

# Case Study- 1505 Exchange

## Asset Overview

- In March 2018, Edison Equity purchased a \$32.5MM 2-property multifamily portfolio totaling 462 units. The portfolio included 1505 Exchange, a 256-unit workforce housing property located in Fort Worth, Tx for \$18.3 million.
- Edison Equity acquired the property from long term ownership at an attractive basis of \$71K/unit. The property was performing below the submarket comps based on occupancy (90% vs 95%) and rents (~10% lower than renovated properties).
- Strategy included a \$2.1MM Value-Add Plan to Rebrand, Improve Amenities, and Upgrade the Unit Interiors.
- Edison Equity's renovation transitioned the property from a Class C to a solid B status achieving average rent premiums of \$120 on upgraded units generating a ROC of 22%.

## Business Plan

The repositioning of the asset encompassed several major improvements to the asset, including:

- Exterior painting, carpentry repairs to the siding, trim balconies, and stairs
  - Rebranding and new signage throughout the property.
  - Clubhouse upgrade with new furniture
  - Fully renovating ~ 63% of the interior units with new paint, cabinet fronts, faux wood flooring, appliances, resurfaced countertops, lighting, fixtures, hardware, and 2" Wood Blinds
  - Pool Improvements, furniture, and outdoor kitchen addition
  - Dog Park Addition
  - Exit Strategy
- ✓ Edison Equity utilized an "off-market" process with a local broker who represented an out of state buyer with an existing DFW portfolio presence.
- ✓ Sales price of \$27.3MM exceeded proforma by 6.3%, 1 year ahead of plan.

## 1505 Exchange - Value Add



## Property Investment Summary

<b>Location</b>	Fort Worth, TX
<b>Units</b>	256
<b>Investment Type</b>	Equity
<b>Acquisition Date</b>	03/30/2018
<b>Sales Price</b>	\$27.3MM
<b>Sale Date</b>	06/16/2021
<b>Gross IRR</b>	24%
<b>Equity Multiple</b>	1.86x

