

Profile

Zoellner leaves Legacy to pursue a personal dream

by Jill Jamieson-Nichols

Apartment vacancies are on the rise, and Mike Zoellner believes things will get worse before they get better.

He also believes there's a lot of opportunity out there.

That's one of the reasons Zoellner, after 17 years with Legacy Partners Residential, is moving on. The fourth-generation Coloradan, whose great-great grandfather mined silver in Nederland, is pursuing a dream.

"I'm very excited about it. I think the market conditions are going to provide some opportunities. I know there's a lot of competition on the buy side, but I don't think there's a lot of competition doing what we do," said Zoeller, chief executive officer of newly created Red Peak Properties.

The company will focus on acquiring apartment properties that need turning around, adding value and holding them for the long term. Some 20 percent of its efforts will be devoted to new development.

"I've always wanted to have my own company. That's been a personal dream of mine for a long time," said Zoellner. While he remains a partner in communities he developed at Legacy and holds a stake in their success, Zoellner said most people in his position don't stick with it so long — they start their own companies. That's how Legacy began, and that's how its predecessor, Lincoln Property Co., got its start.

"It became apparent to me that I could access capital independently, outside of Legacy." Plus, "The business had evolved a lot into merchant building — building and selling right away, and that's not who I am."

Rather, Zoellner is a long-term player.

"My sense of Denver is that things are going to get worse here in the short term. There's a lot of new product coming on line, the national recession is going to impact our economy more than it has



Michael Zoellner

recently. I think there's going to be a better opportunity to buy than to build in the short term."

And, "Well-located buildings in Denver are going to hold their value very well."

Zoellner knows the Denver metro market intimately, having watched it evolve from a small, mostly local market to one in which structuring financing and building communities has become increasingly complex.

Born and raised in Wheat Ridge, Zoellner graduated from Regis High School, accepted a baseball scholarship to Trinidad Junior College, then transferred after a year to Creighton University, where he earned a degree in finance and his Juris Doctor. "My parents didn't go to college, and they really aspired for their children to go to college," he said, explaining he got his law degree not because he wanted to be a lawyer, but because it was a way of distinguishing himself from other graduates.

"At that time in Denver, the oil business was where everybody wanted to be." Zoellner did some internships at local companies, then joined a small, publicly held oil company as general counsel.

"Then the oil business slid and was cutting back significantly. I always liked real estate, so some of the investors in our different limited partnerships wanted me to start helping them with their real estate issues."

Then in 1984, Scot Sellers, who'd been a buddy of Zoellner's brother at Stanford University, was looking for someone to help him in the apartment business, and Zoellner was hired. In the late 1980s, Sellers

left to head Lincoln's Southern California office, while Zoellner took over the Denver office. Sellers now is chairman and CEO of apartment giant Archstone-Smith.

Among the biggest changes 46-year-old Zoellner has seen in the industry are growth in the size of communities and, "I think the resident pool has become much more stratified." It used to be that people rented because they couldn't afford homes; now there are renters who could afford to buy the buildings they live in, he said.

There also has been tremendous growth in the level of professionalism in the property management arena, Zoellner said. Red Peak Properties will provide its own management, and its properties will take on signature features that set them apart from competing product, he said.

Legacy's Mark Windhager is joining the company as chief operating officer, Jamie Thompson of Trammell Crow Residential in Dallas is its chief financial officer, and Gary Lamborn, also from Trammell Crow's Dallas office, is head of management information systems.

The company expects to focus on properties 150 units and larger, paying attention to the central business district and west metro market, among other areas.

Zoellner serves on the boards of Regis High School, Citywide Banks and Stewart Title and lives in Park Hill with his wife, Nancy, and three children. As enthusiastic as he is about the future, "It's very difficult to leave," he said. He will be replaced as senior vice president by Legacy's Chuck Bailey. "There are so many good people here. I've grown so much and learned so much here. My partners are terrific. They are some of the real heroes in this business," Zoellner said.

"I just think it's a logical progression. I think the fact that I am leaving is just an endorsement of the kind of company they are — that they're creating and growing that talent. I was fortunate to be part of all that." ▲