

Berthoud Village
TOWNHOMES

OFFERING MEMORANDUM

1602 N. 4th Street / Berthoud, Colorado



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CONFIDENTIALITY AGREEMENT

1602 N. 4th Street / Berthoud, Colorado



CONFIDENTIALITY AGREEMENT & DISCLAIMER

THIS IS A CONFIDENTIAL MEMORANDUM intended solely for your limited use to determine whether you wish to express an interest in the Property located at 1602 N. 4th Street, Berthoud, Colorado 80513, as more particularly described herein ("Property"). This confidential memorandum contains brief, selected information pertaining to the business affairs of the Property's owner ("Owner") and has been prepared by Cushman & Wakefield, the Owner's exclusive agent, primarily from information supplied by the Owner. Although representatives of the Owner have reviewed this confidential memorandum, it does not purport to be all-inclusive or contain all of the information that a potential investor may desire. Neither the Owner, nor any of its members, officers, directors, employees or agents, nor Cushman & Wakefield make any representation or warranty, expressed or implied, as to the accuracy or completeness of any of the information contained herein. The Owner,

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Berthoud Village TOWNHOMES

EXECUTIVE SUMMARY

1602 N. 4th Street / Berthoud, Colorado



Berthoud Apartments is a 31-unit complex, located near Centennial Park in Berthoud, Colorado. Built in 1998, occupancy has been extremely high since construction finished. Given the outstanding condition of these town home style units, this is an outstanding opportunity for anyone looking to add value to an already thriving multi-family housing complex.

PROPERTY SUMMARY

1602 N. 4th Street, Berthoud, Colorado 80513

Seven (7) one bedroom, one bathroom units

Twenty-four (24) two bedroom, one bathroom units

Convenient on-site parking

Central northern Colorado location

Rapidly growing community

OFFERING SUMMARY

| | |
|------------|-------------|
| List Price | \$5,250,000 |
| Price/SF | \$198.60 |
| Year 1 NOI | \$315,375 |
| Cap Rate | 6.01% |



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PROPERTY SPECIFICS

SALES PRICE

\$5,250,000

PRICING

\$198.60/SF

YEAR BUILT

1998

BUILDINGS

6

SQUARE FEET

26,434 SF

UNITS

31

TOTAL PROPERTY SIZE

3.2 Acres

NOTES

- Units are split between 6 buildings
- Half the units have been updated and all have new water heaters
- Trash and water currently paid by the Landlord (Upside if passed through to the tenant)
- Potential to build more units on-site - zoning allows up to 24 units/acre
- Potential to convert to condos (see page 9)

STORIES

2 (Garden level)

LEGAL

Lot 1, Berthoud Apartments Sub

PROPERTY CONDITION

Clean, maintained and updated

MARKET LEASE RATES

One Bedroom: \$1,150/month per unit
Two Bedroom: \$1,400/month per unit
(Note: currently under-rented)

NEW IN 2017

HVAC

Exterior siding, paint and windows



Berthoud Village TOWNHOMES

PROPERTY OVERVIEW

1602 N. 4th Street / Berthoud, Colorado



LOCATION

The Property is conveniently located between larger metropolitan areas such as Denver (50 miles), Boulder (30 miles), Fort Collins (27 miles), Longmont (11 miles) and Loveland (7 miles). This provides residents of Berthoud the best of living in a small town while having easy access to the resources of larger cities.

Source: www.berthoud.org/residents



PROPERTY OVERVIEW

1602 N. 4th Street / Berthoud, Colorado



FINANCIAL ANALYSIS

1602 N. 4th Street / Berthoud, Colorado



PURCHASE PRICE \$ 5,250,000

CAP Rate 6.01%

FINANCING:

2019 CAP Rate 6.52%

LOAN AMOUNT: \$ 3,150,000.00
EQUITY \$: \$ 2,100,000.00
EQUITY %: 40.00%
TERM (YRS): 30
INTEREST RATE: 5.00%

| TENANT: | Units | Total Rental Rate | 2019 Rental Rate | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|--------|-------------------|------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 1502 | 6 | \$ 5,725.00 | \$ 6,300.00 | 68,700 | 75,600 | 77,868 | 80,204 | 82,610 | 85,088 | 87,641 | 90,270 | 92,978 | 95,768 | 98,641 |
| 1504 | 6 | \$ 6,000.00 | \$ 6,300.00 | 72,000 | 75,600 | 77,868 | 80,204 | 82,610 | 85,088 | 87,641 | 90,270 | 92,978 | 95,768 | 98,641 |
| 1506 | 6 | \$ 5,550.00 | \$ 6,300.00 | 66,600 | 75,600 | 77,868 | 80,204 | 82,610 | 85,088 | 87,641 | 90,270 | 92,978 | 95,768 | 98,641 |
| 1604 | 6 | \$ 6,350.00 | \$ 6,550.00 | 76,200 | 78,600 | 80,958 | 83,387 | 85,888 | 88,465 | 91,119 | 93,853 | 96,668 | 99,568 | 102,555 |
| 1606 | 6 | \$ 5,925.00 | \$ 6,300.00 | 71,100 | 75,600 | 77,868 | 80,204 | 82,610 | 85,088 | 87,641 | 90,270 | 92,978 | 95,768 | 98,641 |
| 1602 | 1 | \$ 1,025.00 | \$ 1,200.00 | 12,300 | 14,400 | 14,832 | 15,277 | 15,735 | 16,207 | 16,694 | 17,194 | 17,710 | 18,241 | 18,789 |
| Total Units | 31 | | | | | | | | | | | | | |
| Total Sq. Ft. | 26,434 | | | | | | | | | | | | | |
| POTENTIAL RENTAL INCOME: | | | | 366,900 | 395,400 | 407,262 | 419,480 | 432,064 | 445,026 | 458,377 | 472,128 | 486,292 | 500,881 | 515,907 |
| Less Vacancy: | | 0.00% | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GROSS OPERATING INCOME: | | | | 366,900 | 395,400 | 407,262 | 419,480 | 432,064 | 445,026 | 458,377 | 472,128 | 486,292 | 500,881 | 515,907 |
| Property Tax | | \$ 14,930.73 | | 14,931 | 15,379 | 15,840 | 16,315 | 16,805 | 17,309 | 17,828 | 18,363 | 18,914 | 19,481 | 19,914 |
| Insurance | | \$ 13,562.00 | | 13,562 | 13,969 | 14,388 | 14,820 | 15,264 | 15,722 | 16,194 | 16,680 | 17,180 | 17,695 | 18,226 |
| Utilities | | | | | | | | | | | | | | |
| - Water | | \$ 9,558.06 | | 9,558 | 9,845 | 10,140 | 10,444 | 10,758 | 11,080 | 11,413 | 11,755 | 12,108 | 12,471 | 12,108 |
| - Gas/Electric | | \$ 2,804.52 | | 2,805 | 2,889 | 2,975 | 3,065 | 3,157 | 3,251 | 3,349 | 3,449 | 3,553 | 3,659 | 3,769 |
| - Trash | | \$ 3,690.13 | | 3,690 | 3,801 | 3,915 | 4,032 | 4,153 | 4,278 | 4,406 | 4,538 | 4,675 | 4,815 | 4,959 |
| Expenses | | | | | | | | | | | | | | |
| - Plumbing | | \$ 3,729.45 | | 3,729 | 3,841 | 3,957 | 4,075 | 4,198 | 4,323 | 4,457 | 4,597 | 4,724 | 4,866 | 4,724 |
| - Appliance repair | | \$ 566.94 | | 567 | 584 | 601 | 620 | 638 | 657 | 677 | 697 | 718 | 740 | 718 |
| - Carpet cleaning | | \$ 365.00 | | 365 | 376 | 387 | 399 | 411 | 423 | 436 | 449 | 462 | 476 | 491 |
| - Pest Control | | \$ 566.94 | | 567 | 584 | 601 | 620 | 638 | 657 | 677 | 697 | 718 | 740 | 762 |
| - Office Supplies/Postage | | \$ 1,611.25 | | 1,611 | 1,660 | 1,709 | 1,761 | 1,813 | 1,868 | 1,924 | 1,982 | 2,041 | 2,102 | 2,165 |
| - Legal | | \$ 140.00 | | 140 | 144 | 149 | 153 | 158 | 162 | 167 | 172 | 177 | 183 | 188 |
| | | | | 51,525 | 53,071 | 54,663 | 56,303 | 57,992 | 59,732 | 61,524 | 63,369 | 65,270 | 67,228 | 67,025 |
| NET OPERATING INCOME (NOI): | | | | 315,375 | 342,329 | 352,599 | 363,177 | 374,072 | 385,295 | 396,853 | 408,759 | 421,022 | 433,652 | 448,883 |
| BUILDING VALUATION: | | CAP = 4.75% | | 6,639,473 | 7,206,931 | 7,423,139 | 7,645,833 | 7,875,208 | 8,111,464 | 8,354,808 | 8,605,453 | 8,863,616 | 9,129,525 | 9,450,161 |
| VALUE PER Sq. Ft.: | | | | 251.17 | 272.64 | 280.82 | 289.24 | 297.92 | 306.86 | 316.06 | 325.54 | 335.31 | 345.37 | 357.50 |
| ANNUAL DEBT SERVICE: | | | | | | | | | | | | | | |
| PRINCIPAL | | | | 46,474 | 48,852 | 51,351 | 53,978 | 56,740 | 59,643 | 62,694 | 65,902 | 69,273 | 72,818 | 76,543 |
| INTEREST | | | | 156,445 | 154,067 | 151,568 | 148,940 | 146,179 | 143,276 | 140,224 | 137,017 | 133,645 | 130,101 | 126,375 |
| TOTAL DEBT SERVICE (ANNUAL): | | | | 202,919 | 202,919 | 202,919 | 202,919 | 202,919 | 202,919 | 202,919 | 202,919 | 202,919 | 202,919 | 202,919 |
| DEBT SERVICE COVERAGE RATIO: | | | | 1.55 | 1.69 | 1.74 | 1.79 | 1.84 | 1.90 | 1.96 | 2.01 | 2.07 | 2.14 | 2.21 |
| LOAN TO VALUE RATIO: | | | | 47.4% | 43.1% | 41.2% | 39.3% | 37.5% | 35.7% | 33.9% | 32.2% | 30.5% | 28.9% | 27.2% |
| Capital Expenditures: | | | | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| NET CASH FLOW: | | | | 109,956 | 136,911 | 147,181 | 157,759 | 168,654 | 179,876 | 191,435 | 203,340 | 215,603 | 228,234 | 243,464 |
| CASH ON CASH ROI | | | | 5.24% | 6.52% | 7.01% | 7.51% | 8.03% | 8.57% | 9.12% | 9.68% | 10.27% | 10.87% | 11.59% |
| LEVERAGED ROI | | | | 7.45% | 8.85% | 9.45% | 10.08% | 10.73% | 11.41% | 12.10% | 12.82% | 13.57% | 14.34% | 15.24% |
| CASH FLOW + PRINCIPAL EQUITY GAIN: | | | | 156,430 | 185,762 | 198,532 | 211,737 | 225,394 | 239,519 | 254,129 | 269,242 | 284,877 | 301,051 | 320,007 |
| BUILDING VALUE (SALE): | | CAP = 4.75% | | 7,206,931 | 7,423,139 | 7,645,833 | 7,875,208 | 8,111,464 | 8,354,808 | 8,605,453 | 8,863,616 | 9,129,525 | 9,450,161 | 9,733,666 |
| LESS PURCHASE PRICE: | | | | -5,250,000 | -5,250,000 | -5,250,000 | -5,250,000 | -5,250,000 | -5,250,000 | -5,250,000 | -5,250,000 | -5,250,000 | -5,250,000 | -5,250,000 |
| LESS SELLING EXPENSES: | | COMM. % 3.00% | | -216,208 | -222,694 | -229,375 | -236,256 | -243,344 | -250,644 | -258,164 | -265,908 | -273,886 | -283,505 | -292,010 |
| ESTIMATED GAIN ON SALE OF BLDG IF SOLD: | | | | 1,740,723 | 1,950,445 | 2,166,458 | 2,388,952 | 2,618,121 | 2,854,164 | 3,097,289 | 3,347,708 | 3,605,639 | 3,916,657 | 4,191,656 |
| NET CUMULATIVE GAIN IF SOLD (CASH + PRIN): | | | | 202,904 | 234,614 | 249,883 | 265,715 | 282,134 | 299,162 | 316,823 | 335,144 | 354,150 | 373,869 | 396,550 |
| IRR (IF SOLD): | | | | 90.3% | 44.7% | 32.1% | 26.2% | 22.8% | 20.6% | 19.0% | 17.9% | 17.0% | 17.6% | 18.1% |

Proforma Condo Conversion Summary

| Unit Type | Quantity | Value | Total |
|-------------------|----------|--------------|-----------------------|
| 1 Bedroom | 7 | \$189,000.00 | \$1,323,000.00 |
| 2 Bedroom | 24 | \$229,000.00 | \$5,496,000.00 |
| | | | \$6,819,000.00 |
| Estimated Expense | | | \$69,000.00 |
| Net | | | \$6,750,000.00 |
| Profit (Gross) | | | \$1,000,000.00 |

| | |
|----------------------|----------------------------|
| Current Zoning | 12 Units per Acre |
| Proposed Zoning | 24 Units per Acre |
| Current Total Units | 38.4 Units (7 Additional) |
| Proposed Total Units | 76.8 Units (46 Additional) |

LARIMER COUNTY MEDIA ACCOLADES



Fort Collins #17
Best Places for Business and Careers, Forbes 2017

As home to Colorado State University, Ft. Collins has attracted many high-tech companies and promotes up and coming industries within the area such as clean energy, bioscience, and agri-tech business. With unemployment at 2.1%, the area ranked 17th for job growth and 10th in education across the county.



Loveland #11, Small Communities
Well-Being Rankings and Access to Health Care in the U.S.

Gallup/Healthways, 2017



Fort Collins #16
Top 100 Best Places to Live in the U.S., Livability.com, 2017

The city has high-ranking schools, a thriving arts scene and multiple outdoor recreation opportunities, and the median income for families tops \$100,000. Fort Collins has a charming Old Town downtown district as well as a thriving beer culture with more than 15 microbreweries.

DEMOGRAPHIC PROFILE

| | 1 Mile | 3 Miles | 5 Miles |
|--------------------------|----------|----------|----------|
| 2017 Population | 7,911 | 63,789 | 86,805 |
| Median Age | 47.4 | 41.3 | 41.5 |
| Average Household Income | \$71,733 | \$79,134 | \$81,390 |

Source: Esri, 2017

“GATEWAY
TO THE ROCKIES”

“GARDEN SPOT
OF COLORADO”

THE CITY OF BERTHOUD

Berthoud is strategically located just 40 minutes north of Denver and 20 minutes south of Fort Collins along I-25. Convenient to businesses and retail, Berthoud is in the heart of the Front Range community with easy access to highways and major arterials. Berthoud is also strategically located between the campuses of Colorado State University in Fort Collins and Colorado University at Boulder. The Front Range Community College is within 20 minutes with campuses in Longmont and Fort Collins. Berthoud is well positioned in the middle of it all.

With a variety of active development sites, there really is something for everyone in the Colorado commercial, industrial and residential development industry. **Source: www.berthoud.org**



MAJOR LARIMER & WELD COUNTY EMPLOYERS

- UC Health: Poudre Valley Hospital
- JBS Swift & Company
- Banner Health: North Colorado Medical Center
- Vestas
- Broadcom Ltd.
- Woodward Inc.
- Banner Health: McKee Medical Center
- State Farm Insurance Companies
- Qualfon
- Hewlett Packard
- Hach Company
- TeleTech
- Anheuser-Busch Fort Collins Brewery
- Halliburton Energy Services, Inc.
- Tolmar, Inc.
- Anadarko Petroleum
- Select Energy Services
- Noble Energy
- Agrium
- Leprino Foods

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Travis Ackerman is a Director at Cushman & Wakefield and one of the most active commercial brokers in Northern Colorado. Travis' team is active in all aspects of commercial real estate whether it be industrial, retail, office, multi-family or land. As a result, they are able to provide insight and advisory services on all facets of the Northern Colorado Market

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