



GATEWAY APARTMENTS

BELLINGHAM, WASHINGTON

OFFERING MEMORANDUM | UFKESGROUP.COM

Marcus & Millichap
THE UFKES GROUP

NON-ENDORSEMENT AND DISCLAIMER NOTICE

CONFIDENTIALITY AGREEMENT

The information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein. Marcus & Millichap is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2022 Marcus & Millichap.

All rights reserved.

NON-ENDORSEMENTS NOTICE

Marcus & Millichap is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of Marcus & Millichap, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of Marcus & Millichap, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

SPECIAL COVID-19 NOTICE

All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.

Marcus & Millichap

| TABLE OF *CONTENTS*

01.

Investment Overview

Property Summary
Floor Plans
Investment Summary

02.

Financial Summary

Financial Summary

03.

Market Comparables

Rent Comparables
Sales Comparables

04.

Location Overview

Location Summary
Major Employers
Demographics



GATEWAY APARTMENTS



01.

INVESTMENT
OVERVIEW

Marcus & Millichap

GATEWAY APARTMENTS

PROPERTY SUMMARY

Price:
TO BE DETERMINED BY MARKET

Address:
770 E HOLLY ST, BELLINGHAM, WA 98225

Built :
2024

Lot Size :
0.47 ACRES

Net Rentable Residential Space :
61,701SF

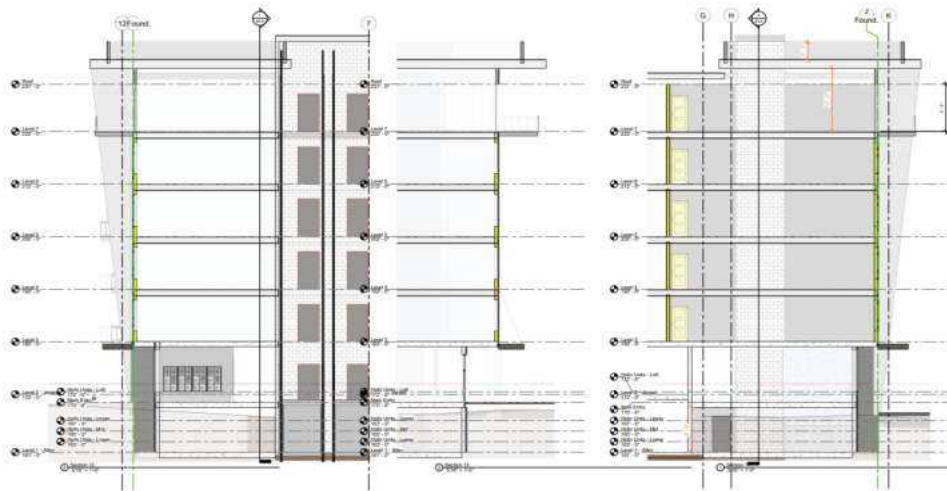
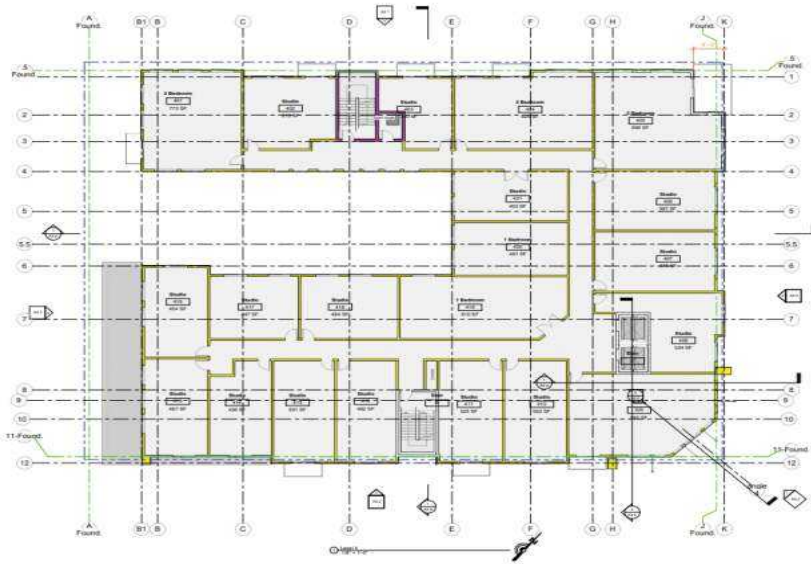
Unit Count :
104

Parking :
69



BUILDING PLANS

GATEWAY APARTMENTS



BUILDING PLANS

GATEWAY APARTMENTS





INVESTMENT SUMMARY

The Gateway Apartments sits on a 0.47-acre site in Bellingham, Washington, the geographic midway-point between the world class cities of Seattle and Vancouver. Currently an 8,175 square foot office building sits on the property. Three tenants occupy the premises generating \$6,200 per month in gross revenue. Located at 770 Holly Street at the top of a hill, the property sits half a mile from Downtown Bellingham. A Fred Meyer, Whole Foods, and various restaurants and shops are all within walking distance of the property. An onramp for Interstate 5 is about a half mile from the property. Bus stops for 10 different routes are all within walking distance.

The Gateway Apartments is a fully entitled site for 104 multifamily units. The proposed unit mix is 65 studio flats, 16 one-bedroom one-bath flats, and 23 two-bedroom two-bath flats. A 69 stall parking garage is also part of the proposed plan. The property also qualifies for Bellingham's Multifamily Tax Exemption program allowing for a 8-year real estate property tax abatement.

Bellingham, Washington, is a city celebrated for its scenic beauty, outdoor recreation, and thriving arts scene. At the heart of Bellingham's charm is the Fairhaven Historic District, a delightful neighborhood with cobblestone streets, unique shops, art galleries, and a mix of restaurants and cafes, all reminiscent of the 19th century and beautifully situated along the waterfront. The city is also home to Western Washington University, whose campus, perched on a hillside overlooking Bellingham Bay, features an impressive outdoor art collection and adds a creative, youthful energy to the area.

INVESTMENT HIGHLIGHTS

Entitled Site

- The site is fully entitled with plans for a 104 unit multifamily development.

Rapidly Growing Bellingham Market

- Bellingham is among the fastest growing cities in the State of Washington.

Proximity to Downtown Bellingham

- The Gateway is just over a ½ mile from Downtown Bellingham.

Multi Family Tax Exempt Program

- Including a mix of rent restricted units would lower real estate tax on the property while also keeping vacancies low due to the high demand for these types of units.

Geographic Location

- Approximately 90 minutes from downtown Seattle and downtown Vancouver, two of the premier cities on the Pacific Rim.





GATEWAY APARTMENTS

02.

FINANCIAL *SUMMARY*

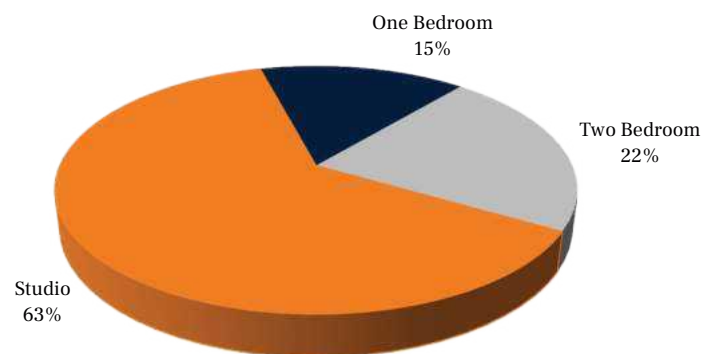
Marcus & Millichap

RENT ROLL

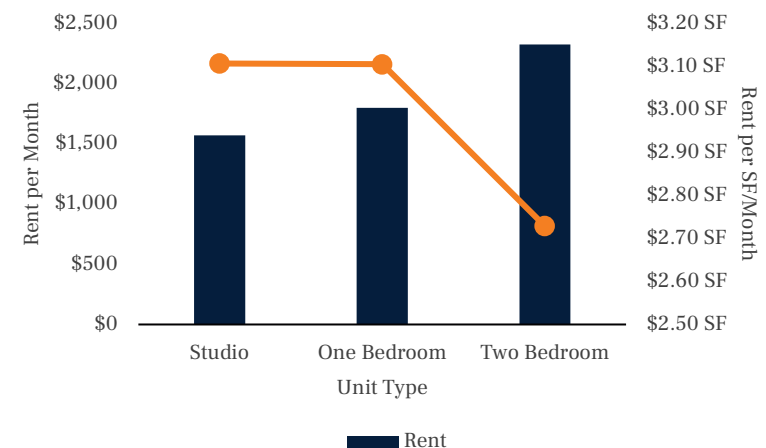
GATEWAY APARTMENTS

UNIT TYPE	NO. OF UNITS	RENTAL RANGE	SCHEDULED		
			AVERAGE RENT	AVERAGE RENT/SF	MONTHLY INCOME
Studio	65	505	\$1,525	\$3.02	\$99,125
1 bed	16	580	\$1,750	\$3.02	\$28,000
2 bed	23	852	\$2,250	\$2.64	\$51,750
TOTALS/ WEIGHTED AVERAGES	104	593	\$1,720	\$2.90	\$178,875
GROSS ANNUALIZED RENTS					\$2,146,505

Unit Distribution



Unit Rent



OPERATING STATEMENT

GATEWAY APARTMENTS

INCOME	CURRENT		YEAR 1		NOTES	PER UNIT	PER SF
Rental Income							
Gross Scheduled Rent	2,211,905		2,278,262		[1]	21,906	36.92
Physical Vcancy	(110,595)	5.0%	(113,913)	5.0%	[2]	(1,095)	(1.85)
Total Vacancy	(\$110,595)	5.0%	(\$113,913)	5.0%		(\$1,095)	(\$2)
Effective Rental Income	2,101,310		2,164,349			20,811	35.07
Other Income							
Utility Bill Back	76,570		78,867		[3]	758	1.28
All Other Income	77,160		79,475		[4]	764	1.29
Total Other Income	\$153,730		\$158,342			\$1,523	\$2.57
Effective Gross Income	\$2,255,040		\$2,322,691			\$22,334	\$37.64

EXPENSES	CURRENT		YEAR 1		NOTES	PER UNIT	PER SF
Real Estate Taxes	224,000		230,720		[5]	2,218	3.74
Insurance	52,000		53,560		[6]	515	0.87
Utilities - Electric	20,800		21,424		[7]	206	0.35
Utilities - Water & Sewer	39,000		40,170		[8]	386	0.65
Trash Removal	44,200		45,526		[9]	438	0.74
Repairs & Maintenance	52,000		52,000		[10]	500	0.84
Marketing & Advertising	26,000		26,000		[11]	250	0.42
Payroll	130,000		130,000		[12]	1,250	2.11
General & Administrative	26,000		26,000		[13]	250	0.42
Operating Reserves	26,000		26,000		[14]	250	0.42
Management Fees	78,926	3.5%	81,294	3.5%	[15]	782	1.32
Total Expenses	\$718,926		\$732,694			\$7,045	\$11.87
Expenses as % of EGI	31.9%		31.5%				
Net Operating Income	\$1,536,113		\$1,589,997			\$15,288	\$25.76

NOTES TO OPERATING STATEMENT

GATEWAY APARTMENTS



1. Gross Scheduled Rent: Per market rent survey. Year 1 reflects a 3.00% increase.
2. Physical Vacancy: Adjusted to 5.00%.
3. Utility Bill-Back: Reflects 85% recapture of water, sewer, and garbage. Year 1 reflects a 3.00% increase.
4. All Other Income: Reflects \$80 per month per parking stall and \$35 per month for 1/4 of the units. Year 1 reflects a 3.00% increase.
5. Real Estate Taxes: Adjusted to reflect 85% of the property value against a 1% tax rate. Year 1 reflects a 3.00% increase.
6. Insurance: Adjusted to \$500 per unit. Year 1 reflects a 3.00% increase.
7. Utilities - Electric: Adjusted to \$200 per unit. Year 1 reflects a 3.00% increase.
8. Utilities - Water & Sewer: Adjusted to \$375 per unit. Year 1 reflects a 3.00% increase.
9. Trash Removal: Adjusted to \$425 per unit. Year 1 reflects a 3.00% increase.
10. Repairs & Maintenance: Adjusted to \$500 per unit.
11. Marketing & Advertising: Adjusted to \$250 per unit.
12. Payroll: Adjusted to \$1,250 per unit.
13. General & Administrative: Adjusted to \$250 per unit.
14. Operating Reserves: Adjusted to \$250 per unit.
15. Management Fee: Adjusted to 3.50%.



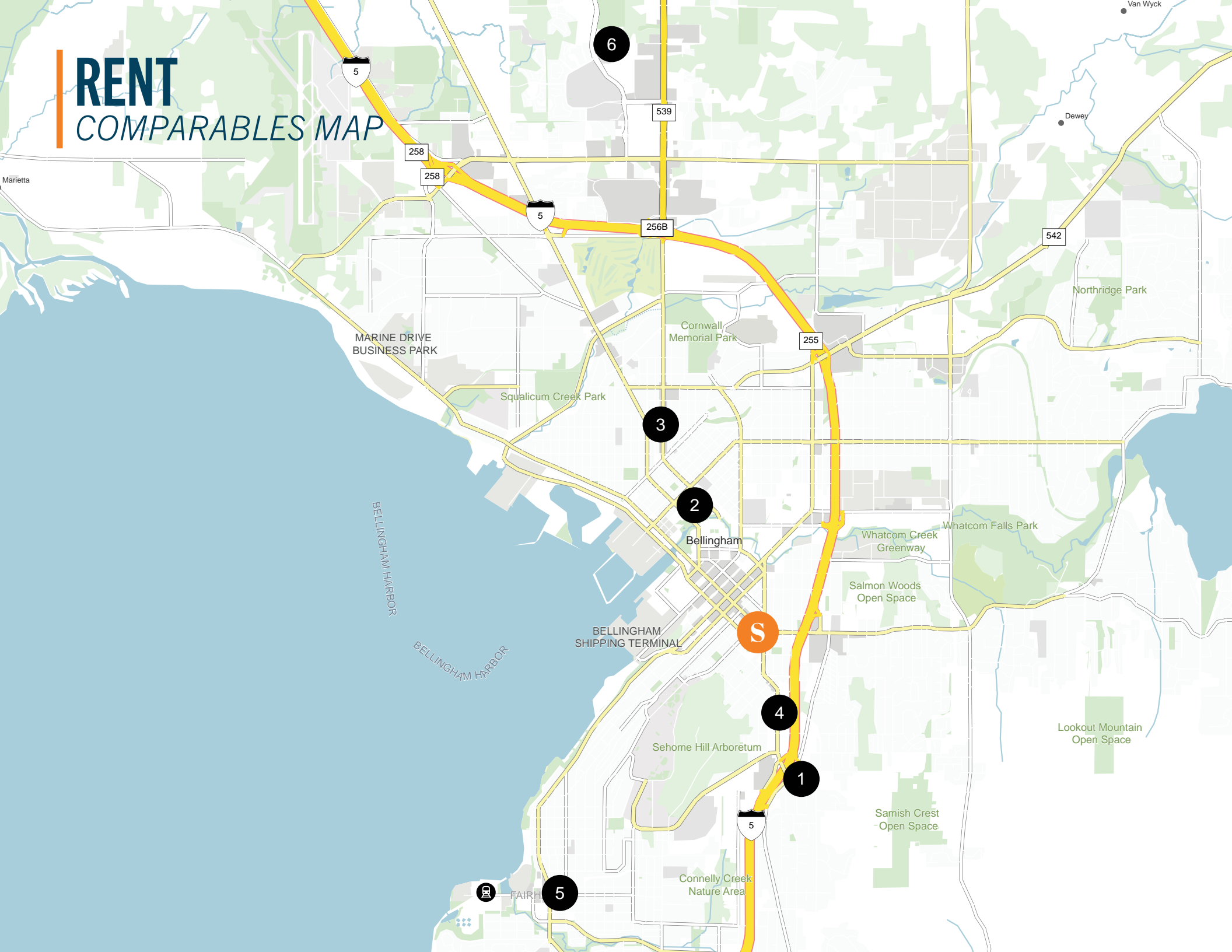
GATEWAY APARTMENTS

03.

MARKET
COMPARABLES

Marcus & Millichap

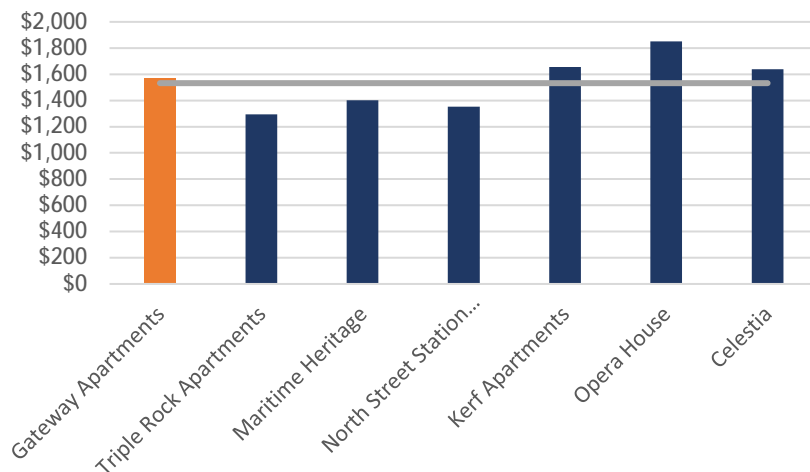
RENT COMPARABLES MAP



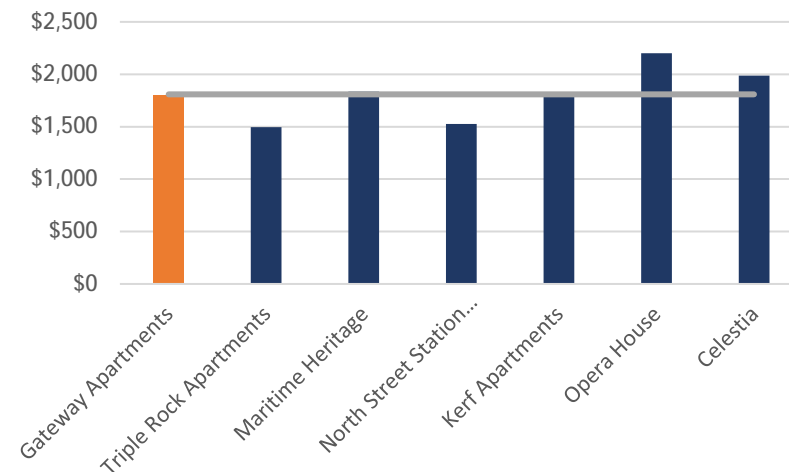
RENT COMPARABLES

AVERAGE RENT PER UNIT

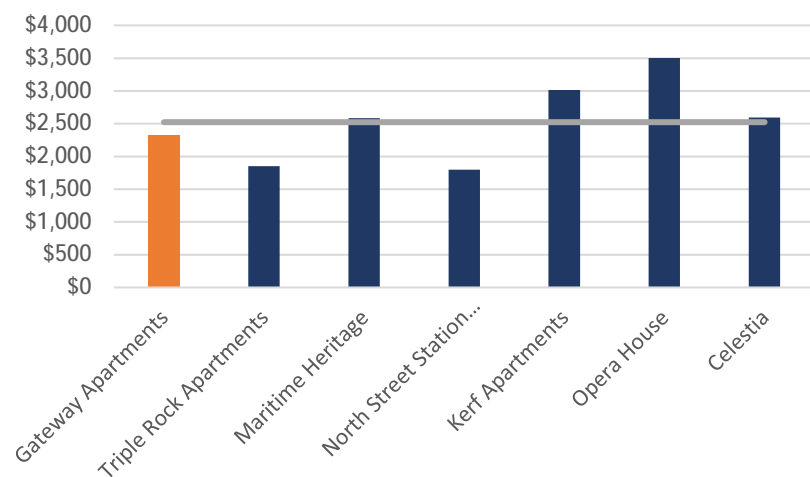
Studio - Rent Per Unit



One Bedroom - Rent Per Unit



Two Bedroom - Rent Per Unit



AVERAGE STUDIO RENT PER UNIT: \$1,533

AVERAGE ONE BEDROOM RENT PER UNIT: \$1,809

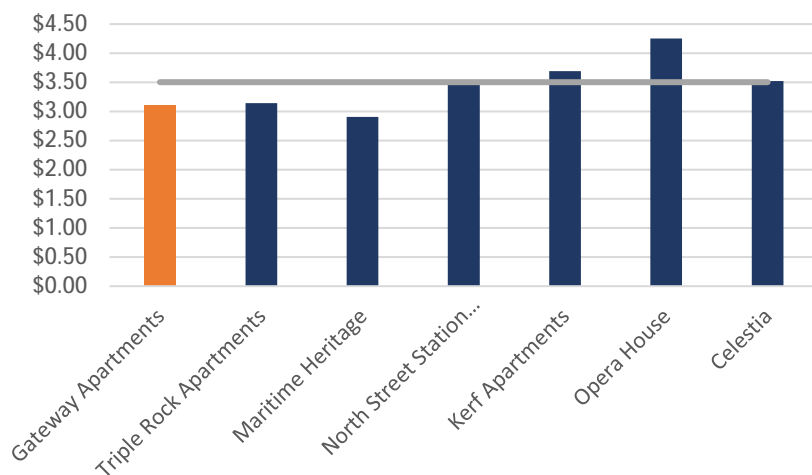
AVERAGE TWO BEDROOM RENT PER UNIT: \$2,524

RENT

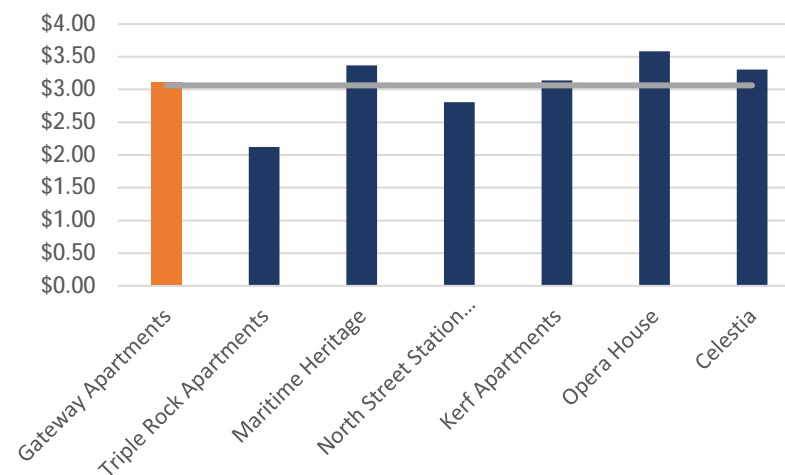
COMPARABLES

AVERAGE RENT PER SF

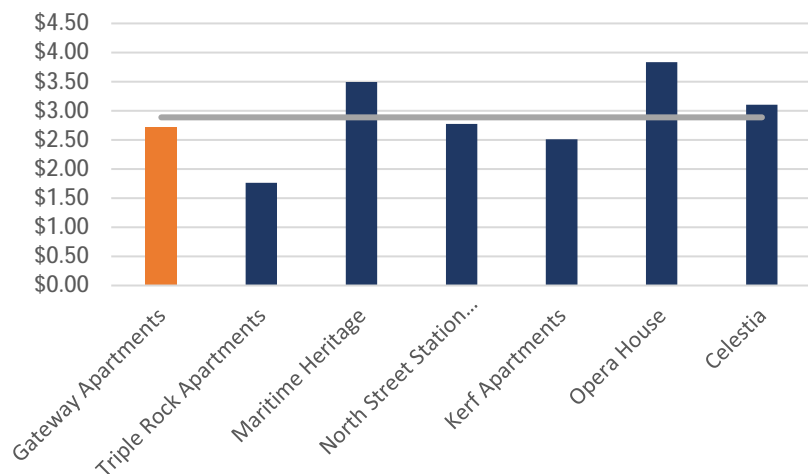
Studio Rent - Rent Per SF



One Bedroom- Rent Per SF



Two Bedroom - Rent Per SF



AVERAGE STUDIO RENT PER SF: \$3.50

AVERAGE ONE BEDROOM RENT PER SF: \$3.06

AVERAGE TWO BEDROOM RENT PER SF: \$2.89

RENT COMPARABLES



GATEWAY APARTMENTS

770 E Holly St, Bellingham, WA 98225

2024



UNIT TYPE	UNITS	SF	RENT	RENT/SF
Studio	65	505	\$1,570	\$3.11
One Bedroom	16	580	\$1,800	\$3.11
Two Bedroom	23	852	\$2,325	\$2.40
AVERAGE // TOTAL:	104	593	\$1,772	\$2.99

NOTES:

01. TRIPLE ROCK APARTMENTS

3817 Elwood Ave, Bellingham, WA 98229

2023



UNIT TYPE	UNITS	SF	RENT	RENT/SF
Studio	11	412	\$1,295	\$2.22
One Bedroom	12	705	\$1,495	\$2.12
Two Bedroom	7	1050	\$1,850	\$1.76
AVERAGE // TOTAL:	30	678	\$1,505	\$2.22

NOTES: Laundry Facilities

RENT COMPARABLES

02. MARITIME HERITAGE 1818 D St, Bellingham, WA 98225



UNIT TYPE	UNITS	SF	RENT	RENT/SF
Studio	90	482	\$1,402	\$2.91
One Bedroom	20	545	\$1,836	\$3.37
Two Bedroom	19	739	\$2,583	\$3.50
AVERAGE // TOTAL:	120	529	\$1,643	\$3.10

NOTES:

2023

03. NORTH ST STATION APARTMENTS 2609 Meridian St , Bellingham, WA 98225



UNIT TYPE	UNITS	SF	RENT	RENT/SF
Studio	3	387	\$1,353	\$3.50
One Bedroom	3	544	\$1,526	\$2.80
Two Bedroom	15	647	\$1,797	\$2.78
AVERAGE // TOTAL:	21	595	\$1,695	\$2.85

NOTES:

2022

RENT COMPARABLES

04. KERF APARTMENTS 208 N Samish Way, Bellingham, WA 98225

1992



UNIT TYPE	UNITS	SF	RENT	RENT/SF
Studio	52	449	\$1,657	\$3.69
One Bedroom	112	578	\$1,814	\$3.14
Two Bedroom	32	1,200	\$3,015	\$2.51
AVERAGE // TOTAL:	196	645	\$1,968	\$3.05

NOTES:

05. OPERA HOUSE 1305 Harris Ave, Bellingham, WA 98225

1984



UNIT TYPE	UNITS	SF	RENT	RENT/SF
Studio	15	435	\$1,850	\$4.25
One Bedroom	15	614	\$2,201	\$3.58
Two Bedroom	6	912	\$3,501	\$3.84
AVERAGE // TOTAL:	36	589	\$2,271	\$3.86

NOTES:

RENT COMPARABLES

06. CELESTIA
430 W Stuart Rd, Bellingham, WA 98226

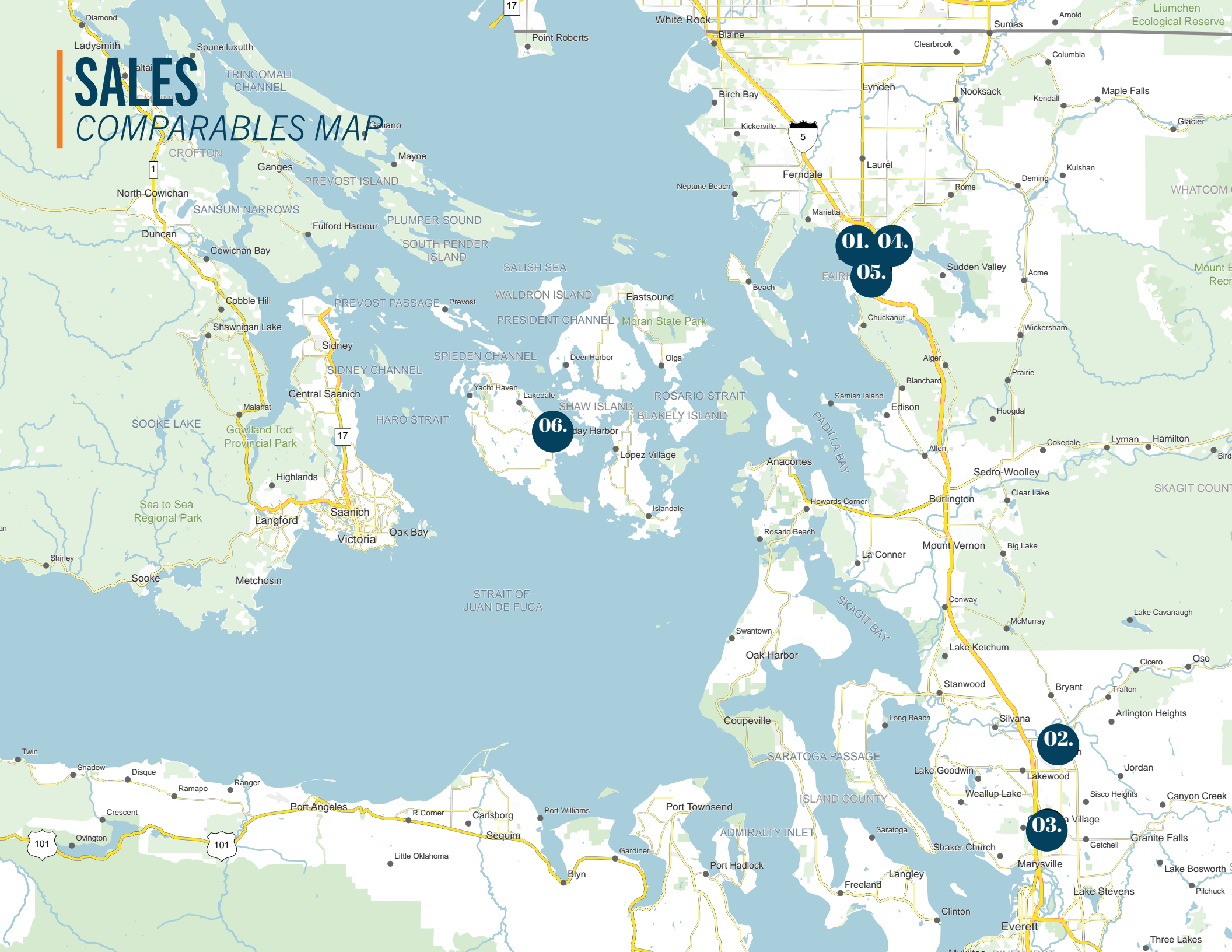
1992



UNIT TYPE	UNITS	SF	RENT	RENT/SF
Studio	11	465	\$1,638	\$3.52
One Bedroom	74	602	\$1,988	\$3.30
Two Bedroom	25	836	\$2,596	\$3.11
AVERAGE // TOTAL:	110	641	\$2,091	\$3.26

NOTES:

SALES COMPARABLES MAP



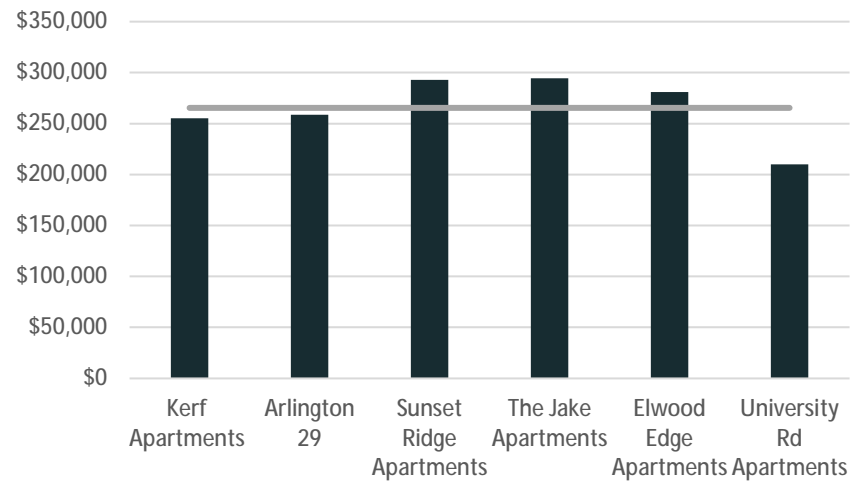
SALES

COMPARABLES

AVERAGE PRICE PER UNIT:

\$265,344

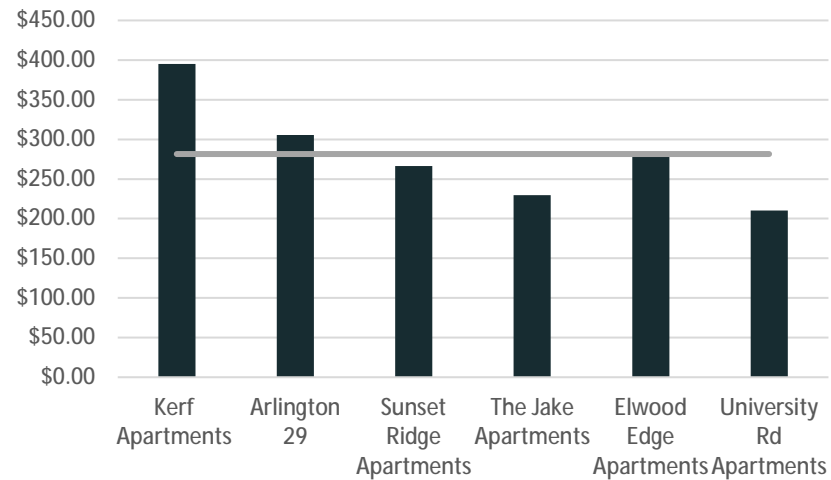
Price Per Unit



AVERAGE PRICE PER SF:

\$281.38

Price Per SF



SALES

COMPARABLES



01. KERF APARTMENTS

208 N Samish Way, Bellingham, WA

CLOSE OF ESCROW	ON MARKET
SALE PRICE	\$50,000,000
PRICE/UNIT	\$255,102
PRICE/SF	\$395
CAP RATE	5.00%
# OF UNITS	196
AVERAGE UNIT SF	645
YEAR BUILT	2024



02. ARLINGTON 29

6605 204th, Arlington, WA

CLOSE OF ESCROW	11/14/2023
SALE PRICE	\$7,500,000
PRICE/UNIT	\$258,621
PRICE/SF	\$306
CAP RATE	4.46%
# OF UNITS	29
AVERAGE UNIT SF	466
YEAR BUILT	2023



03. SUNSET RIDGE APARTMENTS

4921 100th St NE, Marysville, WA

CLOSE OF ESCROW	10/26/2023
SALE PRICE	\$5,860,000
PRICE/UNIT	\$293,000
PRICE/SF	\$267
CAP RATE	5.35%
# OF UNITS	20
AVERAGE UNIT SF	770
YEAR BUILT	2023

SALES

COMPARABLES



04. THE JAKE APARTMENTS

3805 Elwood Ave, Bellingham, WA

CLOSE OF ESCROW	7/5/2023
SALE PRICE	\$23,250,000
PRICE/UNIT	\$294,304
PRICE/SF	\$230
CAP RATE	5.50%
# OF UNITS	79
AVERAGE UNIT SF	1041
YEAR BUILT	2024



05. ELWOOD EDGE

3815 Elwood Ave, Bellingham, WA

CLOSE OF ESCROW	7/5/2023
SALE PRICE	\$8,150,000
PRICE/UNIT	\$281,034
PRICE/SF	\$281
CAP RATE	6.58%
# OF UNITS	29
AVERAGE UNIT SF	665
YEAR BUILT	2023



06. UNIVERISTY RD APARTMENTS

534 University Rd, Friday Harbor, WA

CLOSE OF ESCROW	4/14/2023
SALE PRICE	\$2,100,000
PRICE/UNIT	\$210,000
PRICE/SF	\$210
CAP RATE	4.90%
# OF UNITS	10
AVERAGE UNIT SF	922
YEAR BUILT	1995/2018

GATEWAY APARTMENTS

04.

LOCATION OVERVIEW

Marcus & Millichap



BELLINGHAM

Overview

Bellingham is a city located in the northwestern part of Washington state, United States. The city has a population of around 93,000 and is known for its scenic beauty, outdoor recreational opportunities, and vibrant cultural scene.

The economy of Bellingham is largely driven by education, with Western Washington University being one of the largest employers in the city. The university employs over 2,000 people and has a student population of around 16,000, making it a significant contributor to the local economy. The influx of students also supports many local businesses, including restaurants, cafes, and entertainment venues.

Aside from education, Bellingham's economy benefits from its proximity to the Canadian border and the city of Vancouver, British Columbia. Cross-border trade and tourism are important economic drivers, with many Canadian visitors coming to Bellingham for shopping and leisure activities. The city's port also plays a role in supporting trade and marine industries.

Tourism and outdoor recreation are key components of Bellingham's economy. The city's location near the Cascade Mountains and Puget Sound makes it a popular destination for hiking, skiing, kayaking, and other outdoor activities. The local tourism industry supports numerous hotels, restaurants, and recreational service providers.

Bellingham also has a diverse industrial base, with industries such as manufacturing, healthcare, and technology contributing to the local economy. Additionally, the agricultural sector in the surrounding Whatcom County plays a significant role, with the region known for its berry farms and dairy production.

Overall, Bellingham's economy is characterized by a strong education sector, cross-border trade, tourism, and a mix of industrial and agricultural activities.



DEMOGRAPHICS

Bellingham, WA



205,216

Total population
within a 5-mile radius



\$138,863

Average household income
within a 5-mile radius

86,218

Total Households
(5-Mile Radius)



\$645,036

Average home value
within a 5-mile radius

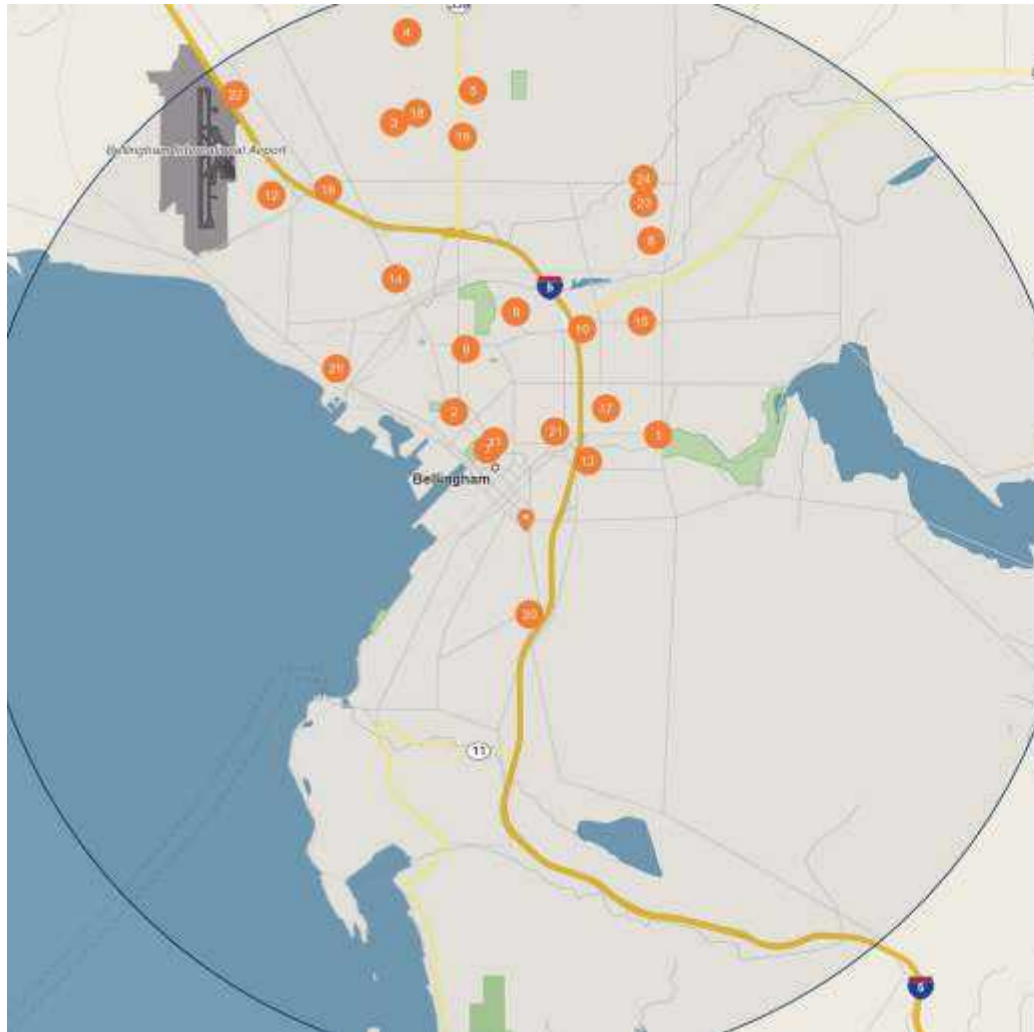


217,098

Projected 2028
Total Population
(5-Mile Radius)

MAJOR EMPLOYERS

Bellingham, WA



Major Employers		Employees
1	Swickard Bellingham Rja LLC-Roger Jobs	1,314
2	Bellingham School District 501	1,300
3	Whatcom Cmnty Cllege Foundation	900
4	Haggen Inc-Haggen Foods	701
5	Walmart Inc-Walmart	546
6	Maax US Corp	509
7	Whatcom County-EXECUTIVE OFFICE	507
8	Thomas Management LLC-Thomas Cuisine Management	436
9	Haggen Inc-Haggen Foods	421
10	Lowes Home Centers LLC-Lowes	357
11	City of Bellingham-City Hall	300
12	Anvil Corporation	300
13	Haskell Corporation-FM Haskell Corporation	300
14	Pioneer Food Service Inc-McDonalds	290
15	Homax Group Inc-Homax Group	270
16	Fred Meyer Stores Inc-Fred Meyer Jewelers 00667	268
17	City of Bellingham-Public Works	256
18	Cascade Connections-Cascade Vocational Services	252
19	Gmri Inc-Olive Garden	237
20	Haggen Inc-Haggen Foods	234
21	Parker Corporate Services-Pacific Security	225
22	Huntley John Inc-Mills Electric Co	220
23	Whatcom Transportation Auth	214
24	Polar Tankers Inc	210
25	Bellingham Tchncl Cllege Dst-Bellingham Technical College	200

POPULATION	1 MILE	3 MILES	5 MILES
2028 Projection			
Total Population	21,079	106,362	217,098
2023 Estimate			
Total Population	20,079	101,961	205,216
2020 Census			
Total Population	20,402	102,690	202,451
2010 Census			
Total Population	18,007	88,914	176,924
Daytime Population			
2023 Estimate	11,286	85,880	239,085
HOUSEHOLDS	1 MILE	3 MILES	5 MILES
2028 Projection			
Total Households	9,652	48,408	91,451
2023 Estimate			
Total Households	9,163	46,280	86,087
Average (Mean) Household Size	2.2	2.2	2.4
2020 Census			
Total Households	8,865	45,041	83,087
2010 Census			
Total Households	8,105	38,961	71,652
Growth 2023-2028	5.3%	4.6%	6.1%
HOUSING UNITS	1 MILE	3 MILES	5 MILES
Occupied Units			
2028 Projection	10,066	50,608	95,997
2023 Estimate	9,577	48,563	90,814
Owner Occupied	5,577	26,939	47,940
Renter Occupied	3,586	19,341	38,278
Vacant	413	2,282	4,596
Persons In Units			
2023 Estimate Total Occupied Units	9,163	46,280	86,218
1 Person Units	33.7%	33.9%	32.3%
2 Person Units	38.2%	37.4%	34.7%
3 Person Units	13.7%	13.6%	14.2%
4 Person Units	9.4%	9.6%	10.6%
5 Person Units	3.1%	3.2%	4.4%
6+ Person Units	1.8%	2.1%	3.8%

HOUSEHOLDS BY INCOME	1 MILE	3 MILES	5 MILES
2023 Estimate			
\$200,000 or More	27.4%	20.6%	17.3%
\$150,000-\$199,999	13.5%	13.1%	11.3%
\$100,000-\$149,999	19.5%	22.0%	21.6%
\$75,000-\$99,999	9.8%	10.2%	10.2%
\$50,000-\$74,999	10.2%	12.5%	13.4%
\$35,000-\$49,999	5.2%	6.6%	7.7%
\$25,000-\$34,999	3.8%	4.3%	5.3%
\$15,000-\$24,999	4.8%	4.9%	5.7%
Under \$15,000	5.8%	5.9%	7.5%
Average Household Income	\$173,583	\$152,605	\$138,863
Median Household Income	\$123,410	\$111,607	\$100,392
Per Capita Income	\$79,324	\$69,413	\$58,616
POPULATION PROFILE	1 MILE	3 MILES	5 MILES
Population By Age			
2023 Estimate Total Population	20,079	101,961	205,216
Under 20	22.6%	20.3%	21.0%
20 to 34 Years	18.6%	20.9%	21.8%
35 to 39 Years	9.9%	10.1%	9.5%
40 to 49 Years	16.2%	16.1%	15.2%
50 to 64 Years	18.8%	18.8%	18.3%
Age 65+	14.0%	13.9%	14.2%
Median Age	39.4	39.4	38.7
Population 25+ by Education Level			
2023 Estimate Population Age 25+	14,858	77,135	152,665
Elementary (0-8)	2.4%	3.3%	6.7%
Some High School (9-11)	3.2%	3.6%	5.2%
High School Graduate (12)	12.3%	14.7%	17.5%
Some College (13-15)	15.7%	17.7%	18.2%
Associate Degree Only	7.5%	7.9%	7.7%
Bachelors Degree Only	36.5%	33.2%	28.8%
Graduate Degree	22.5%	19.5%	16.0%
Population by Gender			
2023 Estimate Total Population	20,079	101,961	205,216
Male Population	47.8%	49.1%	50.5%
Female Population	52.2%	50.9%	49.5%



LISTED BY:

RICH DAY

First Vice President Investments
SEATTLE
Tel: (206) 826-5814
Fax: (206) 826-5710
rich.day@marcusmillichap.com
License: WA 110473

TIMOTHY UFKES

Senior Vice President Investments
SEATTLE
Tel: (206) 826-5693
Fax: (206) 826-5710
timothy.ufkes@marcusmillichap.com
License: WA 13506

Marcus & Millichap
THE UFKES GROUP