

ODC's Path from Deal Sourcing to Informed Underwriting



The ODC investment methodology leverages the collective strength of the ODC team and its expansive network of industry relationships. We aim to identify and acquire solid properties through a honed-in, calculated sourcing and due diligence process. ODC relies on a systematic approach, blending market and property expertise, proprietary research, external data, and financial modeling to drive thorough fundamental analysis and guide investment decisions.

Sourcing Deals:

The ODC acquisition process begins with deal sourcing. While we utilize multiple channels, brokers play a huge role, contributing to 50-80% of our deal flow. Established relationships with top brokers in our asset classes is a cornerstone of our strategy, with many deals coming from longstanding partnerships. These brokers are well-versed in our investment criteria, and have a deep understanding of our preferences and risk appetite. This familiarity allows us to streamline the deal evaluation process and focus on opportunities that align closely with our investment objectives.

Collaboration Beyond Brokers:

In addition to broker relationships, we collaborate with wholesalers to expand our deal pipeline. Wholesalers act as intermediaries who source and negotiate deals before passing them on to investors. Additionally, we maintain direct relationships with owner-operators, allowing us to engage in direct transactions for certain deals.

The Off-Market Advantage:

A staggering 80% of the properties that come across our desk are off-market, pocket listings due to established relationships in the industry. This gives us a distinct advantage in securing deals before they hit the wider market, and enables us to identify lucrative opportunities while minimizing competition.

The Evaluation Process

After we've identified a property that we'd like to explore further, we go through the following steps:

I. Investment Criteria Check:

When a deal comes across our desks that we are interested in, we quickly ensure it aligns with our established investment criteria (we have standard and stringent checklist of investment criteria for each asset type). This process serves as a foundational filter,

ensuring only deals with the highest potential for success progress further down the funnel.

II. High-Level Market Demographics:

With the deal passing the initial criteria check, the next phase entails a high-level analysis of market demographics. ODC conducts this preliminary assessment to gauge the broader market trends, identifying factors that could influence the property's performance. This step aids in understanding the macroeconomic landscape and further ensures viability for success.

III. Quick Pricing Analysis:

Building on the demographic insights, ODC performs a quick pricing analysis. This step involves having a conversation with the broker or owner to better understand the motive for selling. We then run a quick evaluation of the deal's pricing in relation to our discoveries. With this quick "back of the napkin" math, ODC can quickly gauge ask price's competitiveness and make informed decisions regarding the deal's financial viability.

IV. Full Underwriting:

Upon establishing the deal's compatibility with our strict investment criteria, understanding market demographics, and conducting a preliminary pricing analysis, ODC will decide whether to explore the property further. ODC launches into a comprehensive underwriting process. This stage involves a detailed examination, encompassing factors such as comparable property analysis, tax evaluations, and collaboration with the infill team to ensure a thorough qualitative and quantitative assessment.

V. Make an Offer:

After our discovery phase, ODC will make a formal offer.

VI. Due Diligence (DD):

The final stage of the funnel involves performing due diligence on the accepted offer. This meticulous process ensures that all aspects of the deal are thoroughly investigated before finalizing the acquisition. ODC scrutinizes legal, financial, and operational aspects, validating the information gathered throughout the funnel and mitigating risks associated with the investment. There are two key components: off-site and on-site due diligence.

Off-site Due Diligence:

This involves a detailed examination of financials, including the rent roll, profit and loss statements, and other relevant financial documentation.

City and zoning DD are crucial aspects of off-site diligence. This includes visiting zoning and planning offices to ensure that the investment won't encounter any roadblocks in terms of code, planning, and zoning regulations.

On-site Due Diligence:

At the property, a comprehensive walk-through of all units is conducted to assess the physical aspects of the property thoroughly.

By navigating through this structured funnel, ODC ensures a systematic and informed approach to deal evaluation and acquisition.