

# VINTAGE COURTYARD

10 Units - Portland, Oregon

OFFERING MEMORANDUM



# INVESTMENT SUMMARY

## ASSET SUMMARY

<b>Property</b>	Vintage Courtyard Apartments
<b>Location</b>	2300 NE Halsey St Portland, Oregon 97232
<b>County</b>	Multnomah
<b>Total Units</b>	10
<b>Year Built</b>	1941
<b>Stories</b>	1 and 2
<b>Approximate Sq Ft</b>	6,400
<b>Average Unit Sq Ft</b>	640

## PRICING

<b>Price</b>	\$2,000,000
<b>Per Unit</b>	\$200,000
<b>Per Sq Ft</b>	\$313
<b>Cap Rate</b>	4.97% (projected)

## FOR MORE INFORMATION

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Brokers licensed in Washington and Oregon



# INVESTMENT SUMMARY

The Vintage Courtyard Apartments offers investors a rare opportunity to acquire an architectural gem in the trending Sullivan's Gulch neighborhood of NE Portland. The asset is a classic mid-century garden-court apartment complex with two 2-bedroom apartments and eight 1-bedroom flats. The apartments are well maintained with many historical details, including hardwood floors, tiled countertops and original cabinetry.

The property has been extremely well cared for and recent improvements include a full replacement of the roof (2013), new storm windows (2015), and exterior paint (2016). The electrical systems have also been upgraded and units feature cadet heating. Property-owned washers and dryers are available in the common- area basement along with individual storage units for each apartment. Tenants do not currently pay for storage.

## PROPERTY HIGHLIGHTS

- Phenomenal eastside location
- Quiet courtyard setting
- Historic charm, including authentic hardwood floors, tile countertops and vintage cabinetry
- New storm windows
- New roof
- New exterior paint

Floor plans	# Units	Avg Sq Ft (Estimated)	Average Scheduled Rents	Avg Rent per Sq Ft	Projected Rents	Avg Projected Rent per Sq Ft
1 Bedroom / 1 Bathroom	8	600	\$1,163	\$1.94	\$1,250	\$2.08
2 Bedroom / 1 Bathroom	2	800	\$1,400	\$1.75	\$1,500	\$1.88
<b>Totals / Averages</b>	<b>10</b>	640	\$1,211	\$1.89	\$1,300	\$2.03





# CLOSE-IN/NORTHEAST PORTLAND, OREGON

Vintage Courtyard's urban location is convenient to downtown and to neighborhoods found throughout NE Portland, including Irvington, Hollywood and Laurelhurst.

The Lloyd District neighborhood features a vibrant collection of restaurants, shops, hotels, movie theaters, condominiums, apartments and office buildings.

This commercial neighborhood in NE Portland is home to the Lloyd Center, the Rose Quarter (home of the Moda Center), and the 17-acre Oregon Convention Center. Major activity takes place around the Rose Quarter on game days for the Portland Winterhawks ice hockey team and the NBA Trail Blazers.

New development and increased employment opportunities in the Lloyd Center neighborhood include:

- The 2015 opening of the 168-room Hotel Eastlund (formerly a Red Lion) across from the Convention Center.
- Lloyd Center Mall is in the midst of a \$120 million renovation project. A new ice rink and updates to existing entryways has been completed and phase 2 includes a 16-theater cinema, live music venue and new local restaurant options.

- A new \$200-million 600-room Hyatt Hotel is under construction at the Convention Center with an opening set for 2019.

Public transit is extensive throughout the neighborhood, including TriMet buses and MAX trains.

The property is positioned to take advantage of the Portland Metro area's growing population and its demand for housing. Lower vacancies are driving rents higher and the young

demographic found in Portland's transitioning neighborhoods pay a premium for well-located, nicely maintained housing.

The area is also home to several newer high-rise apartment buildings and features easy access to downtown Portland. A 100,000 square foot public plaza is planned as part of the "Oregon Square Development" in the middle of an apartment and office project, drawing more traffic to the Lloyd District.



# LIFESTYLE CONVENIENCES

1. Mississippi Studios and Bar Bar
2. Laughing Planet Cafe
3. Mississippi Pizza
4. Por Que No
5. Ecliptic Brewing
6. Portland Bicycle Studio
7. Ristretto Roasters Coffee
8. Tasty & Sons
9. Tin Bucket
10. Ned Ludd
11. Fulcrum Fitness
12. Mothership Music
13. Growing Seeds Child Development
14. McMenamins Coffee Roasters
15. Nike Factory Store
16. Multnomah Co. Library
17. Russell St BBQ
18. Gold Rush Coffee
19. Toro Bravo
20. Wonder Ballroom/Bunk Bar
21. Queen of Sheba Restaurant
22. OX
23. Pine State Biscuits
24. Fetch Doggy Daycare
25. Albina Community Bank
26. Les Schwab Tire Center
27. OnPoint Credit Union
28. Broadway Children's Center
29. Cadillac Cafe
30. FedEx Office Print & Ship Center
31. Regal Lloyd Center 10 & IMAX
32. First Tech Federal Credit Union
33. Spirit of 77
34. 15th Ave Hophouse
35. Irvington Tennis Club

**Map Landmarks:** Legacy Health, Ivy School, Madeleine School, Irvington Elementary School, Moda Center, Oregon Convention Center, Lloyd Center, Safeway, Walgreens, FedEx, Fred Meyer, Whole Foods, Nike Factory Store, Union Station, Irving Park, Grant Park, Willamette River, Interstate 405, Interstate 5, Interstate 84.

**Neighborhoods:** BOISE, ALAMEDA, IRVINGTON, LLOYD DISTRICT, KERNS.

**Streets:** N Skidmore St, N Mississippi Ave, N Vancouver Ave, N Williams Ave, N Interstate Ave, NW Naito Pkwy, NE Prescott St, NE Fremont St, NE Knott St, NE Broadway St, NE Weidler St, NE Glisan St, NE Sandy Blvd, NE 15th Ave, NE 24th Ave, SE Grand Ave.

**Other:** Vintage Courtyard (marked with a red location pin), Compass Rose.

# OPERATIONS ANALYSIS

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## INCOME

Vintage Courtyard Apartments' current rents average \$1,211 per unit, or \$1.89 per sq ft. Achieved rents are as high as \$1,400 per unit, or \$1.75 per sq ft.

### VACANCY/CREDIT LOSS

Projected operations include a 3.0% vacancy rate based on lender underwriting requirements. Given the strength of the housing market and low vacancy rates throughout the entire Portland metro area, vacancy factors for underwriting purposes include concessions and bad debt.

### OTHER INCOME

Operations for Vintage Courtyard are expected to generate other income from estimated laundry fees, late fees and estimated RUBS.

**Late Fees** are based off of actuals and are underwritten as so.

**RUBS.** Most of Vintage Courtyards competitors are charging residents for utilities (RUBs). An investor is expected to implement RUBs charges to align with the Portland market. The projected RUBs collections are based on charges for water, sewer and garbage. Projected RUBs charges are anticipated to generate approximately \$4,857 of income annually. The average charge to residents is \$40.50 monthly per unit. This charge covers approximately 50% of anticipated water, sewer and garbage expenses.

**Laundry Fees.** Vintage Courtyard has two coin-operated washers and dryers. HFO estimates collections of \$1,500 per year, or \$150 per unit, based on \$1.50 per load, per person.

## EXPENSES

Vintage Courtyard is managed by a professional third-party management company and projected expenses assume the asset will continue to be managed professionally.

### PROPERTY TAXES

Property taxes reflect 2017/18 gross property taxes, per the Multnomah County assessors' office.

Oregon's property taxes are evaluated on a fiscal year starting July 1st. Property taxes paid in full prior to November 1st receive a 3.0% discount. Most property owners take advantage of this discount, and the property taxes have been adjusted for the discount.

### INSURANCE

Reflects the current premium of \$3,201 annually, or \$320 per unit.

### MANAGEMENT

The management fee assumes professional, third-party management at a rate of 6.0% of GOI.

### MAINTENANCE/REPAIR & TURNOVER

Maintenance and repair costs are based historical operations. Turnover costs are projected at \$1,500 per year, which allocates \$500 per turnover for make-ready processes. Turnover does not include capital costs.

### CAPITAL RESERVES

Lenders require reserves be set aside to address future capital costs associated with any property as it ages. The projected operations include reserves of \$250 per unit.



# OPERATIONS ANALYSIS

Floor plans	# Units	Avg Sq Ft	Average Scheduled Rents	Avg Rent per sq ft	Projected Rents	Avg Projected Rent per Sq Ft
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Income	Current Scheduled Rents	Per Unit/ Per Year	% GOI	Projected Operations	Per Unit/Per Year	% GOI
<b>Scheduled Gross Rent</b>	<b>\$145,260</b>	<b>\$14,526</b>		<b>\$156,000</b>	<b>\$15,600</b>	
Less: Vacancy/Credit Loss	-\$4,358	-\$436	-3.0%	-\$4,680	-\$468	-3.0%
<b>Net Rental Income</b>	<b>\$140,902</b>	<b>\$14,090</b>		<b>\$151,320</b>	<b>\$15,132</b>	
<i>Laundry</i>	\$1,500	\$150		\$1,500	\$150	
<i>Late/NSF</i>	\$202	\$20		\$202	\$20	
<i>RUBS</i>	\$0	\$0		\$4,857	\$486	50%
<b>Total Other Income</b>	<b>\$1,702</b>	<b>\$170</b>	<b>1.2%</b>	<b>\$6,559</b>	<b>\$656</b>	<b>4.2%</b>
<b>Gross Operating Income - Residential</b>	<b>\$142,604</b>	<b>\$14,260</b>		<b>\$157,879</b>	<b>\$15,788</b>	
Expenses	Historical Operations	Per Unit/Per Year	% GOI	Projected Operations	Per Unit/Per Year	% GOI
Real Estate Taxes	\$14,500	\$1,450	10.2%	\$14,500	\$1,450	9.2%
Insurance	\$3,201	\$320	2.2%	\$3,201	\$320	2.0%
Total Utilities	\$12,846	\$1,285	9.0%	\$12,846	\$1,285	8.1%
Administrative	\$4,877	\$488	3.4%	\$5,400	\$540	3.4%
Fee Management	\$8,556	\$856	6.0%	\$9,473	\$947	6.0%
Landscaping	\$1,609	\$161	1.1%	\$3,600	\$360	2.3%
Maintenance/Repairs	\$5,555	\$555	3.9%	\$5,555	\$555	3.5%
Turnover	\$1,066	\$107	0.7%	\$1,500	\$150	1.0%
Reserves	\$2,500	\$250	1.8%	\$2,500	\$250	1.6%
<b>Total Expenses</b>	<b>-\$54,710</b>	<b>-\$5,471</b>	<b>-38.4%</b>	<b>-\$58,574</b>	<b>-\$5,857</b>	<b>-37.1%</b>
<b>Net Operating Income (NOI)</b>	<b>\$87,894</b>	<b>\$8,789</b>	<b>61.6%</b>	<b>\$99,305</b>	<b>\$9,930</b>	<b>62.9%</b>



# VINTAGE COURTYARD APARTMENTS

## PRICING

Price	\$2,000,000
Per Unit	\$200,000
Per Square Foot	\$313
Cap Rate	4.97% (projected)
Avg Square Foot	640

## TOURS AND INQUIRIES

**Please do not disturb tenants.**

All tours and inquiries regarding Vintage Courtyard are to be directed to HFO Investment Real Estate at **(503) 241.5541**.

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