



Sycamore Urban Restarts Los Angeles-Area Townhome

By Barbra Murray, Contributing Writer, Dec 10, 2010

Thousand Oaks, Calif.—Construction of the incomplete townhome project at 2727 E. Hillcrest in Thousand Oaks, Calif., is about to pick up where it left off in 2008 now that Sycamore Urban Properties has taken the property off the hands of the Federal Deposit Insurance Corporation. The development and investment company will wrap up the remaining work on the project in time to make the 36 residences available for purchase by spring 2011.



2727 E. Hillcrest

The purchase of the Thousand Oaks townhome development from the FDIC dovetails perfectly with Sycamore Urban's corporate strategy. A value-added investor, the company's primary goal is to acquire distressed condominiums and other residential assets that are partially or completely developed. The Thousand Oaks property marks the company's second purchase from the FDIC.

Sited approximately 40 miles west of Los Angeles, 2727 E. Hillcrest occupies 4.3 acres on a hilltop site just blocks from the 101 Freeway. The property's recent history is a familiar one these days. The former developer fell victim to the credit crisis, filed for bankruptcy and lost ownership of the project when it was foreclosed on by lender IndyMac Bank. Of course, IndyMac later succumbed to its own financial woes, and in July 2008 its doors were shuttered by the Office of Thrift Supervision, which appointed the FDIC conservator. So, 2727 E. Hillcrest became one more asset in a vast pool of real estate assets the FDIC is trying to dispose of—and at discounted rates. As per terms of its contract, Sycamore Urban is not disclosing how much it paid for the property.

Sycamore Urban has a bit of work to do before it can open the doors of the townhomes at 2727 E. Hillcrest. Two of the multifamily community's buildings have been framed, but five have only concrete foundations and the remaining two have pads only. The company expects to spend approximately \$4.5 million to complete the remaining site work and physical construction. Ultimately, 2727 E. Hillcrest will feature three- and four-bedroom floor plans ranging in size from approximately 1,800 to nearly 2,100 square feet and direct-access garages. And when all is said and done, Sycamore Urban does not anticipate many problems with sales.

“Thousand Oaks is a very desirable place to live and values are still relatively strong, but it is an undersupplied market in terms of new residential product,” Daniel Flynn, Sycamore Urban vice president, tells *MHN*. “There is very little out there. There are only two other condominium projects, but they are

not quite the same product type so it's not as if we'll have to compete. The property is really a gem of a project. There won't be a lot more like this."

While Sycamore Urban does not expect to find many other premier multifamily assets located in areas with high demand and limited product, it does anticipate making many more purchases in 2011. "We don't see the volume of distressed notes or REO assets decreasing in the next year," Flynn says. "There are still numbers of projects that are under water."

Investment beyond the company's established markets—California, Arizona and Nevada—could happen in 2011. "We have looked at assets in other areas. We're open to that if the right opportunity presented itself to us, but we are not actively farming for those deals. But we do have the capacity to do it if the right deal comes along."