

Rosewood Apartments

8 Unit Garden Style Apartment Building

1310 Madison St. NE
Salem, Oregon 97301

- Cap Rate: 6.55%
- Historic 2 story building
- 6 One Bedroom Apts
- 2 Studio Apts
- On site laundry
- Off street parking

Offered at \$420,000



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All information, while it is believed to be accurate, is not warranted. The buyer must verify all information independently, and is urged to consult qualified investment advisors.

Good NE Salem location!
Ample off street parking.
Excellent long term growth
opportunity. Big upside in
rents! Very clean property.
New windows coming in
September. You must see this
property! Call listing agent for
details.



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Rosewood Apartments

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Salem, Oregon 97301

Executive Summary

Please don't disturb tenants or managers!

Asking Price: \$420,000

Financing: A new loan or cash is required. Excellent rate & terms are available

Income/Expenses:	Effective income is:	\$ 39,640
	<u>Pro-forma expenses are:</u>	<u>\$ 12,119</u>
	Net Operating Income per Seller:	\$ 27,531

Cap Rate: At the listed price, current capitalization rate is 6.55%. Price per unit is \$52,500.

Property Description:

Rosewood Apartments is located on the southeast corner of Madison St. NE, and Baker St NE, a secondary street in Salem, Oregon (please see maps included in this package). The property has good visibility. There are 6 smaller one bedroom one bath units and two studio apartments with baths. The two story building was constructed in the 1920 according to the county. There are 5 parking spaces in the rear of the building for tenants & guests. The site contains 6,444 square feet according to county records.

The current owner of Rosewood is in the process of installing all new windows in the building. The property was recently painted as well. Overall the property is in good to excellent condition and is managed and maintained professionally. There is a laundry room with leased washer & dryer (lease expires in 4 months) for the tenants' use. The new owner can increase cash flow by purchasing laundry equipment.

Rents at the property are very low for the Salem market, ranging from \$385 to \$450, representing a great opportunity for a new buyer to increase cash flows substantially. Please note: These rates are effective Nov 1, 2015 when a \$25/mo. raise comes online. The utilities are paid by the seller, but charged back 100% to tenants, so they are not included in our analysis.

This property has under-market rents in a big emerging market! Rents in Salem have been rising significantly in the past year, and according to the Multifamily NW Spring 2015 Apartment Report, vacancy fell by nearly 2% from fall 2014. Local property managers confirm the rent and vacancy rate

trends; in fact the current property management company quotes \$575 per month as their next cheapest rent in NE Salem properties they service!

Demographics:

Salem is the capital of the U.S. state of Oregon, and the county seat of Marion County. It is located in the center of the Willamette Valley alongside the Willamette River, which runs north through the city. The river forms the boundary between Marion and Polk counties, and the city neighborhood of West Salem is in Polk County. Salem was founded in 1842, became the capital of the Oregon Territory in 1851, and was incorporated in 1857.

Salem had a population of 154,637 at the 2010 census, making it the third largest city in the state after Portland and Eugene. Salem is less than an hour driving distance away from Portland. Salem is the principal city of the Salem Metropolitan Statistical Area, a metropolitan area that covers Marion and Polk counties and had a combined population of 390,738 at the 2010 census. A 2013 estimate placed the metropolitan population at 400,408, the state's second largest.

The city is home to Willamette University, Corban University, and Chemeketa Community College. The State of Oregon is the largest public employer in the city, and Salem Health is the largest private employer. Transportation includes public transit from Salem-Keizer Transit, Amtrak service, and non-commercial air travel at McNary Field. Major roads include Interstate 5, Oregon Route 99E, and Oregon Route 22 which connects West Salem across the Willamette River via the Marion Street and Center Street bridges.

Feel free to call the listing broker, Ty Downing for further details, or to answer questions you may have. He can be reached at: (503) 242-0033, or on his cell phone: (503) 653-3887 or via email: tydowning@westernequities.com.

For additional photos of the property, please go to our website: www.westernequities.com and click on properties.



Annual Property Operating Data

Rosewood Apartments

Purpose	Listing Package
Name	Rosewood Apartments
Location	1310 Madison St NE Salem, Oreg
Property Type	Garden Court Two Story Buildin
Date	4 September 2015
Units	8

Price	\$420,000
-Loans	315,000
Down Payment	105,000
+Acq Costs	6,000
+Loan Points	3,150
Investment	114,150

	\$/Unit	% of GI	Annual \$
Gross Income			
July 2015 Rent Roll (1 units)	\$37,260	91.3%	\$37,260
Other Income	81	1.6%	650
\$25 Rent Increase Nov 1 2015 (8 units)	300	5.9%	2,400
Storage locker (1 units)	480	1.2%	480
Total Gross Income	\$5,099	100.0%	\$40,790
- Vacancy & Credit Loss	144	2.8%	1,150
Effective Income	\$4,955	97.2%	\$39,640
Less: Operating Expenses			
Insurance	267	5.2%	2,137
Property Taxes	358	7.0%	2,863
Maintenance	252	4.9%	2,012
Repairs	303	5.9%	2,423
Manager	336	6.6%	2,684
Total Operating Expenses	\$1,515	29.7%	\$12,119
Net Operating Income	\$3,440	67.5%	\$27,521
Less: Debt Service			
New Conventional @ 75% LTV	2,324	45.6%	18,595
Total Debt Service	\$2,324	45.6%	\$18,595
Cash Flow Before Taxes	\$1,116	21.9%	\$8,926

Capitalization Rate	6.55%
Gross Income Multiplier	10.30
Debt Coverage Ratio	1.480
Cash on Cash	7.82%
Price/Unit	\$52,500

The data and calculations presented herein have been obtained from sources we believe to be reliable, primarily from the seller. We cannot and will not warrant them in any way. POTENTIAL PURCHASERS MUST VERIFY ALL INFORMATION INDEPENDENTLY, and are strongly urged to obtain the advice of qualified accounting, legal, and 1031 tax-deferred exchange professionals.

Analysis Assumptions Report

Rosewood Apartments

Investment Assumptions

Price of Property	\$420,000.00
Closing Costs	\$6,000.00
Date of Acquisition	1 January 2016
Holding Period	5 Years
Inflation Rate	3% per Year
Sale Price Method	6.3% Capitalization of NOI on Sale Date
Selling Costs	5.5%

Investor's Assumptions

Present Value Discount Rate	8% per Year
Tax Rate - First Year	28%
Tax Rate - Following Years	28%
Capital Gain Rate	20%
Cost Recovery Recapture Rate	25% - Losses Carried Forward

Depreciation - Estimated Depreciation Assumptions

Depreciable Amount	\$336,000.00
Depreciable Life	27.5 Years
Depreciation Method	Straight Line
Depreciation Start Date	at Acquisition

New Conventional @ 75% LTV Loan Assumptions

Loan Amount	\$315,000.00
Loan Interest Rate	4.25% Annually
Original Loan Period	30 Years
Loan Origination Date	at Acquisition
Loan Type	Monthly Payments, Amortizing
Prepayment Penalty	6 Mos Interest on Declining Balance
Balloon Payment Due	120 Months
Loan Points Charged	1 Point, Amortized over Loan Life

July 2015 Rent Roll Revenue Assumptions

Annual Revenue (1 Units @ \$3,105.00/Unit/Month)	\$37,260.00
Revenue Start Date	at Acquisition
Revenue Period	Until Projected Sale
Revenue Growth Method	Annual at the Inflation Rate
Vacancy Factor	2.9%

Other Income Revenue Assumptions

Other income includes laundry, rental applications, late fees, tenant reimbursements, if any.

Annual Revenue	\$650.00
Revenue Start Date	at Acquisition
Revenue Period	Until Projected Sale
Revenue Growth Method	Annual at the Inflation Rate

Analysis Assumptions Report

Rosewood Apartments

\$25 Rent Increase Nov 1 2015 Revenue Assumptions

Annual Revenue (8 Units @ \$25.00/Unit/Month)	\$2,400.00
Revenue Start Date	at Acquisition
Revenue Period	Until Projected Sale
Revenue Growth Method	Annual at the Inflation Rate
Vacancy Factor	2.9%

Storage locker Revenue Assumptions

Annual Revenue (1 Units @ \$40.00/Unit/Month)	\$480.00
Revenue Start Date	at Acquisition
Revenue Period	Until Projected Sale
Revenue Growth Method	No Growth is Projected

Insurance Expense Assumptions

Annual Expense	\$2,137.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Property Taxes Expense Assumptions

Annual Expense	\$2,863.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Maintenance Expense Assumptions

Annual Expense	\$2,012.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Repairs Expense Assumptions

Annual Expense	\$2,423.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Manager Expense Assumptions

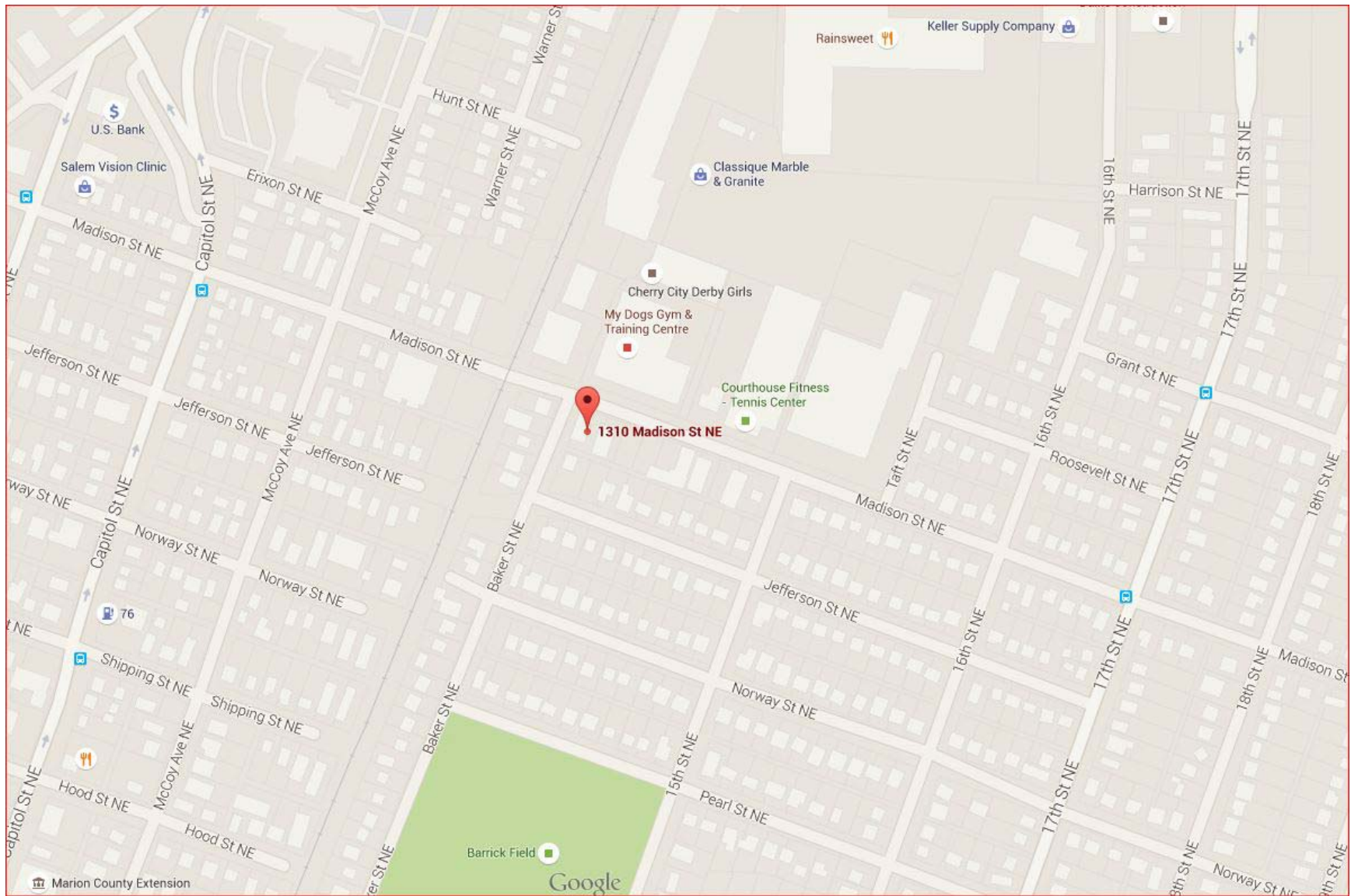
Annual Expense	\$2,684.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

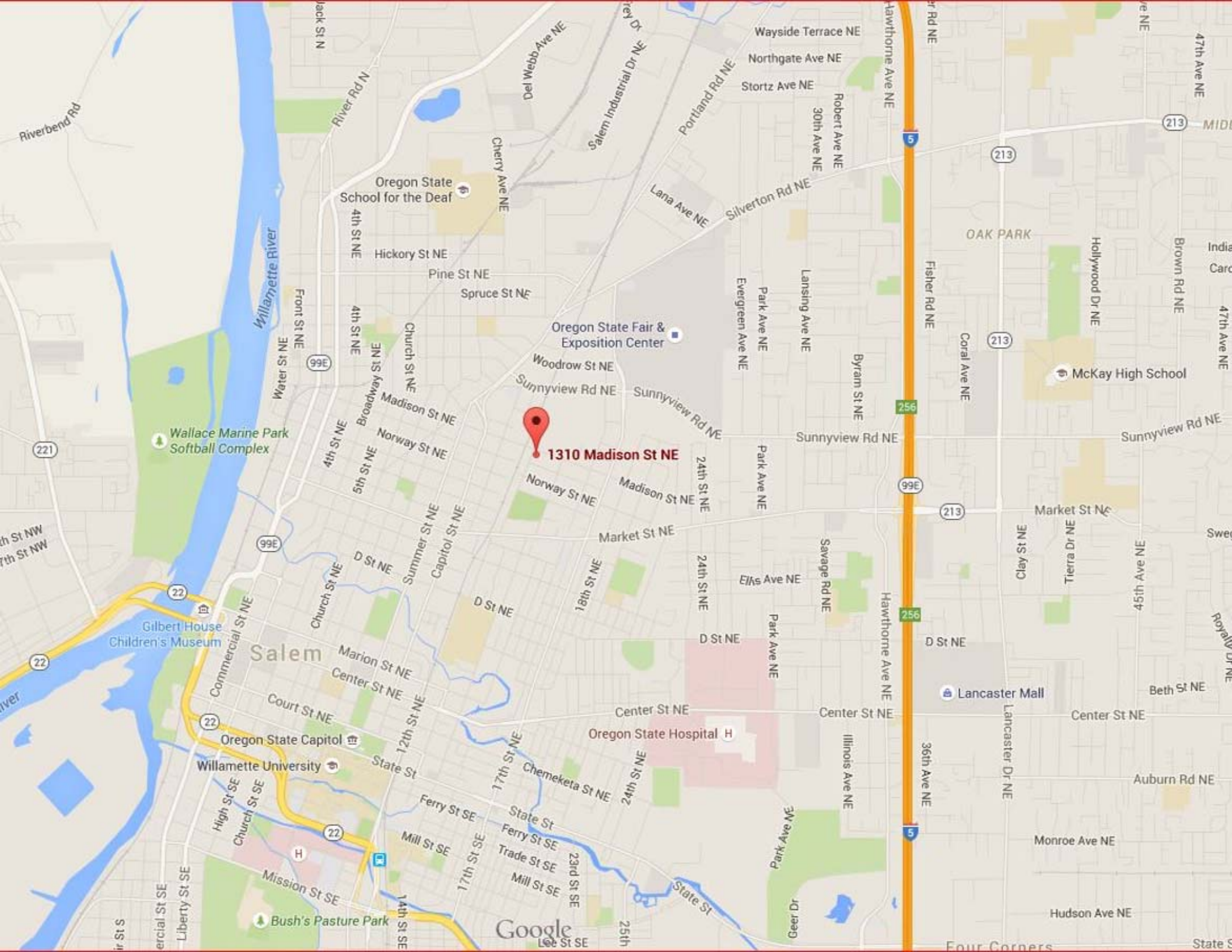
Analysis Assumptions Report

Rosewood Apartments

Manager Expense Assumptions

Annual Expense	\$2,684.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate





1310 Madison St NE

Oregon State School for the Deaf

Oregon State Fair & Exposition Center

McKay High School

Wallace Marine Park Softball Complex

Gilbert House Children's Museum

Salem

Oregon State Capitol

Willamette University

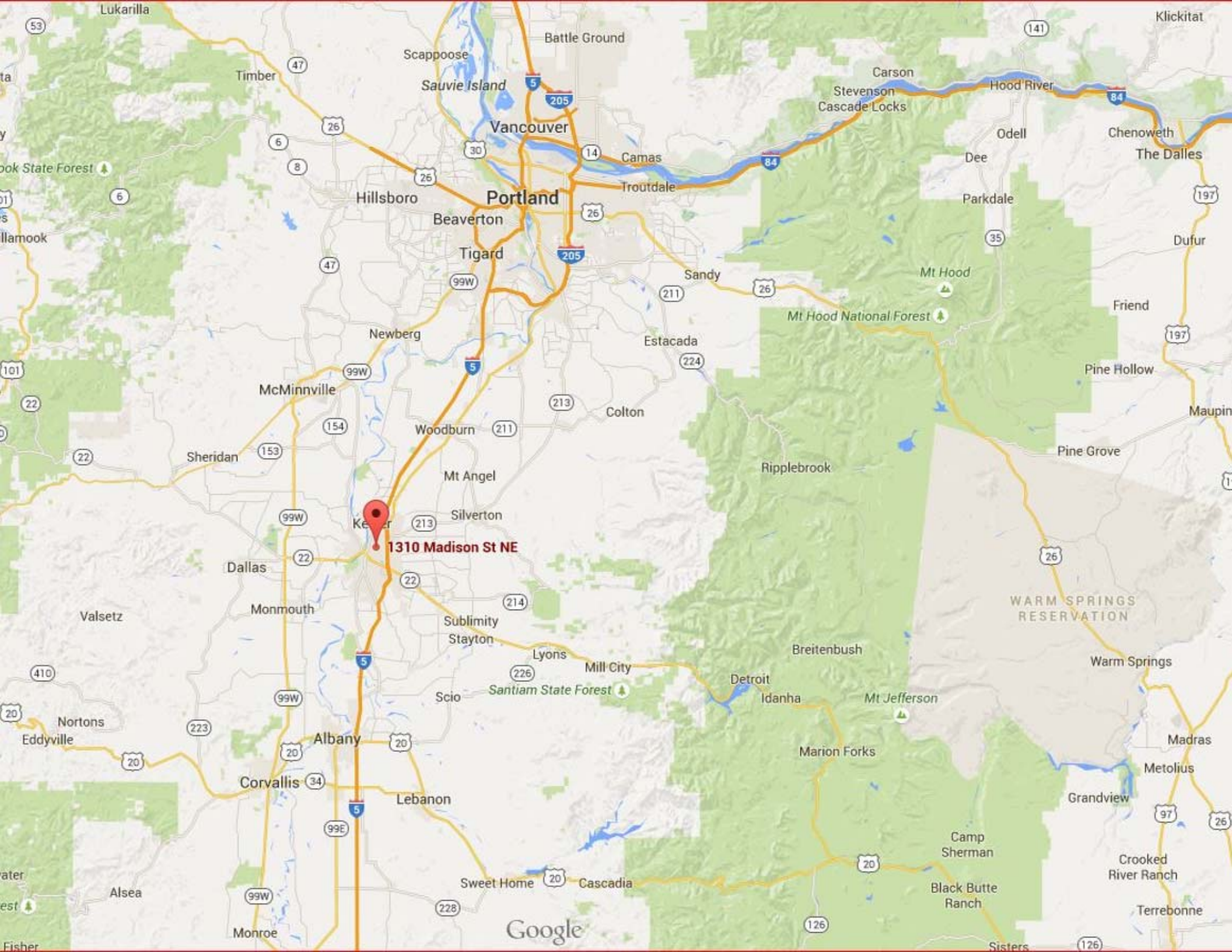
Oregon State Hospital

Lancaster Mall

Bush's Pasture Park

Google

Four Corners



1310 Madison St NE