



Dreverize (dree-ver-ize)

vt. Dreverized, Dreverizing, Dreverization [Scots, to add value] To acquire well-located, but poorly managed or failing property at a discount to its "bricks and mortar" replacement cost, and, via creative, cost-effective enhancements that lend a timeless, upscale appearance, transform it into sought-after real estate that commands increasing rents and appreciating values.



Maxwell Drever's back in buy mode

Legendary multifamily value-added player
Maxwell Drever's return to the
acquisition arena already is making headlines.

PEGGY SHAW

"Clearwater ghost comes back to life," a local business journal declared above a story about Concierge Asset Management's purchase at the beginning of July of a long-dark condo tower in the economically troubled city on the Gulf Coast of Florida. And, the Tampa Bay area's Bay 9 TV featured Drever, Concierge's founder and chairman, in the evening news after the classy grand re-opening of the 153-unit Water's Edge drew nearly four times more attendees than anyone had expected at the end of July. . . .

The event that kicked off the sales of condo units in the tallest building in downtown Clearwater, which has stood nearly empty since developer Opus South finished it in 2008, generated enough sales in August to

pay off the initial \$14.2 million mortgage Concierge obtained to buy the property, Drever said recently. . . .

Drever credited Grant Wood, managing member of Stingray Asset Management LLC, Concierge's on-the-ground ally and asset manager in Florida, and Wood's marketing team, including United Landmark Associates, with master-minding the successful event that led to the continuing buying flurry at Water's Edge. . . .

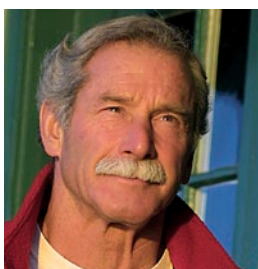
"Some people are telling us our pricing is too low," said Wood, but . . . [i]t's helping to not only stimulate getting people in the building, but is a major catalyst to jump-start the revival of downtown Clearwater and that's his second bottom-line focus," he said of Drever's technique. . . .

Thanks to the appealing prices in an atmosphere of increasing consumer confidence, the sales office Stingray manages has seen more than 300 prospective buyer tours a month since the grand re-opening. . . .

"There was already a buzz in the community, especially with the local brokers. So, we reached out to all the local brokerage groups and a lot of the community leaders. The city has been tremendous in helping to get the property repositioned and create that excitement level," said Wood, who developed partnerships with some complementary businesses like Robb & Stucky, the local high-end furnishing retailer that dressed up the community's model units.

. . . Through those partnerships and others like them, Wood was able to focus the targeted outreach on the purchaser demographic that would most likely have an interest in Water's Edge, which includes a number of second-home buyers, he said.

Wood also is establishing financing opportunities for condo buyers. . . . By the end of the first week in September, 32 units were under contract and the sales gallery was seeing 40 to 50 people coming through on



Concierge Aset Management
Founder and Chairman Maxwell Drever got his start in the multifamily value-add business four decades ago and is still going strong.



a weekly basis, attracted by not only the great prices, but also the security of knowing that the new owner of Water's Edge has created an escrow fund to cover the homeowners association dues for unsold units, protecting condo owners from large assessments down the road. Concierge also has funded reserves going forward, which the prior developer had waived, and seeded the reserve pool with \$200,000, further reducing buyer risk. . . .

A better business center environment, additional security levels for the elevator systems and a lot of fresh landscaping that creates a richer ambience and lifestyle are among the few improvements the nearly-new community needed. . . .

"Concierge and its predecessor companies have purchased and renovated more than 35,000 units over the course of the last four decades. In addition, in 1997 we merged the company and its 18,000-unit

In additional to panoramica waterviews the Water's Edge amenities also include a billiards room, a bar and lounge, a private dining room with catering kitchen and a business center.

portfolio with Walden Residential properties, a NYSE-traded REIT," Concierge Asset Management President and CEO Ted Kerr said recently, recalling the history of the company for which he was director of asset management between 1992 and 1997, when the company was known as Drever Partners, and director of operations for Walden after the merger.

"In 2000, Walden was sold and taken private and Maxwell restarted Concierge," Kerr said. "Since that time, Concierge has purchased almost 8,500 units in total, on a selective basis, some of which have been sold. Today, Concierge manages almost 6,000 units and that total is on track to exceed 7,500 units by year-end, as Concierge and its partners close properties currently under contract," said Kerr, who rejoined the company in 2007 and heads up its corporate office in Houston. "With our partner, we also have three Class A- and B garden apartment properties, totaling more than 1,300 units under contract in Dallas, Austin and San Antonio, which are scheduled to close in the coming weeks," he said.

After buying no assets at all in 2009,

Concierge and partner Crossbeam Capital bought the two-year-old, 17-story, 221-unit 415 Premier Apartments in the Chicago suburb of Evanston last April, with plans for a \$2.2 million upgrade for the community that consists of 13 stories of apartments over four levels of parking. "Our renovation and enhancement program is nearing completion and occupancy has risen from 62 percent when we took over the property to almost 95 percent today," Kerr said.



The 221-unit, 17-story 415 Premier Apartments. Concierge's first acquisition this year, boasts an excellent transit-oriented location north of Chicago, with 13 stories of apartments over four levels of parking.



“We’re making offers from Seattle to Southern California to Georgia and even to Tennessee,” said Drever, adding, “We’re in a careful buy mode. In the last cycle, we were buying three a month and in this cycle, it’s more difficult to buy, but we expect to buy a fair amount of broken condominiums and, we’re hopeful, also broken apartment projects.”

Historically, his company has acquired a disproportionately large amount of properties in the fourth quarter of every year, often as other buyers have failed to close and sellers wanted assets off their books by year-end. While he is not so sure there will be many opportunities this year-end, if there are, Concierge will be ready, he said.

Known for his ability to sense sea changes in markets early, Drever decided in 2004 it was time to keep his powder dry and dramatically slowed down acquisitions, choosing to spend the intervening six years mostly selling units that had lived their useful lives as Concierge properties, while preserving what he calls his “patient investor capital,” which today includes \$45

million of a partner’s dry powder.

... [H]e spent much of the past few years creating a top-tier property management company, while internally strengthening the construction company that handles the value-adding transformations of the troubled assets that Drever always has sought. ...

Tim Considine, AIMCO’s CEO, years ago christened the strategy “Dreverizing” and that game plan continues with the properties Drever’s buying today. It’s more than adding new plants or fancy fitness centers. Dreverization also involves revitalizing the communities in which the properties his company brings back to life are located. Clearwater, where Drever’s agent Wood has become involved with the city leaders and private groups dedicated to reviving the city’s economy, is an example of that community focus.

Clearwater’s mayor, Frank Hibbard, who spoke at the grand re-opening of Water’s Edge, voiced the community’s enthusiasm for Concierge’s effort on behalf of both the

condos and the city

Nor is such praise from community leaders uncommon for Drever, who has received letters from the mayors of large cities like Houston and Atlanta, congratulating and thanking him for reviving neighborhoods that were dying by acquiring and rehabbing communities other investors would shun

“We’re glad to take the lead and then for others to follow. That’s how we’ve been able to restore whole neighborhoods. You can’t do it single-handed. It takes decades of experience and you learn from your mistakes,” said the veteran investor. “And now we make fewer mistakes and other people see that they’re not going to be making any mistakes by just following what we’ve done,” Drever said.

Concierge spent more than \$500,000 on custom interior amenity furniture and finishes by one of the decorators of the Bellagio in Las Vegas. Current pricing averages almost \$450,000 per unit and sales to date have exceeded original expectations.

