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Last Updated: June 16, 2015

Investor Hunger for Apts. Reaches Class B

By [Brian J. Rogal](#) | Chicago

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Elaine Place Apartments

CHICAGO—Investors across the country have been pouring money into rental apartments and some owners have reaped surprising returns. Just last week, Washington, DC-based **ASB Real Estate Investments** sold the 174-unit, Elaine Place apartment portfolio in Chicago, located just blocks from Wrigley Field, for \$50.5 million to Woodbury, NY-based **CLK Properties**. According to **Cook County** property records, the company, in a joint venture with **Marc Realty/Chicago Apartment Finders**, purchased the collection in late 2012 for just \$28.5 million.

At the time, the venture had considered the nine three-story brick buildings, most of which are on the 3400 block of N. Elaine Place, a long-term investment, but “ultimately the unbelievable capital markets resulted in a much stronger offer than we anticipated,” **Jim Darcey**, ASB’s managing director for capital investments, tells GlobeSt.com.

“We just thought this was a really strong number, especially for a class B property,” he says. “It traded like it was a class A.” ASB invests in major urban markets across the country and manages the **ASB Allegiance Fund**, a \$5 billion core investment vehicle. Its multifamily investments are mostly in class A properties, so Elaine Place “was for us a unique asset.”

“The market for class A apartments is as strong as it’s ever been,” he adds, “and that appetite has worked its way into class B properties as well.”

In fact, the joint venture never officially put Elaine Place up for sale. ASB had considered doing so, Darcey says, partly because it found that although the portfolio had a solid net operating income, its ongoing capital costs “tended to erode cash flow.” But CLK made its offer before the owners could make any move. “It was as good an offer or better than we could have achieved if we took it to market.”

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About Our Columnist



Brian J. Rogal is a Chicago-based freelance writer with years of experience as an investigative reporter and editor, most notably at *The Chicago Reporter*, where he concentrated on housing issues. He also has written extensively on alternative energy and the payments card industry for national trade publications.

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