



A CASE STUDY

MARLBOROUGH HOUSE

Transforming a Half-Renovated 1920s Building into 12 Floors of Opportunity

BACKGROUND

The Marlborough House, an 83-unit apartment building constructed in 1927, had been operated as a rental property until early 2007 when a developer purchased it with plans to convert it into condominiums. However, the extensive renovations required for the conversion were poorly managed, leading to the property's foreclosure in a semi-renovated state in 2009. The building, plagued by mold issues and incomplete work, presented a daunting challenge but also an opportunity for transformation.

APPROACH

In October 2010, we acquired the property for \$2 million less than its previous selling price, seeing the potential in a building that others considered a mess.

SERVICES PERFORMED

Strategic Advisory | Transaction Services | Investment Strategy | Value Optimization Consulting | Portfolio Performance Review | Acquisition Services | Disposition Services
Family Education & Mentorship

Our comprehensive redevelopment strategy included:

Interior Renovations: We completed work on nine floors of units, including significant mold remediation and environmental cleanup.

Lobby Renovation: The building's entrance was revamped to enhance its appeal and functionality.

Penthouse Renovations: Two penthouse-level floors were fully renovated to create luxury living spaces.

Rooftop Garden Development: We developed a rooftop garden to offer tenants additional amenities and capitalize on the building's historic charm.

OUTCOME

Despite the extensive renovations, we completed the project on time and on budget, beginning the leasing process just three months after acquisition. The redevelopment transformed the Marlborough House into a highly sought-after property. The building was fully leased within just five months, with rents significantly surpassing initial expectations. After holding the property for only 13 months, we received multiple offers and ultimately sold the building for \$27 million, far exceeding the investment cost.

INVESTMENT COSTS: \$15.3MM

NET SALES PROCEEDS: \$26.2MM

INVESTOR IRR: 91%