

**Windsor Cityline**

1250 Hunt Street  
Dallas, TX

Units:	299
Rentable SF:	265,016
Average Unit Size:	886
Commercial SF:	0
Date Acquired:	7/18/2017
Year Built:	2016
Occupancy 4/30/2019:	95.3%
GAV 3/31/2019:	\$61,000,000
Value Per Unit:	\$204,013
Debt Balance:	\$29,000,000
NAV:	\$32,000,000



Windsor at CityLine features two outdoor courtyards, a resort-style swimming pool, fire pit, fitness center with yoga and spinning room, rooftop resident lounge, business center, bike room, and an on-site dog park. Unit finishes consist of 10' ceiling heights, granite and quartz countertops, tile backsplashes, engineered hardwood flooring in living and dining areas, custom cabinetry and bathrooms with granite and quartz countertops, custom closet shelving, and tiled tub and shower surrounds.

Property Trends	Actual		FY 2019 (1) v. FY 2018		Budget	2020 Budget v. 2019 Actual	
	FY 2018	FY 2019 (1)	Variance	Variance %	FY 2020	Variance	Variance %
Occupancy	91.7%	94.9%	323 bps	3.23%	95.1%	20 bps	0.20%
NER Per Unit	\$1,543	\$1,465	(\$78)	-5.06%	\$1,540	\$75	5.15%
NER Per SF	\$1.74	\$1.65	(\$0.09)	-5.06%	\$1.74	\$0.09	5.15%
NOI (000's)	\$2,394	\$2,620	\$226	9.44%	\$2,912	\$292	11.16%

(1) FY 2019 Actual consists of July 2018 - April 2019 Actual and May 2019 - June 2019 Updated Budget.

**FINANCIAL VARIANCE REPORT**

*Revenue*

- Property has reached stabilized occupancy but concessions are prevalent in the submarket, causing a 5% negative variance in NER vs. FY 2018. Total Income grew 9.8% over FY2018 with the improved Occupancy.

*Expenses*

- Total Expenses increased 10.2% vs. FY2018 with Real Estate Tax increases the driver. Controllable Expenses were up 8.7% with increases in Payroll and Marketing Expenses needed to complete the lease up.

*Net Operating Income*

- Net Operating Income exceeding FY2018 by 9.4% driven by strong Occupancy level and related positive variances in Other Income.

*Capital Expenditures*

- Upgrades as noted in underwriting were completed including more visible signage and landscape upgrades, as well as upgrading the security systems throughout the property and various amenity improvements.

### **FY 2019 BUSINESS PLAN OBJECTIVES**

#### *Revenue*

- Total income is projected to increase 6.3% driven by a 44% decline in Concessions as the submarket overall stabilizes. Strong occupancy expected to continue (projected at 95.1%) with NER per unit improving 5% with concession burnoff.
- New supply continues in the submarket but is slowing overall which will reduce market pressure on rents and concessions.

#### *Expenses*

- Total operating expenses are budgeted to increase 1.6% in FY 2020. Total controllable expenses are forecasted to increase 0.8% as savings in Marketing expenses mostly offset a 3.8% increase in Payroll. Real Estate Taxes are budgeted to remain flat as the property assessed value has reached full market value.

#### *Net Operating Income*

- Net operating income is expected to increase by 11.2% in FY 2020 as Total Revenue improvement exceeds the slight increase in Total Expenses.

#### *Capital Expenditures*

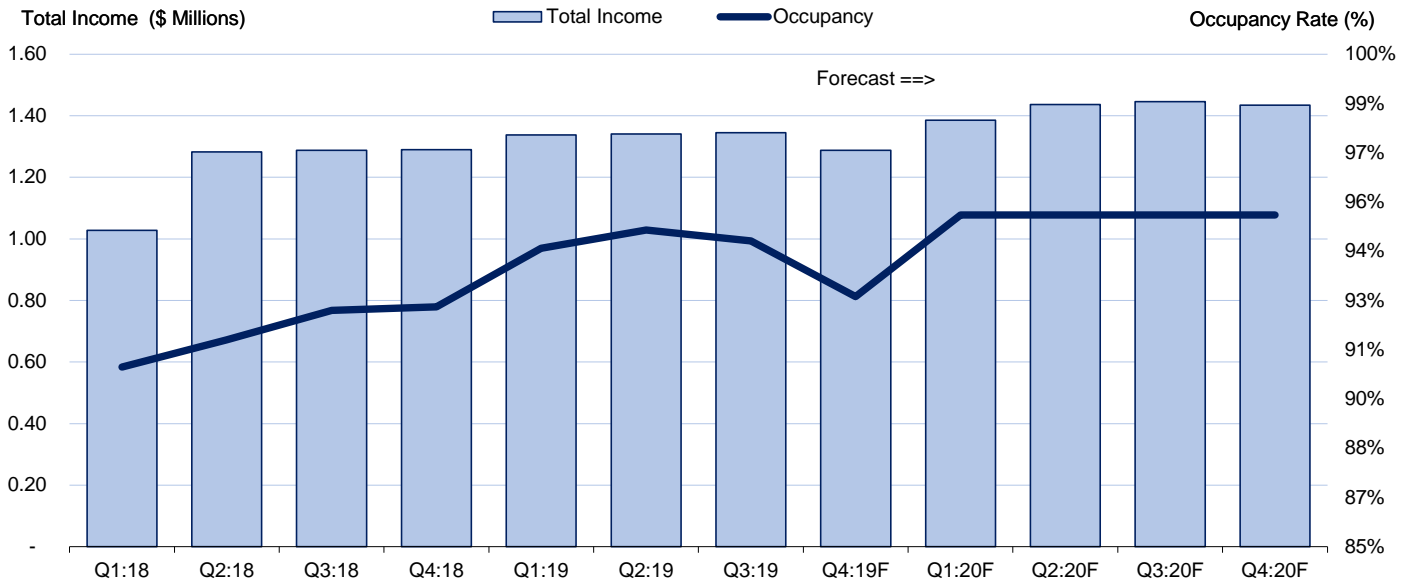
- CapEx totals \$439k or \$1,468 / unit for common area upgrades and installing washers/dryers in the remaining 50 units.

### **HOLD SELL RECOMMENDATION**

- Strong job growth, attractive lifestyle amenities and above average Richardson school district make this a long-term hold in the portfolio.
- The property is well located in the dynamic Richardson/Cityline submarket of Dallas. While the area has experienced an increase in supply that has hindered rent growth, supply is slowing as the Cityline development reaches full buildout. Continued office development is driving area job growth and lifestyle amenities continue to improve as the retail component matures. The Richardson School District is also attracting residents to the area.

**Quarterly Property Trends**

**Income/Occupancy (FY)**



**Net Effective Monthly Rent (FY)**

