

CORRIDOR

PROPERTY MANAGEMENT

Stabilization and Turn Around Case Study – Willington, CT

Deer Park is a 45-unit multifamily housing community located in Willington, Connecticut. The property was being managed in-house by the owners using the assistance of a real estate company for leasing and collections, combined with onsite maintenance performing the property upkeep and apartment turnover. The property was consistently averaging 80% occupancy and negative returns.

In December 2015, Corridor Property Management (CPM) was brought in by the owners to improve Deer Park's financial condition. CPM identified several opportunities immediately, including apartment maintenance, rent potential, resident retention and advertising and leasing. Within the first six months, CPM stabilized tenancy and achieved an average occupancy of 95.3% during Q3/Q4 of 2016. During the initial months, onsite staff quickly became aware of several dissatisfied residents who had moved into apartments that had not been "turned" properly; the primary concerns were associated with deferred apartment interior maintenance, walls, flooring and appliances in poor state, and no cleaning. CPM worked closely with current tenants regarding the condition of their apartments and transferred several families into newly turned apartments at a higher rent.

CPM also targeted minimal capital investments, including plumbing infrastructure repairs to improve maintenance quality and efficiency, landscape and building exterior enhancements to improve curb appeal, repairs to deferred building maintenance, and apartment interior upgrades including new appliances, flooring, and fixtures where needed. CPM simultaneously worked to restore resident satisfaction by setting up an onsite office, hiring a professional and caring community manager, and hosting regular office hours. In addition, a new maintenance person was hired and systems were implemented to track and quickly respond to maintenance needs and requests. Both staff members were retained for approximately 20 hours/week to fill the needed positions but limit the overall expense to the property due to the size of the community.

CPM successfully increased rents, moving from an average of \$895 for 1-bedroom apartments and \$1065 for 2-bedroom apartments to an average of \$963 for 1 bedrooms and \$1154 for 2 bedrooms. Market rents are now being achieved at \$988-\$1200, an increase in effective rents of nearly 8% in two years of management. Total billing has increased by nearly 30% in just under two years of management. Concessions are below market, and year to date occupancy in 2017 is 97.1%.



In addition, while net operating income under prior management was \$75,686, current net annualized operating income is \$140,046, an increase of 85%.

According to Bill Steinberg, the Director of Acquisitions and Asset Management at Chestnut Realty Management, which owns Deer Park, Corridor has "been excellent stewards of our assets, thinking like owners . . . [and] taking into account the need of our tenants . . . Corridor has been a terrific partner."