

Portfolio of 15 multifamily buildings in ABQ NM



#	Address	# of units
A	436-440-444 Alcazar SE	11
B	7605 Bell SE/339-353 Grove SE	11
C	8017 Bell SE	2
D	112-118 Charleston SE	8
E	321-3 Dallas NE	7
F	433-7 Grove SE	4
G	613 San Pablo SE	2
H	127 Tennessee SE	4
I	143 Tennessee SE	4
Total Units =		53

53 Units

15 Properties

Size: 37,168 sf

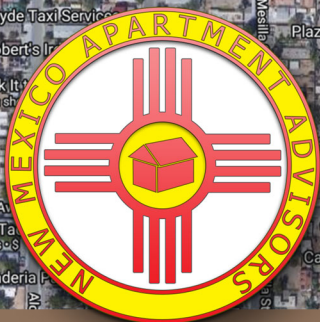
Land: 2.7731 ac

Start Price: \$4,915,047

Cap Rate: 6.31%

**Seller financing 3.85%
Interest rate**

**With Seller financed, 4.85% Interest rate, 78.5% LTV,
30 year amortization, 6 year call**



Amazing Portfolio opportunity

NM Apartment Advisors is excited to offer this once in a decade opportunity to acquire a large portfolio of apartment investments in the International District. A total of 53 units in 15 buildings in 9 concertation, all within 9 x 9 block area.

Area amenities include Ta-Lin International market, Expo! NM, The NM State Fair, and the constructed International District Library.

The portfolio straddles historic Route 66, home to the Albuquerque Rapid Transit corridor which offers quick connections to the Uptown retail district, Nob Hill, UNM/CNM Area as well as downtown, Kirtland Air Force Base and Sandia National Laboratories.

The sellers are offering financing to qualified investors (*) with 21.5% down payment, 78.5% loan to value, 4.85% interest rate, 30 year amortization and a 6 year call. (*subject to sellers review of buyers credit report, financial statement, deal resume, and tax returns).

Sophisticated investors know to close before end of year 2023, and combine this acquisition with cost segregation study and the 2018 tax and jobs act to push your effective Federal Tax Rate to 5%.

This portfolio will go quick to investors who are tracking the rent growth in the market from the shortage of housing due to all of the new Netflix, Facebook, Amazon and Intel jobs.



Register for
confidential property information : www.nmapartment.com/mfportfolio

of units 53 units

of Buildings: 15

Year of construction: 1946-1980, average 1961

Bldg. Size: 37,168 sf +/-

Site Size: 2.7731 acres

Avg. Unit Size: 701 sf

Ask Price: \$4,915,047

\$/ unit: \$92,737

\$/sf: \$132.24

	Actual	Proforma
Avg Rent:	\$782	\$923
GRM:	9.88	8.38
Cap Rate		
Before reserves:	6.31%	7.69%
Cap Rate After Reserves:	6.04%	7.45%
Year 1 NOI:	\$296,782	\$365,931
Before Tax IRR:	20.8%	
After Tax IRR:	16.8%	

3

Portfolio Summary - Internal Rate of Return

		Year						Calculated for 1st year of next owners, ownership
		1	2	3	4	5	6	
1 Total Potential Market Income	4.5% Increases	\$586,860	\$613,269	\$640,866	\$669,705	\$699,841	\$731,334	
2 Less: loss to market lease	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	
3 Total Potential Income (Max Rent)		\$586,860	\$613,269	\$640,866	\$669,705	\$699,841	\$731,334	
4 Less: Loss to lease	15.2%	\$89,472	\$93,498	\$97,706	\$102,102	\$106,697	\$111,498	
5 Total Income		\$497,388	\$519,770	\$543,160	\$567,602	\$593,144	\$619,836	
6 Less: vacancy	5.0%	\$24,869	\$25,989	\$27,158	\$28,380	\$29,657	\$30,992	
7 Effective Rental Income		\$472,519	\$493,782	\$516,002	\$539,222	\$563,487	\$588,844	
8 Plus: Other Income	2.0% Increases	\$19,532	\$19,923	\$20,321	\$20,728	\$21,142	\$21,565	
9 Gross Operating Income		\$492,051	\$513,705	\$536,323	\$559,950	\$584,629	\$610,409	
Total Operating Expenses		\$211,118	\$215,340	\$219,647	\$224,040	\$228,521	\$233,091	
Net Operating Income		\$280,933	\$298,365	\$316,676	\$335,910	\$356,109	\$377,318	
Mortgage Balance		\$3,799,831	\$3,738,451	\$3,674,026	\$3,606,406	\$3,535,433		
ADS		\$244,320	\$244,320	\$244,320	\$244,320	\$244,320		
- Principal Reduction		\$58,480	\$61,381	\$64,425	\$67,620	\$70,973		
= Mortgage interest		\$185,840	\$182,939	\$179,895	\$176,700	\$173,347		
- cost recovery (annual)		\$137,032	\$142,983	\$142,983	\$142,983	\$137,032		
= Taxable Income		-\$41,938	-\$27,558	-\$6,202	\$16,227	\$45,730		
Tax on income at ordinary income rate of		\$0	\$0	\$0	\$5,679	\$16,006		
NOI		\$280,933	\$298,365	\$316,676	\$335,910	\$356,109		
- Annual Debt Service		\$244,320	\$244,320	\$244,320	\$244,320	\$244,320		
= Cash Flow Before Tax		\$36,613	\$54,045	\$72,356	\$91,590	\$111,789		
- Less Ordinary Income Tax		\$0	\$0	\$0	\$5,679	\$16,006		
= Cash Flow After Tax		\$36,613	\$54,045	\$72,356	\$85,911	\$95,783		

Sales Worksheet

Calculation of Adjusted Basis

1 Basis at Acquisition	\$4,915,047
2 + Capital Additions	
3 -Cost Recovery (Depreciation) Taken	\$703,013
4 =Adjusted Basis at Sale	\$4,212,034

Calculation of Capital Gain

Disposition CAP Rate	6.0%
5 Sale Price	\$6,248,827
6 -Costs of Sale	\$499,906
7 -Adjusted Basis at Sale	\$4,212,034
8 =Gain or (Loss)	\$1,536,887
9 -Straight Line Cost Recovery (limited to gain)	\$703,013
# =Capital Gain from Appreciation	\$833,874

Calculation of Sales Proceeds after tax

# Sale Price	\$6,248,827
# -Costs of Sale	\$499,906
# -Mortgage Balance(s)	\$3,535,433
# =Sale Proceeds Before Tax	\$2,213,488
# -Tax: Straight Line Recapture at	25.0%
# -Tax on Capital Gains at	20.0%
# =SALE PROCEEDS AFTER TAX:	\$1,870,960

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 19%

See page 6 for the secret sauce that could help you lower your effective federal tax rate to 5%!

IRR Before tax =		20.8%
n	\$	
0	\$	(1,056,735)
1		\$36,613
2		\$54,045
3		\$72,356
4		\$91,590
5		\$111,789 + \$2,213,488

IRR After tax =		16.8%
n	\$	
0	\$	(1,056,735)
1		\$36,613
2		\$54,045
3		\$72,356
4		\$72,356
5		\$85,911 + \$1,870,960

Investor's Effective Tax Rate =

19%



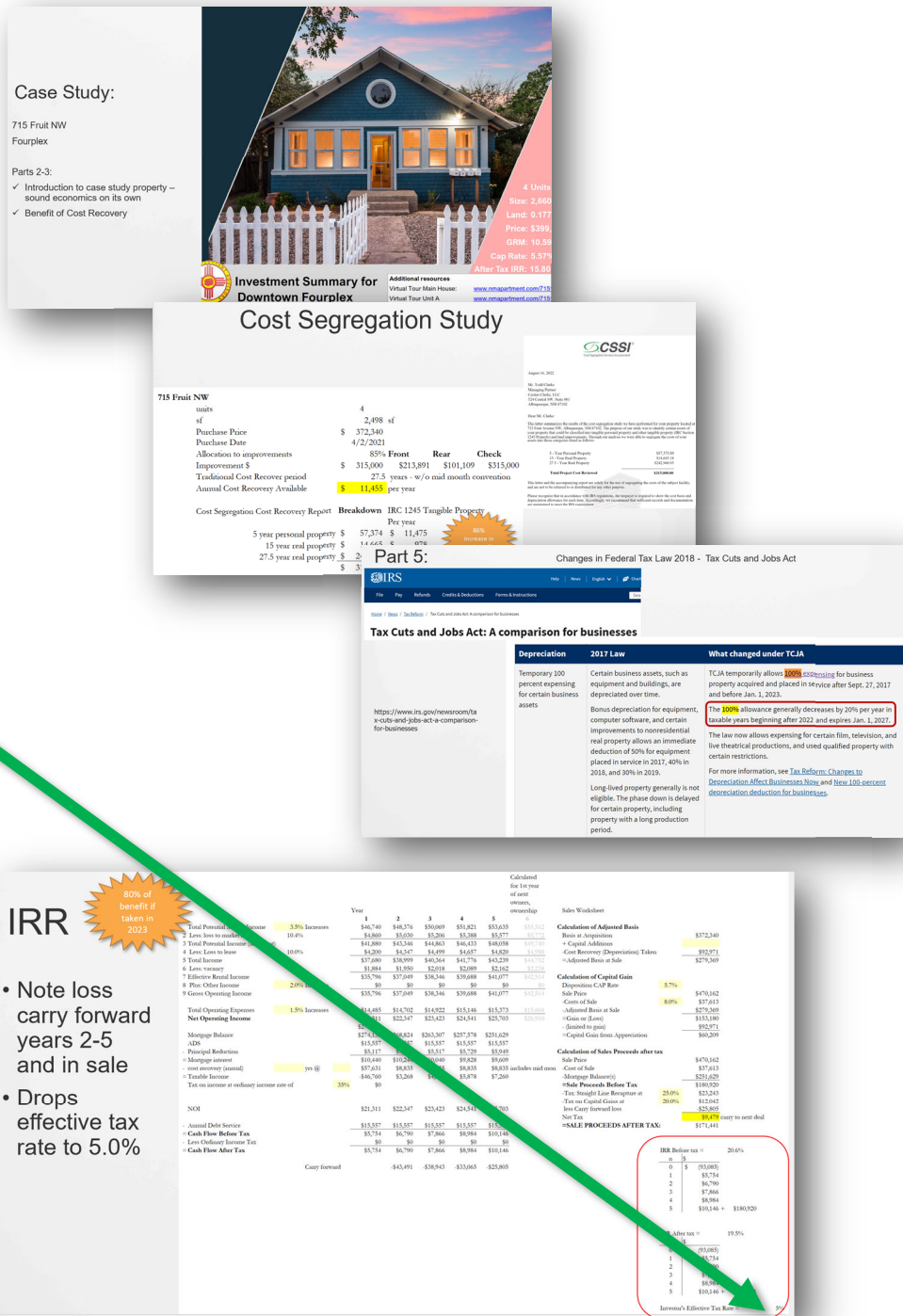
How to lower your effective tax rate using cost segregation and the 2018 tax cut & jobs act

Watch our case study video that explains how using **Cost Segregation** and understanding the **2018 tax cut & jobs act** can lower your effective Federal Tax rate: (<http://www.nmapartment.com/cretaxbenefits2023>)

Outline of this case study driven video includes:

1. Benefits of owning commercial real estate
2. Introduction to case study property – sound economics on its own
3. Benefit of Cost Recovery
4. Benefit of Cost Segregation studies
5. Benefit of 2018 tax changes - 2018 Changes in tax law under Tax Cuts and Jobs Act
6. Comparison of #3-#5
7. How to drive your effective tax rate to 5.0%
8. Why you should acquire before year end 2022
9. Bonus Round – are you fulltime in commercial real estate?

NM Apartment Advisors is not an accounting firm and does not offer accounting advice, but we would strongly encourage you to contact your CPA to see if the information provided in this case study could benefit you and/or your clients by closing on this investment offering before the end of 2023.

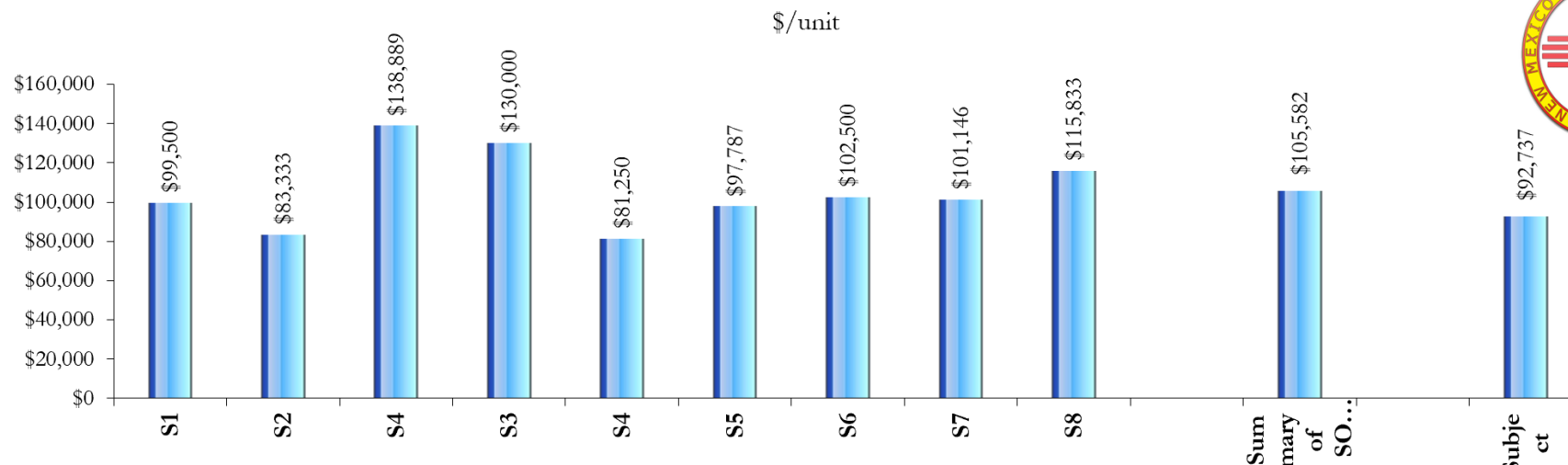


Portfolio Summary - Comparable Sales

Comparable Sales Analysis for:

15 building multifamily portfolio

Compiled by Todd Clarke CCIM



#	Name	Street	Units	Age	List Price	Sales Price	Sales Date	\$/unit	\$/sf	Avg. Rent	GRM	CAP *
S1		1209 Martin Luther F	10	1951	\$ 1,100,000	\$ 995,000	12/14/22	\$99,500	\$ 117.74	\$767	10.81	5.7%
S2		1307 Tijeras NW	12	1950	\$ 1,200,000	\$ 1,000,000	11/15/22	\$83,333	\$ 115.82	\$695	9.99	6.2%
S4		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%
S3		3409 Tulane NE	10	1979	\$ 1,300,000	\$ 1,300,000	5/27/23	\$130,000	\$ 154.58	\$980	11.05	5.6%
S4		5900 Marble NE	24	1968	\$ 1,360,000	\$ 1,950,000	9/18/23	\$81,250	\$ 106.49	\$704	9.62	4.4%
S5		924 Valencia SE	20	2000	\$ 1,955,736	\$ 1,955,736	9/29/23	\$97,787	\$ 111.12	\$828	9.84	4.8%
S6		1410 Truman SE	8	1979	\$ 860,000	\$ 820,000	9/8/22	\$102,500	\$ 130.74	\$794	10.76	5.7%
S7		1340 San Mateo SE	7	1957	\$ 708,022	\$ 708,022	12/22/22	\$101,146	\$ 133.09	\$829	10.17	6.1%
S8		1023 2nd SW	6	1901	\$ 695,000	\$ 695,000	10/21/22	\$115,833	\$ 154.44	\$933	10.34	6.0%

Summary of SOLD								\$ 105,582	\$ 146	\$843	10.39	5.6%
-----------------	--	--	--	--	--	--	--	------------	--------	-------	-------	------

Subject	15 building multifamily portfolio	53	2014	renovation	\$ 4,915,047	\$ 92,737	\$ 132	\$782	9.88	6.0%
---------	-----------------------------------	----	------	------------	--------------	-----------	--------	-------	------	------

Average of Comparable SOLD applied to subject property

\$/unit	\$ 105,582	\$ 5,595,848
\$/sf	\$ 146	\$ 5,417,318
CAP (Actual)	5.6%	\$ 5,330,863
GRM (Actual)	10.39	\$ 5,112,007

Average= \$5,364,009

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.

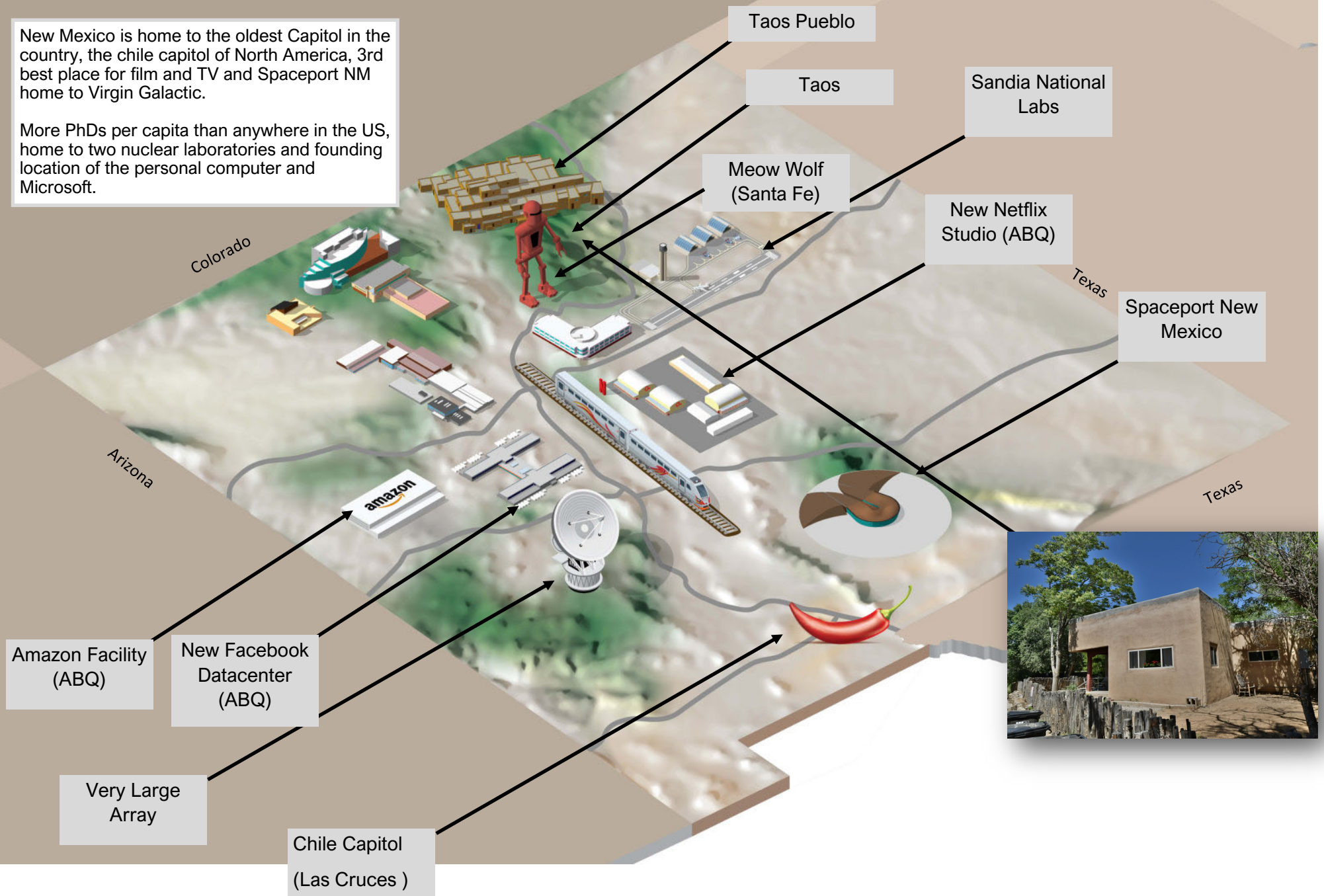
Please know that I love this business and I am glad to share my knowledge, expertise and enthusiasm with you and your Buyer. I want to help you, help them, to be a great landlord and investor.

I look forward to working on this transaction with you—Sincerely, **Todd Clarke CCIM CIPS**

NM Points of Interest

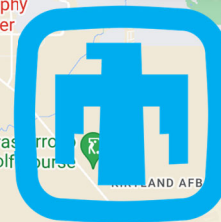
New Mexico is home to the oldest Capitol in the country, the Chilean Capitol of North America, 3rd best place for film and TV and Spaceport NM home to Virgin Galactic.

More PhDs per capita than anywhere in the US, home to two nuclear laboratories and founding location of the personal computer and Microsoft.



Albuquerque's Economic Engines

Albuquerque offers a diversity of economic engines from Amazon, to Intel, to UNN/CNM to Facebook/Meta, Sandia National Laboratories to the downtown medical cluster (3 hospitals) to the Netflix studios.



Name	NM crew	NM talent (performing artists)	NM background and extras
Paul's Promise aka "Retribution"	35	10	80
Them Covenant (Episode 8)	199	32	500
The Harder They Fall	350	25	100
Captive	22	4	15
Peace River	5	15	25
Roswell (Season 3)	275	110	2200
Canyon del Muerto	130	30	600
Third Story Automotive	0	4	0
Land of Dreams (Part 2)	30	20	150
Cry Macho	200	0	700
Intrusion	134	32	134
Meow Wolf Denver	150	60	75
Slayers	33	5	2
The Commando	35	14	28
Cleaning Lady (Pilot)	120	400	500
Cop Shop	51	27	30
Outer Range	428	7	1000
The Wrong Guy	20	10	5
Twalette	1	2	4
Better Call Saul (Season 6)	400	110	1500
Monogamy	35	11	30
Dr. Death (Season 1)	170	5	100
Holiday in Santa Fe	18	5	50
Dig	26	5	0
Surrounded	140	21	30
When You Finish Saving the World	110	13	80
The Ray	100	5	25
Lullaby	85	4	0
Total	3302	986	7963

Source: New Mexico Film Office



Further Information

Do not walk property or disturb residents.

To register for access to confidential documents go to:

www.nmapartment.com/mfportfolio

Marketing Advisors

In the event of multiple offers, the Seller will be using the BID Process -

Additional information on the sales process can be found at

www.nmapartment.com/bidprocess/bidprocess.pdf

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

CEO

NM Apartment Advisors Inc.

NMREC License #13711

505-440-TODD

tclarke@nmapartment.com

www.nmapartment.com

