

# Residential Rental Real Estate as an

# Asset Class

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**Downtown** Denver based Blue Moon Capital, LLC (BMC) is one of the most innovative and groundbreaking companies within the Real Estate Investment industry. By creating a predictable investment strategy for individual landlord investors, BMC is able to offer residential rental real estate as an asset class (RRRAAC) while mitigating many of the risks associated with residential investment strategies.

Essentially, BMC purchases Bank REO and distressed real estate in select stable markets across the United States; creates an infrastructure to manage the property's rehabilitation, and offers these properties as a turn-key rental investment product to qualified investors. By commoditizing real estate into an easily achievable source for wealth, Blue Moon Capital is redefining the meaning of real estate investing for those truly qualified individuals looking for portfolio diversification.

Under perfect conditions, real estate is an appealing asset for long term growth. Investors purchase not only an asset, but the land value and high growth potential fueled by projected economic conditions such as supply and demand. However, several factors associated with real estate transactions in what is now an imperfect market, often inhibit investors from truly realizing and profiting from this asset class. Essentially, residential real estate can not be traded on the stock market because it is a durable product. The transaction itself requires mediation and communication between several human beings and can be high maintenance. Transaction costs are also a contributing factor to the imperfect market as investors are often required to expend at minimum 10% liquidity solely for acquisition. Nonetheless, rehabilitation efforts to reach the asset's potential market value can be costly and time consuming. Since residential real estate is more often than not financed, it is usually considered an illiquid asset that will not demonstrate full return potential until it is sold.

Blue Moon Capital's real estate investment model has been created to overcome many of the barriers investors face when utilizing residential rental real estate as an asset class. First and foremost, Blue Moon Capital manages and facilitates the entire property acquisition, rehabilitation and financing processes to eliminate the majority of the risk and create a more efficient real estate investment transaction. Also, facilitation and management of the property's rehabilitation is exerted by BMC and value checked by post-construction due diligence to ensure that all efforts have met or exceeded expectations.

BMC mitigates the monetary expenditures involved with using residential real estate as an asset class. Property acquisition costs are limited to a \$5,000 total investment. In order to overcome the current market's price volatility trend, all of BMC's investment properties are financed at 80% of final appraised value. Therefore, BMC is able to commoditize the sale of residential rental real estate at a fixed percentage, rather than at a fluctuating sale price. Investors receive 20% Equity as a head start in their investment strategy, a fully rehabilitated asset and property management referrals to place a tenant and manage the occupied property.

Blue Moon Capital is set aside from any other organization focusing on residential rental real estate as an asset class due to its solid infrastructure, low barrier of entry and lower risk. Although BMC anticipates that residential rental real estate will never fully reach a collateralized trading environment similar to that of the Stock Market due to its cumbersome nature, they do aspire to one day revolutionize the way that residential rental real estate is used as an asset class for investment portfolio diversification and overall wealth accumulation. •