

## COMMERCIAL REAL ESTATE

# Investors scooped up a 1920s-era apartment complex in Decatur. What do they plan to do with it?



The complex at 305 E. Ponce in Decatur will become Candler Commons.

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Mar 10, 2022, 2:53pm EST

When Atlanta real estate investors Scott Hudson and Brett Miles were looking into value-add properties to add to their portfolio last year, an older apartment complex east of the downtown Decatur Square stuck out to them.

Built in the 1920s, the complex looked completely different from the modern apartment stock throughout Decatur, where modular buildings tower over most major thoroughfares. It's a low-rise, garden-style complex and stood in relatively good condition.

It had "good bones", Miles said - there wasn't much value to add.

So, they pulled the trigger on the 305 E. Ponce apartments. Hudson, who serves as the president and owner of luxury home developer Harrison Homes, and Miles of Broad Street Investments, acquired the 20-unit complex for \$5.15 million in a deal that closed on March 1, according to DeKalb County property records.

"There are newer Class A buildings in downtown Decatur that maybe have a more efficient layout," Miles said. "But [305 East Ponce] is unrivaled if you're looking for that character. It's just a different look and feel and flavor for tenants to consider compared to newer properties."

Their intentions are not to tear down the property, a strategy not uncommon for investors looking to build bigger and newer, particularly as national real estate investment pours into Decatur. Blackstone paid a record price to acquire the Reserve at Decatur apartments for \$337,000 per unit in December, pushing the area's then-average market price of \$206,035 per unit into the next stratosphere.

Hudson and Miles saw a rent growth opportunity by leading minor renovations and preserving the integrity of the building. They're now calling it the Candler Commons.

"Typically, we will acquire an asset and invest a lot of money into it to renovate the interiors, improve the exteriors and add value for our investors and increase rents," Miles said. "There's really not too much that we can do to improve it. It's kind of like a 'don't screw it up' kind of thing. The property sells itself."

The property has a strong leasing history, given the limited number of units and its proximity to downtown Decatur.

Real estate database CoStar does not keep updated numbers on boutique apartment buildings of 305 E. Ponce's size, but the complex's rents as of June 2020 ranged between \$1,500 and \$1,650.

The 305 E. Ponce apartments are not the investors' first acquisition in Decatur, but the scope of work needed to improve the apartments is much smaller than what they've previously encountered. Hudson and Miles plan to improve landscaping, add signage and potentially upgrade appliances — no major changes.

“This building is part of the history and the fabric of the community. It's not something you can easily replicate. Newer construction looks completely different,” Miles said. “The building doesn't need any changing. It's been around for 100 years, and we want to care for it appropriately.”

**ATLANTA BUSINESS CHRONICLE**