
Introducing Summit Apartments

Use this information to answer the question explained in Task 1.

Summit Apartments

799 SW 2nd Ave.
Gainesville FL 32601

Property Offering
Package



Offered by
the CCIM Institute

Summit Apartments Overview

Price: \$1,400,000
Price per unit: \$56,000
Cap Rate: 9%

Property Highlights

- A stunning twenty-five unit apartment complex in the heart of downtown.
- All units are two bedroom, two bath apartments that have been recently renovated with top of the line improvements.
- Within walking distance of the city's entertainment and shopping district.

Amenities

Building Information	Construction	Utilities	Other Highlights
Built in 1995, renovated 2 years ago	Stucco exterior	Electric, Gas, and Water Metering: Individual	25 x 50 Heated pool
Lot Size: +/- 3.5 acres	Roof: Built up (2005)	Central Heat and A/C	On-site, income-producing laundry facilities
Parking: 45 spaces	Slab foundation and wood framing	All utilities tenant-paid	Lush landscaping

Summit Apartments Market Information

- Market area data shows rental rates for comparable units are currently \$725 per month. Our projection will assume the market rental rate and an annual rent increase of 3 percent per year for the next several years consistent with market trends.
- Vacancy rates for comparable properties rented at market rents are in the 6 percent range. Based on research of supply and demand of comparable units including pipeline supply, the vacancy rate should continue in the 6 percent range for the next several years.
- Based on the trend for usage for the last several months, the laundry income should increase by 2 percent for the next year (year 1 of a projection) and each year thereafter.
- Property managers have indicated that the operating expenses for comparable units are running approximately 40 percent of collected income and should continue at that ratio for at least the next 5 to 7 years.
- A market study of comparable properties in the market area shows the following information:

Project	Units	Average Monthly Rents	Vacant Units	Vacancy Rate
Bella Springs Apartments	32	\$730	3	9.38%
Mountain Shadows Apartments	25	\$720	1	4.00%
Fountain Creek Apartments	24	\$725	1	4.17%
Glenpond Apartments	26	\$730	2	7.69%
Chelsea Lane Apartments	22	\$720	1	4.55%
Averages	26	\$725	2	5.96%

Summit Apartments One-mile Radius Map





Multifamily Express Pack

Prepared by STDBonline

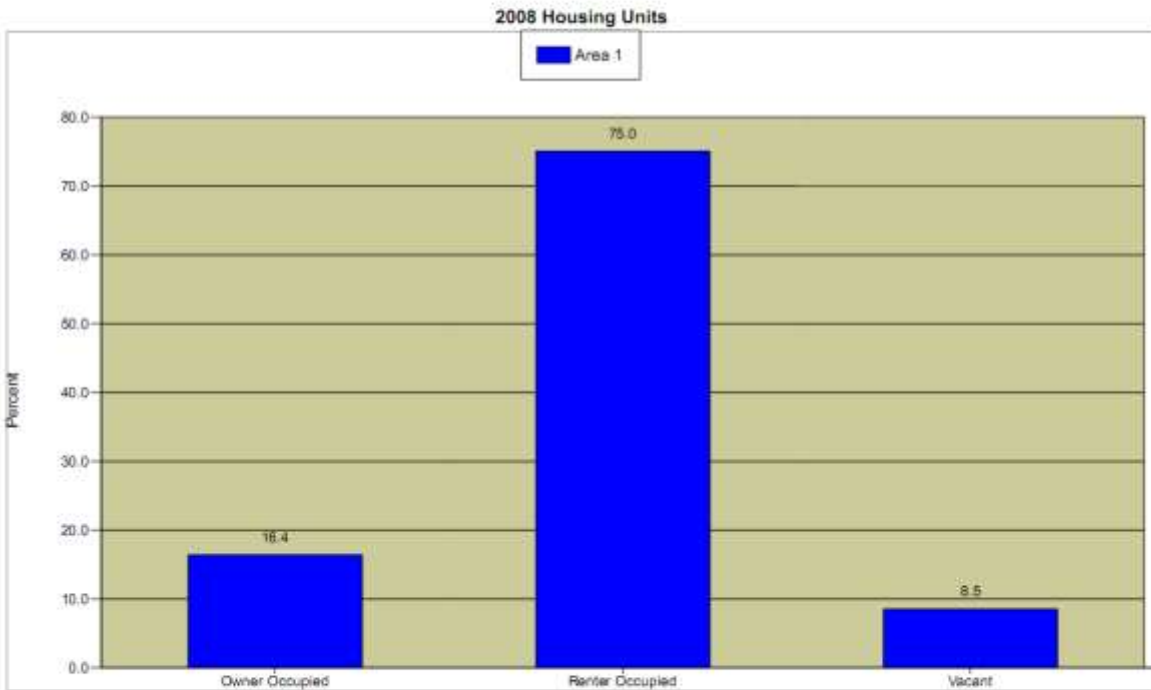
Summit Apts
Latitude: 29.650175
Longitude: -82.333031

799 SW 2nd Ave
Gainesville, FL 32601
Radius: 1.0 mile

2000 Housing Units	6,643
Owner Occupied Housing Units	15.0%
Renter Occupied Housing Units	77.3%
Vacant Housing Units	7.7%

2008 Housing Units	7,102
Owner Occupied Housing Units	16.4%
Renter Occupied Housing Units	75.0%
Vacant Housing Units	8.5%

2013 Housing Units	7,459
Owner Occupied Housing Units	15.4%
Renter Occupied Housing Units	75.4%
Vacant Housing Units	9.2%



Median Home Value	
2000	\$69,794
2008	\$136,960
2013	\$135,766

Data Note: Detail may not sum to totals due to rounding.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing, ESRI forecasts for 2008 and 2013.





Demographic and Income Profile

Prepared by STDBonline

Summit Apts
799 SW 2nd Ave
Gainesville, FL 32601

Latitude: 29.650175
Longitude: -82.333031
Radius: 1.0 mile

Site Type: Radius

Summary	2000	2008	2013
Population	17,122	17,883	18,361
Households	6,132	6,495	6,772
Families	1,429	1,373	1,354
Average Household Size	1.96	1.93	1.92
Owner Occupied HUs	996	1,166	1,148
Renter Occupied HUs	5,136	5,329	5,624
Median Age	22.5	22.5	22.6

Trends: 2008-2013 Annual Rate	Area	State	National
Population	0.53%	2.22%	1.23%
Households	0.84%	2.28%	1.26%
Families	-0.28%	1.99%	1.05%
Owner HHs	-0.31%	2.13%	1.07%
Median Household Income	2.24%	2.83%	3.19%

Households by Income	2000		2008		2013	
	Number	Percent	Number	Percent	Number	Percent
< \$15,000	3,168	51.9%	2,980	45.6%	2,861	42.3%
\$15,000 - \$24,999	1,091	17.9%	1,184	18.2%	1,251	18.5%
\$25,000 - \$34,999	737	12.1%	764	11.8%	678	10.0%
\$35,000 - \$49,999	459	7.5%	704	10.8%	770	11.4%
\$50,000 - \$74,999	362	5.9%	485	7.2%	719	10.6%
\$75,000 - \$99,999	137	2.2%	178	2.7%	204	3.0%
\$100,000 - \$149,999	106	1.7%	163	2.5%	176	2.6%
\$150,000 - \$199,000	18	0.3%	32	0.5%	51	0.8%
\$200,000+	29	0.5%	46	0.7%	60	0.9%
Median Household Income	\$14,056		\$16,884		\$18,864	
Average Household Income	\$22,827		\$27,887		\$30,845	
Per Capita Income	\$9,282		\$14,819		\$16,536	

Population by Age	2000		2008		2013	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	317	1.9%	318	1.8%	327	1.8%
5 - 9	296	1.7%	256	1.4%	249	1.4%
10 - 14	310	1.8%	271	1.5%	260	1.4%
15 - 19	4,336	25.3%	4,501	25.2%	4,461	24.3%
20 - 24	6,514	38.0%	7,132	39.9%	7,476	40.7%
25 - 34	2,539	14.8%	2,544	14.2%	2,628	14.3%
35 - 44	915	5.3%	792	4.4%	743	4.0%
45 - 54	758	4.4%	791	4.4%	800	4.4%
55 - 64	394	2.3%	515	2.9%	590	3.2%
65 - 74	309	1.8%	312	1.7%	349	1.9%
75 - 84	282	1.6%	273	1.5%	279	1.5%
85+	152	0.9%	179	1.0%	197	1.1%

Race and Ethnicity	2000		2008		2013	
	Number	Percent	Number	Percent	Number	Percent
White Alone	12,080	70.6%	11,429	63.9%	11,031	60.1%
Black Alone	2,968	17.3%	3,613	20.2%	3,969	21.6%
American Indian Alone	39	0.2%	42	0.2%	42	0.2%
Asian Alone	1,209	7.1%	1,677	9.4%	1,995	10.9%
Pacific Islander Alone	10	0.1%	12	0.1%	13	0.1%
Some Other Race Alone	406	2.4%	598	3.3%	738	4.0%
Two or More Races	410	2.4%	512	2.9%	573	3.1%
Hispanic Origin (Any Race)	1,510	8.8%	2,265	12.7%	2,814	15.3%

Data Note: Income is expressed in current dollars.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing; ESRI forecasts for 2008 and 2013.

Summit Apartments Owner's Operating Statement

Property Name	<u>Summit Apartments</u>	Annual Property Operating Data	
Location	<u>Any town, USA</u>	Purchase Price	_____
Type of Property	<u>Apartment Complex</u>	Plus Acquisition Costs	_____
Size of Property	<u>25 units</u> (Sq. Ft./Units)	Plus Loan Fees/Costs	_____
Purpose of analysis	<u>Owner's statement (last year)</u>	Less Mortgage	_____
		Equals Initial Investment	_____
Assessed/Appraised Values			
Land	_____		
Improvements	_____		
Personal Property	_____		
Total	_____		
Adjusted Basis	_____		

	Balance	Periodic Pmt	Pmts/Yr	Interest	Amort Period	Loan Term
1st	_____	_____	_____	_____	_____	_____
2nd	_____	_____	_____	_____	_____	_____

	\$/SQ FT or \$/Unit	% of GOI		COMMENTS/FOOTNOTES
ALL FIGURES ARE ANNUAL				
1 POTENTIAL RENTAL INCOME	\$8,400		\$210,000	\$700 per month, per unit
2 Less: Vacancy & Cr. Losses		_____ of PRI	\$9,876	
3 EFFECTIVE RENTAL INCOME			\$200,124	
4 Plus: Other Income (collectable)			\$1,200	Owner's estimate of laundry income
5 GROSS OPERATING INCOME			\$201,324	actual total collected income
OPERATING EXPENSES:				
7 Real Estate Taxes			\$17,686	
8 Personal Property Taxes				
9 Property Insurance			\$4,286	
10 Off Site Management		8%	\$16,106	
11 Payroll				
12 Expenses/Benefits				
13 Taxes/Worker's Compensation				
14 Repairs and Maintenance			\$12,136	
Utilities:				
15 Electric			\$3,549	
16 Water & Sewer			\$6,129	
17 Natural Gas			\$3,783	
18				
19 Accounting and Legal			\$2,487	
20 Licenses/Permits			\$2,159	
21 Advertising			\$2,375	
22 Supplies				
23 Miscellaneous Contract Services:				
24 HVAC			\$4,000	\$160 per year, per unit
25 landscaping			\$5,400	\$450 per month
26				
27				
28				
29 TOTAL OPERATING EXPENSES			\$80,096	
30 NET OPERATING INCOME			\$121,228	
31 Less: Annual Debt Service				
32 Less: Participation Payments				
33 Less: Leasing Commissions				
34 Less: Funded Reserves				
35 CASH FLOW BEFORE TAXES			\$121,228	

Summit Apartments

DCF Analysis Assumptions

Potential Investor assumptions

- Ordinary tax rate: 37 percent
- Capital gains tax rate: 20 percent
- Cost recovery recapture tax rate: 25 percent
- Before tax target yield: 15 percent
- Anticipated holding period: 5 years
- Assume acquisition occurs on first day of tax year
- Assume disposition occurs on last day of tax year
- Apply mid-month convention to month of acquisition and month of disposition

Property assumptions

- Purchase price: \$1,400,000
- Acquisition costs: \$20,000
- Assessed value
 - Land: \$300,000
 - Improvements: \$700,000
- Projected end of year five disposition price: Capitalize the sixth year NOI using a 9 percent cap rate (round the disposition price to the nearest thousand)
- Disposition cost of sale: 5 percent

Potential Financing assumptions

- Loan-to-value (LTV) ratio: 75 percent
- Debt service coverage ratio (DSCR): 1.2 (Calculate the maximum loan amount using LTV ratio and DSCR, then use the lesser of the two amounts rounded down to the nearest thousand.)
- Interest rate: 8 percent
- Amortization period: 25 years
- Loan term: 5 years
- Payments per year: 12
- Loan costs: 2 percent of loan amount