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Multifamily Telecommunications Asset Management by RealtyCom

A Case Study

Multiple Impacts for a Major Pension Fund Investment Company

In 2006, RealtyCom was asked to assist a world-class multifamily investor/owner review its multifamily communities' telecom agreements. Like other multifamily investors, the company inherited telecom agreements as a part of their acquisition process or didn't recognize the lack of agreements as an opportunity.

By hiring RealtyCom, the Owner was able to assess their existing assets' contractual agreements and service provisions, to set up a process to manage existing assets and to evaluate property acquisitions to maximize benefits for the residents and the property. The following details some of these examples:

1. A 400 unit+ property purchased by the Owner had an antiquated telephone and cable system that did not provide any state of the art services for residents and in fact failed on a consistent basis. The property wiring was in such a state of disrepair that the service provider would only remedy the problem at a cost of over $100,000 to the Owner. The lack of services taxed the staff, their ability to lease apartments and caused the residents considerable problems.

RealtyCom was able to negotiate a deal with the service provider to pay for a complete system installation to provide state-of-the-art voice, video and data services for the property (at the service provider's expense estimated at over $1,000 per unit). In addition RealtyCom was able to secure a new service agreement which would provide the Owner with substantial upfront compensation, service quality guarantees and numerous provisions that allowed the Owner to control and manage the Service Provider access to the property.

2. RealtyCom, through a review of the Owner's existing files, was able to locate two agreements covering over 800 units which had antiquated service agreements that encumbered the properties with 60+ year terms. The original agreements, which were produced as a part of a land development deal, contained no service provisions, access control provisions and no revenue share for the Owner.

By packaging the properties with numerous other RealtyCom client assets, RealtyCom was able to secure new service agreements which replaced the existing agreements with contracts that protected the real estate, ensured the residents had quality services and provided the existing owner with a substantial financial benefit

3. The Owner asked RealtyCom to review their specific properties in the Southwest where resident's had continuing complaints about on-going service issues. The properties were being served by small independent operators who were unable to provide High Speed Internet Services (the properties were trying to provide the services themselves) or High Definition Television Services.

Through cooperative negotiations with the existing providers, RealtyCom was able to plan a transition to a new service provider capable of providing the state-of-the-art technologies residents demanded.

In all cases, RealtyCom was able to align an appropriate service provider and the Owner in their understanding of the future value of the property's residents. As a result, the providers compensated the Owner's with service commitments, updated infrastructure plans and aggressive compensation packages.

From this relationship, RealtyCom now serves entire portfolios for the investment fund as an outsourced telecommunications asset manager.