

# Multifamily Acquisition Example

## – A.CRE All-in-One –

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### Investment Summary

- Investment name: Saddle Ranch Estates
- Parking: 319 spaces
- Year built: 2005
- Analysis Start: Jan 1, 2018
- Construction length: 0 months
- Analysis Period: 10 years
- Apartment Units: 248

### Valuation

- Market NOI cap rate for comparable properties: 4.75%
- Forecast growth in cap rate: 5 bps per year
- Exit cap rate: 5.25%
- Target unlevered IRR: 7.00%
- Selling costs @ reversion: 2.0%

### Permanent Debt Assumptions

#### Senior Debt

- Amount: 65% of acquisition cost
- Loan Fees: 0.5% of loan amount
- Interest rate: 4.25%
- Amortization: 30 years
- Interest-only: None

#### Junior Debt

- None

### Partnership Assumptions

- Equity split: 95/5 LP/GP
- Preferred return: 6.0% paid pro rata
- Promote: 80/20 to a 10% IRR, 70/30 to a 15% IRR, 60/40 thereafter

## Operating History

	<b>YE 2015</b>	<b>YE 2016</b>	<b>YE 2017</b>
Gross Potential Rent	2,881,117	2,980,514	3,215,000
Concessions	0	0	0
Downtime Vacancy	<u>0</u>	<u>0</u>	<u>0</u>
Total Rental Revenue	2,881,117	2,980,514	3,215,000
RUBS	122,016	124,992	130,944
Parking Income	0	0	0
Storage Income	45,660	52,200	52,272
Other Income	<u>72,316</u>	<u>74,811</u>	<u>80,697</u>
Total PGI	3,121,109	3,232,517	3,478,913
General Vacancy	<u>0</u>	<u>0</u>	<u>0</u>
Effective Gross Income	3,121,109	3,232,517	3,478,913
Payroll	328,661	334,824	347,210
Advertising & Marketing	52,080	54,808	56,296
G&A	82,171	91,222	77,128
Utilities	190,464	201,128	200,632
R&M	57,784	55,056	54,808
Service Contracts	52,080	55,056	57,288
Mgmt Fee	90,558	93,900	101,292
Make Ready Costs	93,000	93,000	93,000
Taxes	424,863	438,004	451,550
Insurance	<u>31,083</u>	<u>31,372</u>	<u>31,496</u>
Total OpEx	1,402,744	1,448,370	1,470,700
Net Operating Income	1,718,365	1,784,147	2,008,213

## Operating Assumptions

### Unit Mix

Unit	Bed	Bath	SF	Units	Market Rent	Actual Rent	Roll to market?	Rent Growth	Free Rent?	Make Ready New/Renew	Renew Prob%	Down time
A	0	1	677	41	940	925	Yes	5%, 4%, 3% →	No	500/250	40%	15 days
B	1	1	719	66	1010	980	Yes	5%, 4%, 3% →	No	500/250	40%	15 days
C	1.5	1	840	42	1080	1050	Yes	5%, 4%, 3% →	No	500/250	40%	15 days
D	2	1	934	40	1200	1190	Yes	5%, 4%, 3% →	No	500/250	40%	15 days
E	2.5	2	1005	35	1350	1275	Yes	5%, 4%, 3% →	No	500/250	40%	15 days
F	3	2	1251	24	1600	1565	Yes	5%, 4%, 3% →	No	500/250	40%	15 days

### Other Income

- Utility Reimbursement: \$45/unit/mo
- Parking Income: \$0
- Storage Income: 110 storage units @ \$45/storage unit/month with 10% vacancy
- Other Income: 2.50% of Total Rental Revenue

### General Vacancy

- 3.5%

### Operating Expenses

- 2017 actuals grown by 2%
- Mgmt fee @ 3%
- % Fixed – All at 100%
- Expenses grown at 2%

### Capital Expenditures

- Other CapEx: Capital Improvement Plan - \$800,000 in year one, \$800,000 in year two
- Capital Reserve: \$250 per unit