

OFFERING MEMORANDUM



FERNHILL CROSSING

**19-Unit Apartment Community
Located in Portland, Oregon**



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Contact Us

Lee Fehrenbacher

lee@hfore.com
(971) 717-6346

Greg Frick

greg@hfore.com
(503) 241-5541

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Property Overview



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PROPERTY OVERVIEW

Fernhill Crossing

19 Newly Constructed Units in Northeast Portland

Introducing Fernhill Crossing, a 19-unit apartment community located in vibrant, close-in Northeast Portland, OR. Completed in 2020, this newly constructed complex offers a mix of primarily larger, two-bedroom flats and townhome units, as well as some one-bedroom apartments. The property also includes a renovated single-family home as one of the units. Each unit features modern designs with fully equipped kitchens, islands, dishwashers, high-end appliances and finishes, air conditioning, in-unit laundry, and vaulted ceilings. The community's four buildings are set among well-landscaped grounds and include amenities such as a community garden, outdoor dining area, central courtyard, and off-street parking.

Nestled in one of Portland's largest and most diverse neighborhoods, Fernhill Crossing benefits from NE Portland's blend of urban amenities like the shops and dining just minutes away along NE 42nd Ave. Positioned near major highways like I-5 and I-205 and close to NE Lombard St, a key transitway, The property provides excellent connectivity to the Portland International Airport, downtown Portland, and nearby natural attractions like the Columbia River Gorge and Mount Hood. Fernhill Crossing offers investors an opportunity to own a quality, newly built asset in a vibrant city location with a compelling cash flow return.

Property Summary

Address	4225-4256 NE Highland Ct, Portland, OR 97218		
Year Built	2020	No. of Buildings	4
Unit Count	19	Lot Size	0.92 AC
Avg Unit Size	790 SF	Density (Units/AC)	20.65
Total Rentable Size	15,017 SF	County	Multnomah

Pricing Summary

Price	\$3,950,000	Cap Rate	6.86%
Price/Unit	\$207,895	Price/SF	\$263

Fernhill Crossing | Portland, OR



UNIT MIX SUMMARY

Fernhill Crossing | Portland, OR

Unit Type	Unit Count	Av. Unit Size (SF)	Scheduled Rents as of 11/2024	Per SF	Highest-Achieved Rents	Per SF
1 Bed / 1 Bath	4	586	\$1,450	\$2.47	\$1,450	\$2.47
2 Bed / 1 Bath House	1	592	\$1,699	\$2.87	\$1,699	\$2.87
2 Bed / 2 Bath Townhomes	10	851	\$1,932	\$2.27	\$2,078	\$2.44
2 Bed / 2 Bath	4	894	\$1,818	\$2.03	\$1,849	\$2.07
Totals/Averages	19	790	\$1,794	\$2.27	\$1,878	\$2.38



AMENITIES

- » Spacious & fully equipped kitchens with island and dishwashers as well as high end appliances and finishes
- » Hardwood-style flooring
- » Modern light fixtures
- » Large windows for ample natural light
- » Air conditioning units
- » In-unit washers and dryers
- » Vaulted ceilings
- » Outdoor community courtyard
- » Community garden
- » Off-street parking



In-Unit Laundry



Off-Street Parking



Ample Natural Light



Modern Kitchens & Vaulted Ceilings



Picnic Area & Garden Plots



02

Location Overview



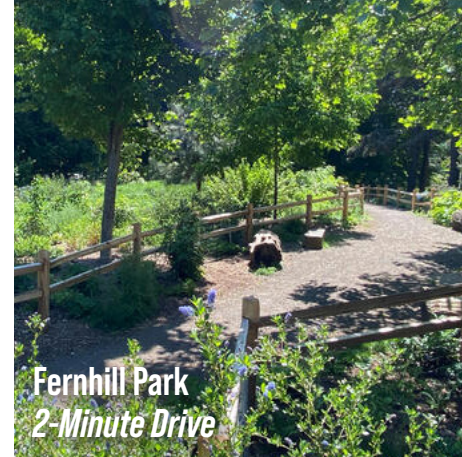
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LOCATION OVERVIEW

Northeast Portland

Northeast Portland, one of the city's most vibrant and diverse quadrants, attracts renters with its rich cultural offerings, convenient amenities, and excellent connectivity. Home to notable neighborhoods like the Alberta Arts District and Concordia, the area blends historic charm with modern convenience. The Alberta Arts District, known for its quirky shops, galleries, eateries, and the popular Last Thursday street fair, adds to the neighborhood's dynamic cultural scene. Residents enjoy a wide range of amenities, including bars, coffee shops, and diverse restaurants, especially those along NE 42nd Ave like Pizza Jerk, Oakshire Beer Hall, Spare Room, and more. Concordia is also home to the newly relocated University of Oregon Portland campus, bringing youthful energy to the area. With top-rated public schools, bike-friendly streets, and easy access to major roads and public transit, Concordia appeals to young professionals, families, and students alike.

The neighborhood's central location further enhances its appeal, with proximity to Portland International Airport, major thoroughfares like I-5 and I-205, and downtown Portland just a short drive away. Concordia's blend of local businesses and thriving arts scene, paired with its peaceful, tree-lined streets and family-friendly atmosphere, offers residents the best of both urban and suburban living. With a growing reputation as a hub for the arts and a vibrant mix of dining and shopping options, Northeast Portland is an increasingly attractive area for both renters and investors seeking strong returns in a sought-after location.



Fernhill Park
2-Minute Drive



NE 42nd Ave Retail Corridor
3-Minute Drive



Riverside Golf & Country Club
4-Minute Drive



Alberta Arts District
3-Minute Drive



McMenamins Kennedy School
4-Minute Drive

Top Portland Area Employers



Providence Health
23,100 Employees



Intel
22,328 Employees



Nike
15,522 Employees



Legacy Health
13,087 Employees



University of Oregon Portland | *3-Minute Drive*

LOCATION OVERVIEW

Accessible Education

A Seamless Path to Higher Learning

Northeast Portland hosts a dynamic educational landscape anchored by two key institutions: University of Oregon Portland and Portland Community College. Together, these commuter-friendly campuses serve thousands of students and dedicated professionals. **The demand for local housing, such as the offerings at Fernhill Crossing, underscores the vital role of accessible accommodations for students and faculty alike.**

Fernhill Crossing | Portland, OR

Portland Community College

11 Minutes from Fernhill Crossing



250 AC

TOTAL
CAMPUS SIZE

50K+

TOTAL
STUDENTS

Portland Community College (PCC) is a public community college in Portland, Oregon. It is the largest post-secondary institution in the state and serves residents in the five-county area of Multnomah, Washington, Yamhill, Clackamas, and Columbia counties. As of the 2021-2022 academic year, PCC enrolls more than 50,000 students. The Cascade Campus is situated in the heart of the revitalized North Portland area.

University of Oregon Portland

3 Minutes from Fernhill Crossing

400K SF

CAMPUS

20

BUILDINGS



University of Oregon
Portland Campus



Portland Community
College Cascade Campus



Portland Community College
Opportunity Center



UNIVERSITY OF
OREGON

The University of Oregon's Portland campus, opened in the 2023-24 academic year, is a 19-acre hub located in the historic Concordia neighborhood of Northeast Portland. Designed for undergraduate and graduate students, the campus offers student housing, green spaces, and recreational opportunities, creating a vibrant community atmosphere. This highly walkable campus is on several bus lines and surrounded by plentiful free parking.

Why Portland?

A Prime Investment Destination Located in the Heart of the Pacific Northwest

Fernhill Crossing is nestled in the picturesque Pacific Northwest in the heart of Portland, which stands as a beacon of economic strength and natural beauty. Renowned for its vibrant culture, sustainable urban development, and unparalleled access to the great outdoors, Portland has emerged as a top-tier destination for savvy investors in the commercial real estate sector.

Known for its thriving economy, progressive business environment, and a diverse array of neighborhoods, Portland offers a wide range of opportunities for investors seeking to capitalize on the city's strategic advantages. **Portland and Fernhill Crossing both present a compelling investment in a time with high demand for existing assets in an area with a burgeoning population.**



Strong Demand and Investment Upside

Portland's stunning natural landscape and growing population create sustained demand for multifamily rentals, while limited housing supply positions the market for potential rental growth and appreciation.



Strategic Location with Growth Potential

The metropolitan area provides access to employment hubs and key trade corridors, enhancing the attractiveness of multifamily investments.



Diverse Economic Drivers

Growth in tech, manufacturing, and healthcare sectors fuels job opportunities, supporting high demand for rental housing.



Extensive Public Transit and Infrastructure

An efficient transit network, including MAX Light Rail, boosts tenant demand and supports a diverse renter demographic.

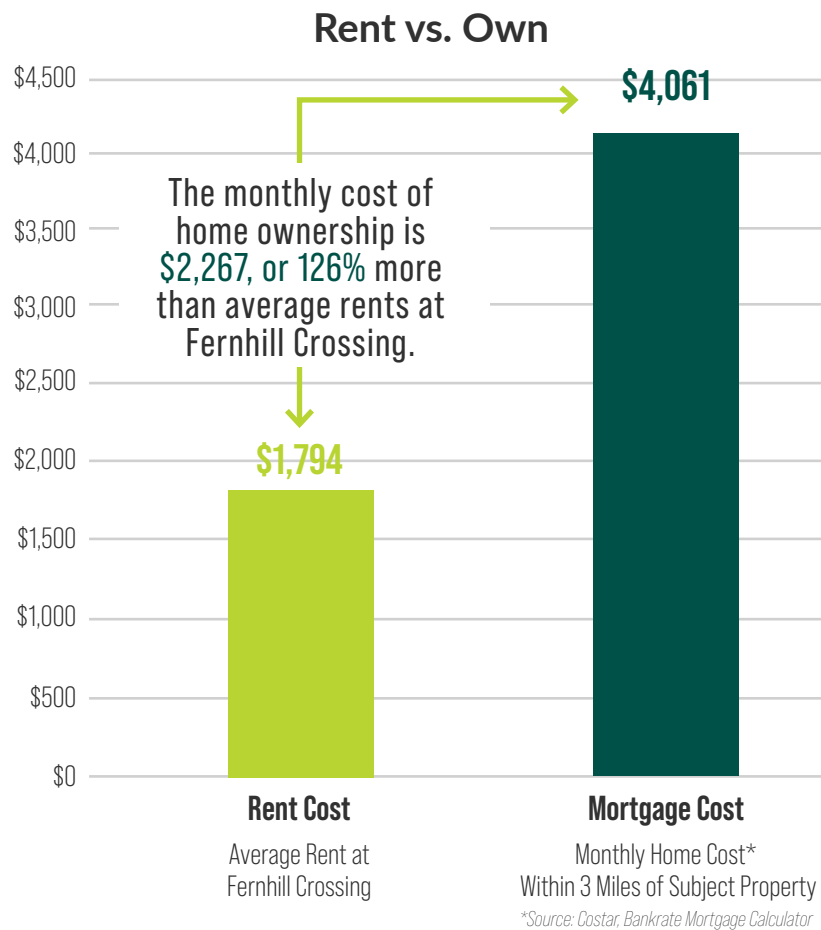


MARKET OVERVIEW

Renters by Necessity

In a real estate landscape influenced by soaring property prices and escalating homebuying expenses, more residents are driven to rent. With mortgage rates near 8% and average home prices reaching record highs, sales of existing homes hit a 30-year low in 2023, an 18.7% decline from 2022.

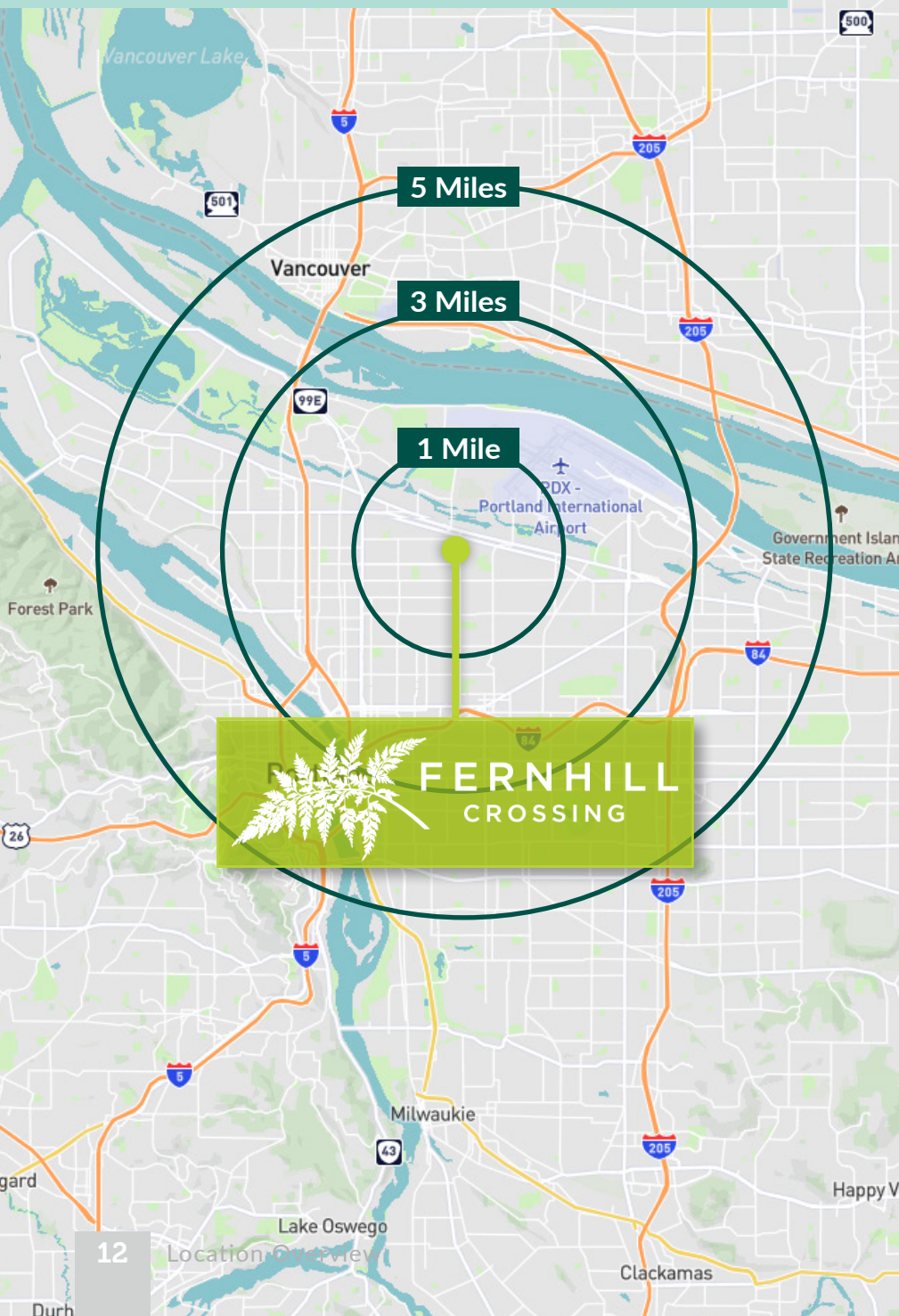
Source: National Association of Realtors, Oregon Public Broadcasting



Fernhill Crossing | Portland, OR



LOCATION OVERVIEW



Fernhill Crossing | Portland, OR

Demographics

Fernhill Crossing offers desirable units layouts and quality amenities, catering to renter lifestyles in the area



Millennials
with Families



Households with
Multiple Vehicles



High-Earning
Households

Distance from Subject Property	1 Mile	3 Miles	5 Miles
2020 Population	13,634	124,956	375,971
2024 Population	12,750	119,369	373,493
2029 Population Projection	12,407	116,700	372,530
Annual Growth 2020-2024	-1.6%	-11%	-0.2%
Annual Growth 2024-2029	-0.5%	-0.4%	-0.1%
Median Age	40.3	40.7	39.8
Avg Household Size	2.4	2.3	2
Avg Household Income	\$116,311	\$121,194	\$105,452
Median Home Value	\$595,621	\$637,746	\$570,508
Owner Occupied Households	2,955	27,493	73,669
Renter Occupied Households	1,788	22,006	98,710
Avg Household Vehicles	2	2	1

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Operations Analysis



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OPERATIONS ANALYSIS

Fernhill Crossing | Portland, OR

Income	Projected Operations						Notes
	Scheduled Rents as of 11/2024			Highest-Achieved Rents			
Scheduled Gross Rent	\$409,092	\$21,531		\$428,100	\$22,532		1
Less: Vacancy/Credit Loss	-\$20,455	-\$1,077	-5.0%	-\$21,405	-\$1,127	-5.0%	2
Less: Concessions	\$0	\$0	0.0%	\$0	\$0	0.0%	2
Less: Employee Discount	\$0	\$0	0.0%	\$0	\$0	0.0%	2
Net Rental Income	\$388,637	\$20,455		\$406,695	\$21,405		
Parking	\$6,715	\$353		\$6,715	\$353		3
Utility Billing (RUBS)	\$21,375	\$1,125	58.1%	\$21,375	\$1,125	58.1%	4
Miscellaneous	\$6,000	\$316		\$6,000	\$316		5
Total Other Income	\$34,090	\$1,794	8.1%	\$34,090	\$1,794	7.7%	
Effective Gross Income	\$422,727	\$22,249		\$440,785	\$23,199		
Expenses	Projected Operations	Per Unit	% EGI	Projected Operations	Per Unit	% EGI	
Real Estate Taxes	\$39,176	\$2,062	9.3%	\$39,176	\$2,062	8.9%	6
Insurance	\$5,425	\$286	1.3%	\$5,425	\$286	1.2%	7
Electricity	\$5,302	\$279	1.3%	\$5,302	\$279	1.2%	
Water/Sewer	\$30,704	\$1,616	7.3%	\$30,704	\$1,616	7.0%	
Garbage	\$6,080	\$320	1.4%	\$6,080	\$320	1.4%	
Other Utility	\$880	\$46	0.2%	\$880	\$46	0.2%	
Total Utilities	\$42,966	\$2,261	10.2%	\$42,966	\$2,261	9.7%	8
Advertising	\$1,900	\$100	0.4%	\$1,900	\$100	0.4%	9
Administrative	\$1,900	\$100	0.4%	\$1,900	\$100	0.4%	10
Management	\$33,818	\$1,780	8.0%	\$35,263	\$1,856	8.0%	11
Payroll	\$0	\$0	0.0%	\$0	\$0	0.0%	12
Landscaping	\$6,000	\$316	1.4%	\$6,000	\$316	1.4%	13
Repairs/Maintenance	\$13,521	\$712	3.2%	\$13,521	\$712	3.1%	14
Turnover	\$3,169	\$167	0.7%	\$3,169	\$167	0.7%	15
Reserves	\$3,800	\$200	0.9%	\$3,800	\$200	0.9%	16
Total Expenses	\$151,675			\$153,120			
Expenses per Unit	\$7,983			\$8,059			
% of EGI	35.9%			34.7%			
NOI (Net Operating Income)	\$271,052	\$14,266	64.1%	\$287,665	\$15,140	65.3%	



Income

1. **Rental Income** Rental income is based on current scheduled rents, which average \$1,794 per unit, or \$2.27 per SF. Highest-achieved rents at the property average \$1,878 per unit, or \$2.38 per SF. This represents a 4.6% increase over current in-place rents.
2. **Economic Loss** For analysis purposes, we have applied a 5.0% allocation for stabilized vacancy and credit loss, which is the market standard and is acceptable to most lenders. This allocation is inclusive of bad debt, which has been nominal.
3. **Parking Income** Parking income is applied at \$353 per unit, which is consistent with historical collections.
4. **RUBS Income** The units are metered for electricity and tenants pay this directly. The tenants are billed for water, sewer, and garbage via a monthly RUBS charge. This collection rate has been ramping up throughout the past 12 months. We have estimated RUBS income at 58.1% of total utilities.
5. **Miscellaneous Income** Miscellaneous income includes administrative fees, pet rent, early termination fees, etc. We have applied \$316 per unit, which is within market standards.

Expenses

6. **Real Estate Taxes** In Oregon, property taxes are levied on a fiscal year starting July 1st. Property taxes are not reassessed on sale and are limited to a 3.0% annual increase at the state level. Any annual increase in taxes above 3.0% is due to additional location or regional bond indebtedness not restricted by the state measure. Taxes are published in October each year, and taxes paid in full before November 15th receive a 3.0% discount on the gross amount. Most property owners elect to pay in full by this date to receive the discount.

Tax History	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Acct #: R317574	\$20,332	\$36,230	\$37,487	\$38,835	\$40,388
Total	\$20,332	\$36,230	\$37,487	\$38,835	\$40,388
w/ Discount	\$19,722	\$35,143	\$36,363	\$37,670	\$39,176
% Change	354.80%	78.19%	3.47%	3.60%	4.00%

7. **Insurance** The existing insurance policy premium is \$5,425, or \$286 per unit. This amount is within market standards and is carried forward in projected operations.
8. **Total Utilities** Tenants pay for electricity directly. The owner is responsible for common area electricity and utilities for vacant units. Common area electricity cost \$287 per unit in the trailing 12 months and is within market standards to carry forward in projected operations. We have estimated total utilities at \$2,261 per unit.
9. **Advertising** Advertising costs were approximately \$10,000, or \$547 per unit, in the trailing 12 months. In projected operations, the expense is normalized at \$100 per unit, which is within market standards for a stabilized asset.
10. **Administrative** Administrative costs were approximately \$4,000, or \$200 per unit, in the trailing 12 months. In projected operations, the expense is normalized at \$100 per unit, which is within market standards.
11. **Management** All management and payroll-related expenses can be captured in a single allocation for management. We have applied 8.0% for fee management which is consistent with current rates quoted by reputable local management companies.
12. **Payroll** In projected operations, payroll costs are covered under the management fee.
13. **Landscaping** We have applied \$316 per unit, which is enough to allow for a monthly landscaping contract.
14. **Repairs/Maintenance** General repairs and maintenance are estimated at \$712 per unit. This is consistent with current market standards and lender underwriting.
15. **Turnover** Turnover is estimated at \$167 per unit. This is consistent with market standards and lender underwriting for properties of similar vintage and condition.
16. **Reserves** Lenders require funds to be set aside to address future capital costs. The projected operations include \$250 per unit for reserves, which is consistent with current lender underwriting.

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Lee Fehrenbacher

lee@hfore.com
(971) 717-6346

Greg Frick

greg@hfore.com
(503) 251-5541

OTHER CONTACTS:

Rob Marton • rob@hfore.com
Jack Stephens • jack@hfore.com
Todd Tully • todd@hfore.com
Adam Smith • adam@hfore.com
Yuriy Chubok • yuriy@hfore.com



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