

## Project Summary:

Date Purchased: May 2002 | Date Sold: October 2005

Months Held: 41 | Total Units: 128

## Palm Court Apartments

333 South Catalina Street

Los Angeles, California 90020

### OUR APPROACH:

Under private ownership, Palm Court had suffered from years of deferred maintenance and poor management. As a result, the property itself had become distressed and rents were significantly lower than the market average for the mid-Wilshire area.

With the implementation of professional management practices, cost effective and efficient control systems, and the 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
12 Month NOI	\$737,972	\$1.35M	83.23%
Rent per Month	\$1,098	\$1,376	25.32%
Equity	\$3.10M	\$15.84	411%
Cost per Unit	\$88,281	\$98,047	11.06%

- **IRR:** 63.24%
- **Multiple on Equity:** 5.11
- **Lender Identity:** Mass Mutual
- **Loan to Total Value:** 42.9%
- **Equity Partner:** Lehman Brothers
- **Percentage of Replacement Cost:** 64.36%
- **Total Purchase Price:** \$11.30M
- **Total Renovation Cost:** \$1.25M
- **Total Investment Basis:** \$14.49M
- **Total Sale Price:** \$26.60M
- **Sale Price per Unit:** \$207,812

### BACKGROUND:

Built in 1987, Palm Court consists of 128 units within one five-storey building. Situated in the mid-Wilshire area of Los Angeles County, the property enjoys proximity to major employment, retail, and transportation centers, including the 110, 10, and 101 Freeways.

The median family income in the mid-Wilshire area in 2002 was \$27,466, while the median property value was \$290,640. This disparity between income and property value would drive demand for affordable rental units.

The significant barriers to entry extant in Los Angeles limited the addition of new multi-family units to the market, and so demand for renovated product was high. The mismanagement of the previous ownership allowed BASCOM to acquire and renovate Palm Court with a total investment basis far below replacement cost.