

OFFERING MEMORANDUM

# PROSPECT APARTMENTS

*25-unit multifamily opportunity  
located in Loma Linda, CA*



25675 AND 25695 PROSPECT AVE, LOMA LINDA, CA 92354

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*Exclusively  
Listed by*

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# OFFERING SUMMARY

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*Section 01*



# THE OFFERING

*As exclusive advisor and Listing Agent, Jonathan N. Mitchell is pleased to present the opportunity to acquire The Prospect Apartments (the “Property”), a 25 apartment units located in the city of Loma Linda.*

The Inland Empire is one of the fastest growing and best performing multifamily markets in the nation, positioning Prospect Apartments as a limited-risk investment with realistic rent growth prospects and strong long-term value appreciation.

## INLAND EMPIRE OUTPERFORMS NATIONAL RENT GROWTH

Average advertised asking rents reached \$2,141 in October 2024, a 1.1% increase year-over-year. This figure is slightly higher than the national average, exceeding it by 20-basis points. Additionally, In October, the Inland Empire boasted one of the nation's highest average advertised asking rents for single-family rentals (SFRs), reaching \$2,967 after a 0.9% year-over-year increase. However, SFR occupancy in the region dipped by 1.4% to 95.3%.

## NEAR TERM DEMAND

The Inland Empire saw limited apartment deliveries in 2024, with only  $\pm 1,069$  new units added through October. Despite this, a substantial  $\pm 10,349$  units remained under construction. Investment activity showed a slight increase compared to 2023, totaling \$622 million year-to-date through October. However, the per-unit price decreased by 5%. This limited supply contributed to a year-over-year rise in occupancy, reaching 95.3% in the Inland Empire, a 30-basis point increase.

## JOB GROWTH

The Inland Empire saw a 1.6% increase in employment in August, outpacing the U.S. average by 20 basis points. This translates to  $\pm 33,600$  new jobs, concentrated in education and health services ( $\pm 18,300$ ) and government ( $\pm 11,700$ ). The Inland Empire's 2024 unemployment rate of 5.5% is comparable to California's 5.4%. In related news, Rancho Cucamonga's Epicenter Master Plan gained momentum with \$2.5 billion in bonds secured for the \$12 billion Brightline West high-speed rail project, connecting Las Vegas and Southern California.

## LOGISTICS AND HEALTHCARE CENTERS

The Inland Empire saw a 1.6% increase in employment in August, outpacing the U.S. average by 20 basis points. This translates to 33,600 new jobs, concentrated in education and health services ( $\pm 18,300$ ) and government ( $\pm 11,700$ ). The Inland Empire's 2024 unemployment rate of 5.5% is comparable to California's 5.4%. There were  $\pm 2.9$ M SF of industrial space delivered in 4Q24 alone, with another  $\pm 11.7$ M SF in the pipeline in the area. Additionally, healthcare is growing sector with companies like Inland Empire Health Plan expanding in 2024.

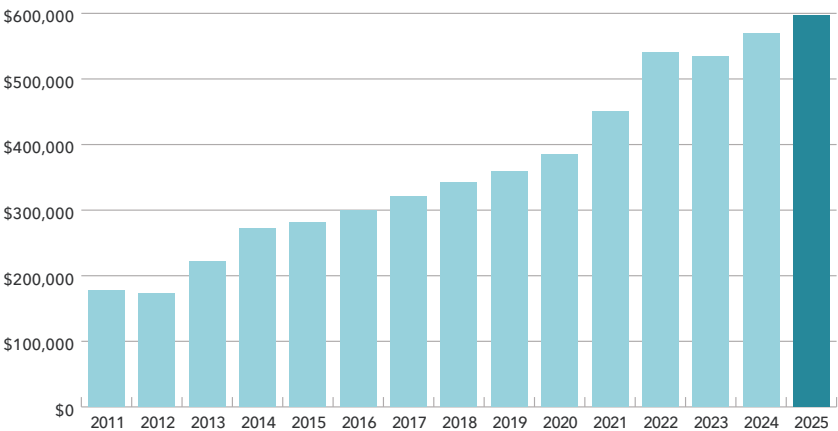
Sources: Yardi Matrix, Kidder Mathews

# DROP IN HOUSING AFFORDABILITY FORCES MORE HOUSEHOLDS TO RENT

The median home price in the Inland Empire has increased 7% since the end of 2022 and is 48% higher than at the end of 2019, before the large run-up in home prices during the COVID-19 pandemic. The increase in housing prices combined with the recent rise in interest rates has created an affordability crisis in the Inland Empire and elsewhere. At the end of 2019, 46% of the Inland Empire’s households could afford the median priced home in the market, in 2023 that has dropped to only 26% of households. As a result of this decreasing home affordability, the number of renters in the market is expected to increase.

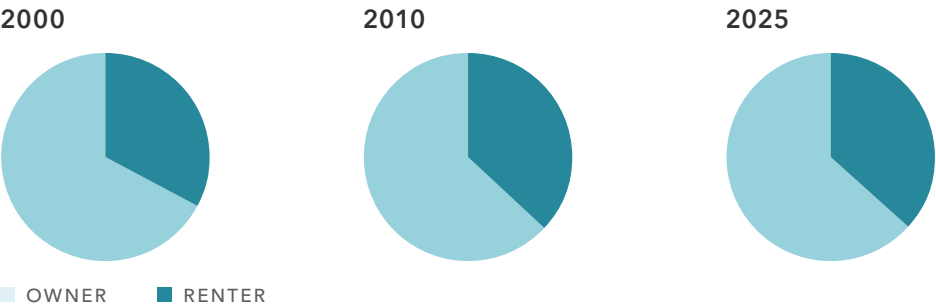
## MEDIAN HOME PRICE OF EXISTING HOMES 2011-2024

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
\$178,238	\$172,430	\$221,710	\$271,920	\$281,660	\$300,130	\$321,330	\$342,000	\$359,000	\$385,000	\$450,000	\$540,000	\$535,000	\$570,000	\$597,500



## OWN VS RENT - INCREASING PERCENTAGE OF APARTMENT RENTERS

	2000	2010	2025
Rent	33%	37%	36.9%
Own	67%	63%	63.1%



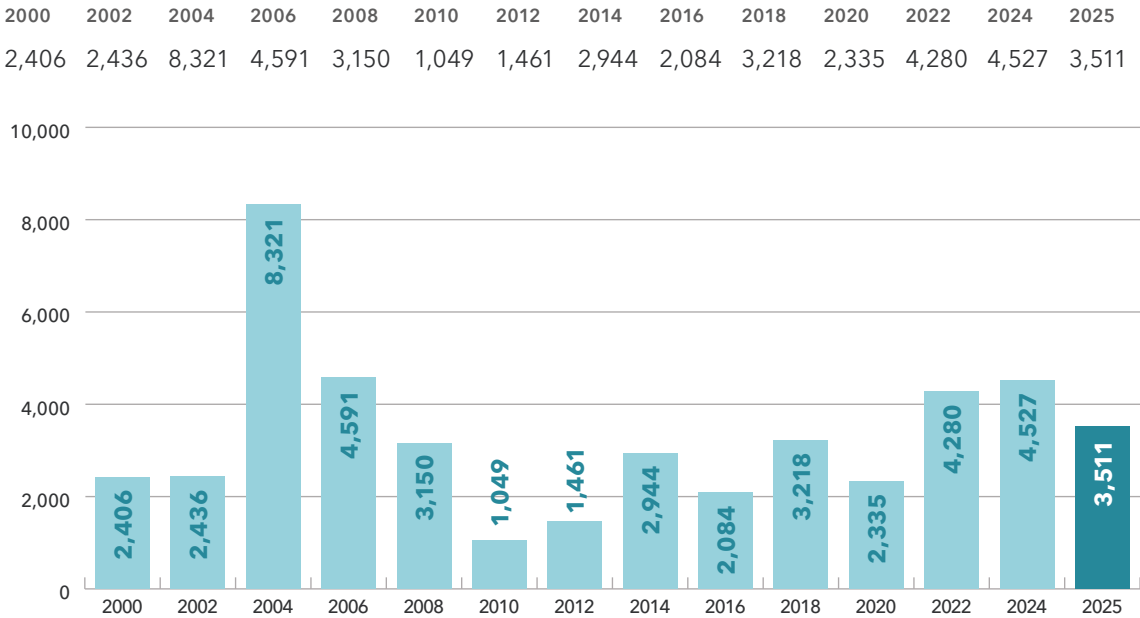
Sources: California Association of Realtors (car.org), ESRI

# UNDER-SUPPLIED HOUSING MARKET

The Inland Empire's housing shortage remains critical, with no immediate relief in sight. Despite increased multifamily permitting in recent years, construction hasn't kept pace with demand. New projects and projects under construction are both down 30% since last year. In contrast, Los Angeles County, even with a projected population decline, is expected to add more apartments, potentially easing its own housing market.

Sources: Costar, Lightbox, Kidder Mathews

INLAND EMPIRE MULTIFAMILY UNITS PERMITTED 2000-2024 (# OF PERMITS)



Source: US Census Bureau





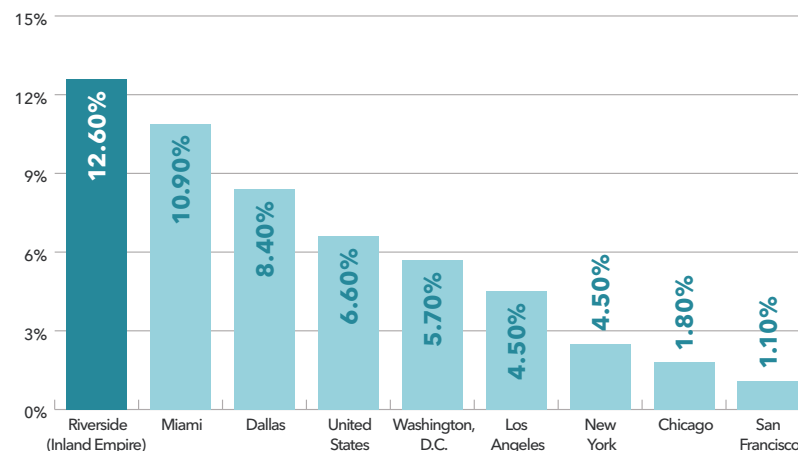
# INLAND EMPIRE MULTIFAMILY OUTPERFORMS

The Inland Empire has consistently outperformed the national average in multifamily returns over the past 10 years. For the last five years, its annualized return of 12.6% has nearly doubled the national average of 6.6%.

## NCREIF MULTIFAMILY INDEX ANNUALIZED TOTAL RETURNS AS OF 2024 Q4

	Riverside (Inland Empire)	Los Angeles	United States
1-Year	-6.60%	-9.10%	-5.00%
2-Year	13.40%	4.80%	8.70%
3-Year	14.50%	5.00%	8.10%
5-Year	12.60%	4.50%	6.60%
10-Year	13.00%	6.90%	7.70%

## INLAND EMPIRE MULTIFAMILY UNITS PERMITTED 2000-2024 (RETURNS BY MARKET)



Source: NCREIF

# ECONOMIC GROWTH OUTPACING LOS ANGELES, CALIFORNIA, AND THE U.S.

The Inland Empire currently has nearly 1.7 million jobs and is projected to experience job growth of 9.9% over the next five years, outpacing Los Angeles County (5.9%), California (7.6%), and the U.S. (6.1%).

## 5-YEAR EMPLOYMENT GROWTH PROJECTION (2024-2028)

Inland Empire	9.9%
California	7.6%
United States	6.1%
Los Angeles County	5.9%



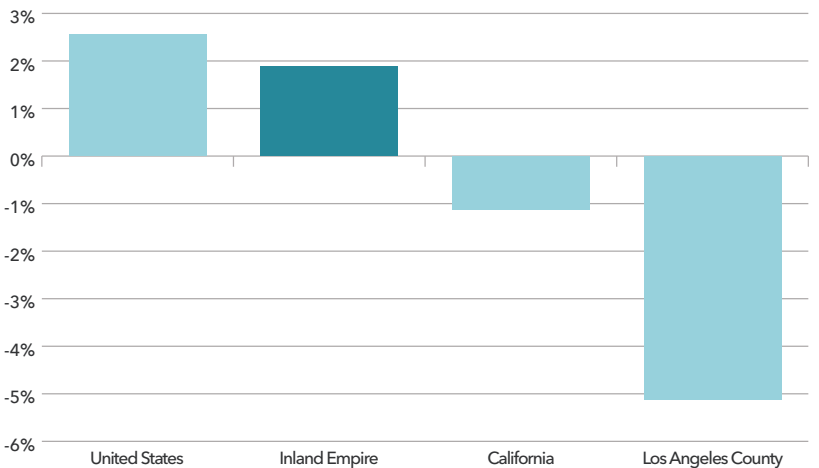
Source: Lightcast (EMSI)

# INLAND EMPIRE’S POPULATION EXPECTED TO CONTINUE TO GROW

The Inland Empire is expected to welcome over 88,000 new residents in the next five years, representing a 2% population increase. This growth stands in contrast to projections of a 5% decline in Los Angeles County's population and a 1% decrease statewide.

## 5-YEAR POPULATION CHANGE PROJECTION (2024-2028)

United States	2.56%
Inland Empire	1.89%
California	-1.12%
Los Angeles County	-5.13%



Source: Lightcast (EMSI)



# RAPIDLY EXPANDING HEALTHCARE INDUSTRY

## RIVERSIDE COMMUNITY HOSPITAL

Riverside Community Hospital (RHC) is a major healthcare provider in Southern California, featuring one of the region's largest emergency departments and a Level I Trauma Center. The hospital employs over 2,000 individuals, including 600 physicians, and offers a wide range of over 200 medical specialties. In 2019, RHC completed a \$7.5 million expansion of its emergency facilities, allowing them to serve over 124,000 patients, including  $\pm 4,000$  trauma patients, each year. RHC's high quality of care was recognized in 2020 when it was voted the top hospital in the Inland Empire by the Inland Valley Press Enterprise.

## RIVERSIDE UNIVERSITY HEALTH SYSTEM MEDICAL CAMPUS

The Riverside University Health System Medical Campus is currently undergoing a significant expansion, marked by the construction of a \$114 million medical office building and outpatient surgery center. This new  $\pm 200,000$ -square-foot facility is projected to add  $\pm 1,500$  medical staff positions upon its completion.

## LOMA LINDA UNIVERSITY MEDICAL CENTER

Loma Linda University Health recently bolstered its healthcare offerings with a substantial new hospital complex. This expansion includes a state-of-the-art adult hospital and a significantly larger children's hospital. The new adult hospital tower replaced the previous medical center, while the children's hospital expansion increased its patient care capacity by roughly 40%. The phased opening of these new facilities took place between late 2020 and the summer of 2021.

## JERRY L. PETTIS MEMORIAL VETERANS HOSPITAL

In 2020, the Jerry L. Pettis Memorial Veterans' Hospital expanded its emergency department by  $\pm 25,000$  square feet. This addition created 16 new examination rooms and a larger waiting area with space for more than 35 veterans. As a facility within the VA system, the hospital provides a wide spectrum of healthcare services to veterans. These services include primary and specialized care, mental health support, surgical procedures, and various other medical treatments. The hospital is committed to delivering high-quality care and plays a vital role in meeting the healthcare needs of those who have served in the U.S. military.



## RAPIDLY EXPANDING HEALTHCARE INDUSTRY





# LOCATION OVERVIEW

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*Section 02*



# INLAND EMPIRE INDUSTRY CLUSTERS *DRIVE APARTMENT DEMAND*

## LOGISTICS

The Inland Empire functions as a major logistics hub, handling a large volume of ground shipments to and from Southern California. Companies like UPS, FedEx, and Amazon rely on the region for their primary distribution centers. The area's logistics and transportation sector, encompassing warehousing, wholesaling, and shipping, has seen considerable expansion, generating over 35,000 new jobs since 2022. Amazon's presence has significantly contributed to this growth, with the company hiring 11,900 employees in the Inland Empire in 2020 alone.

## TECHNOLOGY

Several factors make the Inland Empire attractive to technology companies seeking relocation or expansion. These include established distribution networks, a diverse workforce, relatively affordable operating costs, and a strategic location. A number of prominent high-tech firms have already established a presence in the region, including Alcoria, Apex Digital Inc., AVID, Business Engine Software, Environmental Systems, I/O Software, Luminex, Robinson Software, and Surado Solutions. Furthermore, SolarMax Technology's corporate headquarters, located just a block from Mission Lofts, provides employment for 300 high-wage workers.

## HEALTHCARE

Healthcare remains a vital component of the Inland Empire's economy, with ongoing expansions at institutions like Loma Linda University Medical Center and Riverside University Health System Medical Campus, as well as the development of the March LifeCare Campus. Several factors have contributed to this sector's significant growth, including the region's increasing population, the aging demographic, and the influence of the Affordable Care Act.

## DEFENSE AND AEROSPACE

The Inland Empire has emerged as a significant hub for aerospace and defense industries, anchored by March Air Reserve Base, home to the Fourth Air Force's largest air mobility wing. A diverse range of businesses operate within this sector in the region, including manufacturers, testing facilities, aircraft parts suppliers, weapons engineering centers, and electronics developers. Notable examples of companies with a presence in the Inland Empire's aerospace and defense sector include CIRCOR Aerospace, Accuturn Corp., Kelly Space & Technology Inc, Electronic Component Division, Gentex Western Operations, GE Aircraft Engines, JCM Engineering, and Bourns, Inc.



# NEARBY AMENITIES

### TRI-CITY CORPORATE CENTRE

In 2015, Hines partnered with a real estate fund managed by Oaktree Capital Management to purchase Tri-City Corporate Centre, a collection of 17 Class A and B office buildings in San Bernardino, California. The portfolio encompasses  $\pm 1,055,596$  square feet of office space spread across a 153-acre campus. Situated in the Inland Empire, Tri-City Corporate Centre offers a range of on-site amenities, including a variety of restaurants, retail stores, a full-service bank, and a fitness center. Its location provides tenants with excellent visibility, accessibility, and proximity to public transportation. The office park itself offers convenient access to both the 10 and 215 Freeways, and a newly added rapid transit bus stop is within easy walking distance.

### DOWNTOWN SAN BERNARDINO

Downtown San Bernardino serves as the center of city and county government operations and the city's central business district. Notably, it houses several diplomatic missions, making it one of only four cities in California (along with Los Angeles, San Diego, and San Francisco) to host multiple consulates. Currently, both Guatemala (since July 2014) and Mexico have established consular offices in the downtown civic center. The boundaries of downtown San Bernardino are defined by I-215 to the west, Waterman Avenue to the east, Baseline Street to the north, and Mill Street to the south.

### SAN BERNARDINO INTERNATIONAL AIRPORT

San Bernardino International Airport (SBD), a public airport, is located two miles southeast of downtown San Bernardino. Spanning 1,329 acres, the airport features a single runway capable of handling large aircraft, including the Airbus A380 and the Boeing 747. SBD serves as a commercial, general aviation, and cargo airport. The site's history includes its time as the former San Bernardino Municipal Airport, its conversion into the San Bernardino Air Depot during World War II (1942), and its subsequent renaming as Norton Air Force Base before being decommissioned after the fall of the Soviet Union. Today, San Bernardino International Airport consists of three passenger terminals: a domestic terminal serviced by Breeze Airways, an international terminal equipped with a U.S. Customs and Border Protection processing facility, and the Luxivair SBD executive terminal, an airport-owned fixed-base operator.

### DOWNTOWN REDLANDS

Located roughly equidistant between Los Angeles and Palm Springs, Downtown Redlands provides a blend of small-town atmosphere and contemporary amenities. This charming community avoids the pitfalls of both overly touristy destinations and the congestion of large cities. Redlands boasts a vibrant culinary scene, a long-standing free summer concert series, the unique Umbrella Alley, numerous murals and clocks, and other attractions. The Downtown Redlands area features local parks, historical landmarks, remnants of old orange groves, and the aforementioned Umbrella Alley. Every Saturday morning, the Downtown's Morning Market takes place, offering a diverse array of artisan goods, pre-packaged foods, hot food vendors, certified farmers' market produce, live music, dining options, bars, breweries, and various other activities.







# INLAND EMPIRE EXPANSION

## MERIDIAN BUSINESS PARK

Meridian Business Park, a  $\pm 1,290$ -acre master-planned commerce and distribution center, is situated in the Inland Empire, a dynamic region of Southern California. Located in Riverside, California, along Interstate 215, Meridian offers convenient access to the area's freeway network, rail and air hubs, and major seaports. The park provides a variety of property options, including warehouse distribution facilities, business park space, retail locations, and office buildings. Currently, over 1,000 acres have been developed, encompassing more than 11 million square feet of buildings and supporting over 12,000 jobs. Meridian is home to a number of prominent companies, such as Sysco, Kia Automotive, Nissan, McLane Foods, United Parcel Service, Amazon, and Kaiser Permanente. Upon full build-out, Meridian Business Park is projected to include  $\pm 16$  million square feet of building space and generate approximately 18,000 jobs, attracting world-class companies and businesses.

## AMAZON

Amazon has established itself as the largest employer in the area, operating 14 facilities and employing  $\pm 20,000$  people across the region. Their recent expansion includes a new regional air hub, Amazon Air, a major investment in their transportation and logistics operations. This new hub has also brought hundreds of additional jobs to the local community. Between 2010 and 2019, Amazon invested more than \$50 billion in California, resulting in over \$49 billion in economic impact.

## THE RIVERSIDE CONVENTION CENTER

The local convention center is undergoing a significant expansion, which will effectively double its current footprint. The project includes the addition of an amphitheater, 376 new hotel rooms, office space, and a five-story parking garage. Anticipated for completion by the end of the year, this expansion will enable the center to host larger conventions, attracting increased numbers of visitors and technology professionals. This increased activity is expected to boost revenue for the surrounding area. The total cost of this development project is estimated to be between \$350 and \$390 million.

## THE AC MARRIOTT AND RESIDENCE INN

A dual-branded hotel is being developed in Downtown Riverside, on the site of the former Downtown Fire Station. This \$30 million, seven-story project will incorporate elements of the fire station's historic architecture while fitting in with the surrounding arts and entertainment district. Construction commenced in late 2021, and the 240-room hotel is expected to play a key role in attracting larger conventions, concerts, and other events to the area.



## AWARD-WINNING SCHOOLS

### REDLANDS UNIFIED SCHOOL DISTRICT

The Redlands Unified School District provides education for students in Redlands and Loma Linda, as well as the unincorporated area of Mentone, part of Highland, and a small section of San Bernardino. In 2009, the district had a total of ±21,170 students enrolled. The district's educational facilities include 16 elementary schools (kindergarten through 5th grade), 5 middle schools (6th through 8th grade), and 6 high schools. Students residing at 25675 Prospect Ave Apartments are assigned to Mission Elementary, Cope Middle School, and Redlands High School.

### LOMA LINDA UNIVERSITY

Loma Linda University (LLU), a Seventh-day Adventist institution, provides a distinctive educational experience by integrating health, science, and faith. Founded in 1905 with a vision focused on health and hope, the university's Southern California campus has grown significantly, with the city of Loma Linda developing around it. Over a century later, LLU has become part of a renowned academic medical center, comprising eight schools and offering over 100 different programs.

### UNIVERSITY OF REDLANDS

The University of Redlands, a private institution, is located in Redlands, California. Its main ±160-acre residential campus is near downtown Redlands, and it also operates eight regional locations across California, primarily serving working adults. In 2021, U.S. News & World Report ranked the University of Redlands #5 among Regional Universities West and #3 in Best Colleges for Veterans. California Baptist University (CBU), with a student body exceeding ±11,496, has been consistently recognized by U.S. News & World Report as a "Best Regional University."





# PROPERTY OVERVIEW

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*Section 03*

# PROPERTY DESCRIPTION

*The Loma Linda Apartments, 25 apartment units located at 25675 & 25695 Prospect Avenue, Loma Linda, California. 1 mile south of the 10 freeway and walking distance to the VA Hospital.*

No onsite management required (situated on 2 parcels).

The tenants have excellent access to transportation and employment. The Apartments are located on a quiet cul-de-sac within walking distance to Barton Road which offers numerous retail shopping and restaurants. The unit mix consists of four 1 bedroom / 1 bathroom and twenty-one 2 bedroom / 2 bath units. Each unit is separately metered for gas and electric. The parking is ample with assigned carport, open and street parking. The local apartment market in the city of Loma Linda remains robust/tight and thus this property offers an investor the ability to capture quality residents seeking a well-located neighborhood with convenient access to a wide variety of retail, transportation and educational amenities with realistic rental upside. This overall demand for well-located work force apartments will be a key driver in the continued growth at 25675 & 25695 Prospect Avenue, Loma Linda, California.

## PROPERTY HIGHLIGHTS

- 100% occupied and rental collections
- 15% realistic rental upside
- Many recent capital improvements and renovations
- Superb unit of 84% 2 bedroom / 2 bath units
- Well landscaped with inviting curb appeal
- Separately metered for gas and electric
- Laundry room and gated parking
- Close To 10 Freeway, VA, and Loma Linda Hospital
- Professionally managed
- Turn key
- 2 separate parcels

## CAPITAL IMPROVEMENT

- All new roofs and rain gutters
- Earthquake retrofit and seismic upgrades (2021)
- All new PEX plumbing (cross-linked polyethylene) throughout
- 20 of the 25 units have been completely rehabbed with new flooring, windows, cabinets, stove, microwave, countertops, sink, toilet, vanity, shower, AC, recessed lighting, and ceiling fans
- 100% of all HVAC has been replaced
- Slurry and striping
- New electronic driveway gate and motor
- New tankless water heaters
- All new drought-resistant landscaping
- New windows and doors





## PROPERTY OVERVIEW





## EXTERIOR PHOTOS



## ABOUT QUALITY MANAGEMENT GROUP



We define quality service to our owners by combining the precision of large company resources with the care of small company personal attention.

### PROVIDING PROPERTY MANAGEMENT WITH PRECISION AND CARE

We define quality service to our owners by combining the precision of large company resources with the care of a small company personal attention. We deliver Quality Precision to our owners by providing:

- Lower vacancy rates
- Lower delinquency rates
- Shorter vacant unit turn costs
- Lower average yearly operating costs
- 100% compliance with state and local laws

At Quality we provide lower delinquency rates of 3.6% which is more efficient than the national average.

### QUALITY CARE

We deliver Quality Care to our owners by providing:

- Quarterly market rent evaluations
- Regular unit inspections
- Annual preventive maintenance plans
- Annual capital forecasts
- Resident response within a maximum of 24 hours
- Regulation monitoring for compliant resident relations
- Screening and on-going trainings for resident managers
- Vendors who meet or exceed our rigorous standards

There are multiple layers that contribute to our lower delinquency rates that include:

- Ensuring a potential resident is income qualified with a past credit history that meets our criteria
- Stressing on move-in day the importance of rent being paid timely
- Communicating a higher than average late fee as a detriment to paying after the rent is due
- Generating rent payment reports reviewed weekly by community managers with their supervisors

- Incentivizing community managers via milestone bonus objectives to sustain low delinquency
- Incentivizing residents to submit timely rent payments through seasonal raffles
- Our focus throughout everything we do is to provide property management with Quality, Precision and Care for our owners.

At Quality, we provide our owners with annual capital forecasts to keep their assets current with the competition, manage cash flow, and provide for long-term asset preservation.

The key is to set longer range forecasts, so that planning for current annual capital improvements becomes part of the regular maintenance cycle, rather than a reaction to deferred conditions and includes:

- Working with the owner to understand their goals and financial expectations
- Acceptable cycles for paving, exterior paint, decks/landings, HVAC, appliances, roofing and upgrades
- Developing capital replacement savings strategies with our owners
- Forecasting and promoting strategies to reduce long-term and recurring expenses, such as conversion to LED lighting, solar paneling and drought resistant landscaping
- Negotiating with telecom providers to bonus our owners for TV, phone and internet





# COMPARABLES

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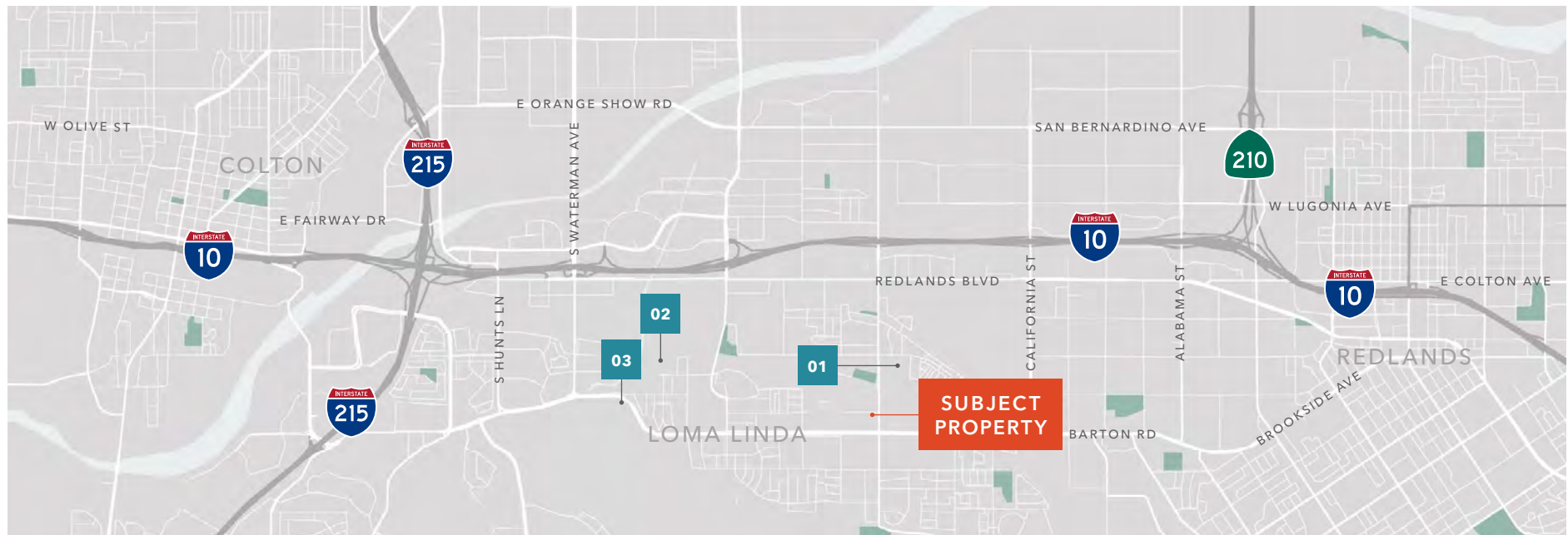
*Section 04*

## SALE COMPARABLES

	Property Name	Units	Year Built	Price	CAP	GRM	Price/Unit	Price/Foot	COE	Unit Mix
01	<b>516 S INDIAN HILL BLVD</b> Claremont, CA 91711	75	1971	26,000,000	5.0%	12.1	346,667	399.99	10/10/2025	(24) 1 Bed / 1 Bath (13) 2 Bed / 1 Bath (38) 2 Bed / 2 Bath
02	<b>112 S MAPLE AVE</b> Rialto, CA 92376	8	1995	\$2,350,000	5.9%	11.0	\$293,750	\$307.47	9/11/2025	(10) 2 Bed / 2 Bath
03	<b>5125 BANDERA ST</b> Montclair, CA 91763	12	1963	\$3,920,000	5.1%	11.9	\$326,667	\$390.28	6/30/2025	(12) 2 Bed / 1 Bath
04	<b>3060 PANORMA RD</b> Riverside, CA 92506	12	1968	\$3,300,000	4.9%	12.4	\$275,000	\$227.48	6/5/2025	(6) 1 Bed / 1 Bath (6) 2 Bed / 1 Bath
05	<b>10325 LEHIGH AVE</b> Montclair, CA 91763	13	1962	\$3,550,000	5.0%	11.9	\$273,076	\$279.51	1/30/2025	(1) 1 Bed / 1 Bath (7) 2 Bed / 1 Bath (5) 3 Bed / 2 Bath
	<b>Average</b>	<b>24</b>	<b>1971</b>	<b>\$7,824,000</b>	<b>5.2%</b>	<b>11.9</b>	<b>\$303,032</b>	<b>\$320.95</b>		

## RENT COMPARABLES

	Property Name	Unit Mix	Year Built	Unit Count	Unit SF	Avg Rents	Rent SF
<b>01</b>	<b>MONTEREY PINES</b> 25701 Van Leuven St Loma Linda, CA 92354	1 Bed / 1 Bath	1986	100	700	\$2,034	\$2.91
<b>02</b>	<b>LOMA LINDA GOODMANOR</b> 24570 Stewart St Loma Linda, CA 92354	2 Bed / 2 Bath	1988	67	960	\$2,305	\$2.41
<b>03</b>	<b>LOMA LINDA SPRINGS</b> 11171 Oakwood Dr Loma Linda, CA 92354	2 Bed / 2 Bath	1990	28	1011	\$2,280	\$2.25







# FINANCIALS

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*Section 05*

## FINANCIALS

### RENT ROLL

Unit	Unit Type	SF	Current Rent/Month	Current Rent/SF/Month	Potential Rent/Month	Potential Rent/SF/Month
101	2 Bed / 2 Bath	826	\$1,950	\$2.36	\$2,047	\$2.48
102	2 Bed / 2 Bath	826	\$1,986	\$2.40	\$2,085	\$2.52
103	1 Bed / 1 Bath	601	\$1,826	\$3.04	\$1,917	\$3.19
104	2 Bed / 2 Bath	826	\$1,775	\$2.15	\$1,863	\$2.26
105	2 Bed / 2 Bath	826	\$1,775	\$2.15	\$1,863	\$2.26
106	1 Bed / 1 Bath	601	\$1,565	\$2.60	\$1,643	\$2.73
107	1 Bed / 1 Bath	601	\$1,824	\$3.03	\$1,915	\$3.19
108	2 Bed / 2 Bath	826	\$1,818	\$2.20	\$1,908	\$2.31
109	2 Bed / 2 Bath	826	\$2,183	\$2.64	\$2,292	\$2.77
110	1 Bed / 1 Bath	601	\$1,550	\$2.58	\$1,627	\$2.71
201	2 Bed / 2 Bath	826	\$2,204	\$2.67	\$2,314	\$2.80
202	2 Bed / 2 Bath	826	\$1,805	\$2.19	\$1,895	\$2.29
203	2 Bed / 2 Bath	826	\$2,069	\$2.50	\$2,172	\$2.63
204	2 Bed / 2 Bath	826	\$2,081	\$2.52	\$2,185	\$2.65
205	2 Bed / 2 Bath	826	\$2,172	\$2.63	\$2,280	\$2.76
206	2 Bed / 2 Bath	826	\$2,196	\$2.66	\$2,305	\$2.79
207	2 Bed / 2 Bath	826	\$2,007	\$2.43	\$2,107	\$2.55
208	2 Bed / 2 Bath	826	\$2,115	\$2.56	\$2,200	\$2.66
209	2 Bed / 2 Bath	826	\$2,115	\$2.56	\$2,200	\$2.66
210	2 Bed / 2 Bath	826	\$1,716	\$2.08	\$1,801	\$2.18
211	2 Bed / 2 Bath	826	\$1,725	\$2.09	\$1,811	\$2.19
212	2 Bed / 2 Bath	826	\$2,195	\$2.66	\$2,195	\$2.66
213	2 Bed / 2 Bath	826	\$2,289	\$2.77	\$2,395	\$2.90
214	2 Bed / 2 Bath	826	\$2,183	\$2.64	\$2,292	\$2.77
215	2 Bed / 2 Bath	826	\$1,994	\$2.41	\$2,093	\$2.53
<b>Total</b>		<b>19,750</b>	<b>\$49,118</b>	<b>\$2.49</b>	<b>\$51,405</b>	<b>\$2.60</b>

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## FINANCIALS

### OPERATING STATEMENT

<b>Income</b>	<b>Current</b>	<b>5% Rental Increase</b>	<b>Market</b>	<b>Per Unit</b>	<b>Per SF</b>
Gross Current Rent	589,416	616,860	694,500	24,674	31.23
Physical Vacancy	(17,682) 3.0%	(18,506) 3.0%	(20,079) 3.0%	(740)	(0.94)
Effective Rental Income	571,734	598,354	674,421	23,934	30.30
Laundry Income	2,292	2,292	2,358	92	0.12
Misc	7,187	7,187	7,187	287	0.36
Total Other Income	\$9,479	\$9,479	\$9,545	\$379	\$0.48
<b>Effective Gross Income</b>	<b>\$581,213</b>	<b>\$607,833</b>	<b>\$683,966</b>	<b>\$24,313</b>	<b>\$30.78</b>
<b>Expenses</b>	<b>Current</b>	<b>5% Rental Increase</b>	<b>Market</b>	<b>Per Unit</b>	<b>Per SF</b>
Real Estate Taxes	80,989	80,989	80,989	3,240	4.10
Insurance	16,857	25,000	25,000	1,000	1.27
Electric	3,864	3,884	4,263	155	0.20
Professional Management (6% off EGI)	34,873	36,470	41,038	1,459	1.85
Gas	7,753	7,753	7,753	310	0.39
Cable and Internet	5,501	5,501	5,501	220	0.28
Repairs and Maintenance	21,001	21,001	21,001	840	1.06
Landscaping	5,150	5,150	5,150	206	0.26
Misc.	1,500	1,500	1,500	60	0.08
Water	6,149	6,149	6,149	246	0.31
Trash	10,942	10,942	10,243	438	0.55
Sewer	9,652	9,652	9,652	386	0.49
Operating Reserves	6,250	6,250	6,250	250	0.32
<b>Total Expenses</b>	<b>\$210,481</b>	<b>\$220,241</b>	<b>\$248,489</b>	<b>\$8,810</b>	<b>\$11.15</b>
<b>Expenses as % of EGI</b>	<b>36.2%</b>	<b>36.2%</b>	<b>36.3%</b>		
<b>Net Operating Income</b>	<b>\$370,732</b>	<b>\$387,592</b>	<b>\$435,477</b>	<b>\$15,504</b>	<b>\$19.62</b>

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## FINANCIALS

### PRICING DETAIL - ALL CASH

#### Summary

<b>Price</b>	<b>\$7,395,000</b>
Number of Units	25
Price Per Unit	\$295,800
Price Per SF	\$374.43
Rentable SF	±19,750
Lot Size	±0.75 Acres
Approx. Year Built	1972

#### Returns

	Current	5% Increase	Market
CAP Rate	5.01%	5.24%	5.89%
GRM	12.55	11.99	10.65

Unit Type	SF	Scheduled Rents	Market Rents
(4) 1 Bed/1 Bath	±601	\$1,691	\$1,776
(21) 2 Bed/2 Bath	±826	\$2,017	\$2,110

#### Operating Data

	Current	5% Rental Increase	Market
Gross Scheduled Rent	\$589,416	\$616,860	\$694,500
Less: Vacancy/Deductions	\$17,682 (3.0%)	\$18,506 (3.0%)	\$20,079
Total Effective Rental Income	\$571,734	\$598,354	\$674,421
Other Income	\$9,479	\$9,479	\$9,545
Effective Gross Income	\$581,213	\$607,833	\$683,966
Less: Expenses	\$210,481 (36.2%)	\$220,241 (36.2%)	\$248,489
Net Operating Income	\$370,732 (5.01%)	\$387,592 (5.24%)	\$435,477 (5.89%)

#### Expenses

	Current	5% Rental Increase	Market
Real Estate Taxes	\$80,989	\$80,989	\$80,989
Insurance	\$16,857	\$25,000	\$25,000
Electric	\$3,864	\$3,884	\$4,263
Professional Management	\$34,873	\$36,470	\$41,038
Gas	\$7,753	\$7,753	\$7,753
Cable and Internet	\$5,501	\$5,501	\$5,501
Repairs and Maintenance	\$21,001	\$21,001	\$21,001
Landscaping	\$5,150	\$5,150	\$5,150
Misc.	\$1,500	\$1,500	\$1,500
Water	\$6,149	\$6,149	\$6,149
Trash	\$10,942	\$10,942	\$10,243
Sewer	\$9,652	\$9,652	\$9,652
Operating Reserves	\$6,250	\$6,250	\$6,250
<b>Total Expenses</b>	<b>\$210,481</b>	<b>\$220,241</b>	<b>\$224,489</b>
<b>Expenses/Unit</b>	<b>\$8,419</b>	<b>\$8,810</b>	<b>\$8,980</b>
<b>Expenses/SF</b>	<b>\$10.66</b>	<b>\$11.15</b>	<b>\$11.37</b>

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# OFFERING PROCEDURES

# OFFERING PROCEDURES

## *Prospective Investors Wishing To Make An Offer Are Requested To Submit —*

- Letter of intent
- Resume and/or business letter indicating recent or current assets owned and purchased
- Transaction references
- Banking references
- Source of equity for acquisition

### INTEREST OFFERED

100% fee simple interest.

### TERMS

The Property is being offered on an all-cash basis with new and or assumable financing available.

### SALE CONDITIONS

Property is being offered in an AS-IS, where-is condition with all faults, if any, and without representations or warranties of any kind or nature, expressed or implied, written or oral.

### PROPERTY TOURS

Prospective investors are encouraged to visit the subject property prior to submitting an offer. Please DO NOT contact on-site management or staff without prior approval. All property showings are by appointment only. Contact Jonathan Mitchell at Kidder Mathews.

#### JON MITCHELL

Senior Vice President

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