

Wheeling Avenue Apartments

KELLER WILLIAMS PLATINUM
LIC 139714

5131 S Wheeling Ave
Tulsa, OK 74105



OFFERING MEMORANDUM

Wheeling Avenue Apartments

CONTENTS

01	Executive Summary	
	Executive Summary	5
	Unit Mix Summary	6
	Location Summary	7
02	Property Description	
	Property Features	9
	Aerial Map	10
	Parcel Map	11
	Property Images	12
03	Financial Analysis	
	Income & Expense Analysis	15
	Historical and Pro Forma Cash Flow	16
	Assumptions, Cash Flows & Returns	17
04	Demographics	
	Demographics	19
	Demographic Charts	20

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WHEELING AVENUE APARTMENTS

- 01
- Executive Summary
 - Offering Summary
 - Unit Mix Summary
 - Location Summary

OFFERING SUMMARY

ADDRESS	5131 S Wheeling Ave Tulsa OK 74105
COUNTY	Tulsa County
MARKET	Tulsa
BUILDING SF	12,177
LAND SF	43,499
NUMBER OF UNITS	19
YEAR BUILT	1965
APN	32800-93-31-07950

FINANCIAL SUMMARY

OFFERING PRICE	\$1,200,000
PRICE PSF	\$98.55
PRICE PER UNIT	\$63,158
OCCUPANCY	100.00 %
NOI (2018)	\$132,093
NOI (Pro Forma)	\$113,780
CAP RATE (2018)	11.00 %
CAP RATE (Pro Forma)	9.48 %
GRM (2018)	5.34
GRM (Pro Forma)	4.39

PROPOSED FINANCING

LOAN TYPE	Fully Amortized
DOWN PAYMENT	\$360,000
LOAN AMOUNT	\$840,000
INTEREST RATE	5.50 %
ANNUAL DEBT SERVICE	\$57,235
LOAN TO VALUE	70 %
NOTES	Proforma Market Rate Loan NOT AN ACTUAL LOAN QUOTE

DEMOGRAPHICS

	1 MILE	3 MILE	5 MILE
2017 Population	13,585	77,675	202,526
2017 Median HH Income	\$41,777	\$49,269	\$48,747
2017 Average HH Income	\$68,852	\$85,876	\$77,026

- Offered at \$1.2M / \$99 PSF
- 9.5% Cap Rate / 4.87 GRM
- 12,177 Rentable SF
- 19 Units - Steady Occupancy
- Rental Rates \$1,200 to \$1,400
- All City Services - Included in Rent

OFFERED AT \$1,200,000 / \$99 PSF - At the list price of \$1.2M, the project delivers a projected 9.5% cap rate on proforma income even after a 10% vacancy reserve deduct. The project GRM comes in at 4.87.

STEADY OCCUPANCY - Class B property situated on 43,499 SF (0.99 AC) lot. Built in 1965 and zoned RM2. Fully furnished extended stay facility consisting of 19 ~650 SF units with two beds (one bedroom) and 1 bath each. Project totals 12,177 SF. Property maintains steady, year-round occupancy. Unit rents range from \$1,200 to \$1,400 per month.

EXTENDED STAY APARTMENTS - Project primarily serves local construction and healthcare professionals with short-term rental requirements. Typical occupancy is between 1 and 3 months. Existing relationships with local companies help to maintain occupancy. Owner will include book of business with sale of property.

CITY SERVICES - All City Services. Water/Sewer Master-Metered; Electric & Gas Sub-Metered. All Utilities Included in Rent.

Wheeling Avenue Apartments - Tulsa, OK

Unit Summary

Units	Unit Type	Mkt Rent	Occupied	Vacant	Monthly \$	Vacancy \$	Collected
19	Studio	-	0	0	-	-	-
	1-Bed	-	0	0	-	-	-
	2-Bed (1-Bedroom)	1,200	19	0	22,800	-	22,800
	3-Bed	-	0	0	-	-	-
	Other	-	0	0	-	-	-
19		\$ 1,200	19	0	\$ 22,800	\$ -	\$ 22,800
Occupancy			100%	Annual	\$ 273,600	\$ -	\$ 273,600

** Unit rental rate includes all utility expenses. Two beds in a single bedroom, with most rented to two or more residents.*

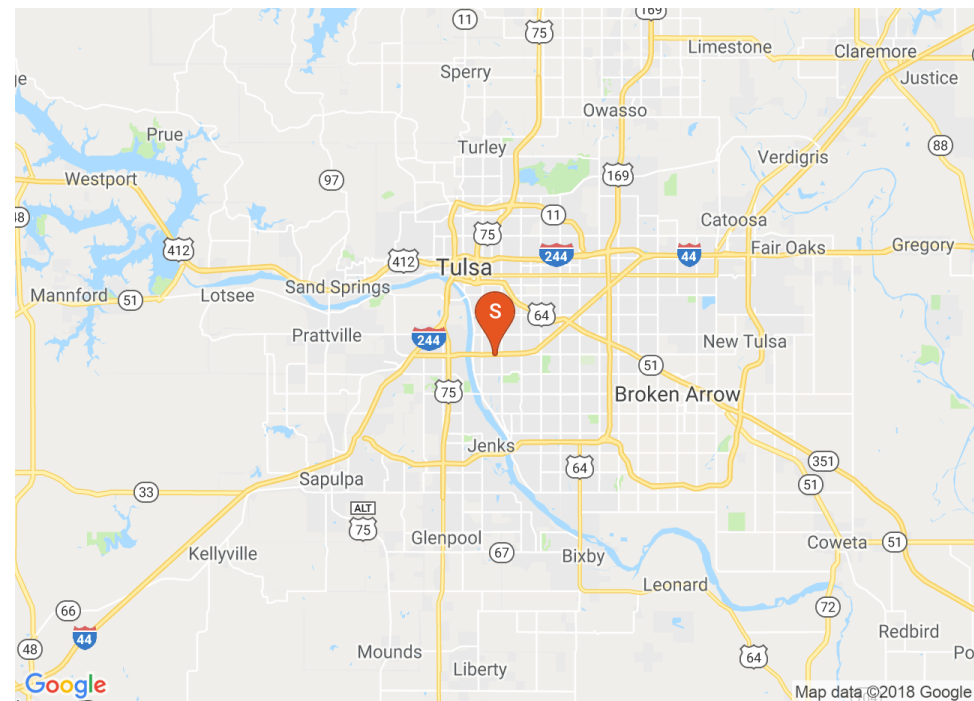
ENERGY SECTOR DRIVES ECONOMY - The energy sector drives Tulsa's economy which is benefiting tremendously from the recent rise in oil prices. Construction activity is booming, and not just in the energy sector.

NEW AMAZON FULFILLMENT CENTER - In June 2018, Amazon announced plans to build a 600,000 sf fulfillment center near Tulsa International Airport. The company will invest an estimated \$130 million for this state-of-the-art facility, which will employ around 1,500 people with an annual payroll of roughly \$50 million.

FINANCE & AEROSPACE - Though the oil industry has historically dominated Tulsa's economy, efforts in economic diversification have created a base in aerospace, finance, technology, telecommunications, high tech, and manufacturing. Financial services firms include energy trading operations, asset management firms, investment funds, and a range of commercial banks. An American Airlines maintenance base at Tulsa International Airport is the city's largest employer and the largest maintenance facility in the world, serving as the airline's global maintenance and engineering headquarters. Tulsa is also home to a division of Lufthansa.

CONVENIENT FREEWAY ACCESS - The subject property is located in South Tulsa with immediate access to I-44, between S Lewis Ave & S Peoria Ave on S Wheeling Ave. US-75 is 2.5 miles west; US-64 is 6.5 miles northeast; I-244 is 4.5 miles west; OK-364 is 8 miles southwest; US-169 is 16 miles northeast; and US-412 is 10 miles northwest.

Regional Map



Locator Map





02

Property Description

Property Features

Aerial Map

Parcel Map

Property Images

Site Description

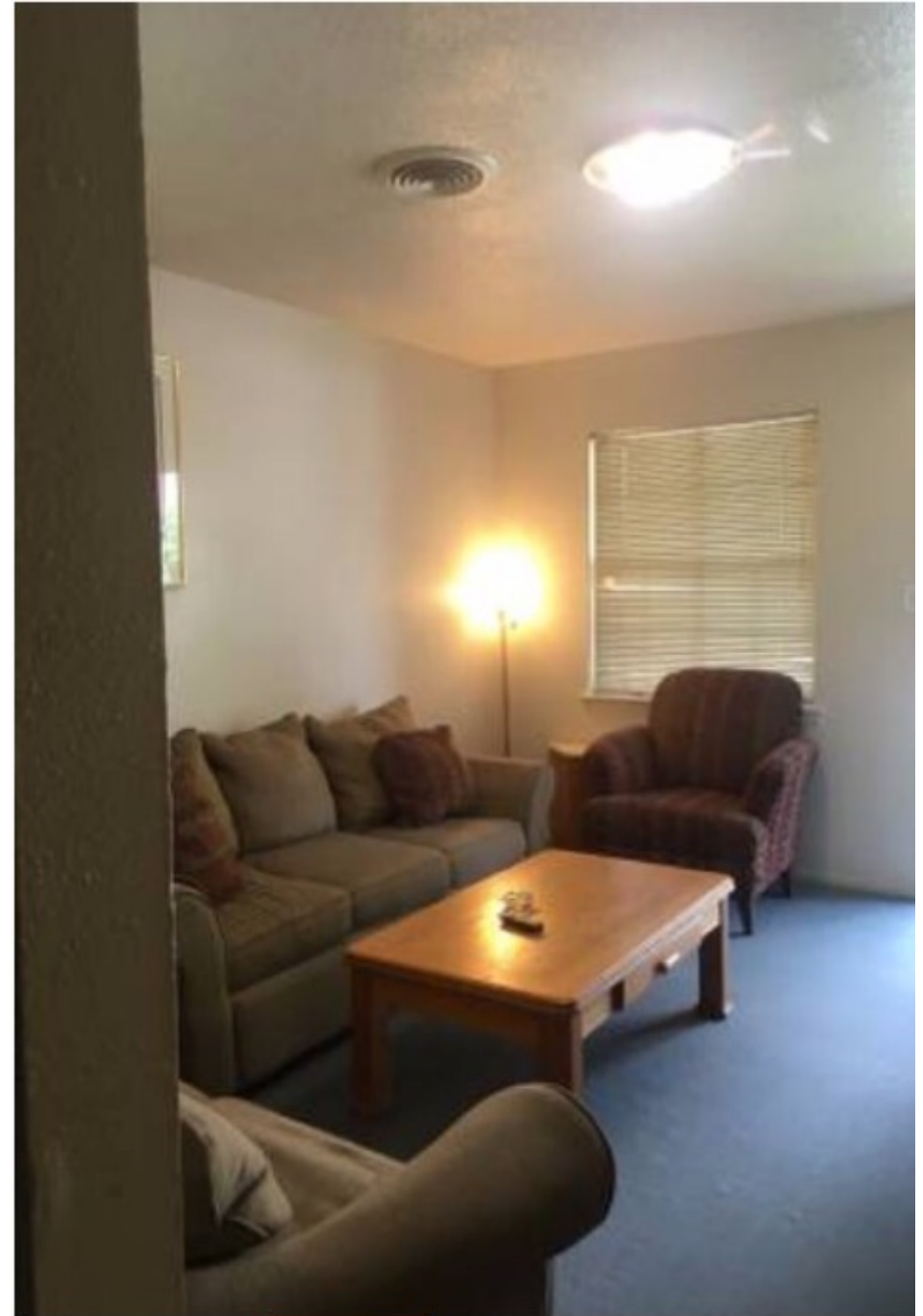
NUMBER OF UNITS	19
BUILDING SF	12,177
LAND SF	43,499
LAND ACRES	0.99
YEAR BUILT	1965
# OF PARCELS	1
PARCEL NUMBER	32800-93-31-07950
ZONING TYPE	RM2
NUMBER OF STORIES	1
NUMBER OF BUILDINGS	4

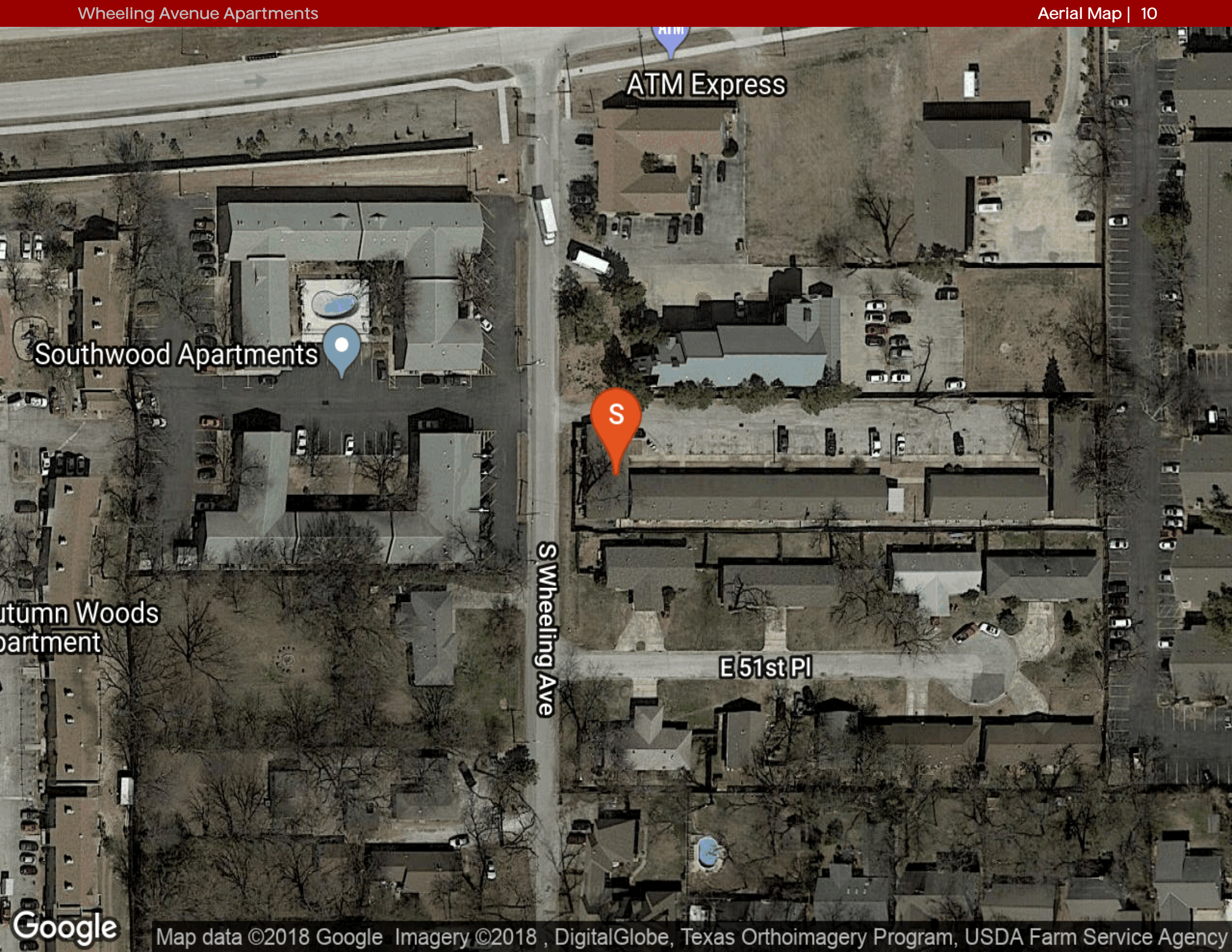
UTILITIES

CITY WATER MASTER-METERED	Included in Rent
CITY SEWER MASTER-METERED	Included in Rent
CITY GAS SUB-METERED	Included in Rent
CITY ELECTRIC SUB-METERED	Included in Rent
CITY TRASH	Included in Rent

Unit Breakdown

NO. 1-BED/1-BATH UNITS	19
NO. VACANT UNITS	0
OCCUPANCY	100%
AVERAGE RENT	1200
AVERAGE UNIT SF	650
TOTAL RENTABLE AREA	12,177





Southwood Apartments

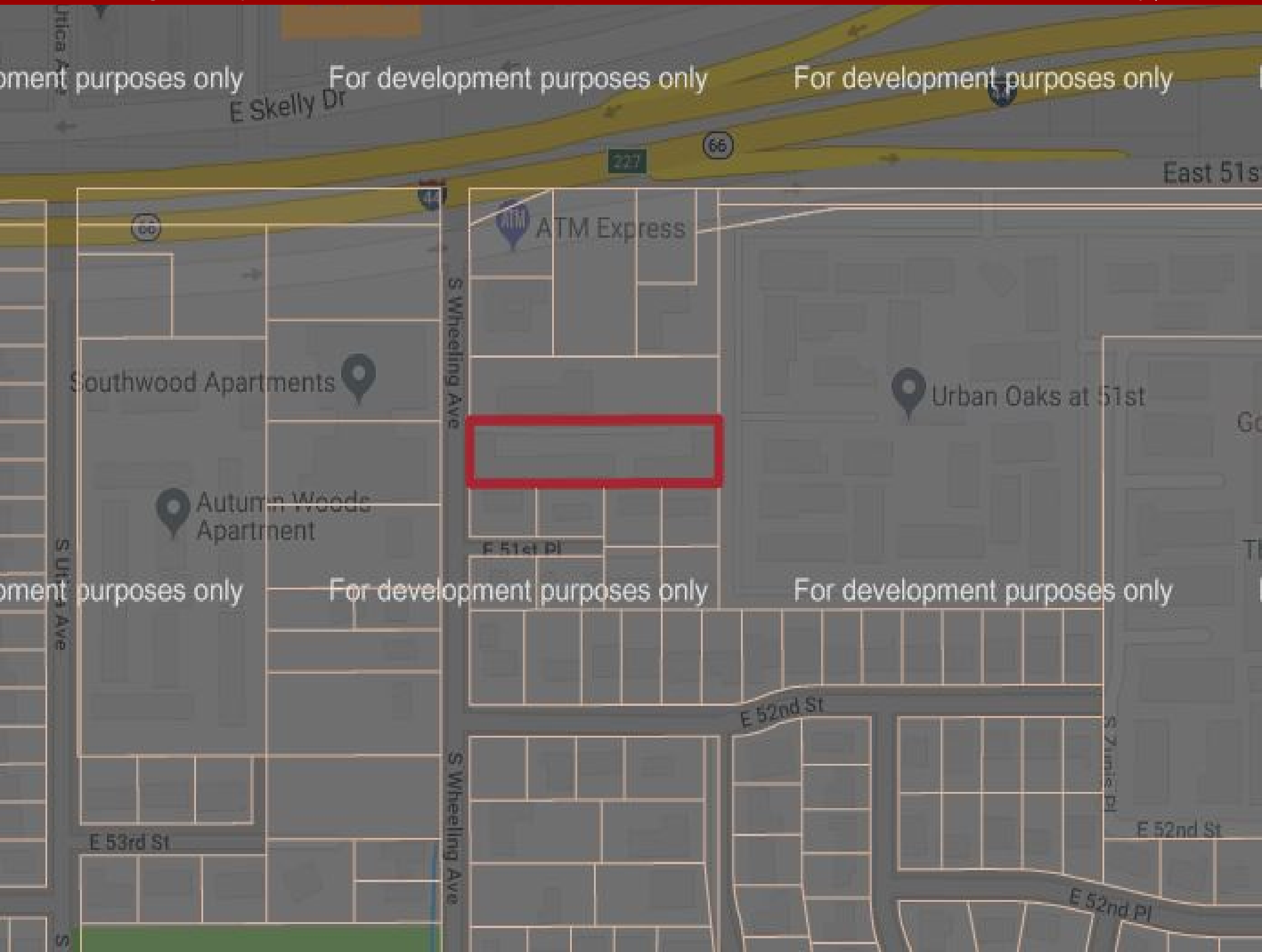
ATM Express

S

S Wheeling Ave

E 51st Pl

Autumn Woods
Apartment





Living Room Furnishings



Standard Bedroom Furnishings



Typical Unit Bathroom



Fully Equipped Kitchens

03

Financial Analysis

Income & Expense

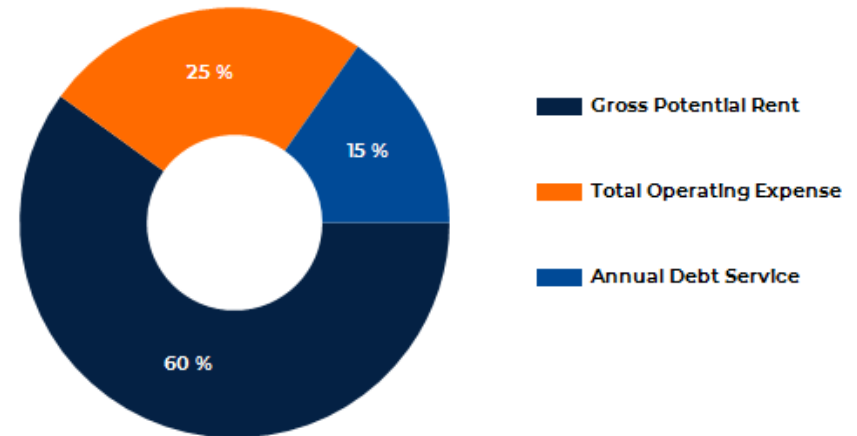
Historical and Pro Forma Cash Flow

Assumptions, Cash Flows & Returns

INCOME	2018	PRO FORMA
Gross Potential Income	\$224,810	\$273,600
Less: General Vacancy		\$27,360
Effective Gross Income	\$224,810	\$246,240
Less: Expenses	\$92,717	\$132,460
Net Operating Income	\$132,093	\$113,780
Annual Debt Service	\$57,235	\$57,235
Debt Coverage Ratio	2.31	1.99
Cash Flow After Debt Service	\$74,858	\$56,545
Principal Reduction	\$11,035	\$11,035
Total Return	23.9 %	18.8 %
	\$85,893	\$67,580

Income Notes: Proforma income represents full occupancy at market rent less vacancy reserve and additional above average Management expense reflecting higher turnover.

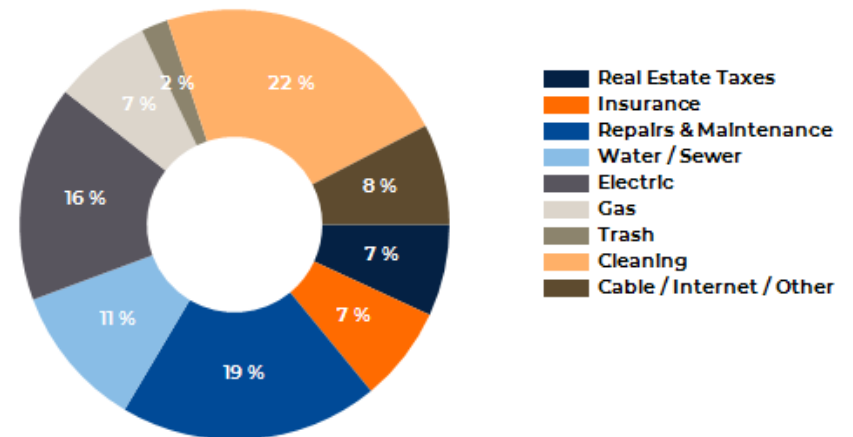
REVENUE ALLOCATION



EXPENSES	2018	PRO FORMA
Real Estate Taxes	\$336	\$6,382
Insurance	\$350	\$6,651
Management Fee	\$0	\$1,942
Repairs & Maintenance	\$951	\$18,064
Water / Sewer	\$527	\$10,011
Electric	\$792	\$15,054
Gas	\$358	\$6,804
Trash	\$99	\$1,876
Cleaning	\$1,097	\$20,836
Cable / Internet / Other	\$370	\$7,039
Total Operating Expense	\$4,880	\$92,717
Expense / SF	\$7.61	\$10.87
% of EGI	41.24 %	53.79 %

Expense Notes: Above average proforma expense estimate for MGT reflects higher turnover costs. 2018 expenses reflect annualized owner actuals through Oct-2018.

DISTRIBUTION OF EXPENSES



Wheeling Avenue Apartments - Tulsa, OK

Historical and Pro Forma Cash Flows

Historical Cash Flows	2015	2016	2017	2018*	(EGI %)	Pro Forma	Pro Forma Adjustments
Income							
Potential Rental Income	\$ 196,668	\$ 212,164	\$ 176,291	\$ 224,810		\$ 273,600	Assume full occupancy at \$1,200 rent
Vacancy Loss	\$ -	\$ -	\$ -	\$ -		\$ (27,360)	Vacancy Reserve at 10% of Gross Rent
Expense Reimbursement	\$ -	\$ -	\$ -	\$ -		\$ -	NA
Other Income	\$ -	\$ -	\$ -	\$ -		\$ -	NA
Effective Gross Income (EGI)	\$ 196,668	\$ 212,164	\$ 176,291	\$ 224,810	100%	\$ 246,240	
Operating Expenses							All Proforma but MGT are 2018 + 3% growth
Taxes	\$ 5,579	\$ 5,847	\$ 6,102	\$ 6,382	3%	\$ 6,580	2018 + 3% Expense Growth
Insurance	\$ 9,500	\$ 9,662	\$ 6,095	\$ 6,651	3%	\$ 6,860	2018 + 3% Expense Growth
** Management	\$ -	\$ -	\$ -	\$ -	15%	\$ 36,900	No historical expense, proforma 15% EGI
Repairs & Maintenance	\$ -	\$ -	\$ 25,454	\$ 18,064	8%	\$ 18,610	Actuals for 2017/2018 from seller ledgers
Cleaning	\$ -	\$ -	\$ 12,377	\$ 20,836	9%	\$ 21,470	Actuals for 2017/2018 from seller ledgers
Cable/Internet	\$ -	\$ -	\$ 7,497	\$ 6,297	3%	\$ 6,490	Actuals for 2017/2018 from seller ledgers
Trash	\$ -	\$ -	\$ 1,722	\$ 1,876	1%	\$ 1,940	Actuals for 2017/2018 from seller ledgers
Water	\$ 5,536	\$ 6,682	\$ 7,183	\$ 10,011	4%	\$ 10,320	Actuals for 2017/2018 from seller ledgers
Electric	\$ 14,271	\$ 14,727	\$ 13,966	\$ 15,054	6%	\$ 15,510	Actuals for 2017/2018 from seller ledgers
Gas	\$ 6,723	\$ 5,763	\$ 6,066	\$ 6,804	3%	\$ 7,010	Actuals for 2017/2018 from seller ledgers
Admin / Other	\$ -	\$ -	\$ 617	\$ 742	0%	\$ 770	Actuals for 2017/2018 from seller ledgers
Total Operating Expenses	\$ 41,609	\$ 42,681	\$ 87,079	\$ 92,717	54%	\$ 132,460	
Net Operating Income	\$ 155,059	\$ 169,483	\$ 89,212	\$ 132,093	46%	\$ 113,780	
Non-Operating Expenses							
Loan to Officer	\$ -	\$ -	\$ 55,233	\$ 67,214	0%	\$ -	Excluded owner personal expenses and payments
Total Non-Operating Expenses	\$ -	\$ -	\$ 55,233	\$ 67,214	0%	\$ -	
Net Regular Income	\$ 155,059	\$ 169,483	\$ 33,979	\$ 64,879	46%	\$ 113,780	

* 2018 cash flow projections represent annualized ownership YTD figures through Oct-2018.

** Above average proforma expense for MGT reflects higher turnover and more intensive management requirements.

Wheeling Avenue Apartments - Tulsa, OK

Assumptions, Cash Flow & Returns Summary

General Investment Assumptions

Building Size & Occupancy

Project RSF / Lot Size	12,177
Project Units	19
Occupied	19
Vacant	0
Current Occupancy	100%
Vacancy Reserve %	10.0%

Growth Rates

Rental Growth Rate	3.00%
Expense Growth Rate	3.00%
Other Growth Rate	3.00%

Projected Pro Forma Cash Flow

Income	Current	% EGI	Year 1	Year 2	Year 3	Year 4	Year 5
Potential Rental Income	224,810	111%	273,600	281,808	290,262	298,970	307,939
General Vacancy Reserve	-	-11%	(27,360)	(28,181)	(29,026)	(29,897)	(30,794)
Other Income	-	0%	-	-	-	-	-
Effective Gross Income (EGI)	224,810	100%	246,240	253,627	261,236	269,073	277,145
YOY Growth Rates			9.5%	3.0%	3.0%	3.0%	3.0%
Operating Expenses	92,717	54%	132,460	136,434	140,527	144,743	149,085
YOY Growth Rates			42.9%	3.0%	3.0%	3.0%	3.0%
Net Operating Income	132,093	46%	113,780	117,193	120,709	124,330	128,060
YOY Growth Rates			-13.9%	3.0%	3.0%	3.0%	3.0%

* Year 1 income represents full occupancy at market rent less vacancy reserve and added above average Management expense.

Acquisition

Purchase Price	\$ 1,200,000
Price Per Unit	\$ 63,158
Proforma Cap Rate	9.48%

Disposition

Hold Period	5
Exit Cap Rate	9.50%
Exit Price	\$ 1,309,000
Exit Per Unit	\$ 68,895

Unleveraged Returns

	Current	Averages	Year 1	Year 2	Year 3	Year 4	Year 5
Cap Rate	11.01%	10.07%	9.48%	9.77%	10.06%	10.36%	10.67%
Gross Rent Multiplier (GRM)	5.34	4.60	4.87	4.73	4.59	4.46	4.33
Net Profit		712,815					
Multiple		1.59x					
Internal Rate of Return (IRR)		11.4%					

Financing

Equity Investment	\$ 360,000
Debt Funding	\$ 840,000
LTV	70%
Interest Rate	5.50%
Amortization (YRS)	30
Loan Term	10
Annual Debt Service	\$ 57,233
Loan Constant	6.81%

Projected Cash Flow with Debt

Debt Service	Year 1	% EGR	Year 1	Year 2	Year 3	Year 4	Year 5
Principal Reduction	11,316	5%	11,316	11,954	12,628	13,340	14,093
Interest Payment	45,918	19%	45,918	45,279	44,605	43,893	43,140
Annual Debt Service	57,233	23%	57,233	57,233	57,233	57,233	57,233
DSCR	2.31		1.99	2.05	2.11	2.17	2.24
Cash Flow After Debt	74,860	23%	56,547	59,960	63,476	67,097	70,827
YOY Growth Rates				6.0%	5.9%	5.7%	5.6%

Leveraged Returns

	Current	Averages	Year 1	Year 2	Year 3	Year 4	Year 5
Cash-on-Cash Return	20.79%	17.66%	15.71%	16.66%	17.63%	18.64%	19.67%
Net Profit		569,683					
Multiple		2.58x					
Internal Rate of Return (IRR)		25.6%					



04

Demographics

Demographic Details

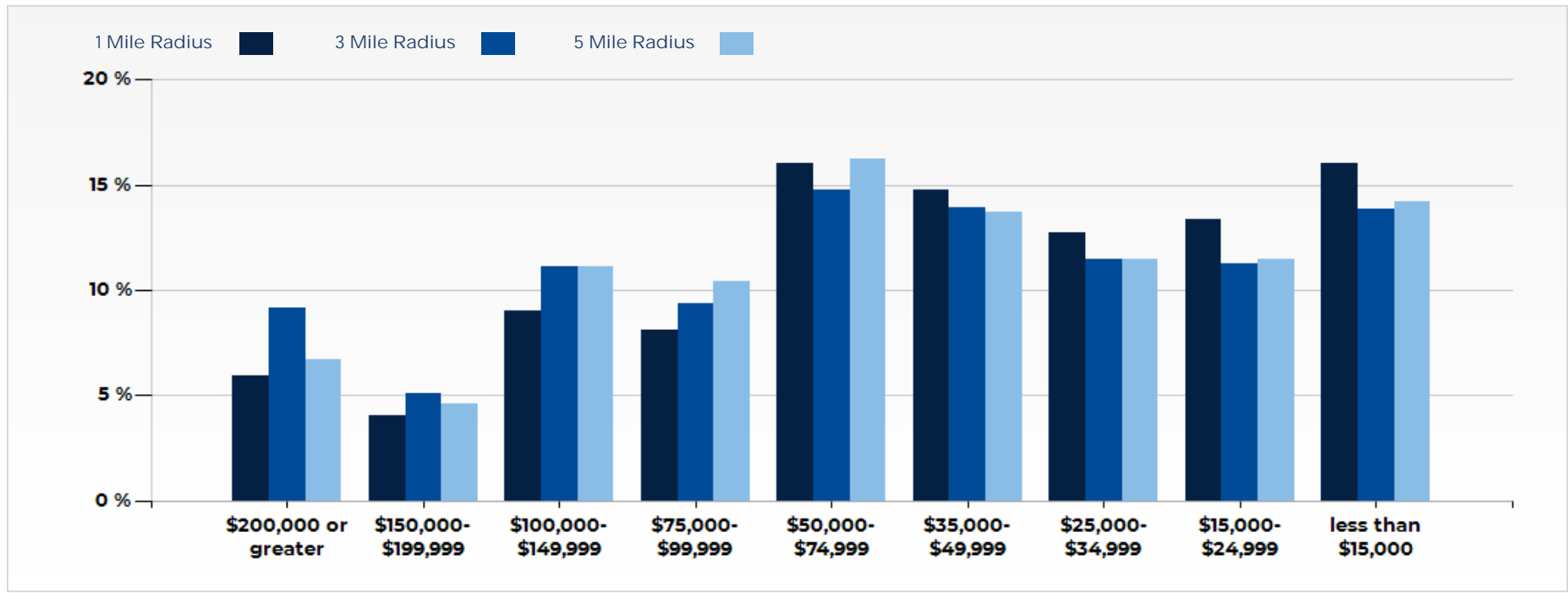
Demographic Charts

POPULATION	1 MILE	3 MILE	5 MILE
2000 Population	14,354	78,996	198,360
2010 Population	12,936	74,592	191,756
2017 Population	13,585	77,675	202,526
2022 Population	14,052	80,425	210,690
2017 African American	1,606	8,138	18,067
2017 American Indian	805	4,051	11,516
2017 Asian	223	2,405	6,277
2017 Hispanic	1,652	7,788	21,396
2017 White	9,215	54,486	143,457
2017 Other Race	805	3,687	10,141
2017 Multiracial	923	4,821	12,864
2017-2022: Population: Growth Rate	3.40 %	3.50 %	3.95 %

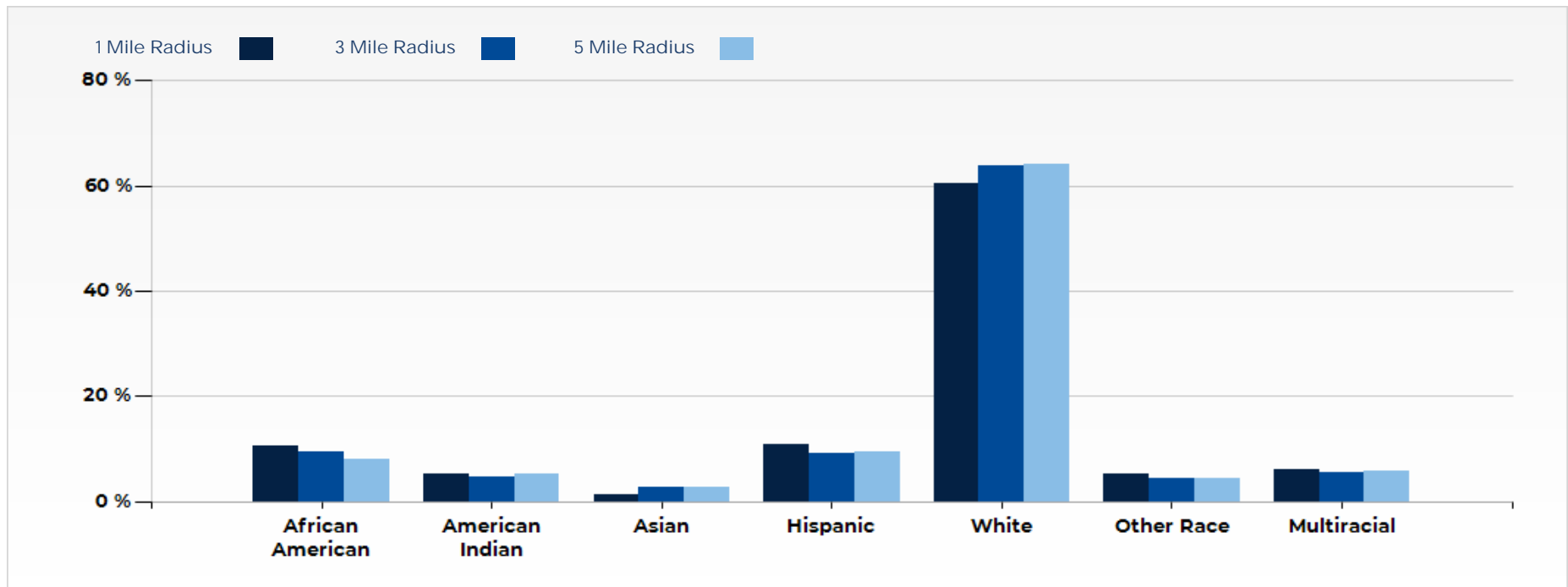
2017 HOUSEHOLD INCOME	1 MILE	3 MILE	5 MILE
less than \$15,000	1,052	4,901	13,087
\$15,000-\$24,999	879	3,990	10,580
\$25,000-\$34,999	834	4,058	10,599
\$35,000-\$49,999	969	4,920	12,661
\$50,000-\$74,999	1,050	5,228	14,980
\$75,000-\$99,999	534	3,326	9,620
\$100,000-\$149,999	590	3,926	10,278
\$150,000-\$199,999	264	1,796	4,271
\$200,000 or greater	391	3,233	6,175
Median HH Income	\$41,777	\$49,269	\$48,747
Average HH Income	\$68,852	\$85,876	\$77,026

HOUSEHOLDS	1 MILE	3 MILE	5 MILE
2000 Total Housing	7,687	39,728	97,664
2010 Total Households	6,310	34,390	88,243
2017 Total Households	6,564	35,377	92,251
2022 Total Households	6,772	36,538	95,770
2017 Average Household Size	2.06	2.12	2.13
2000 Owner Occupied Housing	3,299	18,755	48,584
2000 Renter Occupied Housing	3,702	17,889	41,632
2017 Owner Occupied Housing	2,807	16,935	44,750
2017 Renter Occupied Housing	3,757	18,442	47,501
2017 Vacant Housing	942	5,513	12,610
2017 Total Housing	7,506	40,890	104,861
2022 Owner Occupied Housing	2,892	17,425	46,038
2022 Renter Occupied Housing	3,880	19,113	49,732
2022 Vacant Housing	976	5,743	13,075
2022 Total Housing	7,748	42,281	108,845
2017-2022: Households: Growth Rate	3.15 %	3.25 %	3.75 %

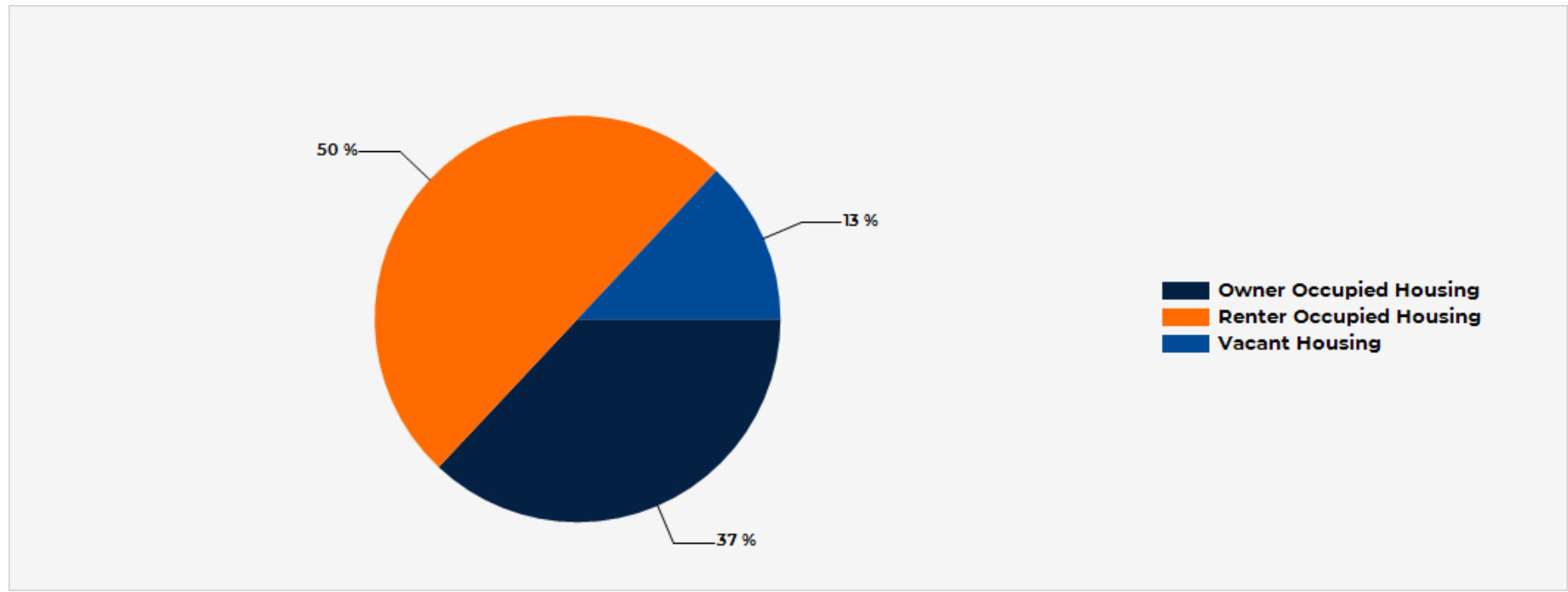
2017 Household Income



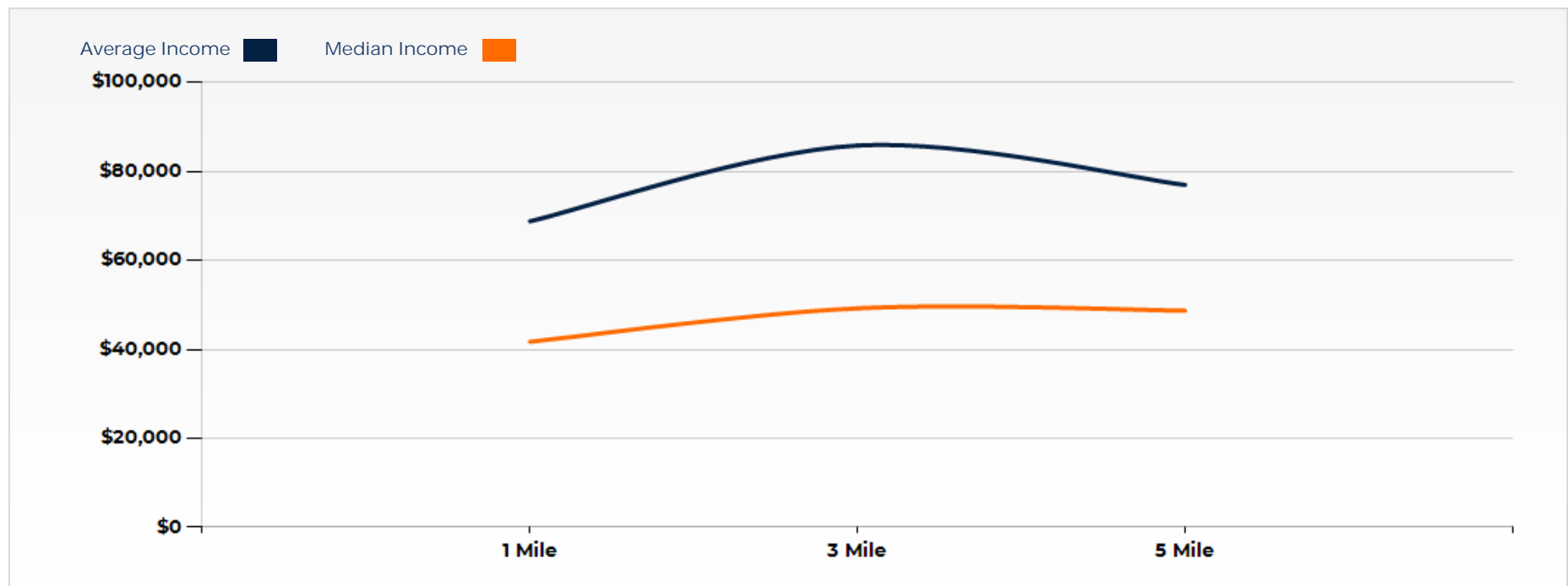
2017 Population by Race



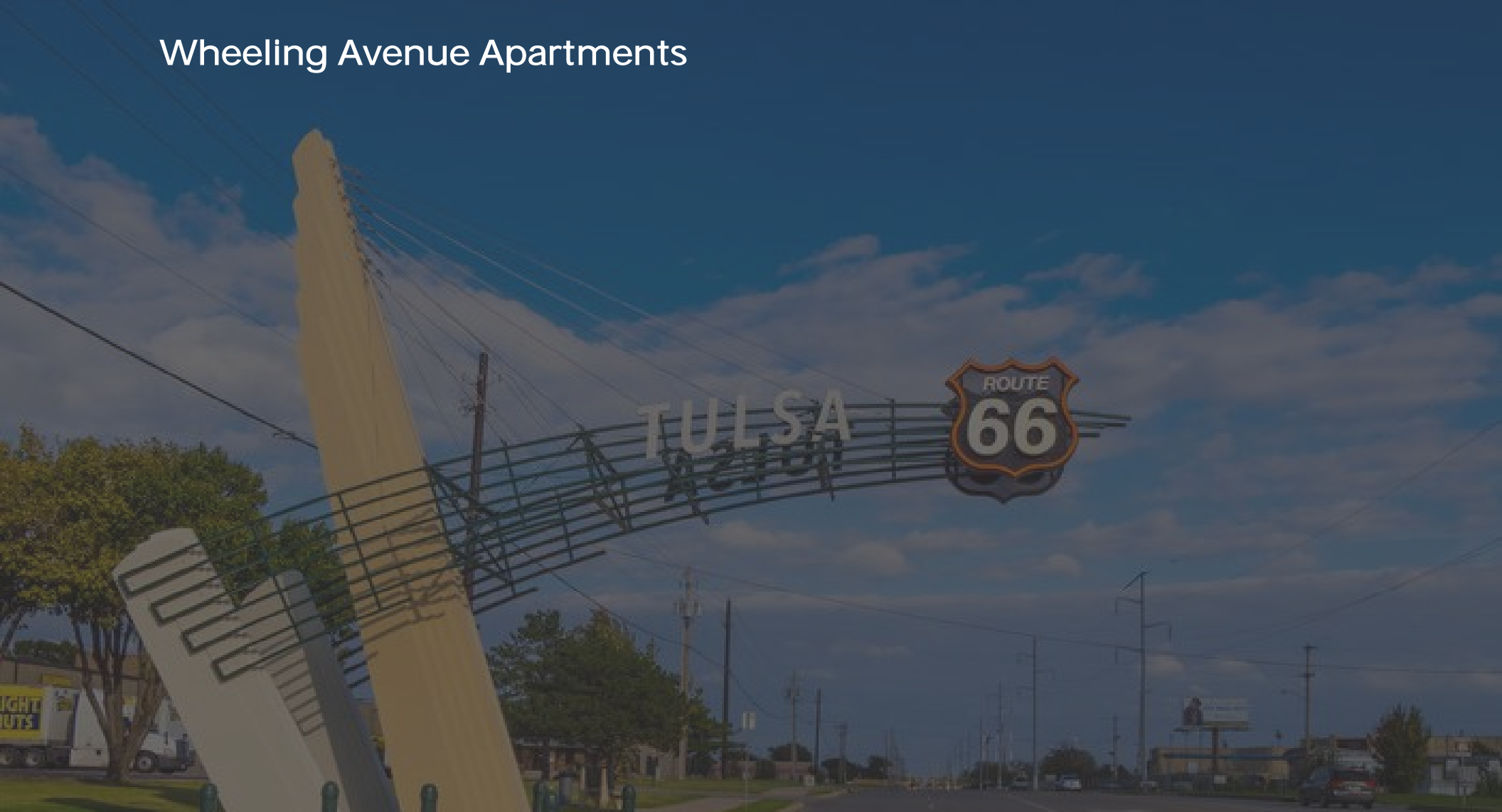
2017 Household Occupancy - 1 Mile Radius



2017 Household Income Average and Median



Wheeling Avenue Apartments



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