



CONFIDENTIAL OFFERING MEMORANDUM



# THE EMERSON

— AT OLDE TOWN —

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A modern interior scene featuring a white bar counter, two brown upholstered bar stools with chrome bases, and a hanging glass pendant light. The background is partially obscured by a large, semi-circular gold overlay.

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INVESTMENT *Rationale*

executive summary

investment highlights

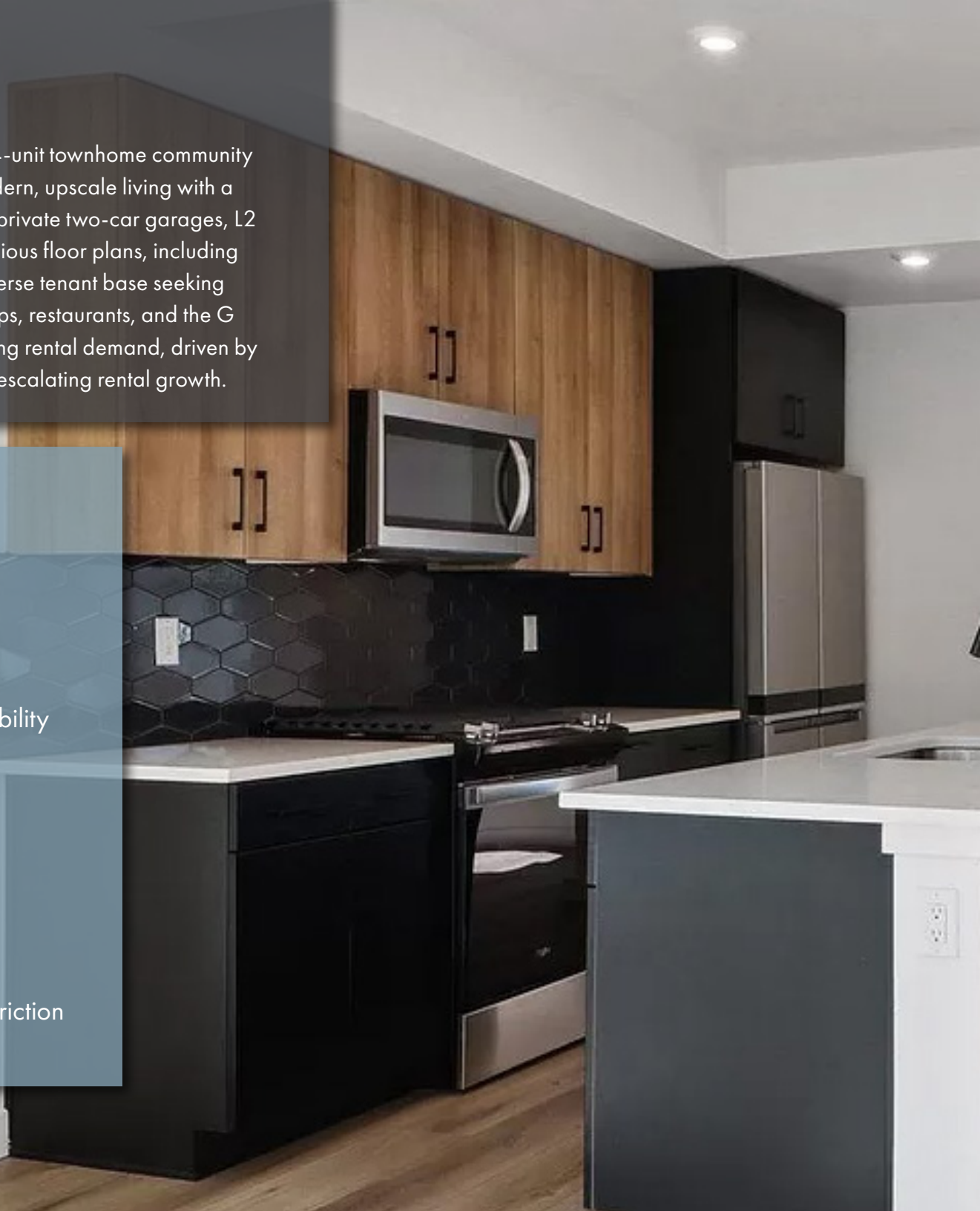
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## EXECUTIVE SUMMARY

**The Emerson at Olde Town** is a newly-constructed 24-unit townhome community located in the heart of Olde Town Arvada, offering modern, upscale living with a variety of high-end amenities, including rooftop decks, private two-car garages, L2 car charging, and chef-inspired kitchens. With five spacious floor plans, including 2- and 3-bedroom options, this property caters to a diverse tenant base seeking quality housing. Positioned in a prime location near shops, restaurants, and the G Line commuter rail, The Emerson is poised to attract strong rental demand, driven by Denver's declining homeownership rates and Arvada's escalating rental growth.

### *Investment Highlights*

1. Prime Location
2. Diverse Floor Plans
3. Higher Rental Income Potential and Marketability
4. High Demand for Quality Housing
5. Investment Stability and Appreciation
6. Denver Homeownership Decline
7. Rent Growth Escalating Due to Supply Constriction





# Property Details

8565 Ralston Rd  
**ADDRESS**

Arvada, CO  
**CITY, STATE**

2024  
**YOC**

24  
**UNITS**

0.90  
**ACREAGE**

100%  
**OCCUPANCY**

## PRIME LOCATION

The Emerson at Olde Town Townhomes are perfectly situated near Olde Town Arvada, with its unique blend of local shops, restaurants, breweries and bakeries. Nearby you'll find Ralston Creek Trail, Arvada Center for the Arts, the G Line commuter rail, linking Arvada to Denver's Union Station.



## DIVERSE FLOOR PLANS

With five spacious and open floor plans, including both 2-bedroom and 3-bedroom options, the property caters to a wide range of tenant needs and preferences. This variety increases the property's attractiveness to different demographic groups, from young professionals to small families.



## HIGHER RENTAL INCOME POTENTIAL AND MARKETABILITY

Large townhome units typically offer more square footage, allowing for higher rental rates and attracting a diverse tenant base, including professionals, families, and retirees. Features like attached garages, private entrances, and upscale finishes enhance the property appeal, justify premium rental prices and lead to higher tenant renewal rate.

## HIGH DEMAND FOR QUALITY HOUSING

There is a consistent demand for well-designed, spacious housing options, especially in desirable locations like Arvada. Newly built properties with modern amenities are particularly sought after, as they provide a lifestyle upgrade compared to older, outdated units. This high demand can lead to strong occupancy rates and competitive rental rates, enhancing the property's revenue generation capabilities.

## INVESTMENT STABILITY AND APPRECIATION

New construction properties in growing areas like Arvada are likely to appreciate over time. Investing in such properties can provide capital appreciation in addition to rental income. Townhomes often appeal to both renters and potential future homeowners, offering potential flexibility in long-term exit strategies.

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## DENVER HOMEOWNERSHIP DECLINE

There is a clear trend of declining homeownership in Denver due to increasing property prices and high homeownership costs (increased 26% since 2020 to an average total cost of \$18,118 a year—or \$1,510 per month on top of a mortgage payment.—*Housingwire*) making renting a more viable option for many residents. As fewer people are able to afford homes (median sale prices are up 6.1% YoY at \$609,000—*Redfin*) rental demand for properties like "Emerson at Olde Town" will remain high.

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## RENT GROWTH ESCALATING DUE TO SUPPLY CONSTRICTION

There has been a 11.5% YoY increase in Investor Home Purchases in the Denver (*redfin*). This further constricts the supply of "for-sale" alternatives to The Emerson at Olde Town's large townhome units. Investor purchases comprise 13.6% of the market for home purchases here, indicating strong investor interest and a potentially lucrative exit strategy for a buyer. There will continue to be further upward pressure on for-sale home prices.







THE HANSON  
- 1700 E 10th -

NOW LEASING

NO  
PARKING  
FIRE  
LANE  
↔



E

PROPERTY *Overview*

property details

aerial view

floorplans

physical attributes

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# PROPERTY DETAILS



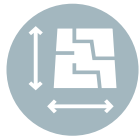
**8565 Ralston Rd**  
ARVADA, CO



**24**  
UNITS



**2024**  
YEAR OF CONSTRUCTION



**0.90**  
ACREAGE



**100.0%**  
OCCUPANCY



**Townhomes**  
PROPERTY TYPE



UNIT TYPE	# OF UNITS	SF/UNIT	TOTAL SF	RENT/UNIT	RENT/SF
2 BR/2.5 BA	20	1,365	27,308	\$3,555	\$2.60
3 BR/2.5 BA	4	1,828	7,310	\$4,499	\$2.46
<b>TOTALS/AVERAGES</b>	<b>24</b>	<b>1,442</b>	<b>34,618</b>	<b>\$3,713</b>	<b>\$2.57</b>



# FLOOR PLANS

TWO BEDROOM | 1,365 SF





# FLOOR PLANS

THREE BEDROOM | 1,828 SF



# MODERN AND UPSCALE AMENITIES

## UNIT FEATURES

Main level balconies and professional management further contribute to tenant satisfaction and retention.

Rooftop decks for relaxation and socializing. Most units have mountain views.

Private 2-car attached garages for convenience and security.

L2 car charging capabilities to attract eco-conscious tenants with electric vehicles.

Modern upscale finishes, chef-inspired kitchens with stainless steel appliances, gas ranges, large islands, and full-size HE stackable washers and dryers enhance the property's appeal.













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LOCATION *Overview*

area overview

population

attractions

employers

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# ARVADA OVERVIEW

Arvada, Colorado is a vibrant city located in the northwestern part of the Denver metropolitan area. Known for its charming blend of suburban tranquility and urban convenience, Arvada has a rich history that dates back to the mid-19th century, when it was a key player in Colorado's early mining and agricultural industries. Today, it features a mix of well-preserved historic districts and modern developments, offering residents and visitors a diverse range of amenities. The city is home to a thriving downtown area with a variety of shops, restaurants, and cultural attractions, including art galleries and local theaters.

Only 15 minutes away from the Rocky Mountains, Arvada is surrounded by natural beauty, with numerous parks and recreational opportunities that cater to outdoor enthusiasts. The city's extensive trail system provides ample opportunities for hiking, biking, and enjoying the picturesque landscape. Arvada also has a strong sense of community, with a range of local events and festivals that celebrate its heritage and foster civic engagement. As it continues to grow, Arvada maintains a balance between preserving its historical charm and embracing modern development, making it an attractive place to live and visit.

## Population

	2020	2021	2022	2023
<b>ARVADA (CITY)</b>	124,343	123,484	121,430	121,414
<b>DENVER (MSA)</b>	2,970,119	2,978,016	2,986,190	3,005,131
<b>COLORADO</b>	5,785,219	5,811,596	5,841,039	5,877,610

Source: U.S. Census Bureau



# OLDE TOWN ARVADA ATTRACTIONS



## RESTAURANTS/DRINKS

Cochino Taco  
Smokin Fins—Arvada  
The Grandview Tavern and Grill  
Teocalli Cocina  
12 Volt Tavern  
Fuzzy's Taco Shop  
Lloyd's Tasty Sandwiches  
Bread Winner's Café  
Spice and Masala  
Denver Beer Co.—Olde Town Arvada  
La Dolce Vita  
The Arvada Tavern  
Lady Nomada  
Mangiami  
Homegrown Tap & Dough—Arvada  
New Image Brewing  
The Bluegrass Lounge—Olde Town  
Stone Cellar Bistro  
Silver Vines Winery—Arvada  
Hunter Bay Coffee Roasters  
School House Kitchen and Libations  
Flights Wine Café  
The Cereal Box



## RETAIL

Electric Cherry Shop + Studios  
Outside the Box Gifts  
Steve's Meat Market  
Secret Level  
Arvada Farmers Market  
Spirit Wine Provisions  
Carly's Boutique  
Third Eye Gifts  
Arvada Army Navy Surplus  
Rheinlander Bakery  
Marmalade Lounge and Boutique  
Ramah Home  
Crystal Joys  
Into The Fire  
Balefire Goods  
Penzey's Spices  
Adiluna Boutique (Little by Little)



## OUTDOOR AMENITIES

Ralston Central Park  
Hoskinson Park  
Ralston Creek & Trail  
Wolff Park  
Arvada Memorial Skatepark  
Memorial Park & Johnny Roberts Disc Golf Course  
Terrace Dog Park  
Ralston Cove Park  
Apex Field House  
Stenger Sports Complex  
Harold D Lutz Sports Complex  
Fitzmorris Recreation Center  
Prospect Park  
Majestic View Park  
Columbine Park  
Hidden Lake & Park  
Homestead Park

# REGIONAL EMPLOYERS



**LITTLETON**

**LAKWOOD**



**DENVER**  
Federal Center

**DENVER**

**ARVAD**



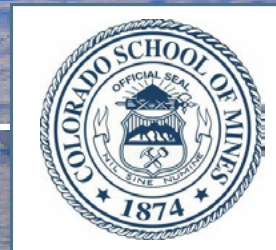
**NREL**  
transforming ENERGY


 **SCL Health**  
LUTHERAN

**Coors**  
BREWING COMPANY

**GOLDEN**

  
**apex**  
PARK AND RECREATION DISTRICT



  
**RED ROCKS**  
COMMUNITY COLLEGE

**LivaNova**  
Health innovation that matters



**THE EMERSON**  
— AT OLDE TOWN —

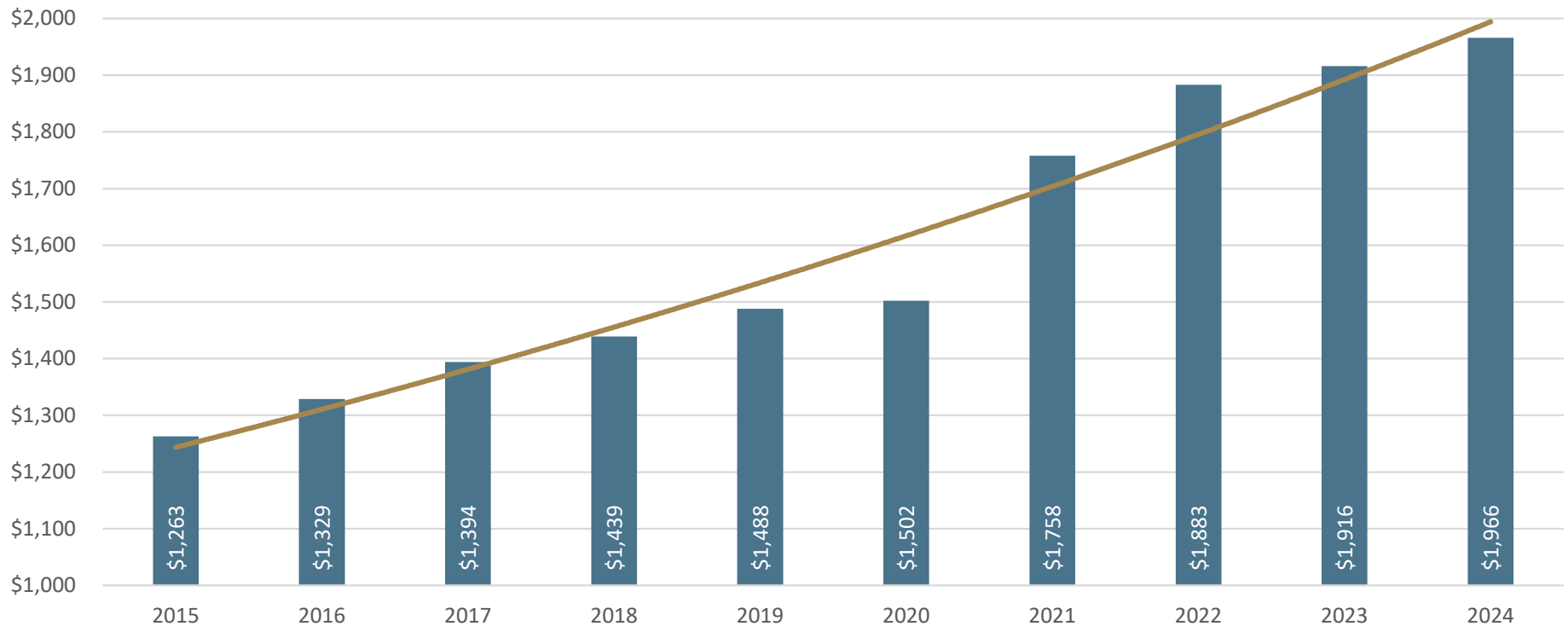
**WESTMINSTER**

# ARVADA RENT GROWTH



Arvada's housing price trends are a reflection of its evolving community landscape. The city's appeal as a suburban alternative to Denver, combined with ongoing development projects, is driving demand. The luxury market is benefiting from buyers seeking value, while the affordable housing sector remains stable due to consistent local demand. Parts of the Arvada submarket are in the midst of noteworthy revitalization efforts, most notably the up-and-coming Olde Town Arvada neighborhood and the Downtown Westminster redevelopment area in the submarket's northwest. As seen below, there has been a 31% effective rent growth in Arvada since 2020.

## EFFECTIVE RENT GROWTH IN *Arvada*



# REPLACEMENT COST ANALYSIS

1. In 2022, City of Arvada increased System Development Charges (SDCs), also known as Tap Fees, by 76% percent for Single-Family development and 71% for Multifamily development. Currently, SDCs for a new Single Family home equal \$46,250 while Duplexes are charged \$35,760 per unit.
2. Due to budgetary constraints and Arvada's aging infrastructure system, SDCs are expected to increase 8%-14% annually through 2032 in order to help fund an estimated \$632,000,000 needed to complete critical Capital Improvement Projects over that span of time.
3. While the current replacement for townhomes unit in Arvada is approximately \$690k/unit, that figure is expected to grow substantially over the few next years. With the average residential development application requiring 3 years to go through the planning department, planning a townhome project today could end up costing over \$800k/unit.

	CURRENT COST/UNIT	ANNUAL ESCALATION	COST/UNIT THREE YEARS FROM NOW
HARD COST	\$400,000	5%	\$463,050
LAND COST	\$100,000	5%	\$115,763
IMPACT FEES	\$60,000	12%	\$84,296
SOFT COST	\$60,000	5%	\$69,458
FINANCE COST (6.5%)	\$45,000		\$47,617
CONTINGENCY (4.0%)	\$26,600		\$31,207
<b>TOTAL REPLACEMENT COST/UNIT</b>	<b>\$691,600</b>		<b>\$811,390</b>



## ARVADA-SPECIFIC DELIVERIES

High Street Residential is delivering **a six-story TOD apartment project adjacent to the Olde Town Arvada Transit stop later this year.** Named "The Russell", the amenity-rich property features a large fitness center, sky lounge, club room with mountain views, co-working lobby, bike repair facilities, on-site storage, outdoor courtyards with a pool and hot tub, grills and cabanas. The project is set to feature a mix of apartments and walk-up units ranging from studio to two-bedroom units. This project is nearing completion and will likely be delivered in December 2024.

The 4-Star "Caroline at Ralston" community is the largest project underway in the submarket. **Totalling 348 units, the property is part of a mixed use development that was once the location of a vacant Kmart.** According to the Arvada Urban Renewal Authority, the project will bring new housing choices to Arvada and will create new Affordable Housing opportunities with 5% of apartments reserved for those making 80% of the Area Median Income (AMI). The project is currently in lease-up with an average residential unit size of 800 square feet. Rental rates are floating around \$3 per square foot.

## ARVADA-SPECIFIC DELIVERIES

Throughout City of Arvada, there are **only 10 multifamily development projects currently under construction**. These projects required an average of 887 days to achieve final project approval from the date the development application was first submitted. The average length of time from initial pre-app to final approval was 1,091 days or approximately 3 years. This factor alone is enough to deter most developers from building in Arvada.

The current three-year moratorium on street cuts along Ralston Road (Wadsworth to Garrison) effectively limits new construction in this prime Arvada corridor. This constraint translates to a significantly reduced pipeline of competing projects for the next 5+ years, creating an "artificial scarcity" of new supply. For investors, this translates into a unique window of opportunity to capitalize on heightened demand and potentially stronger rental rates and property appreciation in the submarket.

## SINGLE FAMILY FUNDAMENTALS

1. Historically, single-family rentals (SFR) have maintained a higher occupancy rate of 96% or greater.
2. While effective rent growth for apartment buildings has begun to moderate in late 2023 and 2024 due to the multifamily pipeline, SFR has continued to show strong performance, capturing a robust 5.2% increase last year.
3. Projections for SFR remain incredibly strong, with an average YOY growth of 4.2% expected through 2027. (John Burns)
4. The limited number of resales, driven by low interest rates, locked in after the pandemic, have contributed to maintaining elevated home prices.
5. High mortgage rates continue to cause barriers to entry into home ownership, bolstering SFR demand.
6. Limited comparable product types in the pipeline, high barriers to entry and slow permitting in development are leading to increased growth projections for SFR communities and a decrease in homeownership.



#1

HOTTEST  
HOUSING MARKET

(US NEWS)



96%

SFR OCCUPANCY

(JOHN BURNS)



1.9

MONTHS OF SUPPLY\*

(REDFIN)

*\*Well Below the National Average of 2.6 Months*



# BTR FUNDAMENTALS



The build-for-rent market is the fastest growing segment of the U.S. Housing Market. According to the Urban Land Institute, horizontal BFR rentals have exceeded the growth of both single-family-for-sale and multifamily housing in recent years. After seeing the lifestyle and life-cycle changes in the Millennials, Gen X and Baby Boomer cohorts, developers are responding with a hybrid rental product. These BFR communities are envisioned to attract renters that seek comfort and the advantages of a new home while benefiting from the maintenance-free conveniences of apartment living and avoiding the costs of home ownership including down payments, mortgages (in a high rate environment) and home repairs.

## BTR TAKEAWAYS

Millennials, the largest segment of the U.S. population, are reaching prime family formation years.

New-home construction has fallen 6.8 million units short of what was needed to meet household formation growth

Pandemic has exacerbated suburban flight with renters seeking less density and larger living spaces. Higher rates of population growth and job growth are occurring in the suburbs.

Lower turnover costs with BTR Townhomes, given a "stickier" tenant base drawn to the asset type.

BFR Rents reflect higher-income tenant demographics than that of conventional apartment communities

The demographic tailwind (e.g. 35-44 year old population growth), coupled with homeownership being far more expensive than renting, makes this sector look even more attractive over the next 3-5 years.

Liquidity: Ability to transact in owner-occupied market based on retail pricing or to institutions via portfolios

## BTR FUNDAMENTALS

**Hidden Costs of Owning:** Bankrate calculated the average annual cost of owning a single-family home based on items such as property taxes, homeowners insurance and maintenance costs, as well as energy, internet and cable bills. Bankrate estimates these costs at 2% of the typical home value, which stood at \$609,000 in March, according to Redfin. The data shows that the average total expenses are \$18,118 a year, or an additional \$1,510 per month on top of a mortgage payment. To compare, in 2020, the average was \$14,428 a year, or \$1,202 per month.

**Low Homeownership Rate:** Homeownership is increasingly unattainable due to convergence of limited for-sale supply, rapidly increasing home prices and heightened interest rates. Slightly more than 80 million out of 126.8 million occupied housing units across the country were inhabited by homeowners in 2020, putting the nation's homeownership rate at 63.1 percent. This is the lowest homeownership rate since 1970 and the decreasing trend has only accelerated over the last 4 years.

**Lack of New Deliveries in Submarket:** With the aforementioned barriers to entry for new development in Arvada, there has been a steep decline in new development applications across the board. The majority of the projects under construction are either large institutional multifamily buildings or "For Sale" residential product. Emerson at Olde Town will not compete with the small units at the larger developments and will be the best option for tenants that cannot afford to buy a for sale townhome.



# CONVENIENT CONNECTIVITY

1. Less than one mile from The Emerson at Olde Town is Arvada's access point to Denver's RTD commuter light rail, one of the most comprehensive transit systems in the country. Through this station, residents have access to the newly-built G Line, which runs to Downtown Denver's Union Station in just 20 minutes. The opening of the RTD's G Line is a long-term benefit to the Olde Town Arvada submarket as it is projected to carry 13,000 commuters per day by 2025.

- » Just over 4,000 existing residential units (over 40% of the entire submarkets inventory) are located within one mile of either the Olde Town Arvada, or Arvada Ridge station (both on the G Line).

2. In addition to rail access, residents of The Emerson at Olde Town are one mile from Wadsworth Bypass, a major North-South thoroughfare that provides easy access to US-36 to the North and Lakewood to the South. Just a half-mile further sits I-70, serving commuters to Downtown, Denver International Airport and west to Golden (the gateway to the Rocky Mountains). Residents can also quickly get on I-76, the primary access route to I-25 northbound and the Northeast metro.

- » Premium access to multi modal transportation options in a historic downtown with a small community feel is rare in the Denver metro, making Olde Town Arvada one of the most unique submarkets in the Colorado front range.







E

INVESTMENT *Analysis*

cash flow analysis

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# CASH FLOW ANALYSIS

	CURRENT STABILIZED CASH FLOW		YEAR 1 PRO FORMA		YEAR 3 PRO FORMA	YEAR 4 PRO FORMA
	TOTAL	PER UNIT	TOTAL	PER UNIT	TOTAL	TOTAL
<b>INCOME</b>						
1 Market Rent	1,069,668	44,570	1,101,288	45,887	1,156,353	1,237,297
<b>GROSS POTENTIAL RENT</b>	<b>\$1,069,668</b>	<b>\$44,570</b>	<b>\$1,101,288</b>	<b>\$45,887</b>	<b>\$1,156,353</b>	<b>\$1,237,297</b>
2 Vacancy Loss	(53,460)	(2,228)	(55,064)	(2,294)	(57,818)	(61,865)
<b>EFFECTIVE RENTAL INCOME</b>	<b>\$1,016,208</b>	<b>\$42,342</b>	<b>\$1,046,224</b>	<b>\$43,593</b>	<b>\$1,098,535</b>	<b>\$1,175,433</b>
3 Other Income	22,512	938	24,779	1,032	26,018	27,839
4 Utility Reimbursement	0	-	0	-	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$1,038,720</b>	<b>\$43,280</b>	<b>\$1,071,003</b>	<b>\$44,625</b>	<b>\$1,124,553</b>	<b>\$1,203,272</b>
Annual EGI Increase			3.2%		5.0%	7.0%
<b>EXPENSES</b>						
5 Repairs & Maintenance	15,180	633	15,192	633	15,496	15,806
6 Marketing	2,580	108	2,592	108	2,644	2,697
7 Contractor Services	5,160	215	5,160	215	5,263	5,368
8 Utilities	5,160	215	5,263	219	5,368	5,476
9 Management Fee	53,448	2,227	58,905	2,454	61,850	66,180
10 Insurance	15,216	634	15,240	635	15,240	15,240
11 Real Estate Taxes	66,720	2,780	66,720	2,780	84,484	84,484
Total Operating Expense	\$163,464	\$6,811	\$169,072	\$7,045	\$190,346	\$195,251
<b>NET OPERATING INCOME</b>	<b>\$875,256</b>	<b>\$36,469</b>	<b>\$901,931</b>	<b>\$37,580</b>	<b>\$934,207</b>	<b>\$1,008,021</b>



All interested buyers are hereby advised that the ownership of The Emerson at Olde Town is soliciting offers via MMG Real Estate Advisors. Any offers submitted by a prospective buyer may be accepted or rejected in the sole discretion of the Owners. As part of the offer process, the Owners will be evaluating a number of factors above and beyond the price and terms, including the experience, financial health and track record of the purchasers. This Offering Memorandum package was prepared exclusively by MMG Real Estate Advisors, with all information within having been reviewed by the Owner. The information herein is confidential and provided solely for the purpose of analyzing a potential acquisition of the Property. It is not to be used for any other purpose or made available to another without the express written consent of MMG Real Estate Advisors. While the information relied on to create this package is deemed to be highly reliable, it does not represent all material information regarding the subject Property and buyers should not consider this package as any sort of substitute for a thorough and complete examination of the financials and a rigorous and in-depth due diligence process. MMG Real Estate Advisors and seller have not conducted an analysis of the operating documents and history, the financial records, the individual leases, or the tenants that have signed them. In addition, there has been no in-depth investigation of the physical premises or any potential environmental issues that could potential affect the property, and MMG Real Estate Advisors makes no warranty or representation whatsoever regarding the integrity or accuracy of the aforementioned information. As such, any prospective purchasers are strongly encouraged to conduct their own in-depth investigation of both the financial health and physical soundness of the property. MMG Real Estate Advisors also strongly encourages all prospective purchasers to contact their own personal and corporate tax and legal counsel to determine the consequences of this type of potential investment. MMG Real Estate Advisors and Seller strongly recommend that prospective purchasers conduct an in-depth investigation of every physical and financial aspect of the property to determine if the property meets their needs and expectations. We also recommend that prospective purchasers consult with their tax, financial and legal advisors on any matter that may affect their decision to purchase the property and the subsequent consequences of ownership. No commission or finder's fee shall be payable to any party by the Owners nor any affiliate or agent thereof in connection with the sale of the Properties unless otherwise agreed to by the Owners in writing. Any compensation paid to a buyer's broker will be paid by the purchaser and will not be paid by the seller or seller's exclusive agent.

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## PROPERTY TOURS

October 16th and 23rd, 2024

## CALL FOR OFFERS DEADLINE

October 30th, 2024

## ASKING PRICE & TERMS

To be determined by market; Free and clear

## SOURCES

Property photos by: Provided by owner and Anders Croone. Information provided by Redfin, CoStar and U.S. Census Bureau. All other photos by: Jacob Boomsma (p 22, 24), monkeybusinessimages (p 32), People Images (p 34) and Trongnguyen (p 34), via iStock.com, AdobeStock, Shutterstock. com, Creative Commons Licensing, and Public Domain Licensing.



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