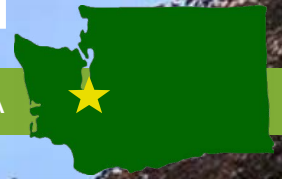


# CASE STUDY

VALUE-ADD MULTIFAMILY INVESTMENT • Seattle MSA



INVESTORS MANAGEMENT GROUP • IMGRE.COM



## VALUE-ADD MULTIFAMILY INVESTMENT OPPORTUNITY

Foster Creek was built in three phases (1968, 1971, 1978) and is comprised of 179 units. IMG purchased the property off-market in July 2015 for \$17,700,00, or \$99k/unit, with total purchase price of \$19.2M (price, funded CapEx, closing costs). This was an opportunistic value-add purchase based on location. IMG saw that affordability was dropping rapidly in Seattle, and strong tenants were moving south to more affordable communities with good public transportation. The property was undermanaged with low rents, and the asset had very poor street appeal. IMG oversaw \$1.5M of strategic improvements, and systematically pushed rents.

## DELIVERING RESULTS

In early 2018, the ownership group voted to refinance and hold the property, at which time 100% of the investor's capital was returned (approximated \$5.2M). The property appraised for \$34.6M, or \$193k/unit, at a 5.5% Cap rate. The new loan has more advantageous terms than the prior loan. Even with the increased debt, the cashflow has remained the same, at 14% annualized based on the initial investment. Most of the investors took the cash distribution and invested in another IMG-sponsored acquisition.

**The combined cashflow is 38% above IMG's original Foster Creek targeted returns.**

**IMG**  
INVESTORS MANAGEMENT GROUP

*Past performance of IMG-sponsored investments may not be indicative of future results.*