

CASE STUDY: MONTICELLO APARTMENTS

6625 Monticello Lane
Memphis, Tennessee

- Date Acquired: 12/8/2003
- Original Purchase Price: \$9.7 million
- Original Equity: \$2.130 million for both joint venture partners; \$1.065 million for Memphis investment group

ZIG WHEN OTHERS ZAG.

Monticello Apartments provides a great example of the MRG approach to identifying opportunities where others may not see them.

Monticello Apartments, a quality 202 unit community of 1, 2 and 3 bedroom floor plans with significant amenities, was developed in 1985 in southeast Shelby County and operated successfully by the original development company for well over a decade. But when the demographics in that area began to transition in the early 2000's, Monticello's developer – and other apartment owners – began divesting properties there in favor of investing in other markets.

Compounding the situation, the property was well above average in terms of design and amenities, causing the developer further concern that a shift downward in average household incomes in the area would negatively impact occupancy rates and retention at Monticello.

We saw things differently at MRG. We saw a well-maintained property that would require only routine capital investments, like roof replacements, fencing, paving and landscaping. We saw the property's proximity to east Memphis and I-385, and its location right next door to significant Class A office space at Lenox Park. We saw that continuing to manage the property well would enhance its value in the long run. In a word, we saw opportunity. The numbers speak for themselves.

Sometimes the best investment strategy is to zig when others zag.

PERFORMANCE HIGHLIGHTS

(before tax):

Average 9 year ROI: 11.2%

2012 ROI: 8.2%

Current Occupancy Rate
(May 2013): 98%

2012 Turnover: 34.7%



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