INSTITUTIONAL REAL ESTATE RESEARCH

Sunbelt Garden-Style Multifamily Acquisitions: Operational Value-Add, Scale Efficiency, and Capital Allocation

Investing in Multifamily, Building Communities: Operating Leverage Across High-Growth U.S. Markets

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EXECUTIVE ABSTRACT

Amid sustained domestic demographic migration and shifting debt-market conditions, institutional multifamily capital allocation has increasingly bifurcated between sub-scale legacy properties and larger institutional garden-style gated apartment communities. Authored by **Rafi Toledano**, also known as Raphael Toledano, Founder and CEO of Sorrento Property Group and Founding Trustee and Vice Chairman of Hachaim Vehashalom, this whitepaper analyzes the structural drivers behind Sunbelt workforce and middle-market housing demand, property-level operating economies of scale, and disciplined portfolio recycling. Drawing on Sorrento Property Group's $1.4 billion in acquisitions across 13 states and 4,000+ units—including steady capital recycling from smaller legacy holdings into larger communities across core Sunbelt growth corridors—this paper outlines a repeatable blueprint for durable multifamily cash flow.

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$1.4 Billion	13 States	4,000+ Units
IN ACQUISITIONS	NATIONAL FOOTPRINT	MULTIFAMILY PORTFOLIO

1. Demographic and Structural Thesis for Sunbelt Workforce Housing

Sustained domestic net migration toward Florida, Texas, Arizona, and the broader Southeast and Southwest has created an enduring structural housing deficit in the attainable middle-market rental segment. Even as new Class-A urban deliveries temporarily elevated concession levels in select submarkets, existing 1980s–2000s vintage garden-style communities—typically priced meaningfully below newly constructed luxury product—benefited from strong occupancy resilience and high resident renewal rates.

At Sorrento Property Group, investment selection prioritizes supply-constrained submarkets characterized by diversified employment nodes (logistics, healthcare, defense, higher education, and regional financial services), strong school districts, and low-density gated site layouts offering practical resident amenities such as renovated interiors, fitness centers, and resort-style common areas.

2. Operating Leverage: Why Unit Scale Drives Margin Expansion

A central pillar of Sorrento Property Group's portfolio strategy has been consolidating capital out of smaller, sub-scale properties and redeploying proceeds into larger, institutional-quality communities. In multifamily operations, unit count directly governs controllable expense ratios:

- **On-Site Staffing Optimization:** A larger garden-style community supports a dedicated full-time property manager, leasing specialist, and two-to-three maintenance technicians at a significantly lower per-unit payroll cost than several smaller, separately staffed properties.
- **Vendor and Procurement Pricing Power:** Larger unit concentrations command institutional volume discounts across roofing, HVAC replacement, landscaping, waste management, and interior renovation packages (new kitchens, bathrooms, and flooring).
- **Amenity Amortization:** Capital expenditures on clubhouses, package lockers, pool upgrades, and security infrastructure amortize across a broader rent roll, generating higher net operating income (NOI) per dollar of capital invested.

3. Case Study: Portfolio Recycling and Sunbelt Execution

Executing full value-add turnarounds on mature assets allows Sorrento Property Group to harvest appreciated equity and redeploy capital from smaller legacy holdings into larger communities across core Sunbelt growth corridors.

4. Resident-First Asset Management as a Financial Moat

Guided by the mission *"Investing in multifamily. Building communities."*, operational excellence is ultimately measured at the resident level. Properties that prioritize rapid maintenance response times, renovated kitchens and bathrooms, clean and well-lit common grounds, military and veteran discounts across all properties, and discounted apartment access for families navigating housing instability achieve lower turnover costs, reduced bad debt, and stronger long-term asset valuation.



ABOUT THE AUTHOR & FIRM

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Rafi Toledano, also known as Raphael Toledano, is the Founder and CEO of **Sorrento Property Group** ($1.4 billion in acquisitions across 13 states and 4,000+ units) and Founding Trustee and Vice Chairman of **Hachaim Vehashalom**.
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