

Melrose on 5th

3611 N 5th Ave | Phoenix, AZ 85013 | **Offering Memorandum**



Positioned in the Heart of Midtown Phoenix's Renter Corridor

MATTHEWS™

EXCLUSIVELY LISTED BY



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Property Overview

Melrose on 5th
3611 N 5th Ave, Phoenix, AZ 85013



EXECUTIVE SUMMARY



3611 N 5th Ave

Phoenix, AZ, 85013

12

Total Units

±1,200 SF

Avg. Unit Size

3+2

Unit Mix

The Opportunity

Matthews™ is pleased to present **Melrose on 5th, a 12-unit, garden-style multifamily community** located in the highly sought after Melrose district in Midtown Phoenix. Originally constructed in 1961, the asset went through **extensive repositioning in 2016** and features a rare unit mix of **(12) spacious 3-bedroom, 2-bathroom floor plans** measuring approximately **1,200 square feet each**. This pride-of-ownership asset successfully blends timeless mid-century architecture with modern interior finishes, creating strong tenant appeal in one of Phoenix's most desirable urban neighborhoods.

The unit interiors are thoughtfully upgraded and **feature stackable washer/dryers, fully equipped kitchens with dishwashers and built-in microwaves, stainless steel appliances, faux vinyl wood flooring, and modernized bathrooms**. Exterior amenities include **gated access entry ways, charcoal barbeque grills, resort-style swimming pool, covered parking, and low maintenance desert landscaping**. The combination of expansive floor plans and attractive community amenities differentiates the asset from surrounding multifamily inventory and position the property to attract long-term tenants seeking larger living spaces in an urban infill location.

Strategically positioned just west of Central Avenue near Osborn Road, the property benefits from immediate access to the **Valley Metro Light Rail, Downtown Phoenix, Midtown employment centers**, and some of the city's most popular **restaurants, retail, and entertainment destinations**. The Melrose District continues to experience **strong redevelopment momentum** and has emerged as one of Phoenix's premier live-work-play neighborhoods due to its walkability, local character, and central location. The property also offers convenient connectivity to SR-51, I-10, and I-17, providing excellent regional access throughout the Phoenix metro area.

Melrose on 5th presents investors with a compelling **opportunity to acquire a well-maintained, renovated multifamily asset within one of Phoenix's strongest urban infill corridors**. With limited supply of large-unit apartment product and continued demand for centrally located workforce housing, the property is well-positioned to capitalize on future rental growth and long-term appreciation.

INVESTMENT HIGHLIGHTS

Property Highlights

- 12 Units, Built in 1961
- **Type:** 2-Story, Garden Style
- **Unit Mix:** (12) 3-Bedroom, 2-Bathroom
- **Average Unit Size:** 1,200 SF
- **Current Rent:** \$1,795 + \$75 RUBS
- Fully Renovated Interiors w/ Washer/Dryer
- **Exterior Amenities:** Swimming Pool, BBQ Grills, Gated Entry, Desert Landscaping
- Located in the Developing Melrose District

Location Highlights

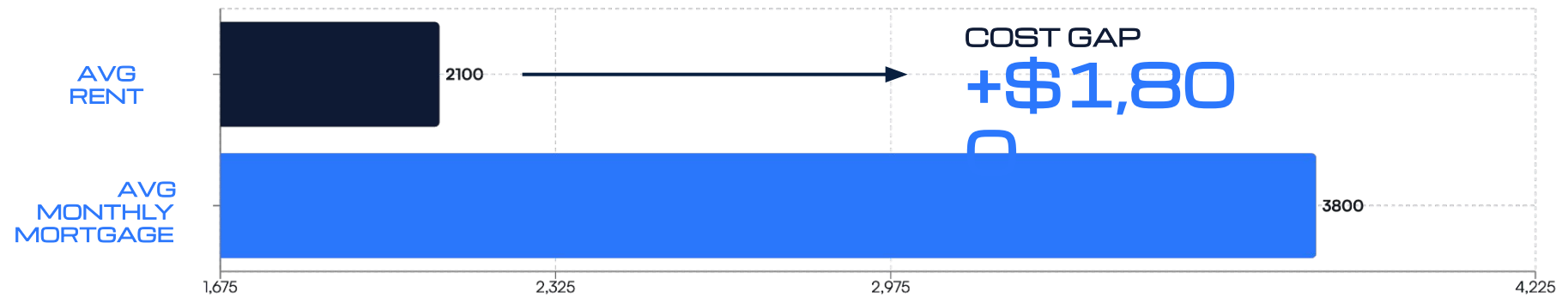
- Heart of Midtown Phoenix
- Immediate Access to Valley Metro Rail
- Minutes to Downtown Phoenix
- Close to Midtown Employment Hubs
- Walkable Melrose District Setting
- Surrounded by Dining, Retail & Entertainment
- Rapidly Redeveloping Submarket
- Strong Neighborhood Character & Identity
- Easy Access to SR-51, I-10 & I-17
- Central Phoenix Regional Connectivity



THE MELROSE DISTRICT

RENTING VS. OWNING IN MIDTOWN PHOENIX

Monthly homeownership costs in Midtown Phoenix continue to significantly outpace rental rates, reinforcing strong renter demand and sustained multifamily occupancy throughout the Melrose District corridor.



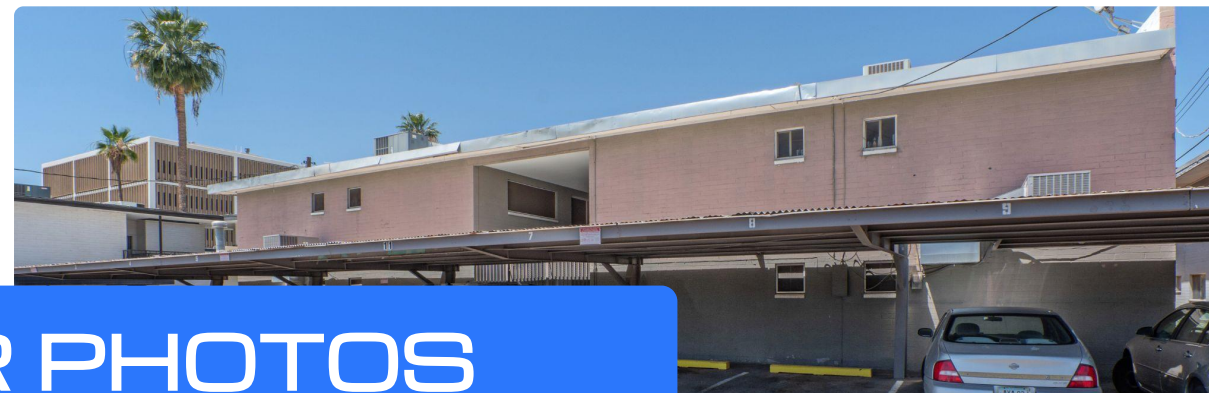
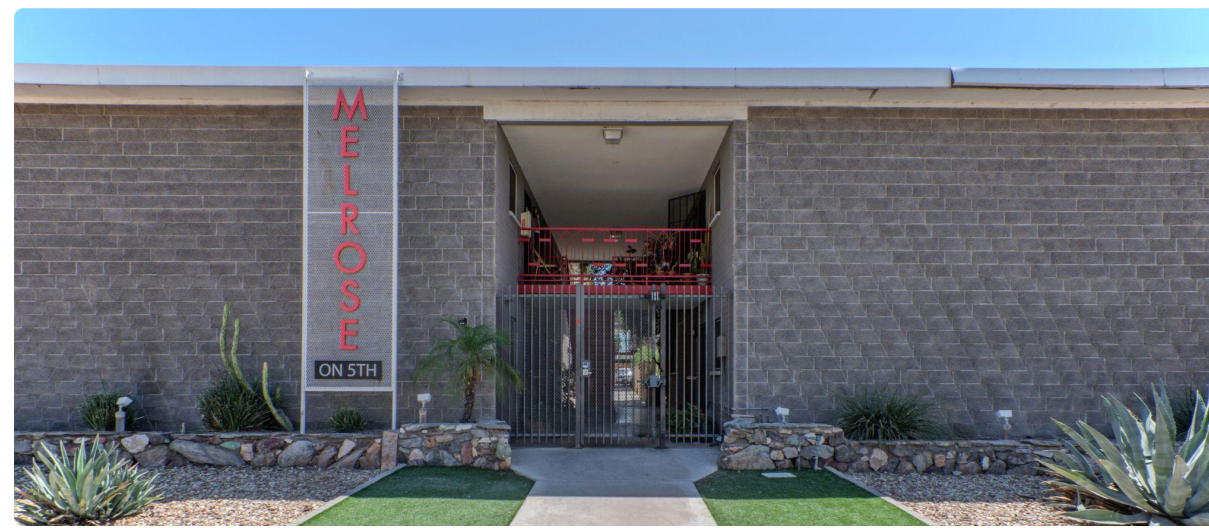
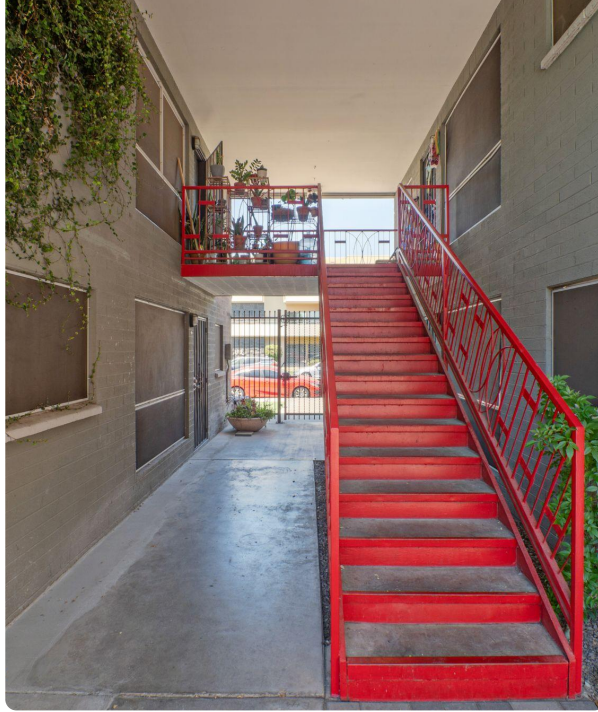
THE MELROSE DISTRICT
85 WALK SCORE
60% AVG VACANCY

75
TRANSIT
SCORE

NEIGHBORHOOD & LIFESTYLE

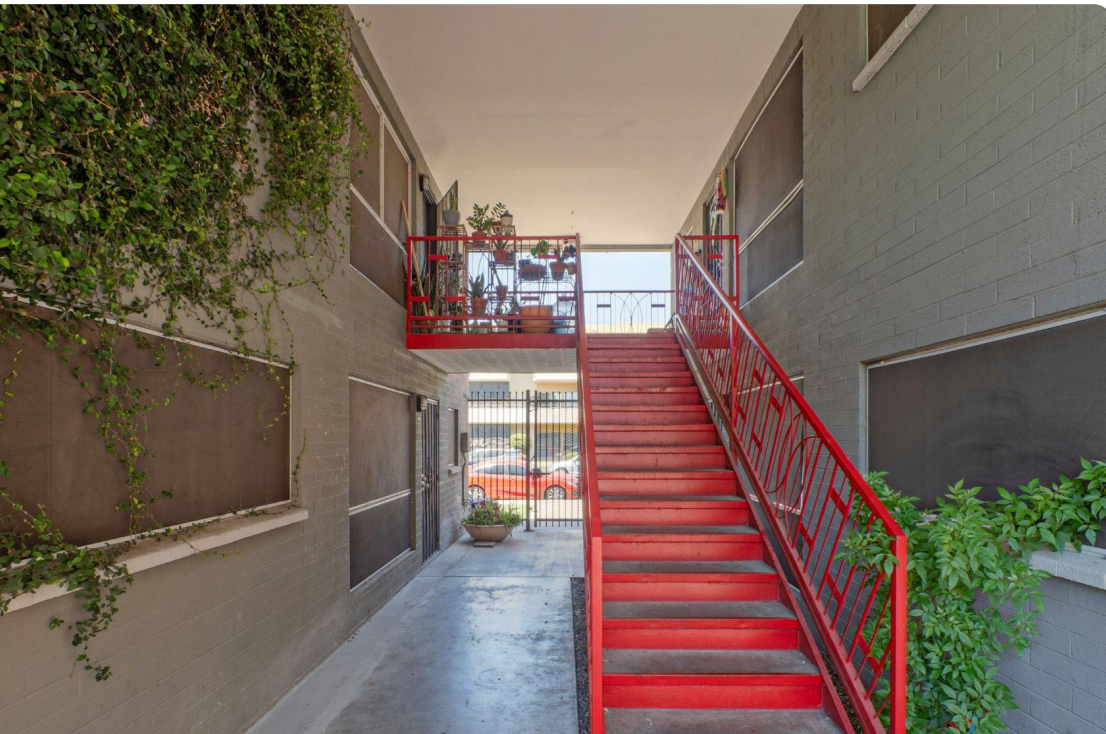
The Melrose District is one of Midtown Phoenix's most vibrant and rapidly growing urban neighborhoods, blending historic character with modern redevelopment and a strong local identity.

- **7th Avenue Corridor:** Home to local restaurants, boutique retail, coffee shops, vintage stores, and nightlife destinations.
- **Park Central Redevelopment:** Immediate proximity to one of Midtown Phoenix's largest mixed-use redevelopment projects driving employment and investment growth.
- **Recreation & Lifestyle:** Minutes from Steele Indian School Park, Encanto Park, and the Midtown arts and dining corridor.
- **Employment Access:** Convenient access to Midtown healthcare campuses, Downtown Phoenix, Camelback Corridor, and major employment centers.
- **Transit Connectivity:** Direct access to Valley Metro Light Rail and future transit expansion projects supporting continued urban growth.

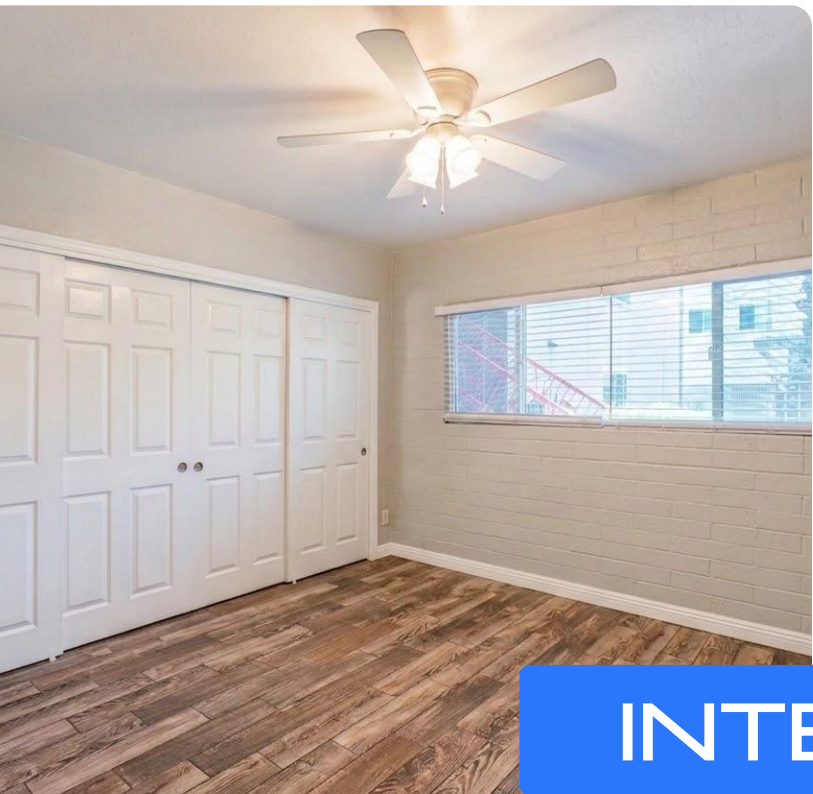


EXTERIOR PHOTOS

Well-Positioned Multifamily Asset in Rapidly Evolving Midtown Phoenix



PROPERTY PHOTOS



INTERIOR PHOTOS

Grand Canyon University
±25,000 Students | ±7,773 Employees
±4 Miles Away

POSTINO
SALT & STRAW
Joyride
FLOWER CHILD
THE HENRY

Xavier College Preparatory
±1,156 Students | ±161 Employees

FOOD CITY
OneLoveCafe
ACE Hardware

Melrose District
VALENTINE
WINDOW COFFEE BAR
RESTAURANT PROGRESS

Carl T. Hayden Veterans' Administration Medical Center
±177 Beds | ±4,200 Employees

CAVA
Chick-fil-A
TARGET



W Indian School Rd ± 41,445 VPD

N Central Ave ± 20,167 VPD



± 167,347 VPD



CVS pharmacy

SPROUTS FARMERS MARKET
Orangetheory
MOD LIX
KEEP IT CUT

SAFEWAY

Subject Property

Biltmore Fashion Park
macy's
FINISH LINE
The Cheesecake Factory
RALPH LAUREN
my sister's closet
ANTHROPOLOGIE
LIFETIME FITNESS
POMO
SEPHORA

Metro Tech High School
±1,773 Students | ±206 Employees

Phoenix College
±9,500 Students
±1,300 Employees

EoS

26 Floors
Phoenix Corporate Center

Phoenix Children's Hospital - Thomas Campus
±533 Beds | ±5,605 Employees

±164,100 VPD

Dignity Health St. Joseph's Hospital
±607 Beds | ±5,296 Employees

Park Central Development

Encanto 18 Golf Course

Barrow Neurological Institute
±200 Beds | ±700 Employees

ChopShop

Phoenix Sky Harbor International Airport
±7 Miles Away
±6M Annual Visitors
±390 Employees

Arizona Veterans Memorial Coliseum
Arizona State Fair

Valley Metro Light Rail
Light Rail B

Sophia's

North High
±2,667 Students
±205 Employees

Banner - University Medical Center Phoenix
±766 Beds | ±4,412 Employees

Downtown Phoenix
±3 Miles Away

778 Employees
Arizona Attorney General

±169,000 VPD



24 Floors
BMO
Harris Bank

Google Earth

Financial Overview

Melrose on 5th
3611 N 5th Ave, Phoenix, AZ 85013



FINANCIAL SUMMARY

\$3,400,000

List Price

\$283,000

Price Per Unit

\$236

Price Per SF

5.26%

T-6 Cap Rate

Property Facts

MSA	Phoenix
Submarket	Midtown
Year Built / Renovated	1961/ 2016
Occupancy	100%
Total Units	12
Net Rentable Area	±14,400 SF
Average Unit Size	±1,200 SF

Investor Projected Returns

Average 10 Yr Cash on Cash	5.4%
Unlevered 10 Yr IRR	6.81%
Levered 10 Yr IRR	7.47%
Equity Multiple	1.84

Residual

Holding Period	10
Cap Rate	6.16%
Residual Value	\$3,796,641
Per Unit	\$316,387

Pro Forma Cash Flow Analysis

Loan Amount	\$1,870,000
Loan to Value	55%
Interest Rate	6.20%
Term	5
Amortization Period	30
Interest Only (years)	3
Annual Debt Service (Amortizing)	\$137,438

Rent Analysis

Current Market Rent	\$1,753
Current Market Rent PSF	\$1.46
Rent Comp Average Rent	\$1,866
Rent Comp Average Rent PSF	\$1.61
Variance to Rent Comp Average Rent	\$113
Market Rent Potential Upside	6%
Proforma Rent	\$1,795
Proforma Rent PSF	\$1.50

RENT ROLL

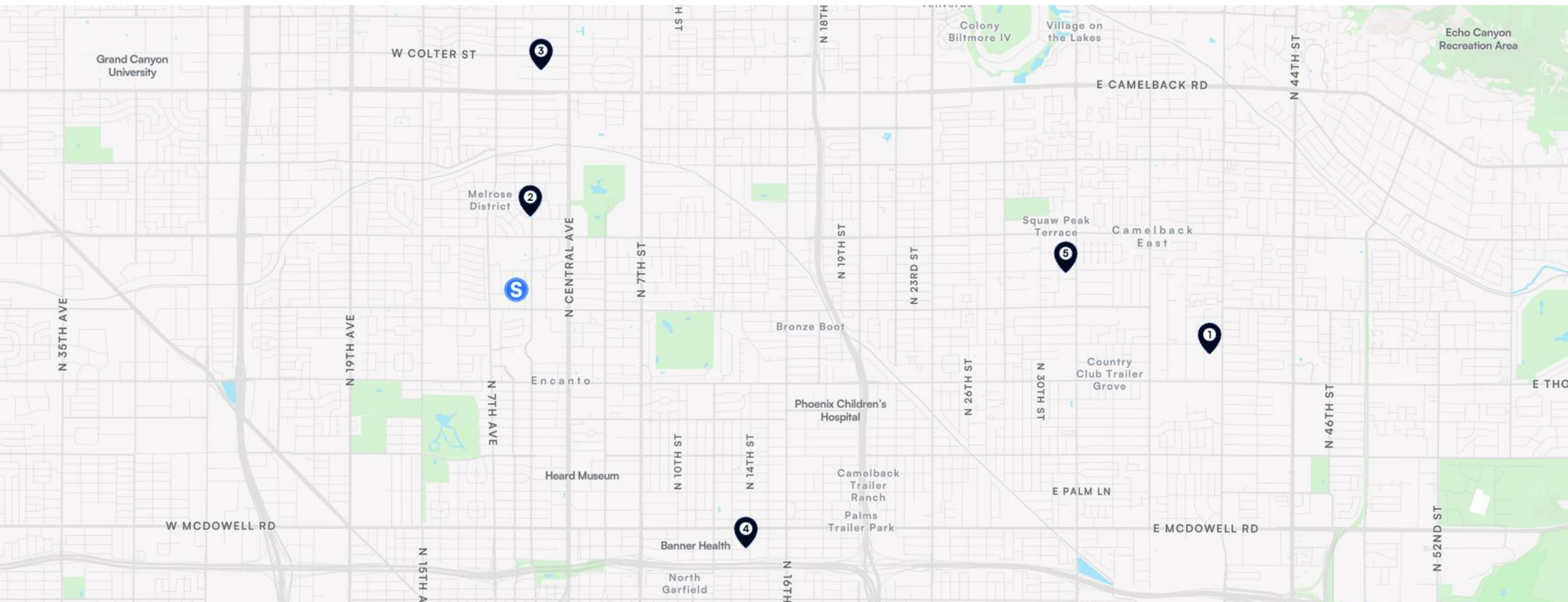
Unit #	Unit Type	# Of Units	% Total	Size (SF)	Current Rent	Annual Rent	Market Rent	Market Annual Rent	Rent PSF	Market Rent PSF
1	3x2	1	8%	1,200	\$1,795	\$21,540	\$1,795	\$21,540	\$1.50	\$1.50
2	3x2	1	8%	1,200	\$1,695	\$20,340	\$1,795	\$21,540	\$1.41	\$1.50
3	3x2	1	8%	1,200	\$1,795	\$21,540	\$1,795	\$21,540	\$1.50	\$1.50
4	3x2	1	8%	1,200	\$1,795	\$21,540	\$1,795	\$21,540	\$1.50	\$1.50
5	3x2	1	8%	1,200	\$1,795	\$21,540	\$1,795	\$21,540	\$1.50	\$1.50
6	3x2	1	8%	1,200	\$1,695	\$20,340	\$1,795	\$21,540	\$1.41	\$1.50
7	3x2	1	8%	1,200	\$1,795	\$21,540	\$1,795	\$21,540	\$1.50	\$1.50
8	3x2	1	8%	1,200	\$1,795	\$21,540	\$1,795	\$21,540	\$1.50	\$1.50
9	3x2	1	8%	1,200	\$1,795	\$21,540	\$1,795	\$21,540	\$1.50	\$1.50
10	3x2	1	8%	1,200	\$1,695	\$20,340	\$1,795	\$21,540	\$1.41	\$1.50
11	3x2	1	8%	1,200	\$1,695	\$20,340	\$1,795	\$21,540	\$1.41	\$1.50
12	3x2	1	8%	1,200	\$1,695	\$20,340	\$1,795	\$21,540	\$1.41	\$1.50
Total		12		14,400	\$21,040	\$252,480	\$21,540	\$258,480		
Average				1,200	\$1,753	\$21,040	\$1,795	\$21,540	\$1.46	\$1.50

PROFORMA COMPARISON

Income	T-6	Per Unit	Year 1 Pro Forma	Per Unit
Scheduled Market Rent	\$248,390	\$ 20,699	\$258,480	\$ 21,540
Less: Physical Vacancy	-	0.0%	(\$12,924)	-5.0%
Less: Concessions/Bad Debt/Other	-	0.0%	(\$2,585)	-1.0%
Net Rental Income	\$248,390	96%	\$242,971	94%
Plus: Other Income	\$2,622	\$219	\$3,000	\$250
Plus: RUBS	\$9,410	\$784	\$10,260	\$805
Total Other Income	\$12,032	\$1,002	\$13,260	\$1,105
Effective Gross Income (EGI)	\$260,422	\$21,702	\$256,231	\$21,353
Operating Expenses				
Apartment Prep/Turnover	\$1,410	\$118	\$2,400	\$200
Legal / Administrative	\$126	\$11	\$600	\$50
Marketing	\$148	\$50	\$600	\$50
Contract Services / Pool	\$9,000	\$750	\$4,800	\$400
Repairs & Maintenance	\$13,038	\$1,087	\$6,600	\$550
Utilities	\$19,598	\$1,633	\$19,776	\$1,648
Total Controllable Expenses	\$43,320	\$3,610	\$34,776	\$2,898
Management Fee	\$22,566	8.67%	\$12,924	5.00%
Insurance	\$7,200	\$600	\$7,200	\$600
Real Estate Taxes	\$8,433	\$703	\$8,644	\$720
Total Non-Controllable Expenses	\$38,199	\$3,183	\$28,768	\$2,397
Total Operating Expenses	\$81,519	\$6,793	\$63,544	\$5,295
Net Operating Income	\$178,903	\$14,909	\$192,687	\$16,057
Cap Rate	5.26%		5.67%	
Expense Ratio	31%		25%	

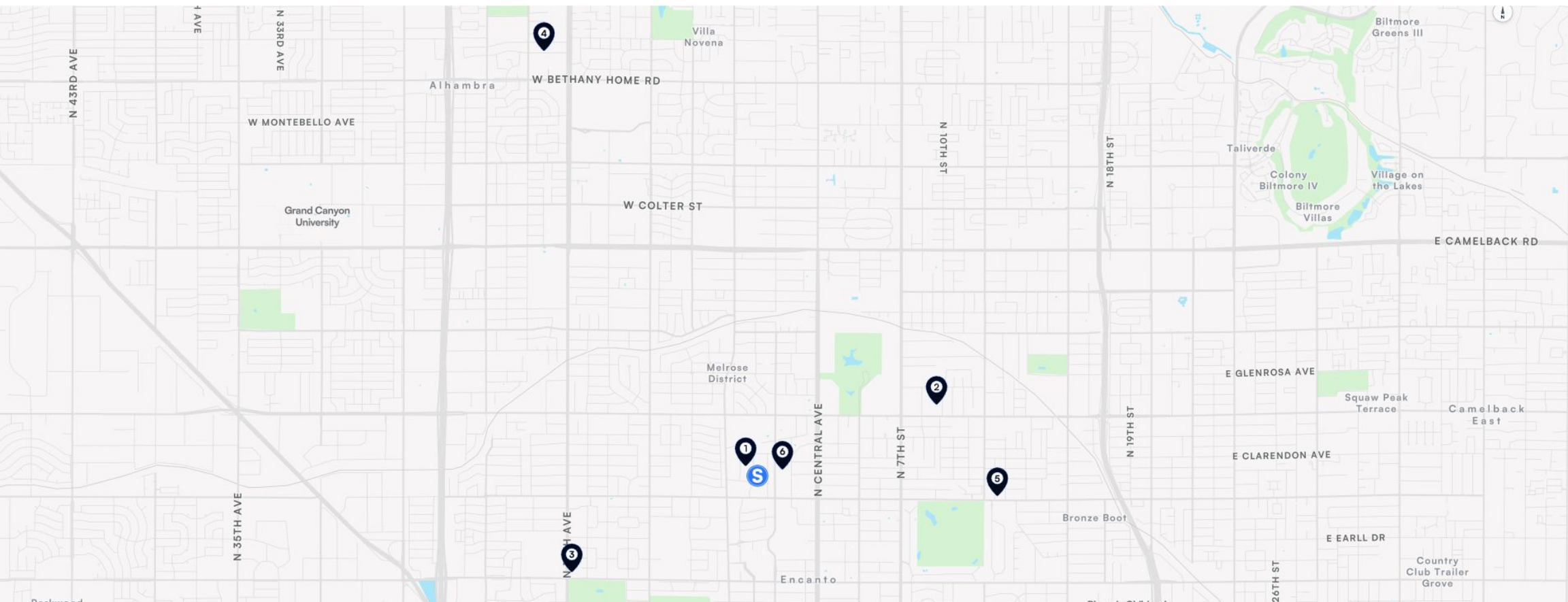
SALES COMPARABLES

	Property Address	Property Name	Sale Date	Year Built	# Units	Current Cap	Pro Forma Cap Rate	Sale Price	Price Per Unit	Price Per SF
S	3611 N 5th Ave	Melrose on 5th	-	1961	12	5.26%	5.67%	\$3,400,000	\$283,000	\$236
1	3021 N 39th St	Mode 39	2/20/2026	1964	13	5.85%	-	\$4,750,000	\$365,385	\$226
2	4202-4218 N 3rd Ave	3rd Ave Apartments	12/5/2025	1950	8	5.00%	-	\$2,475,000	\$309,375	\$363
3	37 W Medlock Pl	Medlock Place	11/18/2025	1959	13	5.18%	5.57%	\$3,200,000	\$246,154	\$318
4	1336-1346 E Willetta St	-	10/16/2025	1955	12	5.50%	5.61%	\$2,900,000	\$241,667	\$329
5	3111 E Clarendon Ave	Villas 10	12/30/2025	1981	10	-	-	\$3,000,000	\$300,000	\$353
	Average			1961	11	5.19%	5.74%	\$3,265,000	\$292,516	\$318



RENT COMPARABLES

	Property Address	Property Name	Year Built	Unit Mix	Unit Size (SF)	Current Rent	Rent PSF
S	3611 N 5th Ave	Melrose on 5th	1961	3x2	1,200	\$1,753	\$1.46
1	3633 N 6th Ave	Phoenix Apartments on 6th Ave	1960	3x2	1,200	\$1,745	\$1.45
2	4128 N 10th St	Central Park Villas	1975	3x2	1,200	\$2,100	\$1.75
3	1840 W Thomas Rd	Quays at Encanto	1962	3x2	1,320	\$2,100	\$1.59
4	2014 W Berridge Ln	Signature 18	1961	3x2	1,000	\$1,850	\$1.85
5	3411 N 12th Pl	-	1980	3x1.5	1,196	\$1,600	\$1.34
6	3633 N 3rd Ave	3rd Avenue Palms	1999	3x2	1,068	\$1,800	\$1.69
	Average		1973		1,164	\$1,866	\$1.61



Market Overview

Melrose on 5th
3611 N 5th Ave, Phoenix, AZ 85013



PHOENIX, ARIZONA



Local Neighborhood Overview

Midtown Central Phoenix has emerged as one of the Valley’s most compelling urban investment corridors, supported by strong demographics, major employment anchors, expanding infrastructure, and ongoing redevelopment activity. Positioned between Downtown Phoenix and the Camelback Corridor, the area offers direct access to major healthcare systems, universities, government offices, and cultural destinations while benefiting from connectivity to Interstate 10, SR-51, Interstate 17, and the Valley Metro Light Rail system. Its central location continues to attract residents seeking convenience, accessibility, and proximity to major employment centers throughout Metro Phoenix.

The corridor continues to benefit from significant public and private investment across Central Avenue, Roosevelt Row, and Downtown Phoenix, driving new mixed-use development, adaptive reuse projects, and infrastructure improvements. Midtown’s combination of walkability, transit access, established neighborhoods, and strong employment density supports long-term multifamily demand and continued property appreciation. With one of Arizona’s strongest concentrations of healthcare, education, and government employment, Midtown Central Phoenix remains well-positioned as a strategic infill investment market within one of the nation’s fastest-growing metropolitan areas.

Property Demographics

Population	1-Mile	3-Mile	5-Mile
2020 Population	18,996	171,858	431,323
2025 Population	21,123	186,732	455,531
2030 Population Projection	22,225	195,274	474,189
Annual Growth 2020-2025	2.2%	1.7%	1.1%
Annual Growth 2025-2030	1.0%	0.9%	0.8%
Households	1-Mile	3-Mile	5-Mile
2020 Households	9,981	73,199	166,119
2025 Households	11,056	80,103	176,527
2030 Household Projection	11,639	84,144	184,393
Annual Growth 2020-2025	2.3%	2.0%	1.7%
Annual Growth 2025-2030	1.1%	1.0%	0.9%
Income	1-Mile	3-Mile	5-Mile
Average Household Income	\$93,213	\$93,592	\$92,406

MIDTOWN PHOENIX

One of the Valley's Premier Urban Corridor



1,673,164

Total Population

\$81,332

Median HH Income

610,442

of Households

70%

Avg Renters

173,000

Employee Population

\$4.4B

Consumer Spending

Tourism & Visitor Activity

The Midtown/Downtown Phoenix corridor benefits from

- Approximately 19.5 Million Annual Visitors to Greater Phoenix
- Convention, sports, and entertainment demand generators
- Footprint Center and Chase Field events
- Roosevelt Row Arts District visitation
- Restaurant and nightlife activity along Central Avenue

Benefits of Midtown

Why Investors Are Targeting Midtown Phoenix

- Strong renter demand from healthcare, education, and government employment
- Light rail access along Central Avenue
- Central location near Downtown and Camelback Corridor
- Continued population and employment growth
- Ongoing redevelopment and infrastructure investment

Phoenix College (PC), founded in 1920, is one of the oldest community colleges in the Southwest and serves as a key educational and workforce development institution in central Phoenix. Located on a 50+ acre urban campus near Midtown Phoenix, PC is part of the Maricopa County Community College District and provides affordable higher education, workforce training, and university transfer pathways for a diverse regional student population. The college supports economic mobility and workforce readiness through career-focused certificate and degree programs aligned with Arizona's growing industries, including healthcare, business, IT, public safety, and skilled trades.

Phoenix College contributes significantly to the local economy by attracting students, faculty, and staff from throughout the Valley. Its partnerships with employers and workforce initiatives help prepare students for in-demand careers while supporting talent pipelines for Phoenix-area businesses. The campus also drives activity in Midtown Phoenix through student engagement, athletics, events, and daily campus operations. With flexible in-person and online learning options, PC continues to serve as an accessible educational hub and community anchor within the urban core.



PHOENIX COLLEGE

±17,000

Enrollment

150+ Programs

Student Life

±1,200

Employees

±0.7 Miles

From Subject Property



±100,000

Enrollment

200+ Programs

Student Life

±10,000

GCU & GCE Employees

±4 Miles

From Subject Property

Grand Canyon University (GCU), a private Christian university founded in 1949 and headquartered in Phoenix, Arizona, is one of the fastest-growing higher education institutions in the United States and a significant driver of economic activity in West Phoenix. The university serves more than 100,000 students across on-campus and online programs, offering a wide range of undergraduate, graduate, and professional degrees in business, healthcare, education, engineering, and technology. GCU has played a transformative role in revitalizing the surrounding area through substantial campus expansion and ongoing investment in infrastructure, housing, and community development. The university maintains strong partnerships with local employers and industries, supporting workforce development and aligning academic programs with regional economic needs.

As a major employment hub, GCU attracts students, faculty, and staff from across the region, contributing to sustained demand for nearby housing, retail, and services. Its Division I athletics program and year-round campus events further enhance foot traffic and local engagement. With continued campus growth and a focus on workforce readiness, Grand Canyon University serves as a key anchor institution driving population growth, economic vitality, and long-term investment in the West Phoenix submarket.

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3611 N 5th Ave | Phoenix, AZ 85013

This Offering Memorandum contains select information pertaining to the business and affairs of the property owner and its tenant for real property located at 3611 N 5th Ave | Phoenix, AZ 85013 ("Property"). The Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews™. The material and information in the Offering Memorandum is unverified. Matthews™. has not made any investigation, and makes no warranty or representation, with respect to square footage, income and expenses, the future financial performance of the property, future rent, and real estate value market conditions, the condition or financial prospects of any tenant, or the tenants' plans or intentions to continue to occupy space at the property. All prospective purchasers should conduct their own thorough due diligence investigation of each of these areas with the assistance of their accounting, construction, and legal professionals, and seek expert opinions regarding volatile market conditions given the unpredictable changes resulting from the continuing COVID-19 pandemic. The information is based in part upon information supplied by the Owner and in part upon financial information obtained from sources the Owner deems reliable. Neither owner, nor their officers, employees, or real estate agents make any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum, or any of its content, and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner.

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Owner and Matthews™. expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Owner or Matthews™. or any of their affiliates or any of their respective officers, directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date of this Offering Memorandum.

APOLLO OM TEMPLATE SECTION

DO NOT DELETE THESE PAGES!!

Use the export to PDF feature and make sure that you've created a Box folder for that proposal in Atlas

[Multifamily OM Template](#)

Financial Summary

\$000,000
List Price

\$000,000
Price Per Unit

\$000,000
Price Per SF

0,000
Avg Unit Size (SF)

00.00%
Cap Rate

Unit Mix

Unit Mix	Unit Count	Unit SF	Total SF	Current Rent	Current \$/SF	Current Monthly Rent	Market Rent	Market \$/SF	Market Monthly Rent
Eff.	0	0	0	\$0	\$0.00	\$0.00	\$0	\$0.00	\$0
Studio	0	0	0	\$0	\$0.00	\$0.00	\$0	\$0.00	\$0
0	0	0	0	\$0	\$0.00	\$0.00	\$0	\$0.00	\$0
1+1.5	0	0	0	\$0	\$0.00	\$0.00	\$0	\$0.00	\$0
2+1	0	0	0	\$0	\$0.00	\$0.00	\$0	\$0.00	\$0
2+1.5	0	0	0	\$0	\$0.00	\$0.00	\$0	\$0.00	\$0
2+2	34	1,194	40,588	\$1,028	\$0.86	\$34,949.00	\$1,107	\$0.93	\$37,646
3+1	0	0	0	\$0	\$0.00	\$0.00	\$0	\$0.00	\$0
3+1.5	0	0	0	\$0	\$0.00	\$0.00	\$0	\$0.00	\$0
3+2	70	1,185	82,916	\$1,177	\$0.99	\$82,408.00	\$1,268	\$1.07	\$88,728
3+2.5	0	0	0	\$0	\$0.00	\$0.00	\$0	\$0.00	\$0
3+3	0	0	0	\$0	\$0.00	\$0.00	\$0	\$0.00	\$0
4+2	0	0	0	\$0	\$0.00	\$0.00	\$0	\$0.00	\$0
4+2.5	0	0	0	\$0	\$0.00	\$0.00	\$0	\$0.00	\$0
4+3	0	0	0	\$0	\$0.00	\$0.00	\$0	\$0.00	\$0
4+3.5	0	0	0	\$0	\$0.00	\$0.00	\$0	\$0.00	\$0
4+4	0	0	0	\$0	\$0.00	\$0.00	\$0	\$0.00	\$0
Total/Average	104	1,188	123,504.00	\$1,128	\$0.95	\$117,357.00	\$2,374.80	\$1.02	\$126,374.85

Cash Flow

Operating Data	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Income											
Gross Potential Rent	\$1,516,498	\$1,561,993	\$1,608,853	\$1,657,119	\$1,706,832	\$1,758,037	\$1,810,778	\$1,865,101	\$1,921,055	\$1,978,686	\$2,038,047
Renovation Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loss/Gain to Lease	(\$15,165)	(\$15,620)	(\$16,088)	(\$16,571)	(\$17,068)	(\$17,580)	(\$18,108)	(\$18,651)	(\$19,211)	(\$19,787)	(\$20,380)
Gross Potential Income	\$1,501,333	\$1,546,373	\$1,592,764	\$1,640,547	\$1,689,764	\$1,740,457	\$1,792,670	\$1,846,450	\$1,901,844	\$1,958,899	\$2,017,666
Less Vacancy	(\$75,283)	(\$77,319)	(\$79,638)	(\$82,027)	(\$84,488)	(\$87,023)	(\$89,634)	(\$92,323)	(\$95,092)	(\$97,945)	(\$100,883)
Less Concessions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less Change in Delinquency	(\$15,165)	(\$15,620)	(\$16,088)	(\$16,571)	(\$17,068)	(\$17,580)	(\$18,108)	(\$18,651)	(\$19,211)	(\$19,787)	(\$20,380)
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utility Reimbursement (Water/Trash/Other)	\$39,458	\$40,642	\$41,861	\$43,117	\$44,411	\$45,743	\$47,116	\$48,529	\$49,985	\$51,485	\$53,030
Effective Gross Income	\$1,410,343	\$1,452,654	\$1,496,233	\$1,541,120	\$1,587,354	\$1,634,974	\$1,684,024	\$1,734,544	\$1,786,581	\$1,840,178	\$1,895,383
Expenses											
Property Management Fee	\$54,614	\$58,106	\$59,849	\$61,645	\$63,494	\$65,399	\$67,361	\$69,382	\$71,463	\$73,607	\$75,815
Real Estate Taxes	\$124,001	\$130,201	\$136,711	\$143,546	\$150,724	\$158,260	\$166,173	\$174,482	\$183,206	\$192,366	\$201,984
Insurance	\$154,000	\$159,000	\$163,988	\$169,028	\$172,900	\$176,500	\$180,012	\$185,435	\$190,071	\$194,823	\$199,693
Payroll	\$106,000	\$106,000	\$109,265	\$111,997	\$114,797	\$117,669	\$120,612	\$123,628	\$126,719	\$129,886	\$133,133
General and Administrative	\$15,000	\$15,690	\$16,390	\$16,799	\$17,302	\$17,810	\$18,092	\$18,649	\$19,209	\$19,785	\$19,999
Landscaping/Grounds	\$10,000	\$10,460	\$10,927	\$11,100	\$11,347	\$11,598	\$11,854	\$12,115	\$12,381	\$12,652	\$12,928
Contract Services	\$7,800	\$7,995	\$8,198	\$8,406	\$8,620	\$8,838	\$9,062	\$9,291	\$9,526	\$9,766	\$10,013
Turnover	\$21,200	\$21,621	\$22,053	\$22,492	\$22,939	\$23,393	\$23,854	\$24,323	\$24,800	\$25,284	\$25,776
Repairs & Maintenance	\$28,700	\$29,395	\$30,103	\$30,755	\$31,503	\$32,262	\$33,031	\$33,812	\$34,602	\$35,404	\$36,216
Electricity	\$29,768	\$30,541	\$31,324	\$32,206	\$33,122	\$34,057	\$35,010	\$35,980	\$36,970	\$37,979	\$39,008
Water/Sewer	\$104,500	\$108,000	\$110,000	\$113,000	\$111,998	\$114,797	\$117,667	\$120,609	\$123,626	\$126,715	\$129,883
Trash Removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Utilities/Fuel/Gas	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Marketing/Advertising	\$5,200	\$5,350	\$5,463	\$5,740	\$5,883	\$6,030	\$6,181	\$6,336	\$6,494	\$6,656	\$6,656
Reserves	\$36,400	\$37,492	\$38,617	\$39,776	\$40,969	\$42,198	\$43,463	\$44,765	\$46,104	\$47,481	\$48,895
Total Expenses	\$693,865	\$729,350	\$764,034	\$801,176	\$780,917	\$804,581	\$829,954	\$856,153	\$883,104	\$910,827	\$939,339
Net Operating Income	\$716,479	\$723,304	\$732,199	\$739,944	\$806,437	\$830,393	\$854,070	\$878,391	\$903,476	\$929,351	\$956,044
Debt Service	(\$425,120)	(\$425,120)	(\$425,120)	(\$425,120)	(\$425,120)	(\$425,120)	(\$425,120)	(\$425,120)	(\$425,120)	(\$425,120)	(\$425,120)
Interest Payments	(\$425,120)	(\$419,293)	(\$413,694)	(\$407,316)	(\$400,139)	(\$392,148)	(\$383,323)	(\$373,647)	(\$363,098)	(\$351,652)	(\$339,280)
Net Cash Flow After DS	\$291,359	\$298,184	\$307,079	\$314,824	\$381,317	\$405,273	\$428,950	\$453,271	\$478,356	\$504,231	\$530,924
Debt Coverage Ratio	1.40x	1.44x	1.48x	1.52x	1.67x	1.72x	1.77x	1.82x	1.87x	1.92x	1.97x

Financials (Historical)

Financials (Historical)	T-1	T-3	T-6	T-9	T-12
Gross Potential Rent	\$1,404,348	\$1,420,896	\$1,398,328	\$1,352,716	\$1,332,731
Gross Potential Rent	\$1,404,348	\$1,420,896	\$1,398,328	\$1,352,716	\$1,332,731
Financials (Historical)	T-1	T-3	T-6	T-9	T-12
Real Estate Taxes	\$115,819	\$115,819	\$115,819	\$115,819	\$115,819
Property Management Fee	\$0	\$0	\$0	\$0	\$0
Insurance	\$155,000	\$155,000	\$155,000	\$155,000	\$155,000
Payroll	\$76,800	\$76,800	\$76,800	\$76,800	\$76,800
General and Administrative	\$7,717	\$7,717	\$7,717	\$7,717	\$7,717
Contract Services	\$27,049	\$27,049	\$27,049	\$27,049	\$27,049
Landscaping/Grounds	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200
Turnover	\$0	\$0	\$0	\$0	\$0
Repairs & Maintenance	\$23,233	\$23,233	\$23,233	\$23,233	\$23,233
Electricity	\$29,202	\$29,202	\$29,202	\$29,202	\$29,202
Water/Sewer	\$99,475	\$99,475	\$99,475	\$99,475	\$99,475
Total Expenses	\$541,494	\$541,494	\$541,494	\$541,494	\$541,494
Net Operating Income	\$862,854	\$879,402	\$856,834	\$811,222	\$791,237
Cap Rate	9.08%	9.26%	9.02%	8.54%	8.33%

Financial Summary

Annual Operating Summary

Category	Total	Per Unit	Proforma	Per Unit	Year 3 Stabilized	Per Unit
Gross Potential Rent	\$353,880		\$403,200	Market Rent	\$427,755	21%
Less Vacancy	-\$17,694	-5.00%	-\$20,160	-5.0%	-\$21,388	-5.0%
Loss/Gain to Lease	\$0	0.00%	-\$46,368	-11.5%	-\$12,833	-3.0%
Less Change in Delinquency	\$0	0.00%	-\$2,016	-0.5%	-\$2,139	-0.5%
Gross Operating Income	\$336,186		\$334,656		\$391,396	
Expenses	\$138,652	39.2%	\$144,549	40.74%	\$154,653	37.47%
Net Operating Income	\$197,534	\$6,173	\$190,107	\$5,941	\$236,743	\$7,398
Loan Payments	\$145,592		\$145,592		\$145,592	
Pre-Tax Cash Flow	\$51,942	6.2%	\$44,514	5.27%	\$91,150	10.79%
Plus Principal Reduction	\$23,090		\$23,090		\$23,090	
Total Return Before Taxes	\$75,032	8.88%	\$67,605	8.01%	\$114,241	13.53%

Financial Summary

Pro Forma Annual Operating Summary

Category	Pro Forma Estimates	% of Current SGI	Total	Per Unit	Pro Forma	Per Unit	Year 3 Stabilized	Per Unit	% of SGI
Real Estate Taxes	% of Purchase Price	8.55%	\$30,245	\$945	\$41,379	\$1,293	\$43,474	\$1,359	10.2%
Property Management Fee	7.0% × GOI	8.30%	\$29,368	\$918	\$23,426	\$732	\$27,398	\$856	6.4%
Insurance	\$700.00 Per Unit	6.40%	\$22,652	\$708	\$22,400	\$700	\$23,534	\$735	5.5%
Repairs & Maintenance	\$500.00 Per Unit	8.95%	\$31,683	\$990	\$16,000	\$500	\$16,810	\$525	3.9%
Turnover	\$200.00 Per Unit	0.00%	\$0	\$0	\$6,400	\$200	\$6,724	\$210	1.6%
Electricity	\$0.02 × Over Actual	0.56%	\$1,985	\$62	\$2,025	\$63	\$2,127	\$66	0.5%
Water and Sewer	\$0.02 × Over Actual	2.84%	\$10,056	\$314	\$10,257	\$321	\$10,776	\$337	2.5%
Trash Removal	\$0.02 × Over Actual	1.40%	\$4,963	\$155	\$5,062	\$158	\$5,319	\$166	1.2%
Contract Services	\$200.00 Per Unit	1.81%	\$6,420	\$201	\$6,400	\$200	\$6,724	\$210	1.6%
General Administration	\$150.00 Per Unit	0.36%	\$1,280	\$40	\$4,800	\$150	\$5,043	\$158	1.2%
Reserves	\$200.00 Per Unit	0.00%	\$0	\$0	\$6,400	\$200	\$6,724	\$210	1.6%
Total Expenses	41.24%		\$138,652	\$4,333	\$144,549	\$4,517	\$154,653	\$4,833	36.2%
			Current	Per Unit	% of SGI				
Non-controllable expenses: Taxes, Ins., Reserves			\$62,953	\$1,967	15.6%				
Total Expense without Taxes & Reserves			\$108,407	\$3,388	26.89%				

Rent Roll

Unit Mix	Unit #	# of Units	Rent Assumptions				
			SF	Current Rent	Current Rent/SF	Market Rent	Market Rent/SF
2+1.5	1	1	800	\$975	\$1.22	\$1,050	\$1.31
2+1.5	2	1	800	\$900	\$1.13	\$1,050	\$1.31
2+1.5	3	1	800	\$900	\$1.13	\$1,050	\$1.31
2+1.5	4	1	800	\$825	\$1.03	\$1,050	\$1.31
2+1.5	5	1	800	\$900	\$1.13	\$1,050	\$1.31
2+1.5	6	1	800	\$900	\$1.13	\$1,050	\$1.31
2+1.5	7	1	800	\$1,050	\$1.31	\$1,050	\$1.31
2+1.5	8	1	800	\$975	\$1.22	\$1,050	\$1.31
2+1.5	9	1	800	\$1,050	\$1.31	\$1,050	\$1.31
2+1.5	10	1	800	\$975	\$1.22	\$1,050	\$1.31
2+1.5	11	1	800	\$950	\$1.19	\$1,050	\$1.31
2+1.5	12	1	800	\$975	\$1.22	\$1,050	\$1.31
2+1.5	13	1	800	\$875	\$1.09	\$1,050	\$1.31
2+1.5	14	1	800	\$940	\$1.18	\$1,050	\$1.31
2+1.5	15	1	800	\$975	\$1.22	\$1,050	\$1.31
2+1.5	21	1	800	\$975	\$1.22	\$1,050	\$1.31
2+1.5	22	1	800	\$900	\$1.13	\$1,050	\$1.31
2+1.5	23	1	800	\$975	\$1.22	\$1,050	\$1.31
2+1.5	24	1	800	\$900	\$1.13	\$1,050	\$1.31
2+1.5	25	1	800	\$950	\$1.19	\$1,050	\$1.31
2+1.5	26	1	800	\$900	\$1.13	\$1,050	\$1.31
2+1.5	27	1	800	\$900	\$1.13	\$1,050	\$1.31
2+1.5	28	1	800	\$1,050	\$1.31	\$1,050	\$1.31
2+1.5	29	1	800	\$875	\$1.09	\$1,050	\$1.31
2+1.5	30	1	800	\$925	\$1.16	\$1,050	\$1.31
2+1.5	31	1	800	\$900	\$1.13	\$1,050	\$1.31
2+1.5	32	1	800	\$825	\$1.03	\$1,050	\$1.31

Sales Comparables

Two Bedroom

	Property Name	Address	Zip Code	Year Built	Units	Unit Mix	Avg Unit Size (SF)	Rent Per Unit	Rent PSF
S	Subject Property	3500 Turtle Creek Dr	77641	1978	34	2 x 2	1,128	\$11,028	\$0.94
1	Carriage Park Apartments	5252 Twin City Hwy, Groves, TX	77619	2007	80	2 x 2	950	\$1,000	\$1.05
2	Ambroise Village	3901 TX-73, Port Arthur, TX	77642	2007	30	2 x 2	960	\$1,100	\$1.15
3	Sunset Way	3280 Central Mall Dr	77642	2010	40	2 x 2	963	\$1,000	\$1.04
4	Cedar Ridge Apartments	7601 9th Avenue, Port Arthur	77642	1982	88	2 x 2	884	\$1,000	\$1.13

Three Bedroom

	Property Name	Address	Zip Code	Year Built	Units	Unit Mix	Avg Unit Size (SF)	Rent Per Unit	Rent PSF
S	Subject Property	3500 Turtle Creek Dr	77641	1978	34	2 x 2	1,128	\$11,028	\$0.94
1	Carriage Park Apartments	5252 Twin City Hwy, Groves, TX	77619	2007	80	2 x 2	950	\$1,000	\$1.05
2	Ambroise Village	3901 TX-73, Port Arthur, TX	77642	2007	30	2 x 2	960	\$1,100	\$1.15
3	Sunset Way	3280 Central Mall Dr	77642	2010	40	2 x 2	963	\$1,000	\$1.04
4	Cedar Ridge Apartments	7601 9th Avenue, Port Arthur	77642	1982	88	2 x 2	884	\$1,000	\$1.13