



OFFERING MEMORANDUM

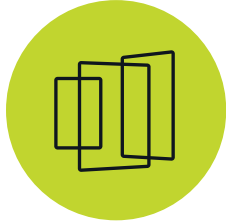
# 1031-1041 7<sup>TH</sup> STREET NW

6-Unit Apartment Community  
Located in Salem, Oregon



 (503) 241-5541

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# Property Overview



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## 1031-1041 7<sup>th</sup> Street NW

6 Units in Centrally Located in West Salem

**Introducing the apartments at 1031-1041 7th Street NW**, a 6-unit, two-story complex in West Salem, OR. The property features updated interiors, including granite countertops, new appliances, and off-street parking. Located near family-oriented amenities like Harritt Elementary, Walker Middle School, and West Salem High School, this property offers convenience for renters seeking proximity to schools and suburban comforts, making it a reliable investment for rental income.

Situated near the Salem-Dallas Highway NW, this property is easily accessible, with a direct route leading across the Willamette River into downtown Salem in just 6 minutes. Salem's downtown offers a blend of historic buildings, modern shops, parks, and ongoing development projects enhancing the area. New residential construction, streetscape improvements, and easy access to Riverfront Park make the location even more attractive. Major city landmarks like Willamette University, the Oregon State Capitol, and Oregon State Capitol Park are within a 5-minute drive, adding to the property's appeal for tenants who want proximity to key institutions and the downtown area.

### Property Summary

<b>Address</b>	1031-1041 7 <sup>th</sup> Street NW, Salem, OR 97304		
<b>Year Built</b>	1977	<b>Stories</b>	2
<b>Unit Count</b>	6	<b>Lot Size</b>	0.18 AC
<b>Avg Unit Size</b>	672 SF	<b>Density (Units/AC)</b>	33.33
<b>Total Rentable Size</b>	4,030 SF	<b>County</b>	Polk

### Pricing Summary

<b>Price</b>	\$1,050,000	<b>Per/SF</b>	\$261
<b>Per/Unit</b>	\$175,000	<b>GRM (Scheduled NOI)</b>	12.79



# UNIT MIX SUMMARY

1031-1041 7<sup>th</sup> Street NW | Salem, OR

Unit Type	Unit Count	Avg. Unit Size (SF)	Scheduled Rents as of 09/2024	Per SF	Highest-Achieved Rents	Per SF
1 Bed / 1 Bath	3	583	\$1,095	\$1.88	\$1,095	\$1.88
2 Bed / 1 Bath	3	760	\$1,185	\$1.56	\$1,275	\$1.68
<b>Totals/Averages</b>	<b>6</b>	<b>672</b>	<b>\$1,140</b>	<b>\$1.70</b>	<b>\$1,185</b>	<b>\$1.76</b>



**Granite Countertops**



**Modern Bathrooms**

# AMENITIES

- » Recently updated with new appliances, floors, fixtures, paint, and granite countertops
- » Fully equipped kitchens with dishwashers
- » Spacious layouts
- » Hardwood-style flooring
- » Patio & balcony space
- » Garden plots & yard space
- » On-site laundry facilities
- » Off-street parking



An aerial photograph of a residential neighborhood. The central focus is a large, two-story building with a grey shingled roof and light blue vertical siding. The building has a long, narrow profile and a covered porch area on the ground floor. To the left of the building is a dirt lot with two cars parked. To the right is a paved street with a few cars parked. The surrounding area consists of other houses, some with grey roofs, and various trees and landscaping. A green vertical bar is on the left side of the image.

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# Location Overview



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# LOCATION OVERVIEW

## Salem, Oregon

Situated at the 45th parallel within the Willamette Valley, Salem is home to the Oregon State Capitol and a community of over 177,000 residents. As the third-most populous city in Oregon, it serves as the principal city of the Salem metropolitan statistical area, covering Marion and Polk counties. The city hosts prominent educational institutions like Willamette University, Corban University, and Chemeketa Community College. Key employers include the State of Oregon and Salem Health, contributing to the city's economic vitality.

Transportation options encompass Salem Area Mass Transit for public transit, Amtrak service, and limited air travel at McNary Field.

Salem's strategic location in the fertile Willamette Valley provides residents with excellent access to outdoor recreation, including waterfalls, mountain lakes, and the Willamette River, home to the 187-mile-long Willamette Water Trail.

In the heart of one of the world's most agriculturally productive regions, Salem is renowned for its berries, hazelnuts, honeys, and cheese. The city's culinary landscape is enriched by the presence of over 700 vineyards, contributing to the acclaimed wines of the Willamette Valley wine country.

## Top Salem Employers



**State of Oregon**  
21,000 Employees



**Salem-Keizer Schools**  
5,137 Employees



**Salem Health**  
Hospitals & Clinics  
**Salem Health**  
5,419 Employees



**Amazon**  
1,400 Employees



**Salem Municipal Airport**  
*15-Minute Drive*



**Walker Middle School**  
*3-Min Walk*



**Willamette Valley Wine Country**  
*3- to 30-Minute Drive*



**Salem Hospital**  
*9-Minute Drive*



**Downtown Salem**  
*4-Minute Drive*



**Wallace Marine Park Softball**  
*5-Minute Drive*



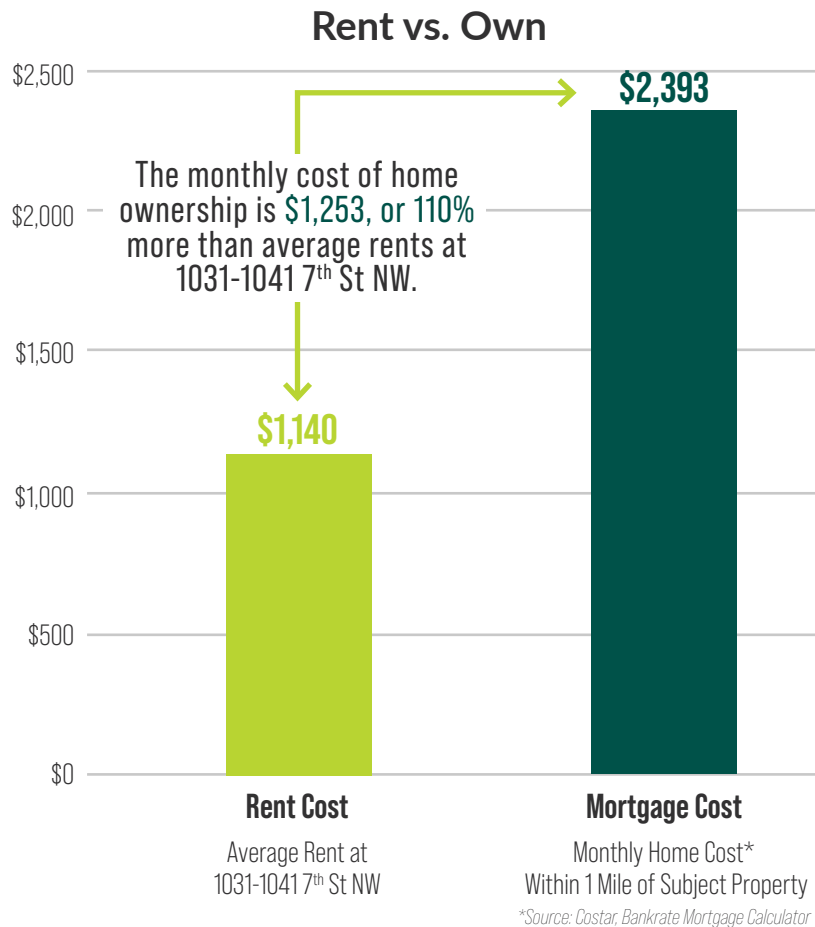
# MARKET OVERVIEW

1031-1041 7<sup>th</sup> Street NW | Salem, OR

## Renters by Necessity

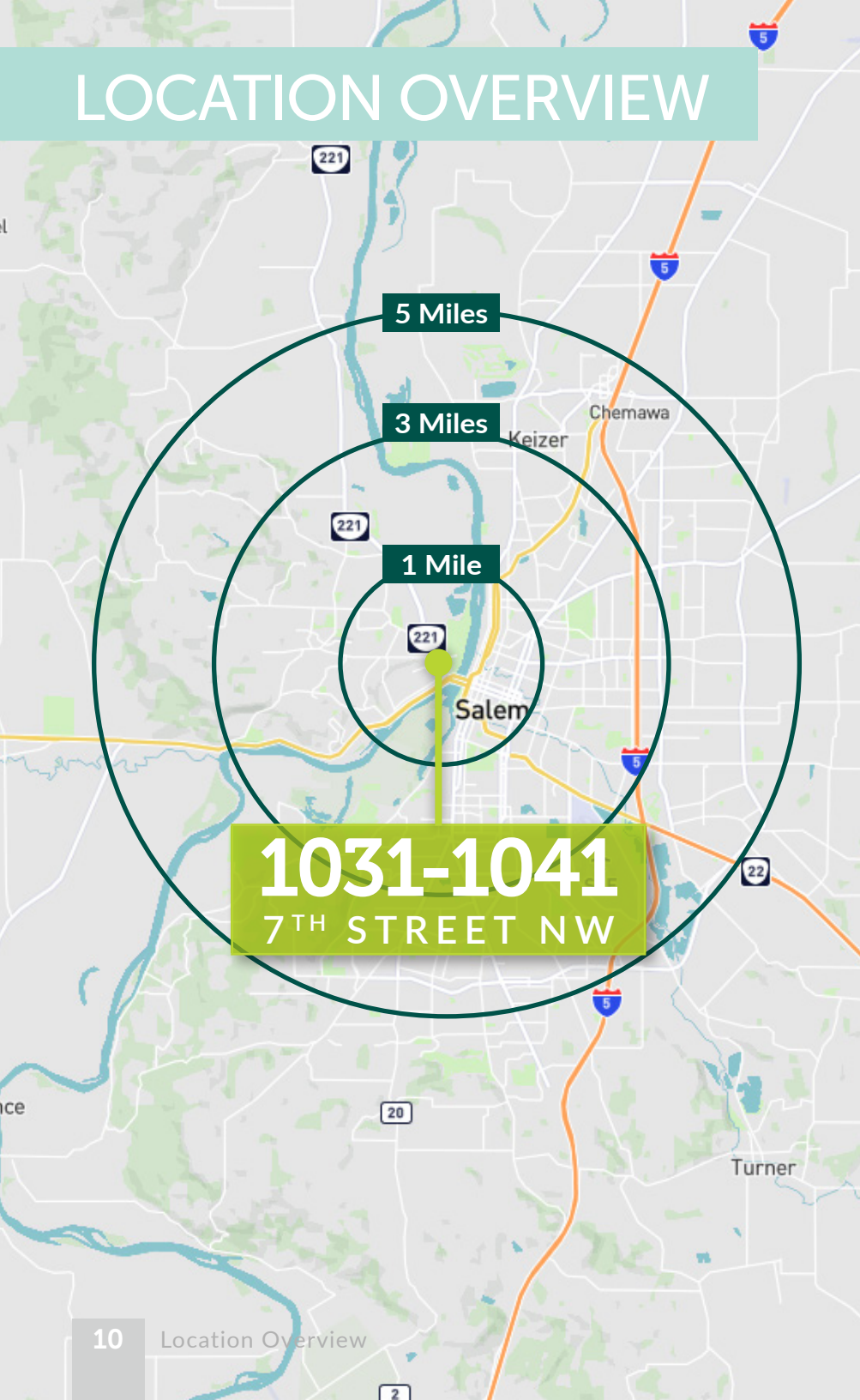
In a real estate landscape influenced by soaring property prices and escalating homebuying expenses, more residents are driven to rent. With mortgage rates near 8% and average home prices reaching record highs, sales of existing homes hit a 30-year low in 2023, an 18.7% decline from 2022.

*Source: National Association of Realtors, Oregon Public Broadcasting*



# LOCATION OVERVIEW

1031-1041 7<sup>th</sup> Street NW | Salem, OR



**1031-1041**  
7<sup>TH</sup> STREET NW

## Demographics

The apartments at 1031-1041 7th St NW's central location & amenities cater to renter lifestyles in the area



Distance from Subject Property	1 Mile	3 Miles	5 Miles
2020 Population	11,874	83,374	208,276
2024 Population	11,993	85,289	211,381
2029 Population Projection	12,924	88,859	216,643
Annual Growth 2020-2024	0.3%	0.6%	0.4%
Annual Growth 2024-2029	1.6%	0.8%	0.5%
Median Age	37.8	37.9	37.2
Avg Household Income	\$94,481	\$90,321	\$83,316
Median Home Value	\$384,751	\$368,363	\$342,479
Owner Occupied Households	2,561	18,187	43,168
Renter Occupied Households	2,524	15,654	36,286
Avg Household Size	2.5	2.4	2.6
Avg Household Vehicles	2	2	2

Source: Costar, 2024

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## Operations Analysis



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# OPERATIONS ANALYSIS

1031-1041 7<sup>th</sup> Street NW | Salem, OR

Income	Projected Operations						Notes
	Scheduled Rents as of 09/2024			Recent Leases			
<b>Scheduled Gross Rent</b>	\$82,080	\$13,680		\$85,320	\$14,220		1
Less: Vacancy/Credit Loss	-\$4,104	-\$684	-5.0%	-\$4,266	-\$711	-5.0%	2
<b>Net Rental Income</b>	\$77,976	\$12,996		\$81,054	\$13,509		
Utility Billing (RUBS)	\$0	\$0	0.0%	\$0	\$0	0.0%	3
Miscellaneous	\$803	\$134		\$803	\$134		4
<b>Total Other Income</b>	\$803	\$134	1.0%	\$803	\$134	1.0%	
<b>Effective Gross Income</b>	<b>\$78,779</b>	<b>\$13,130</b>		<b>\$81,857</b>	<b>\$13,643</b>		
Expenses	Projected Operations	Per Unit	% EGI	Projected Operations	Per Unit	% EGI	
Real Estate Taxes	\$5,761	\$960	7.3%	\$5,761	\$960	7.0%	5
Insurance (Estimate)	\$3,900	\$650	5.0%	\$3,900	\$650	4.8%	6
<i>Electricity</i>	\$791	\$132	1.0%	\$791	\$132	1.0%	
<i>Water/Sewer</i>	\$3,022	\$504	3.8%	\$3,022	\$504	3.7%	
Total Utilities	\$3,813	\$635	4.8%	\$3,813	\$635	4.7%	7
Management	\$6,302	\$1,050	8.0%	\$6,549	\$1,091	8.0%	8
Landscaping	\$1,275	\$213	1.6%	\$1,275	\$213	1.6%	9
Repairs/Maintenance	\$4,500	\$750	5.7%	\$4,500	\$750	5.5%	10
Turnover	\$1,500	\$250	1.9%	\$1,500	\$250	1.8%	11
Reserves	\$1,500	\$250	1.9%	\$1,500	\$250	1.8%	12
<b>Total Expenses</b>	<b>\$28,552</b>			<b>\$28,798</b>			
Expenses per Unit	\$4,759			\$4,800			
% of EGI	36.2%			35.2%			
<b>NOI (Net Operating Income)</b>	<b>\$50,228</b>	<b>\$8,371</b>	<b>63.8%</b>	<b>\$53,059</b>	<b>\$8,843</b>	<b>64.8%</b>	



## Income

1. **Rental Income** Rental income is based on current scheduled rents, which average \$1,140 per unit, or \$1.70 per SF. Highest achieved rents at the property average \$1,185 per unit, or \$1.76 per SF.
2. **Economic Loss** 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. **RUBS Income** Tenants are not currently charged for utilities reimbursement.
4. **Miscellaneous Income** Miscellaneous income includes administrative fees, pet rent, early termination fees, etc. We have applied \$134 per unit, which is supported by the subject's recent operation.

## Expenses

5. **Real Estate Taxes** In Oregon, property taxes are levied on a fiscal year starting July 1st. Property taxes are not reassessed on sale and are limited to a 3.0% annual increase at the state level. Any annual increase in taxes above 3.0% is due to additional location or regional bond indebtedness not restricted by the state measure. Taxes are published in October each year, and taxes paid in full before November 15th receive a 3.0% discount on the gross amount. Most property owners elect to pay in full by this date to receive the discount. Projected taxes are based on the current expense increased by 3.0% to account for the increase that is likely to occur during the coming tax year, and then discounted by 3.0%, which assumes payment in full.

Tax History	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025 Projected
<b>Acct #: 0257349</b>	\$65,262	\$5,423	\$5,582	\$5,767	\$5,940
<b>Total</b>	\$65,262	\$5,423	\$5,582	\$5,767	\$5,940
<b>w/ Discount</b>	\$63,304	\$5,260	\$5,414	\$5,594	\$5,761
<b>% Change</b>	1185.21%	-91.69%	2.94%	3.31%	3.00%

6. **Insurance (Estimate)** The insurance expense is estimated at \$650 per unit, which is within market standards and applied in projected operations.
7. **Total Utilities** Tenants pay for electricity and garbage 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 \$635 per unit.
8. **Management** An on-site manager is not necessary. Instead, all management, administrative, and payroll-related expenses can be captured in a single allocation for management. We have applied 8.0% for fee management which is consistent with current rates quoted by reputable local management companies.
9. **Landscaping** We have applied \$213 per unit, which is consistent with the existing monthly landscaping contract.
10. **Repairs/Maintenance** General repairs and maintenance are estimated at \$750 per unit. This is consistent with current market standards and lender underwriting.
11. **Turnover** Turnover is estimated at \$250 per unit. This is consistent with market standards and lender underwriting for properties of similar vintage and condition.
12. **Reserves** 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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**1031-1041**  
**7<sup>TH</sup> STREET NW**

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