

Project Summary:

Date Purchased: Mar. 2005 | Date Sold: June, 2007
 Months Held: 28 | Units: 432 | Built: 1979

Whispering Meadows
 1050 S. Longmore St.
 Mesa, Arizona 85202

OUR APPROACH:

Bascom purchased Whispering Meadows for \$23.7 million, 61.2% of estimated replacement cost. Whispering Meadows had been previously owned by a pension fund advisor since 1983, whose fund had run its course at the time of acquisition. The motivated seller provided Bascom the opportunity to acquire this well positioned asset on a bargain basis, for substantially lower than replacement cost

With the implementation of professional management practices, cost effective and efficient control systems, and 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
Bascom Cost	\$40,740	\$51,990*	27.61%
12 Month NOI	\$895,679	1.21MM	35.10%
Rent per Month	\$588	\$654	11.22%
Equity	\$6.08MM	\$15.19MM	149.84%

*Includes purchase price plus renovation cost per unit

- **IRR:** 51.78%
- **Multiple on Equity:** 2.50
- **Lender Identity:** GE Capital
- **Loan to Total Cost:** 72.70%
- **Equity Partner:** KeyBank
- **Total Purchase Price:** \$17.60MM
- **Total Renovation Cost:** \$4.86MM
- **Total Investment Basis:** \$22.46MM
- **Percentage of Replacement Cost:** 58.41%
- **Total Sales Price:** \$33.60MM
- **Sale Price per Unit:** \$77,777

BACKGROUND:

The property’s late 1970s vintage demanded a significant interior and exterior overhaul. However, Whispering Meadows boasted a unique amenity package with a fitness center, inline hockey rink, two swimming pools, spa, barbecue ramadas and spacious well landscaped courtyards. The necessity for interior renovation along with this comprehensive amenity package perfectly suited Bascom’s proven value-add strategy.

Whispering Meadows’ location in the infill Metropolitan Phoenix area positioned the property well for the overall market recovery which began in 2003-2004. Just between June 2003 and July 2004, concessions in the area dropped from 17.9% to 11.1%, and continued to improve throughout Bascom’s tenure as Granite Bay’s owner. Employment in the area grew by 3.7 and 5.3% in 2004 and 2005, respectively, contributing to lower concessions and higher vacancies.

Due to land constraints, there was no new construction opportunity within a four mile radius of the Whispering Meadows property. The high barriers to entry in the infill Metro Phoenix area combined with the rapidly expanding local economy allowed Bascom to capitalize on falling concessions and vacancy rates during the period of ownership.