

# INVESTMENT SUMMARY



Irreplaceable NE  
Heights location  
1920 Vassar NE

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# The Market—Albuquerque, NM

Although the rest of the country might know Albuquerque for its award winning TV Show, Breaking Bad, astute investors are looking at Albuquerque as the place to invest.

With neither a boom or bust mentality, Albuquerque has a strong record of rent increases and a lack of new product. This results in high barriers to entry for competing apartments making multifamily investment a solid choice.

Thanks to major employers like Sandia National Laboratories and Intel Albuquerque is home to more PhD's per capita than in any city in North America.

Albuquerque has an exceptional quality of living, offering over 147 miles of hiking and biking trails inside the city as well as mile high Sandia mountains, and North America's largest cottonwood forest, Albuquerque is known for its 300+ days of sunshine, skiing and golf in the same day, stunning sunsets, and abundance of outdoor activities, Albuquerque is the amenity for most apartment residents.



## filmnewmexico



## Albuquerque, New Mexico in the news

- ☑ **9th best mid-sized city of the Future**

*Foreign Direct Investment magazine—03/2015*

- ☑ **6th best city to travel to for food snobs**

- ☑ **America's best city for Global Trade for Skilled Workforce**

*Global Trade magazine—11/2014*

- ☑ **3rd best city for rent growth**

*All Property Management as reported in ABQ Journal—10/2013*

- ☑ **6th best city in US for connecting workers to jobs using Public Transportation**

*Brookings Institute—July 2012*

- ☑ **One of the 10 best park systems in the nation**

*Trust for Public Land—2012*

- ☑ **3rd most fittest city**

*Men's Fitness Magazine—2012*

- ☑ **3rd best city to make movies**

*Moviemaker.com—June 2012*

- ☑ **Top 25 best places to Retire**

*CNNMoney.com—Sept. 2011*

- ☑ **15th best city in Bloomberg's Business Week (best cities)**

*Bloomberg's Business Week—2011*

- ☑ **#17th best bike friendly city**

*Bicycling Magazine—2010*

- ☑ **Top Ten for Being a Healthy Community**

*Outside Magazine—#6—August 2009*

- ☑ **One of the Best Cities in the Nation**

*Kiplinger Magazine—#2—July 2009*

- ☑ **Top 10 places to Live**

*U.S. News & World Report—June 2009*

- ☑ **AAA rates Albuquerque 2nd in vacation affordability**

*American Automobile Association—June 2008*

- ☑ **UNM Anderson School Ranked in Global 100**

*Aspen Institute, October 2007*

- ☑ **Forbes Ranks Albuquerque #8 in Best Cities for Jobs**

*Forbes, October 2007*

- ☑ **UNM Schools Ranked Among Best**

*Hispanic Business- September 2007*

- ☑ **Albuquerque Named 25th Among America's Hottest Job Markets**

- ☑ **Albuquerque Named Among the 50 Best Adventure Towns**

*National Geographic Magazine, September 2007*

- ☑ **New Mexico Ranked Fifth Nationally for Manufacturing Momentum**

*Business Facilities, June 2007*

- ☑ **Albuquerque Ranked #9 Among Cities for Most Educated Workforce**

*Business Facilities- June 2007*

- ☑ **New Mexico Ranked #7 for Pro-Business Climate (#1 in the Southwest)**

*Business Facilities, June 2007*

- ☑ **Albuquerque Ranked #2 Arts Destination**

- ☑ **Albuquerque Named Among the Top 20 Metros for Nanotech**

*Wilson Center's Project on Emerging Nanotechnologies, May 2007*

- ☑ **Albuquerque Named one of the Top 20 Midsize Cities for Doing Business**

*Inc.com, April 2007*

- ☑ **Albuquerque Fittest City in the Nation**

*Men's Fitness, March 2007*

- ☑ **Albuquerque One of America's 50 Hottest Cities,**

*Expansion Management, February 2007*

- ☑ **Albuquerque Named a Top 10 City for Movie Making,**

- ☑ **Albuquerque Ranked 3rd Smartest City to Live,**

*Kiplinger's Personal Finance, May 2006*

- ☑ **Albuquerque One of the Top Metros in U.S. Overall for Public Schools-**

*Expansion Management, May 2006*

- ☑ **Bizjournals Survey Ranks Albuquerque 18th for Jobs,**

*BizJournals, November 2006*

- ☑ **Albuquerque Best in Nation for Business and Careers**

*Forbes, May 2006*

- ☑ **Forbes Magazine Ranks Albuquerque as 5th Best Metro Overall and Lowest Cost City for Doing Business-**

*Forbes, May 2005*

# The Offering

On behalf of the owner, NM Apartment Advisors Inc., is pleased to present a rare opportunity to acquire the Vassar North Apartments in Albuquerque, New Mexico. Located within walking distance of the Tennis Club, Whole Foods and various restaurants. The property is also within biking distance of the University of NM and sits on the major east west bike trail.

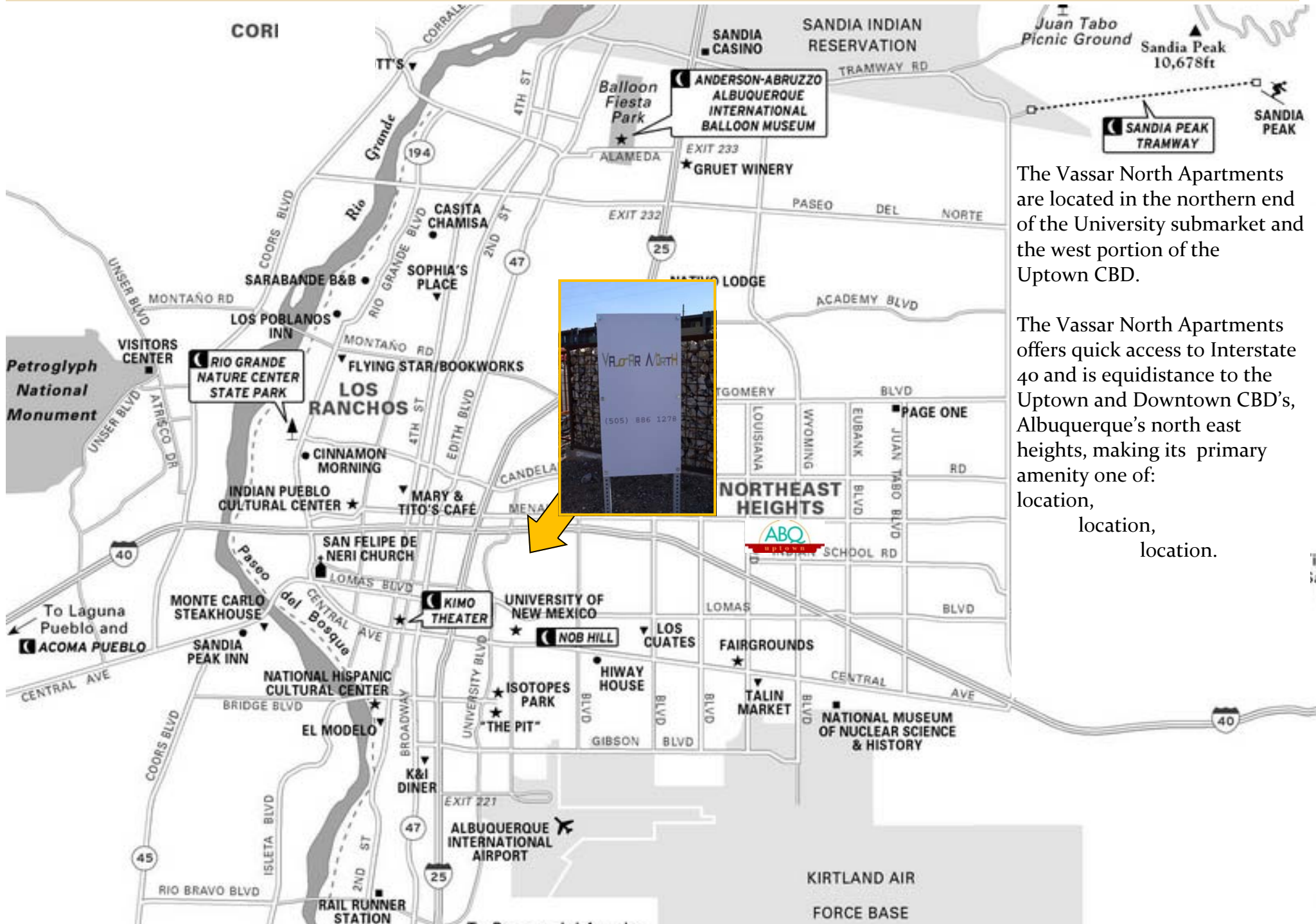
# The Property

Built in 1979, and completely renovated to condo-quality in 2014, the property contains 32 cool, hip, and artistic apartment units.



<b>Address</b>	1920 Vassar NE Albuquerque, NM 87106
<b>Number of Units</b>	32
<b>Bldg. Size</b>	Net Rentable 25,370 sf Gross 25,870 sf
<b>Avg. Unit Size</b>	793 square feet
<b>Avg. Rent</b>	\$1,035 + G&E \$1.31/sf
<b>Site</b>	1.08 acres
<b>Density</b>	29 units to the acre
<b>Zoning</b>	R-3
<b>Amenities</b>	Gated Community, spacious balcony areas, built in Washed and Dyers, dog run, laundry room, out door grille.

# The Location



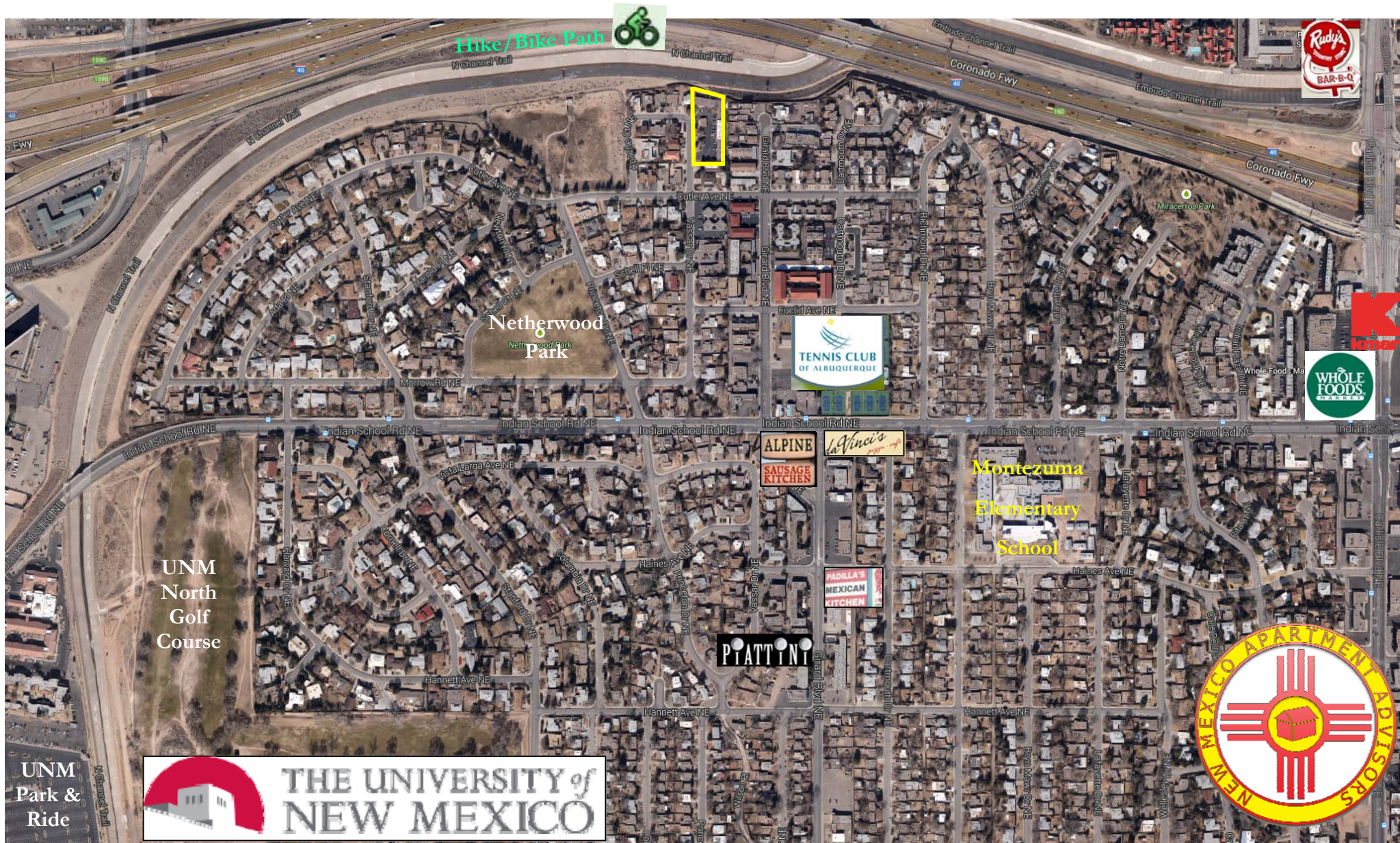
The Vassar North Apartments are located in the northern end of the University submarket and the west portion of the Uptown CBD.

The Vassar North Apartments offers quick access to Interstate 40 and is equidistance to the Uptown and Downtown CBD's, Albuquerque's north east heights, making its primary amenity one of:  
location,  
location,  
location.

# The Neighborhood

The Vassar North Apartments are located in a middle to high end residential neighborhood with close proximity to the University of New Mexico legal, Medical and Main campuses as well as shopping, and outdoor activities like biking, tennis, and golf.

This apartment community is located near a mixed used corridor that includes the Tennis Club of Albuquerque, the Alpine Sausage Kitchen, Donald Mickey Designs, DaVinci's Pizza/Café, Padilla's Mexican Restaurant (arrive early as its always packed at lunch) and Piattini Italian Restaurant.

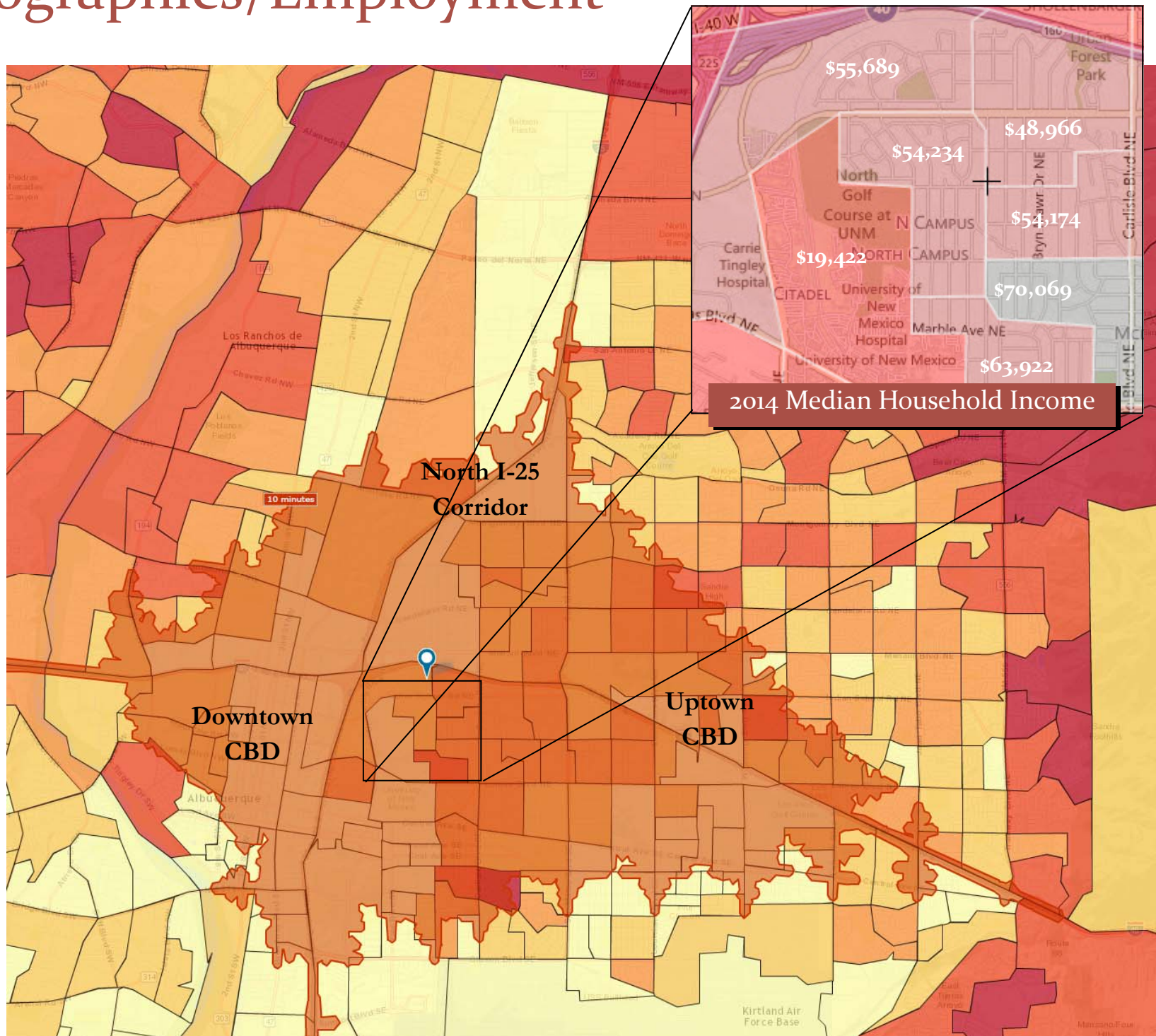


# Area Demographics/Employment

The Vassar North Apartments are within a 10 minute drive time of a majority of the city including access to some 15,981 businesses, 149,627 employees, and 132,884 people whose average household income is \$47,623.

Household incomes in the immediate area or census block group average \$55,689.

According to Zillow, surrounding single family residential properties are valued between \$260,000 to \$350,000.



# Investment Highlights

Recently renovated top to bottom and inside out, the property has been refreshed by the current owner/developer/artistic team who has a keen eye for details, finishes, color textures, and amenities that appeal to the millennial renter.



A current APOD, current rent roll, historical profit and loss statements, financing quotes, and more are available via the 100+ page offering memorandum.

Qualified buyers and buyers agents can register for the offering memorandum at [www.nmapartment.com/vn](http://www.nmapartment.com/vn).



List Price	\$4,375,000	
\$/ unit	\$136,719	
\$/sf	\$172.45	
	Actual	Proforma
Avg. Rent	\$1,035	\$1,078
GRM	11.05	9.45
Cap Rate Before reserves	6.36%	7.30%
Cap Rate After reserves	6.21%	7.13%
Year 1 NOI	\$271,817	\$312,147
Cash on Cash	7.35%	11.04%
IRR Before Tax	16.0%	20.5%
IRR After Tax	12.6%	15.8%
Occupancy	100% as of April 1st, 2015	

# Annual Property Operating Data (APOD)

NM Apartment Advisors Financial Overview for:

Vassar North

1920 Vassar NE

Prepared by: Todd Clarke CCIM

4/2/2015

Unit/Rent Summary				E		C		A			
#	Type	Style	Approx Size	Actual Rent	Street Rate as of 04/2015	Market Rent - Millennial Units	Actual Rent \$/sf	Total Actual	Total Max Rent for this type	Total Market Potential	Total sf
30	2 bed / 1 bath	Renovated	775	\$ 1,015	\$ 1,150	\$ 1,195	\$ 1.31	\$ 30,440	\$ 34,500	\$ 35,850	23,250
1	3 bed / 1.75 bath	S	1,000	\$ 1,175	\$ 1,175	\$ 1,275	\$ 1.18	\$ 1,175	\$ 1,175	\$ 1,275	1,000
1	3 bed / 1.75 bath	L	1,120	\$ 1,375	\$ 1,375	\$ 1,450	\$ 1.23	\$ 1,375	\$ 1,375	\$ 1,450	1,120
32	total units		Avg. Unit Size=	793 sf		Total=		\$ 32,990	\$ 37,050	\$ 38,575	25,370
	3 floorplans		Avg Actual Rent=	\$ 1,031	\$1.30 Annualized =			\$ 395,880	\$ 444,600	\$ 462,900	

Benchmarks			
Offering Price	\$4,375,000		
\$/unit	\$136,719		
\$/sf	\$172.45	Actual	Proforma
GRM	11.05	11.05	9.45
CAP Before Reserves	6.36%	6.36%	7.30%
CAP After Reserves	6.21%	6.21%	7.13%
Cash on Cash	7.35%	7.35%	11.04%
DCR=	1.42	1.42	1.63



Income			
1	A.	Total Potential Market Income	\$ 462,900
2	B.	Less: loss to market lease	\$ 18,300 4%
3	C.	Total Potential Income (Street)	\$ 444,600
4	D.	Less: Loss to lease	\$ 48,720 11%
5	E.	Total Income	\$ 395,880
6	F.	Less: vacancy	5.0% \$ 19,794
7	G.	Effective Rental Income	\$ 376,086
8	H.	Plus: Other Income	\$ 3,286 1% Laundry & Furnished unit
9	I.	Gross Operating Income	\$ 379,372 2014 was \$332,873

Expenses (Annual)	2014 Actual		Based on:	
	\$/unit	%	\$/unit	%
20 Real Estate Taxes	\$15,016	4%	\$469	4%
21 Personal Property Taxes				
22 Property Insurance	\$7,740	2%	\$242	2%
23 Property Management:				
24 Off Site Management	\$32,474	9%	\$1,015	8% + GRT
25 Payroll-Onsite Personnel	\$9,845	3%	\$308	3%
26 Expenses/Benefits				
27 Taxes/Workman's Compensation				
28 Repairs and Maintenance	\$14,000	4%	\$438	4%
29 Utilities:				
30 Water, Sewer, & Garbage	\$10,502	3%	\$328	3%
31 Gas/Elec	\$2,730	1%	\$85	1%
32 Electric				
36 Accounting and Legal				
37 Advertising/Licenses/ Commissions	\$1,449	0%	\$45	0%
38 Admin/Supplies	\$531	0%	\$17	0%
39 Miscellaneous				
40 Contract Services:				
41 Internet	\$4,728	1%	\$148	1%
42 Pest Control				
43 Patrol Services				
44 Landscaping	\$2,138	1%	\$67	1%
45 Management occupied				
46 Credit Check				repairs+unit turn+reserve=8% to 12%
47 Unit Cleaning				
48 Reserve for replacement	\$6,400	2%	\$200	2%
49 Total Operating Expenses	\$107,554	28%	\$3,361	28%
50 Net Operating Income	\$271,817		\$8,494	
Less: Annual Debt Service	\$191,403		\$3,281,250	
Cash Flow Before Taxes	\$80,414			

Proforma 2015	Based on:		Forthcoming yr.
	\$/unit	%	
\$15,467	\$483	3%	Potential 2014 = 2013 + 6%
\$7,972	\$249	2%	Potential 2014 = 2013 + 3%
\$35,568	\$1,112	8%	8% + GRT
\$10,140	\$317	2%	Potential 2014 = 2013 + 3%
\$14,420	\$451	3%	Potential 2014 = 2013 + 3%
\$10,818	\$338	2%	Potential 2014 = 2013 + 3%
\$2,812	\$88	1%	Potential 2014 = 2013 + 3%
\$1,493	\$47	0%	Potential 2014 = 2013 + 3%
\$547	\$17	0%	Potential 2014 = 2013 + 3%
\$4,870	\$152	1%	Potential 2014 = 2013 + 3%
\$2,202	\$69	0%	Potential 2014 = 2013 + 3%
\$7,200	\$225	2%	new lender will require
\$113,508	\$3,547	25%	
\$312,147			Potential Market less 5% vacancy + other income
ADS	Loan	LTV	Pmt
\$191,403	\$ 3,281,250	75%	\$15,950
			Term Interest
			30 4.15%
\$120,744			

Loan Quote: Wells Fargo

# 5 year hold analysis with internal rate of returns (IRR)

		Year					Calculated for 1st year of next owners, ownership
		1	2	3	4	5	6
1 Total Potential Market Income	3.0% Increases	\$462,900	\$476,787	\$491,091	\$505,823	\$520,998	\$536,628
2 Less: loss to market lease	4.0%	\$18,300	\$18,849	\$19,414	\$19,997	\$20,597	\$21,215
3 Total Potential Income (Max Rent)		\$444,600	\$457,938	\$471,676	\$485,826	\$500,401	\$515,413
4 Less: Loss to lease	11.0%	\$48,720	\$50,182	\$51,687	\$53,238	\$54,835	\$56,480
5 Total Income		\$395,880	\$407,756	\$419,989	\$432,589	\$445,566	\$458,933
6 Less: vacancy	5.0%	\$19,794	\$20,388	\$20,999	\$21,629	\$22,278	\$22,947
7 Effective Rental Income		\$376,086	\$387,369	\$398,990	\$410,959	\$423,288	\$435,987
8 Plus: Other Income	2.0% Increases	\$3,286	\$3,351	\$3,418	\$3,487	\$3,556	\$3,627
9 Gross Operating Income		\$379,372	\$390,720	\$402,408	\$414,446	\$426,844	\$439,614
<b>Total Operating Expenses</b>	2.0% Increases	\$113,508	\$115,779	\$118,094	\$120,456	\$122,865	\$125,323
<b>Net Operating Income</b>		\$265,863	\$274,941	\$284,314	\$293,990	\$303,979	\$314,292
Mortgage Balance		\$3,224,956	\$3,166,281	\$3,105,124	\$3,041,380	\$2,974,939	
ADS		\$191,403	\$191,403	\$191,403	\$191,403	\$191,403	
- Principal Reduction		\$56,294	\$58,675	\$61,157	\$63,744	\$66,440	
= Mortgage interest		\$135,109	\$132,728	\$130,246	\$127,659	\$124,963	
- cost recovery (annual)	27.5 yrs @ 80%	\$121,975	\$127,273	\$127,273	\$127,273	\$121,975	includes mid mon
= Taxable Income		\$8,779	\$14,940	\$26,795	\$39,058	\$57,041	
Tax on income at ordinary income rate of	35%	\$3,073	\$5,229	\$9,378	\$13,670	\$19,964	
NOI		\$265,863	\$274,941	\$284,314	\$293,990	\$303,979	
- Annual Debt Service		\$191,403	\$191,403	\$191,403	\$191,403	\$191,403	
= <b>Cash Flow Before Tax</b>		\$74,460	\$83,538	\$92,910	\$102,587	\$112,576	
- Less Ordinary Income Tax		\$3,073	\$5,229	\$9,378	\$13,670	\$19,964	
= <b>Cash Flow After Tax</b>		\$71,387	\$78,309	\$83,532	\$88,916	\$92,612	

## Sales Worksheet

### Calculation of Adjusted Basis

1 Basis at Acquisition	\$4,375,000
2 + Capital Additions	
3 -Cost Recovery (Depreciation) Taken	\$625,768
4 =Adjusted Basis at Sale	\$3,749,232

### Calculation of Capital Gain

Disposition CAP Rate	6.2%
5 Sale Price	\$5,058,642
6 -Costs of Sale	\$404,691
7 -Adjusted Basis at Sale	\$3,749,232
8 =Gain or (Loss)	\$904,719
9 -Straight Line Cost Recovery (limited to gain)	\$625,768
=Capital Gain from Appreciation	\$278,951

### Calculation of Sales Proceeds after tax

Sale Price	\$5,058,642
-Cost of Sale	\$404,691
=Mortgage Balance(s)	\$2,974,939
= <b>Sale Proceeds Before Tax</b>	\$1,679,011
-Tax: Straight Line Recapture at 25.0%	\$156,442
-Tax on Capital Gains at 20.0%	\$55,790
= <b>SALE PROCEEDS AFTER TAX:</b>	\$1,466,779

IRR Before tax = 16.0%	
n	\$
0	\$ (1,093,750)
1	\$74,460
2	\$83,538
3	\$92,910
4	\$102,587
5	\$112,576 + \$1,679,011

IRR After tax = 12.6%	
n	\$
0	\$ (1,093,750)
1	\$71,387
2	\$78,309
3	\$83,532
4	\$83,532
5	\$88,916 + \$1,466,779

Investor's Effective Tax Rate =

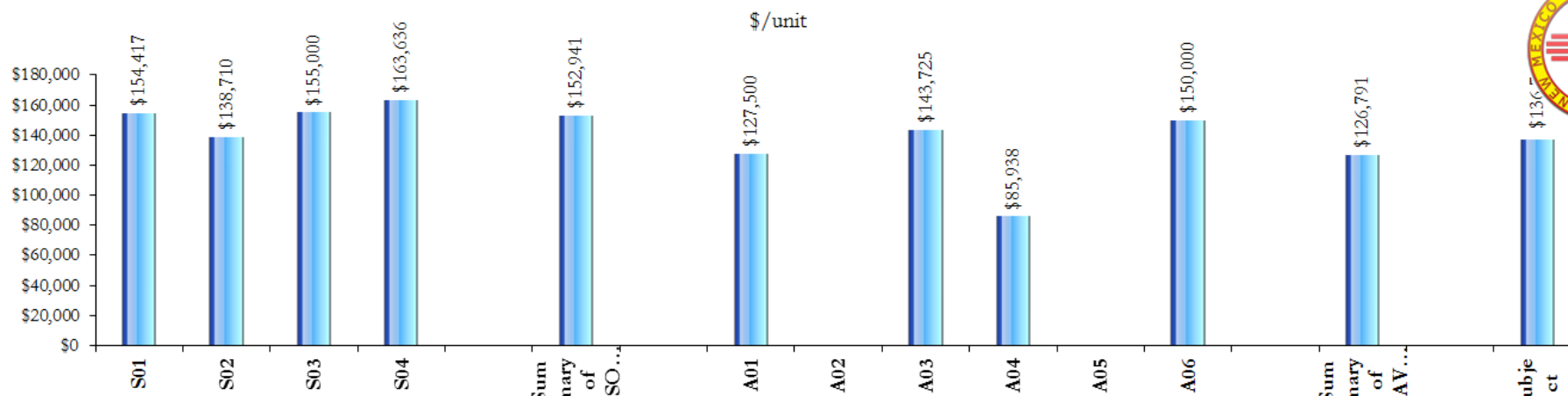
21%

# Comparable Sales

## Comparable Sales Analysis for:

Vassar North

Compiled by Todd Clarke CCIM



#	Name	Add# Street	QD	Units	Age	List Price	Sales Price	Sales Date	\$/unit	\$/sf	Avg. Rent	GRM	CAP
S01	Las Manitas	6200 Montano Plaza	NW	300	2008	\$ 49,900,000	\$ 46,325,000	12/15/14	\$154,417	\$ 136.00	\$1,126	11.43	6.0%
S02	Broadstone Towne C	1801 Gibson	SE	248	2009		\$ 34,400,000	7/1/12	\$138,710	\$ 124.00	\$1,204	9.60	5.8%
S03	Broadstone Santa M	6401 Santa Monica	NE	280	2014		\$ 43,400,000	12/1/14	\$155,000	\$ 138.00	\$1,153	11.20	5.5%
S04	Agave Condos	1900 Central	SW	11	2006	\$ 2,100,000	\$ 1,800,000	11/15/12	\$163,636	\$ 89.00	\$1,345	10.14	6.1%

<b>Summary of SOLD</b>									<b>\$152,941</b>	<b>\$ 122</b>	<b>\$1,207</b>	<b>10.59</b>	<b>5.8%</b>
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A01	Rio Grande Lofts	200 Rio Grande	SW	18	2014	\$ 2,295,000		AVAIL	\$127,500	\$ 126.00	\$1,198	8.87	7.1%
A02	Via Vista	532 Cancun	RR	128	2014	unpriced		AVAIL					
A03		424 Vassar	SE	4	2013	\$ 574,900		AVAIL	\$143,725	\$ 174.74	\$1,071	11.19	6.2%
A04	North Marq	12801 Indian School	NE	256	1987	\$ 22,000,000		AVAIL	\$85,938	\$ 107.00	\$743	9.90	5.6%
A05	San Miguel De Bosq	9180 Coors	NW	356	1994/2008	unpriced		PENDING					
A06	Cantata Trails	6700 Cantata	NW	260	2013	\$ 39,000,000		AVAIL	\$150,000	\$ 149.82			

<b>Summary of AVAIL</b>									<b>\$126,791</b>	<b>\$ 139</b>	<b>\$1,004</b>	<b>9.99</b>	<b>6.3%</b>
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<b>Subject</b>	<b>Vassar North</b>	<b>1920 Vassar NE</b>		<b>32</b>	<b>2014</b>	<b>renovation</b>	<b>\$ 4,375,000</b>		<b>\$ 136,719</b>	<b>\$ 172</b>	<b>\$1,035</b>	<b>11.01</b>	<b>6.2%</b>
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### Average of Comparable SOLD applied to subject property

\$/unit	\$ 152,941	\$ 4,894,099
CAP (Actual)	5.8%	\$ 4,678,720
GRM (Actual)	10.59	\$ 4,033,587

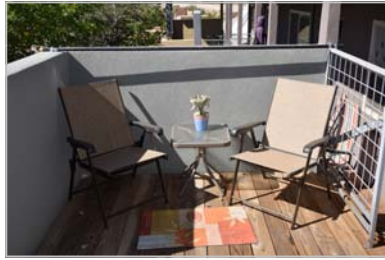
**Average= \$ 4,535,469**

### Average of Comparable AVAIL applied to subject property

\$/unit	\$ 126,791	\$4,057,304
CAP (Actual)	6.3%	\$4,335,242
GRM (Actual)	9.99	\$3,802,346

**Average= \$4,064,964**

# Property photographs



# Key Dates

Release of Offering Memorandum: April 29th, 2015

Property Tour : 1:30 May 21st, 2015 (must RSVP)

(after AANM luncheon on “renting the 20th century apartment in the 21st century”)

Register online for the tour at

[www.nmapartment.com/vn](http://www.nmapartment.com/vn)

Offer Deadline: 5pm MST, June 4th, 2015

# Marketing Advisors

The property is being offered with one tour date and a fixed deadline for receipt of all offers. Additional information on the sales process can be found at

[www.nmapartment.com/bidprocess/bidprocess.pdf](http://www.nmapartment.com/bidprocess/bidprocess.pdf)

The owner and property are represented by Todd Clarke CCIM of NM Apartment Advisors, who has twenty-four years of experience in marketing apartments in the New Mexico area.

If there is any information you need on the market, submarket, or the property, please do not hesitate to ask.



Todd Clarke 

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