EINPRESSWIRE

EPH Acquires 122-unit Multifamily Portfolio in Little Rock, AR

Portfolio comprised of five apartment complexes in Little Rock acquired off-market for $18,705,000 on August 31st 2022

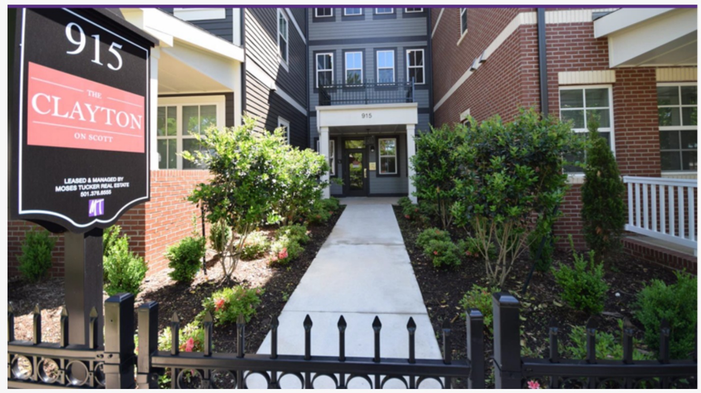
EPH Little Rock 5 Portfolio

DENVER, CO, UNITED STATES, September 12, 2022 /EINPresswire.com/ -- EPH is pleased to announce the acquisition of five multifamily investment properties in Little Rock, Arkansas. The portfolio is comprised of 122 units located in the downtown submarket. This is the second acquisition EPH has made in Little Rock in 2022, following their purchase of 59 unit MacArthur Commons in February. "Little Rock surprised us when we first visited. The city is clean, their economy is stable and growing, rents are still low compared to many other cities, and multifamily occupancy is high." said Garrod Moltz, Principal, EPH. Each of the properties has been constructed or fully renovated within the past seven years. Two of the properties have a unique mix of commercial tenants, and three consist of apartments only.

Five separate 1031 exchanges were involved in the acquisition of this portfolio. The largest of those exchanges was the sale of Chateau Apartments in Omaha, NE, which EPH acquired in 2017 for $7,850,000. EPH was able to sell this property for $10,800,000, which created a 18.27% IRR for their investors and exceeded their original proforma. "We're happy with the sales price we were able to achieve on Chateau Apartments and that we were able to avoid capital gains tax for our investors on the sale by using a 1031 exchange to the Little Rock assets." said Nick Forss, Principal, EPH.

Excerpt from the EPH's Q2 2022 Investor Update:

"Just as with all investment cycles, this blistering price appreciation cannot continue forever and that's one of the reasons why we've been more conservative with offers on new properties. A large variable which factors into all investors' analysis is the cost of debt for new acquisitions. We've seen the 10yr treasury rate bounce back to the October 2018 level of 3.00% as the Fed tries to combat inflationary pressures in the economy.



Mann Lofts & Clayton on Scott

Little Rock Portfolio Map

This makes the cost of debt for new acquisitions about 2% higher than we were locking just over 1.5 years ago. Even though we've seen debt rates spike 2%, we've yet to see a corresponding reaction in apartment cap rates. One reason for this is the overwhelming amount of liquidity in the system. Another reason: when you proforma 10%+ rent growth every year, every deal works, and this leads investors to pay more for an asset. Very rarely do we show above 5% market rent growth long-term and this is why we've been able to under-promise and over-deliver since we began acquiring apartments. One question we get from investors is, what if we get back to the interest rates of the 1970s and 1980s as the fed fights to control inflation? Simple answer is that the cause of this inflation is meaningfully different. Much of this inflation is driven by the government's reaction to Covid, the money that was printed for the stimulus, and current supply chain bottle necks. As these things work their way through the system, the pace of inflation should slow, aided by higher rates and tighter monetary policy. If the fed is too aggressive (by using higher rates), it could lead the economy into a contraction (recession) and that should create more buying opportunities for EPH, which we welcome."

Media Relations
EPH, LLC
email us here