

Project Summary:

Date Purchased: May 2004 | Date Sold: Jul. 2005

Months Held: 14 | Total Units: 324

Stonegate Village Apartments

2225 West Frye Road

Chandler, AZ 85225

OUR APPROACH:

Built in 1999 during the heat of the Phoenix real estate bubble, Stonegate proved uneconomic for its investors through 2001-2003 as vacancy rates and concessions increased throughout the market in response to the recession. In 2004, BASCOM purchased the property at a bankruptcy court auction

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	\$1.10M	\$1.19M	8.18%
Rent per Month	\$986	\$1,010	2.43%
Equity	\$5.00M	\$11.17M	123.4%
Cost per Unit	\$80,769	\$83,393	3.25%

- **IRR:** 103.88%
- **Multiple on Equity:** 2.23
- **Lender Identity:** Mass Mutual
- **Loan to Total Value:** 57.40%
- **Equity Partner:** Lehman and Babson
- **Percentage of Replacement Cost:** 67.84%
- **Total Purchase Price:** \$18.90M
- **Total Renovation Cost:** \$614,000
- **Total Investment Basis:** \$20.47M
- **Total Sale Price:** \$26.53M
- **Sale Price per Unit:** \$113,355



BACKGROUND:

Due to the Stonegate's new condition, BASCOM needed only \$1,895 per unit in order to renovate the property. Already one of the best properties in the submarket, the upgrades would further enhancing Stonegate's desirability relative to the competition.

When BASCOM purchased the property in 2004, job growth for the Phoenix metropolitan area was projected to be 41,700, or 2.7%, while the population was expected to increase 7.1% over the next three years. With economic recovery rapidly underway, BASCOM would need only a 14 month holding period to reposition the property and find an institutional investor.

Stonegate provided value-conscious tenants with a strong amenity package and well-appointed rooms for a reasonable price.