

Project Summary:

Date Purchased: Jan. 2005 | Date Sold: June, 2007
 Months Held: 30 | Units: 548 | Built: 1980

Granite Bay
 14230 N. 19th Avenue
 Phoenix, Arizona 85023

OUR APPROACH:

Bascom purchased Granite Bay for \$22.5 million, 25% below its listed price. Granite Bay's previous owner, a national pension fund, had held the property since 1985 as part of a larger portfolio. The fund, which had run its course by the time of acquisition, was a highly motivated seller, providing Bascom with a unique bargain opportunity.

With the implementation of professional management practices, cost effective and efficient control systems, and improvements to the physical plant, Bascom would provide consumers with a compelling value proposition relative to the competition.



Performance Summary	At Acquisition	At Sale	Percent Increase
Bascom Cost	\$41,058	\$48,357*	17.78%
12 Month NOI	\$1.30MM	1.99MM	53.08%
Rent per Month	\$610	\$773	26.72%
Equity	\$6.80MM	\$21.48MM	215.88%

*Includes purchase price plus renovation cost per unit

- **IRR:** 64.74%
- **Multiple on Equity:** 3.16
- **Lender Identity:** Mass Mutual
- **Loan to Total Cost:** 61.30%
- **Equity Partner:** KeyBank
- **Total Purchase Price:** \$22.50MM
- **Total Renovation Cost:** \$4.00MM
- **Total Investment Basis:** \$28.22MM
- **Percentage of Replacement Cost:** 52.35%
- **Total Sales Price:** \$43.00MM
- **Sale Price per Unit:** \$78,467

BACKGROUND:

Given the property's 1980s vintage construction, unit interiors and common areas required a renovation. However, the property was well amenitized, with four pools, a barbecue pit, sports court, and a community clubhouse. The necessity for interior renovation along with this comprehensive amenity package perfectly suited Bascom's proven value-add strategy.

Granite Bay's location in the infill Metropolitan Phoenix area positioned the property well for the overall market recovery which began in 2003-2004. Just between June 2003 and July 2004, concessions in the area dropped from 17.9% to 11.1%, and continued to improve throughout Bascom's tenure as Granite Bay's owner. Employment in the area grew by 3.7 and 5.3% in 2004 and 2005, respectively, contributing to lower concessions and higher vacancies.

The high barriers to entry in the infill Metro Phoenix area combined with the rapidly expanding local economy allowed Bascom to capitalize on falling concessions and vacancy rates during the period of ownership.