

Top Transactions

First model home brings \$1.6M, TV spot

Editor's note: The Top Transactions feature focuses on the latest top home sales in the Twin Cities area, as well as noteworthy new listings, new residential developments and housing trends. Finance & Commerce checks certificates of real estate value filed with the Minnesota Department of Revenue as well as data from the Northstar Multiple Listing Service, Realtor.com, county records and other sources.

BY ANNE BRETT'S

Special to Finance & Commerce

When fledgling Edina custom builder Dario Jevtic tore down an old house to build his first model home on a steeply sloped lot at 7120 Mark Terrace Drive in Edina, it was a risk.

When he completed the five-bedroom, six-bath, 5,238-square foot model, that risk paid off. Jevtic's company, Adriatic Construction, sold the home June 5 to Richard and Diane Elaine Kadue for nearly \$1.6 million. The house also is slated to be featured in an upcoming episode of HGTV's House Hunters.

Not bad for a 28-year-old CEO making the leap from remodeling to building high-end custom homes. Amazing for a Bosnian immigrant who came here as a 10-year-old boy with his younger sister and their parents, fleeing the aftermath of war and willing to work hard to build a new life.

The family arrived in 2000 and settled in Edina. The adjustment wasn't easy.

"He lost everything in the war," Jevtic said of his father, who had owned a bus company and several other businesses. His father became a bus driver and started a remodeling company. His mother, a physician in Bosnia, became a nurse.

The young boy worked with his father on weekends and won scholarships to help pay for his education at the Blake School in Minneapolis and at Georgetown University McDonough School of Business in Washington, D.C., where he completed a double major in accounting and finance.

He took a consulting job with Deloitte in New York City, but within a few years he realized he was spending all his free time studying housing construction and



SUBMITTED PHOTO: ADRIATIC CONSTRUCTION LLC

Custom builder Dario Jevtic, CEO of Edina-based Adriatic Construction, used oversized windows, front porches and a tuck-under garage to make the most of the challenging sloped lot he chose for his first model home, located at 7120 Mark Terrace Drive in Edina.

design.

He moved back to Edina, started his own remodeling business in 2016 and began looking for a place to build his first house.

"I like unusual lots," he said. He found one in the hillside site on Mark Terrace Drive. He considered remodeling the abandoned house, but decided it couldn't be saved.

While many builders use sloped lots, most use them to open the lower level to the back yard. Jevtic opened up the lower level in the front.

"Everybody's fallen in love with it," said John Everett of Edina Realty, who marketed the property for Jevtic. "It's just spectacular."

An online photo tour shows the way Jevtic took advantage of the hillside, topping the garage level with front porches

and adding a main-floor guest suite and an unusual third-floor master suite and bonus room. The third-floor rooms are high enough to offer views above the treetops. They also lead to a deck that looks out over the private back yard, framed by the hillside. The rest of the house, bathed in crisp white, features open space, sophisticated details and luxury finishes.

Claire Killen of Emerald Real Estate in Edina, who represented the buyers, agrees with Everett's assessment.

"For the price point, hands down it was the best quality work we had seen," she said. "He treated it as though it were his own."

Killen also was impressed with Jevtic's attention to the financial details of the sale.

"His business acumen was really amazing," she said.

Jevtic notes that his family is doing well. His parents are happy, and his younger sister graduated from college recently with a degree in chemistry.

As for Jevtic, his goal is to grow his young company. While he knows how to do construction, he feels his job is to hire the best people he can and focus on both the big picture and getting all the details perfect. Right now, he's waiting to hear when the television segment will air. He also is in negotiations for his next lot.

"It's really a big management challenge," he said.

Online

A link to a photo tour of the featured home is available with the story at finance-commerce.com.



One dorm strategy: wait for other investors to fail

BY KRISTY WESTGARD

Bloomberg News

While investors increasingly look for a home in student housing, Harrison Street's Chris Merrill has been around the block.

He anticipates newcomers to the unfamiliar market will take a lot of risk — and create a landslide of distressed properties that he can scoop up cheaply over the next 12 to 24 months.

"Investors need to dive deep into the micro market, understanding enrollment trends, demand/supply fundamentals, location and unit mix, for instance," said Merrill, co-founder and chief executive officer of Chicago-based Harrison Street Real Estate Capital LLC, which has been buying student housing since its inception in 2005.

Harrison Street's assets in the Twin Cities market include the 150-unit The Pavilion on Berry apartments in St. Paul, the 140-unit Venue at Dinkytown, the 97-unit Station on Washington, and in the 120-unit Stadium Village Flats, all in Minneapolis.



FILE PHOTO: BILL KLOTZ

The three-building Pavilion on Berry complex was built in 2008 at 950 Jefferson Commons Circle in St. Paul. Harrison Street paid \$31.5 million for the property in 2016.

The investors streaming into student housing are taking advantage of an asset class that's known to weather eco-

nomic downturns because people tend to go back to school during tough times. Among recent deals was an agreement

by Greystar Real Estate Partners to buy EdR, one of the largest developers, owners and managers of U.S. student housing, for about \$3.2 billion. Separately, an affiliate of Blackstone Group LP formed a joint venture with Greystar to acquire a portion of EdR's properties.

While the Blackstones and Greystars of the investing world may have the clout to manage large dorm portfolios, smaller entrants have trouble accessing the highly fragmented market, Merrill said. Since its inception, Harrison Street, with roughly \$15 billion of assets under management, has amassed properties at more than 130 universities in the U.S. and Europe.

Cracks are already forming: The number of delinquent student-housing loans financed by municipal bonds has climbed 3.4 percent since the beginning of the year, according to data provider Trepp LLC.

For long-term investors in student housing, "opportunities will emerge as a result of those that are taking excess risk as a result of inexperience," Merrill said.