

335 Espanola NE, ABQ, NM 87108



Register for Confidential Information: www.nmapartment.com/espanola335

Centrally located Twelve-Plex

12 Units

Size: 7,500 sf

Land: 0.4649 ac

Price: \$875,997

GRM: 8.24

Cap Rate: 6.76%

After Tax IRR: 11.2%

The Offering

On behalf of the owner, NM Apartment Advisors is excited to bring to market this 12 unit property. The owner has recently made significant improvements to this family style apartment compound.

Do not miss out on this rare value add opportunity to buy a renovated property with rents 26% below market.

This 12 community is located in an area of that has had major announcements of new employment. Couple that with the impact of the citywide expansion of Netflix, Facebook, Intel and Amazon and this property is well positioned to enjoy the forthcoming wave of appreciation and rent growth.



The Property

Address: 335 Espanola NE

Number of Units: 12

Year of construction: 1946 per county assessors records

Bldg. Size: 7,500 sf approx.

Site Size: 0.4649 acres

Avg. Unit Size: 703 sf

UPC#: 101905712325632311

Legal: Lots 10, 11 & 12, Block 5, La Mesa Addition

Ask Price: \$875,997

\$/unit: \$73,000

\$/sf: \$116.80

	Actual/Est (2022)	Proforma (2023)
Avg. Rent:	\$738	\$975
GRM:	8.24	6.05
Cap Rate Before reserves:	6.76%	10.14%
Cap Rate After reserves:	6.48%	9.83%
Year 1 NOI:	\$56,793	\$86,083
Cash on Cash:	5.98%	17.12%
Before Tax IRR:	14.2%	
After Tax IRR:	11.2%	

Annual Property Operating Data (APOD)

NM Apartment Advisors Financial Overview for:

La Mesa Casitas

335, 337 & 345 Espanola NE

Prepared by: Todd Clarke CCIM

1/10/2024

Unit/Rent Summary

								Actual Rent		Total Actual		Total Max Rent for this type		Total Market Potential		Total sf	
#	Type	Style	Approx Size	Actual Rent	Street Rate	Market Rent	\$/sf	Total Actual		Total Max Rent for this type		Total Market Potential		Total sf		Total sf	
1	Studio		500	\$ 610	\$ 610	\$ 775	\$ 1.22	\$ 610		\$ 610		\$ 775		500		500	
5	1/1		600	\$ 685	\$ 815	\$ 895	\$ 1.14	\$ 3,425		\$ 4,075		\$ 4,475		3,000		3,000	
5	2/1		600	\$ 780	\$ 850	\$ 1,050	\$ 1.30	\$ 3,900		\$ 4,250		\$ 5,250		3,000		3,000	
1	2/1 house		1,000	\$ 925	\$ 925	\$ 1,200	\$ 0.93	\$ 925		\$ 925		\$ 1,200		1,000		1,000	
12	total units / Avg. Unit Size		625	\$ 738	\$ 822	\$ 975	Total=	\$ 8,860		\$ 9,860		\$ 11,700		7,500		7,500	
4 floorplans				Avg Actual Rent=	\$ 738	\$1.18 Annualized =		\$ 106,320		\$ 118,320		\$ 140,400					

Benchmarks

Offering Price	\$875,997		
\$/unit	\$73,000		
\$/sf	\$116.80	Actual	Proforma
GRM	8.24	8.24	6.24
CAP Before Reserves	6.76%	6.76%	10.14%
CAP After Reserves	6.48%	6.48%	9.83%
Cash on Cash	5.98%	5.98%	17.12%
DCR=	1.38	1.38	2.09
Walk Score: 55 Transit Score: 44 Bike Score: 68			



Income

1	A.	Total Potential Market Income	\$ 140,400	
2	B.	Less: loss to market lease	\$ 22,080	16%
3	C.	Total Potential Income (Street)	\$ 118,320	
4	D.	Less: Loss to lease	\$ 12,000	10%
5	E.	Total Income	\$ 106,320	
6	F.	Less: vacancy 5.0%	\$ 5,316	
7	G.	Effective Rental Income	\$ 101,004	
8	H.	Plus: Other Income	\$ -	0%
9	I.	Gross Operating Income	\$ 101,004	2022 was \$91,650

Expenses (Annual)	2022 Actual			Based on:			
		\$/unit	%				
Real Estate Taxes	\$4,736	\$395	5%	2022 Amount			
Personal Property Taxes				\$ 322,800 total assessment			
Property Insurance	\$10,000	\$833	10%	est. - Actual 2022 was \$4,527			
Property Management:							
Off Site Management	\$10,826	\$902	11%	Est. - 10% of GOI + GRT			
Payroll-Onsite Personnel							
Expenses/Benefits							
Taxes/Workman's Compensation							
Repairs and Maintenance	\$8,080	\$673	8%	Est Actual \$16,773 with Cap-X			
Utilities:							
Water, Sewer, & Garbage	\$7,575	\$631	7%	includes light pole			
Phone & Misc Utils							
Accounting and Legal	\$114	\$10	0%	Actual 2022 was \$3,331			
Advertising/Licenses/ Commissions	\$480	\$40	0%	Actual 2022			
Admin/Supplies							
Unit Cleaning				repairs+unit turn+reserve=8% to 12%			
Reserve for replacement	\$2,400	\$200	2%	Required by most lenders			
Total Operating Expenses	\$44,211	\$3,684	44%				
Net Operating Income	\$56,793	\$4,733					
	ADS	Loan	LTV	Pmt	Term	Interest Rate	
Less: Annual Debt Service	\$41,090	\$ 613,198	70%	\$3,424	30	5.35%	
Cash Flow Before Taxes	\$15,703			Loan Quote: Ventana Fund Potential			

Proforma 2024			Based on:	Forthcoming yr.		
	\$/unit	%	Income: Line A - F + H			
\$4,878	\$406	3%	Potential 2024 = 2022 + 6%			
\$10,300	\$858	7%	Potential 2024 = 2022 + 3%			
\$12,682	\$1,057	9%	8% + GRT			
			Potential 2024 = 2022 + 3%			
\$8,323	\$694	6%	Potential 2024 = 2022 + 3%			
\$7,802	\$650	6%	Potential 2024 – 2022 + 3%			
\$117	\$10	0%				
\$494	\$41	0%	Potential 2024 = 2022 + 3%			
			Potential 2024 = 2022 + 3%			
\$2,700	\$225	2%	new lender will require			
\$47,297	\$3,941	34%				
\$86,083	Potential Market less 5% vacancy + other income					
ADS	Loan	LTV	Pmt	Term	Interest	
\$41,090	\$	613,198	70%	\$3,424	30	5.35%
\$44,993						

Internal Rate of Return

		Year						Calculated for 1st year of next owners, ownership
		1	2	3	4	5	6	
1 Total Potential Market Income	3.5% Increases	\$140,400	\$145,314	\$150,400	\$155,664	\$161,112	\$166,751	
2 Less: loss to market lease	15.7%	\$22,080	\$22,853	\$23,653	\$24,480	\$25,337	\$26,224	
3 Total Potential Income (Max Rent)		\$118,320	\$122,461	\$126,747	\$131,183	\$135,775	\$140,527	
4 Less: Loss to lease	10.1%	\$12,000	\$12,420	\$12,855	\$13,305	\$13,770	\$14,252	
5 Total Income		\$106,320	\$110,041	\$113,893	\$117,879	\$122,005	\$126,275	
6 Less: vacancy	5.0%	\$5,316	\$5,502	\$5,695	\$5,894	\$6,100	\$6,314	
7 Effective Rental Income		\$101,004	\$104,539	\$108,198	\$111,985	\$115,904	\$119,961	
8 Plus: Other Income	2.0% Increases	\$0	\$0	\$0	\$0	\$0	\$0	
9 Gross Operating Income		\$101,004	\$104,539	\$108,198	\$111,985	\$115,904	\$119,961	
Total Operating Expenses	2.0% Increases	\$47,297	\$48,243	\$49,208	\$50,192	\$51,196	\$52,220	
Net Operating Income		\$53,707	\$56,296	\$58,990	\$61,793	\$64,709	\$67,742	
Mortgage Balance		\$604,708	\$595,752	\$586,305	\$576,340	\$565,829		
ADS		\$41,090	\$41,090	\$41,090	\$41,090	\$41,090		
- Principal Reduction		\$8,490	\$8,956	\$9,447	\$9,965	\$10,511		
= Mortgage interest		\$32,600	\$32,134	\$31,643	\$31,125	\$30,579		
- cost recovery (annual)	27.5 yrs 1. 80%	\$24,423	\$25,484	\$25,484	\$25,484	\$24,423 includes mid mc		
= Taxable Income		-\$3,316	-\$1,322	\$1,864	\$5,184	\$9,707		
Tax on income at ordinary income rate of	2. 35%	\$0	\$0	\$652	\$1,815	\$3,397		
NOI		\$53,707	\$56,296	\$58,990	\$61,793	\$64,709		
- Annual Debt Service		\$41,090	\$41,090	\$41,090	\$41,090	\$41,090		
= Cash Flow Before Tax		\$12,617	\$15,206	\$17,900	\$20,703	\$23,619		
- Less Ordinary Income Tax		\$0	\$0	\$652	\$1,815	\$3,397		
= Cash Flow After Tax		\$12,617	\$15,206	\$17,248	\$18,888	\$20,221		

Sales Worksheet

Calculation of Adjusted Basis

1 Basis at Acquisition	\$875,997
2 + Capital Additions	
3 -Cost Recovery (Depreciation) Taken	\$125,296
4 =Adjusted Basis at Sale	\$750,701

Calculation of Capital Gain

Disposition CAP Rate	6.5%
5 Sale Price	\$1,044,876
6 -Costs of Sale	\$83,590
7 -Adjusted Basis at Sale	\$750,701
8 =Gain or (Loss)	\$210,585
9 -Straight Line Cost Recovery (limited to gain)	\$125,296
=Capital Gain from Appreciation	\$85,289

Calculation of Sales Proceeds after tax

Sale Price	\$1,044,876
-Cost of Sale	\$83,590
-Mortgage Balance(s)	\$565,829
= Sale Proceeds Before Tax	\$395,457
-Tax: Straight Line Recapture at	25.0% \$31,324
-Tax on Capital Gains at	20.0% \$17,058
= SALE PROCEEDS AFTER TAX:	\$347,075

IRR Before tax = 14.2%

n	\$
0	\$ (262,799)
1	\$12,617
2	\$15,206
3	\$17,900
4	\$20,703
5	\$23,619 + \$395,457

IRR After tax = 11.2%

n	\$
0	\$ (262,799)
1	\$12,617
2	\$15,206
3	\$17,248
4	\$18,888
5	\$18,888 + \$347,075

As a commercial real estate investor, the federal tax code gives you three advantages compared to other investments including:

1. Deduct your annual mortgage interest before you calculate your taxable amount;
2. Deduct your cost recovery/depreciation before you calculate your taxable amount, in the future when you sell the property, you only pay back 25% of the benefit you received;
3. Your long term profit, or capital gain, is taxed at 20%

The combination of these benefits could help lower an investor's effective federal tax rate from 35% federal tax rate to only 21%.

Investor's Effective Tax Rate =

21%

Comparable Sales

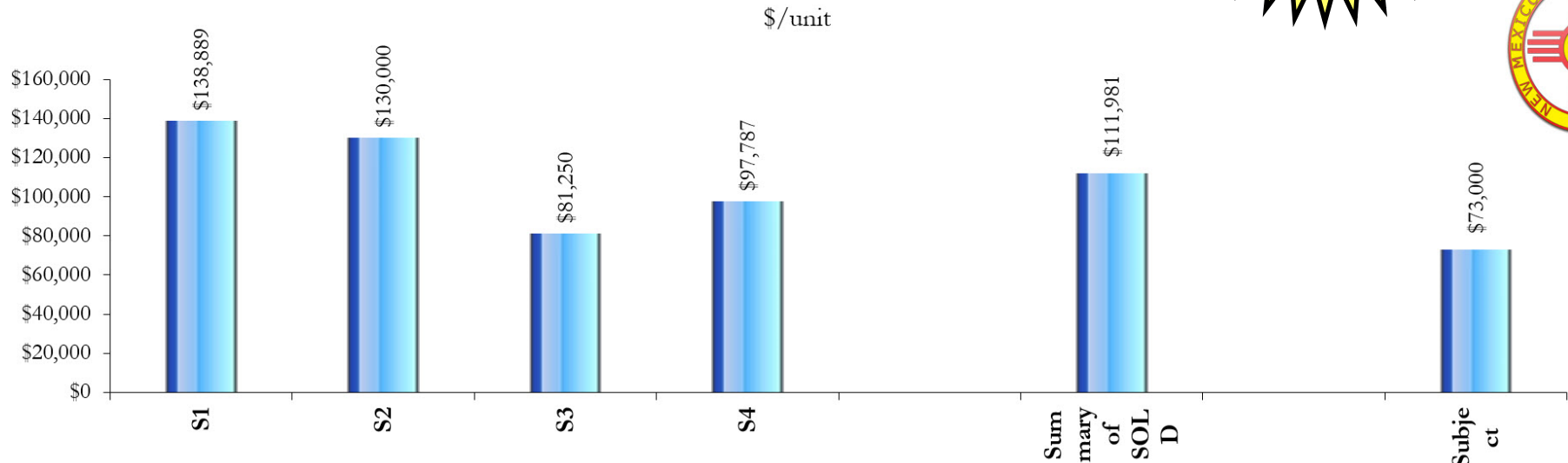
Property is
priced
under the
market
comps



Comparable Sales Analysis for:

La Mesa Casitas

Compiled by Todd Clarke CCIM



#	Name	Street	Units	Age	List Price	Sales Price	Sales Date	\$/unit	\$/sf	Avg. Rent	GRM	CAP *
S1		354 Pueblo Solano N	9	1966	\$ 1,250,000	\$ 1,250,000	3/17/23	\$138,889	\$ 287.75	\$1,060	10.92	5.7%
S2		3409 Tulane NE	10	1979	\$ 1,300,000	\$ 1,300,000	5/27/23	\$130,000	\$ 154.58	\$980	11.05	5.6%
S3		5900 Marble NE	24	1968	\$ 1,360,000	\$ 1,950,000	9/18/23	\$81,250	\$ 106.49	\$704	9.62	4.4%
S4		924 Valencia SE	20	2000	\$ 1,955,736	\$ 1,955,736	9/29/23	\$97,787	\$ 111.12	\$828	9.84	4.8%

Summary of SOLD								\$ 111,981	\$ 165	\$893	10.36	5.1%
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Subject	La Mesa Casitas	12	2014	renovation	\$ 875,997	\$ 73,000	\$ 117	\$738	8.24	6.5%
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Average of Comparable SOLD applied to subject property

\$/unit	\$ 111,981	\$ 1,343,777
\$/sf	\$ 165	\$ 1,237,388
CAP (Actual)	5.1%	\$ 1,111,995
GRM (Actual)	10.36	\$ 1,046,217

Average= \$ 1,184,844

Property Info - GIS

Platted Parcel Address: 335 ESPANOLA ST NE
Assessor Parcel Address: 335 - ESPANOLA ST NE
Report Date: 11/3/2023
www.cabq.gov/gis

Bernalillo County Assessor Ownership Data

[Visit the Bernalillo County Assessor Office for more information.](#)

Owner Name: ACRE PROPERTIES LLC
Owner Address: PO BOX 406 PLACITAS NM 87043-0406
Uniform Property Code (UPC): 101905712325632311
Tax Year: 2023
Tax District: A1A
Legal Description: * 010 005LA MESA & 11 & 12
Property Class: R
Document Number: See Bernalillo County Assessor Record Search Portal
Acres: 0.4649

Albuquerque Planning and Zoning Data

Jurisdiction: ALBUQUERQUE
IDO Zone District: [R-T](#)
IDO District Definition: Townhouse
Zone Atlas Page: [K-19](#)
Land Use: 01 | Low-density Residential
Lot: 11
Block: 5
Subdivision: LA MESA
[Bernalillo County Planning and Zoning](#)

Neighborhood Associations

City Recognized Neighborhood Associations: [La Mesa Community Improvement Association](#)
[Albuquerque Office of Neighborhood Coordination](#)

Services

Police Beat: 335
Area Command: SOUTHEAST
Residential Trash Pickup and Recycling: Tuesday

City Council Districts

City Council District: [6 - Pat Davis](#)
Councilor Email Address: patdavis@cabq.gov
Policy Analyst: Sean Foran
Policy Analyst Email Address: seanforan@cabq.gov
Policy Analyst Phone Number: 505-768-3152

Other Legislative Districts

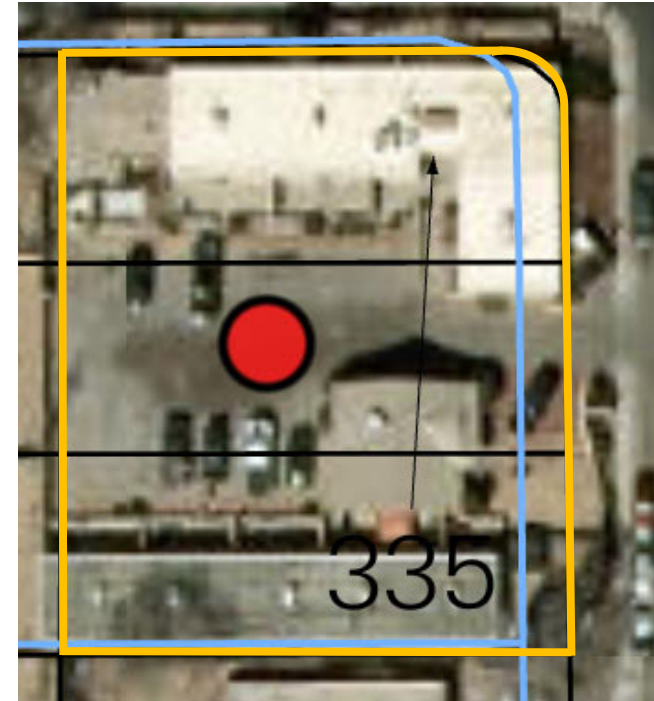
US Congressional District: 1 - Melanie Stansbury
County Commission District: 3 - Adriann Barboa
NM House Of Representatives: 19 - Janelle I Anyanonu
NM Senate: 17 - Mimi Stewart

APS School Service Areas

Elementary School: LA MESA
Middle School: HAYES
High School: HIGHLAND
[Albuquerque Public Schools](#)

FEMA Flood Zone: X

[FEMA Flood Map Service Center](#)



Somewhat Walkable

Some errands can be accomplished on foot.



Some Transit

A few nearby public transportation options.



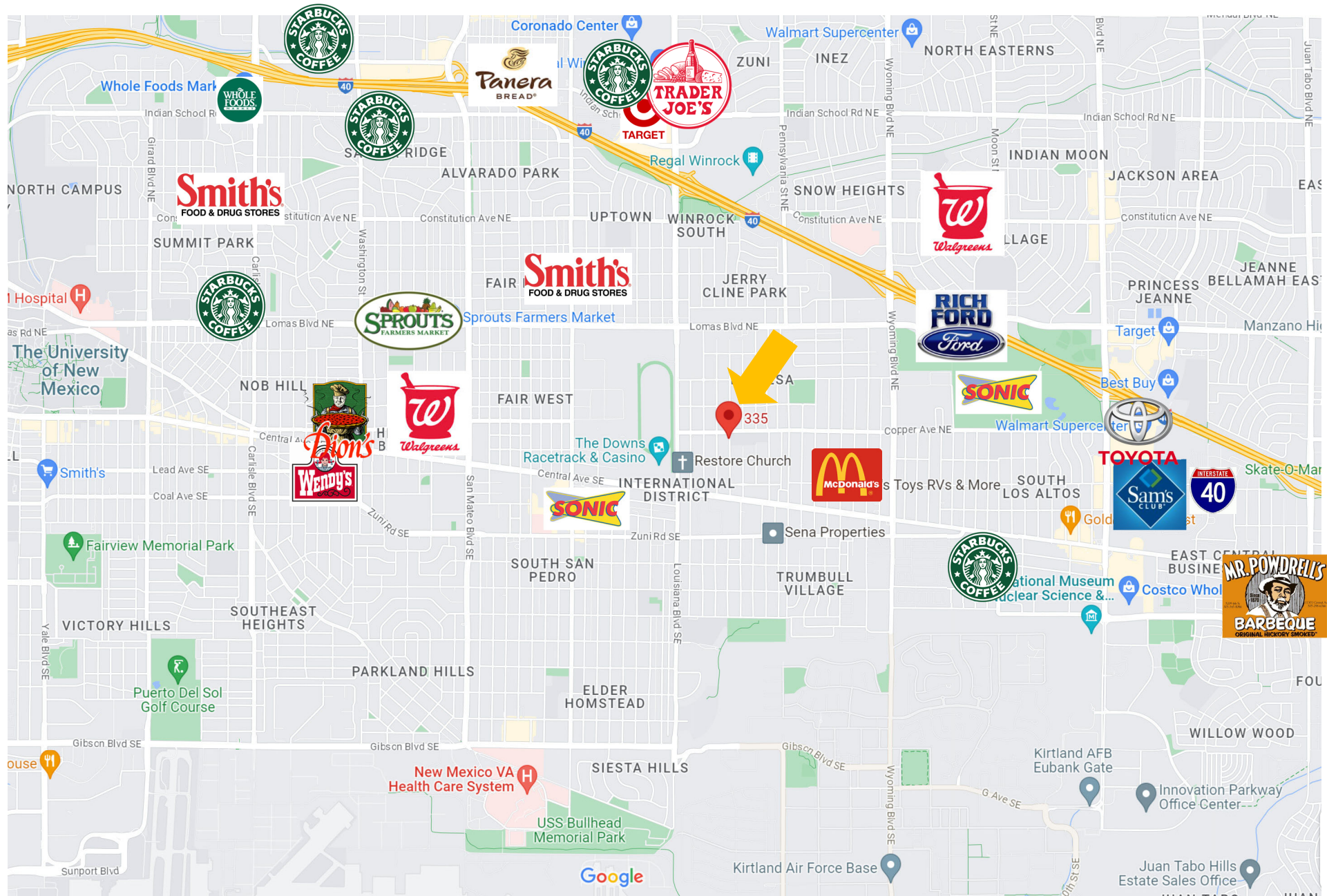
Bikeable

Some bike infrastructure.

Property Photographs - Exterior



Property Info - Location



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**
Travel+Leisure—03/2015
- ☑ **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*

Multifamily investment sales process and thoughts:

My name is Todd Clarke CCIM CIPS and I am a commercial Realtor who has been selling apartment investments for over 34 years. In that time, I have listed/sold over 16,411 units totaling \$727MM. I also teach investment sales analysis for the CCIM institute (25 years, over 4,000 students in a dozen countries). I share this with you so you know that the balance of this document comes from experience, and my ideals about how the apartment business runs. This also gives you insight into how we counsel and advocate for our clients.

Most of your **Buyer's questions** about rents, expenses, and property info can be answered by downloading the flyer & APOD (Annual Property Operating Data) from the document center. **Please READ THEM. If you are new to investment sales, I am glad to assist you, but please know:**

Showings/Tours

Residents have rights under the NM Landlord Resident Relations act, and Landlords take that law seriously.

Many Landlords consider their residents to be their **customers**. They work hard to keep them **happy**. Any attempt by a 3rd party to visit the property without the Landlord's prior written approval jeopardizes the Landlord's and Resident's happy customer relationship.

Do not disturb the residents, do not walk the property. It is considered rude to do either, and many Sellers will refuse to work with Buyers who violate this provision.

Landlords (Sellers) rarely are willing to show a property prior to having an offer.

Where possible, we have included virtual tours in high definition – please look to the flyer for those links.

Sellers suggest Buyers make an offer subject to inspection and that the buyer work hard to consolidate their inspections and appraisal review on the same business day, to minimize the impact on the residents, who are the sellers clients.

Commercial vs. Residential Real Estate sales

Apartment investments are considered commercial real estate sales. Although the occasional apartment will sell to an owner/occupant, from the Seller's and Listing Broker's perspective, they approach the transaction in a business-like manner, where it is all about the numbers, and very little about the emotions.

Commercial brokers work regular business hours during business days, and so do most of their clients. Please do not write an offer with an expiration date on a weekend, or a response period of anything less than 3 business days. Please do not text, or expect return phone calls after regular business hours.

Offers

Commercial transactions often start with a two page letter of intent or LOI – this allows the parties to share the skeleton of a deal. If they can reach a meeting of the minds, they will then flesh out the details in a purchase and sale agreement. If your client chooses to do a letter of intent, please make sure your letter of intent form includes the basics like price, closing date, contingencies, and who pays what closings costs.

The current (2021) activity level from investors interest in our marketplace is three times higher than it was before then pandemic, which was 10 times higher than it was in 2016, our market is saturated with out of state investors, and I often tell buyers that they have a 1 in 10 chance of becoming an owner, where as everyone of my Sellers have a 1 in 1 chance of selling.

Please let your client know that I work with my clients on a merit based negotiation system - we do not play the high/low game, and my **listing agreement pre-authorizes me to let you know when a (low) offer is likely not to be responded to by my Seller, so call first before your client suggests a low ball offer.**

If your client's strategy is to count days on market and expect a discount, please let them know we specialize in helping our clients establish the leading edge of current market pricing, and our clients are prepared to wait for the right investor who can meet their deal goals.

The follow-up questions Sellers ask after what is the price is, does the Buyer know the market? Have they been here? Do they have a team (management, lender, etc.) in place? Be prepared to answer these questions an advocate for your buyer, particularly if there are multiple competing offers.

Most of my Sellers are as focused on certainty of closing as they are the price, so don't be surprised when we ask you for proof of funds of down payment and a prequal letter from a qualified lender.

The standard in commercial transactions is that the Buyer pays for their own inspections and financing costs, and issues raised by the Buyer's lender are the Buyers to deal with. As the seller is sharing the information on the property with the buyer, the expectation is the buyer will share all information with the seller so they can troubleshoot/problem solve together.

BID Process

If this property is being marketed with the BID process, then **the ask (start) price is set low** with the intention of garnering a lot of investor interest that will lead to multiple offers, a best and final round **with a final close price that is considerably higher than the original ask price**. This process may be new to you, but we have been using it for over 16 years. By participating in the BID Process, best case, your buyer becomes an owner, worst case they receive an education on current market conditions.

If the property is being marketed using the BID process, the tour date and time is the **only time** the property is available for a viewing. This is not an inspection. Please do not bring your vendors, inspectors, ladders, etc. This is not an open house, but a guided tour that lasts 10 to 20 minutes and allows you a chance to view the interior condition.

Client Control

Your client's actions represent you in this transaction, and your actions represent them.

Please let your client know they have only one chance to make a good impression with my Sellers.

When in doubt, please ask for permission via email, **do not** take action and expect forgiveness from a Seller. Please let your clients know that their actions will be considered by the Seller when they review offers and rank them in likelihood to close.

Open invitation – on a monthly basis, we host a luncheon for brokers and property managers who have an interest in apartment investments – just email me for an invitation.

Please know that I love this business and I am glad to share my knowledge, expertise and enthusiasm with you and your Buyer. I want to help you, help them, to be a great landlord and investor.

Further Information

Do not walk property or disturb residents.

To register for access to confidential documents go to:

www.nmapartment.com/espanola335

Marketing Advisors

In the event of multiple offers, BID process will be used. Additional information on the sales process can be found at www.nmapartment.com/bidprocess/bidprocess.pdf

The owner and property are represented by Todd Clarke CCIM of NM Apartment Advisors, who has thirty-two 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 

CEO

NM Apartment Advisors Inc.

NMREC License #13711

505-440-TODD

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