

BAY TOWER

OFFERING MEMORANDUM
PASCAGOULA, MS

EXECUTIVE SUMMARY

Bay Tower is a 76 unit mid-rise apartment community in Pascagoula, Mississippi and was constructed in 1964. Historically, this was an age restricted property and has stable tenants with potential to capture a new tenant base. Located less than 1/2 mile to the beach and less than 10 minutes to some of Mississippi's major economic drivers. Bollinger and Ingall's Naval Shipyard, Chevron's highest volume refinery in the US, as well as a Rolls Royce facility. Currently occupancy has decreased from market averages, creating an opportunity for attentive management. By continuing to rent units at or above market, the occupancy will increase, thus greatly increasing the return on this property. There is also an opportunity to sign a lease contract with some of the major employers in the area.



PROPERTY SUMMARY



76
TOTAL UNITS

1964
YEAR BUILT

758 SF
AVG UNIT SIZE

85%
AVG OCCUPANCY



LOCATION INFORMATION

Building Name	Bay Tower
Property Address	1203 Market Street
City/State/Zip	Pascagoula, MS 39567

BUILDING INFORMATION

Year Built	1964
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DEMOGRAPHICS	0.5 MILES	1 MILE	1.5 MILES
Total Households	787	2,061	4,019
Total Population	1,598	4,498	9,086
Average HH Income	\$79,927	\$72,160	\$61,559

PROPERTY PICTURES

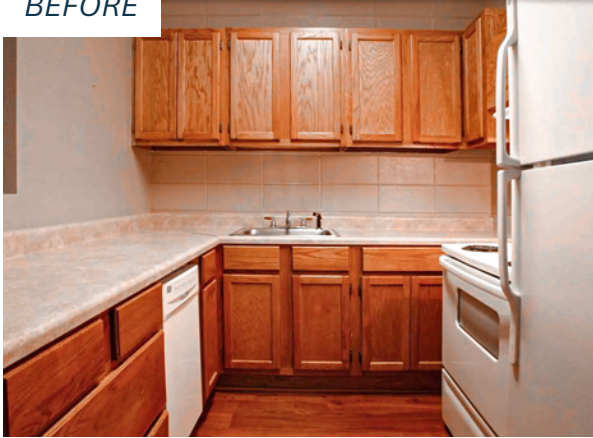


PROPERTY PICTURES



VALUE ADD OPPOTUNITY

BEFORE



AFTER



\$490,000
Cost to rehab units

(\$7,000 * 70)

Proven rent increase

$\$100 * 70 * 12 = \$84,000$ / 8.5% cap rate
= \$988k increase in value Minus \$490k

about \$500k profit.

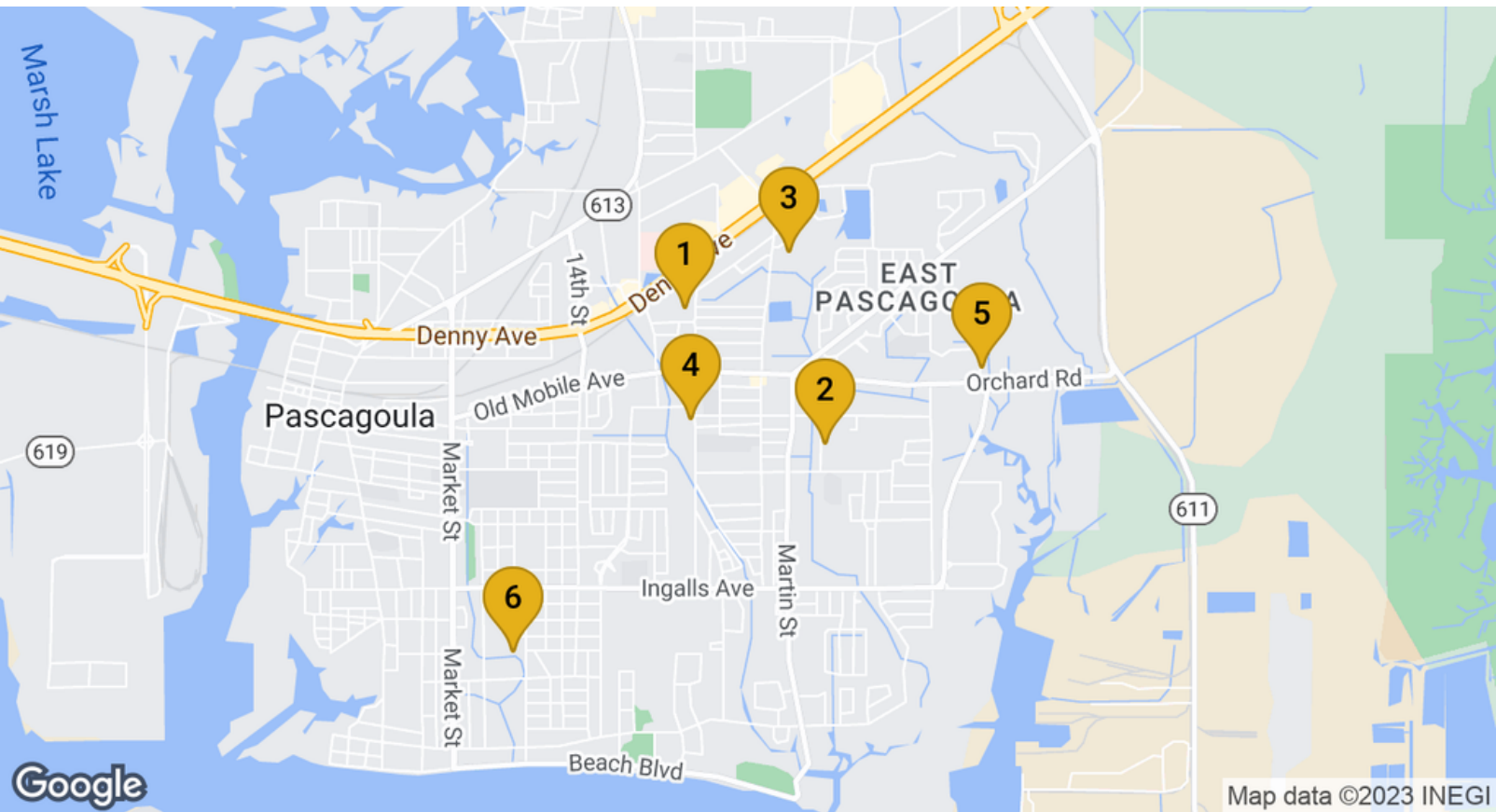
17%
Return on Investment

(\$84,000 / \$490,000)



RENT COMPS

COMPARABLE RENTAL PROPERTIES MAP



COMPARABLE RENTAL PROPERTIES SUMMARY

	NAME/ADDRESS	SPACE SIZE	NO. UNITS	AVG RENT
1	Gardenia Grove 3801 Melton Drive Pascagoula , MS	94,200 SF	120	\$813
2	Autumn Trace 3000 Brazil St Pascagoula , MS	54,440 SF	72	\$924
3	Compass Point 4100 Chico St Pascagoula , MS	87,354 SF	113	\$857
4	Azalea Park 3015 Eden Street Pascagoula , MS	106,228 SF	128	\$791
5	Bandywood 5111 Orchard Ave Pascagoula , MS	99,872 SF	104	\$836
6	Colonial Manor 1823 Parsley Ave Pascagoula , MS	67,776 SF	88	\$681
	AVERAGES	84,978 SF	104	\$817

COMPARABLE RENTAL PROPERTIES

1



GARDENIA GROVE

3801 Melton Drive
Pascagoula, MS 39581

Year Built: 1973 Bldg Size: 111,868 SF
Lot Size: 8.2 AC No. Units: 120
Avg. Rent/SF: \$1.04 Avg. Size: 785 SF
Avg. Rent: \$812

2



AUTUMN TRACE

3000 Brazil St
Pascagoula, MS 39581

Year Built: 1969 Lot Size: 4.3 AC
No. Units: 72 Avg. Rent/SF: \$1.22
Avg. Size: 756 SF Avg. Rent: \$923

3



COMPASS POINT

4100 Chico St
Pascagoula, MS 39581

Year Built: 1971 Bldg Size: 98,162 SF
Lot Size: 6.2 AC No. Units: 113
Avg. Rent/SF: \$1.11 Avg. Size: 773 SF
Avg. Rent: \$856

UNIT TYPE	# UNITS	% OF	SIZE SF	RENT	RENT/SF
1 bedroom	36	30	625	\$725	\$1.16
2 bedroom	72	60	825	\$825	\$1.00
3 bedroom	12	10	1,025	\$1,000	\$0.98
TOTAL/AVG	120	100%	785	\$812	\$1.04

UNIT TYPE	# UNITS	% OF	SIZE SF	RENT	RENT/SF
1 bedroom	16	22.2	505	\$810	\$1.60
2 bedroom	40	55.6	805	\$852	\$1.06
3 bedroom	16	22.2	885	\$1,217	\$1.38
TOTAL/AVG	72	100%	756	\$923	\$1.22

UNIT TYPE	# UNITS	% OF	SIZE SF	RENT	RENT/SF
Studio	16	14.2	512	\$710	\$1.39
1 bedroom	53	46.9	592	\$793	\$1.34
2 bedroom	35	31	994	\$954	\$0.96
3 bedroom	9	8	1,444	\$1,115	\$0.77
TOTAL/AVG	113	100%	773	\$856	\$1.11

COMPARABLE RENTAL PROPERTIES

4

AZALEA PARK

3015 Eden Street
Pascagoula, MS 39581



Year Built: 1971 Bldg Size: 108,312 SF
Lot Size: 2.65 AC No. Units: 128
Avg. Rent/SF: \$0.95 Avg. Size: 829 SF
Avg. Rent: \$790

UNIT TYPE	# UNITS	% OF	SIZE SF	RENT	RENT/SF
1 Bedroom	51	39.8	614	\$700	\$1.14
2 Bedroom	69	53.9	954	\$804	\$0.84
3 Bedroom	8	6.3	1,136	\$1,251	\$1.10
TOTAL/AVG	128	100%	829	\$790	\$0.95

5

BANDYWOOD

5111 Orchard Ave
Pascagoula, MS 39581



Year Built: 1973 Lot Size: 6 AC
No. Units: 104 Avg. Rent/SF: \$0.87
Avg. Size: 960 SF Avg. Rent: \$835

UNIT TYPE	# UNITS	% OF	SIZE SF	RENT	RENT/SF
1 Bedroom	16	15.4	650	\$725	\$1.12
2 Bedroom	72	69.2	1,008	\$776	\$0.77
3 Bedroom	16	15.4	1,056	\$1,216	\$1.15
TOTAL/AVG	104	100%	960	\$835	\$0.87

6

COLONIAL MANOR

1823 Parsley Ave
Pascagoula, MS 39567



Year Built: 1967 Bldg Size: 67,776 SF
Lot Size: 6.75 AC No. Units: 88
Avg. Rent/SF: \$0.88 Avg. Size: 770 SF
Avg. Rent: \$680

UNIT TYPE	# UNITS	% OF	SIZE SF	RENT	RENT/SF
1 bedroom	32	36.4	627	\$615	\$0.98
2 bedroom	56	63.6	852	\$718	\$0.84
				\$20	
TOTAL/AVG	88	100%	770	\$680	\$0.88



SALES COMPS

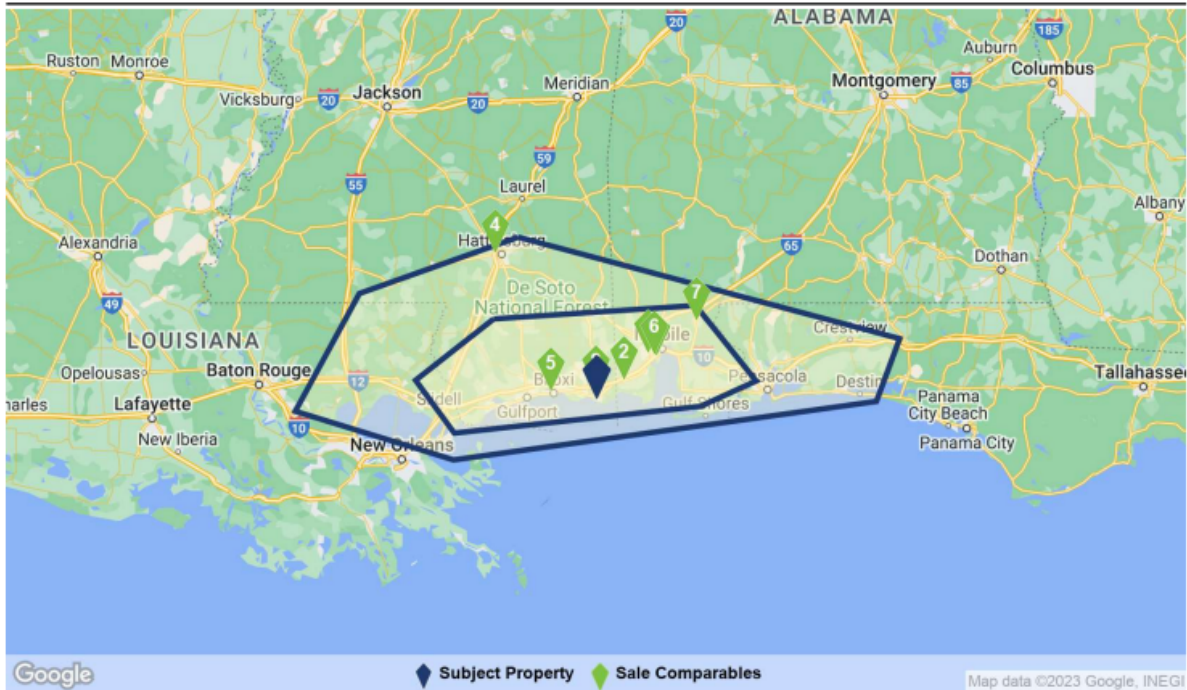
COMPARABLE SALES PROPERTIES MAP

Sale Comparables Summary

Bay Tower Apartments - 1203 Market St

Sale Comparables	Avg. Price/Unit (thous.)	Average Price (mil.)	Average Vacancy at Sale
8	\$45	\$3.7	22.2%

SALE COMPARABLES LOCATIONS



COMPARABLE SALES PROPERTIES

Sale Comparables Summary

Bay Tower Apartments - 1203 Market St

Property Name/Address	Property Information				Sale Information			
	Rating	Yr Built	Units	Vacancy	Sale Date	Price	Price/Unit	Price/SF
1 Summer Place 557 Azalea Rd	★★★★★	1975	136	44.9%	8/22/2023	\$7,338,750	\$53,961	\$47
2 Homestead Inn Apartments 12360 Homestead Ave	★★★★★	1960	33	6.1%	2/2/2023	\$1,405,000	\$42,575	\$58
3 The Grande at Brookley 1601 Neshota Dr	★★★★★	1953	103	21.4%	1/30/2023	\$5,450,000	\$52,912	\$64
4 Campus Cottages 119 N 35th Ave	★★★★★	1968	44	6.8%	1/20/2023	\$2,350,000	\$53,409	\$80
5 Biloxi Oaks 1135 Judge Sekul Ave	★★★★★	1974	254	21.3%	10/4/2022	\$9,250,000	\$36,417	\$52
6 Oak Knoll Apartments 1302 Navco Rd	★★★★★	1966	44	4.6%	6/14/2022	\$1,947,998	\$44,272	\$43
7 704 Moran St	★★★★★	1970	24	4.2%	5/16/2022	\$875,000	\$36,458	\$41
8 Chateau Apartments 3400 Dantzler St	★★★★★	1963	16	6.3%	5/6/2022	\$900,000	\$56,250	\$54



PRO FORMA

PRO FORMA

Units:	Price	Per Unit	Price per sq ft	Current GRM
76		-	0.00	0.00

UNIT MIX

	Status	Sq.ft	No Units	Effective Rent	GPI	Market Rent	GPI
Studio	Occupied	521.0	5	\$689.00	\$41,340.00	\$685.00	\$41,100.00
Studio	Vacant	521.0	3	\$689.00	\$24,804.00	\$705.00	\$25,380.00
1 BR 1 BA	Occupied	650.0	27	\$740.19	\$239,820.00	\$775.00	\$251,100.00
1 BR 1 BA	Vacant	650.0	16	\$740.19	\$142,115.56	\$775.00	\$148,800.00
2 BR 1 BA	Occupied	912.8	10	\$866.00	\$103,920.00	\$905.00	\$108,600.00
2 BR 1 BA	Vacant	942.0	3	\$866.00	\$31,176.00	\$905.00	\$32,580.00
2 BR 2 BA	Occupied	942.0	9	\$892.78	\$96,420.00	\$955.00	\$103,140.00
2 BR 2 BA	Vacant	942.0	3	\$892.78	\$32,140.00	\$955.00	\$34,380.00
Total		55,376	76	\$59,311	\$711,736	\$62,090	\$745,080

		Current	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
GPI		\$711,736	\$745,080	\$774,883	\$805,879	\$830,055	\$854,957
Vacancy	15%	(\$105,236)	(\$89,410)	(\$61,991)	(\$56,411)	(\$58,104)	(\$59,847)
Loss to Lease		(\$18,470)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)
Concessions		(\$200)	(\$204)	(\$208)	(\$212)	(\$216)	(\$221)
Parking Income		\$0	\$0	\$0	\$0	\$0	\$0
Laundry		\$0	\$0	\$0	\$0	\$0	\$0
Application Fees		\$3,125	\$3,188	\$3,251	\$3,316	\$3,383	\$3,450
Utility Reimbursement		\$0	\$0	\$0	\$0	\$0	\$0
Other Income	\$424	\$32,255	\$32,900	\$33,558	\$34,230	\$34,914	\$35,613
Eff Income		\$630,254	\$678,739	\$736,822	\$774,275	\$797,656	\$821,728
	Increase:		7.7%	8.6%	5.1%	3.0%	3.0%
	Per Unit:		Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Payroll	\$849	\$64,547	\$65,515	\$66,497	\$67,495	\$68,507	\$69,535
Management	5%	\$29,258	\$40,724	\$51,578	\$54,199	\$55,836	\$57,521
Contract Services	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0
G&A	\$252	\$19,153	\$19,440	\$19,732	\$20,028	\$20,328	\$20,633
Advertising	\$64	\$4,862	\$4,935	\$5,009	\$5,084	\$5,160	\$5,237
R&M	\$1,821	\$138,429	\$40,000	\$40,600	\$41,209	\$41,827	\$42,455
Legal and Professional	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Turnover	\$263	\$0	\$20,000	\$20,300	\$20,605	\$20,914	\$21,227
Janitorial	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	\$1,900	\$144,395	\$146,561	\$148,759	\$150,991	\$153,256	\$155,554
Exterminator	\$0	\$0	\$2,500	\$2,538	\$2,576	\$2,614	\$2,653
Grounds	\$0	\$0	\$6,000	\$6,090	\$6,181	\$6,274	\$6,368
Insurance	\$1,645	\$125,000	\$150,000	\$152,250	\$154,534	\$156,852	\$159,205
Taxes	\$734	\$55,747	\$65,000	\$66,300	\$67,626	\$68,979	\$70,358
Total		\$581,390	\$560,675	\$579,652	\$590,526	\$600,546	\$610,747
	Per Unit:	\$7,650	\$7,377	\$7,627	\$7,770	\$7,902	\$8,036
NOI		\$48,864	\$118,064	\$157,170	\$183,749	\$197,110	\$210,982

BILOXI, GULFPORT, AND PASCAGOULA



MSA INDUSTRY SUMMARY



INTRODUCTION

Biloxi, Gulfport, and Pascagoula, or the "Mississippi Gulf Coast", is comprised of Hancock, Harrison, and Jackson counties. This market is the second largest in Mississippi next to Jackson, Mississippi and 404,000 residents call home. This area houses not only white sandy beaches and a dozen casino resorts, but also aerospace, advanced materials manufacturing, marine science, and hospitality. The largest Employer in the area is Ingalls Shipbuilding and supports 12,250 jobs. Other large employers in the area also include the Chevron Refinery, John C Stennis Space Center, and Kessler Air Force Base.

85.2

COST OF LIVING INDEX SCORE
(U.S. AVERAGE = 100)

5,100

PROJECTED NET MIGRATION IN THE NEXT FIVE YEARS

BILOXI, GULFPORT, AND PASCAGOULA EDUCATION

HIGHER EDUCATION



9,000 Total Enrollment

The Mississippi Gulf Coast Community College, destination-living schools located in Gautier, Mississippi, offers two-year degrees and certification courses in a number of fields. MGCCC also provides critical support to local industry with a number of training and continuing education offerings developed around the area's specific training needs.

"MGCCC named a 2021 Center of Excellence for Domestic Maritime Workforce Training and Education" Jackson County Economic Development

The University of Southern Mississippi Gulf Park Campus (USM Gulf Park) is a comprehensive doctoral and research-driven, four-year institution with an enrollment of nearly 2,900 students. William Carey University in Biloxi enrolls 1,150 students and is among U.S. News & World Report's "Best Regional Universities South."

K-12

The Mississippi Gulf Coast is served by several school districts. Boasting over 20 schools, the Harrison County School District is the fourth-largest school district in the state, serving more than 15,000 students and is one of the metro's major employers supporting about 1,800 jobs. Jackson County School District is one of the best in the state, serving over 9,100 students



BILOXI, GULFPORT, AND PASCAGOULA ECONOMY

SHIPBUILDING

The Mississippi Gulf Coast is at the center of the largest shipbuilding region in the nation. Located on 800 acres along the Pascagoula River, Huntington Ingalls Industries' Ingalls Shipbuilding division is Mississippi's largest industrial employer. Since opening in 1938, Ingalls Shipbuilding has completed hundreds of ships and is the largest supplier of U.S. Navy surface combatants. In 2021, the company was awarded over \$457 million to build large-deck amphibious ships for the U.S. Navy and two National Security Cutters for the U.S. Coast Guard. Furthermore, Halter Marine has been awarded a contract for the US Navy for \$41 million dollars for the detail, design, and construction.



HOSPITALITY

With miles of beaches, the highest number of casinos, and the third-highest number of golf courses in Mississippi, the Gulf Coast region is considered a vacation destination, and tourism plays a major role in the area's economy. The metro's leisure and hospitality sector is the largest nonfarm employment sector, supporting 28,600 jobs as of March 2021, accounting for nearly 19% of the metro's workforce.



BILOXI, GULFPORT, AND PASCAGOULA ECONOMY

TECHNOLOGY & DEFENSE

The Mississippi I-10 Corridor is home to advanced technology parks, research facilities, and major aerospace companies. Major companies here include Lockheed Martin Corporation, NASA's John C. Stennis Space Center, Northrop Grumman Corporation, Pratt & Whitney, Rolls-Royce North America Inc., Signal International LLC, and VT Halter Marine Inc. The U.S. Air Force, Navy, National Guard, and Coast Guard bases combined have a significant economic impact on the Mississippi Gulf Coast. The largest installations are Keesler Air Force Base in Biloxi and Navy Construction Battalion Center Base (Navy CBC Base) in Gulfport, and combined, generate over \$2 billion for the region. Over 11,280 people are employed at Keesler Air Force Base, while approximately 5,500 people work at Navy CBC Base. Keesler Air Force Base is also home to Keesler Medical Center, the second-largest Air Force medical center in the U.S.



**NORTHROP
GRUMMAN**



BILOXI, GULFPORT, AND PASCAGOULA EMPLOYER HIGHLIGHTS



Ingalls Shipbuilding

\$1 BILLION

Economic Impact

12,250

Total Jobs Supported

800

Acres

Huntington Ingalls continues to grow for a company whose roots extend to a shipbuilding company originally founded more than 80 years ago in Pascagoula and with a dramatic local expansion in the 1960s. Huntington Ingalls announced a \$1.5 billion contract to construct a new San Antonio class amphibious dock ship. Only a month later, the company announced a \$936 million contract for a Burke-class destroyer, the USS Thad Cochran.

Singing River Health System is comprised of three hospitals – Pascagoula Hospital, Ocean Springs Hospital, and Gulfport Hospital. Plus primary care medical clinics, community medical parks, and specialty centers throughout the area and is one of the largest emergency departments in the state, caring for more than 100,000 patients per year.

3,000

Jobs Supported

\$270 MILLION PER YEAR

Economic impact



Singing River

Health System



**One of top 10 largest
US refineries
and Chevron's largest
domestic refinery**

Chevron Pascagoula Refinery celebrated its 56th anniversary in 2019. Since beginning operation in 1963, the refinery has grown to be the corporation's largest U.S. refinery and one of the top petroleum refineries in the United States.

3,600

Jobs Supported

On over 3,000

Acres

BILOXI, GULFPORT, AND PASCAGOULA ECONOMY

NEWS AND NEW DEVELOPMENT



Universal Music's Broadwater Hotel & Casino
\$1.2B, 266 acre property with a casino, golf course, hotel
and spa

The Mississippi Gulf Coast is anticipating the completion of several major developments, such as the Mississippi Aquarium, the Margaritaville expansion, the Walter Anderson Museum of Art expansion, and the additional first-class lodging options at Legends (Biloxi), The Markham (Gulfport), and The Pearl (Bay St. Louis).



Foxwoods Resort Casino at Biloxi Pointe
71,000 SF casino, six restaurants and bars, \$265M



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