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\$30M Creative Financing Seeds \$37M Off-Market Deal
By: Connie Gore

RICHARDSON, TX-Internacional Realty Inc. is the new kid on "the Block," spending close to \$37 million in an off-market deal for 396 class A apartments and 27,984 sf of high-end retail space. Renamed to Block 24, the 24.1-acre acquisition has been funded with a \$30.4-million loan.

The San Antonio-based buyer's deal is a "financial blueprint" for a new bridge loan offered by Archon Financial, which was in the process of setting up a vehicle to fund properties in lease-up when the loan originator asked the Dallas lender to fund the purchase of the 2000 E. Arapaho Rd. property, Frank Satterfield, founder and principal of Harbor Capital Group in Houston, tells GlobeSt.com. At the closing, seller NAP Properties of Dallas had the Block's residential component's occupancy at 70% and the retail portion at 10% with a Bank One branch in the anchor spot. "This was the perfect situation in which to deploy it," he says about the first financing of its type between Archon and Harbor Capital.

Start to finish, the financing took about 90 days, Satterfield says. The 24-month loan has a Libor-based floating rate with a roll to a fixed-rate perm when Block 24 is stabilized. Satterfield estimates the Richardson development, completed in 2004, will be stabilized and ready for refi in early fall. Archon's Paul Jankovsky and Glenn Hargrove structured the financing, with an interest rate that adjusts every three months. Kristi England, also with Archon, coordinated the closing.

Internacional Realty, as it does for the rest of the portfolio, will manage and lease the development. Apartments average 955 sf. Monthly rents for the one- and two-bedroom units range from \$800 to \$1,750.