ALEGRIA CAPITAL MANAGEMENT

The Dual-Engine Portfolio Blueprint

How to Target High-Growth Metros and Manufacture Instant Equity Without Managing Contractors

Prepared by

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EXECUTIVE BRIEFING

Executive Summary & The Dual-Engine Philosophy

For high-net-worth investors seeking capital preservation, predictable cash flow, and outsized equity growth, residential real estate remains the premier asset class. However, standard single-family rental strategies force investors to accept an unappealing compromise:

- **High Cash-Flow, Low-Growth Trap:** Buying low-cost turnkey homes in stagnant rust-belt markets that yield nominal cash flow on paper, but suffer from chronic turnover, zero population growth, and stagnant equity.
- **High-Growth, Negative Cash-Flow Trap:** Buying high-priced homes in primary coastal markets where strong appreciation is undercut by negative monthly cash flows and high price-to-rent ratios.

> **The Core Thesis:** Institutional-grade wealth creation requires a *Dual-Engine Approach*—targeting high-growth Sunbelt/Midwest metros for multi-year equity compounding while securing net cash-on-cash yields of **8% or higher** and target Internal Rates of Return (IRR) exceeding **20% per annum**.

≥ 8.0%	≥ 20.0%	$200K+
TARGET CASH-ON-CASH	TARGET ANNUAL IRR	MIN. INVESTABLE CAPITAL

Section 1: The 3-Screen Institutional Selection Framework

To eliminate speculation, Alegria Capital Management utilizes a quantitative, top-down screening methodology to isolate top-tier single-family rental markets before deploying private capital.

Filter Stage	Primary Metric	Data Source	Selection Threshold
Screen 1: State Level	Population Growth Forecasts	U.S. Census Bureau	Top Percentiles Net Domestic In-Migration
Screen 2: Metro Level	Job & Wage Growth Forecasts	Bureau of Labor Statistics (BLS)	Outperforming National Averages
Screen 3: Micro Level	Price-to-Rent Ratios & Yields	Local MLS / Proprietary Analytics	Optimal Cash Flow & Value-Add Margin

1. State-Level Population Growth (U.S. Census Data)

Capital follows population movement. We prioritize states experiencing sustained net domestic migration to ensure a growing rental base, driving occupancy and compounding home values long term.

2. MSA-Level Job & Income Acceleration (BLS Data)

Using BLS data, we evaluate Metropolitan Statistical Areas (MSAs) based on corporate relocations, industry diversification, and wage growth. High-earning households drive sustainable rent increases and lower default rates.

3. Cash Flow & Price-to-Rent Screening

Once high-growth MSAs are isolated, we apply strict financial hurdles to target sub-markets with price-to-rent ratios yielding a baseline cash-on-cash return of **8%+** from Day 1.

Section 2: Manufacturing Equity & Execution Mechanics

Rather than relying solely on market appreciation, Alegria Capital Management actively manufactures equity at acquisition and maintains strict operational efficiency.

- **Below-Market Acquisitions with Cost-Effective Repairs:** We exclusively buy investment properties priced below market value featuring physical or cosmetic issues that can be fixed cost-effectively.
- **Direct Contractor Oversight & Material Cost Control:** We work directly with vetted trade teams at fair rates. By tracking exact material pricing, we calculate exact labor margins to ensure transparent, non-inflated rehab costs.
- **Micro-Managed Operating Expenses:** Every line-item expense is audited to preserve top-line rental yield and prevent margin erosion.
- **Tax & Insurance Arbitrage:** We selectively invest in municipalities with low property tax rates and favorable insurance markets to optimize net cash flow.
- **High-Income Micro-Locations (30%+ Above State Average):** We invest exclusively in prime neighborhoods where resident households earn **30%+ more** than the state average.
- **Premium Homes Attract Low-Maintenance Tenants:** High-quality homes in desirable locations attract responsible, high-credit tenants, reducing turnover and ongoing maintenance costs.

Section 3: The 3-Pillar Risk Mitigation Framework

Protecting private capital is paramount. We manage and mitigate downside risk through three core operational advantages:

1. The Experience Advantage

Led by **25 years of real estate experience** and direct real estate broker licenses across active markets, we possess deep operational knowledge to navigate complex acquisitions and property management efficiently.

2. The Information & Hyper-Local Data Advantage

We execute exhaustive pre-acquisition research—mapping paths of growth, municipal crime data, and owner-to-renter ratios. Through precise underwriting, we project net asset cash flow with **up to 99% accuracy** prior to purchase.

3. The Tenant Security Advantage

Because we acquire assets below market value and force equity through rehab, we can offer rental units at slightly below-market rates. This strategy keeps vacancy near zero and secures high-quality tenants on multi-year leases featuring built-in **CPI rental rate escalators** to hedge against inflation.

Section 4: Wealth Compounding Economics

Below is an illustrative model showing how an asset generates manufactured equity and stable cash yields under our management strategy:

Underwriting Metric	Sample Portfolio Asset
Purchase Price / Acquisition Cost	$280,000
Renovation / Value-Add Budget	$35,000
Appraised After-Repair Value (ARV)	**$360,000**
Manufactured Equity Captured Day 1	$45,000
Net Annual Cash-on-Cash Return	**8.2% - 9.1%**
Target 5-Year Net IRR	**21.4%**

Partnering with Alegria Capital Management

We work with accredited and high-net-worth private investors seeking direct, hands-off exposure to institutional-quality single-family rental portfolios.

Minimum Capital Allocation: $200,000

To discuss upcoming portfolio allocations and review active deal flow, contact our team directly:

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