


OFFERING MEMORANDUM


# The Cunningham

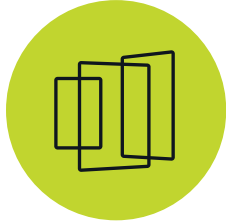
APARTMENT COMMUNITY

12-Unit Apartment Community  
in the Heart of Downtown Olympia, WA



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# 01

## Property Overview



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# PROPERTY OVERVIEW

## The Cunningham

### 12 Units in the Heart of Downtown Olympia

**Introducing The Cunningham**, a 12-unit mixed-use community with apartments and retail space located in the heart of historical Downtown Olympia, WA. Built in 1896, The Cunningham is the only pioneer storefront which remains in downtown and has earned local, historical registry status. The property features 12 studio and one-bedroom units along with three occupied retail spaces. The Cunningham was substantially renovated in 2018 which included a complete seismic upgrade, new electrical, mechanical, roof and storefront. Residents at The Cunningham enjoy amenities including fully-equipped kitchens with dishwashers, ample windows for natural light, and on-site laundry facilities.

Centrally located in downtown Olympia, The Cunningham has incredible access to shopping, restaurants, entertainment, and public transit lines. Straddling Capitol Lake and Budd Inlet, Olympia offers miles of waterfront, many of which are walkable from The Cunningham.

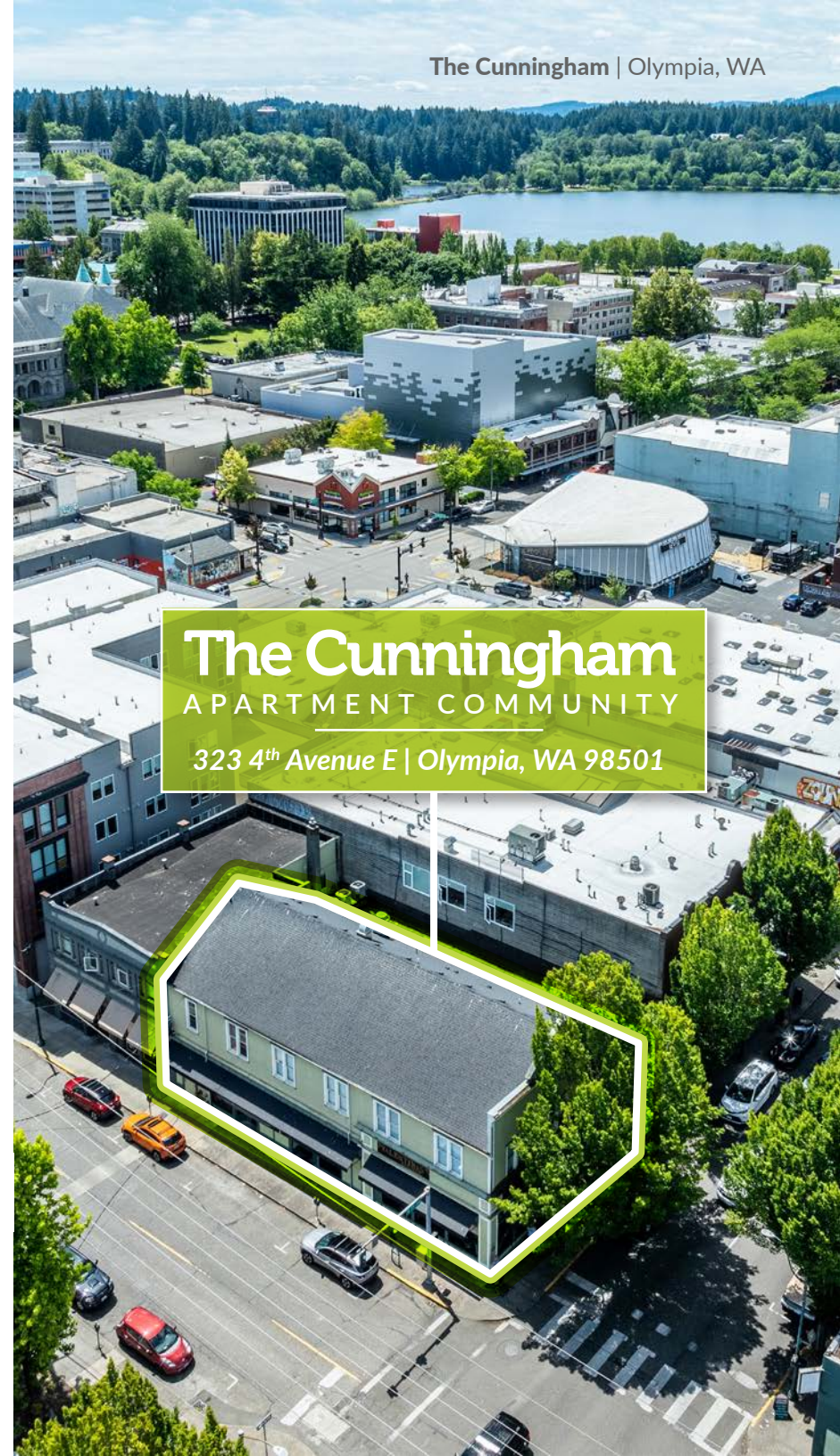
### Property Summary

<b>Address</b>	323 4th Avenue E, Olympia, WA 98501		
<b>Year Built</b>	1896	<b>Apartment Area</b>	5,600 SF
<b>Unit Count</b>	12	<b>Commercial Area</b>	5,580 SF
<b>Avg Unit Size</b>	465 SF	<b>Lot Size</b>	0.17 AC
<b>Total Rentable Size</b>	11,180 SF	<b>County</b>	Thurston

### Pricing Summary

<b>Price</b>	\$3,150,000	<b>Cap Rate</b>	5.85%
<b>Per/Unit</b> <i>Includes 3 Retail Spaces</i>	\$210,000	<b>Per/SF</b> <i>Includes Retail SF</i>	\$282

The Cunningham | Olympia, WA



**The Cunningham**  
APARTMENT COMMUNITY  
323 4<sup>th</sup> Avenue E | Olympia, WA 98501

# UNIT MIX SUMMARY

Multifamily Units	Unit Count	Avg Unit Size (SF)	Scheduled Rent	Per SF	Highest-Achieved Rents	Per SF
0 Bed / 1 Bath	6	350	\$994	\$2.84	\$1,090	\$3.11
1 Bed / 1 Bath	6	580	\$1,184	\$2.04	\$1,200	\$2.07
<b>Totals / Averages</b>	<b>12</b>	<b>465</b>	<b>\$1,089</b>	<b>\$2.34</b>	<b>\$1,145</b>	<b>\$2.46</b>

Retail Units	Unit Size	Monthly Commercial Rent	Annual Commercial Rent	Annual Commercial Rent PSF
Office	1,100	\$1,600	\$19,200	\$17.45
Valentinas	3,300	\$5,156	\$61,872	\$18.75
Olympia Olive Oil	1,200	\$1,750	\$21,000	\$17.50
<b>Totals / Averages</b>	<b>5,600</b>	<b>\$8,506</b>	<b>\$102,072</b>	<b>\$18.23</b>



**Well-Maintained Vintage Building**  
Official Olympia Heritage Site with Historic Charm

# PROPERTY OVERVIEW

- » Fully equipped kitchens with dishwashers
- » Large & ample windows for natural light
- » On-site laundry facilities
- » Storage space available
- » Pet-friendly community
- » Secure entry
- » Olympia Heritage Site
- » Fully occupied retail spaces
- » Incredible access to public transit lines
- » Substantial renovation in 2018 that included:
  - Complete seismic upgrade
  - New electrical
  - New mechanical
  - New roof
  - Modern, plate glass storefronts



On-Site Laundry



Ample Windows



Retail Storefronts



Heritage Site



Fully Equipped Kitchens

# 02

## Location Overview



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# LOCATION OVERVIEW

## Olympia, Washington

### A Prime Investment Destination in the Heart of the PNW

Nestled in Washington's Thurston County, Olympia stands as the capital city of the Evergreen State, home to a diverse population of approximately 55,669 residents. Positioned within driving distance from major cities such as Tacoma, Seattle and Portland, Olympia offers a balanced urban-suburban atmosphere cherished by families and professionals alike. The city thrives on its rich cultural tapestry, boasting numerous theaters, art exhibitions, and annual arts festivals that enrich community life throughout the year.

Situated on the southern end of Puget Sound, Olympia provides unparalleled access to water activities such as fishing, kayaking, and sailing, alongside picturesque views of Mount Rainier and the Olympic Mountain Range. Educationally, Olympia shines with multiple K-12 options and renowned institutions like The Evergreen State College and South Puget Sound Community College, both institutions serving over 7,000 students and faculty combined. Olympia's deep-seated community spirit is evident in its festive gatherings, including the massive Earth Day celebration and the region's second-largest farmers' market. For investors, Olympia presents a compelling opportunity to tap into a burgeoning rental market fueled by its prime location, cultural richness, and abundant recreational offerings.

## Top Thurston County Employers

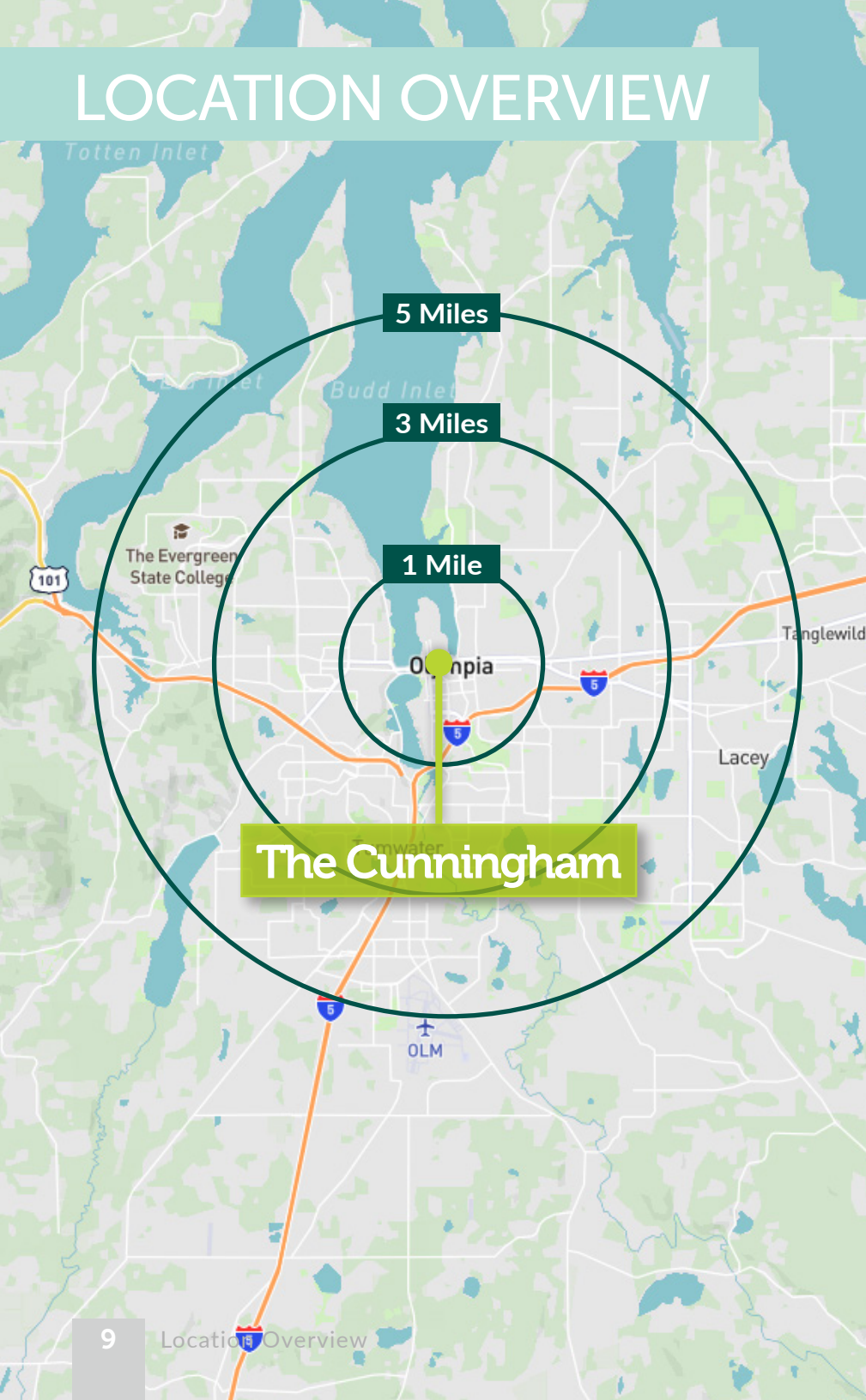
Employer	Total Employees	Distance* from Subject Property
Providence Health & Services	2,600	9 Mins
Albertsons/Safeway	1,200	9 Mins
Walmart	1,100	11 Mins
Lucky Eagle Casino	1,000	35 Mins
Nisqually Red Wind Casino	700	24 Mins
Evergreen State College	600	11 Mins
South Sound YMCA	550	9 Mins
Fred Meyer	500	10 Mins
Great Wolf Lodge	500	24 Mins

\*Closest employer location to subject property





# LOCATION OVERVIEW



## Demographics

The Cunningham's central location and studio & one-bed layouts cater to the area's renter lifestyles



Growing Population



Small Household Sizes



Higher Rent vs Own in Immediate Area

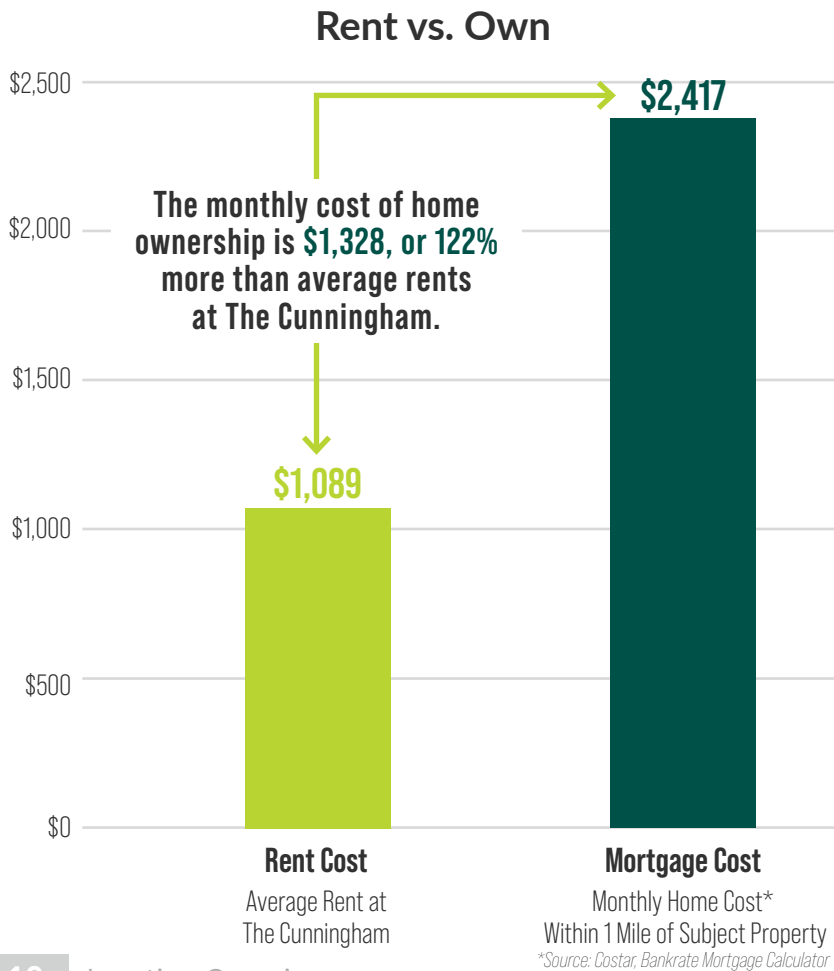
Distance from Subject Property	1 Mile	3 Miles	5 Miles
2010 Population	8,039	58,975	112,247
2023 Population	9,365	71,908	135,826
Annual Growth 2010-2023	1.3%	1.7%	1.6%
Growth Projection 2023-2028	0.7%	0.8%	0.8%
Median Age	40.9	39.7	39.6
Avg Household Income	\$79,674	\$89,683	\$92,106
Median Home Value	\$372,047	\$349,608	\$340,427
Owner Occupied Households	1,741	16,051	32,560
Renter Occupied Households	3,472	16,420	27,188
Avg Household Size	1.8	2.2	2.3
Avg Household Vehicles	1	2	2

# MARKET OVERVIEW

## Renters by Necessity

In a real estate landscape influenced by soaring property prices and escalating homebuying expenses, more residents are driven to rent. With mortgage rates near 8% and average home prices reaching record highs, sales of existing homes hit a 30-year low in 2023, an 18.7% decline from 2022.

Source: National Association of Realtors, Oregon Public Broadcasting



# 03

## Operations Analysis



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# OPERATIONS ANALYSIS

Income	Projected Operations						Notes
	Scheduled Rents as of 06/2024			Highest-Achieved Rents			
<b>Scheduled Gross Rent</b>	\$156,840	\$13,070		\$164,880	\$13,740		1
Less: Vacancy/Credit Loss	-\$7,842	-\$654	-5.0%	-\$8,244	-\$687	-5.0%	2
<b>Net Rental Income</b>	\$148,998	\$12,417		\$156,636	\$13,053		
Laundry	\$3,000	\$250		\$3,000	\$250		3
Storage	\$5,400	\$450		\$5,400	\$450		4
Utility Billing (RUBS)	\$12,540	\$1,045	95.0%	\$12,540	\$1,045	95.0%	5
Miscellaneous	\$3,000	\$250		\$3,000	\$250		6
<b>Total Other Income</b>	\$23,940	\$1,995	13.8%	\$23,940	\$1,995	13.3%	
Base Rent	\$102,072	\$18		\$102,072	\$18		7
Less: Vacancy/Credit Loss-Commercial	-\$10,207	-\$2	-10.0%	-\$10,207	-\$2	-10.0%	7
<b>Effective Gross Income - Commercial</b>	\$91,865	\$16	34.7%	\$91,865	\$16	33.7%	
<b>Effective Gross Income</b>	<b>\$264,803</b>	<b>\$17,654</b>		<b>\$272,441</b>	<b>\$18,163</b>		
Expenses	Projected Operations	Per Unit	% EGI	Projected Operations	Per Unit	% EGI	
Real Estate Taxes	\$25,492	\$2,124	9.6%	\$25,492	\$2,124	9.4%	8
Insurance	\$8,400	\$700	3.2%	\$8,400	\$700	3.1%	9
Electricity	\$1,500	\$125	0.6%	\$1,500	\$125	0.6%	
Water/Sewer	\$9,000	\$750	3.4%	\$9,000	\$750	3.3%	
Garbage	\$4,200	\$350	1.6%	\$4,200	\$350	1.5%	
Total Utilities	\$14,700	\$1,225	5.6%	\$14,700	\$1,225	5.4%	10
Administrative	\$3,600	\$300	1.4%	\$3,600	\$300	1.3%	11
Management	\$13,835	\$1,153	8.0%	\$14,446	\$1,204	8.0%	12
Landscaping/Housekeeping	\$2,400	\$200	0.9%	\$2,400	\$200	0.9%	13
Repairs/Maintenance	\$6,000	\$500	2.3%	\$6,000	\$500	2.2%	14
Turnover	\$3,000	\$250	1.1%	\$3,000	\$250	1.1%	15
Reserves	\$3,000	\$250	1.1%	\$3,000	\$250	1.1%	16
<b>Total Expenses</b>	<b>\$80,427</b>			<b>\$81,038</b>			
Expenses per Unit	\$6,702			\$6,753			
% of EGI	30.4%			29.7%			
<b>NOI (Net Operating Income)</b>	<b>\$184,376</b>	<b>\$15,365</b>		<b>\$191,403</b>	<b>\$15,950</b>		



Income	
1. <b>Rental Income</b>	Rental income is based on current scheduled rents, which average \$1,089 per unit, or \$2.34 per SF. Highest achieved rents at the property average \$1,145 per unit, or \$2.46 per SF.
2. <b>Economic Loss</b>	For analysis purposes, we have applied a 5.0% allocation for stabilized vacancy and credit loss, which is the market standard and is acceptable to most lenders. This allocation is inclusive of bad debt, which has been nominal.
3. <b>Laundry Income</b>	Laundry income is applied at \$250 per unit, which is consistent with budgeted collections.
4. <b>Storage Income</b>	Storage income is applied at \$450 per unit, which is based on seven storage units generating \$450 per month.
5. <b>RUBS Income</b>	The units are metered for electricity and tenants pay this directly. The tenants are billed for water, sewer, and garbage via a monthly RUBS charge. We have applied RUBS income at 95% of total utilities.
6. <b>Miscellaneous Income</b>	Miscellaneous income includes administrative fees, pet rent, early termination fees, etc. We have applied \$250 per unit, which is within market standards.
7. <b>Commercial Income</b>	The Cunningham has three currently occupied retail spaces. A 10% vacancy factor is applied in projected operations.

Expenses													
8. <b>Real Estate Taxes</b>	<p>Properties in Washington are not reassessed on sale. However, all property sales in a given year impact assessed values for all properties in a county. We have estimated property taxes based on the current tax expense increased by 3% to allow for a typical annual increase.</p> <table border="1"> <thead> <tr> <th>Tax History</th> <th>2024</th> <th>2025 Projected</th> </tr> </thead> <tbody> <tr> <td><b>Acct #: 78503400400</b></td> <td>\$24,749</td> <td>\$25,492</td> </tr> <tr> <td><b>Total</b></td> <td>\$24,749</td> <td>\$25,492</td> </tr> <tr> <td><b>% Change</b></td> <td>--</td> <td>3.00%</td> </tr> </tbody> </table>	Tax History	2024	2025 Projected	<b>Acct #: 78503400400</b>	\$24,749	\$25,492	<b>Total</b>	\$24,749	\$25,492	<b>% Change</b>	--	3.00%
Tax History	2024	2025 Projected											
<b>Acct #: 78503400400</b>	\$24,749	\$25,492											
<b>Total</b>	\$24,749	\$25,492											
<b>% Change</b>	--	3.00%											
9. <b>Insurance</b>	The insurance expense is estimated at \$700 per unit, which is within market standards and applied in projected operations.												
10. <b>Total Utilities</b>	Tenants pay for electricity directly. The owner is responsible for common area electricity, water/sewer for the laundry machines, and utilities for vacant units. We have estimated total utilities at \$1,225 per unit.												
11. <b>Administrative</b>	In projected operations, the expense is estimated at \$300 per unit, which is within market standards.												
12. <b>Management</b>	We have applied 8.0% for fee management which is consistent with current rates quoted by reputable local management companies.												
13. <b>Landscaping/Housekeeping</b>	In projected operations, the expense is applied at \$200 per unit, which is consistent with budgeted operations.												
14. <b>Repairs/Maintenance</b>	General repairs and maintenance are estimated at \$500 per unit. This is consistent with current market standards and lender underwriting.												
15. <b>Turnover</b>	Turnover is estimated at \$250 per unit. This is consistent with market standards and lender underwriting for properties of similar vintage and condition.												
16. <b>Reserves</b>	Lenders require funds to be set aside to address future capital costs. The projected operations include \$250 per unit for reserves, which is consistent with current lender underwriting.												

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