

HERITAGE HEIGHTS | OMAHA, NE

CASE STUDY

THE PROPERTY

Heritage Heights is a 60-unit Class B conventional multifamily community built in 1973. The property includes five three-story buildings with 12 units per building and 49 garage spaces. The property was acquired off-market through a local relationship as a value-add tuck-in to Metonic's Omaha portfolio. Rents average \$635 for renovated one-bedroom units and \$735 for renovated two-bedroom units.

THE DEAL HIGHLIGHTS

- Immediately following the acquisition, Metonic began an extensive interior and exterior renovation program with \$1.1 million of planned expenditures.
- Exterior upgrades included vinyl siding, upgraded lighting, minor roof repairs, re-staining and sealing decks, concrete repairs, resurfacing of the parking lot and landscaping and drainage improvements.
- Unit upgrades include new carpet and flooring, painting throughout, brushed nickel fixtures, and kitchen upgrades including new cabinets, countertops and black appliances. Cost per unit has been approximately \$8,000.
- Upgrades on 27 units were completed in 2015, with the remaining 33 scheduled for 2016.

THE RESULTS¹

- Rent on renovated units increased by an average of \$113 per unit, approximately 20%.
- Many current residents chose to renew their leases and move to an upgraded unit with higher rent, which reduced vacancy during renovation.
- High demand for renovated units has motivated management to expedite the renovation process.
- Stabilization is expected one year earlier than the underwriting projection.

¹As of December 2015.



Acquisition Information

Acquisition Date	March 2015
Purchase Price	\$2,200,000
Price Per Unit	\$36,700
Equity Deployed	\$900,000

Projected Returns¹

Stabilized Value:	\$3,300,000
Stabilized NOI:	\$239,000
3-year NOI Growth:	30%
10-year Leveraged IRR:	25%
Average Annual Cash Yield:	9%