

A 37-UNIT APARTMENT COMMUNITY IN
CENTRALIA, WASHINGTON



HILLVIEW TERRACE APARTMENTS

522 N. IRON STREET, CENTRALIA



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All square footage references are approximations. The information above has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty, or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, assumptions or estimates used are for example only and do not represent the current or future performance of the property. The value of this transaction to you depends on tax and other factors which should be evaluated by your tax, financial, and legal advisors. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs.

SECTION 1

PROPERTY DESCRIPTION

Property Description

Investment Overview

Urban Commercial Partners is pleased to offer the Hillview Terrace Apartments for sale. Located in the heart of Centralia, Washington, Hillview Terrace has enjoyed virtually 99% historic occupancy.

Hillview Terrace is comprised of 37 residential units including Studios, 1 bedroom units, 2 bedroom units and 3 bedroom units. Originally developed as a hospital in 1926, the units are all unique in size and layout.

All of the windows throughout the property are dual paned vinyl, and the entire roof was just replaced in 2017. In addition, the parking lot was recently seal coated and striped.

Hillview Terrace has been professionally managed by a local property management company, and has knowledgeable and friendly on-site management and maintenance staff. As such, the tenant base is very stable, and the physical property has been maintained in excellent condition.

This opportunity allows for an investor to purchase a proven asset with strong historic performance, in a steady market.

Asset Overview

Name	Hillview Terrace Apartments
Address	522 N. Iron Street
City, State	Centralia, Washington
Submarket	Downtown
Year Built	1926
Building Size	23,641 SF
Total Units	37
Studio Units	15
1 bed/1 bath Units	16
2 bed/1 bath Units	4
3 bed/2 bath Units	2
Average Unit Size	430 SF
Open Parking	26 Open Stalls
Covered Parking	12 Carport Stalls
Total Parking	38 Stalls
Lot Size	29,706 SF (0.68 Acres)
Parcel Number	003459001000

Financial Overview

Purchase Price	\$1,800,000
Price per Unit	\$48,650
Price per Square Foot	\$76
Current Cap Rate	7.01%
Current GRM	6.86
Expenses per Unit	\$4,364

Property Description

Unit Mix

Unit Type	Quantity	Unit Mix	Size (SF)	Current Rent	Rent/SF	Market Rent	Rent/SF
Studio	15	41%	325	\$482	\$1.48	\$525	\$1.61
1 Bed/1 Bath	16	43%	437	\$619	\$1.42	\$650	\$1.48
2 Bed/1 Bath	4	11%	682	\$756	\$1.11	\$800	\$1.27
3 Bed/2 Bath	2	5%	655	\$853	\$1.30	\$853	\$1.30
Total/Averages	37	100%	15,905 SF	\$21,864	\$1.37	\$23,181	\$1.45

Additional Information

Highlights

- Dual Paned Windows throughout
- New Roof (2017)
- Covered Parking
- Parking Lot Seal Coated and Striped (2017)
- Coin Operated Laundry (Owned)

Interior Amenities:

- Unique Floor Plans
- Efficient Layouts
- Secure Building

Laundry	Coin-Operated
Balcony/Patio	No
Storage	No
Electrical	Included in Rent
Heating and Cooling	Electrical Baseboard
Hot Water	Electric Tanks



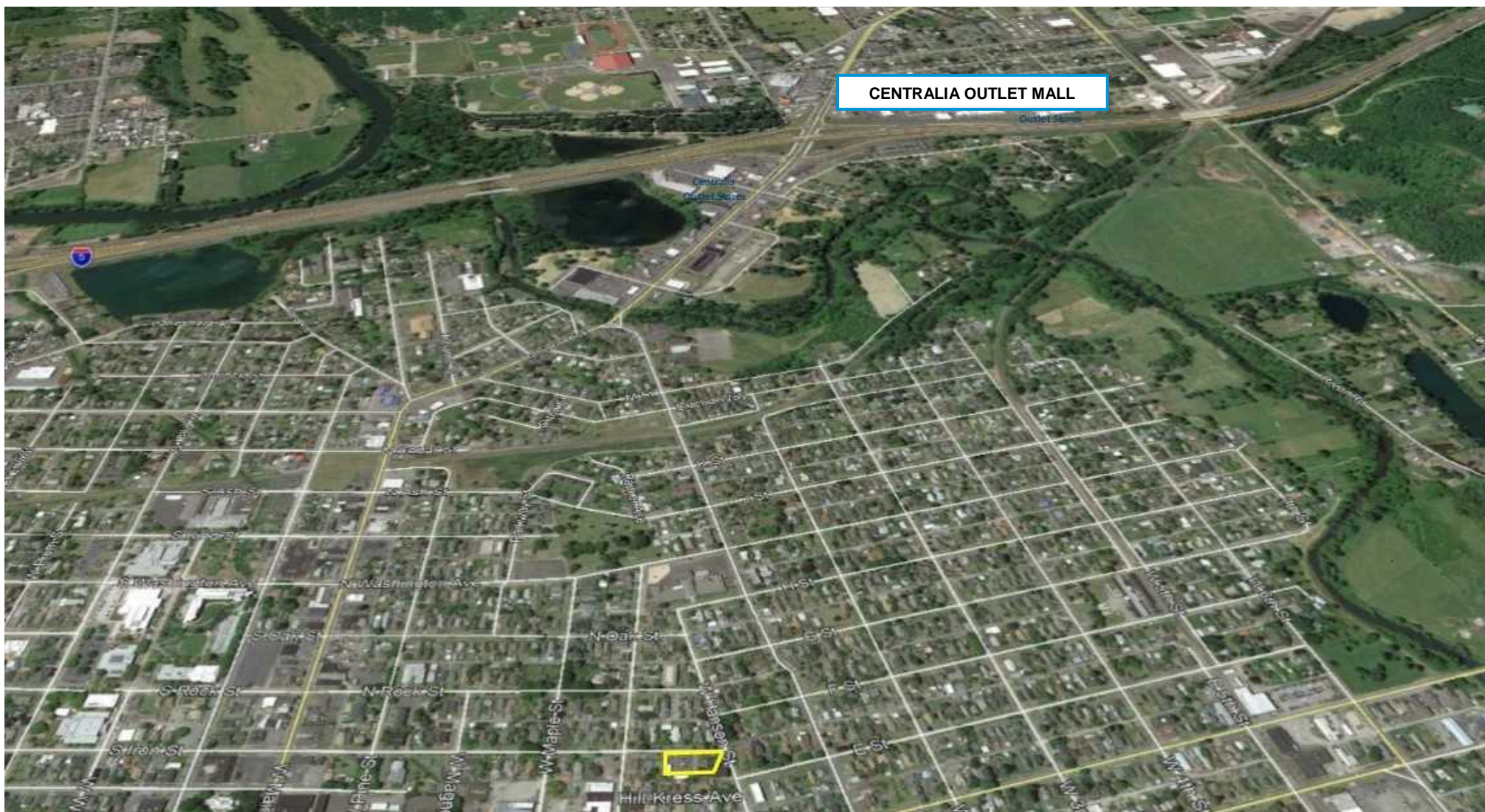
SECTION 2

MAPS AND HIGHLIGHTS

Property Aerial Map



Street Map



Highlights from Lewis County

Great neighborhoods

There are many great neighborhoods in Lewis County, with urban and suburban qualities

Good restaurants

Lewis County boasts many acclaimed restaurants, perfect for any cuisine, budget or occasion

Cultural opportunities

Lewis County is home to many museums, galleries and a growing great performing arts scene

Great schools

Lewis County is home to several Public Schools, some private schools and Centralia College

Outdoor activities

Several parks, trails, lakes and rivers are located in and around Lewis County. Excellent access to Mt. Rainier, Mt. St. Helens and Pacific Ocean.

Farmers Markets

There are 7 regular Farmers Markets with fresh bounty from all the nearby growers.

Shopping

The acclaimed Centralia Outlets feature Nike, Gap, Chico's, Eddie Bauer, Polo Ralph Lauren and more.



The City of Centralia

Centralia

The city of Centralia was originally founded as a railroad town, with a heavy emphasis on the coal and lumber industries. In 1972, the opening of Exit 82 on Interstate 5 made Centralia the halfway point between Seattle, Washington and Portland, Oregon.

In 1988, London Fog opened its first factory outlet mall, which eventually became the catalyst for spawning the regions first Outlet Mall, which thrives today. Anchor tenants include Nike, Gap, Polo Ralph Lauren, Chicos, and more.

Centralia is home to Centralia College, which is the oldest continuously operating public college in the State of Washington. The college serves Lewis and South Thurston Counties and has an annual enrollment of approximately 10,500 students.



Things to do in Centralia

- Shop at the renowned Centralia Outlet Malls just off Exit 82.
- Shop and sample at the weekend Farmer's Market
- See a show at the historic Centralia Fox Performing Arts Theater
- Hike, walk or bike on one of the many paved trails connecting Centralia with surrounding cities
- Visit one of the many parks, including the Ike Kinswa State Park or the George Washington Park
- Bring the kids to ride the Santa Steam Train Polar Express
- Enjoy a day at the annual 4th of July Summerfest Festival
- Spend a family day at the Great Wolf Lodge or the NW Sports Hub

SECTION 4

FINANCIALS OVERVIEW

Income and Expense Proforma

Gross Income	Current	Per Unit	Market	Per Unit
Potential Rental Revenue	\$262,368	\$7,091	\$278,172	\$7,518
Utility Income	22,673	840	22,673	840
Laundry/Vending Income	6,000	162	6,000	162
Misc. Income	17,960	485	17,960	485
Bad Debt/Economic Loss	(9,000)	(243)	(9,000)	(243)
Vacancy Loss (4%)	(12,360)	(334)	(\$12,992)	(351)
Effective Gross Income	\$287,641	\$7,774	\$302,641	\$8,184

Operating Expenses	Current	Per Unit	Market	Per Unit
Real Property Tax	\$10,000	\$270	\$18,000	\$486
Insurance	6,830	185	6,830	185
Utilities	54,975	1,486	54,975	1,486
Repairs and Maintenance	51,611	1,394	37,000	1,000
Professional Management (4%)	11,506	311	12,106	327
On-Site Management	18,498	500	18,498	500
Landscaping	2,475	67	2,475	67
Miscellaneous	5,563	150	5,563	150
Total Expenses	\$161,458	\$4,364	\$155,447	\$4,201

Net Operating Income	\$126,183	\$147,194
Capitalization Rate	7.01%	8.18%

Additional Notes

Income

Potential Rent Revenue: Based on current rent roll collections.

Utility Bill-back: Based on Trailing 12-month actual collections.

Misc. Income: Includes Non-Refundable Fees, Pet Fees, Parking Income, Termination Fees, Late Fees, Etc.

Vacancy Loss: Actual Vacancy Loss for Trailing 12-months is 3.6%

Expenses

Utilities: Owner Pays all Utilities, including individual Tenant Electricity

Financial Analysis Summary

Projected Debt Structure	
Purchase Price	\$1,800,000
Projected Cash Investment/Down Payment (30%)	\$540,000
Projected First Loan Amount (70% LTV)	\$1,260,000
Amortization Schedule	30 Years
Annual Percentage Rate	4.25%
Annual Debt Service	\$74,381
Net Operating Income – Year 1	\$126,183
Cash Flow Before Taxes	\$51,802

Key Financial Indicators	
Price Per Unit	\$48,649
Price Per Square Foot	\$76
Capitalization Rate (Current)	7.01%
Capitalization Rate (Market)	8.18%
Gross Rent Multiplier	6.86
Cash Flow Before Taxes – Year 1	\$51,802
Principal Reduction – Year 1	\$20,831
Total Return – Year 1	\$72,633
Total Return – Year 1 (as %)	13.45%
Debt Service Coverage Ratio	1.70



Cash Flow Projections

Hillview Terrace Apartments - Centralia, WA

INCOME*	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Scheduled Gross Rent	\$ 262,368	\$ 270,239	\$ 278,346	\$ 286,697	\$ 295,297	\$ 304,156	\$ 313,281
Utility Income	22,673	23,353	24,054	24,775	25,519	26,284	27,073
Laundry/Vending Income	6,000	6,180	6,365	6,556	6,753	6,956	7,164
Parking/Pet Income	1,443	1,486	1,531	1,577	1,624	1,673	1,723
Misc. Income	16,517	17,013	17,523	18,049	18,590	19,148	19,722
Bad Debt/Economic Loss	(9,000)	(9,270)	(9,548)	(9,835)	(10,130)	(10,433)	(10,746)
Less Vacancy Loss (4%)	(12,360)	(12,731)	(13,113)	(13,506)	(13,911)	(14,329)	(14,759)
Effective Gross Income	\$ 287,641	\$ 296,270	\$ 305,158	\$ 314,313	\$ 323,742	\$ 333,455	\$ 343,458
OPERATING EXPENSES**	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Property Tax	\$ 10,000	\$ 10,250	\$ 10,506	\$ 10,769	\$ 11,038	\$ 11,314	\$ 11,597
Insurance	6,830	7,001	7,176	7,355	7,539	7,728	7,921
Utilities	54,975	56,349	57,758	59,202	60,682	62,199	63,754
Repairs & Maintenance	51,611	52,901	54,224	55,579	56,969	58,393	59,853
Professional Management (4%)	11,506	11,851	12,206	12,573	12,950	13,338	13,738
On Site Management	18,498	18,960	19,434	19,920	20,418	20,929	21,452
Landscaping	2,475	2,537	2,600	2,665	2,732	2,800	2,870
Misc.	5,563	5,702	5,845	5,991	6,141	6,294	6,451
Total Operating Expenses	\$ 161,458	\$ 165,552	\$ 169,750	\$ 174,054	\$ 178,469	\$ 182,995	\$ 187,637
Expenses Per Unit	\$ 4,364	\$ 4,474	\$ 4,588	\$ 4,704	\$ 4,823	\$ 4,946	\$ 5,071
Net Operating Income	\$ 126,183	\$ 130,719	\$ 135,409	\$ 140,259	\$ 145,274	\$ 150,460	\$ 155,822
Debt Service***	\$ 74,381	\$ 74,381	\$ 74,381	\$ 74,381	\$ 74,381	\$ 74,381	\$ 74,381
Annual Cash Flow	\$ 51,802	\$ 56,338	\$ 61,028	\$ 65,878	\$ 70,893	\$ 76,079	\$ 81,441
Capitalization Rate	7.01%	7.26%	7.52%	7.79%	8.07%	8.36%	8.66%
Pre Tax Cash/Cash Return	9.59%	10.43%	11.30%	12.20%	13.13%	14.09%	15.08%
Principal Reduction	20,831	21,248	21,673	22,106	22,548	22,999	23,459
Total Return	\$ 72,633	\$ 77,585	\$ 82,700	\$ 87,984	\$ 93,441	\$ 99,078	\$ 104,900
Total Return (as %)	13.45%	14.37%	15.31%	16.29%	17.30%	18.35%	19.43%

* 3% Annual Income Growth

** 2.5% Annual Operating Expense Growth

*** \$1,260,000 Loan (70%), 30 Year Amortization, 4.25% Interest Rate, 7 Year Term

SECTION 5

OFFERING GUIDELINES

Offering Guidelines

Procedure

Please submit all offers in the form of a signed Purchase and Sale Agreement or Letter of Intent. At minimum, please include the following:

- Purchase Price
- Amount of Earnest Money
- Contingencies, if any
- Closing Date
- Source of Capital – Both debt and equity

Contact

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Biography

Pat began his career in Commercial Real Estate in 1997 while attending the University of Washington. In 1999, he graduated with a degree in Business Administration and immediately went to work as a fully licensed commercial real estate broker with a local industry leader. In 2003, Pat founded EHI Real Estate Advisors with a focus in the acquisition and disposition of multi-family properties in the greater Puget Sound Region.

EHI Real Estate Advisors was founded on the principals of Experience, Honesty and Integrity, and in 2016 the company was rebranded as Urban Commercial Partners. Throughout his career, Pat has successfully closed 250+ transactions totaling \$300M+ in consideration.

Pat focuses on the sale of multi-family and commercial properties in the Greater Puget Sound Region.

Professional Experience

- Urban Commercial Partners (Managing Partner)
- EHI Real Estate Advisors (President & Founder)
- EHI Management Group (Co-Founder & Principal)
- NWG Real Estate (Co-Founder & Principal)
- Mt. Baker Housing Association (Chairman of the Board)
- Seattle Central Little league (Board of Directors)
- Designated Broker (State of Washington)

Education

- University of Washington – Seattle
- Bachelor of Arts – Business Administration
- Michael G. Foster School of Business

Capabilities

- Property valuation and appraisal
- Detailed underwriting
- Deal negotiations
- Financing
- Physical inspection
- Acquisition and disposition
- Direct marketing
- 1031 Exchange Consulting
- Asset maximization and consulting
- Value and consulting





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