

### THE EDGE APARTMENTS OFFERING MEMORANDUM

### CONTACT INFORMATION

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### CONTENTS

### Investment Overview



Submarket Info

Financial Analysis

Regional Information

## THE EDGE 2515 Thorndyke Ave W, Seattle, WA 98199



### INVESTMENT OVERVIEW

The Edge Apartments is a multi-family residential property made up of 13 units with an average square footage of 743 sq ft per unit. The building was built in 1959 and has undergone significant renovations in the last calendar year. Renovations include quartz counters, new cabinets, and full-sized washers and dryers in units. The building is wood framed with both wood and brick exterior. The building itself is large, comprised of over 9,600 square feet, and It sits on 10,492 square feet of land.

The property is located just minutes from Expedia's future Global Headquarters, making it a desireable asset in a rapidly growing area of Seattle. This location boasts walk, transit and biking scores of 51, 48 and 59 respectively. This well located property is within close proximity to transit and has excellent bike lanes.

Included are 10 garage stalls and 10 surface parking spaces, increasing rental income monthly by \$150 per stall. Pets are allowed, again increasing income with a \$30 monthly pet rent per pet. Utility reimbursement fees are based off of the number of tenants per unit and are an additional source of income.





### QUICK FACTS

Price	\$4,550,000
Units	13
Rentable Sq.Ft.	9,685
Price Per Sq.Ft.	\$470
Cap Rate	4.88%
Price Per Unit	\$350,000
GRM	14.9
Parking	10 Garage Stalls / 10 Surface Spaces
Year Built	1959
Year Renovated	2016
Parcel Number	277160-0575
Land SF	10,492
Zoning	LR3
Construction Type	Wood Frame, Wood & Brick Exterior
Loan Type	5-Year Fixed Rate
% Down Payment	34%
Loan Amount	\$3,000,000
Interest Rate	4.10%

# GALLERY









### SUBMARKET INFORMATION

With a very close proximity to the vibrant bustle of downtown Seattle, Magnolia offers its inhabitants short commute times and quick and easy access to the big city. Yet the quaint and tranquil neighborhood also envelopes its residents with a homey, small town feel thats becoming increasingly sought after in the thriving metropolis of Seattle. Magnolia is truly a neighborhood that offers residents the best of both worlds.



Being that it is on a large Peninsula and is bordered by natural elements on almost all sides, Magnolia feels to its residents like a little island oasis. With a neighborhood Walk Score of 79, residents of the neighborhood can accomplish a majority of their daily errands on foot. There are a multitude of small business and local restaurants in an area affectionately known as "The Village". The massive Discovery Park is just a quick bike ride away and offers guests a plethora of outdoor activities in all four seasons. Magnolia currently is experiencing an extremely low vacancy rate of only 2.8%. The massive growth in the city of Seattle and the need for more of a "small town feel" has turned Magnolia into an increasingly popular neighborhood; rent growth is nearing 13% over the past two years. (Dupre + Scott) This location gives The Edge prime candidacy for investors seeking a growing marketplace and quality tenants.



# 2.8% NEIGHBORHOOD VACANCY RATE\*\*

### MAGNOLIA MAP

#### **EMPLOYERS**

- 1 Expedia
- 2 Big Fish Games
- 3 F5 Networks

#### RESTAURANTS

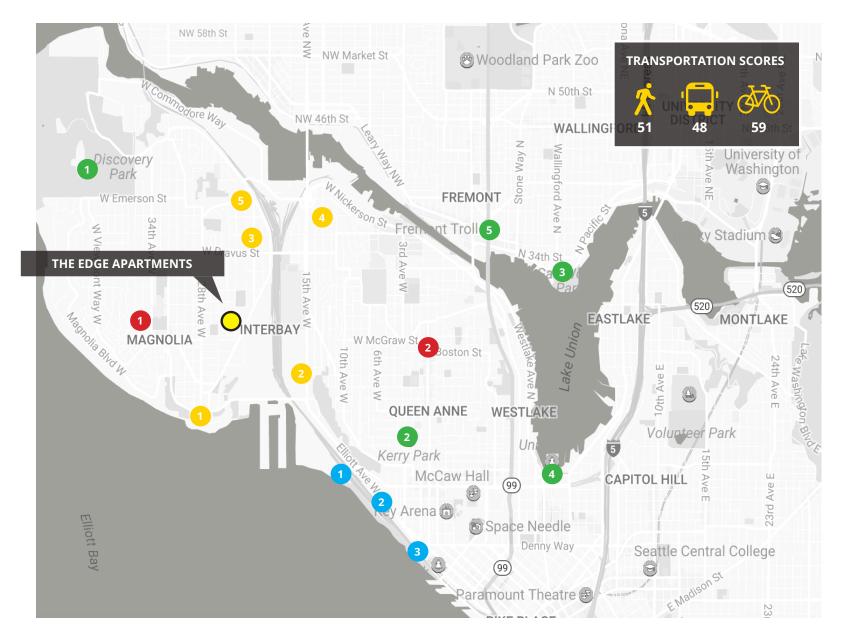
- 1 Palisade
- 2 Magic Dragon
- 3 Mulleady's
- 4 La Palma
- 5 The Blue Heron

#### **HEALTHCARE**

- 1 Swedish Magnolia
- 2 Zoom Care

### RECREATION

- 1 Discovery Park
- 2 Kerry Park
- 3 Gas Works Park
- 4 Lake Union Park
- 5 Fremont Troll



### FINANCIAL ANALYSIS



Units	Unit Type	Approx Sq Ft	Current Rent	Current / Sq Ft	Market Rent	Market / Sqft
1	1 Bed / 1 Bath	700	\$1,525	\$2.18	\$1,550	\$2.21
2	2 Bed / 1 Bath	822	\$1,895	\$2.31	\$2,050	\$2.49
3	2 Bed / 1 Bath	800	\$1,950	\$2.44	\$2,100	\$2.63
4	1 Bed / 1 Bath	633	\$1,560	\$2.46	\$1,700	\$2.69
5	1 Bed / 1 Bath	633	\$1,750	\$2.76	\$1,750	\$2.76
6	1 Bed / 1 Bath	633	\$1,550	\$2.45	\$1,700	\$2.69
7	2 Bed / 1 Bath	866	\$2,000	\$2.31	\$2,100	\$2.42
8	2 Bed / 1 Bath	851	\$2,000	\$2.35	\$2,175	\$2.56
9	1 Bed / 1 Bath	639	\$1,595	\$2.50	\$1,650	\$2.58
10	1 Bed / 1 Bath	643	\$1,625	\$2.53	\$1,675	\$2.60
11	1 Bed / 1 Bath	643	\$1,675	\$2.60	\$1,675	\$2.60
12	2 Bed / 1 Bath	947	\$2,175	\$2.30	\$2,175	\$2.30
13	1 Bed / 1 Bath	531	\$1,430	\$2.69	\$1,550	\$2.92
	Average	719		\$2.45		\$2.57
Total N	Total Monthly Income		\$22,730		\$23,850	





\$111,477 PRO FORMA PRE-TAX RETURN



### FINANCIAL NOTES

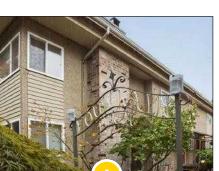
- Rent roll as of March 2017
- Utility reimbursement fees are based off of number of tenants per unit
- Pet rent is currently \$30 per pet
- Garage parking currently renting at \$150 per stall New Torchdown Roof in 2013 complete tearoff
- New Plumbing in 2008 copper main lines with aquapex • branch lines - nearly \$85,000 in plumbing improvements

Description	Current		Pro Forma	
Gross Potential Rent	\$272,760		\$286,200	
Vacancy - 4%	\$10,910	4%	\$11,448	4%
Effective Gross Rent	\$261,850		\$274,752	
Other Income				
Pet Rent	\$3,600		\$3,600	
Parking	\$18,000		\$18,000	
Utility Income	\$13,320		\$13,500	
Total Other Income	\$34,920		\$35,100	
Effective Gross Income	\$296,770		\$309,852	
Expenses				
Property Taxes	\$21,835		\$22,168	
Insurance	\$3,111		\$3,111	
Utilities	\$13,622		\$13,622	
Maintenance & Repairs	\$10,477		\$9,750	
Resident Manager	\$6,250		\$7,020	
Professional Management	\$14,220		\$14,829	
Administrative	\$1,607		\$1,300	
Reserves	\$3,575		\$3,575	
Total Expenses	\$74,697	\$5,746	\$75,375	\$5,798
Net Operating Income	\$222,073		\$234,477	
Less Loan Payments	\$173,951		\$173,951	
Pre-Tax Cash Flow	\$48,122	3.10%	\$60,526	3.90%
Principle Reduction	\$50,951		\$50,951	
Total Pre-Tax Return	\$99,073	6.39%	\$111,477	7.19%

### SALES COMPARABLES

	Property Address	Building Name	Units	Price	Sale Date	Price / Unit	Price / Sq ft	Cap Rate	Renovated
	2515 Thorndyke Ave W	The Edge	13	\$4,550,000	TBD	\$350,000	\$470	4.88%	2016
1	3825 34th Ave W	Fountain Court	16	\$5,370,000	1/20/2017	\$335,625	\$407	5.04%	2016
2	4236 7th Ave NE	Montlake House	11	\$4,125,000	1/4/2017	\$375,000	\$581	4.91%	2013/14
3	2501 E Madison St	Madison Gate	40	\$14,475,000	11/30/2016	\$361,875	\$434	4.61%	N/A
4	2410 NW 57th St	Palm Court	7	\$2,370,000	10/31/2016	\$338,571	\$493	4.80%	2016
	Averages					\$352,768	\$479	4.84%	

### **Fountain Court** 3825 34th Ave W



### **Montlake House** 4236 7th Ave NE



**Madison Gate** 2501 E Madison St



Palm Court 2410 NW 57th St











**Montlake House** 4236 7th Avenue NE







Fountain Court   3825 34th Avenue W		
Units	16	
Price	\$5,370,000	
Sale Date	1/20/17	
Price / Unit	\$335,625	
Price / Sq Ft	\$407	
Cap Rate	5.04%	
Net Square Footage	13,162	

Montlake House   4236 7th Avenue NE			
Units	11		
Price	\$4,125,000		
Sale Date	1/4/17		
Price / Unit	\$375,000		
Price / Sq Ft	\$581		
Cap Rate	4.91%		
Net Square Footage	7,093		













Madison Gate   2501 E Madison St		
Units	40	
Price	\$14,475,000	
Sale Date	11/30/16	
Price / Unit	\$361,875	
Price / Sq Ft	\$434	
Cap Rate	4.61%	
Net Square Footage	33,337	

Palm Court  2410 NW 57th St			
Units	7		
Price	\$2,370,000		
Sale Date	10/31/16		
Price / Unit	\$338,571		
Price / Sq Ft	\$493		
Cap Rate	4.80%		
Net Square Footage	4,800		

### **REGIONAL INFORMATION**

Seattle is a bustling metropolis that has recently been ranked the 4th fastest growing city in America by Forbes. The largest city in the Pacific Northwest, Seattle is located between Lake Washington and Puget Sound. It's famous nickname of "The Emerald City" is a tribute to it's lush, green foliage seen year-round. Spectacular views of both the Olympic and the Cascade mountain ranges ensure a picturesque scene no matter which way you look.

Home to a diverse and robust community, Seattle is the cultural and business center of the Pacific Northwest. Multiple large companies call Seattle home including: Microsoft, Nordstrom, Expedia, Starbucks and Amazon. This ensures a thriving technology sector and much higher than average incomes and wages. Employment and population growth are both stable and strong.

Founded on the rough, outdoorsy values of fishing, logging and coal mining, Seattle is a predominatly ecofriendly city. It is also heavily influenced by the University of Washington - an extremely well ranked school and the largest single campus in the state.

Between 2014 and 2015 Seattle grew an astonishing 2.3%, making it the 4th fastest growing city in the United States. Seattle has never before sat that high on a population growth list and has a current population of 684,451. With the city buzzing with new infrastructure, new jobs and new residents, Seattle will continue to grow, expand and thrive.

### MAJOR EMPLOYERS

- Boeing
- Microsoft
- Amazon
- Starbucks
- Nordstrom

#### **ECONOMIC STRONGHOLD**

- □ 4th fastest growing city in US
- Current population: 684,451
- □ Strong & stable employment
- Highest ranked software engineer pay in the country
- □ 2.3% growth from 2014 to 2015

#### WORLD CLASS HEALTHCARE

- Swedish Hospital
- UW Medical Center
- Harborview Medical Center

#### MAJOR ATTRACTIONS

- □ Space Needle
- CenturyLink Field
- Pike Place Market
- Mt. Rainier
- Safeco Field

"Seattle is the 4th fastest growing city in the US." -Forbes

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# PILOT VENTURES

### Pilot Ventures is a boutique real estate investment firm in Seattle, Washington specializing in multifamily real estate ventures. With

over 30 years of combined experience in the multifamily industry, Pilot Ventures might be small in size but we aren't small in results. Our focus on long-term client success is at the core of everything we do.

Here at Pilot Ventures, our focus is always long-term. We don't just build equity, we build relationships. Our number one priority is to provide clients end-to-end solutions. We use a cohesive platform of services – everything from analyzing deals before they begin, to consulting throughout the purchase, to renovation and management of a property – to ensure our clients' long-term success.

### **Acquisition & Disposition**

Rarely does Pilot Ventures do only a single deal with a client. We are a cohesive team of professionals dedicated to building your portfolio over time. We utilize an end-to-end approach with our services, ensuring that you are guided through the investment process from acquisition, to management, to resale.

At Pilot Ventures, we believe that buying or selling, you should take pride in your investment. From buyer and tenant representation to owner and landlord representation, Pilot Ventures' Seattle commercial real estate brokerage team engages with every client in a goal-oriented manner. Pilot Ventures works with each client to enhance their portfolio and maximize results, all with a mindset that enhances the present while always looking forward.

#### **Consulting Services**

Pilot Ventures knows that investing smartly is the easiest way to acheive your long-term goals. We provide Seattle investors with commercial real estate consulting and advisory services. We apply systematic market research and financial analysis to product feasibility solutions for all types of real estate projects.

#### **Investment Partnerships**

Collaborating with professionals who have both industry and financial knowledge can only strengthen your investment. Pilot Ventures has more than three decades of experience forming successful partnerships for Seattle commercial real estate investing. Our financial expertise and professional management allows individuals, families, partnerships and trusts to invest in income producing properties without needlessly worrying about their day-to-day operations. Pilot Ventures offers a full compliment of Seattle commercial real state investing services, including consulting, brokerage, development and property management.

### **Property Management**

Managing property can be overwhelming. Pilot Ventures has extensive experience taking a property from acquisition, to renovation, to management and eventually to resale. We know how to best streamline your processes and maximize your cash flow, letting you direct the goals of your property while we handle the day-to-day operations.

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