



Offering Memorandum

Five Lakes Apartments and Storage

24 Apartment Units and 20 Storage Units in
Muskegon, MI



Multifamily Brokerage

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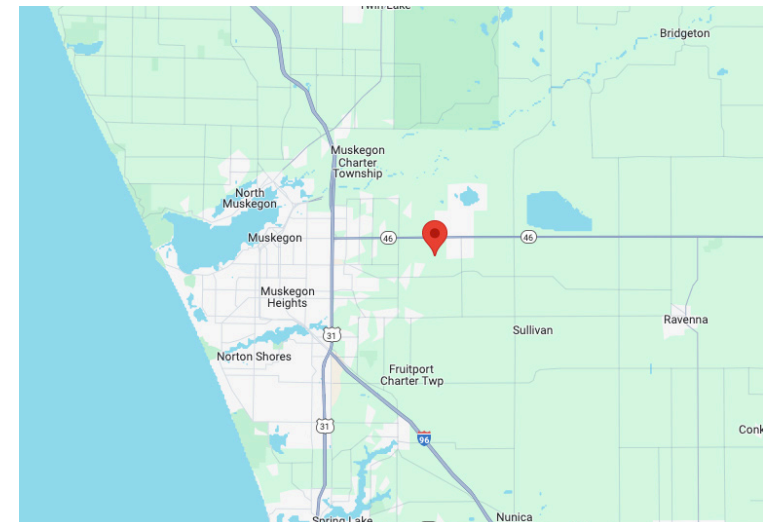
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Five Lakes Apartments
1500 Carr Rd, Muskegon, MI 49442

22 Out of 24 Units

Fully Gut Rehabbed with New Kitchens, Bathrooms,
Flooring, Lighting, Trim, Doors, Paint etc.

Approximately \$500,000
in Recent Capital
Improvements

8.86 Acres Overlooking
Carr Lake with Room for
Expansion

Value Add Opportunity;

20 onsite storage units (3,000 SF) not currently rented
could add \$22k+ to annual income

**New Apartment Units are Renting at
a \$125-\$175 Rent Premium from the majority of the
Current Rent Roll**

Investment Highlights





Executive Summary

Property Overview

The Hull Multifamily Advisors (HMA) are pleased to present the exclusive offering of the Five Lakes Apartments and Storage in Muskegon, MI. This asset consists of 24 apartment units and 20 storage units and is broken out into (6) one bed one baths, (18) two bed one baths, (10) 5x10 storage units, and (10) 10x25 storage units. Sitting in a beautiful park like setting overlooking Carr Lake, this complex has seen approximately \$500,000 of capital improvements under current ownership. Most notably, fully gut renovating 22 out of the 24 units with new kitchens, bathrooms, flooring, lighting, trim, doors, paint etc. Five Lakes is outfitted with tenant paid electric baseboard heating and is on a well/septic system, giving ownership minimal utility expenses.

With most capital improvements and unit rehabs completed, Five Lakes is being offered to the market as a turnkey asset, however, still presents several value-add opportunities. Most notably, the 20 onsite storage units consisting of 3,000 rentable SF are not currently being rented. After looking at market competitors for 5x10 and 10x25 storage units in the Muskegon market, it is believed renting these units out could add an additional \$22,000+ to Five Lakes annual income. Additionally, new apartment units are renting at a \$125-\$175 rent premium from the majority of the current rent roll, a new owner could eventually increase each unit to the market rate with minimal turn costs. Lastly, sitting on 8.86 acres overlooking Carr Lake, there is a significant amount of vacant land for expansion. Please reach out to HMA before this stabilized, value add opportunity is gone.

Property Summary:

Listing Price: \$2,225,000

Number of Apartment Units: 24

Number of Storage Units: 20

Proforma NOI: \$184,442

Cap Rate: 8.29%

Total Rentable SF: 22,800

Year Built: 1971

Number of Buildings: 8

Acreage: 8.861

Parcel #: 11-029-300-0003-00

61-11-029-300-0003-40

Utilities

Electric: Tenant Paid

Gas: None

Water/Sewer: Well/Septic

Heating: Electric Baseboard - Tenant Paid

Cooling: Window AC (tenant provided)

**Laundry: Common Area Washer/Dryers in 5 Building
Washer and Dryer Hookups in 1 Building**

Amenities:

Onsite Storage Garages

Common Area Laundry

Park Like Setting

Fully Updated Units

Overlooking Carr Lake

**(6) 750 SF One Bed One Baths Apartments and (18) 850 SF Two Bed One Baths Apartments,
(10) 5x10 Storage Units and (10) 10x25 Storage Units**

*All square footages are estimates



Recent Capital Improvements Under Current Ownership:

- **22 out of 24 Units Fully Gut Rehabbed**
- **New Fencing Added**
- **Installed three septic Systems**
- **Replaced 2 Roofs**
- **Redone portions of asphalt parking lot**
- **Replaced a Significant Portion of the Windows**
- **Resodded the Yard**
- **Replaced 10+ Hot Water Heaters**
- **Replumbed 3 buildings**





Value Add Opportunities

Value Add Opportunities

Current ownership has done an exceptional job with fixing up the complex and has added a significant amount of value during their ownership, however, it is believed there are still several value add opportunities present:

Rent out Onsite Storage Units

Most notably, the 20 onsite storage units consisting of 3,000 rentable SF are not currently being rented. After looking at market competitors for 5x10 and 10x25 storage units in the Muskegon market, it is believed renting these units out could add an additional \$22,000+ to Five Lakes annual income.

Majority of Rent Roll is Below New Leases

New apartment units at Five Lakes are renting at a \$125–\$175 rent premium from the majority of the current rent roll, a new owner could eventually increase each unit to the market rate with minimal turn costs.

Room for Expansion with Vacant Land

Sitting on 8.86 acres, Five Lakes has a significant amount of room for expansion whether it's adding more apartment units, storage units, or building single family homes for sale/rent. It is recommended to check with local municipalities to see what exactly can be constructed, however, several value add opportunities present itself.



Financial Analysis

| Size | Number | Unit SF | Total SF | Market Rent | Scheduled Monthly | Scheduled Annual | Rent Per SF |
|-------------------------|-----------|---------------|------------------|-----------------|-------------------|------------------|---------------|
| 1 Bed 1 Bath Apartments | 6 | 750.00 | 4,500.00 | \$950 | \$5,700 | \$68,400 | \$1.27 |
| 2 Bed 1 Bath Apartments | 18 | 850.00 | 15,300.00 | \$1,050 | \$18,900 | \$226,800 | \$1.24 |
| 10 x 25 Storage Unit | 10 | 250.00 | 2,500.00 | \$140 | \$1,400 | \$16,800 | \$0.56 |
| 5 x 10 Storage Unit | 10 | 50.00 | 500.00 | \$60 | \$600 | \$7,200 | \$1.20 |
| | 44 | 518.18 | 22,800.00 | \$604.55 | \$26,600 | \$319,200 | \$1.17 |

*Estimated

| Income | Proforma |
|----------------------------|---------------------|
| Scheduled Rent | \$319,200.00 |
| Vacancy 5% | \$(15,960.00) |
| Loss to Lease 10% | \$(31,920.00) |
| Other Income- Laundry, Fee | \$5,000.00 |
| Operating Income | \$276,320.00 |

| Financing | |
|----------------------------|--------------|
| LTV for Loan | 80% |
| Loan Amount | \$1,780,000 |
| Amortization | 30 |
| Interest Rate | 6.25% |
| Payments Per Year | 12 |
| Monthly Payment | \$10,960 |
| Annual Payment | \$131,517 |
| Acquisition Fee | 1% |
| Down Payment | \$462,800 |
| Projected NOI | \$184,442.10 |
| Minus: Annual Debt Service | \$131,517 |
| Projected Cash Flow | \$52,924.91 |
| Debt Service Coverage | 1.40 |
| Cash on Cash Return | 11.44% |

| Expenses | Per Unit/ PY | annually |
|---------------------|--------------|-----------------|
| Admin | \$100 | \$2,400 |
| Advertising | \$42 | \$1,000 |
| Repairs & Main | \$750 | \$18,000 |
| Mgmt Fee 7% | \$806 | \$19,342.40 |
| Utilities | \$250 | \$6,000 |
| Contracted Services | \$229 | \$5,500 |
| Real Estate Tax | \$885 | \$21,236 |
| Insurance | \$521 | \$12,500 |
| Reserve | \$246 | \$5,900 |
| Total | | \$91,878 |

Total Expenses Per Apartment Unit Per Year \$3,828.25

| Cap Rate Analysis | Unit count | Price | Price Per Unit | Price Per SF | Current Cap Rate |
|-------------------|------------|-------------|----------------|--------------|------------------|
| Listing Price | 44 | \$2,225,000 | \$50,568 | \$97.59 | 8.29% |

Notes to Proforma

Notes to Proforma

Income

Proforma income is based off market rents actually being achieved, with a 5% vacancy and 10% loss to lease added. Please note, current ownership has been fully gut renovating each unit on turn the last several years, in which the T-12 income and 2023-year end income does not accurately reflect the monthly income on the current rent roll. HMA used the current rent roll with vacancy and loss to lease added for year 1 proforma.

Expenses

Proforma expenses are based off of 2023 actual expenses, with slight changes below:

- Admin Expense adjusted to industry standard \$100 per unit per year.
- Repairs and Maintenance has been increased closer to industry to standard \$750 per unit per year.
- Management Fee of 7% remains the same as current onsite management.
- Contracted Services reduced to industry standard \$229 per unit per year.
- Replacement Reserve of \$246 per unit per year has been added.
- Proforma taxes have been increased to SEV, with an additional 10% added.

Tax Information:

2023 Total Taxable: \$354,700

2023 Total SEV: \$354,700

2023 Millage Rate: 52.7672



Sales Comparables



Property
1500 Carr Rd –
Five Lakes

Sales Price
\$2,225,000

Year Built
1971

Price/Unit

Units
24

Sale Date
TBD

Subject Property



Property
1115 S Cedar St –
Hidden Pines

Sales Price
\$3,560,000

Year Built
1981

Price/Unit
\$89,000

Units
40

Sale Date
Apr 26, 2024



Property
1041 E 16th St

Sales Price
\$1,452,000

Year Built
1996

Price/Unit
\$96,800

Units
15

Sale Date
Nov 4, 2022



Property
1000 Marquette Ave –
Oakhill Townhomes

Sales Price
\$15,911,422

Year Built
–

Price/Unit
\$90,922

Units
175

Sale Date
Oct 19, 2022

Sale Price Average:
\$6,974,474

Year Built Average:
1988

Price per Unit Average:
\$92,241

Number of Units Average:
77



Rent Comparables



| | Carr Road Apartments 1436 & 1500 Carr Rd, Muskegon, MI, 49442 | Oakhill Village 1000 Marquette Ave, Muskegon | Glen Oaks Apartments 410 Glen Oaks Dr, Muskegon | Chesapeake Landing 2690 Chesapeake Dr, Muskegon | Barclay Apartments 2081 Barclay St, Muskegon | Averages |
|--|---|--|---|---|--|----------|
|--|---|--|---|---|--|----------|

| | | | | | | |
|---|----------|---------|---------|----------|--------|---------|
| Year Built/ Renovated | 1971 | 1972 | 1973 | 2003 | 2005 | 1988 |
| One Bedroom Apartment Average SF | 700 | 595.00 | 563.00 | 720.00 | 560.00 | 609.50 |
| One Bedroom Apartment Market Rent | \$850.00 | \$885 | \$780 | \$1,102 | \$845 | \$903 |
| One Bedroom Apartment Rent Per SF | \$1.21 | \$1.49 | \$1.39 | \$1.53 | \$1.51 | \$1.48 |
| Two Bedroom Apartment Average SF | 850 | 785.00 | 676.00 | 1,010.00 | 650.00 | 780.25 |
| Two Bedroom Apartment Market Rent | \$975.00 | \$1,035 | \$1,135 | \$1,340 | \$950 | \$1,115 |
| Two Bedroom Apartment Rent Per SF | \$1.15 | \$1.32 | \$1.68 | \$1.33 | \$1.46 | \$1.43 |

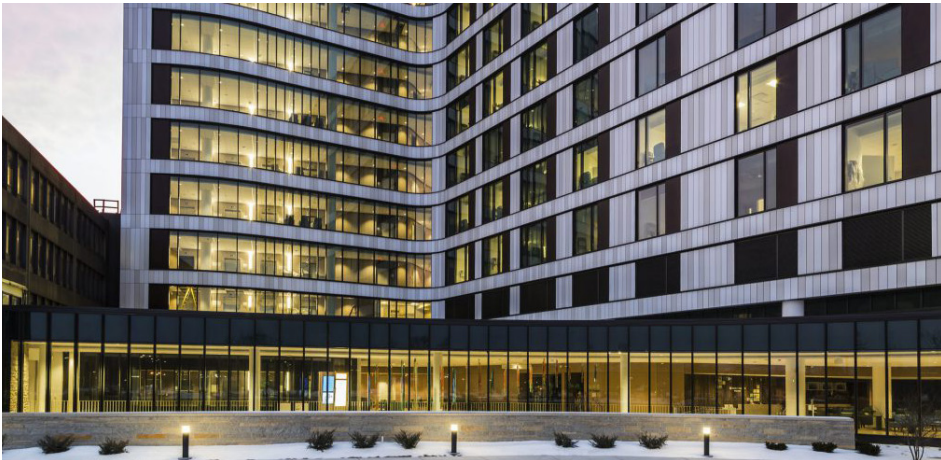
Location Description

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Muskegon, Michigan, situated on the eastern shore of Lake Michigan, is a vibrant city that offers significant potential for multifamily real estate investment. Muskegon, Michigan is located in Muskegon County, with a population of approximately 175,824 residents, Muskegon is known for its beautiful waterfront, historic downtown, and strong sense of community, making it an appealing location for residents and investors alike.

The economic landscape of Muskegon is diverse and dynamic, supported by several major employers across various industries. Key employers in the region include Mercy Health, which operates a major healthcare network providing a wide range of medical services and employment opportunities. Additionally, the manufacturing sector plays a significant role in the local economy, with companies such as Alcoa Howmet and ADAC Automotive contributing to job stability and economic growth. Muskegon Public Schools and Muskegon Community College are also significant employers, highlighting the importance of education in the region.

Muskegon has experienced notable economic growth in recent years, driven by strategic investments and development initiatives aimed at revitalizing the city. The downtown area has seen a resurgence with new businesses, restaurants, and cultural attractions contributing to a vibrant urban atmosphere. Waterfront redevelopment projects, including the expansion of the Muskegon Lake shoreline and the Muskegon Lake Nature Preserve, enhance the city's appeal as a desirable place to live and work. For multifamily real estate investors, Muskegon offers a promising market. The demand for quality housing is driven by the city's population growth, economic development, and the influx of professionals associated with the major employers. The affordability of housing in Muskegon, compared to larger urban centers, makes it an attractive destination for families and individuals seeking a balanced lifestyle with access to both urban amenities and natural beauty.



About Us

The Hull Multifamily Advisors (HMA) is a national multifamily brokerage firm, specializing in selling multifamily and apartment communities in Michigan and Florida. Unlike other commercial real estate firms, HMA's singular focus of multifamily brokerage provides a unique expertise and perspective in a field that brokerages typically focus on multiple asset types. With offices in both Michigan and Florida, HMA and its partners have the ability to broker apartment communities in any state and can pin-point and create customized acquisition and disposition plans in any market across the United States.

At HMA, our main goal is simple, to provide industry leading investment advisory services to our irreplaceable clients. Our reputation and relationship amongst our clients is our top priority, which significantly outweighs the importance of completing any one transaction. At HMA, we look past single deals and strive to facilitate multiple transactions with each client for years to come. Our "client first" based approach, coupled with our national marketing platform has been designed to continuously produce prodigious results.

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National Experts in Multifamily Brokerage



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