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LEDIC growing at record pace

Management firm now has 25,000 apartment units

BY ANDY ASHBY

LEDIC Management Group LLC this year has been picking up an additional apartment unit every 43 minutes.

LEDIC has added 8,972 units in the first three quarters, a growth rate that's up 53.4% compared to 5,848 units in the same period in 2007 and up 152.8% compared to 3,549 units in the same period in 2006. The growth rate is being fed by the decline in the single-family home market.

The third-party investment real estate management firm now manages more than 25,000 units in 16 states across the Southeast.

In Memphis, LEDIC's growth has followed the pattern of the city's development, with DeSoto County being particularly strong.

Throughout its footprint, the Gulf Coast area, where apartment buildings are being rebuilt, has been doing well.

"LEDIC is a major player in the post-Katrina housing boom market with several thousand units in the Gulf Opportunity Zone in Louisiana and Mississippi," CEO and president Pierce Ledbetter says.

Growth has come through a combination of existing and new clients.

"As interest rates have slowed their decline, the rate of dispositions has also slowed, which allows LEDIC to keep more of our current portfolio," Ledbetter says. "Also, more clients are deciding to change management during tougher economic times, which benefits us because many owners are consolidating under one management company."

Of LEDIC's growth so far this year, 85% has come from existing clients which had used LEDIC in 2007 and chose to add units with the company in 2008, including Park Development Corp. and Michael Lightman Realty Co.

Michael Lightman Realty currently uses LEDIC to manage its 698-unit Fieldstone Apartments community and Centennial Gardens, which will include 256 units after completion of a second phase.

Michael Lightman Sr., founder of Michael Lightman Realty, has known Scott Ledbetter Sr., LEDIC's founder and chairman emer-



TREY HARRISON

CEO Pierce Ledbetter says his firm is enjoying a growth rate of 53% so far this year.

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tus, for 35 years. They used to broker together, selling apartment communities to investors.

So when Lightman bought Fieldstone about 10 years ago, he knew which company to call.

"They helped me with that purchase," he says. "I went to them because they were good friends of mine."

Lightman has consulted with LEDIC, which has helped him develop the right amount of units as his apartment projects expanded.

"My company is more shopping center-oriented and we have our own management company to manage those," Lightman says. "But we never started a management company for the apartments. It takes an expertise in apartment management which I thought the real pros like LEDIC have. It's different than managing retail."

Historically, the multi-family market has been counter-cyclical compared to other resi-

dential sectors, according to Ledbetter Jr.

"When single family growth stalls, apartment performance generally improves," he says.

The total number of U.S. households who were renters increased to 32.1% in 2008 compared to 31.4% in 2007, according to numbers from the National Apartment Association.

Ledbetter Jr. expects to see LEDIC grow even more in the second half of 2009 and first half of 2010.

"Over the past six months, new construction of single family and multi-family has decreased significantly," he says. "Absorption in multi-family will continue as the single-family market continues to erode."

The company can also continue to grow when housing construction rebounds.

"The beauty of the apartment business is that even with the return of home starts, we're also forecasting in our region of operation a trend of increasing population," Ledbetter Jr. says. "That population trend is the most firm support for the industry of any. More people means more residents, which means more apartments, which means more business for LEDIC."