined to disclose the property's identify until the deal is finished.

The company also bought the 115-unit Park Terrace Apartments — now called Fillmore Ridge — on the city's northwest side in 2010 and the 33-unit, downtown Boulder Crescent Apartments in 2008. Seagate has owned the downtown, 77-unit Cascade Park Apartments since the late 1980s.

In addition to its purchase of Copper Chase, Seagate plans to spend \$500,000 to \$1 million on roofing, painting and landscaping and to add a swimming pool, sun deck and barbecue areas. Improvements to apartments also are planned, with about a quarter of the units receiving upgrades this year.

Seagate's interest in the Springs comes as local apartments are filling up and rents are rising. The area's fourth quarter vacancy rate of 6.7 percent is down from double-digit levels of six to seven years ago, while average monthly rents of \$775 are up roughly \$85 to \$90 from the mid-2000s.

Isgrig said the company is bullish both on Colorado and the Springs.

Even as a half-dozen new projects are in various stages of planning and construction locally, the overall number of new apartments being added is relatively small, Isgrig said.

Borrowing rates are low, home ownership is declining, rents are rising at a 5 percent to 6 percent annual clip, thousands of Fort Carson soldiers need housing, the area has a diversified economy and its quality of life is attractive, Isgrig said.

Likewise, he said, as some residents remain uncertain about their jobs, apartment living gives them more flexibility if they need to move.

"The quality assets are drawing a pretty big crowd these days, but for good reason," Isgrig said of investors. "The fundamentals are strong. I think you've got limited new construction, and from a demographic standpoint, everything is pointed in the right direction."

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