

Tulsa 5 Apartments

Motivated Sellers Create Significant Opportunity



1368 Units in Tulsa, OK
Class B Multifamily

Asset Valuation Summary

Purchase Date: April 2014

Purchase Price: \$44,720,000

Equity: \$11,000,000

NOI at Purchase: \$2,962,529

Average Rent: \$512.04

Sale Date: June 2018

Sale Price: \$63,368,658

Equity Multiple: 2.4x

NOI at Sale: \$3,462,880

Average Rent: \$573.95

Acquisition

- Sourced through existing broker relationships.
- Attractive price per unit based on sale comps for similar quality properties and unit mix at purchase.
- Portfolio purchase from two motivated sellers consisting of 1,368 units across five properties.
- Four of the five properties offered steady cash flow at purchase and one property offered potential to add value.
- Opportunity to improve property operations, reduce expenses and increase asking rates to market rent at comparable properties.
- Attract high-quality tenants and increase rental rates by improving customer service response time and addressing resident needs.

Transformation

- Increased asset value at Canyon Creek through a \$1 million capital improvement plan. The plan involved renovation of common areas, including club house, pools, laundry facilities, playground and sports court. Interior upgrades such as new appliances, cabinet hardware and wood plank flooring also increased rental rates.
- Significantly enhanced resident profile by adhering to strict rental criteria and improving customer service.
- Leveraged portfolio unit count to reduce costs through preferred vendor pricing.
- Developed Community Network of Property Managers in local area to share market knowledge, ideas and awareness.
- Partnered with local police and fire departments to strengthen ties to the community.

Realization

- Found a Regional Buyer who self-manages and was backed by institutional equity.
- Buyer interested in increasing presence in this submarket.
- Equity multiple of 2.4x in 4.2 years
- Rental rates increased by 12.09%
- NOI increased by 16.89%
- Gross IRR: 25.27%
- Net IRR: 21.86%