

Stabilized Apartment Opportunity – Three’s Company Apartments

Investment Description

Name: Three’s Company Apartments

Address: 1000 Main St, Anytown, Any State, 00000

Property: One 4-story apartment building on 3.5 acres with 412 structured parking spaces

Analysis Begin Date: January 2020

Sale Date: 120 months following acquisition

Gross Buildable Area: 224,700 SF

Investment Cash Flows

Purchase: \$53 million with 0.5% closing costs in time zero

Renovation: None

Financing Costs: 1.0% of senior loan amount

Capital Stack:

- 1st to fund: Senior Loan – 70% of purchase price (30-yr amortization, fixed rate of 4.50%)
- 2nd to fund: GP (10% of equity) and LP (90% of equity) Equity, pari passu

Operating Cash Flows

Growth rates: Income and expense growth at 2.0%

Unit Mix:

| Type | Units | SF | % Renovated | Market Rent |
|----------------|-------|-----|-------------|-------------|
| Studio | 60 | 600 | 0% | 1150 |
| 1 Bed / 1 Bath | 150 | 750 | 0% | 1500 |
| 2 Bed / 2 Bath | 40 | 950 | 0% | 1900 |

Concessions: None

Non-Revenue (Model) Units: One

Other Income:

- RUBS \$30/unit/month upon renovation
- Misc. Income: \$35/unit/month
- Parking Income: 162 spaces @ \$50/month

Vacancy: 5%

Operating Expenses:

- R&M: \$300/unit/yr
- Payroll: \$1100/unit/yr
- Admin: \$250/unit/yr
- Marketing: \$300/unit/yr
- Utilities: \$800/unit/yr
- Contract services: \$150/unit/yr
- Make ready cost: \$200/unit/yr
- Management fee: 3.00%
- Insurance: \$175/unit/yr
- RE Tax: Solve for 1.25% mill rate

Capital reserve: \$200/unit/yr

Reversion Cash Flow

Market Cap Rate: 5.50% today, 6.00% at sale

Selling costs: 2.0%