

Local Investor Takes on “Highly Distressed,” Overleveraged MF Asset

FORT WORTH-**Edgewood Holdings LLC** has taken on the 72-unit Edgewood Oaks Apartments, buying the highly distressed and overleveraged class C asset from receivership. The transaction marks the local single-family investor’s first multifamily acquisition.

Todd Franks with Dallas-based **Cantrell Co. & Partners** says the asset at 501 S. Edgewood Terrace was about 10% occupied and will require a lot of money in terms of renovation. “This was a distressed deal in an infill area,” comments Franks, who negotiated the transaction on behalf of the seller, an area receiver.

A sales price for Edgewood Oaks wasn’t available. The Tarrant County Assessment District places a value of \$1 million on the asset, which was built in 1974. The assessment district also indicated that the property had 11 owners from the early 1970s to present.

Franks acknowledges that turning around the asset will take a great deal of effort, patience and perseverance. He tells *GlobeSt.com* that a buyer of an asset of this type needs to work with the city, and the city needs to examine and inspect the units before they can be made available for leasing. Despite the challenges inherent in renovating and repositioning Edgewood Oaks, Franks and partner **Sam Pettigrew** say they received a dozen initial offers for the asset.

Though the Dallas-Fort Worth area escaped the receivership and foreclosure issues plaguing other parts of the nation, it doesn’t mean there are absolutely no distressed or foreclosed multifamily assets in the area from which to choose. Todds and Pettigrew acknowledge that the higher quality stock of distressed assets is on the decline.

However, when it comes to class C apartment complexes like Edgewood Oaks, things are a little different. “There are a lot of these type C assets that are way overleveraged,” Pettigrew says. “It doesn’t matter how good the market is; they’ll keep coming back.” There tends to be a lot of competition for such assets, he adds.

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