

KBS

Eleven80 Raymond
CASE STUDY



Case Study: Eleven80 Raymond



DEAL FACTS

Acquisition Date	August 2013 (through foreclosure)
Location	Newark, NJ
Year Built	1930
Size	441,000 SF
Units	317
Stories	37



WHY DID KBS BUY THE PROPERTY?

KBS saw an opportunity to buy a nonperforming first mortgage with the ability to foreclose on the property without a drawn-out process and immediately commence rehabilitation of the offline units in order to stabilize the asset.



WHAT WAS THE ENVIRONMENT?

When KBS acquired the property in August of 2013, the property was 77% leased and had twenty-five (25) homes offline due to the ongoing façade repairs resulting in an effective occupancy of 84%. The residents are and continue to be a mix of graduate students and professionals. At that time, the professionals included doctors (11%), teachers (16%) and those in finance/banking (15%), to highlight a few. In August of 2013, 61% of the residents ranged in age from 20 to 29 followed by 20% between 30 and 39. The residents were and continue to be very price sensitive. The building offered a superior value proposition due in part to the high level of finishes, superior service by the Eleven80 staff and variety of unique amenities. The rental rates at Eleven80 attract many residents who continue to be priced out of the New York City market, where on average rents are 50% higher, as well as New Jersey's Gold Coast with rents averaging 30% higher. Even more so today, the value offered by Eleven80 continues to be a compelling reason for renters to consider this property as rents continue to rise throughout the marketplace.



WHAT WAS KBS' PLAN?

When acquiring the asset, the property had been open for seven (7) years. The primary issue facing the asset was the ongoing façade work that had never been properly completed. Under the stewardship of the Federal Reserve as trustee, the façade work had been only partially completed creating an ongoing hardship for the building and its staff. Once completed, attention could be paid to the common areas of the property and amenity spaces, which were in need of refurbishment. By improving these areas, the property became even more attractive to prospective renters. KBS embarked on capital improvements to upgrade these areas with new furnishings, carpeting and paint. Further, ownership worked with the leasing team to develop a new marketing and advertising campaign showcasing these improved areas. The new campaign also focused on social media and web-based advertising to draw more prospects to the property.

BEFORE RENOVATION



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WHAT ITEMS DID KBS IMPROVE AND WHY?

KBS made several improvements to the building, including the following:

- Repainted bowling alley and also provided new carpet and furniture
- Completely upgraded the media room into a game room with foosball and ping pong
- Refurbished health club and provided new cardio equipment
- Added a high level of finishes to all of these spaces, including the lounge



HOW DID KBS EXECUTE THE PLAN?

In order to achieve its leasing goals and execute the major capital improvement projects, KBS retained Cogswell Realty to head the management and leasing efforts at Eleven80. As the original owner and developer of this project, Cogswell offered its inherent knowledge of the marketplace and strong management skills to oversee this large asset. It also possessed the unique advantage of understanding the complexities of this asset from its beginning and having the foresight to guide KBS toward its future potential. Cogswell's team was able to implement the capital improvements and provide the necessary planning to ensure the projects were brought in on time and on budget. The team's insight offered KBS the ability to identify needed improvements and to make future suggestions to maximize the value of the property.



HOW LONG DID IT TAKE?

The entire improvement program was completed over 24 months.



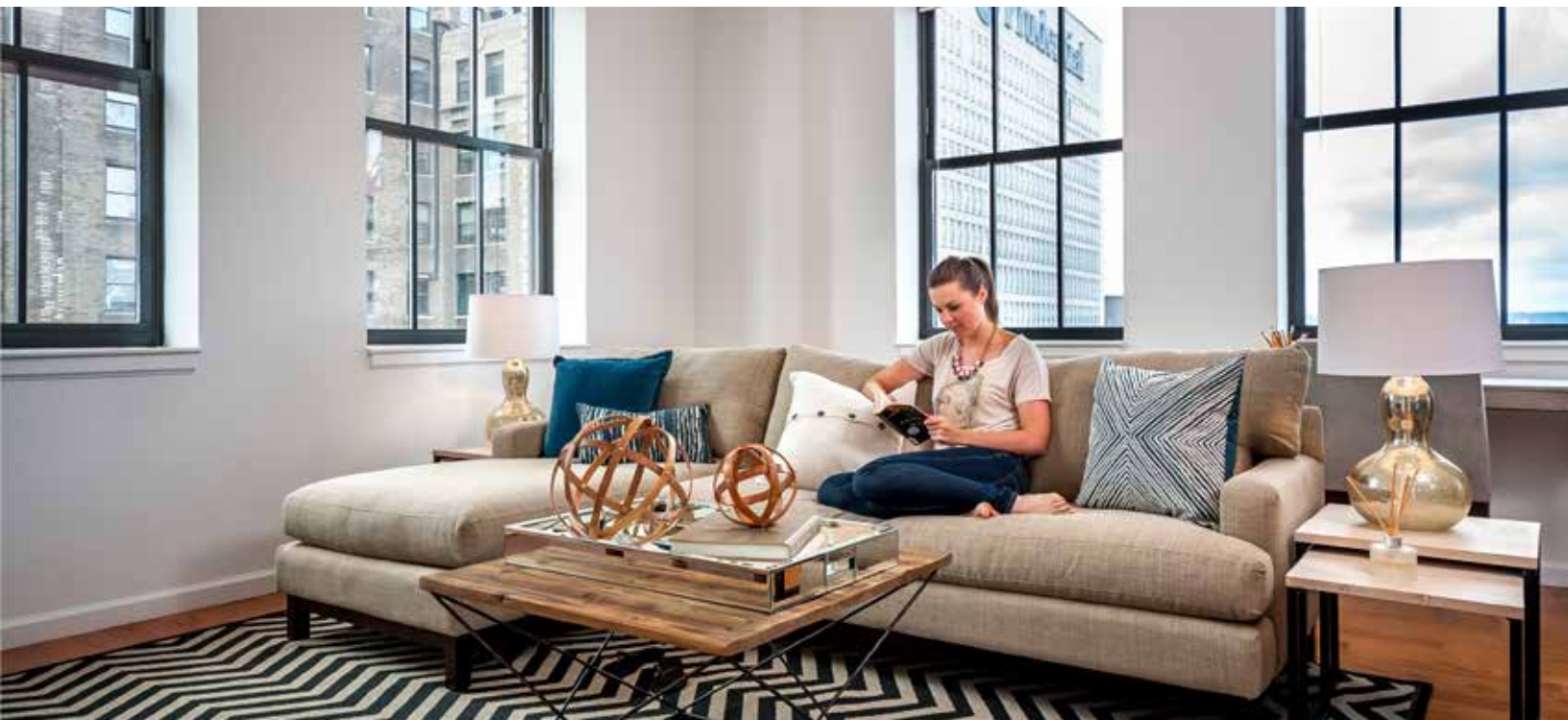


WHAT WAS THE OUTCOME?

KBS' improvements added a real WOW factor on tours with prospective renters and further improved the value-added proposition for prospective renters. Knowing KBS would have to deliver a quality product in order to attract residents, all of the amenities are highlighted on the website and in the property's advertisement campaign and provide a significant draw to the property. The high level of finishes in these spaces differentiates Eleven80 from its competitors and also allows potential renters to relax and enjoy amazing amenity spaces.

Occupancy is now at over 94% for the first time since the asset was opened, and it continues to increase. When touring prospects through the building, most are surprised by the variety of amenities and their high level of finishes. These spaces are all used regularly by the residents, and many residents show these spaces off to their families and friends. The improvements to the spaces have naturally also added a significant value to the property. Other ongoing improvements are also impacting the property's value, including mechanical system upgrades to the boilers and domestic hot water heaters. Thanks to KBS' plan combined with Cogswell's expertise, the property is now a well-positioned, best-in-class building in a market that has seen significant recent investment and revitalization.

AFTER RENOVATION





LOCAL AMENITIES

ATTRACTIONS

- 1** Prudential Center
- 2** Newark Museum
- 3** New Jersey Performing Arts Center
- 4** Newark Happening

RESTAURANTS

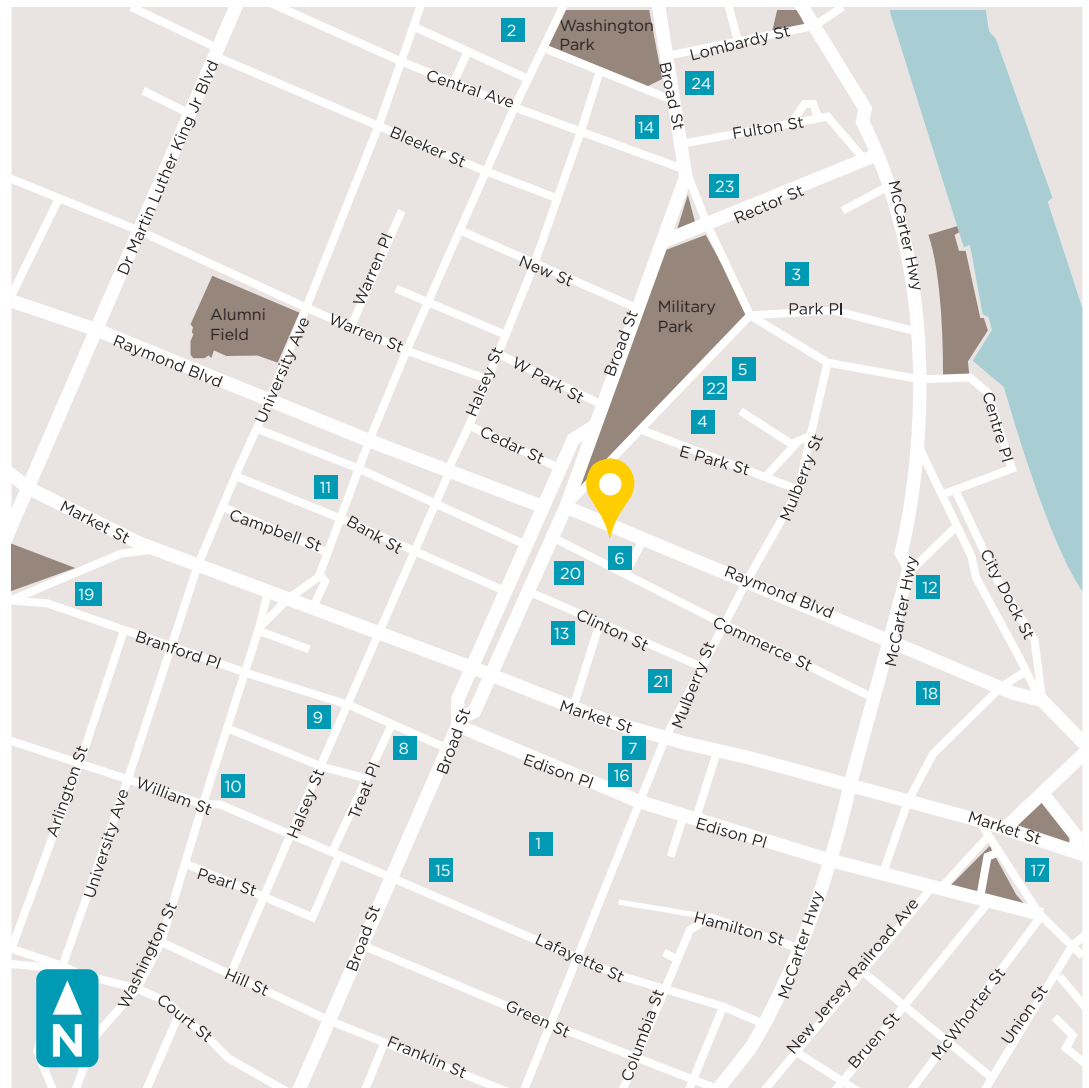
- 5** Maize Restaurant
- 6** Better Bites
- 7** Dinosaur Bar-B-Que
- 8** Mecca Halal Restaurant
- 9** Hobby's
- 10** Mimi African Restaurant
- 11** Famous Restaurant
- 12** Don Pepe Restaurant
- 13** Duke's Southern Table
- 14** Panda Chinese Restaurant
- 15** Joe's Crab Shack
- 16** Edison Ale House
- 17** Bello's Pub and Grill

HOTELS

- 18** Hilton Newark Penn Station
- 19** Best Western Plus Robert Treat Hotel

SERVICES/RETAIL

- 20** Chase Bank
- 21** TD Bank
- 22** Bank of America
- 23** Newark YMCA
- 24** Citigroup Center



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