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Smaller buyers finding their spots in hot Richmond apartment market

[Mike Platania](#) *March 30, 2022* *1*



The two apartment buildings that sold to Lakeland Capital for a combined \$6 million are located across from one another on Arthur Ashe Boulevard. *(Mike Platania photos)*

While the local apartment market has been dominated recently by huge nine-figure sales, smaller players are also eager to get in on the action — a pair of deals in the Fan and Shockoe Slip recently closed for a combined \$9 million.

Earlier this month, Massachusetts-based Lakeland Capital purchased 215 and 218 S. Arthur Ashe Blvd. for a combined \$6 million. Down in Shockoe Slip, local landlord Alex Griffith bought 19-21 S. 13th St. for \$2.9 million.

The Arthur Ashe Boulevard deal is Lakeland Capital's first in the area. The year-old firm's portfolio consists of about a dozen apartment buildings valued at a total of \$50 million, with many of its holdings in the Boston area.

The Richmond deal was for three buildings totaling 36 units, translating to around \$167,000 per door. At around 100 years old each, the buildings on Arthur Ashe Boulevard are similar to those that Lakeland principal Alexander Westra said he's used to seeing in Massachusetts. He said buildings like these are Lakeland's specialty.

"It's definitely a different set of buyers for the slightly smaller assets, but that is part of the business strategy. Some of these types of properties are overlooked by the greater investment community," Westra said. "They're high-quality assets that have quite a bit of character."

The buildings were most recently assessed at a combined \$3.2 million. Lakeland closed on 215-217 S. Arthur Ashe Blvd. and its 24 units for \$3.9 million, while 218 S. Arthur Ashe Blvd. and the remaining 12 units sold for \$2.2 million. Colliers International's Garrison Gore and Charles Wentworth represented Lakeland in the deal.

Westra said they plan to renovate the units, which were all fully leased at the time of sale, as they turn over. The majority of the units are one-bedroom apartments that rent at about \$900 per month. He said they plan to make upgrades to the apartments, particularly kitchens and bathrooms.

"Our strategy here is really to make some upgrades that are sensitive to assets and location, and provide a higher quality of living, but one that's affordable relative to new construction in the area," Westra said.

He said he anticipates the renovated units will rent at a "slight premium." Westra said he has another building on his radar in the Fan and that he hopes to put it under contract soon.



Alexander Westra

Meanwhile, a few miles east, Alex Griffith has closed on his third deal in the city in the last 12 months. He bought the former Kobe Japanese Steaks and Sushi building at 19-21 S. 13th St. for \$2.9 million.



The five-story apartment building at 19-21 S. 13th St. was formerly a saddle-making warehouse and housed Kobe Japanese Steaks and Sushi until 2019.

In addition to the former restaurant's 6,000-square-foot space, the five-story building houses 16 apartments. It's the second bite out of the Slip that Griffith's taken, as last spring [he bought the Sam Miller's building on East Cary](#) for \$3.3 million. He also [added a Forest Hill apartment complex](#) to his holdings last summer.

After over 15 years in the building, [Kobe closed in 2019](#) and the commercial space has been vacant ever since. A few years before that, the building fell into foreclosure before eventually being [sold at auction in 2017](#).

Griffith, a Richmond native, said he simply liked the building and the neighborhood.

"I feel things are still undervalued over there, and there's still room to grow as office is starting to pick back up and people are coming back down to Shockoe," Griffith said. "It's not anything groundbreaking. I just really like that area and felt like I was getting a good deal."

Griffith bought the building for \$56,000 less than its assessed value of \$2.9 million. CBRE's Peyton Cox and Calvin Griffith, Alex's brother, worked the deal.

The apartments are fully leased, with the one-bedrooms going for around \$1,200 to \$1,300 per month.

"The goal for me isn't necessarily to be at the top of the market in rent, but to make sure I'm maintaining what the market is dictating in that area. And that's an area that I think is going to improve," Griffith said.

As for the commercial space, Griffith said he's still mulling his options.

"That first floor is a really cool space, but it's really big," he said. "There's a bunch of options we're playing around with. The idea of getting one single restaurant in there is a tough one."

Since moving back to Richmond in early 2021 after a stint on the West Coast, Griffith's sweet spot has been multifamily or mixed-use buildings in the \$2 million to \$3 million range. He said he's been drawn to the smaller buildings' personality and the neighborhoods he's found them in.

"There's a lot of opportunity at that size, and the potential to add value or find things that are a little underpriced. You go up the chain and it's much more competitive," he said. "I think I'm just looking in areas that people are less interested in and maybe aren't as sexy, and that's OK with me."



Alex Griffith

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