

# Barcelona Apartments

## Property Upgrades Enhance Rental Income



### Asset Valuation Summary

**Purchase Date:** December 2013

**Sale Date:** June 2018

**Equity:** \$3,000,000

**Equity Multiple:** 1.8x

**NOI at Purchase:** \$564,605

**NOI at Sale:** \$707,350

**Average Rent:** \$733.98

**Average Rent:** \$906.42

### Acquisition

- Sourced off-market through existing broker relationship.
- Opportunity to improve property operations and increase asking rates.
- Rental rates flat for prior three years while effective market rents were increasing 2.5-5% annually. Our market survey indicated there was over \$100 per unit upside in rents at acquisition with further upside based on property improvements.
- Opportunity to upgrade unit interior and building exterior to attract high-quality tenants.
- Single-family homes in the area valued between \$750,000 and \$1.2 million, creating a barrier to home ownership for a diverse and prosperous renter population.

### Transformation

- Exterior building improvements to revitalize the property, including roof, balcony and stucco repairs.
- Improved property management and response time to offer premium rental experience.
- Improved unit interiors on 40% of units: new black appliances, brushed nickel fixtures/hardware, refinished counters and new flooring.
- Rent increased to market rate at lease renewal and/or unit turn.
- Rent increased by 23.5%
- NOI increased by 25.3%

### Realization

- Buyer owned other properties in immediate submarket, including property adjacent to Barcelona.
- Sold at a premium price due to property condition/location and the aggressive profile of the buyer. Along with a positive time in the real estate cycle, these conditions created an ideal situation to harvest profits.
- Equity multiple of 1.8x in 4.5 years.
- Gross IRR: 14.37%.
- Net IRR: 13.71%.