

# Project Summary:

Date Purchased: Apr. 2002 | Date Sold: Apr. 2004

Months Held: 24 | Total Units: 104

# Grand Villas

15101 Magnolia Blvd.

Sherman Oaks, CA 91403

## OUR APPROACH:

An outmoded 1961 design, Grand Villas had languished for years under its private family ownership and hadn't been renovated to match the competitive Sherman Oaks multi-family market. BASCOM was able to acquire the property at 70.13% of replacement cost.

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        | \$637,200   | \$1.00M   | 56.94%           |
| Avg. Asking Rent    | \$1,297     | \$1,637   | 26.21%           |
| Equity              | \$2.80M     | \$5.32M   | 90.00%           |
| Cost per Unit       | \$105,122   | \$133,238 | 26.75%           |

## BACKGROUND:

Although Grand Villas' eight garden-style buildings looked out of style when BASCOM took over, the units themselves still had a distinct advantage over competitors' units: floorplan size. Grand Villas 20 one bedrooms range from 940 to 1100 sq. feet, two bedrooms are 1270 sq. feet, and three bedrooms are 1330 sq. feet.

The property is also close to the 101 and I-405 freeways, providing convenient commuting access to Los Angeles and Orange County points. The average household income within a three-mile radius was \$75,626 in 2002, significantly higher than Los Angeles County's average and supporting Sherman Oaks' historically solid rent growth.

Furthermore, the high cost of construction coupled with the lack of available land would provide a hefty barrier to entry, constricting the amount of new units coming online and limiting supply in this high-demand area.

- **IRR:** 37.71%
- **Multiple on Equity:** 1.90
- **Lender Identity:** Residential Funding Corporation
- **Loan to Total Value:** 56.5%
- **Equity Partner:** JP Morgan
- **Total Investment Basis:** \$15.52M
- **Percentage of Replacement Cost:** 70.13%
- **Total Purchase Price:** \$10.93M
- **Total Renovation Cost:** \$2.94M
- **Total Sale Price:** \$18.78M
- **Sale Price per Unit:** \$180,577