

Polk Terrace

338 NORTH 23RD STREET | PHOENIX, AZ



30 UNITS

1985 BUILT

VALUE-ADD

ATTRACTIVE SELLER
FINANCING

NEWMARK

Polk Terrace

338 NORTH 23RD STREET | PHOENIX, AZ

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01





Executive Summary



30
UNITS

\$4,950,000
LIST PRICE

\$165,000
PRICE PER UNIT



Polk Terrace

338 NORTH 23RD STREET | PHOENIX, AZ

INVESTMENT DRIVERS



ATTRACTIVE SELLER
FINANCING OPPORTUNITY



PROXIMITY TO
DOWNTOWN PHOENIX



VALUE-ADD UPSIDE



MIDTOWN PHOENIX EMPLOYMENT
| PARK CENTRAL REDEVELOPMENT



1985 CONSTRUCTION = COPPER
PLUMBING, ABS SEWER LINES AND
100-AMP ELECTRIC PANELS



CAMELBACK CORRIDOR
EMPLOYMENT & ENTERTAINMENT
MINUTES AWAY



VALLEYWISE HEALTH MEDICAL
CENTER OPENING APRIL 2024 -
MAJOR HEALTHCARE EMPLOYMENT



ATTRACTIVE SELLER FINANCING OPPORTUNITY

Polk Terrace represents the rare opportunity to purchase a value-add apartment community with attractive **Seller Financing(75% LTV at 5.5% Interest Only up to 5 years)** to a qualified Buyer. Polk Terrace is a 30-unit apartment community located in the heart of Central Phoenix. The property was constructed in 1985 of wood frame with a stucco exterior, has pitched roofs, and is individually metered for electricity. The property offers a well-balanced unit mix consisting of 18 one bedroom units and 12 two bedroom units with each unit having its own storage room just outside the unit. The property is gated, has a leasing office, a detached maintenance room, and offers multiple laundry rooms on-site. The property has no pool and low-maintenance desert landscaping.

VALUE-ADD UPSIDE

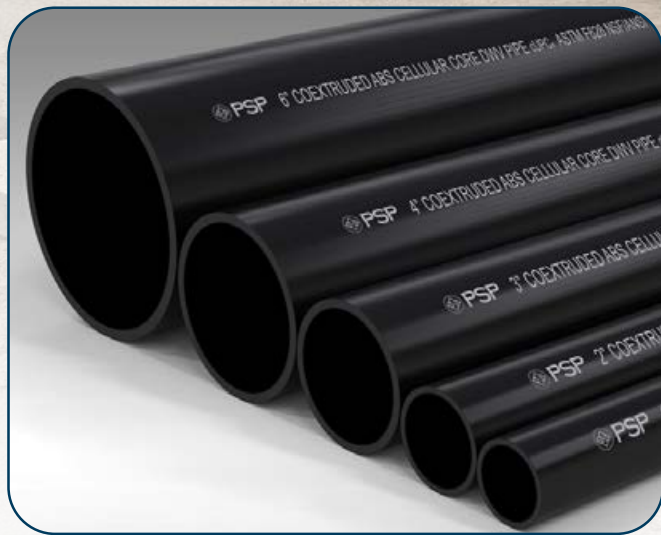
Current ownership has owned and self-managed the property since 2015 and has kept the property consistently 100% occupied at below market rents with long-term tenants that are on month-to-month leases. The units are in classic condition and new ownership has the tremendous opportunity and immediate flexibility to significantly bump rental rates by updating the unit interiors and adding washer/dryer in unit. Furthermore, the two building layouts allow for the addition of large back patios on the 16 ground floor units. By upgrading units, adding washer/dryer, and patios, rental rates could be increased between \$300-\$400 above existing rental rates. Currently ownership is not charging RUBS or Pet Rent which provide additional other income upside. In addition to the rent upside, the property has additional space to build 2-4 more units.



1985 CONSTRUCTION = COPPER PLUMBING, ABS SEWER LINES AND 100-AMP ELECTRIC PANELS

Polk Terrace was built in 1985 of frame wood construction with stucco exterior and pitched asphalt shingle roofs. Given the age of construction, the plumbing and electric are built to modern codes and standards. This includes copper plumbing supply, ABS sewer lines and 100-amp electric panels without aluminum branch wiring. These modern systems significantly reduce insurance costs and provide peace of mind to new ownership that no major capital improvement costs will be incurred due to aging plumbing and electric systems.





VALLEYWISE HEALTH MEDICAL CENTER OPENING APRIL 2024 - MAJOR HEALTHCARE EMPLOYMENT

Less than one block from Polk Terrace is the 10-story, 673,000-square-foot Valleywise Health Medical Center at 24th and Roosevelt streets which has been under construction for the past 4 years and is set to be completed and opened in April 2024. Providing over a thousand new jobs to the immediate area, the new medical center will boast 233 private patient rooms, ten operating rooms, two interventional radiology areas, two catheterization labs, a dedicated procedural floor and a rooftop and ground level helipad. Additional specialty care areas include the 75,000 square-foot Diane & Bruce Halle Arizona Burn Center and specialties including cardiology, trauma and emergency, maternity, NICU, oncology, pharmacy, radiology and more.

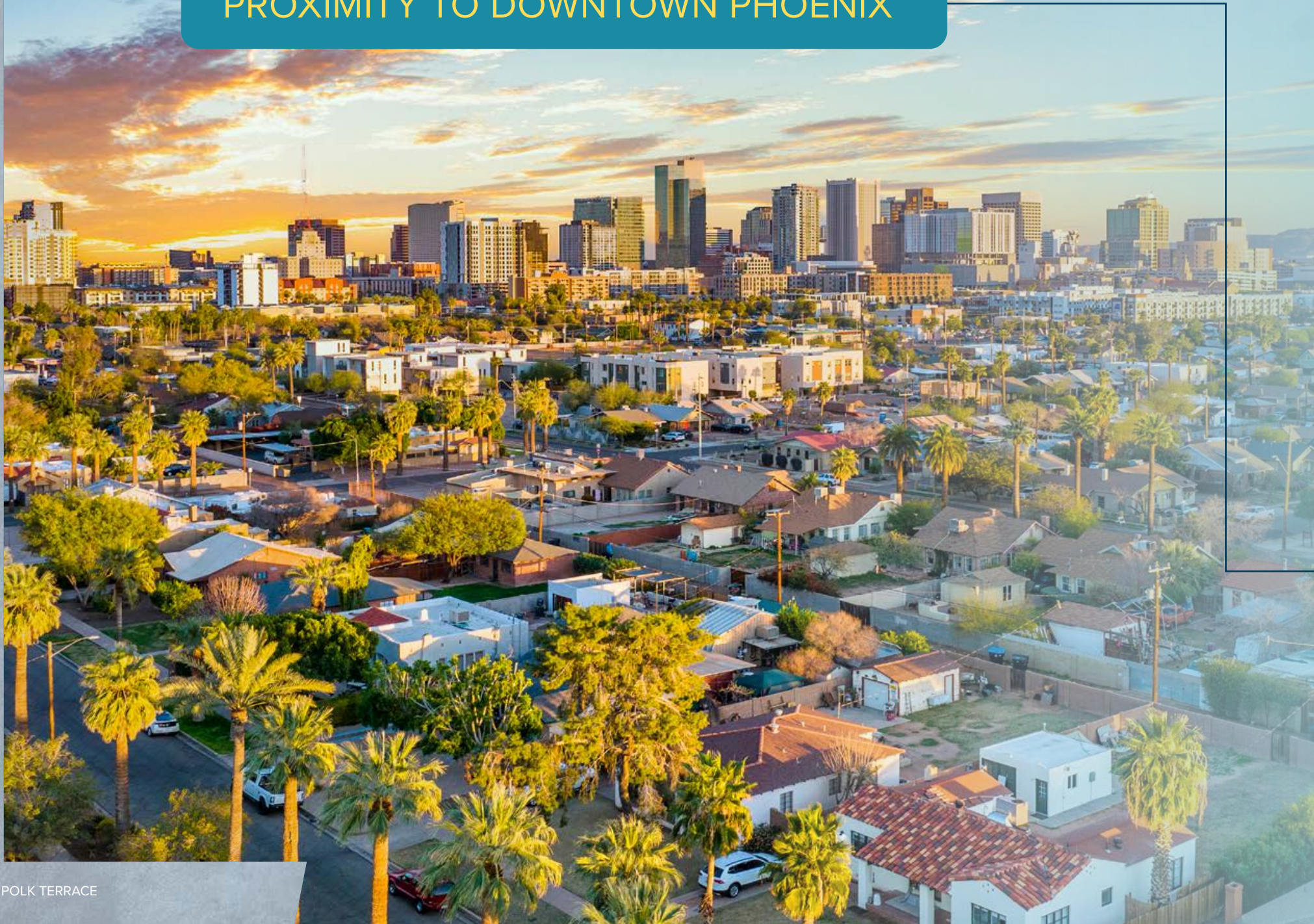


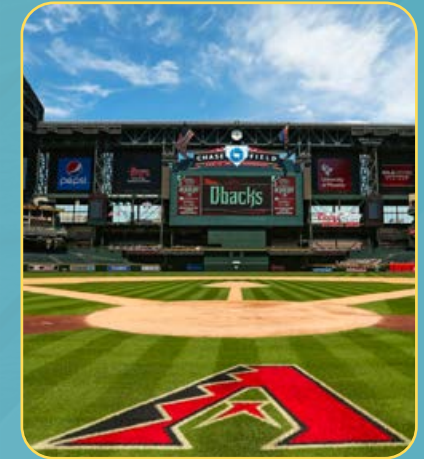


Polk Terrace



PROXIMITY TO DOWNTOWN PHOENIX





Polk Terrace is located just 2 miles east of the booming Downtown Phoenix submarket which boasts the highest concentration of employment in the state with approximately 150,000 employees and more than 20 million SF of office space. More than \$5 billion has been newly invested in office space, retail, restaurants, educational facilities, convention space, and hotel rooms in the downtown area. Prominent employers include the City of Phoenix, Maricopa County, the State of Arizona, Wells Fargo, Bank of America, Ernst & Young, United Healthcare, Cigna Healthcare and Arizona State University Downtown Campus. Arts and Entertainment venues in Downtown Phoenix include Herberger Theater, Chase Field(home to the Arizona Diamondbacks), and Footprint Center(home to the Phoenix Suns) that also serve as concert venues year round.







MIDTOWN PHOENIX EMPLOYMENT | PARK CENTRAL REDEVELOPMENT

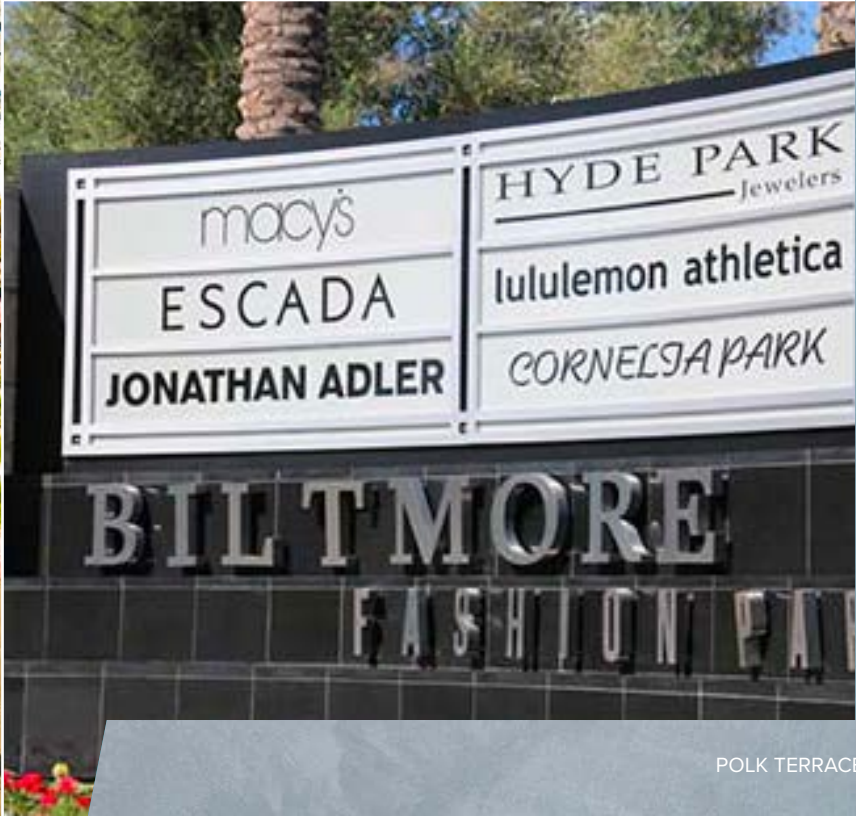
Midtown Phoenix and the Central Office Corridor hosts over 1,100 businesses and 71,000 employees. Major employers include Dignity Health, Banner Health, IBM, Century Link, Uhaul Corporate Headquarters, Cigna Medial Group, Copper Point Insurance Companies. In the heart of Midtown is historic Park Central Mall, a true Phoenix icon with a rich history that dates back to 1957 when it was first built as the city's first large scale mall measuring 450,000 SF. In recent years Park Central has undergone a massive transformation thanks to the vision and hard work of Plaza Companies and Holualoa Companies. The new Park Central combines its rich mid-century modern history with a new focus on technology, innovation and design, including sought-after features in today's office and retail market. The project includes spaces that range from small offices to more than 75,000 contiguous square feet of space and has office tenants including Dignity Health Corporate Office, Creighton University, Databank Centers and GoX Studio. The new Park Central is embracing its successful base of existing restaurants and retail including Starbucks, Zipps, First Watch, Jimmy John's, Thai Basil, Fired Pie EoS Fitness.



CAMELBACK CORRIDOR EMPLOYMENT & ENTERTAINMENT MINUTES AWAY

Long considered Phoenix's financial district, The Camelback Corridor is home to more than 26,000 employees and nearly 10M SF of office and retail. The residents of Polk Terrace have a short 5 minute drive directly north to reach the Camelback Corridor and enjoy the proximity to some of the most popular and trendy restaurants and coffee shops, world class shopping and class A office space in the entire valley. The Biltmore Fashion Park, located along the northeast corner of 24th Street and Camelback Road, contains 535,430 square feet of open-air shop space and many of renowned Fox Restaurants including True Food Kitchen, Zinburger, and Blanco Tacos + Tequila. Retailers within the Fashion Park include Saks Fifth Avenue, Macy's, Ralph Lauren, Apple, J.Crew, Brooks Brothers, and Pottery Barn. Other neighborhood hotspots include the Town & Country with Whole Foods, Snooze, Hopdoddy, The Macintosh, and Pizzeria Bianco. Other surrounding attractions in the immediate area include the Arizona Biltmore Resort and Golf Club, The Wrigley Mansion, Royal Palms, and the Phoenician Resort and Spa.





NORTHEAST AERIAL

BILTMORE

CAMELBACK CORRIDOR



CAMELBACK MOUNTAIN

**LOOP
202**

N 24TH STREET

E POLK STREET

N 23RD STREET

**FUTURE MIXED USE
DEVELOPMENT**

DOWNTOWN PHOENIX

ASU DOWNTOWN

MIDTOWN PHOENIX

E VAN BUREN STREET



FUTURE MIXED USE DEVELOPMENT

E POLK STREET

N 23RD STREET



02





Property Overview



PROPERTY DETAILS

Polk Terrace

338 NORTH 23RD STREET | PHOENIX, AZ

1985
YEAR BUILT

17,400
RENTABLE AREA

30
NUMBER OF UNITS

580
AVERAGE UNIT SIZE

2
NUMBER OF BUILDINGS

1.01
ACRES

\$2.23
AVERAGE RENT PER SF

\$1,293
AVERAGE RENT PER UNIT

UNIT DESCRIPTION	NO. OF UNITS	UNIT SQ. FT.	PROFORMA MARKET RENT/MONTH	PROFORMA MARKET RENT/SF
1 BDRM / 1 BATH	18	500	\$1,225	\$2.45
2 BDRM / 1 BATH	12	700	\$1,395	\$1.99
TOTAL / AVG.	30	580	\$1,293	\$2.23





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Valuation Summary



EXECUTIVE SUMMARY

PROPERTY OVERVIEW

NUMBER OF UNITS	30
YEAR BUILT	1985
LIST PRICE	\$4,950,000
PRICE PER UNIT	\$165,000
PRICE PER SF	\$284.48
RENTABLE SF	17,400
AVERAGE SF PER UNIT	580
AVERAGE RENT PER UNIT	\$1,293
AVERAGE RENT PER SF	\$2.23

FINANCING TERMS

DOWN PAYMENT	\$1,237,500
SELLER FINANCING	\$3,712,500
LOAN-TO-VALUE	75%
INTEREST RATE	5.50%
LOAN TERM	5 Years
AMORTIZATION	Interest Only

PROFORMA

	PER UNIT	DOLLARS
EFFECTIVE GROSS INCOME	\$15,240	\$457,206
LESS: OPERATING EXPENSES	3,217	96,505
LESS: CAPITAL RESERVES	250	7,500
NET OPERATING INCOME	11,773	353,201
DEBT SERVICE		204,188
NET CASH FLOW		(12.04%) \$149,013

FINANCIAL RETURN

PROFORMA CAP RATE	7.13%
PROFORMA CASH ON CASH RETURN	12.04%

UNIT MIX & PROFORMA RENTS

UNIT DESCRIPTION	NO. OF UNITS	% TYPE	UNIT SQ. FT.	PROFORMA RENTS	PROFORMA RENT PER SF	PROFORMA MONTHLY RENT TOTAL	PROFORMA ANNUAL RENT TOTAL	TOTAL SQ. FT.
ONE BEDROOM								
1 BDRM / 1 BATH	18	60.0%	500	\$1,225	\$2.45	\$22,050	\$264,600	9,000
TWO BEDROOM								
2 BDRM / 1 BATH	12	40.0%	700	\$1,395	\$1.99	\$16,740	\$200,880	8,400
TOTAL / AVG.	30	100.0%	580	\$1,293	\$2.23	\$38,790	\$465,480	17,400

MARKET UNDERWRITING ANALYSIS

PROFORMA

INCOME

ASSUMPTIONS

GROSS SCHEDULED RENT		\$465,480
GROSS POTENTIAL INCOME		\$465,480
LESS: VACANCY	(5.0%)	(23,274)
TOTAL RENTAL INCOME	95.00%	\$442,206
PLUS: RUBS INCOME	\$300	\$9,000
PLUS: OTHER INCOME	200	6,000
EFFECTIVE GROSS INCOME		\$457,206

EXPENSES

PER UNIT

REPAIRS & MAINTENANCE	\$500	\$15,000
PAYROLL	300	9,000
ADMINISTRATIVE/ADVERTISING	150	4,500
UTILITIES	654	19,609
TOTAL VARIABLE EXPENSES	\$1,604	\$48,109
TAXES	376	11,286
INSURANCE	500	15,000
MANAGEMENT FEE	5.00%	22,110
TOTAL OPERATING EXPENSES	\$3,217	\$96,505
PLUS: CAPITAL RESERVES	250	7,500
TOTAL EXPENSES	\$3,467	\$104,005
NET OPERATING INCOME		\$353,201

DEBT SERVICE

SELLER FINANCING - \$3,712,500 (75% LTV)		
DEBT SERVICE (5.5% I/O)		\$204,188
CASH FLOW AFTER DEBT SERVICE	(12.04%)	\$149,013





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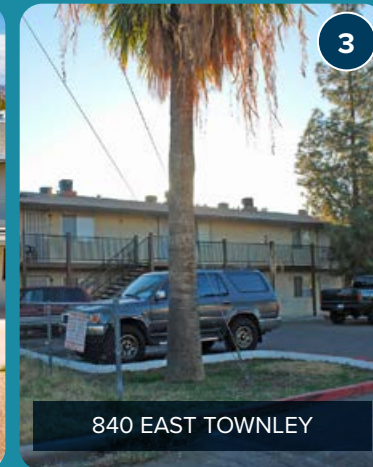
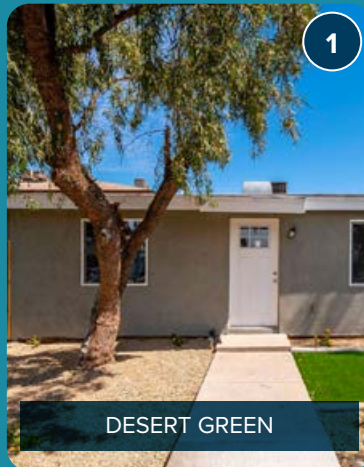
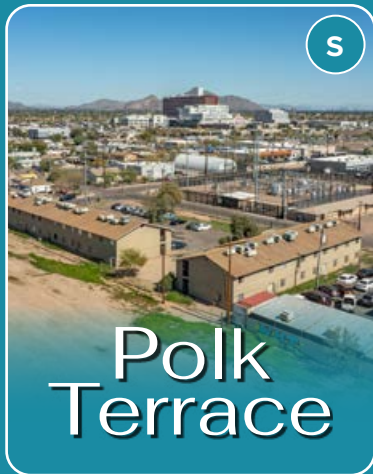


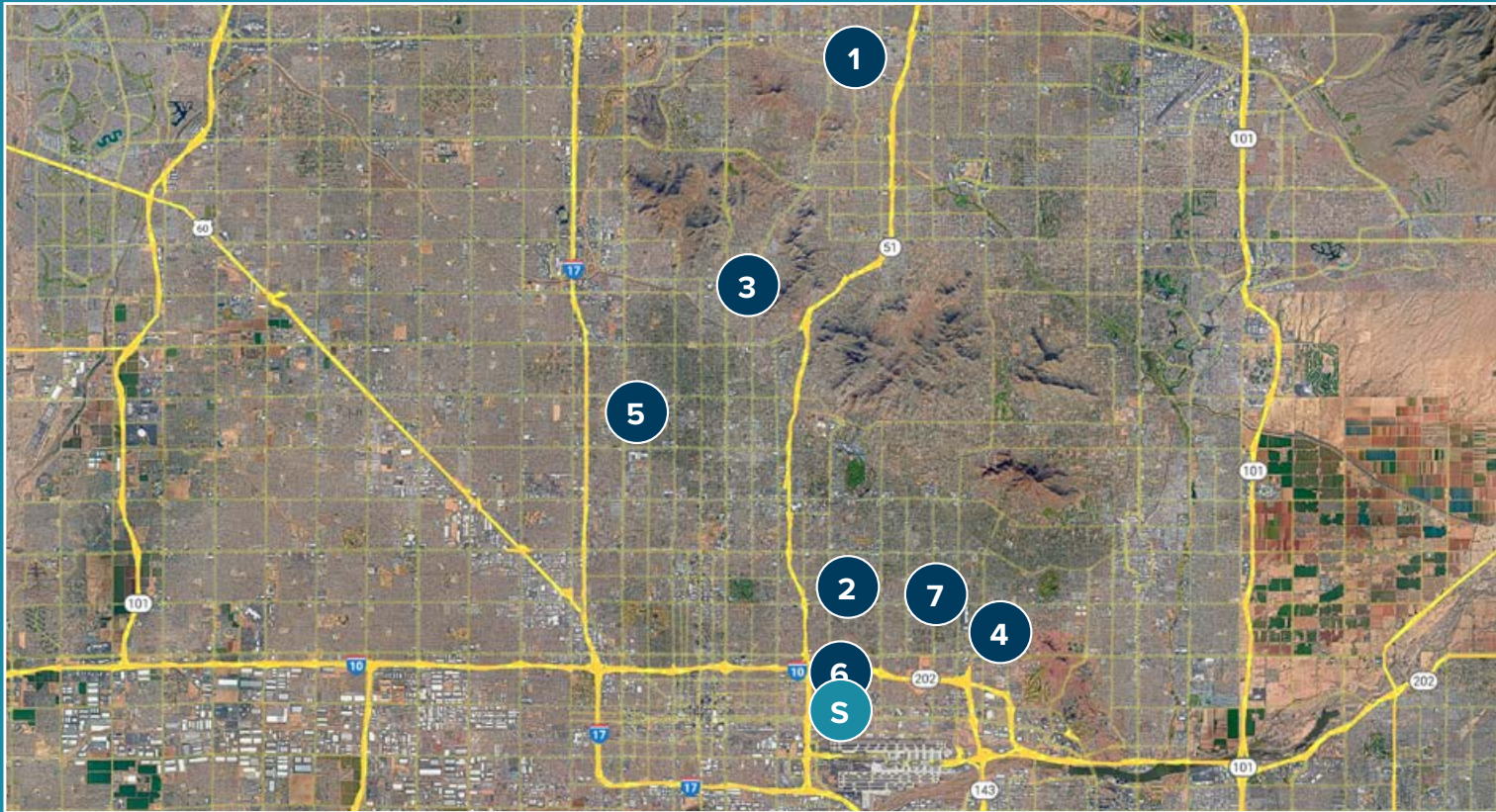
Comparable Sales



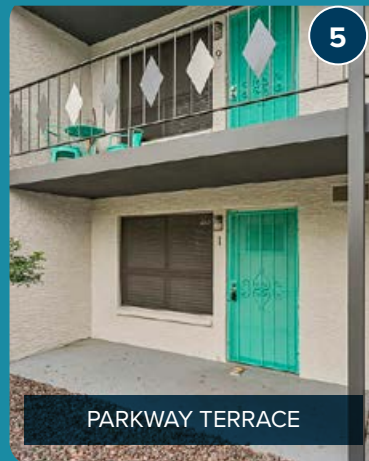
SALES COMPARABLES

	APARTMENT NAME	CITY	UNITS	PRICE	\$/UNIT	\$/SQ. FT.	YOC	SALE DATE
S	Polk Terrace	Phoenix	30	\$4,950,000	\$165,000	\$284.48	1985	TBD
1	Desert Green	Phoenix	16	\$3,200,000	\$200,000	\$294.12	1981	8/28/23
2	Pinchot Arms	Phoenix	12	\$2,400,000	\$200,000	\$255.32	1958	2/16/24
3	840 East Townley Avenue	Phoenix	19	\$3,500,000	\$184,211	\$288.49	1981	7/31/23
4	Coronado	Phoenix	14	\$2,550,000	\$182,143	\$208.03	1980	11/30/23
5	Parkway Terrace	Phoenix	16	\$2,700,000	\$168,750	\$203.01	1964	5/3/23
6	McKinley Street	Phoenix	10	\$1,650,000	\$165,000	\$316.09	1964	8/31/23
7	Venture on 36th	Phoenix	30	\$4,800,000	\$160,000	\$285.92	1981	7/7/23
Total/Average			17	\$2,971,429	\$180,015	\$264.43	1973	

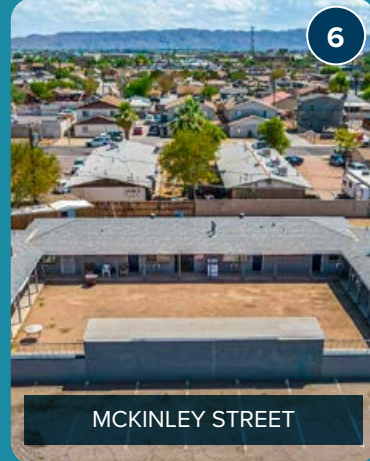




CORONADO



PARKWAY TERRACE



MCKINLEY STREET



VENTURE ON 36TH

SUBJECT PROPERTY

Polk Terrace

338 NORTH 23RD STREET | PHOENIX, AZ



PROPERTY INFORMATION

NO. OF UNITS 30

YEAR BUILT 1985

NRA 17,400 SF

SALE INFORMATION

PRICE \$4,950,000

PRICE PER UNIT \$165,000

PRICE PER SF \$284.48

SALE DATE TBD

UNIT DESCRIPTION

1 BDRM / 1 BATH

2 BDRM / 1 BATH

TOTAL / AVG.

SQ. FT.

500

700

580

NO. OF UNITS

18

12

30

SALES COMPARABLES



PROPERTY INFORMATION		SALE INFORMATION	
NO. OF UNITS	16	PRICE	\$3,200,000
YEAR BUILT	1981	PRICE PER UNIT	\$200,000
NRA	10,880	PRICE PER SF	\$294.12
		SALE DATE	8/28/23
UNIT DESCRIPTION	SQ. FT.	NO. OF UNITS	
2 BDRM / 1 BATH	680	16	
TOTAL / AVG.	680	16	



PROPERTY INFORMATION		SALE INFORMATION	
NO. OF UNITS	12	PRICE	\$2,400,000
YEAR BUILT	1958	PRICE PER UNIT	\$200,000
NRA	9,400	PRICE PER SF	\$255.32
		SALE DATE	2/16/24
UNIT DESCRIPTION	SQ. FT.	NO. OF UNITS	
1 BDRM / 1 BATH	650	4	
2 BDRM / 1 BATH	850	8	
TOTAL / AVG.	750	12	

SALES COMPARABLES

3



840 EAST TOWNLEY
840 EAST TOWNLEY AVENUE | PHOENIX, AZ

PROPERTY INFORMATION		SALE INFORMATION	
NO. OF UNITS	19	PRICE	\$3,500,000
YEAR BUILT	1981	PRICE PER UNIT	\$184,211
NRA	12,132	PRICE PER SF	\$288.49
		SALE DATE	7/31/23

UNIT DESCRIPTION	SQ. FT.	NO. OF UNITS
STUDIO		1
1 BDRM / 1 BATH		6
2 BDRM / 1 BATH		12
TOTAL / AVG.	638	19

4



CORONADO
1801 NORTH 50TH STREET | PHOENIX, AZ

PROPERTY INFORMATION		SALE INFORMATION	
NO. OF UNITS	14	PRICE	\$2,550,000
YEAR BUILT	1980	PRICE PER UNIT	\$182,143
NRA	12,700	PRICE PER SF	\$208.03
		SALE DATE	11/30/23

UNIT DESCRIPTION	SQ. FT.	NO. OF UNITS
2 BDRM / 1 BATH	900	13
3 BDRM / 1 BATH	1,000	1
TOTAL / AVG.	907	14

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PARKWAY TERRACE
6516 NORTH 17TH AVENUE | PHOENIX, AZ

PROPERTY INFORMATION		SALE INFORMATION	
NO. OF UNITS	16	PRICE	\$2,700,000
YEAR BUILT	1964	PRICE PER UNIT	\$168,750
NRA	12,380	PRICE PER SF	\$218.09
		SALE DATE	5/3/23
UNIT DESCRIPTION	SQ. FT.	NO. OF UNITS	
1 BDRM / 1 BATH	620	4	
2 BDRM / 2 BATH	825	12	
TOTAL / AVG.	773	16	

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MCKINLEY STREET
2203 EAST MCKINLEY STREET | PHOENIX, AZ

PROPERTY INFORMATION		SALE INFORMATION	
NO. OF UNITS	10	PRICE	\$165,000
YEAR BUILT	1964	PRICE PER UNIT	\$165,000
NRA	5,220	PRICE PER SF	\$316.09
		SALE DATE	8/31/23
UNIT DESCRIPTION	SQ. FT.	NO. OF UNITS	
STUDIO / 1 BATH	425	4	
1 BDRM / 1 BATH	590	6	
TOTAL / AVG.	524	10	

SALES COMPARABLES

7



VENTURE ON 36TH
2939 NORTH 36TH STREET | PHOENIX, AZ

PROPERTY INFORMATION		SALE INFORMATION	
NO. OF UNITS	30	PRICE	\$4,800,000
YEAR BUILT	1981	PRICE PER UNIT	\$160,000
NRA	16,800	PRICE PER SF	\$285.92
		SALE DATE	7/7/23
UNIT DESCRIPTION	SQ. FT.	NO. OF UNITS	
1 BDRM / 1 BATH	550	28	
2 BDRM / 1 BATH	700	2	
TOTAL / AVG.	560	30	



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FOR MORE INFORMATION, PLEASE CONTACT

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