

# Project Summary:

Date Purchased: July, 2005 | Date Sold: June, 2007

Months Held: 23 | Units: 460 | Built: 1986

# Laguna Village

102 West Palomino Drive

Chandler, Arizona 85225

## OUR APPROACH:

Held by a wealthy family trust for 15 years, Laguna Village had been well-maintained. However, the owners failed to make capital improvements to update the property and so it had grown to look worn and dated relative to the primarily newer product in its comparable set.

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	\$1.94M	\$2.36M	21.65%
Rent per Month	\$640	\$778	21.56%
Equity	\$8.02M	\$22.31M	178.18%
Cost Basis/Unit	\$55,978	\$64,978	16.08%

## BACKGROUND:

Bascom acquired Laguna Village from a motivated seller; after recent years of being battered by Phoenix's rising concessions and vacancy, the family trust decided to dispose its real estate position in order to take up more passive investments.

In July, 2005, rental market fundamentals were improving in Phoenix after taking a downturn in the recession of the early 2000s. Phoenix's rental market rebounded to economic vacancy 12.67% in 2005, after reaching a peak economic vacancy of 26.68% in 2003, driven by increasing area home prices, explosive population growth, and the recovering job market.

The previous owners had opted to tamper rent rates in order to maximize occupancy, and so rents at Laguna Village lagged behind market rates by an estimated 11%. Bascom's repositioning strategy included an increase in rents by 15.95%, which it achieved by the second year of the investment.

- **IRR:** 74.29%
- **Multiple on Equity:** 2.78
- **Lender Identity:** GE Capital
- **Loan to Total Value:** 58.00%
- **Equity Partner:** Rockwood Capital
- **Total Purchase Price:** \$25.75M
- **Total Renovation Cost:** \$4.14M
- **Total Investment Basis:** \$32.27M
- **Percentage of Replacement Cost:** 62.42%
- **Total Sales Price:** \$45.00M
- **Sale Price per Unit:** \$97,826