

VENTURE

Real Estate Group

Historic Horsfall Tacoma Building

“In the heart of Tacoma’s
revitalized Lincoln District”

809 S 38th St.
Tacoma, WA 98418

PRICE: \$1,550,000

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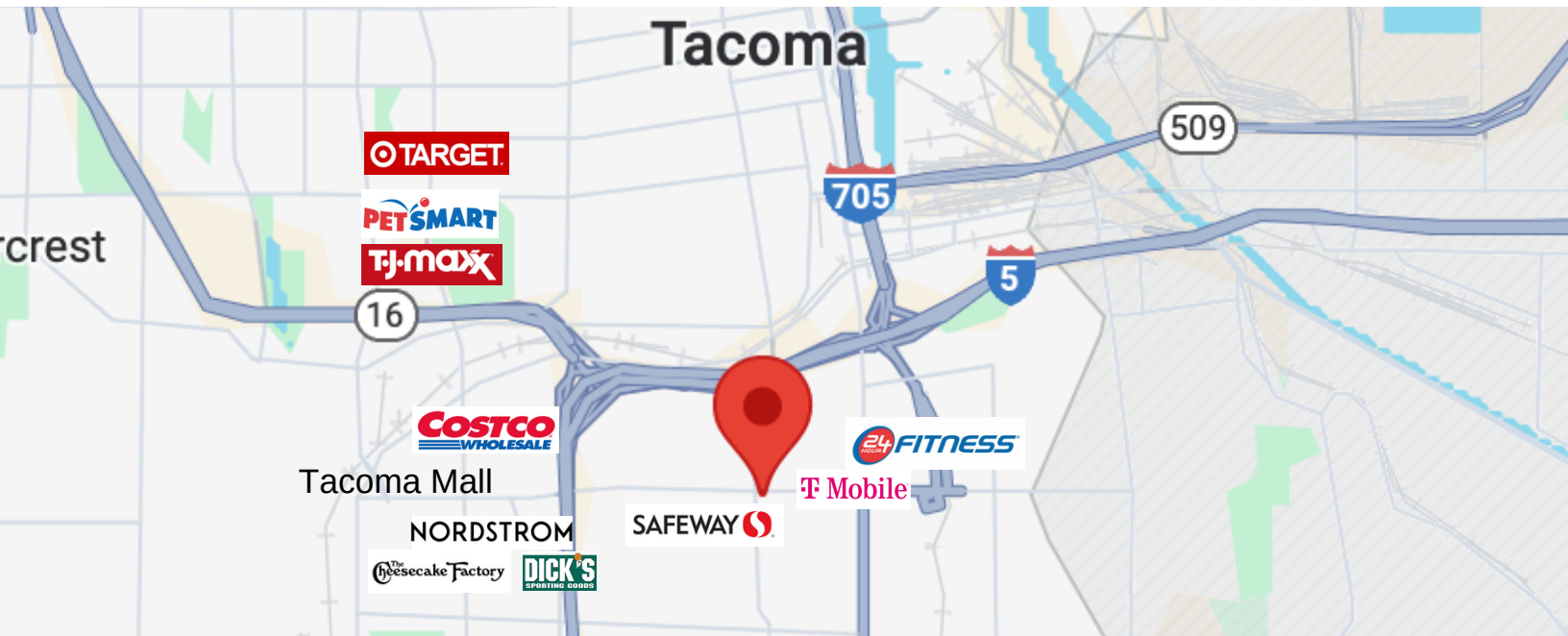
Historic Horsfall Building

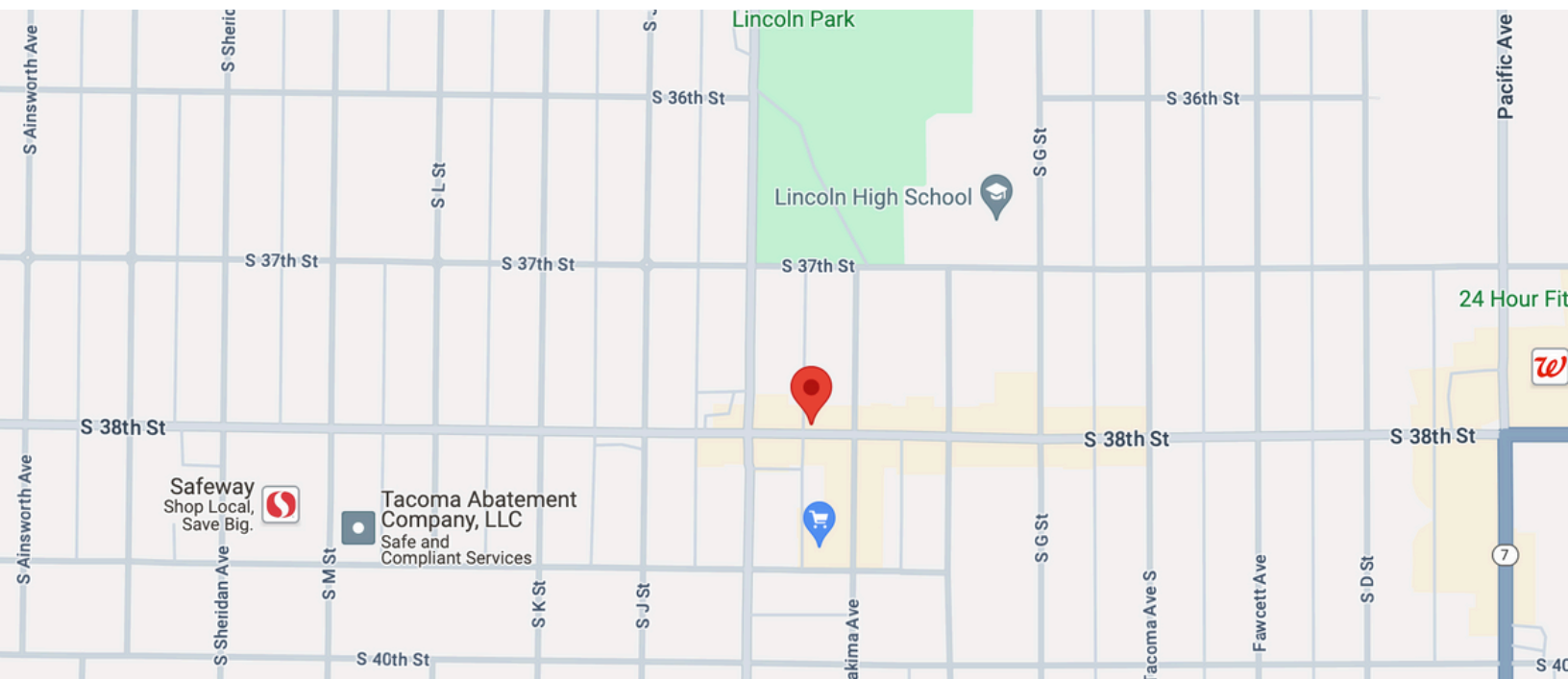
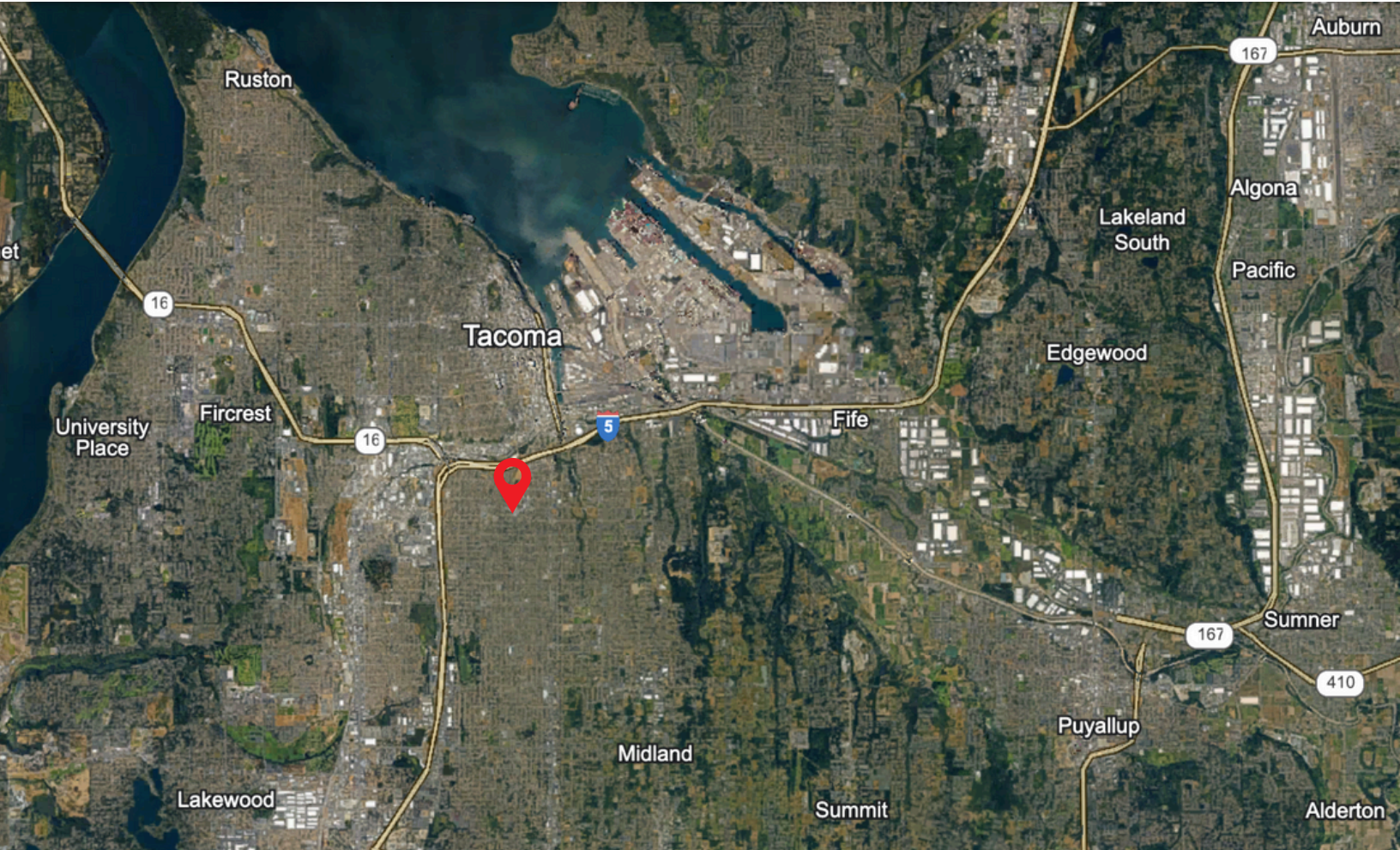
Excellent and rare investment or owner user opportunity located in the heart of Tacoma's revitalized Lincoln District. Proforma CAP 7.45%. Potential redevelopment opportunity with multi-use zoning and multiple new development sites nearby within revitalized Lincoln District. The Horsfall mixed-use commercial building is comprised of a total of 13 units, three retail spaces and an attached warehouse on main level, on the second level, six studio apartments and three SEDUs with opportunity to change either the floorplan or unit mix during renovation. Great proforma income with second floor residential buildout and retail lease potential. Designated parking behind the building. Conveniently located minutes to Tacoma Mall, T-Mobile, 24 Hour Fitness, Safeway, Target & more. Perfect project investment in a growing and developing market in Tacoma. Contact LA with questions or to schedule a tour.

Property Details

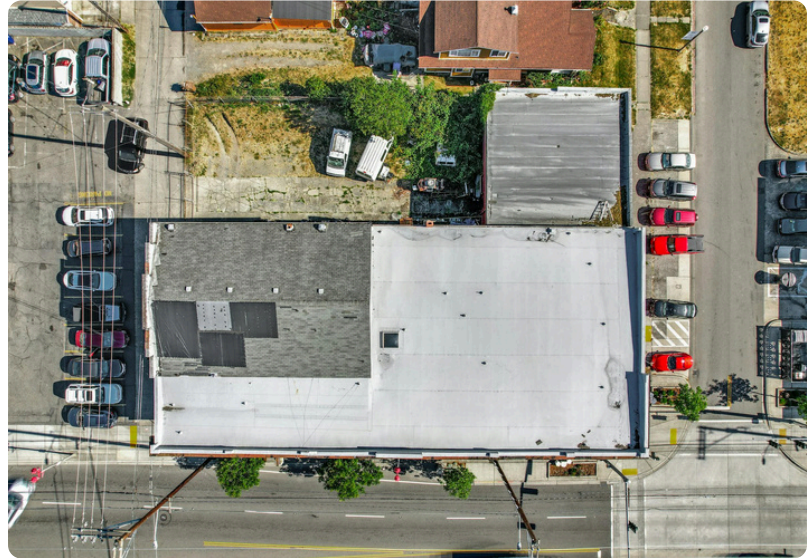
- Building SQ FT: 17,320
- Lot SQ FT: 13,000
- Proforma Market CAP: 7.45%
- Mixed-use - 13 Units
- Proforma Market NOI: \$230,098
- \$/SF: \$89.00
- Year Built: 1916
- Ample Parking on Site

Tacoma Lincoln District





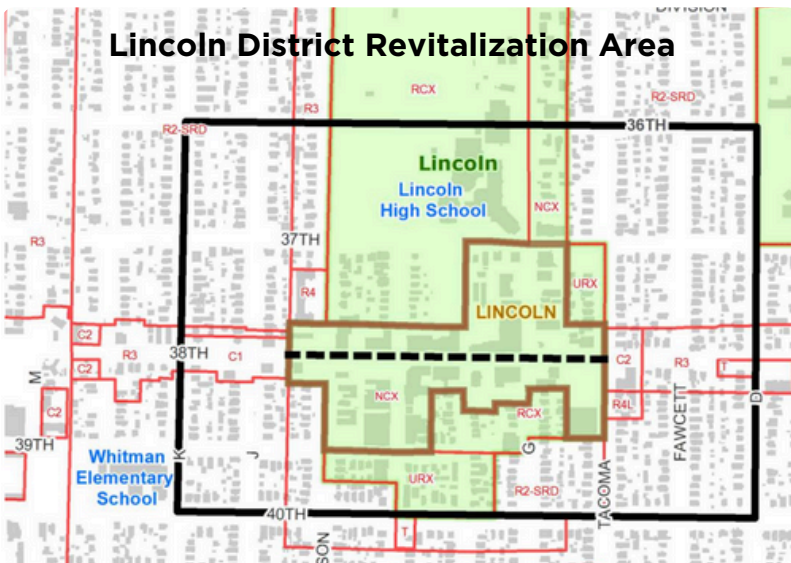




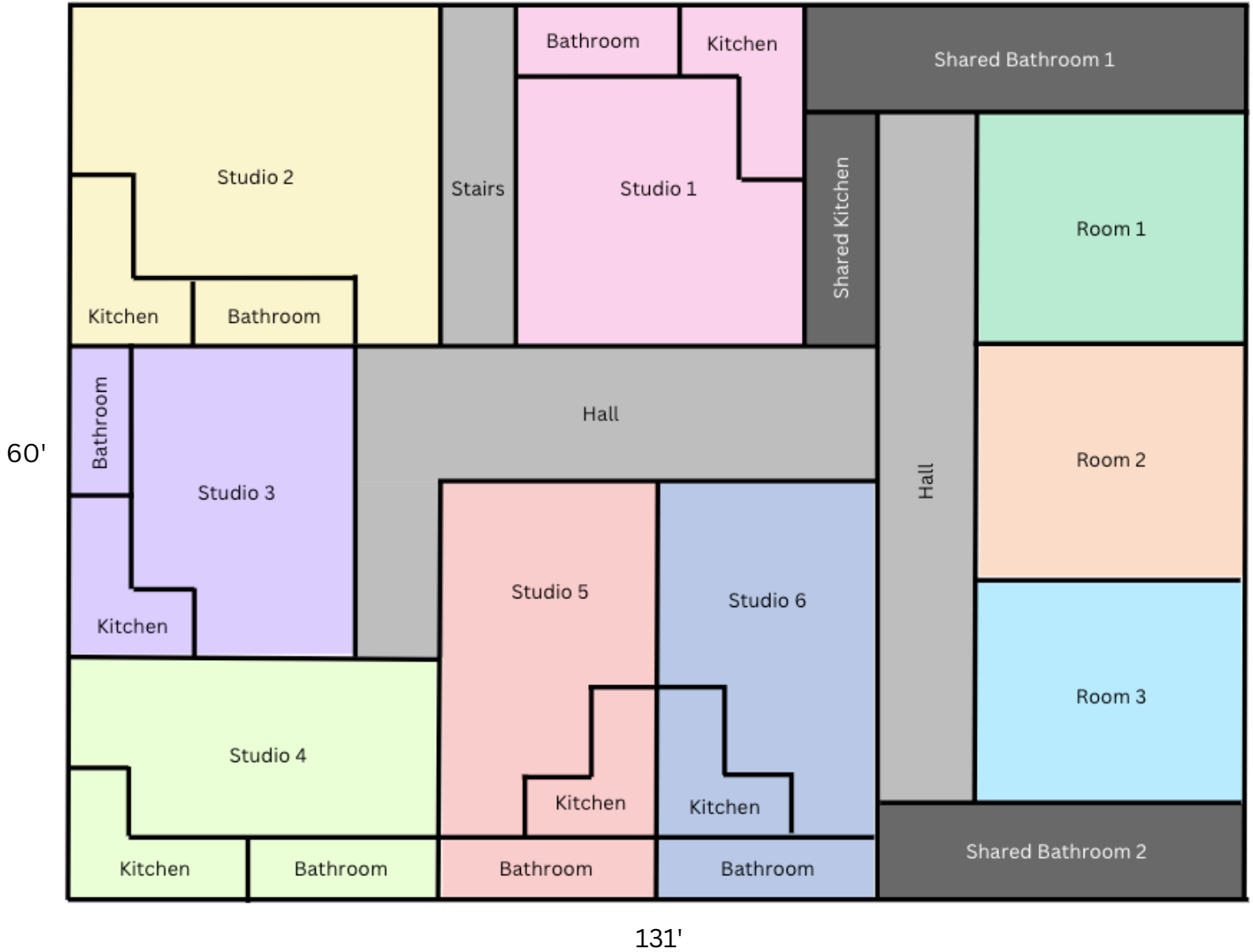


Project Details

- Create and maintain economic stability and growth opportunities as well as enhance the identity of the Lincoln District revitalization area in order to enhance its image as a desirable place to live
- Improve and maintain infrastructure codes
- Improve property maintenance conditions where needed and sustain otherwise healthy neighborhood conditions
- \$7.3 Million approximate investment

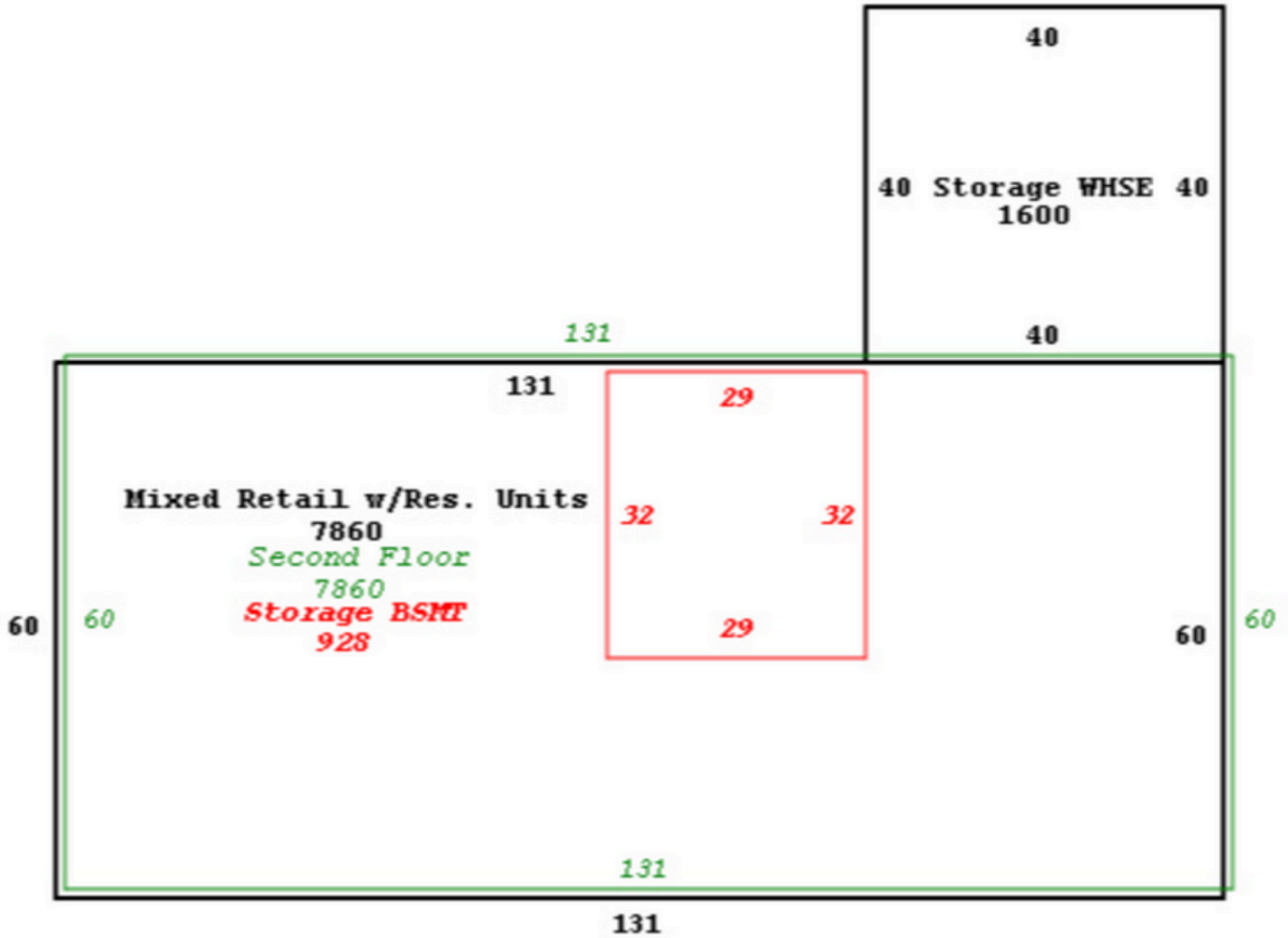


*Information credited to City of Tacoma - click or copy/paste the following link for full details:
<https://cms.cityoftacoma.org/cedd/Lincoln-Project/Lincoln-Open-House-Power-Point.pdf>



*Not drawn to scale

First Floor - Retail and Warehouse



Second floor - Multifamily - is 60'x131' and does not have the 40'x40' storage warehouse

VREG Horsfall Building

Initial Valuation

Property Analysis: 803 - 809 S 38th Street Tacoma, WA 98418						
Location	Tacoma	Loan Amount	\$1,085,000.00	List Price / Offer		\$1,550,000.00
Unit Counts	13	Interest Only Period	0 Years	Downpayment	66%	\$1,018,712.19
Size (sq footage)	17,320 SF	Interest Rate	6.00%	Equity		
Lot Size	13,000 SF	Monthly Loan Payment	\$6,505.12	Closing Cost		2.50%
Price per Unit	\$119,230.77	Rehab Loan Amount	\$1,075,904.66	Estimated Market Value	Cap Rate=	6.28%
Price per SqFt	\$89.49	Rehab Loan Rate	6.00%	Estimated Price per Unit		\$3,663,974.22
Cash Flow Monthly	\$12,669.68	Permenant Loan	6.00%	Sale Price	5 Year	4 Year
Project Type	Rehab	Final Loan Amount	\$2,160,904.66	5.00% Cap Rate	\$5,179,537.09	\$5,028,676.79
Remodel Costs	\$ 1,537,006.65	Loan Fee	0.00%	5.50% Cap Rate	\$4,708,670.08	\$4,571,524.35
Rehab Starts in	Year 1			Current CAP		-1.10%
Rehab Ends in	Year 1			Current GRM		
				Market CAP		7.45%
				Market GRM		3.97

Monthly Schedule Income						
Number of Units	Type	Size	Current Rent	Market Rent	Price Per Foot	Market PPF
2	Retail	2,000 SF	\$0	\$3,250	\$0.00	\$19.50
1	Retail	4,000 SF	\$0	\$6,500	\$0.00	\$19.50
1	Warehouse	1,460 SF	\$0	\$1,400	\$0.00	\$0.96
6	Studio	550 SF	\$0	\$1,275	\$0.00	\$2.32
3	SEDU	300 SF	\$0	\$825	\$0.00	\$2.75

Rent Income:		\$-	\$24,525.00
Utility Billback		\$-	\$675.00
Laundry		\$-	\$-
Parking		\$-	\$-
Pet Fee		\$-	\$-
Miscellaneous		\$-	\$-
Commercial (NNN) Reimbursements			\$7,299.66
Total Yearly Income	Rent Increase:	3.0%	\$389,995.90

Annualized Operating Data				
	Stabilized Vacancy	Current	Market	Vacancy During Rehab
				Year 1
Scheduled Gross Income		\$-	\$389,995.90	50%
Less: Vacancy	5%	\$-	\$19,499.80	50%
Less: Concession and Bad Debts	1%	\$-	\$3,899.96	
Gross Operating Income	0.35 Rule for Expense	\$-	\$366,596.15	
Less: Expenses	35%	\$16,983.00	\$136,498.57	
Net Operating Income (NOI)		\$(16,983.00)	\$230,097.58	
Annual Debt Service		\$78,061.48	\$78,061.48	
Cash Flow		\$(95,044.48)	\$152,036.10	
Cash on Cash Year 1		-9.33%	14.92%	
Debt Service Ratio		-0.22	2.95	

Annualized Operating Expense Targets				
		Current	Market	Current Operations
Real Estate Taxes		\$7,053.00	\$7,264.59	Expenses/Unit Actual
Insurance	N/A	\$-	\$-	\$1,306.38
Utilities (W/S/G/E)		\$9,930.00	\$9,930.00	Expenses/Foot
				\$0.98
Management Fee (3% - 5%)		\$-	\$-	Expenses as % of GI
Maintenance and Repairs		\$-	\$-	0%
Administration		\$-	\$-	
Payroll		\$-	\$-	Market Operations
Marketing		\$-	\$-	Expenses/Unit Market
Grounds		\$-	\$-	\$1,322.66
Turnover		\$-	\$-	Expenses/Foot
Reserves		\$-	\$-	\$0.99
				Expenses as % of GI
				4%
Total Expenses	Expense Increase:	3.0%	\$16,983.00	\$17,194.59

INVESTMENT DETAILS

Analysis

Analysis Date 7/18/2024

Property

Property Type Multifamily
 Property Historic Horsfall Tacoma Building
 Address 809 S 38th St.
 City, State Tacoma, WA 98418
 Year Built 1916

Purchase Information

Purchase Price \$ 1,550,000
 Units 13
 Total Rentable SF 17,320
 Lot Size SF 13,000

Income & Expense

Gross Operating Income \$ 389,996
 Monthly GOI \$ 32,500
 Total Annual Expenses \$ 17,195
 Monthly Expenses \$ 1,433

Financial Informaion

Initial Equity \$ 1,018,712

Loans

Type	Debt	Term	Amort	Rate	Payments
Fixed	\$ 1,085,000	30 years	30 years	6.00%	\$ 6,505

EXECUTIVE SUMMARY

Acquisition Costs

Purchase Price, Points and Closing Costs	\$	1,550,000
Investment - Cash	\$	465,000
First Loan (Fixed)	\$	1,085,000

Investment Information

Purchase Price	\$	1,550,000
Price per Unit	\$	119,231
Price per SF	\$	89
Expenses per Unit	\$	1,323

Income, Expenses & Cash Flow

Gross Scheduled Income	\$	389,996
Total Vacancy and Credits	\$	(19,500)
Operating Expenses	\$	(17,195)
Net Operating Income	\$	353,302
Debt Service	\$	(78,061)
Cash Flow Before Taxes	\$	275,240

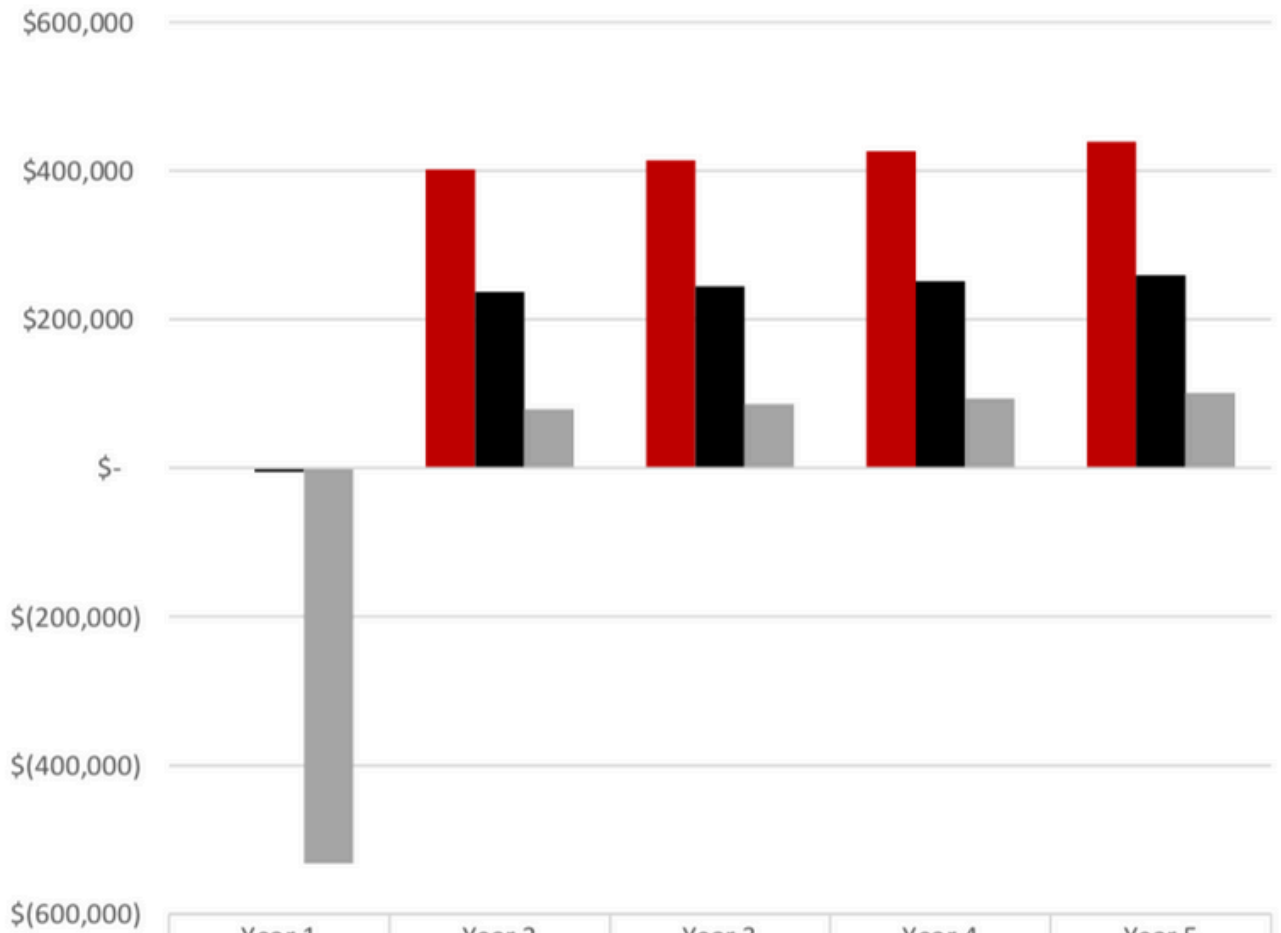
Financial Indicators

Debt Coverage Ratio		4.53
Capitalization Rate		7.45%
Gross Rent Multiplier		3.97
Gross Income / Square Feet	\$	23
Gross Expenses / Square Feet	\$	(1)
Operating Expense Ratio		4.41%

CASH FLOW ANALYSIS

Income	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Total Gross Revenue		\$ -	\$ 401,696	\$ 413,747	\$ 426,159	\$ 438,944
Less: Vacancy (5% in Year 1, 50% in Year 2, 50% going forward)	\$ -	\$ -	\$ 20,085	\$ 20,687	\$ 21,308	\$ 21,947
Less: Concession and Bad Debts	\$ -	\$ -	\$ 4,017	\$ 4,137	\$ 4,262	\$ 4,389
Less: Operating Expenses	\$ -	\$ 5,462	\$ 140,594	\$ 144,811	\$ 149,156	\$ 153,630
Net Operating Income	\$ -	\$ (5,462)	\$ 237,001	\$ 244,111	\$ 251,434	\$ 258,977
Cash Flow	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Less: Debt Service (Rehab Loan)	\$ -	\$ 100,067	\$ -	\$ -	\$ -	\$ -
Less: Debt Service (Permenant Loan)	\$ -	\$ -	\$ 157,984	\$ 157,984	\$ 157,984	\$ 157,984
Plus: Interest Reserve Release	\$ -	\$ 34,967	\$ -	\$ -	\$ -	\$ -
Less: Planned Improvements	\$ 1,537,007	\$ 1,537,007	\$ -	\$ -	\$ -	\$ -
Plus: Rehab Loan	\$ 1,075,905	\$ 1,075,905	\$ -	\$ -	\$ -	\$ -
Distributable Cash Proceeds	\$ -	\$ (531,663)	\$ 79,016	\$ 86,126	\$ 93,450	\$ 100,993

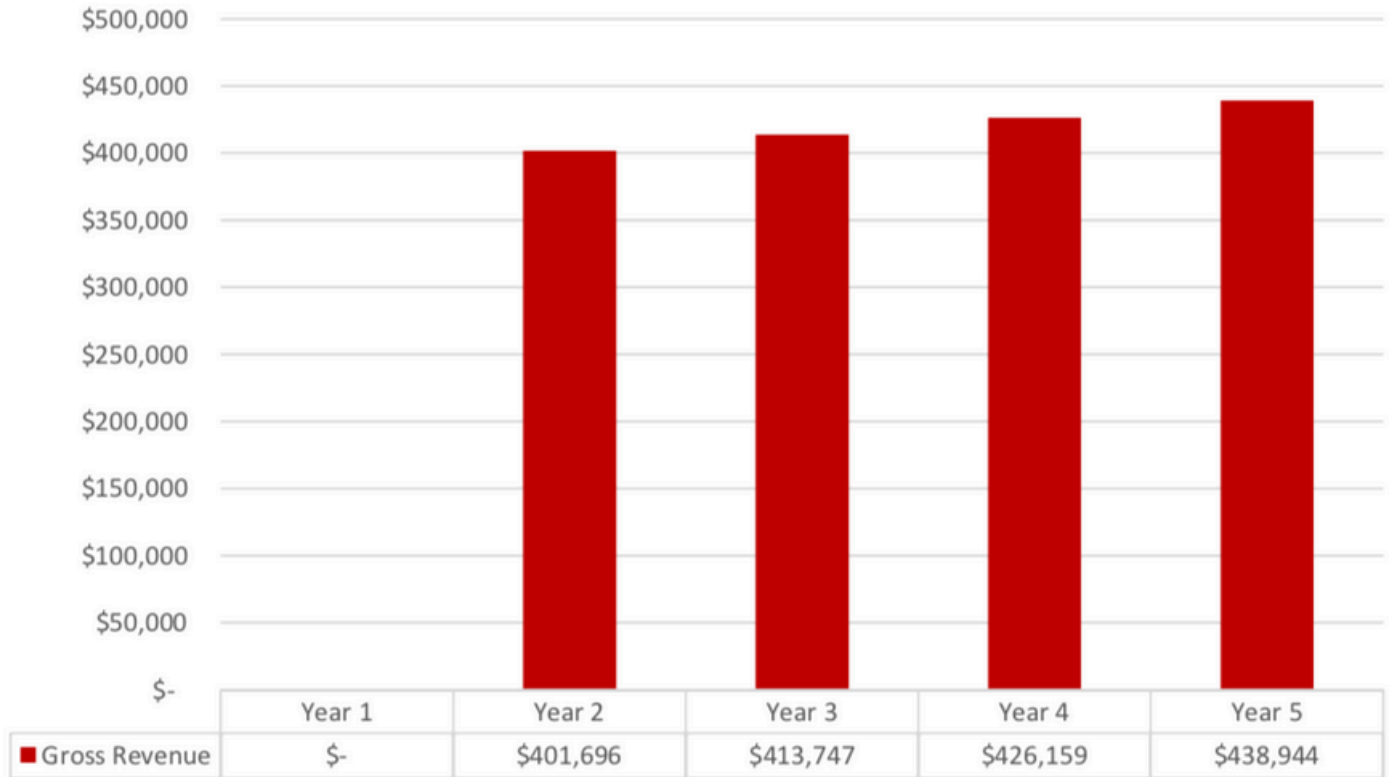
OPERATING INCOME ANALYSIS



	Year 1	Year 2	Year 3	Year 4	Year 5
■ Gross Revenue	\$-	\$401,696	\$413,747	\$426,159	\$438,944
■ Net Operating Income	\$(5,462)	\$237,001	\$244,111	\$251,434	\$258,977
■ Distributable Cash Proceeds	\$(531,663)	\$79,016	\$86,126	\$93,450	\$100,993

■ Gross Revenue ■ Net Operating Income ■ Distributable Cash Proceeds

GROSS INCOME VS. OPERATING EXPENSES



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We also recommend that prospective buyers reach to professionals about any health concerns associated with the property. At VREG, we realize these risks can go unnoticed and potentially damage the health of future tenants or residents.

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