

# Avenue Living buys Calgary's The Pinnacle apartments for \$58M

## Second acquisition in past year at suburban property, for total of \$116M

Mario Toneguzzi | Nov. 10 2023

**Avenue Living has acquired Calgary's The Pinnacle apartments – its second major purchase in less than a year at the suburban property. In total, Avenue Living has spent \$116 million to acquire over 600 rental units at the site.**

Eric Horvath, senior vice-president, partner, national investment services for commercial real estate firm Colliers, which represented the institutional vendor in the transactions, said The Pinnacle and its companion property Wyldewood Estates each sold for \$58 million.

Although he could not identify the vendor due to confidentiality restrictions, RENX sources confirmed it was Morguard.

Horvath said the sale of The Pinnacle apartment building, totalling 278 rental suites, represents the largest single suburban apartment transaction in Calgary in 2023. The transaction closed Nov. 1.

"Along with its sister property, Wyldewood Estates (which closed in late 2022), the two-property portfolio (608 suites) was the largest apartment rental trade in Calgary's suburban south market in the past 20 years," he said.

"This transaction reflects the continued strength in Calgary's multi-residential rental market and the overall investor demand for quality multifamily rental product."

### Avenue Living expands multifamily portfolio

Avenue Living has more than \$5 billion in assets under management with about 16,000 multifamily residential units in Canada and the United States. It was founded in 2006 with the purchase of 24 rental units in Brooks, Alta., for just over \$3 million.

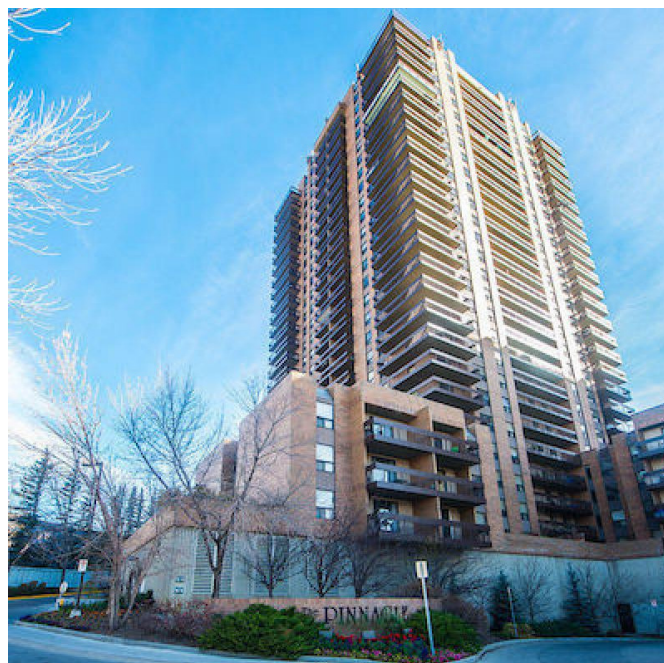
"We continue to see promise and potential in the Prairies – with positive net migration, job creation and an increasingly diverse economy being some of the key drivers," Anthony Giuffre, founder and CEO of Avenue Living, said in a statement.

"As a result, we recognize that there is an Alberta advantage and are making a number of strategic acquisitions, such as The Pinnacle and Wyldewood Estates, to bolster our growing multifamily portfolio of 16,000-plus units while offering a best-in-class living experience for our residents."

The Pinnacle and Wyldewood Estates are located in southcentral Calgary and straddle either side of Macleod Trail, one of Calgary's main north/south commercial thoroughfares.

The Pinnacle is 27 storeys and was built in 1981. The concrete high-rise is situated on 1.17 acres with 278 rental suites and a 294-stall, secure and heated underground parkade.

At 14.9 acres, Wyldewood Estates occupies the largest purpose-built rental site along the Macleod Trail corridor and offers what Avenue Living calls an attractive garden-style rental development.



The Pinnacle Apartments in Calgary. (Courtesy Avenue Living)

Built in 1968, the property includes a collection of 11 three-storey rental buildings each containing 30 suites, along with a total of 402 surface parking stalls.

Horvath said the two properties were initially listed as a package in February 2022.

"In January 2022, the market was far different than it is now simply because the rental market wasn't nearly as active as it is today," Horvath explained.

### Calgary's multifamily market

He also observed the investment market was focused at that time on the West Coast and Ontario/Greater Toronto Area markets. As a result, there was less attention from institutional buyers that might otherwise have looked at such a "significant portfolio offering."

"At the time we brought these properties to market, I would say that the market was pretty fragile. Having said that, in the last 18 months or so, the rental market has significantly improved," he continued.

"There has been a resurgence of interest primarily through private capital. Admittedly, the institutions are taking a very cautious approach to the market and in most cases institutions, if they are in the market, they're looking for newer inventory.

"They're really looking to trade up so to speak."

Financing is also a consideration.

"That also poses a problem for these larger assets because there's a limited buyer pool with the means to actually cobble together the equity to acquire these sorts of assets," Horvath explained.

"There's a huge appetite, especially from the private capital, to pursue multifamily assets. We've had quite a bit of inventory come to market through 2022, 2023 and our sell-through rate has been very high.

"Certainly there's quite a strong level of interest for multifamily in this city."

According to research by Anthony Scott, director of research at commercial real estate firm **Barclay Street Real Estate** in Calgary, investment activity in the region's multi-residential market through Q3 2023 was generally consistent with that seen one year prior.

There were 48 transactions completed as of Sept. 30.

Dollar volume, however, increased substantially year-over-year to \$453.9 million from \$336.5 million by Q3 2022.

"Part of this equation was Calgary's extremely low rental apartment vacancy, which has created an appetite among investors for large properties," said the report.

"With strong population growth supporting demand – and therefore higher rents – we've seen increased activity among 100-plus unit properties over the previous two years."