

Project Summary:

Date Purchased: Oct. 1998 | Date Sold: Feb. 2004

Months Held: 65 | Total Units: 128

The Cottages

425 North Magnolia Avenue

Anaheim, CA 92801

OUR APPROACH:

Years of mismanagement by private ownership had left The Cottages with a rent schedule averaging \$158 below market. Situated in the burgeoning Orange County market, the property would benefit from the increasing rents and low vacancy rates enjoyed in the 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	Acquisition	Sale	Percent Increase
12 Month NOI	\$501,304	\$1.11M	121.42%
Avg. Asking Rent	\$800	\$1,132	41.50%
Equity	\$2.72M	\$7.28M	167.65%
Cost per Unit	\$64,844	\$71,391	10.10%

- **IRR:** 27.14%
- **Multiple on Equity:** 2.68
- **Lender Identity:** ARCS Commercial Mortgage
- **Loan to Total Value:** 62.5%
- **Equity Partner:** Consortium of Private Investors
- **Total Investment Basis:** \$10.01M
- **Percentage of Replacement Cost:** 64.98%
- **Total Purchase Price:** \$8.30M
- **Total Renovation Cost:** \$838,000
- **Total Sale Price:** \$15.35M
- **Sale Price per Unit:** \$119,922

BACKGROUND:

Built in 1963, The Cottages' 88 identical two bedroom and two bathroom units are distributed amongst 22 one storey walk-up buildings. Following the era's construction trends, the property's units have a comfortably spacious feel and boast a larger square footage than nearby competitors.

BASCOM'S renovation schedule was efficiently comprehensive: upgrading wood framing, repairing roof damage, painting exteriors and interiors, installing new appliances, putting in new carpeting. Suffering from deferred maintenance and located in a high demand market, the property would require a modest investment compared to the increase in rent rates achieved.

Within two miles of the 91 Freeway, the property has access to major Southland transportation nodes. The mature landscaping and low unit density of 17.30 units/acre contribute to the property's atmosphere.