



OFFERING MEMORANDUM

1605 Water St
Kerrville, TX 78028

The **GO** Getters
multifamily real estate team



Presented

By:

INVESTMENT SALES

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Offering procedures

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

Property tours

Prospective investors are encouraged to visit the subject property prior to submitting an offer. Please do not contact the on-site management or staff without prior approval. All property showings are by appointment only. Please contact us for more details.

Sales conditions

Interested prospective investors should be aware that the owner of the property is selling the property in as-is, where-is condition with all faults, if any, and without representations or warranties of any kind of nature, expressed or implied, written or oral.

Communications

All communications, inquiries and requests, including property tours, should be addressed to the listing agent.





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EXECUTIVE SUMMARY

The Go-Getters Multifamily team is thrilled to present the Lux Riverside Apartments, an exceptional 47-unit complex offering a prime value-add investment opportunity in the heart of Kerrville. Built in 1965, this property features waterfront views and a tranquil atmosphere. The Lux Riverside Apartments include a mix of 1-bedroom/1-bathroom units and studios, averaging 584 square feet. This property also features access to well-appointed amenities, including a landscaped courtyard, convenient laundry facilities, and a designated picnic area.

Property	The Lux Riverside
Address	1605 Water St, Kerrville, TX 78028
Market	City
# of Units	47
# of Stories	1
# of Buildings	5
Year Built	1965
Average Unit Size	584
Net Rentable Area	27,470
Parking	Ashpalt

TAX INFORMATION	Kerr CAD
Parcel ID	71735
Improvement Allocation	90%
Tax Rate	1.18%
Land Area	2.16 Acres
Foundation	Concrete Slab

MECHANICAL	
HVAC	PTAC
Electricity	Individually Metered
Type of Wiring	Copper

LAUNDRY	
Washer/Dryer Connections	No
On-Site Facility	Yes

UTILITIES/PAID BY	
Electricity	Utility Fee Paid by Tenant
Water and Sewer	Utility Fee Paid by Tenant
Trash	Utility Fee Paid by Tenant

FEES & DEPOSITS	
Application Fee	\$50
Administrative Fee	\$100
Security Deposit	\$300
Non-Refundable Pet Fee	\$500
Monthly Pet Rent	\$25

PERSONNEL	
Management Company	Yes
Leasing Office	Off-Site
Maintenance	Off-Site
Junior High	Peterson Middle
High School	Tivy High School

Get Rent Premiums on Upgraded Units

Increase rents roughly \$100/unit/mo by investing \$3,500 per unit for upgrades including: vinyl plank flooring, two-tone paint, countertop finishes, and cabinet hardware.

Add Covered Parking

Invest approximately \$1000/unit to install covered parking. This will generate approximately \$25/unit.

Reduce Utility Expenses through Water Conservation Program

Invest approximately \$375/unit to install low-flow toilets, low-flow showerheads, and replace the aerators in the kitchen and bathrooms. This will reduce the consumption by approximately 35%.

Add Washer and Dryer Connections in Units

Invest approximately \$2000/unit to install washer and dryer connections. This will generate approximately \$100/unit.

Improvement	Units Available for Upgrade	Initial Investment		Monthly Additional Potential Cash Flow		Additional Capitalized Value	ROI
		Per Unit	Total	Per Unit	Total		
Rent Premium on upgraded unit	25	\$3,500	\$87,500	\$100	\$2,500	\$468,750	34%
Covered Parking	47	\$1,000	\$47,000	\$25	\$1,175	\$220,313	30%
Reduce utility expenses: low flow toilets	47	\$375	\$17,625	\$11	\$526	\$98,623	36%
Washer Dryer connections in unit	47	\$2,000	\$94,000	\$100	\$4,700	\$881,250	60%
Total Value Add Potential		\$6,875	\$246,125	\$371	\$8,901	\$1,668,935	43%

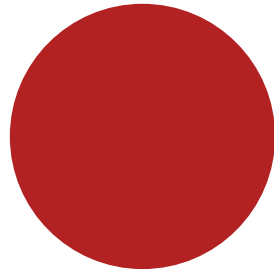
Cap Rate	6.4%
Breakeven in Months	28

	Investment	Year 1	Year 2	Year 3	Year 4	Year 5
Projected Cash Flow without Value Add	-\$2,002,271	\$169,901	\$153,921	\$166,333	\$138,053	\$151,421
Additional Cash Flow with Value Add	-\$246,125	\$0	\$106,812	\$106,812	\$106,812	\$106,812
Projected Cash on Cash Return		8.5%	7.7%	8.3%	6.9%	7.6%
Cash on Cash Return with Value Add		7.6%	11.6%	12.1%	10.9%	11.5%
Projected Sales Proceeds		\$2,026,071	\$2,133,672	\$2,244,844	\$2,401,873	\$2,564,999
Sales Proceeds with Value Add		\$2,026,071	\$3,685,781	\$3,796,953	\$3,953,983	\$4,117,109
Projected IRR						12.3%
Projected IRR w/ Value Add						21.3%

1605 Water Street in Kerrville, TX, is ideally situated in a central location, providing easy access to a variety of nearby employers and amenities. Within a 3-mile radius, notable establishments include Kerrville State Hospital, Schreiner University, and H-E-B. Additionally, the area offers residents convenient access to parks, dining options, and community services, making it an attractive destination for both living and working.







25,259

Population



49.1

Median Age



3.2%

2024
Unemployment
Rate



0.39%

2023-2028
Population: Annual
Growth Rate

HOUSING STATS



\$274,684

Median Home Value



\$64,489

Median Household
Income



2.18

Household Size



35.9%

% Rentals



8.7%

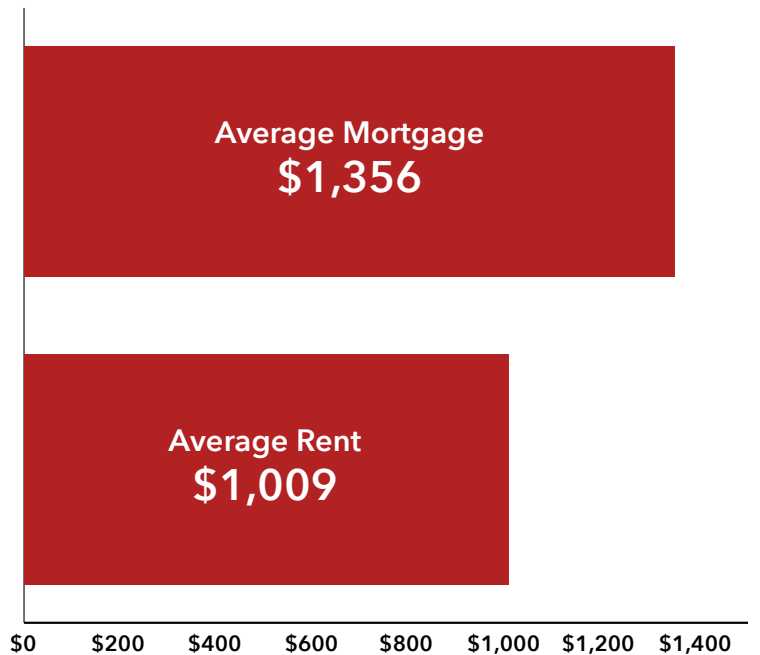
Vacant Housing Units



3,894

Rental Unit Demand

Housing Costs





The Lux Riverside

1605 Water St, Kerrville, TX 78028

Property Overview	
Units	47
Occupancy	91%
Year Built	1965
Utilities	Utility Fee - Electric/Water/Sewer/Trash

Unit Type	No. of Units	Avg. SF	Current AVG Rent	Rent/SF	Market Rent	Rent/SF
Studio	20	550	\$887	\$1.61	\$995	\$1.81
1 Bed / 1 Bath	27	610	\$989	\$1.62	\$1,095	\$1.80
Totals / Avg.	47	584	\$946	\$1.62	\$1,052	\$1.80

GPR	\$533,316	\$593,580
GPR / Month	\$44,443	\$49,465













	Aug T12	Aug T6	Aug T3	Stabilized
Rental Income				
Gross Potential Rent	\$ 454,967	\$ 459,287	\$ 467,123	\$ 593,580
Vacancy	\$ -	\$ -	\$ -	\$ (35,615)
Loss to Lease	\$ -	\$ -	\$ -	\$ (11,872)
Concessions	\$ -	\$ -	\$ -	\$ (5,936)
Bad Debt / Delinquency	\$ -	\$ -	\$ -	\$ (5,936)
Net Rental Income	\$ <u>454,967</u>	\$ <u>459,287</u>	\$ <u>467,123</u>	\$ <u>534,222</u>
Utility Reimbursement	\$ 29,743	\$ 32,172	\$ 30,084	\$ 41,557
App Fees	\$ 3,533	\$ 2,700	\$ 3,840	\$ 1,175
Admin Fees	\$ 850	\$ 600	\$ -	\$ 850
Late Fees	\$ 4,253	\$ 2,887	\$ 2,826	\$ 4,253
Pet Fees	\$ 15,208	\$ 12,501	\$ 11,297	\$ 15,208
Misc Other Income	\$ 10,945	\$ 13,053	\$ 14,713	\$ 10,945
Total Other Income	\$ <u>68,245</u>	\$ <u>68,894</u>	\$ <u>70,068</u>	\$ <u>77,702</u>
Gross Operating Income	\$ <u>523,213</u>	\$ <u>528,181</u>	\$ <u>537,190</u>	\$ <u>611,924</u>
Operating Expenses				
Admin	\$ 9,661	\$ 10,018	\$ 5,808	\$ 11,750
Advertising	\$ 4,882	\$ 4,765	\$ 5,457	\$ 4,882
Payroll	\$ 53,361	\$ 53,105	\$ 56,936	\$ 56,400
Repairs & Maintenance	\$ 6,677	\$ 5,434	\$ 5,155	\$ 30,550
Management Fee	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,715
Property Taxes	\$ 12,475	\$ 12,475	\$ 12,475	\$ 24,951
Insurance	\$ 38,410	\$ 38,410	\$ 38,410	\$ 39,950
Electric - Common	\$ 38,475	\$ 32,206	\$ 39,017	\$ 39,629
Water & Sewer	\$ 15,320	\$ 17,140	\$ 18,267	\$ 15,780
Replacement Reserves	\$ -	\$ -	\$ -	\$ 14,100
Total Operating Expenses	\$ <u>215,263</u>	\$ <u>209,554</u>	\$ <u>217,525</u>	\$ <u>274,708</u>
Net Operating Income (NOI)	\$ <u>307,950</u>	\$ <u>318,627</u>	\$ <u>319,665</u>	\$ <u>337,217</u>

	Aug T3 Rent /					
Income	T12 Other	% of GPR	Per Unit	Stabilized	% of GPR	Per Unit
Gross Potential Rent	\$467,123	100.0%	\$9,939	\$593,580	100.0%	\$12,629
Vacancy	\$0	0.0%	\$0	-\$35,615	-6.0%	-\$758
Loss to Lease	\$0	0.0%	\$0	-\$11,872	-2.0%	-\$253
Concessions	\$0	0.0%	\$0	-\$5,936	-1.0%	-\$126
Bad Debt / Delinquency	\$0	0.0%	\$0	-\$5,936	-1.0%	-\$126
Net Rental Income	\$467,123	100.0%	\$9,939	\$534,222	90.0%	\$11,366
Utility Reimbursement	\$29,743	6.4%	\$633	\$41,557	7.0%	\$884
App Fees	\$3,533	0.8%	\$75	\$1,175	0.2%	\$25
Admin Fees	\$850	0.2%	\$18	\$850	0.1%	\$18
Misc Other Income	\$10,945	2.3%	\$233	\$10,945	1.8%	\$233
Total Other Income	\$68,245	14.6%	\$1,452	\$77,702	13.1%	\$1,653
Total Operating Income	\$535,368	114.6%	\$11,391	\$611,924	103.1%	\$13,020
Expenses	T12	% of GPR	Per Unit	Stabilized	% of GPR	Per Unit
Admin	\$9,661	2.1%	\$206	\$11,750	2.0%	\$250
Advertising	\$4,882	1.0%	\$104	\$4,882	0.8%	\$104
Payroll	\$53,361	11.4%	\$1,135	\$56,400	9.5%	\$1,200
Repairs & Maintenance	\$6,677	1.4%	\$142	\$30,550	5.1%	\$650
Management Fee	\$36,000	7.7%	\$766	\$36,715	6.2%	\$781
Property Taxes	\$12,475	2.7%	\$265	\$24,951	4.2%	\$531
Insurance	\$38,410	8.2%	\$817	\$39,950	6.7%	\$850
Electric - Common	\$38,475	8.2%	\$819	\$39,629	6.7%	\$843
Water & Sewer	\$15,320	3.3%	\$326	\$15,780	2.7%	\$336
Replacement Reserves	\$0	0.0%	\$0	\$14,100	2.4%	\$300
Total Expenses	\$215,263	46.1%	\$4,580	\$274,708	46.3%	\$5,845
Net Operating Income	\$320,105	68.5%	\$6,811	\$337,217	56.8%	\$7,175





Income	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Potential Rent	\$ 593,580	\$ 614,355	\$ 635,858	\$ 658,113	\$ 681,147
Vacancy	\$ (35,615)	\$ (36,861)	\$ (38,151)	\$ (39,487)	\$ (40,869)
Loss to Lease	\$ (11,872)	\$ (12,287)	\$ (12,717)	\$ (13,162)	\$ (13,623)
Concessions	\$ (5,936)	\$ (6,144)	\$ (6,359)	\$ (6,581)	\$ (6,811)
Bad Debt / Delinquency	\$ (5,936)	\$ (6,144)	\$ (6,359)	\$ (6,581)	\$ (6,811)
Net Rental Income	\$ 534,222	\$ 552,920	\$ 572,272	\$ 592,301	\$ 613,032
Utility Reimbursement	\$ 41,557	\$ 12,190	\$ 12,555	\$ 12,932	\$ 13,320
App Fees	\$ 1,175	\$ 1,216	\$ 1,259	\$ 1,303	\$ 1,348
Admin Fees	\$ 850	\$ 880	\$ 911	\$ 942	\$ 975
Misc Other Income	\$ 10,945	\$ 11,328	\$ 11,725	\$ 12,135	\$ 12,560
Total Other Income	\$ 77,702	\$ 49,600	\$ 51,275	\$ 53,007	\$ 54,798
Total Operating Income	\$ 611,924	\$ 602,520	\$ 623,547	\$ 645,309	\$ 667,830
Expenses					
Admin	\$ 11,750	\$ 12,103	\$ 12,466	\$ 12,840	\$ 13,225
Advertising	\$ 4,882	\$ 5,029	\$ 5,180	\$ 5,335	\$ 5,495
Payroll	\$ 56,400	\$ 58,092	\$ 59,835	\$ 61,630	\$ 63,479
Repairs & Maintenance	\$ 30,550	\$ 31,467	\$ 32,410	\$ 33,383	\$ 34,384
Management Fee	\$ 36,715	\$ 36,151	\$ 37,413	\$ 38,719	\$ 40,070
Property Taxes	\$ 24,951	\$ 25,699	\$ 26,470	\$ 27,264	\$ 28,082
Insurance	\$ 39,950	\$ 41,149	\$ 42,383	\$ 43,654	\$ 44,964
Electric - Common	\$ 39,629	\$ 40,818	\$ 42,043	\$ 43,304	\$ 44,603
Water & Sewer	\$ 15,780	\$ 16,253	\$ 16,741	\$ 17,243	\$ 17,760
Replacement Reserves	\$ 14,100	\$ 14,523	\$ 14,959	\$ 15,407	\$ 15,870
Total Expenses	\$ 274,708	\$ 281,283	\$ 289,899	\$ 298,779	\$ 307,932
Net Operating Income	\$ 337,217	\$ 321,237	\$ 333,648	\$ 346,530	\$ 359,898

	Year 1	Year 2	Year 3	Year 4	Year 5
Net Operating Income	\$ 337,217	\$ 321,237	\$ 333,648	\$ 346,530	\$ 359,898

Cash Flows

Annual Debt Service	\$ 167,315	\$ 167,315	\$ 167,315	\$ 208,476	\$ 208,476
Cash Flow	\$ 169,901	\$ 153,921	\$ 166,333	\$ 138,053	\$ 151,421

Debt Paydown

Loan Paydown	\$ -	\$ -	\$ -	\$ 42,199	\$ 44,544
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Sales Analysis

Projected Sales Price	\$ 5,353,946	\$ 5,469,646	\$ 5,589,186	\$ 5,712,660	\$ 5,840,167
Cost of Sale	\$ 374,776	\$ 382,875	\$ 391,243	\$ 399,886	\$ 408,812
Loan Balance	\$ 3,087,000	\$ 3,087,000	\$ 3,087,000	\$ 3,044,801	\$ 3,000,257
Refunded Reserves and Prepaids	\$ 133,901	\$ 133,901	\$ 133,901	\$ 133,901	\$ 133,901
Sales Proceeds	\$ 2,026,071	\$ 2,133,672	\$ 2,244,844	\$ 2,401,873	\$ 2,564,999

Return Metrics

DSCR	2.02	1.92	1.99	1.66	1.73
Cap Rate / Yield on Cost	6.9%	6.6%	6.8%	7.1%	7.3%
Total Return	8.5%	7.7%	8.3%	9.0%	9.8%
Equity Multiple	1.1	1.2	1.4	1.5	1.7
Cash on Cash Return	8.5%	7.7%	8.3%	6.9%	7.6%
Average Cash on Cash Return	8.5%	8.1%	8.2%	7.8%	7.8%
Unlevered IRR	7.7%	8.1%	8.2%	8.3%	8.4%
Levered IRR	9.7%	11.2%	11.8%	12.1%	12.3%

Assumptions:

Rental and Other Income Growth	3.5%	3.5%	3.5%	3.5%	3.5%
Utility Reimbursement %	75.0%	75.0%	75.0%	75.0%	75.0%
Vacancy	6.0%	6.0%	6.0%	6.0%	6.0%
Loss to Lease	2.0%	2.0%	2.0%	2.0%	2.0%
Concessions	1.0%	1.0%	1.0%	1.0%	1.0%
Bad Debt	1.0%	1.0%	1.0%	1.0%	1.0%
Expense Growth	3.0%	3.0%	3.0%	3.0%	3.0%
Exit Cap Rate	6.0%	6.1%	6.2%	6.3%	6.4%
Cost of Sale	7.0%	7.0%	7.0%	7.0%	7.0%

**Projected Sales Price based on following year's NOI*





Information About Brokerage Services

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

TYPES OF REAL ESTATE LICENSE HOLDERS:

- **A BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- **A SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of *each party* to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - o that the owner will accept a price less than the written asking price;
 - o that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - o any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

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<u>Pam Titzell</u> Licensed Supervisor of Sales Agent/ Associate	<u>0465722</u> License No.	<u>pamtitzell@kw.com</u> Email	<u>(806) 773-0088</u> Phone
_____ Sales Agent/Associate's Name	_____ License No.	_____ Email	_____ Phone

Buyer/Tenant/Seller/Landlord Initials

Date

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Any party contemplating or under contract or in escrow for a transaction is urged to verify all information and to conduct their own inspections and investigations including through appropriate third party independent professionals selected by such party. All financial data should be verified by the party including by obtaining and reading applicable documents and reports and consulting appropriate independent professionals. KW Commercial makes no warranties and/or representations regarding the veracity, completeness, or relevance of any financial data or assumptions. KW Commercial does not serve as a financial advisor to any party regarding any proposed transaction.

All data and assumptions regarding financial performance, including that used for financial modeling purposes, may differ from actual data or performance. Any estimates of market rents and/or projected rents that may be provided to a party do not necessarily mean that rents can be established at or increased to that level. Parties must evaluate any applicable contractual and governmental limitations as well as market conditions, vacancy factors and other issues in order to determine rents from or for the property. Legal questions should be discussed by the party with an attorney. Tax questions should be discussed by the party with a certified public accountant or tax attorney. Title questions should be discussed by the party with a title officer or attorney. Questions regarding the condition of the property and whether the property complies with applicable governmental requirements should be discussed by the party with appropriate engineers, architects, contractors, other consultants and governmental agencies. All properties and services are marketed by Keller Williams Lubbock in compliance with all applicable fair housing and equal opportunity laws.



The **GO** Getters
multifamily real estate team

KW COMMERCIALSM