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MetroHealth is lining up interviewees for CEO post

By **TIMOTHY MAGAW**
tmagaw@crain.com

The MetroHealth System plans to bring in a slate of candidates "as soon as possible" to interview for its CEO post, and it hopes to have its next leader in place by mid-year, according to Ronald Fountain, chairman of the health system's board of trustees.

After a nearly year-long search, MetroHealth lost its top choice last November when Dr. John Brennan, CEO of Newark Beth Israel Medical Center in New Jersey, suddenly reneged on his commitment to take over the health system subsidized by Cuyahoga County.

Dr. Fountain said the search for Mark Moran's replacement is on a "pretty good path," and the committee is lining up schedules to bring in the candidates. Late last month, the board installed Dr. Edward Hills, the health system's chief operating officer, as interim CEO after Mr. Moran notified the board in December he wouldn't stick around until his permanent successor was named.

Dr. Fountain said the search committee plans to bring in fewer than 10 prospects — perhaps five to seven, though he couldn't provide

an exact number — to interview for the post. He wouldn't disclose the identity of the candidates, but noted the search committee wouldn't turn away anyone who was qualified "whether they're local or from outside of the city."

Dr. Fountain said MetroHealth is sticking with its search firm, Witt Kiefer, which brought Dr. Brennan to MetroHealth's attention. He noted there was nothing MetroHealth or the search firm could have done to predict Dr. Brennan's decision to back out of the job.

"We would have rather found out that there was a character issue then, than three or five months into that person's tenure," he said.

Dr. Fountain said the search has piqued the interest of candidates who weren't necessarily interested in the post during the first go-around; he noted that "the fact that somebody with Brennan's profile was committed to do the job and was interested in it, I think that helps."

Dr. Brennan was poised to earn an annual salary of \$685,000 — \$135,000 more than his would-be predecessor, Mr. Moran. The value of Dr. Brennan's total compensation package would have been be-

tween \$750,000 and \$1.1 million.

Dr. Fountain's term on MetroHealth's board will expire in March, but he said he would continue to assist with the pursuit for the health system's next leader should the search committee need his help.

Books look better

Meanwhile, the health system's finances, which have been dinged in recent years due to the rising amount of uncompensated care it provides to the county's indigent, are on the upswing, according to Dr. Fountain. Once the health system's 2012 books are audited, he expects MetroHealth to have met its goal of posting a \$10 million surplus.

In addition, MetroHealth's books for 2013 are expected to be buoyed by an infusion of new dollars thanks to federal regulators signing off recently on a complex legal maneuver that could extend Medicaid coverage to as many as 30,000 people in Cuyahoga County. The move will let the health system receive some compensation for care for which it hadn't been paid in the past.

Last year, the health system provided \$130 million in uncompensated care. ■

Apartments owners are diversifying investments with out-of-region buys

By **STAN BULLARD**
sbullard@crain.com

At a time when apartments are the favored property type of investors and lenders as occupancies swell and rents rise after the collapse of the housing market, three local apartment owners are finding places to grow — outside Northeast Ohio.

Summit Multicapital LLC in Akron announced Jan. 16 it has acquired the 169-unit Mosteller Mansion Estates in Hickory, N.C., for \$18 million. Meantime, an affiliate of Apollo Management in Pepper Pike has bought the 327-unit Georgetown Apartments in Kettering, Ohio, for \$12.7 million from Connor Group of Centerville, Ohio, according to the *Dayton Business Journal*.

Burton Carol Management LLC in Warrensville Heights also added to its portfolio of properties, which are in Northeast Ohio, Michigan and Florida, with the acquisition of Beachwalk Apartments in Novi, Mich., according to Joy Anzalone, chief operating officer.

The 240-unit complex in suburban Detroit was purchased in a distressed sale from Huntington National Bank, Ms. Anzalone said.

The apartment owners are following the tried-and-true investment strategy of tapping different geographies to diversify their holdings.

In Summit Multicapital's case, it is pursuing a plan to acquire properties in areas with population and rent growth, according to Edward Newman, Summit CEO.

"We're buying in areas that are

growing because people are attracted by the lifestyle, areas where people want to live, and in secondary markets," Mr. Newman said.

The Hickory, N.C., property is in the popular Lake Norman area outside of Charlotte, but it's removed from the Charlotte market itself where Summit would need to compete with large, publicly traded real estate investment trusts, Mr. Newman said.

Summit has been buying properties in North Carolina for the last six years, and the Hickory property is near a 312-unit property that it owns in Mooresville, N.C., Mr. Newman said. Summit also owns about 800 units in the suburbs of Denver, and this latest acquisition means about half of its 3,250-suite portfolio is in the Akron area and the rest outside the region.

In Burton Carol's case, it knows the Detroit area from other properties it has owned there in prior firms that it sold. It is a larger metropolitan area than Cleveland, but within a two-hour drive or flight that Burton Carol uses to define its target markets, Ms. Anzalone said.

Although Beachwalk Apartments was bank-owned, Ms. Anzalone described it as a gem because it is located on Walled Lake, an inland lake near Detroit. Burton Carol had to compete with 19 other offers for the property.

"There is exuberance in the market, but you need to be methodical," Ms. Anzalone said. "We had no problem rising to the price. But you want to buy at a price that will allow

you to own a property for years."

Burton Carol is continuing to look for other opportunities outside the region, she said, but is shying from one of its favorite markets, Florida, because of the rise in selling prices there.

Apollo did not return two calls by *Crain's* deadline last Friday, Feb. 8, on the Dayton acquisition.

Buying outside the region is a perfect balance to Northeast Ohio's apartment market, which lacks population growth and has rents lower than in larger cities.

That's the view of Michael Barron, a vice president for investments at the Marcus & Millichap real estate brokerage, which has an Independence office.

"In Northeast Ohio you get stability and cash flow," Mr. Barron said, because units are less costly than in other areas, but the region's slow-growth apartment market frees it from overbuilding typical in areas with population growth.

"In other areas, you get price appreciation for the units and rent growth," Mr. Barron said.

Ralph McGreevy, executive vice president of the Northeast Ohio Apartment Association trade group, said owners of larger apartment portfolios can compete effectively for properties outside the region because of the market's current strength. He considers the drive to buy outside Northeast Ohio a road well-traveled by property owners in the past. It's now being trod by another group of growing apartment owners, Mr. McGreevy said. ■

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