



CARROLL

# ARIUM KISSIMMEE LAKES CASE STUDY

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SPRING 2023



# Introduction

A primary tactic of CARROLL's investment strategy is pinpointing value-add opportunities across the U.S. Sun Belt that drive value for both investors and residents. A recent example of this strategy in action is a garden-style community in Orlando that the Firm acquired in April 2022 and rebranded as ARIUM Kissimmee Lakes. Constructed in 1989, this 448-unit community suffered from severe mismanagement, but showed upside potential through the creation of management efficiencies, repositioning of the product, and unit/building upgrades.

At time of purchase, CARROLL owned two direct comps of similar vintage/profile in the Kissimmee submarket that averaged 97.7% occupancy. Strong demand in the submarket over the course of CARROLL's ownership contributed to record rent growth at both assets - new lease growth averaged \$553 (34.5%) in January 2022, while renewals showed an average increase of \$141 (11.9%). According to the Bureau of Labor Statistics, Orlando is projected to rank second in job growth in the nation throughout the next 5 years, with a five-year forecast at 15% job growth. Factors - including population growth, a highly skilled workforce, and infrastructure improvement in the city - continue to drive demand for multifamily housing in this desirable Florida submarket.



# 01

## The Business Plan

The physical conditions and operational integrity of Kissimmee Lakes were in grave distress when CARROLL purchased the asset in the spring of 2021. A third-party inspection revealed that 61% of vacancies at takeover required a full interior rehab. Additionally, the community was 69.9% occupied, a 27.7% variance from direct rent comps in the area. This property-wide turmoil was the result of the asset receiving minimal capital spend from the previous owner who purchased it in 2007. Despite the severe neglect, the CARROLL team concluded the asset was a prime value-add candidate for its established systemic renovation program. This led to CARROLL's creation of a twofold business plan: physical value-add (interior and exterior) and occupancy value-add to stabilize the property.

**\$12.6M**

**PLANNED IN CAPEX  
PROJECTS**

**\$10.6M**

**EARMARKED FOR  
EXTERIOR WORK**

**\$1.2M**

**BUDGETED TO  
REHAB INTERIORS  
OF VACANT UNITS**

CARROLL planned a total investment of \$12.6 million in capital expenditure projects. Immediately upon takeover, the Firm's internal construction management team launched a \$1.2 million project (\$11k/unit) to rehab interiors of the vacant units within the first 4-5 months of ownership. The scope included stainless steel appliances, resurfacing counters, new front doors, floor replacements, major drywall repairs/replacements, lighting and plumbing fixtures, and interior painting - as well as installations of 320+ in-unit washer & dryers. With interior rehab underway, the construction team began exterior capital enhancements, earmarking \$10.6 million for projects that included a full roof replacement, amenity & clubhouse upgrades, asphalt work, landscaping, exterior paint and siding repairs, and other miscellaneous repairs.

# 02

## The Results

On the first day of ownership, CARROLL lined up property staff and contractors on-site to begin working and turning units, representing its aggressive approach to delivering complex value-add projects in a timely manner. The asset’s curb appeal underwent significant enhancements in a short amount of time, including restoration of the community’s pond. Instead of mucky terrain, a beautiful pond re-emerged, much to the delight of property staff, current tenants, and prospective residents. Although one component of the community’s multifaceted renovation program, this restored body of water embodied ARIUM Kissimmee Lakes’ promising new era under CARROLL’s ownership.

The property began exhibiting favorable results in a short amount of time. In addition to upgrades to units, buildings, and amenities, the operational side officially rebounded in November 2022 when the property occupancy reached 90% physical occupancy - a stark contrast to the occupancy rate of 69.9% at time of acquisition in April of the same year. This endeavor was made possible by the hard work and perseverance of ARIUM Kissimmee Lakes’ property team and their “404 Campaign” (404 representing the number of leased units needed to hit 90% occupancy). As of February 2023, 76 full renovations were completed, 8 remained in process, and 11 more were scheduled over the coming months. Although CARROLL will continue to execute on its strategic business plan, the entire project embodies the Firm’s aptitude for acquiring and transforming a distressed multifamily asset on-time and within budget. Now, ARIUM Kissimmee Lakes is an inviting, viable community that seeks to deliver value for both investors and residents - a complete 180 from its status at takeover in April 2022.



**OCCUPANCY RATE AT TIME OF ACQUISITION**

APRIL 2022



**OCCUPANCY RATE, 6 MONTHS LATER, UNDER CARROLL'S OWNERSHIP**

NOVEMBER 2022



# Before

# After

INTERIOR EXAMPLES



EXTERIOR EXAMPLES



# About CARROLL

CARROLL, a privately held real estate investment firm, was founded in 2004 by Patrick Carroll. With headquarters in Atlanta, Ga., and regional offices in Dallas-Fort Worth, Raleigh, Denver, Miami, New York, and Los Angeles, CARROLL focuses on multifamily communities, including acquisitions, property and asset management services, ground-up development, and fund management. The Firm has raised more than \$4.4 billion of equity through CARROLL-sponsored funds and joint ventures. CARROLL has successfully purchased, developed, or sold more than \$20.9 billion in real estate.

The Firm manages approximately 30,000 multifamily units across eight states representing \$6.6 billion in assets under management and has purchased other multifamily owner/operators throughout the U.S. CARROLL has also developed student housing, single-family residential, and retail communities, and has managed more than \$500 million in construction projects throughout the past 10 years. From due diligence to execution, CARROLL has the internal capabilities and the external relationships to identify, underwrite, and close transactions. For more information, visit [carrollorg.com](http://carrollorg.com).





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