

DOWNTOWN SCOTTSDALE

38-UNIT MULTIFAMILY PORTFOLIO

Shalimar Sands

6824 EAST 4TH STREET
SCOTTSDALE, AZ 85251 *26 units*

ROYAL PALMS

4525 N 74TH STREET
SCOTTSDALE, AZ 85251 *12 units*

LISTED BY

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ORION 
INVESTMENT REAL ESTATE



- Best Rental Sub-Market in the Entire Metropolitan Area
- High Profile, Prestigious Downtown Scottsdale Locations
- Walking Distance to Arts and Entertainment Districts
- Pride of Ownership Properties with Long Term Viability
- Block Construction – Mid Century Modern Architecture
- All Units are Individually Metered for Electricity
- Both Covered and Uncovered Parking Spaces
- Each Property Central Courtyard and Pool Area
- Shalimar – Two Storage Rooms, Two Water Heaters
- Royal Palms – Individual HVACs and Hot Water Heaters
- Recent Capital Improvements include –
 - New Square D Electric Panels in Units
 - Digital Electric Meters / Thermostats
 - Updated Plumbing with Isolation Valves
 - NEW LED Exterior Security Lighting
 - New Water Efficient Low Flow Toilets
 - New Electric Ranges and Other Appliances
 - New Landscaping for Both Properties
 - Community W/Ds and Some Unit W/Ds
- 18 of 38 Units LURA Rent Restrictions Until 2024-25
- LURA Units Could be Transferred to Another Property
- Value Add Strategy to Increase Rents to Current Market
- Bridge-to-Perm Financing Option Available Upon Request

SALE PRICE	\$6,600,000
PRICE/UNIT	\$173,684
PRICE/SF	\$220.81
TOTAL UNITS	38
TOTAL BUILDING SF	29,890 SF
TOTAL LAND SIZE	1.50 Acres
YEAR BUILT	1956/1959
ZONING	R-5, Scottsdale

INVESTMENT OPPORTUNITY:

ORION Investment Real Estate proudly offers the exclusive opportunity to acquire thirty eight (38) multifamily units within highly desirable Downtown Scottsdale.

These boutique, garden-style apartment communities in exceptional locations represent intriguing near and long-term opportunities for the savvy investor. Upon acquisition, we recommend new ownership pursue interior and exterior renovation projects to maximize the available market rental income. There is also opportunity to recapture utilities expenses through the implementation of a RUBS program. The portfolio is located within the epicenter of Scottsdale Downtown Overlay District, a high profile area with average rents of \$1,849 per unit and \$1.86 per square feet (source: Yardi Matrix), which is currently well above market rents at both communities. Although well maintained, the market rate units within these communities would see \$200+ rental increases by renovating to a more competitive market finish (suggestions include quartz counters, upgraded cabinets, stainless appliances, tile backsplashes, vinyl flooring, new lighting and water fixtures). Since both communities are also located in the Downtown Overlay and have R-5 zoning, an investor will have the additional exit opportunity of redevelopment once the LURA restrictions have been lifted.



VIEW DRONE VIDEO

PORTFOLIO SUMMARY:

Shalimar Sands (26-units) and Royal Palms (12-units) are located just steps from the Arts District and Entertainment Districts, respectively. Residents at both communities are offered a true Live, Work, Play experience with proximity to desirable local employment (Yelp, Zillow, Indeed.com, Weebly, Honor Health, McKesson) and the lively Entertainment District which boasts the best nightlife in Phoenix Metropolitan Area. In addition to offering residents immediate and ready access to all the outstanding amenities that Downtown Scottsdale has to offer, both properties provide residents desirable on-site amenities including lush courtyards with mature landscaping and resort style pools, with Shalimar Sands also providing covered parking and a gated community.

SHALIMAR SANDS:

Shalimar Sands is comprised of 26 individually-metered units on a 1+ Acre parcel, built in 1959. This gated community is on the doorstep of the Art District and a short stroll from Historic Old Town and 5th Avenue Shopping District. The unit mix includes 20 - one bed / one bath units of 710 square feet, 5 - two bed / two bath units between 1,050 and 1,100 square feet, and 1 - three bed / two bath unit of 1,400 square feet. Of the 20 one bedroom units, 10 have rental restrictions under a land use restriction agreement (LURA) which expires in 2024. All the other 16 units on property can be rented at current market rates with no LURA restrictions. The units on this property have been maintained with various levels of renovations and improvements over the years under the current owner. The current owner has improved the property substantially, including the following capital improvements: Square D electric panels inside the units with digital electric meters outside; updated plumbing with isolation valves to units; exterior LED security lighting; water efficient, low-flow toilets; electric ranges installed; new landscaping; new common area washers and dryers, and new washers and dryers in selected units as well. This gated community includes courtyards, barbeques, a common pool area, private patios (some), two large storage areas (potential for additional units or amenities), ample covered and uncovered parking.

ROYAL PALMS:

Royal Palms is comprised of 12 individually-metered units built in 1956. The community is just steps from the Entertainment District and a short walk to Scottsdale Fashion Square, Waterfront, & Southbridge. There are 8 - one bed / one bath units of 580 square feet, 2 - two bed / two bath units of 850 square feet, and 2 - three bed / two bath unit of 1,250 square feet. All 8 one bedroom units have rental restrictions under the LURA which expires in 2025, the other 4 units on property can be rented at current market rates with no LURA restrictions. The units on this property have been maintained with various levels of renovations and improvements over the years under the current owner. The current owner has improved the property substantially, including the following capital improvements: Square D electric panels inside the units with digital electric meters outside; new plumbing from street to all water fixtures (PEX); exterior LED security lighting; water efficient, low-flow toilets; gas ranges installed; new landscaping; and new common area washers and dryers. This community includes courtyards, barbeques, a common pool area, and ample uncovered parking.

PARCEL INFORMATION

PARCELS: 173-38-047C, 173-38-048C, 173-38-049C, 130-10-037C

LAND SIZE: +/- 1.50 Acres

Shalimar Sands



ROYAL PALMS



PORTFOLIO PROFORMA - NO LURA

PORTFOLIO PROFORMA - LURA

investment overview		proposed financing	
Price	\$ 6,600,000	Down Payment	42% \$ 2,769,615
Price Per Unit	\$ 173,684	Loan Amount	58% \$ 3,830,385
Price Per Foot	\$ 220.81	Interest Rate	4.75%
CAP Rate	6.57%	Amortization Period	30
GRM	11.88	Annual Debt Service	\$ 239,773
Cash on Cash	6.99%	Debt Coverage Ratio	1.81

unit mix and rent schedule							
Units	Type	Name	Sq. Ft.	Total Sq. Ft.	Market Rent	Month Total	
SS	10	1/1 One Bed / One Bath	710	7,100	\$ 1,150	\$ 11,500	
SS	10	1/1 One Bed / One Bath	710	7,100	\$ 1,150	\$ 11,500	
RP	8	1/1 One Bed / One Bath	580	4,640	\$ 900	\$ 7,200	
SS	1	2/2 Two Bed / Two Bath	1,050	1,050	\$ 1,650	\$ 1,650	
SS	4	2/2 Two Bed / Two Bath	1,100	4,400	\$ 1,500	\$ 6,000	
RP	2	2/2 Two Bed / Two Bath	850	1,700	\$ 1,500	\$ 3,000	
SS	1	3/2 Three Bed / Two Bath	1,400	1,400	\$ 1,850	\$ 1,850	
RP	2	3/2 Three Bed / Two Bath	1,250	2,500	\$ 1,800	\$ 3,600	
	38		787	29,890	\$ 1,218	\$ 46,300	

income	
Annual Gross Potential Rent	\$ 555,600
Physical Vacancy	3.00% \$ (16,668)
Economic Vacancy	3.05% \$ (16,932)
Total Vacancy Loss	6.05% \$ (33,600)
Net Rental Income	\$ 522,000
Other Income (RUBS, Laundry, etc)	\$ 37,500
Gross Operating Income	\$ 559,500

expenses	
Operating Expenses *1	
Wages & Salaries	\$700 / Unit / Year \$ 26,600 *1
Utilities	\$730 / Unit / Year \$ 27,728
Maintenance & Repairs	\$500 / Unit / Year \$ 19,000 *1
Management Fees	3.5% of Net Rent \$ 18,270 *1
Professional Services	\$125 / Unit / Year \$ 4,750 *1
Administrative Expenses	\$100 / Unit / Year \$ 3,800 *1
Property Insurance	\$135 / Unit / Year \$ 5,130 *1
Property Taxes	\$298 / Unit / Year \$ 11,333 *2
Replacement Reserves	\$250 / Unit / Year \$ 9,500
Total Operating Expenses	\$ 126,111
Expenses Per Unit	\$ 3,319
Expenses Per Sq. Ft.	\$ 4.22
Net Operating Income	\$36,116 / Month \$ 433,389
Less: Annual Debt Service	\$19,981 / Month \$ 239,773
Cash Proceeds After Debt Service	\$16,135 / Month \$ 193,616

*1 Adjusted to Market Average for Similar Properties
*2 Actual 2017 Taxes per Maricopa County Tax Assessor + 5%

investment overview		proposed financing	
Price	\$ 6,600,000	Down Payment	42% \$ 2,769,615
Price Per Unit	\$ 173,784	Loan Amount	58% \$ 3,830,385
Price Per Foot	\$ 220.81	Interest Rate	4.75%
CAP Rate	5.31%	Amortization Period	30
GRM	13.72	Annual Debt Service	\$ 239,773
Cash on Cash	3.99%	Debt Coverage Ratio	1.46

unit mix and rent schedule							
Units	Type	Name	Sq. Ft.	Total Sq. Ft.	Market Rent	Month Total	
SS	10	1/1 One Bed / One Bath	710	7,100	\$ 1,150	\$ 11,500	
SS	10	1/1 One Bed / One Bath - *L	710	7,100	\$ 708	\$ 7,079	
RP	8	1/1 One Bed / One Bath - *L	580	4,640	\$ 677	\$ 5,413	
SS	1	2/2 Two Bed / Two Bath	1,050	1,050	\$ 1,650	\$ 1,650	
SS	4	2/2 Two Bed / Two Bath	1,100	4,400	\$ 1,500	\$ 6,000	
RP	2	2/2 Two Bed / Two Bath	850	1,700	\$ 1,500	\$ 3,000	
SS	1	3/2 Three Bed / Two Bath	1,400	1,400	\$ 1,850	\$ 1,850	
RP	2	3/2 Three Bed / Two Bath	1,250	2,500	\$ 1,800	\$ 3,600	
	38		787	29,890	\$ 1,055	\$ 40,092	

income	
Annual Gross Potential Rent	\$ 481,102
Physical Vacancy	3.00% \$ (14,433)
Economic Vacancy	3.05% \$ (14,669)
Total Vacancy Loss	6.05% \$ (29,102)
Net Rental Income	\$ 452,000
Other Income (RUBS, Laundry, etc)	\$ 22,000
Gross Operating Income	\$ 474,000

expenses	
Operating Expenses	
Wages & Salaries	\$700 / Unit / Year \$ 26,600 *1
Utilities	\$730 / Unit / Year \$ 27,728
Maintenance & Repairs	\$500 / Unit / Year \$ 19,000 *1
Management Fees	3.5% of Net Rent \$ 15,820 *1
Professional Services	\$125 / Unit / Year \$ 4,750 *1
Administrative Expenses	\$100 / Unit / Year \$ 3,800 *1
Property Insurance	\$135 / Unit / Year \$ 5,130 *1
Property Taxes	\$298 / Unit / Year \$ 11,333 *2
Replacement Reserves	\$250 / Unit / Year \$ 9,500
Total Operating Expenses	\$ 123,661
Expenses Per Unit	\$ 3,254
Expenses Per Sq. Ft.	\$ 4.14
Net Operating Income	\$29,195 / Month \$ 350,339
Less: Annual Debt Service	\$19,981 / Month \$ 239,773
Cash Proceeds After Debt Service	\$9,214 / Month \$ 110,566

*L LURA units: 10 at Shalimar (2-Low, 8-High HOME Rent) until Apr 2024; 8 at Royal (2-L, 6-H) until May 2025

*1 Adjusted to Market Average for Similar Properties
*2 Actual 2017 Taxes per Maricopa County Tax Assessor + 5%

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Legal questions should be discussed by the party with an attorney. Tax questions should be discussed by the party with a certified public accountant or tax attorney. Title questions should be discussed by the party with a title officer or attorney. Questions regarding the condition of the property and whether the property complies with applicable governmental requirements should be discussed by the party with appropriate engineers, architects, contractors, other consultants and governmental agencies. All properties and services are marketed by ORION Investment Real Estate in compliance with all applicable fair housing and equal opportunity laws.

DISCLAIMER

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