

PARAGON  
REAL ESTATE ADVISORS



ISLAND TERRACE APARTMENTS  
& 4BD/2.5 BTH HOME

**OFFERING MEMORANDUM**

# PARAGON

REAL ESTATE ADVISORS

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Information within this marketing package has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify all information and bears all risk for inaccuracies.

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# OFFERING

Paragon Real Estate Advisors proudly presents a rare opportunity nestled in the prestigious “Gold Coast” of Mercer Island- the Island Terrace Apartments & Single-Family Home. This is a rare opportunity to acquire a well maintained multi-family building situated among multi-million dollar homes a block from the lake and the historic Calkins Landing with views from most units. The property has been held by the same ownership for over four decades.

**Exceptional Investment:** Most units feature stone countertops, updated cabinets, and in-unit washer/dryers (6 of 9). The house and unit #6 underwent full remodels including new appliance packages, all new bathrooms, doors, millwork, countertops, cabinets, light fixtures, and hardware. The property offers an unmatched level of luxury and modernity.

**Value-Add Potential:** Six of the units have been partially updated to varying degrees, presenting a value-add opportunity to further increase rental income by strategic remodeling to today’s standards.

**Owner-User Opportunity:** Unit #6 and the house are luxurious owner occupancy options. Unit #6 is currently occupied by the owner and both have been meticulously remodeled without compromise, offering a rare chance for an owner-occupant scenario, ensuring flexibility and additional value for the next owner.

**Income Stability:** Adding to its allure, the property hosts an AT&T cell tower on the roof providing consistent cash flow for the past 34 years. With seven years remaining on the current lease and four five-year extensions, along with rent adjustments for inflation on an annual basis, this income stream offers unparalleled stability and potential for long-term growth. Furthermore, the apartments are well seasoned with long-term tenants.

**Recent Capital Improvements:**

- Unit #6 Remodel – Owners Unit (May 2022-May 2023): \$100,000+
- Interior House Remodel (September 2023): \$150,000+
- Exterior House Upgrades (August 2021): \$315,000+
- New Apartment Durolast Roof (~2015): Unknown
- Total Cost: \$565,000+



# FINANCIAL SUMMARY

<b>NAME</b>	<b>Island Terrace Apartments &amp; 4BD/2.5BTH Home</b>
<b>ADDRESS</b>	6106-6112 SE 28th St Mercer Island, WA 98040
<b>PRICE</b>	\$5,200,000
<b>TOTAL UNITS</b>	12 (8 + SFH + Cell Tower)*
<b>BUILT</b>	1958 (Apts.) & 1987 (House)
<b>SQUARE FEET</b>	9,715 Total Net Rentable
<b>PRICE PER UNIT</b>	\$433,333*
<b>PRICE PER FOOT</b>	\$535
<b>CURRENT CAP</b>	4.7%
<b>MARKET CAP</b>	5.0%
<b>LOT SIZE</b>	13,950 SqFt (Two Tax Parcels)
<b>ZONING</b>	MF-2L (Apts.) & R-8.4 (House)

\*Cell Tower has been equated to three units for the purpose of calculating the unit count and price per unit as it brings in 3x the average unit annual income.



# INVESTMENT HIGHLIGHTS

- Property has been held under the same ownership for over four decades
- Most units have views of the lake
- Property is nestled amongst multi-million-dollar homes
- Two separate tax parcels presenting a future exit strategy to sell the house off separate
- Operational upside – Opportunity to raise rents significantly, charge back for utilities, parking, and pet rent
- Current cap rate: 4.7% and Market 5.0% cap rate
- Mature landscaping
- 6 of the 9 units have in-unit washer/dryers + common laundry room for remaining units
- 3 tandem parking stalls and 9 open parking stalls (buyer to verify)
- 6 of the 9 units have a deck or patio
- AT&T antenna brings in \$55,176/year with annual inflationary rent bumps
- Corner Lot
- Centrally located- five-minute drive to Downtown Mercer Island, ten-minute drive to Downtown Seattle, thirteen-minute drive to Downtown Bellevue and an eleven-minute drive to Factoria



Nestled along the picturesque shores of Mercer Island, Calkins Landing stands as a testament to the island's rich history and vibrant past. Named after the pioneering Calkins family, whose legacy is deeply intertwined with the region, Calkins Landing holds a special place in the hearts of locals and visitors alike.

The story of Calkins Landing dates back to the early 20th century when Mercer Island served as a vital transportation hub for the Puget Sound region. In the late 1800s, the area around Calkins Landing was a bustling ferry port, connecting Mercer Island to neighboring communities and facilitating trade and commerce along the waterways. The ferry terminal was a lifeline for residents, providing essential access to jobs, services, and recreational opportunities on both sides of the water.

Today, Calkins Landing is a public park providing waterfront access to the existing tenants at the Island Terrace & Single-Family Home. The influence of Calkins Landing on the development of the neighborhood gave way to the development of the Island Terrace Apartments to provide housing to the local service workers at the time. Built near the old ferry port, The Island Terrace and Single-Family Home offers residents a unique blend of historic significance and contemporary living, with easy access to waterfront parks, walking trails, and vibrant urban centers.

# CALKINS LANDING - MERCER ISLAND

# EXTERIORS



PROPERTY DETAILS

# INTERIORS - HOUSE





PROPERTY DETAILS

# INTERIORS - HOUSE



PROPERTY DETAILS

# INTERIORS - UNIT #6



# INTERIORS - UNIT #6



PROPERTY DETAILS

# INTERIORS - PARTIALLY REMODELED UNITS



# UNIT BREAKDOWN

UNIT	UNIT TYPE	SQFT	CURRENT RENT	MARKET RENT	REMODELED	WASHER/ DRYER
1	1BD/1BTH	850	\$2,095	\$2,150	Partial	Y
2	1BD/1BTH	525	\$1,650	\$1,895	Partial	Y
3	STUDIO	310	\$1,375	\$1,450	Partial	N
4	1BD/1BTH	850	\$2,250	\$2,295	Partial	Y
5	1BD/1BTH	610	\$1,945	\$1,995	Partial	N
6	3BD/2.5BTH	2,060	\$3,995	\$3,995	Remodeled	Y
7	1BD/1BTH	740	\$2,095*	\$2,150	Partial	N
8	3BD/2BTH	1,320	\$3,500	\$3,650	Partial	Y
SFH	4BD/2.5BTH	2,450	\$4,750	\$5,500	Remodeled	Y
<b>9</b>	<b>Avg.</b>	<b>1,079</b>	<b>\$2,628</b>	<b>\$2,787</b>		

\*Current rent is \$1,995. Rent increase notice has been given with a September 1st effective date.



# INCOME & EXPENSES

Units	12*
Year Built	1958 / 1987
Rentable Area	9,715 SqFt
Price	\$5,200,000
Per Unit	\$433,333*
Per Sq. Ft.	\$535.25
Current GRM	16.01
Current CAP	4.70%
Market GRM	14.86
Market CAP	4.99%

ANNUALIZED OPERATING DATA		CURRENT	MARKET
Gross Potential Rent		\$283,860	\$300,960
Vacancy	5%	\$14,193	5% \$15,048
Rental Income		\$269,667	\$285,921
Cell Tower Income		\$55,176	\$55,176
Utility Income		\$0	\$4,200
Parking Income		\$0	\$2,400
Miscellaneous Income		\$0	\$2,160
Effective Gross Income		\$324,843	\$349,848

ANNUALIZED OPERATING EXPENSES		CURRENT	MARKET
RE Taxes	2024 Actual	\$30,969	\$30,969
Insurance	2024 Actual	\$9,217	\$9,217
Utilities	2023 Actual	\$12,581	\$12,581
Maint/Repairs	Proforma	\$8,550	\$8,550
Landscaping	May 2024: T-12	\$4,660	\$4,660
Fire Safety/Pest Control/Licenses	May 2024: T-12	\$2,377	\$2,377
Marketing/Legal	May 2024: T-12	\$1,563	\$1,563
Management	T-12 / 5% GOI	\$8,000	\$17,492
Reserves	Proforma	\$2,700	\$2,700
Total Expenses		\$80,617	\$90,109
Net Operating Income		\$244,226	\$259,739
Expenses Per Unit		\$8,957	\$10,012

\*Cell Tower has been equated to three units for the purpose of calculating the unit count and price per unit as it brings in 3x the average unit annual income.

# SALES COMPARABLES



## Island Terrace

6106-6112 SE 28th St, Mercer Island, WA 98040

<b>Year Built</b>	1958/1987
<b>Units</b>	12 (8 + SFH + Cell Tower)
<b>Price</b>	\$5,200,000
<b>Price/Unit</b>	\$433,333*
<b>Price/Foot</b>	\$535
<b>Current CAP</b>	4.7%
<b>Market CAP</b>	5.0%

\*Cell Tower has been equated to three units for the purpose of calculating the unit count and price per unit as it brings in 3x the average unit annual income.



## Beach Club Cottages

8716 Sand Point Way NE, Seattle, WA 98115

<b>Year Built</b>	1920-2010
<b>Units</b>	14
<b>Price</b>	\$6,500,000
<b>Price/Unit</b>	\$464,286
<b>Price/Foot</b>	\$682
<b>CAP</b>	4.1%
<b>Status</b>	On Market



## Bellefield Manor

1830 108th Ave SE, Bellevue, WA 98004

<b>Year Built</b>	1957
<b>Units</b>	44
<b>Sales Price</b>	\$16,075,000
<b>Price/Unit</b>	\$365,341
<b>Price/Foot</b>	\$424
<b>CAP</b>	2.9%
<b>Sale Date</b>	12.12.2023



## Burke Apartments

3435 Burke Ave N, Seattle, WA 98103

<b>Year Built</b>	1989
<b>Units</b>	9
<b>Sales Price</b>	\$4,000,000
<b>Price/Unit</b>	\$444,444
<b>Price/Foot</b>	\$549
<b>CAP</b>	4.7%
<b>Sale Date</b>	05.11.2023



## Kirkland 5-Unit

6725 112th Ave NE, Kirkland, WA 98033

<b>Year Built</b>	1977
<b>Units</b>	5
<b>Sales Price</b>	\$2,544,725
<b>Price/Unit</b>	\$508,945
<b>Price/Foot</b>	\$476
<b>CAP</b>	4.1%
<b>Sale Date</b>	02.16.2023



## Issaquah Mixed-Use

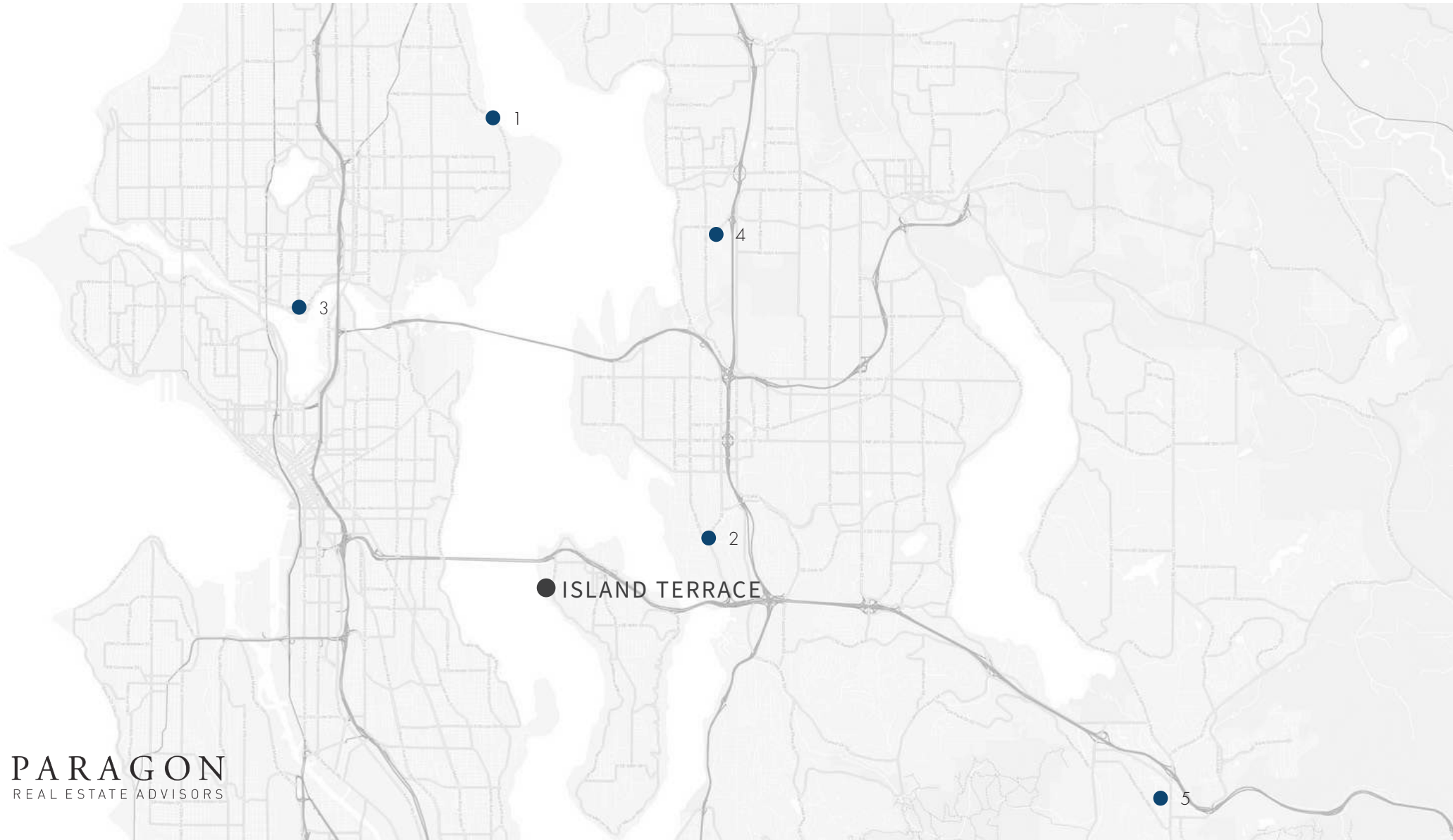
75 NW Dogwood St, Issaquah, WA 98027

<b>Year Built</b>	1995
<b>Units</b>	14 + 2
<b>Sales Price</b>	\$7,300,000
<b>Price/Unit</b>	\$456,250
<b>Price/Foot</b>	\$449
<b>CAP</b>	4.7%
<b>Sale Date</b>	01.03.2023

# SALES COMPARABLES

- 1. **BEACH CLUB COTTAGES** - Seattle, WA 98115
- 2. **BELLEFIELD MANOR** - Bellevue, WA 98004
- 3. **BURKE APARTMENTS** - Seattle, WA 98103

- 4. **KIRKLAND 5-UNIT** - Kirkland, WA 98033
- 5. **ISSAQUAH MIXED-USE** - Issaquah, WA 98027





# PARAGON REAL ESTATE

\$4.1 B  
Sales Volume

29  
Years in  
Business

20+  
Brokers

48 k  
Units Sold

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**Leading investment firm for multi-family property**

Paragon Real Estate Advisors is a leading Seattle real estate investment firm for multi-family property sales in Washington State. We are locally owned, client-focused, and highly experienced. When it comes to apartments and investment real estate in the Puget Sound region, we are the smart choice to partner with.



## The Top Local Multi-Family Brokerage in 2021

in the Seattle market according to  CoStar™

### PARAGON REAL ESTATE ADVISORS

In 1995 our founders saw an opportunity to form a new kind of brokerage, one that focused on sharing information between brokers and truly partnering with its clients. Paragon Real Estate Advisors quickly established itself as a leading Seattle real estate investment firm.

Paragon Real Estate Advisors is the leading Seattle real estate investment firm for multi-family property sales in Washington State. We have accrued over \$4.1 billion in sales and have closed over 1,800 successful real estate transactions. We are locally owned, client-focused, and highly experienced.

At Paragon, we build long-term partnerships that help our clients reach their long- and short-term real estate investment goals while maintaining maximum profitability for them. Our brokers have an in-depth knowledge of the Washington state real estate market, particularly in the greater Seattle area and the I-5 corridor, that comes from more than 20 years' experience in the industry. Paragon's unique focus on sharing knowledge, teamwork and collaboration within the brokerage industry leverages our collective intellect for all our clients. Our brokers provide superior customer representation through our innovative and effective marketing campaigns, co-brokerage, skilled negotiations, and ongoing partnerships.

Visit our new website! [ParagonREA.com](https://www.paragonrea.com)

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