

Discovery at Mountain View Nashville, TN



Investment Date: November 2012
Capitalized Cost: \$32,926,000
Sales Date: July 2017
Sales Price: \$49,750,000

Discovery at Mountain View was a value-add acquisition of a 336-unit, class-A, garden-style apartment complex in Nashville, Tennessee that we purchased in November 2012.

The property was built in 2009 and the original construction had finishes that catered to value-oriented renters. As Nashville's economy improved over the next three years, we believed the market would support units charging premium rents for upscale amenities and finishes. We acquired the property with the belief that if we invested additional capital in incremental improvements like black appliances, granite countertops, crown molding, and other upscale finishes, we would drive net operating income growth.

We were also attracted to this property because of its suburban location and its proximity to two major thoroughfares that allowed for easy access to Nashville's central business district and the surrounding areas of Brentwood and Murfreesboro. This gave us confidence because

the location would allow us to attract residents who worked in any of the three major employment centers in the city and made it visible to over 20,000 vehicles per day.

Over the life of our investment, the Nashville economy and population grew above national averages, and our hypothesis that this property could support above-market rents through incremental improvements in finishes and amenities proved correct. We initially held the property for its strong cash-on-cash return and ultimately sold it when buyer demand and market conditions improved enough to deliver better than modeled returns to our investors.

We believe apartments with premium amenities can succeed in select suburban locations, often with better returns than those in urban-core locations. Additionally, carefully planned acquisitions can present attractive investment opportunities when done with a clear plan of action and in partnership with a developer partner who offers strong execution capabilities.

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