

Main St. Plaza & Lofts

BROKER OPINION OF VALUE



DELIVERED:
November 2023

By:



SUNBELT MULTIFAMILY

Investment Summary



Valuation Summary

	CONSERVATIVE	STRIKE	ASK
Price	\$1,200,000	\$1,300,000	\$1,400,000
Price Per Unit	\$48,000	\$52,000	\$56,000
Price Per Square Foot	\$68	\$74	\$80
Current T-3 Cap Rate	8.0%	7.4%	6.9%
Proforma Cap Rate	7.6%	7.0%	6.5%
5 Year IRR	39.4%	31.1%	25.3%
GRM	5.85	6.33	6.82
LTV	74%	68%	64%
Debt Coverage Ratio	1.15	1.15	1.15



Underwriting Overview

INCOME & EXPENSES

Market Rent	\$684
Market Rent/SF	\$1.03
Vacancy	16.00%
Total Income (Per Month)	\$12,950
Expense Ratio	37.91%
Real Estate Taxes (Per Unit)	\$180.00
Total Operating Expense (Per Unit)	\$2,356.24
Net Operating Income	\$96,494

DEBT & RETURNS

Interest Rate	8.25%
Loan to Value	68%
Interest Only Period	12
Amortization Period	300
Debt Coverage Ratio	1.15
Exit Cap Rate	6.00%
Rent Growth	3.00%
Cap Rate (Year 1)	7.02%
Cash Return (Year 1)	\$18,299.78
Cash on Cash (Year 1)	4.40%
5 Year IRR	31%

Financial Analysis





Property Summary			
Property:	Main St. Plaza and Lofts	Ownership	Olympia
Address:	34 & 36 N Main St, 31 1st St, Arab, AL	Management	--
Units:	25	Occupancy	84%
Yr Built:	1930	UW Occupancy	92%
Total SF:	17,561	Hold Period	5YR
Avg. Unit SF:	702.44	Renovation	--

5-Year Disposition Outlook			
	Conservative	Strike	Ask
Sales Price	\$1,200,000	\$1,300,000	\$1,400,000
Per Unit	\$48,000	\$52,000	\$56,000
Per SF	\$68.33	\$74.03	\$79.72
Cash on Cash Hold Period	10.66%	8.09%	6.49%
Cap Rate T-3	8.04%	7.42%	6.89%
Cap Rate going in TA	7.75%	7.15%	6.64%
Cap Rate going YR I TA	7.60%	7.02%	6.52%
10 Year IRR	25.93%	21.58%	18.52%
7 Year IRR	31.49%	25.57%	21.40%
5 Year IRR	39.40%	31.13%	25.34%

Unit Mix Summary								
Unit Type	# Units	Unit Size	Effective	PSF	GPI	Market	PSF	GPI
1 BD 1 BA	9	480	\$536	\$1.12	\$57,900	\$645	\$1.34	\$69,660
2 BD 2 BA	1	750	\$700	\$0.93	\$8,400	\$825	\$1.10	\$9,900
3 BD 2.5 BA	1	1000	\$850	\$0.85	\$10,200	\$975	\$0.98	\$11,700
4 BD 2 BA	1	1150	\$900	\$0.78	\$10,800	\$1,050	\$0.91	\$12,600
Office Space/Store Front	13	795	\$367	\$0.46	\$57,200	\$650	\$0.82	\$101,400
Total	25	17,561	\$482	\$0.69	\$144,500	\$684	\$1.03	\$205,260

Proposed Debt Structure			
	Conservative	Strike	Ask
Loan to Value:	74%	68%	64%
Down Payment:	\$312,000	\$416,000	\$511,000
Loan Amount:	\$888,000	\$884,000	\$889,000
Interest Rate:	8.25%	8.25%	8.25%
Amortization (Months):	300	300	300
Interest Only (Months):	12	12	12
Monthly I/O Payment:	\$6,105	\$6,078	\$6,112
Monthly P&I Payment:	\$7,001	\$6,970	\$7,009
Debt Coverage Ratio	1.15	1.15	1.15

Property Taxes			Projected Taxes		
State	AL	2022 Tax Value	\$511,364	Appraised Price	\$910,000
County	Marshall	Assessed Value	\$102,273	Assessed Value	\$182,000
City	Arab	Millage Rate	4.40%	Estimated Tax Rate	4.40%
		Real Property Tax	\$4,500	Pro Forma Property Tax	\$8,008
		Additional Fees	0	Additional Fees	0
		Property Tax Rebate	0	Property Tax Rebate	0
		Personal Property Tax	0	Personal Property Tax	0
Assessment Ratio	20%	2022 Total Property Taxes	\$4,500	Total Pro Forma Taxes	\$8,008

Annual Operating Comparison

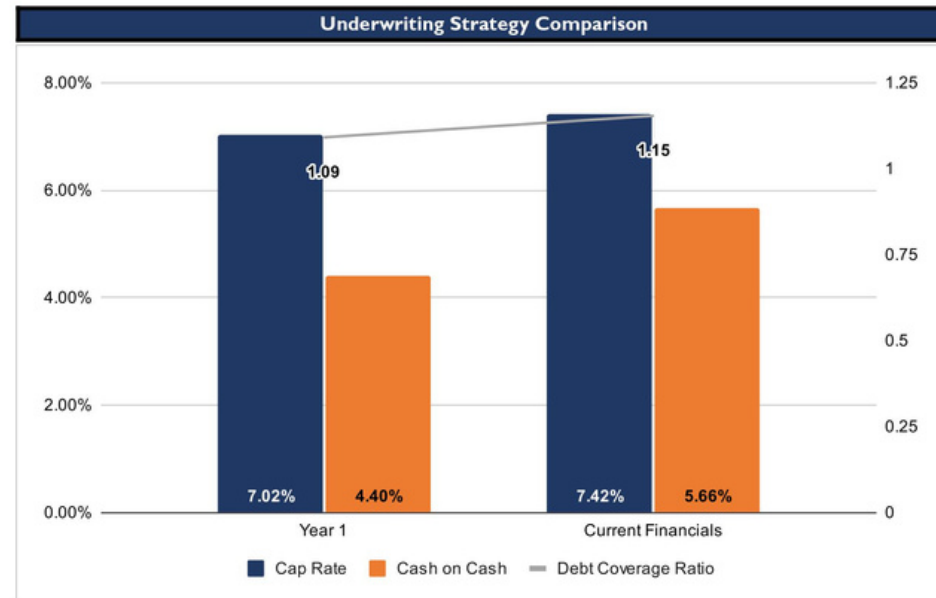
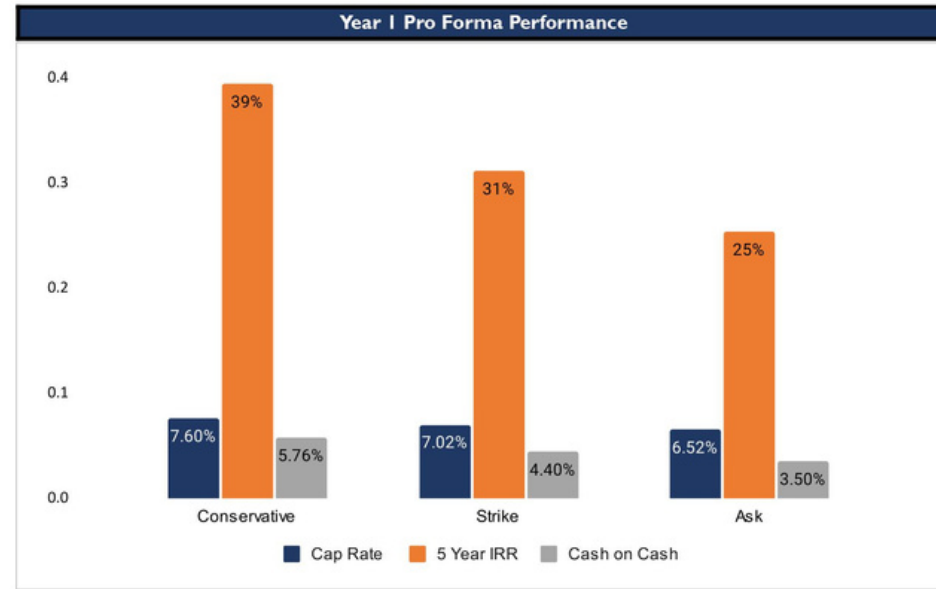
Annual Operating Comparison				
	Current Financials		Year 1 Pro Forma	
	Annual	Per Unit	Annual	Per Unit
Scheduled Market Rents	205,260	8,210	211,418	8,457
Loss to Lease	(17,018)	(681)	(12,685)	(507)
Gross Potential Income	\$188,242	7,530	\$198,733	7,949
Vacancy	(32,842)	(1,314)	(25,370)	(1,015)
Effective Income	\$155,400	6,216	\$173,363	8,964
Management	13,206	528	14,736	589
G&A	0	0	1,875	75
R&M	7,200	288	7,344	294
Legal and Professional	0	0	750	30
Turnover	0	0	5,000	200
Advertising/Marketing	0	0	1,000	40
Exterminator	900	36	918	37
Utilities	24,600	984	25,092	1,004
Dumpster Rent	1,750	70	1,785	71
Insurance	6,750	270	15,625	625
Taxes	4,500	180	8,008	320
Total Operating Expenses	\$58,906	2,356	\$82,133	3,285
NOI before Reserves	\$96,494	3,860	\$91,230	3,649
Replacment Reserves			0	
NOI after Reserves	\$96,494	3,860	\$91,230	3,649
Cap Rate	7.42%		7.02%	

Cash Flow Projections

Forecast Assumptions										
Market Rent Growth	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Loss to Lease	6.00%	4.00%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Vacancy	12.00%	8.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expense Growth	39.43%	3.42%	3.26%	2.10%	2.10%	2.11%	2.11%	2.11%	2.12%	2.12%
Cash Flow Projections										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Scheduled Market Rents	211,418	217,760	224,293	231,022	237,953	245,091	252,444	260,017	267,818	275,852
Loss to Lease	(12,685)	(8,710)	(6,168)	(6,353)	(6,544)	(6,740)	(6,942)	(7,150)	(7,365)	(7,586)
Gross Potential Income	198,733	209,050	218,125	224,669	231,409	238,351	245,502	252,867	260,453	268,266
Vacancy	(25,370)	(17,421)	(8,972)	(9,241)	(9,518)	(9,804)	(10,098)	(10,401)	(10,713)	(11,034)
Effective Income	173,363	191,629	209,153	215,428	221,891	228,548	235,404	242,466	249,740	257,232
Management	14,736	16,288	17,778	18,311	18,861	19,427	20,009	20,610	21,228	21,865
Administrative	1,875	1,913	1,951	1,990	2,030	2,070	2,112	2,154	2,197	2,241
Repairs & Maintenance	7,344	7,491	7,641	7,794	7,949	8,108	8,271	8,436	8,605	8,777
Legal & Professional	750	765	780	796	812	828	845	862	879	896
Turnover	5,000	5,010	5,020	5,030	5,040	5,050	5,060	5,070	5,081	5,091
Advertising & Marketing	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172	1,195
Exterminator	918	936	955	974	994	1,014	1,034	1,054	1,076	1,097
Utilities	25,092	25,594	26,106	26,628	27,160	27,704	28,258	28,823	29,399	29,987
Dumpster	1,785	1,821	1,857	1,894	1,932	1,971	2,010	2,050	2,091	2,133
Insurance	15,625	15,938	16,256	16,581	16,913	17,251	17,596	17,948	18,307	18,673
Taxes	8,008	8,168	8,332	8,498	8,668	8,841	9,018	9,199	9,383	9,570
Total Operating Expenses	82,133	84,943	87,716	89,558	91,441	93,368	95,339	97,355	99,416	101,526
NOI before Reserves	91,230	106,686	121,437	125,870	130,449	135,179	140,065	145,111	150,324	155,707
Repalcement Reserves	0	0	0	0	0	0	0	0	0	0
NOI after Reserves	91,230	106,686	121,437	125,870	130,449	135,179	140,065	145,111	150,324	155,707
Annual Debt Service	72,930	83,639	83,639	83,639	83,639	83,639	83,639	83,639	83,639	83,639
Cash Return	18,300	23,047	37,799	42,232	46,811	51,541	56,426	61,473	66,685	72,068
Cash on Cash Return	4.40%	5.54%	9.09%	10.15%	11.25%	12.39%	13.56%	14.78%	16.03%	17.32%
Debt Coverage Ratio	1.09	1.28	1.45	1.50	1.56	1.62	1.67	1.73	1.80	1.86

Pricing Analysis

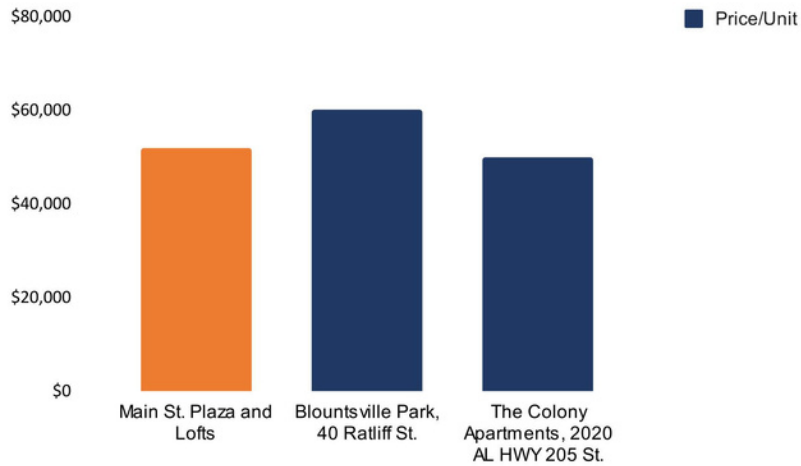
Pricing Analysis			
	Conservative	Strike	Ask
Price	\$1,200,000	\$1,300,000	\$1,400,000
Price Per Unit:	\$48,000	\$52,000	\$56,000
Price Per Square Foot:	\$68.33	\$74.03	\$79.72
DEBT			
Loan to Value	74%	68%	64%
Down Payment	\$312,000	\$416,000	\$511,000
Loan Amount	\$888,000	\$884,000	\$889,000
Interest Only Payment	\$6,105	\$6,078	\$6,112
Monthly Payment (P&I)	\$7,001	\$6,970	\$7,009
Rate	8.25%	8.25%	8.25%
YEAR I PRO FORMA			
Net Operating Income	\$91,230	\$91,230	\$91,230
Annual Debt Service	\$73,260	\$72,930	\$73,343
Cash Return	\$17,970	\$18,300	\$17,887
Year I Cap Rate	7.60%	7.02%	6.52%
Cash on Cash	5.76%	4.40%	3.50%
Debt Coverage Ratio	1.09	1.09	1.08
IRR (10 Year)	26%	22%	19%
IRR (7 Year)	31%	26%	21%
IRR (5 Year)	39%	31%	25%
Current Financials			
Net Operating Income	\$96,494	\$96,494	\$96,494
Annual Debt Service	\$73,260	\$72,930	\$73,343
Cash Return	\$23,234	\$23,564	\$23,152
Year I Cap Rate	8.04%	7.42%	6.89%
Cash on Cash	7.45%	5.66%	4.53%
Debt Coverage Ratio	1.15	1.15	1.15



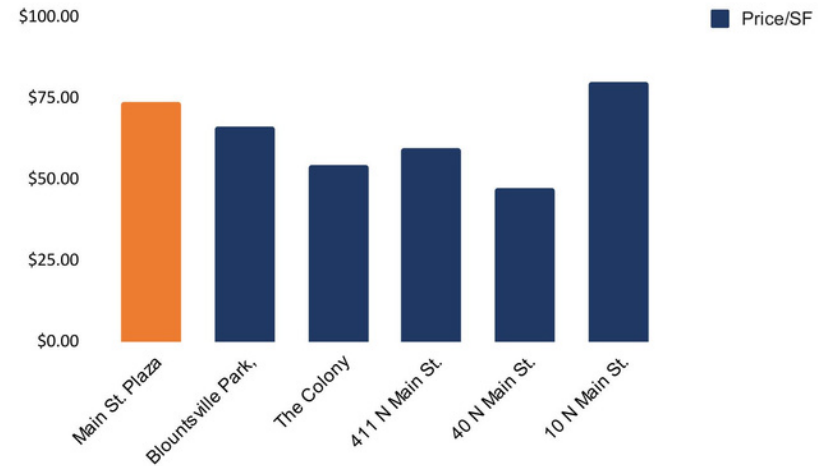
Sale Comparables

Sale Comparables										
Property	Property Type	City	Units	Bldg. SF	Sale Date	Yr Built	Price	Price/Unit	Price/SF	AMI (2 mi.)
Main St. Plaza and Lofts	Multifamily/Retail	Arab, AL	25	17,561	--	1930	\$1,300,000	\$52,000	\$74.03	\$49,035
Blountsville Park, 40 Ratliff St.	Multifamily	Blountsville, AL	24	21,792	5/2022	1996	\$1,450,000	\$60,417	\$66.54	\$41,250
The Colony Apartments, 2020 AL HWY 205 St.	Multifamily	Albertville, AL	56	51,184	2/2023	1999	\$2,800,000	\$50,000	\$54.70	\$48,913
411 N Main St.	Retail	Arab, AL	--	2,175	2/2023	1970/2022	\$130,000	--	\$59.77	\$53,455
40 N Main St.	Retail	Arab, AL	--	3,046	9/2022	1930	\$145,000	--	\$47.60	\$49,174
10 N Main St.	Retail	Arab, AL	--	4,992	10/2022	1986	\$400,000	--	\$80.13	\$40,073

Price/Unit



Price/Square Foot



Rent Comparables

Rent Comparables										
Property	Address	City	Yr Built	Building SF	Units	Avg. Unit Size	Avg. Rent	Avg. Rent/SF	Distance (Miles)	AMI (2 mi.)
Main St. Plaza and Lofts	Various	Arab, AL	1930	17,561	25	702	\$684	\$0.97	--	\$49,035
31 8th St NW	--	Arab, AL	1986	4,020	10	402	\$625	\$1.55	0.80	\$49,377
Magnolia Apartments	104 1st Ave NE	Arab, AL	1999	50,250	50	1,005	\$652	\$0.65	0.10	\$48,959
Serenity Montreat Village	317 4th St SE	Arab, AL	1971	43,740	54	810	\$700	\$0.86	0.60	\$47,255
163 N Brindlee Mtn Pky Retail Space	--	Arab, AL	1980	78,000	4	1,400	\$21,000	\$15.00	0.80	\$49,820

(Subject Property)				
Unit Type	# of Units	Asking Rent	Square Feet	Rent/SF
1 BD 1 BA	9	\$645	480	\$1.34
2 BD 2 BA	1	\$825	750	\$1.10
3 BD 2.5 BA	1	\$975	1000	\$0.98
4 BD 2 BA	1	\$1,050	1150	\$0.91
Office Space/Store Front	13	\$650	795	\$0.82

Magnolia Apartments				
Unit Type	# of Units	Asking Rent	Square Feet	Rent/SF
1 BD 1 BA	15	\$500	750	\$0.67
2 BD 1 BA	15	\$700	1000	\$0.70
3 BD 1 BA	20	\$800	1200	\$0.67

31 8th St NW				
Unit Type	# of Units	Asking Rent	Square Feet	Rent/SF
1 BD 1 BA	10	\$625	402	\$1.55

Serenity Montreat Village				
Unit Type	# of Units	Asking Rent	Square Feet	Rent/SF
All 1 Beds	24	\$600	600	\$1.00
All 2 Beds	18	\$750	970	\$0.77
All 3 Beds	10	\$800	940	\$0.85
All 4 Beds	2	\$920	1237	\$0.74

163 N Brindlee Mtn Pky Retail Space				
Unit Type	# of Units	Asking Rent	Square Feet	Rent/SF
1st Floor 119	2	\$15,750	1050	\$15
1st Floor 125	1	\$31,500	2100	\$15
1st Floor 117	1	\$21,000	1400	\$15



DELIVERED:
November 2023

By:



SUNBELT MULTIFAMILY