

OFFERING MEMORANDUM

# Hamtramck Apartments

9741 Joseph Campau St  
Hamtramck MI 48212

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Sales Associate  
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# Hamtramck Apartments

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*Exclusively Marketed by:*

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01

Executive Summary

Investment Summary

# HAMTRAMCK APARTMENTS

## OFFERING SUMMARY

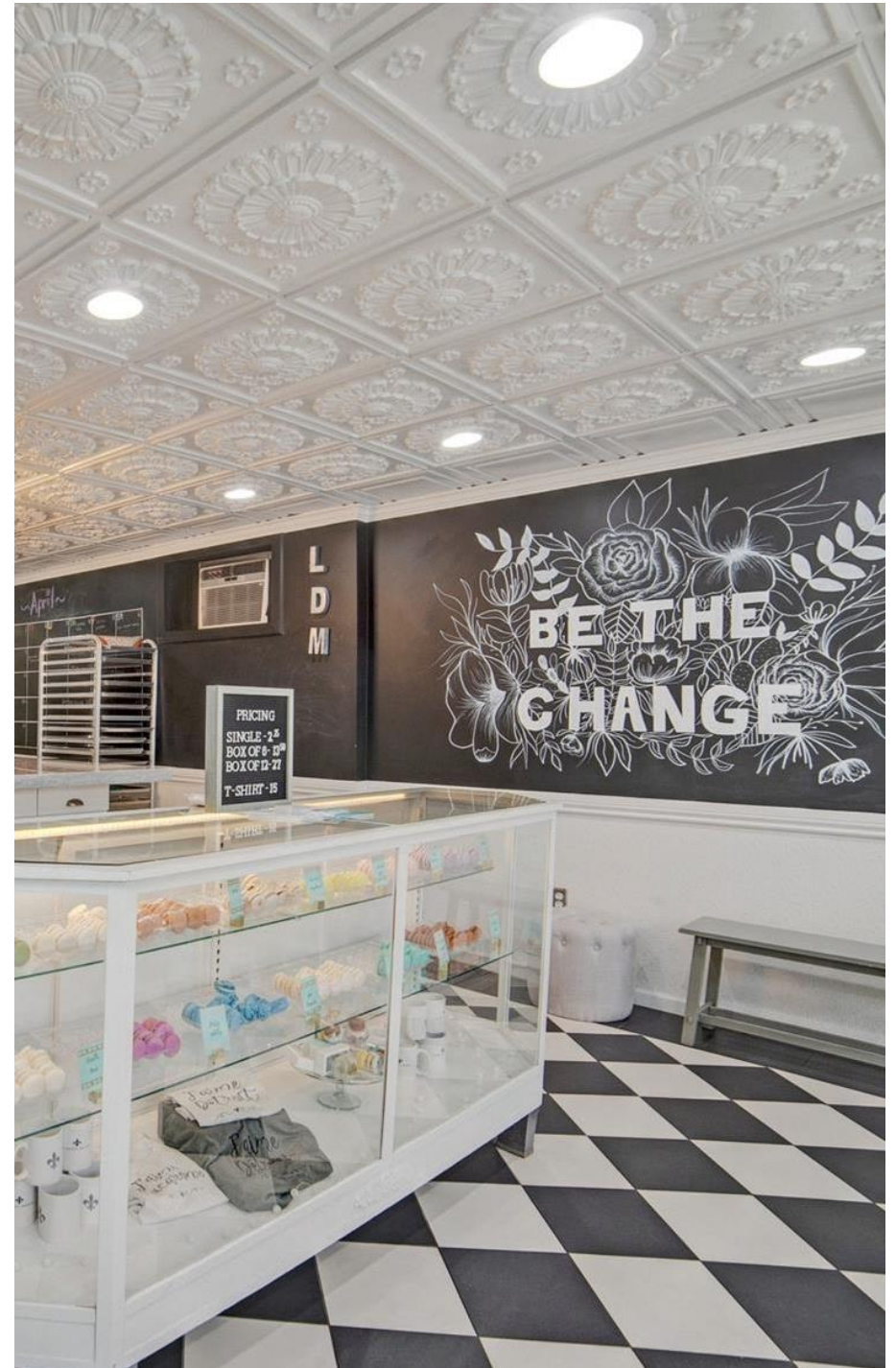
ADDRESS	9741 Joseph Campau St Hamtramck MI 48212
COUNTY	Wayne
MARKET	Hamtramck
SUBMARKET	Detroit
BUILDING SF	11,568 SF
YEAR BUILT	1920
OWNERSHIP TYPE	Fee Simple

## FINANCIAL SUMMARY

OFFERING PRICE	\$1,800,000
PRICE PSF	\$155.60
OCCUPANCY	100%
NOI (Current)	\$143,337
NOI (Pro Forma)	\$150,547
CAP RATE (CURRENT)	7.96%
CAP RATE (PRO FORMA)	8.36%
CASH ON CASH (CURRENT)	7.54%
CASH ON CASH (PRO FORMA)	9.15%

## PROPOSED FINANCING

LOAN TYPE	Amortized
DOWN PAYMENT	\$450,000
LOAN AMOUNT	\$1,350,000
INTEREST RATE	6.50%
LOAN TERMS	10
ANNUAL DEBT SERVICE	\$109,387
LOAN TO VALUE	75%
AMORTIZATION PERIOD	25 Years



- One11 Hamtramck is a mixed use commercial / residential space on the busiest street in Hamtramck, MI. This investment consists of four commercial spaces consisting of 3,860 rentable square feet, and ten residential spaces consisting of two studio units and eight 1 bedroom units for an additional 4,551 rentable square feet. Currently the property is 100% occupied
- Hamtramck has seen year over year growth as property values have increased by 110% since 2017. With property values and rental rates increasing in the city of Detroit, Hamtramck is a hotbed for millennials and students to reside in. This migration has triggered entrepreneurs to start opening up shop in Hamtramck. Hip and new retailers such as Oloman Cafe', Wheelhouse Detroit, and Bon Bon Bon have moved in to the City. The property makes for a stable long term investment due to the lack of supply for apartments on the busy, popular street of Joseph Campau. The commercial leases are long term - and several of the tenants have been at the property for 10+ years.
- The property is being offered at a 7.5% CAP rate in place, offering great cash flow from day one. There is some value-add that the buyer can take advantage of by increasing the apartment rents. The current average rent in the building for the apartments is \$1,009, where some of the rents are up to \$1,175. Increasing the rents to this level will increase the NOI by \$24,360 per year, which is an increase in value by \$324,800 based on the entry CAP rate. This would increase the stabilized CAP rate to 8.25%+, an incredible return in this market.



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## Property Description

Property Features

Aerial Map

Property Images

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## GLOBAL

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NUMBER OF UNITS	14
BUILDING SF	11,568
# OF PARCELS	1
YEAR BUILT	1920
NUMBER OF BUILDINGS	1
NUMBER OF STORIES	2

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## MULTI-FAMILY VITALS

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NUMBER OF UNITS	10
CURRENT OCCUPANCY	100.00%

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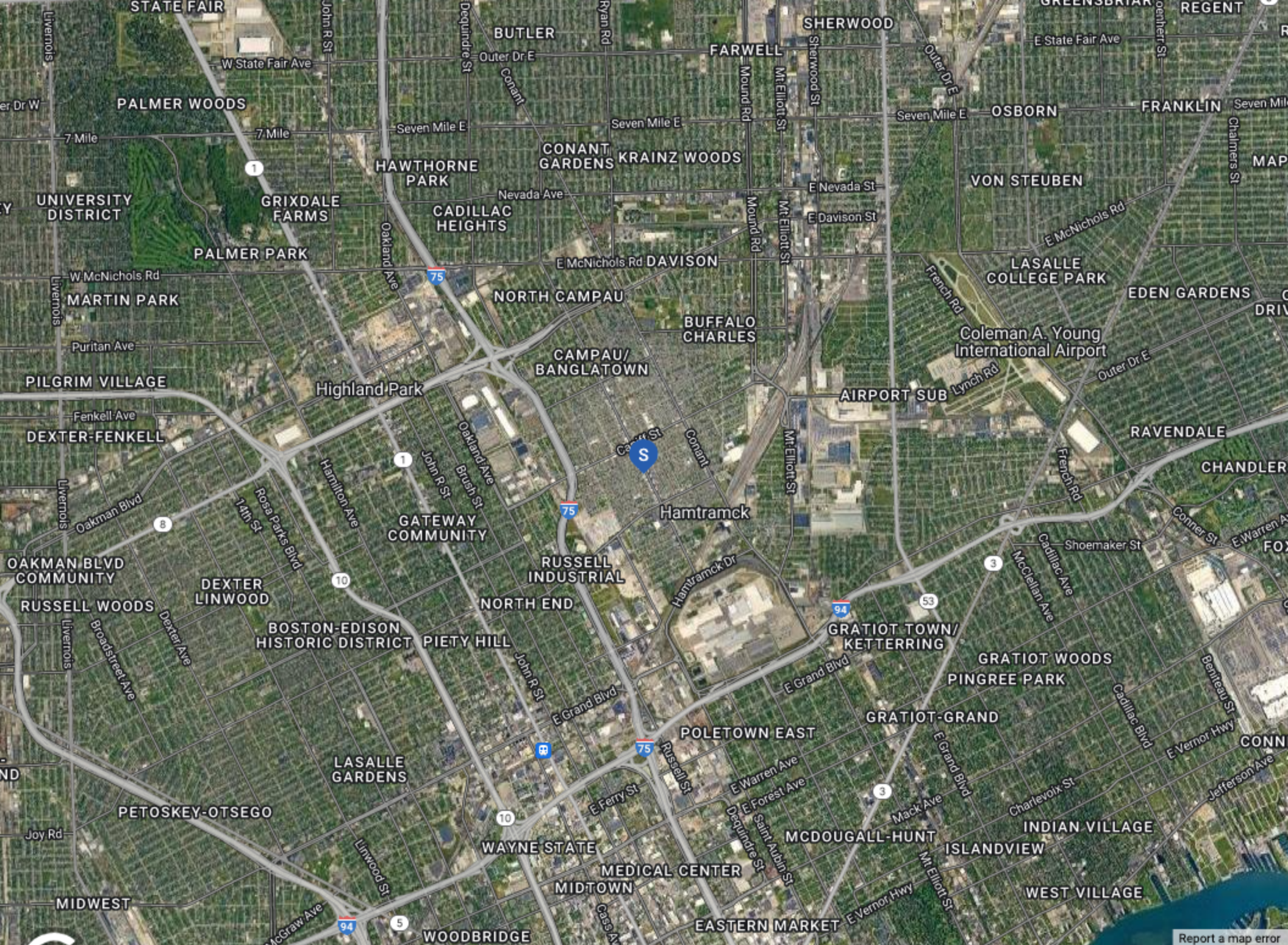
## COMMERCIAL VITALS

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NUMBER OF UNITS	4
CURRENT OCCUPANCY	100.00%

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[Report a map error](#)









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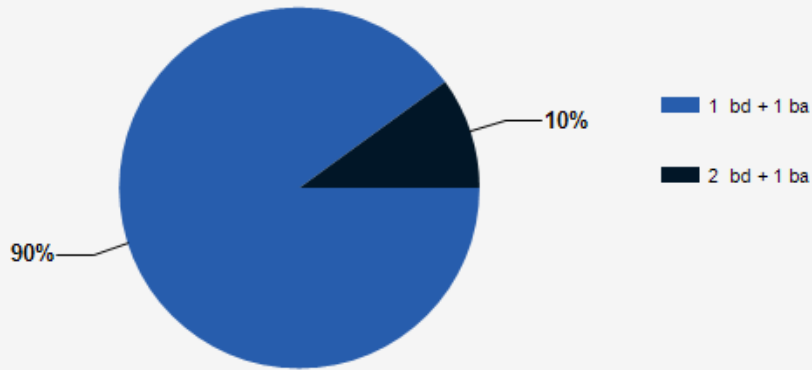
Rent Roll

- Multi-Family Unit Mix
- Rent Roll
- Lease Expiration

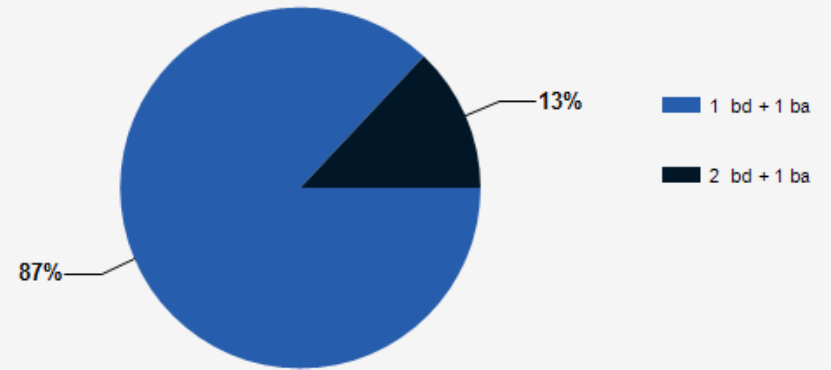
HAMTRAMCK APARTMENTS

Unit Mix	# Units	Square Feet	Actual			Market		
			Current Rent	Rent PSF	Monthly Income	Market Rent	Market Rent PSF	Market Income
1 bd + 1 ba	9	450	\$975	\$2.17	\$8,775	\$1,175	\$2.61	\$10,575
2 bd + 1 ba	1	604	\$1,050	\$1.74	\$1,050	\$1,295	\$2.14	\$1,295
<b>Totals/Averages</b>	<b>10</b>	<b>465</b>	<b>\$983</b>	<b>\$2.12</b>	<b>\$9,825</b>	<b>\$1,187</b>	<b>\$2.56</b>	<b>\$11,870</b>

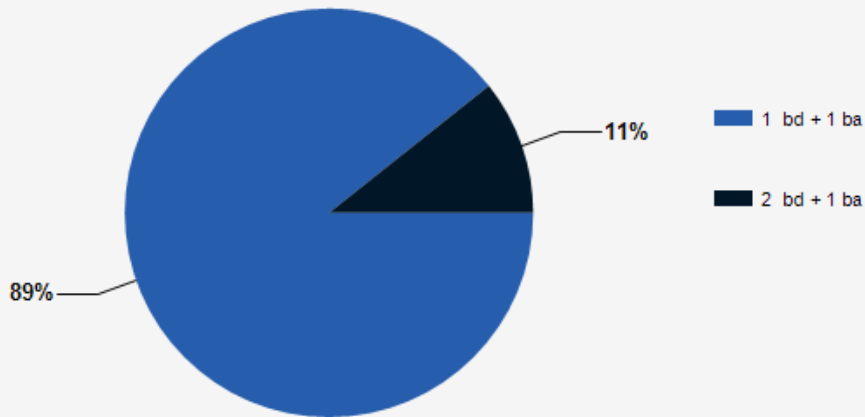
Unit Mix Summary



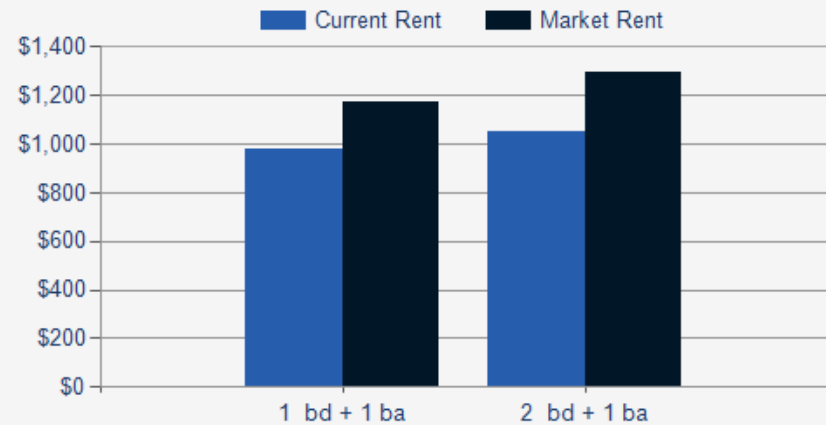
Unit Mix SF



Unit Mix Revenue



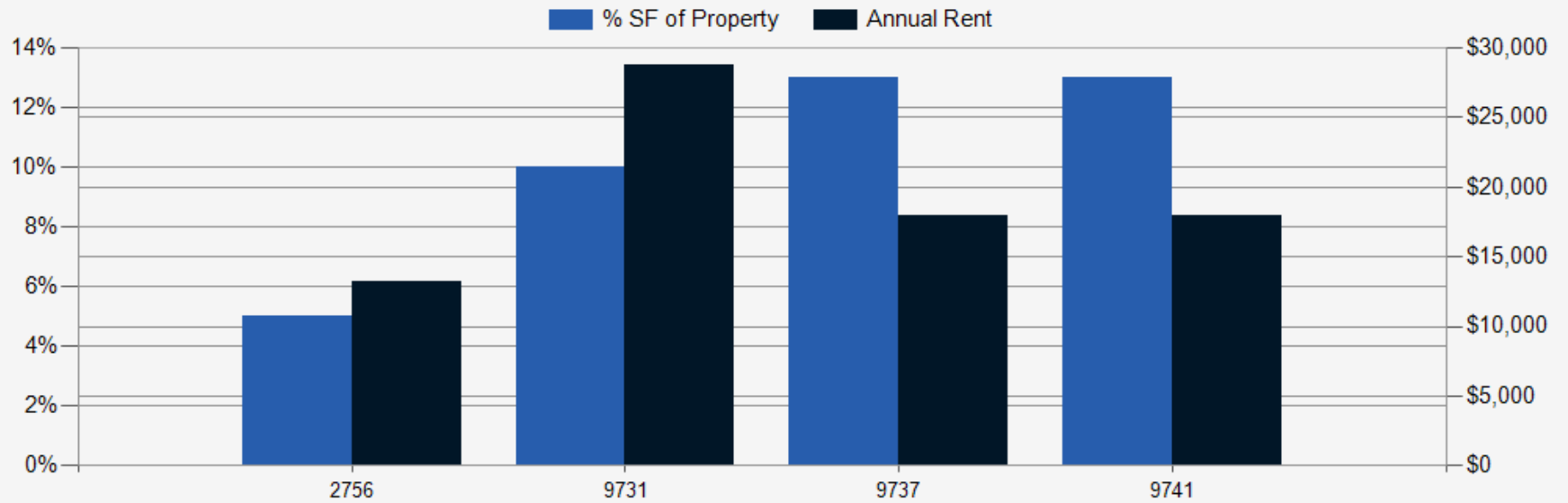
Actual vs. Market Revenue



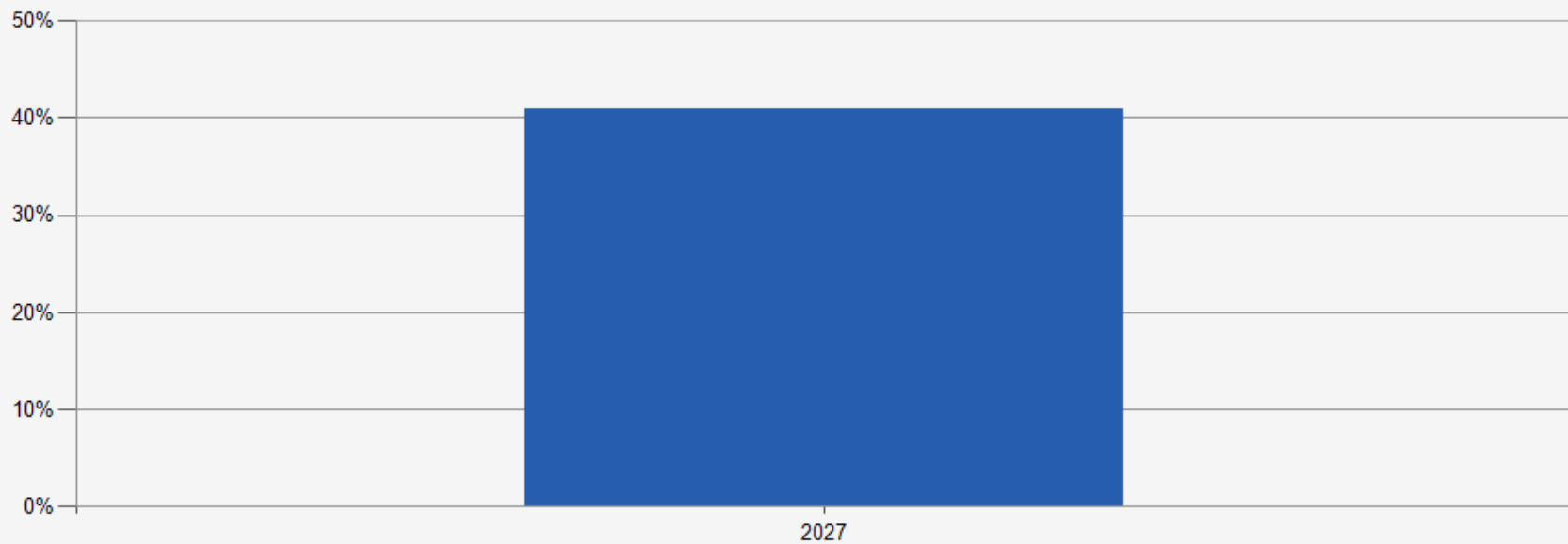
COMMERCIAL

Suite	Tenant Name	Square Feet	% of NRA	Lease Term		Begin Date	Rental Rates				CAM Revenue Annual	Lease Type	Options/Notes
				Lease Start	Lease End		Monthly	PSF	Annual	PSF			
2756	Le Detroit Macaron	600	5.19%	06/01/17	06/30/27	CURRENT	\$1,100	\$1.83	\$13,200	\$22.00			
9731	Bazzi Podiatry PLCC	1,210	10.46%	03/01/19	06/01/27	CURRENT	\$2,400	\$1.98	\$28,798	\$23.80			
9737	Detroit Action	1,500	12.97%	07/01/24	07/01/27	CURRENT	\$1,500	\$1.00	\$18,000	\$12.00			
9741	Detroit Action	1,500	12.97%	07/01/24	06/01/27	CURRENT	\$1,500	\$1.00	\$18,000	\$12.00			
Totals:		4,810					\$6,500		\$77,998				

### Tenant SF Analysis



### Commercial Lease Expiration Summary





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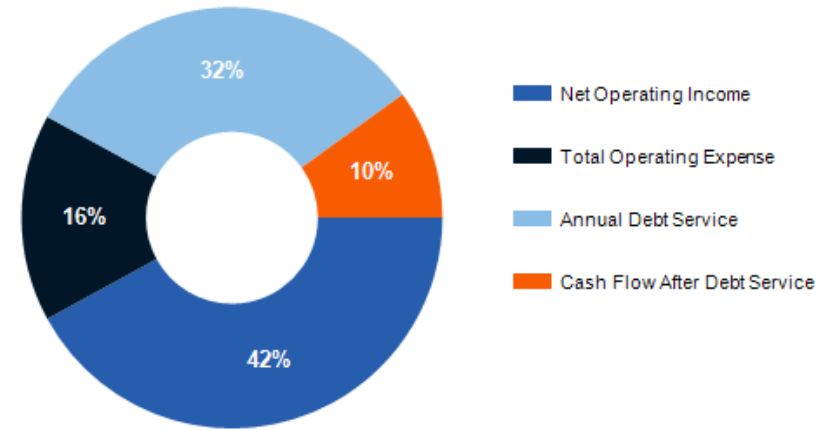
Financial Analysis

- Income & Expense Analysis
- Multi-Year Cash Flow Assumptions
- Cash Flow Analysis
- Financial Metrics
- Disposition Sensitivity Analysis

## REVENUE ALLOCATION

CURRENT

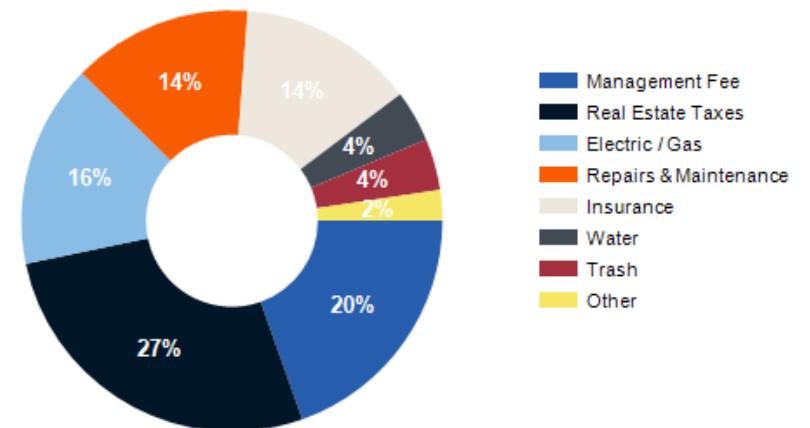
INCOME	CURRENT		PRO FORMA	
Multi-Family Revenue	\$118,080	59.7%	\$142,440	64.2%
Commercial Revenue	\$75,528	38.2%	\$75,528	34.0%
Other Income	\$4,019	2.0%	\$4,019	1.8%
<b>Gross Potential Income</b>	<b>\$197,627</b>		<b>\$221,987</b>	
Vacancy & Collection Loss			-5.00%	
<b>Effective Gross Income</b>	<b>\$197,627</b>		<b>\$211,089</b>	
Less Expenses	\$54,290	27.47%	\$60,542	28.68%
<b>Net Operating Income</b>	<b>\$143,337</b>		<b>\$150,547</b>	
Annual Debt Service	\$109,387		\$109,387	
<b>Cash flow</b>	<b>\$33,950</b>		<b>\$41,160</b>	
Debt Coverage Ratio	1.31		1.38	



EXPENSES	CURRENT	PRO FORMA
Real Estate Taxes	\$14,734	\$14,734
Insurance	\$7,363	\$7,363
Management Fee	\$10,635	\$16,887
Repairs & Maintenance	\$7,503	\$7,503
Electric / Gas	\$8,490	\$8,490
Water	\$2,143	\$2,143
Trash	\$2,143	\$2,143
Pest Control	\$179	\$179
Admin	\$1,100	\$1,100
<b>Total Operating Expense</b>	<b>\$54,290</b>	<b>\$60,542</b>
Annual Debt Service	\$109,387	\$109,387
Expense / SF	\$4.69	\$5.23
% of EGI	27.47%	28.68%

## DISTRIBUTION OF EXPENSES

CURRENT





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## GLOBAL

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Offering Price	\$1,800,000
Analysis Period	10 year(s)
Exit Cap Rate	9.00%

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## INCOME - Growth Rates

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Multi-Family Revenue	3.00%
Commercial Revenue	3.00%
Other Income	3.00%

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## EXPENSES - Growth Rates

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Real Estate Taxes	3.00%
Insurance	3.00%
Repairs & Maintenance	3.00%
Electric / Gas	3.00%
Water	3.00%
Trash	3.00%
Pest Control	3.00%
Admin	3.00%

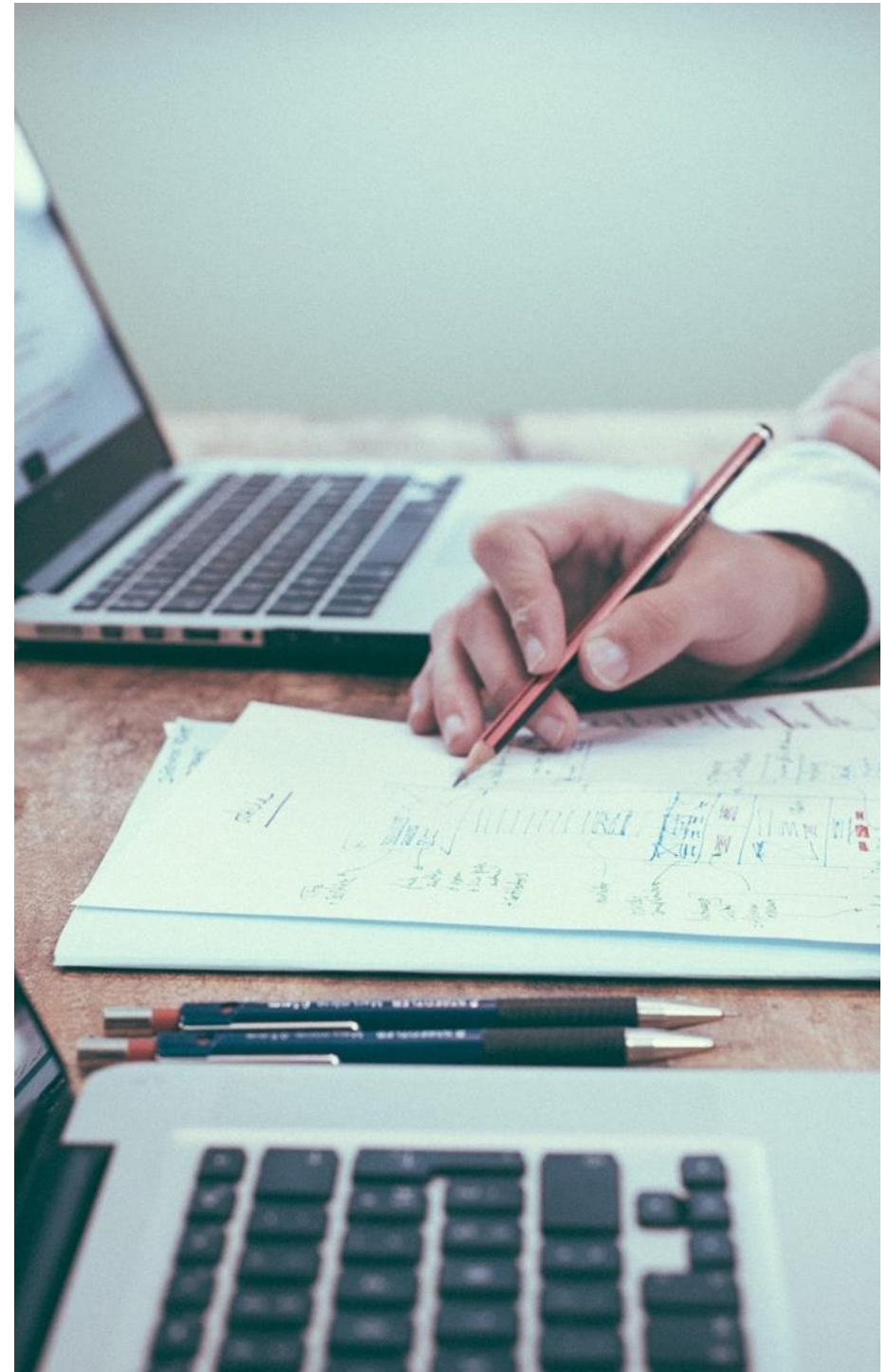
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## PROPOSED FINANCING

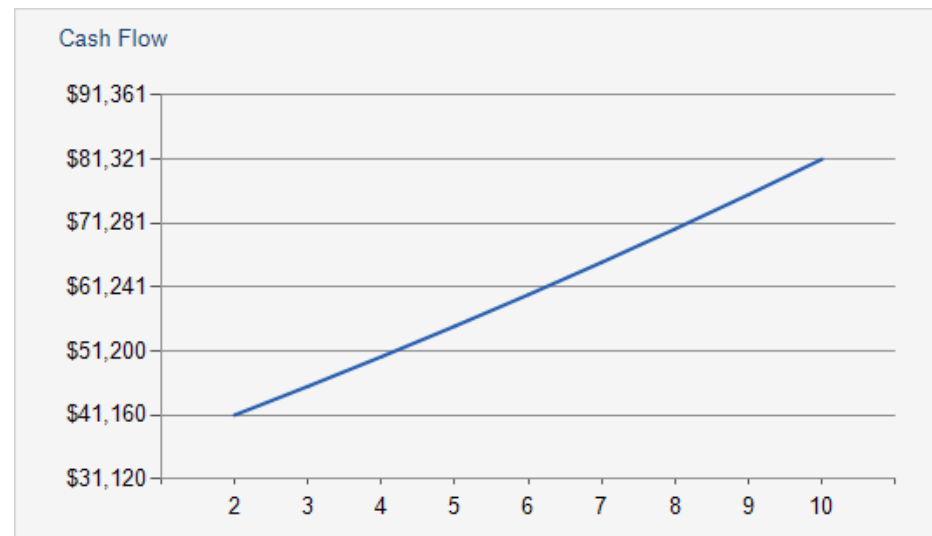
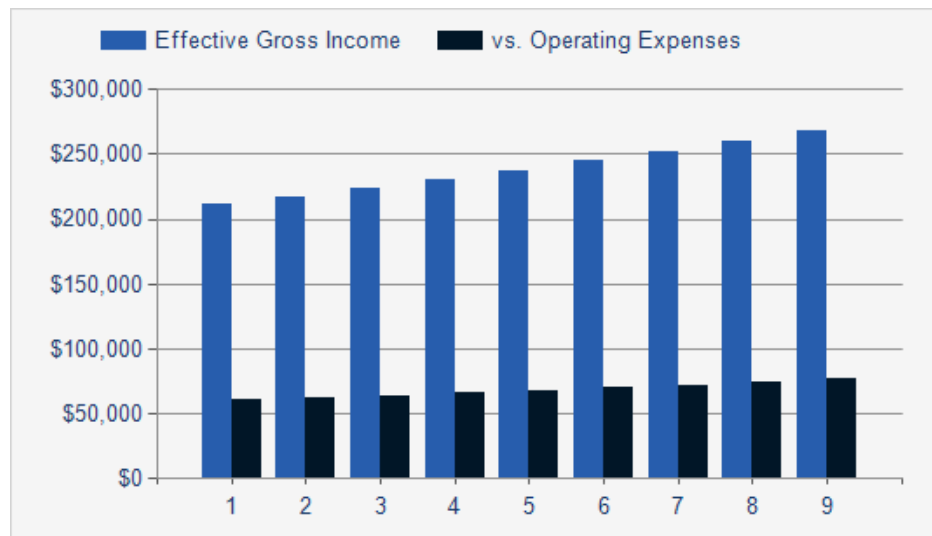
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Loan Type	Amortized
Down Payment	\$450,000
Loan Amount	\$1,350,000
Interest Rate	6.50%
Loan Terms	10
Annual Debt Service	\$109,387
Loan to Value	75%
Amortization Period	25 Years

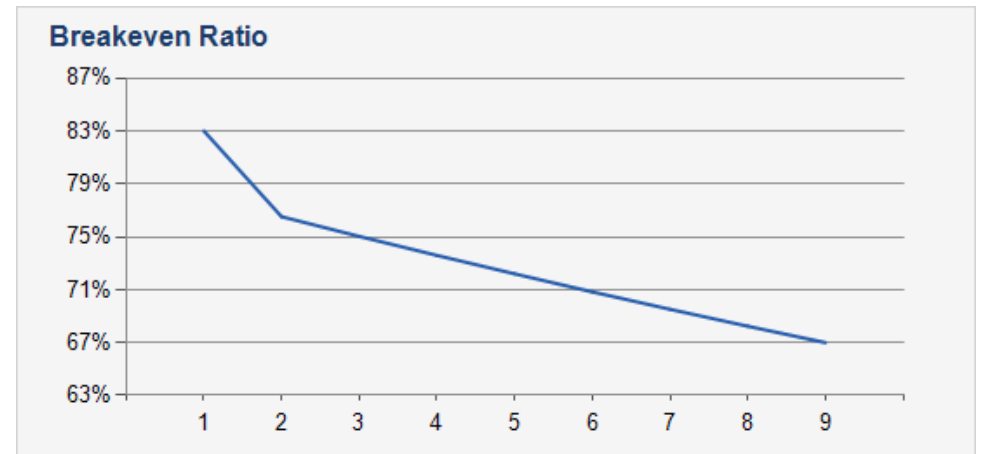
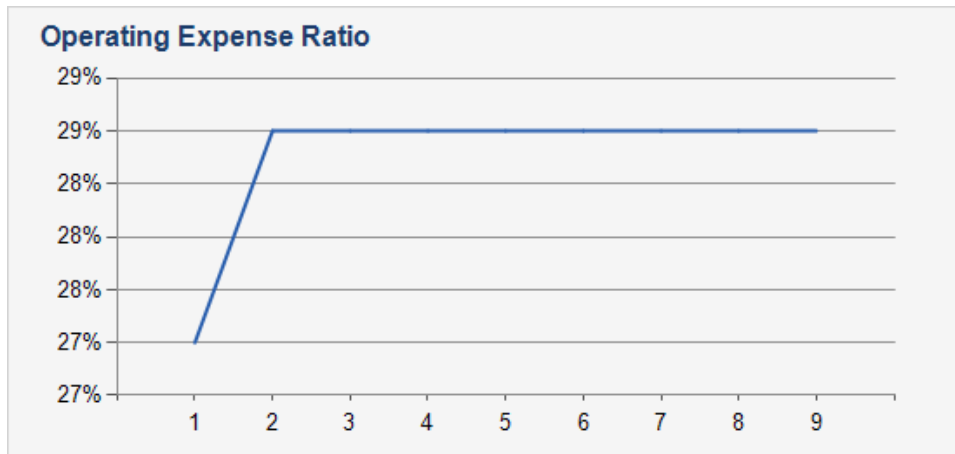
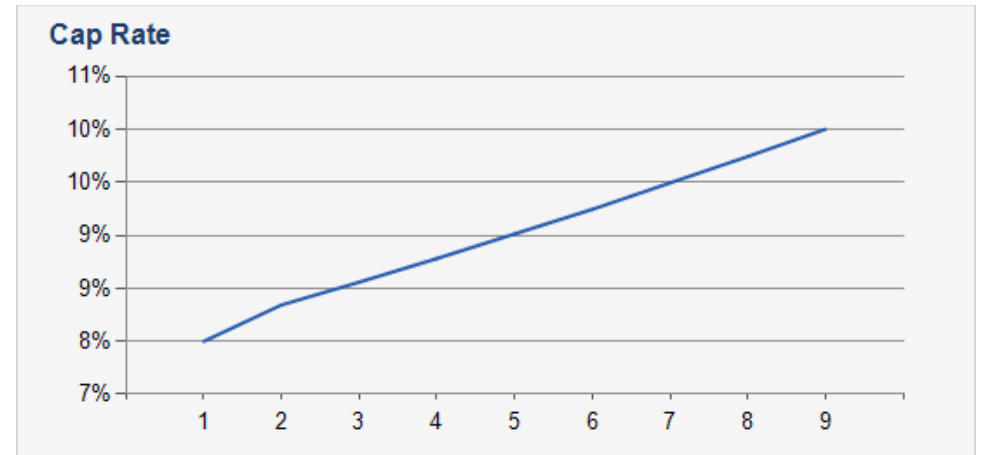
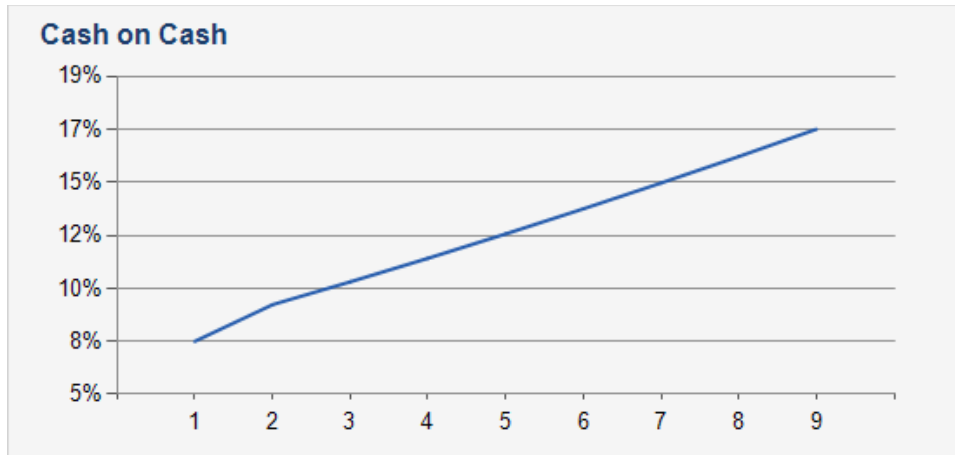
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Calendar Year	Current	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Gross Revenue</b>										
Multi-Family Revenue	\$118,080	\$142,440	\$146,713	\$151,115	\$155,648	\$160,317	\$165,127	\$170,081	\$175,183	\$180,439
Commercial Revenue	\$75,528	\$75,528	\$77,794	\$80,128	\$82,531	\$85,007	\$87,558	\$90,184	\$92,890	\$95,677
Other Income	\$4,019	\$4,019	\$4,140	\$4,264	\$4,392	\$4,523	\$4,659	\$4,799	\$4,943	\$5,091
<b>Gross Potential Income</b>	<b>\$197,627</b>	<b>\$221,987</b>	<b>\$228,647</b>	<b>\$235,506</b>	<b>\$242,571</b>	<b>\$249,848</b>	<b>\$257,344</b>	<b>\$265,064</b>	<b>\$273,016</b>	<b>\$281,206</b>
Vacancy & Collection Loss	-0.00%	-5.00%	-5.00%	-5.00%	-5.00%	-5.00%	-5.00%	-5.00%	-5.00%	-5.00%
<b>Effective Gross Income</b>	<b>\$197,627</b>	<b>\$211,089</b>	<b>\$217,421</b>	<b>\$223,944</b>	<b>\$230,662</b>	<b>\$237,582</b>	<b>\$244,710</b>	<b>\$252,051</b>	<b>\$259,612</b>	<b>\$267,401</b>
<b>Operating Expenses</b>										
Real Estate Taxes	\$14,734	\$14,734	\$15,176	\$15,631	\$16,100	\$16,583	\$17,081	\$17,593	\$18,121	\$18,665
Insurance	\$7,363	\$7,363	\$7,584	\$7,811	\$8,046	\$8,287	\$8,536	\$8,792	\$9,056	\$9,327
Management Fee	\$10,635	\$16,887	\$17,394	\$17,916	\$18,453	\$19,007	\$19,577	\$20,164	\$20,769	\$21,392
Repairs & Maintenance	\$7,503	\$7,503	\$7,728	\$7,960	\$8,199	\$8,445	\$8,698	\$8,959	\$9,228	\$9,505
Electric / Gas	\$8,490	\$8,490	\$8,745	\$9,007	\$9,277	\$9,556	\$9,842	\$10,138	\$10,442	\$10,755
Water	\$2,143	\$2,143	\$2,207	\$2,274	\$2,342	\$2,412	\$2,484	\$2,559	\$2,636	\$2,715
Trash	\$2,143	\$2,143	\$2,207	\$2,274	\$2,342	\$2,412	\$2,484	\$2,559	\$2,636	\$2,715
Pest Control	\$179	\$179	\$184	\$190	\$196	\$201	\$208	\$214	\$220	\$227
Admin	\$1,100	\$1,100	\$1,133	\$1,167	\$1,202	\$1,238	\$1,275	\$1,313	\$1,353	\$1,393
<b>Total Operating Expense</b>	<b>\$54,290</b>	<b>\$60,542</b>	<b>\$62,358</b>	<b>\$64,229</b>	<b>\$66,156</b>	<b>\$68,141</b>	<b>\$70,185</b>	<b>\$72,290</b>	<b>\$74,459</b>	<b>\$76,693</b>
<b>Net Operating Income</b>	<b>\$143,337</b>	<b>\$150,547</b>	<b>\$155,063</b>	<b>\$159,715</b>	<b>\$164,506</b>	<b>\$169,441</b>	<b>\$174,525</b>	<b>\$179,760</b>	<b>\$185,153</b>	<b>\$190,708</b>
Annual Debt Service	\$109,387	\$109,387	\$109,387	\$109,387	\$109,387	\$109,387	\$109,387	\$109,387	\$109,387	\$109,387
<b>Cash Flow</b>	<b>\$33,950</b>	<b>\$41,160</b>	<b>\$45,676</b>	<b>\$50,328</b>	<b>\$55,120</b>	<b>\$60,055</b>	<b>\$65,138</b>	<b>\$70,374</b>	<b>\$75,767</b>	<b>\$81,321</b>



Calendar Year	Current	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash on Cash Return b/t	7.54%	9.15%	10.15%	11.18%	12.25%	13.35%	14.48%	15.64%	16.84%	18.07%
CAP Rate	7.96%	8.36%	8.61%	8.87%	9.14%	9.41%	9.70%	9.99%	10.29%	10.59%
Debt Coverage Ratio	1.31	1.38	1.42	1.46	1.50	1.55	1.60	1.64	1.69	1.74
Operating Expense Ratio	27.47%	28.68%	28.68%	28.68%	28.68%	28.68%	28.68%	28.68%	28.68%	28.68%
Loan to Value	74.97%	73.73%	72.39%	71.00%	69.52%	67.88%	66.22%	64.38%	62.43%	60.29%
Breakeven Ratio	82.82%	76.55%	75.11%	73.72%	72.37%	71.05%	69.78%	68.54%	67.34%	66.17%
Price / SF	\$155.60	\$155.60	\$155.60	\$155.60	\$155.60	\$155.60	\$155.60	\$155.60	\$155.60	\$155.60
Price / Unit	\$128,571	\$128,571	\$128,571	\$128,571	\$128,571	\$128,571	\$128,571	\$128,571	\$128,571	\$128,571
Income / SF	\$17.08	\$18.24	\$18.79	\$19.35	\$19.93	\$20.53	\$21.15	\$21.78	\$22.44	\$23.11
Expense / SF	\$4.69	\$5.23	\$5.39	\$5.55	\$5.71	\$5.89	\$6.06	\$6.24	\$6.43	\$6.62



## 5 YEAR SENSITIVITY ANALYSIS

EXIT CAP RATE	PROJECTED SALES PRICE	SALES PRICE/UNIT	SALES PRICE PSF	PROCEEDS AFTER LOAN PAYOFF	LEVERED IRR
8.00%	\$2,056,328	\$146,881	\$178	\$810,336	20.33%
8.25%	\$1,994,015	\$142,430	\$172	\$748,023	18.78%
8.50%	\$1,935,368	\$138,241	\$167	\$689,376	17.24%
8.75%	\$1,880,071	\$134,291	\$163	\$634,079	15.70%
<b>9.00%</b>	<b>\$1,827,847</b>	<b>\$130,561</b>	<b>\$158</b>	<b>\$581,855</b>	<b>14.17%</b>
9.25%	\$1,778,446	\$127,032	\$154	\$532,454	12.63%
9.50%	\$1,731,645	\$123,689	\$150	\$485,653	11.08%
9.75%	\$1,687,243	\$120,517	\$146	\$441,252	9.52%
10.00%	\$1,645,062	\$117,504	\$142	\$399,070	7.95%

## 10 YEAR SENSITIVITY ANALYSIS

EXIT CAP RATE	PROJECTED SALES PRICE	SALES PRICE/UNIT	SALES PRICE PSF	PROCEEDS AFTER LOAN PAYOFF	LEVERED IRR
8.00%	\$2,383,848	\$170,275	\$206	\$1,233,851	18.55%
8.25%	\$2,311,610	\$165,115	\$200	\$1,161,613	18.08%
8.50%	\$2,243,621	\$160,259	\$194	\$1,093,624	17.61%
8.75%	\$2,179,518	\$155,680	\$188	\$1,029,521	17.15%
<b>9.00%</b>	<b>\$2,118,976</b>	<b>\$151,355</b>	<b>\$183</b>	<b>\$968,979</b>	<b>16.70%</b>
9.25%	\$2,061,706	\$147,265	\$178	\$911,709	16.26%
9.50%	\$2,007,451	\$143,389	\$174	\$857,454	15.82%
9.75%	\$1,955,978	\$139,713	\$169	\$805,981	15.39%
10.00%	\$1,907,078	\$136,220	\$165	\$757,081	14.97%

# Hamtramck Apartments

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The information contained herein is not a substitute for a thorough due diligence investigation. Greater Development LLC has not made any investigation, and makes no warranty or representation with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCBs or asbestos, the compliance with local, state and federal regulations, the physical condition of the improvements thereon, or financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property.

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*Exclusively Marketed by:*

**Brady Williams**

Greater Development LLC

Sales Associate

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