[DOC ID: 005 | DEAL: Eastline Apartments – Acquisition Proposal]

Eastline Apartments is a 104-unit, 1985-vintage multifamily property in the eastern Charlotte corridor. The seller is a local owner exiting after twenty years; asset shows deferred maintenance but stable tenancy. Asking price $14.6 million ($140 K/unit). Average rent $1,060/month.

We are evaluating a potential acquisition with bridge financing to reposition the property over 24 months. Total project capitalization modeled at $16.2 million, including $1.2 million in upgrades (new roofs, exterior paint, unit interiors). Debt request would be approximately $12.8 million (≈ 79 % LTC) from MidSouth Bank, five-year term, SOFR + 325 bps, interest-only for 24 months.

Operating model (excerpt):

Metric	Value	Notes
In-place NOI	810 K	trailing twelve
Target NOI	= (810 K × 1.15) – exp bump 4 %	≈ 900 K
Cap rate (act.)	5.5 %	based on ask
Cap rate (stabilized)	6.2 %	assumes full rent plan
DSCR (Yr 1)	1.03×	thin coverage
Equity IRR	≈ 10–11 %	depends on exit cap

Exit modeled at $17.5 million (6.0 % cap on stabilized NOI). Even modest rate expansion (+50 bps) compresses return below 9 %.

The asset's main risk is aging mechanicals and modest rent upside—average comp properties nearby already at $1,125/month and fully renovated. Market absorption slowing; new Class A supply coming online within five miles.

Recommendation: proceed only if purchase can be negotiated ≤ $14 million or lender allows partial earn-out tied to occupancy. Otherwise, leverage too high for the return.