

121 General Arnold NE, ABQ, NM 87123



6 Units

Size: 4,136 sf

Land: 0.1722 ac

Price: \$515,000

GRM: 9.08

Cap Rate: 6.99%

After Tax IRR: 19.1%

Register for Confidential Information: www.nmapartment.com/121genarn

Virtual Tours: www.nmapartment.com/121general3dUnitE

www.nmapartment.com/121general3dUnitF

The Offering

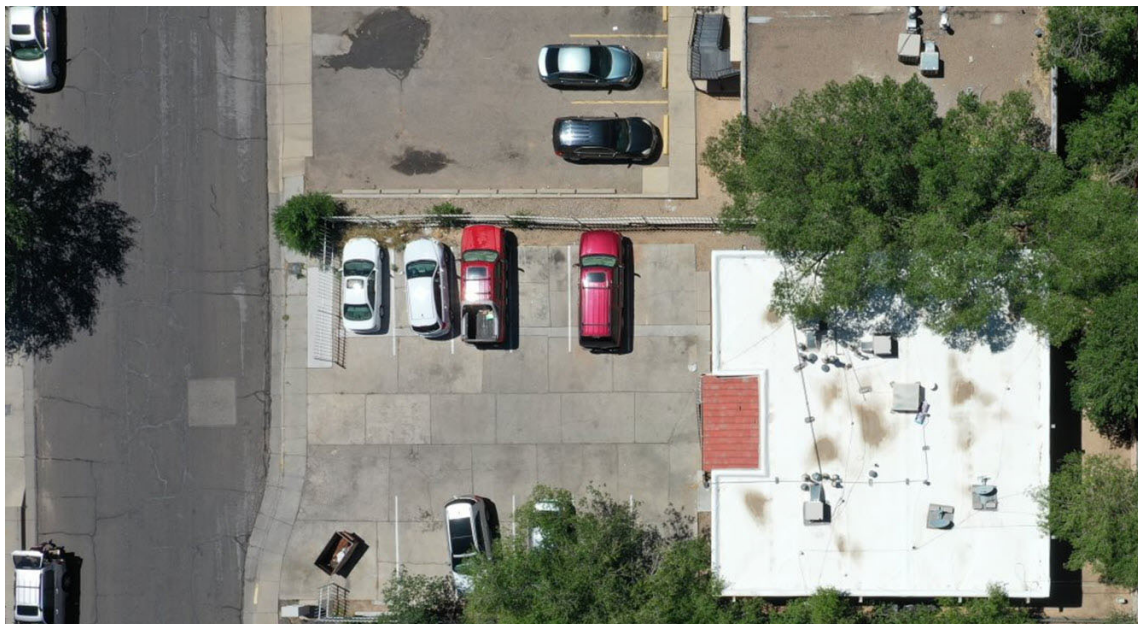
On behalf of the owner, NM Apartment Advisors is excited to bring to market this 6 units property.

The owner has recently made significant improvements totaling in excess of \$51,000 including:

1. New TPO roof (January 2019)
2. New stucco around entire building (February 2019)
3. All new double pane vinyl windows (majority in December 2019, some in 2017/2018)
4. All new hot water heaters (2017-2022)
5. All new evaporative coolers (unit E in 2015 and other 5 in June 2017)
6. All new tile flooring in unit A (June 2018) and unit B (October 2019) and new carpet in units C and F (May 2019)
7. New sewer line from building to the sidewalk (September 2017)
8. Rebuild of the main water line
9. Upgrades to kitchens and bathrooms
10. Units B&E renovated in March of 2021, Unit A in March of 2022 and Units D&F August of 2023, with Unit C under renovation.

Do not miss out on this amazing value add opportunity to own a value add asset in an economy with amazing job growth from all of the new Intel, Amazon, Facebook, and Netflix jobs that has led to double digit annual rent growth.

The property is being offered well below the comparables sales value of \$572,521.



The Property

Address: 121 General Arnold NE

Number of Units: 6

Year of construction: 1980 per county assessors records

Bldg. Size: 4,136 sf approx.

Site Size: 0.1722 acres

Avg. Unit Size: 689 sf

UPC#: 102005708207530908

Legal: Lot 14, Block 3, Waggoman Denison Addition

Ask Price: \$457,332

\$/unit: \$76,222

\$/sf: \$110.57

	Actual/Est (2023)	Proforma (2024)
Avg. Rent:	\$788	\$858
GRM:	9.08	8.33
Cap Rate Before reserves:	7.28%	8.08%
Cap Rate After reserves:	6.99%	7.79%
Year 1 NOI:	\$35,994	\$40,111
Cash on Cash:	10.26%	14.09%
Before Tax IRR:	23.1%	
After Tax IRR:	19.1%	

Annual Property Operating Data (APOD)

NM Apartment Advisors Financial Overview for:

121 General Arnold NE

Prepared by: Todd Clarke CCIM

11/20/2023

Unit/Rent Summary

		Approx				Actual	E	C	A	
#	Type Style	Size	Actual Rent	Street Rate	Market Rent	Rent \$/sf	Total Actual	Total Max Rent for this type	Total Market Potential	Total sf
1	2br/1ba A	835	\$ 875	\$ 875	\$ 925	\$ 1.05	\$ 875	\$ 875	\$ 925	835
1	Studio B - Occ	386	\$ 575	\$ 625	\$ 725	\$ 1.49	\$ 575	\$ 625	\$ 725	386
1	2br/1ba C	847	\$ 875	\$ 875	\$ 925	\$ 1.03	\$ 875	\$ 875	\$ 925	847
1	1r/1ba - CD	835	\$ 900	\$ 875	\$ 925	\$ 1.08	\$ 900	\$ 875	\$ 925	835
1	Studio E	386	\$ 625	\$ 625	\$ 725	\$ 1.62	\$ 625	\$ 625	\$ 725	386
1	2br/1ba F	847	\$ 875	\$ 875	\$ 925	\$ 1.03	\$ 875	\$ 875	\$ 925	847
6	total units Averages =	689	\$ 788	\$ 792	\$ 858	\$ 1.14	\$ 4,725	\$ 4,750	\$ 5,150	4,136
Annualized =							\$ 56,700	\$ 57,000	\$ 61,800	

Benchmarks

Offering Price	\$515,000		
\$/unit	\$85,833		
\$/sf	\$124.52	Actual	Proforma
GRM	9.08	9.08	8.33
CAP Before Reserves	7.28%	7.28%	8.08%
CAP After Reserves	6.99%	6.99%	7.79%
Cash on Cash	6.95%	6.95%	10.15%
DCR=	1.33	1.33	1.48
Walk Score: 61; Transit Score: 42; Bike Score: 53			



Income

1	A.	Total Potential Market Income	\$ 61,800	
2	B.	Less: loss to market lease	\$ 4,800	7.8%
3	C.	Total Potential Income (Street)	\$ 57,000	
4	D.	Less: Loss to lease	\$ 300	0.5%
5	E.	Total Income	\$ 56,700	
6	F.	Less: vacancy 5.0%	\$ 2,835	market vacancy
7	G.	Effective Rental Income	\$ 53,865	
8	H.	Plus: Other Income	\$ 2,040	RUBS
9	I.	Gross Operating Income	\$ 55,905	

Expenses (Annual)		Est.	Based on:	
		\$/unit	%	
20	Real Estate Taxes	\$2,594	\$432	5% 2022 Actual Taxes
21	Personal Property Tax			current assessment \$183,000
22	Property Insurance	\$1,800	\$300	3% Estimate
23	Property Management			
24	Off Site Management	\$4,819	\$803	9% 8% plus NMGR
25	Payroll-Onsite Personnel			
28	Repairs and Maintenance	\$4,472	\$745	8% Estimate, owners actual 2019 was \$3,242
29	Utilities:			
30	Water, Sewer, & Garbage	\$1,045	\$174	2% T12 Actual
31	Gas /Electric	\$561	\$93	1% T12 Actual
32	Electric	\$2,520	\$420	5% Est. Landlord pays some utilities
33	Cable/Internet			
42	Pest Control	\$600	\$100	1% Estimate
43	Unit Turnover			
44	Misc			
47	Reserve for replacement	\$1,500	\$250	3% May be required by new lender
48	Total Operating Expenses	\$19,911	\$3,319	36%
50	Net Operating Income	\$35,994	\$5,999	
	Less: Annual Debt Service	Potential \$27,049	\$ 386,250	LTV 75% Pmt \$2,254 Term 30 Interest Rate 5.75%
	Cash Flow Before Taxes	\$8,945		

Proforma 2024		Based on:		Forthcoming yr.		
	\$/unit	%	Income: Line C - F + H			
\$2,750	\$458	4%	Potential 2024 = 2022 + 3%			
\$1,854	\$309	3%	Potential 2024 = 2022 + 3%			
\$5,061	\$843	8%	Est @ 8% of TPM plus NMGR			
\$4,607	\$768	7%	Potential 2024 = 2022 + 3%			
\$1,076	\$179	2%	Potential 2024 = 2022 + 3%			
\$578	\$96	1%	Potential 2024 = 2022 + 3%			
\$2,596	\$433	4%	Potential 2024 = 2022 + 3%			
\$618	\$103	1%	Potential 2024 = 2022 + 3%			
\$1,500	\$250	2%	May be required by new lender			
\$20,639	\$3,440	33%				
\$40,111	Potential Market less		5% vacancy + other income			
ADS	Loan	LTV	Pmt	Term	Interest	
\$27,049	\$ 386,250	75%	\$2,254	30	5.75%	
\$13,063						

Internal Rate of Return

		Year	1	2	3	4	5	6	Calculated for 1st year of next owners, ownership
Total Potential Market Income	4.5% Increases		\$61,800	\$64,581	\$67,487	\$70,524	\$73,698	\$77,014	
2 Less: loss to market lease	7.8%		\$4,800	\$5,016	\$5,242	\$5,478	\$5,724	\$5,982	
3 Total Potential Income (Max Rent)			\$57,000	\$59,565	\$62,245	\$65,046	\$67,974	\$71,032	
4 Less: Loss to lease	1%		\$300	\$314	\$328	\$342	\$358	\$374	
5 Total Income			\$56,700	\$59,252	\$61,918	\$64,704	\$67,616	\$70,659	
6 Less: vacancy	5%		\$2,835	\$2,963	\$3,096	\$3,235	\$3,381	\$3,533	
7 Effective Rental Income			\$53,865	\$56,289	\$58,822	\$61,469	\$64,235	\$67,126	
8 Plus: Other Income	2% Increases		\$2,040	\$2,081	\$2,122	\$2,165	\$2,208	\$2,252	
9 Gross Operating Income			\$55,905	\$58,370	\$60,944	\$63,634	\$66,443	\$69,378	
Total Operating Expenses	2% Increases		\$19,911	\$20,310	\$20,716	\$21,130	\$21,553	\$21,984	
Net Operating Income			\$35,994	\$38,060	\$40,228	\$42,504	\$44,890	\$47,394	
			\$386,250						
Mortgage Balance			\$381,281	\$376,019	\$370,446	\$364,544	\$358,294		
ADS			\$27,049	\$27,049	\$27,049	\$27,049	\$27,049		
- Principal Reduction			\$4,969	\$5,262	\$5,573	\$5,902	\$6,250		
= Mortgage interest			\$22,080	\$21,786	\$21,476	\$21,147	\$20,798		
- cost recovery (annual)	27.5 yrs @ 1.80%		\$14,358	\$14,982	\$14,982	\$14,982	\$14,358		includes mid mon
= Taxable Income			-\$444	\$1,292	\$3,771	\$6,375	\$9,734		
Tax on income at ordinary income rate of 2.35%			\$0	\$452	\$1,320	\$2,231	\$3,407		
NOI			\$35,994	\$38,060	\$40,228	\$42,504	\$44,890		
- Annual Debt Service			\$27,049	\$27,049	\$27,049	\$27,049	\$27,049		
= Cash Flow Before Tax			\$8,945	\$11,011	\$13,180	\$15,455	\$17,842		
- Less Ordinary Income Tax			\$0	\$452	\$1,320	\$2,231	\$3,407		
= Cash Flow After Tax			\$8,945	\$10,559	\$11,860	\$13,224	\$14,435		

Sales Worksheet

Calculation of Adjusted Basis

1 Basis at Acquisition	\$515,000
2 + Capital Additions	
3 -Cost Recovery (Depreciation) Taken	\$73,6
4 =Adjusted Basis at Sale	\$441,2

Calculation of Capital Gain

Disposition CAP Rate	7.0%
5 Sale Price	\$678,120
6 -Costs of Sale	\$54,250
7 -Adjusted Basis at Sale	\$441,338
8 =Gain or (Loss)	\$182,532
9 -Straight Line Cost Recovery (limited to gain)	\$73,662
# =Capital Gain from Appreciation	\$108,870

Calculation of Sales Proceeds after tax

# Sale Price	\$678,120
# -Cost of Sale	\$54,250
# -Mortgage Balance(s)	\$358,294
# =Sale Proceeds Before Tax	\$265,576
# -Tax: Straight Line Recapture at 25.0%	\$18,415
# -Tax on Capital Gains at 20.0%	\$21,774
# =SALE PROCEEDS AFTER TAX:	\$225,387

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 17%.

IRR Before tax =	23.1%
n	\$
0	\$ (128,750) includes renovation
1	\$8,945
2	\$11,011
3	\$13,180
4	\$15,455
5	\$17,842 + \$265,576

IRR After tax =	19.1%
n	\$
0	\$ (128,750) includes renovation
1	\$8,945
2	\$10,559
3	\$11,860
4	\$13,224
5	\$14,435 + \$225,387

Investor's Effective Tax Rate = 17%

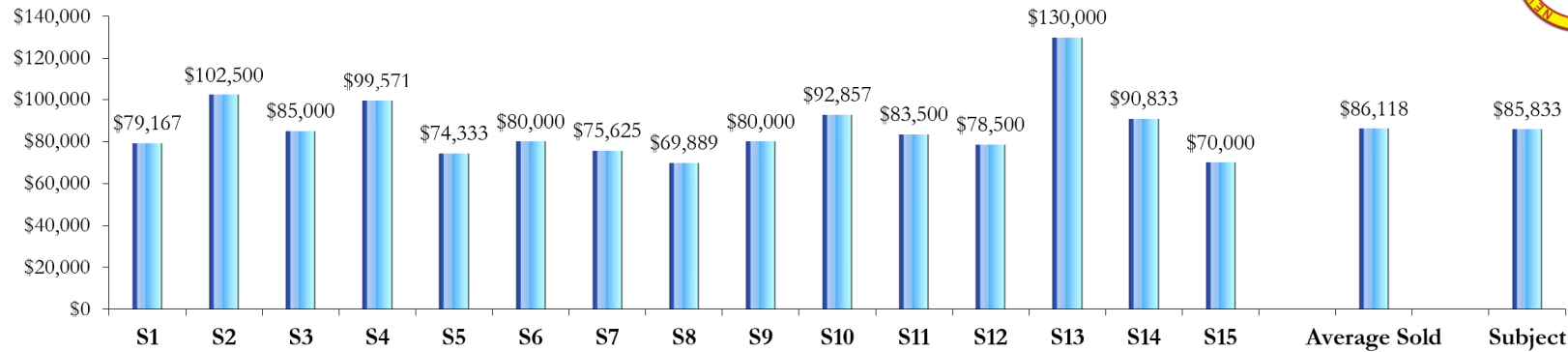
Comparable Sales

Comparable Sales Analysis for:

121 General Arnold NE

Compiled by Todd Clarke CCIM

\$/unit



**Property is
priced
under the
market
comps**

#	Name	Add#	Location	QD	Units	YOC	List Price	Sales Price	Sales Date	\$/unit	\$/sf	Avg. Rent	GRM	CAP (imputed)	Location
S1		400-4	Texas	NE	6	1960	\$ 475,000	\$ 460,000	5/13/2022	\$79,167	\$ 90.20	\$668	9.56	6.0%	Fair Grounds
S2		1410	Truman	SE	8	1979	\$ 860,000	\$ 820,000	9/8/2022	\$102,500	\$ 130.74	\$794	10.76	5.3%	UNM South
S3		1110	DR. MLK	NE	9	1958	\$ 740,000	\$ 765,000	3/28/2022	\$85,000	\$ 129.07	\$694	10.20	5.6%	UNM South
S4		2115	Gold Ave	SE	7	1940	\$ 697,000	\$ 697,000	10/26/2021	\$99,571	\$ 162.17	\$579	14.33	4.0%	UNM South
S5		2129	Coal Ave	SE	9	1930	\$ 669,070	\$ 669,000	1/21/2022	\$74,333	\$ 130.21	\$689	8.99	6.3%	UNM South
S6		510-12	Mesilla St	SE	8	1960	\$ 662,000	\$ 640,000	11/10/2021	\$80,000	\$ 123.08	\$813	8.21	6.9%	SE Heights
S7		420-20A	Vermont St	NE	8	1987	\$ 625,000	\$ 605,000	5/20/2022	\$75,625	\$ 96.96	\$609	10.34	5.5%	Fair Grounds
S8		201	Virginia St	NE	9	1955	\$ 629,000	\$ 629,000	7/20/2022	\$69,889	\$ 174.72	\$500	11.65	4.9%	Fair Grounds
S9		4600-04	Zuni Rd	SE	7	1958	\$ 560,000	\$ 560,000	3/8/2022	\$80,000	\$ 125.84	\$526	12.68	4.5%	UNM South
S10		1340	San Mateo	SE	7	1957	\$ 708,022	\$ 650,000	12/22/2022	\$92,857	\$ 122.18	\$746	10.38	5.5%	SE Heights
S11		409-13	Indiana St	SE	8	1963	\$ 670,000	\$ 668,000	10/12/2022	\$83,500	\$ 98.96	\$651	10.68	5.3%	SE Heights
S12		633-37	Louisiana	SE	8	1979	\$ 655,000	\$ 628,000	12/1/2022	\$78,500	\$ 88.70	\$717	9.12	6.2%	SE Heights
S13		9912	4th St	NW	5	1930	\$ 695,000	\$ 650,000	9/13/2022	\$130,000	\$ 180.56	\$889	12.19	4.7%	Far N Valley
S14		2314	Garfield	SE	6	1948	\$ 382,500	\$ 545,000	4/21/2023	\$90,833	\$ 118.48	\$543	13.95	4.1%	UNM South
S15		209	Girard Blvd	SE	8	1968	\$ 550,000	\$ 560,000	12/1/2021	\$70,000	\$ 100.00	\$650	8.97	6.4%	UNM South

Average Sold

\$86,118 \$ 125 10.80 5.4%

Subject

6 units

\$85,833 \$ 125 \$788 9.08 7.3%

Average of Comparable SOLD applied to subject property

\$/unit	\$ 86,118	\$ 516,710
\$/sf	\$ 124.79	\$ 516,133
GRM	10.80	\$ 603,827
CAP (Actual)	5.4%	\$ 664,882

Average=

\$ 575,388

Property Info—Location



Property Info - GIS



City Address: 121 GENERAL ARNOLD ST NE
County Address: 121 GENERAL ARNOLD ST NE

9/26/2022

www.cabq.gov/gis

City of Albuquerque Property Report

Ownership Data from [Bernalillo County Assessor](#)
(County Assessor's data for tax year 2021)

Owner Name: FALCON PROPERTY SOLUTIONS LLC

Owner Address: 409 9TH ST SW, ALBUQUERQUE NM 87102-0000

UPC: 102005708207530908

Tax Year: 2021 **Tax District:** A1A

Legal Description: * 014 003WAGGOMAN DENISON ADD

Property Class: R **Document Number:** 2020114076 111120 WD - EN

Acres: 0.13

City Zoning and Services

IDO Zone District: MX-M

IDO District Definition: Moderate Intensity

Old Zoning Designation: SU-2

Old Zoning Description: EG-C-2

Land Use: 01 | Low-density Residential

Lot: 14 **Block:** 3 **Subdivision:** WAGGOMAN & DENISON ADDN

Police Beat: 337 **Area Command:** SOUTHEAST

Jurisdiction: ALBUQUERQUE

Zone Atlas Page: [K20](#) (opens in new window)

City Neighborhood Association: South Los Altos NA

Residential Trash Pickup:

Political Districts

City Council District: [6 - Pat Davis](#)

County Commission District: 3 - Adriann Barboa

NM House of Representatives: Debra M. Sariñana

NM Senate: Mimi Stewart

School Districts

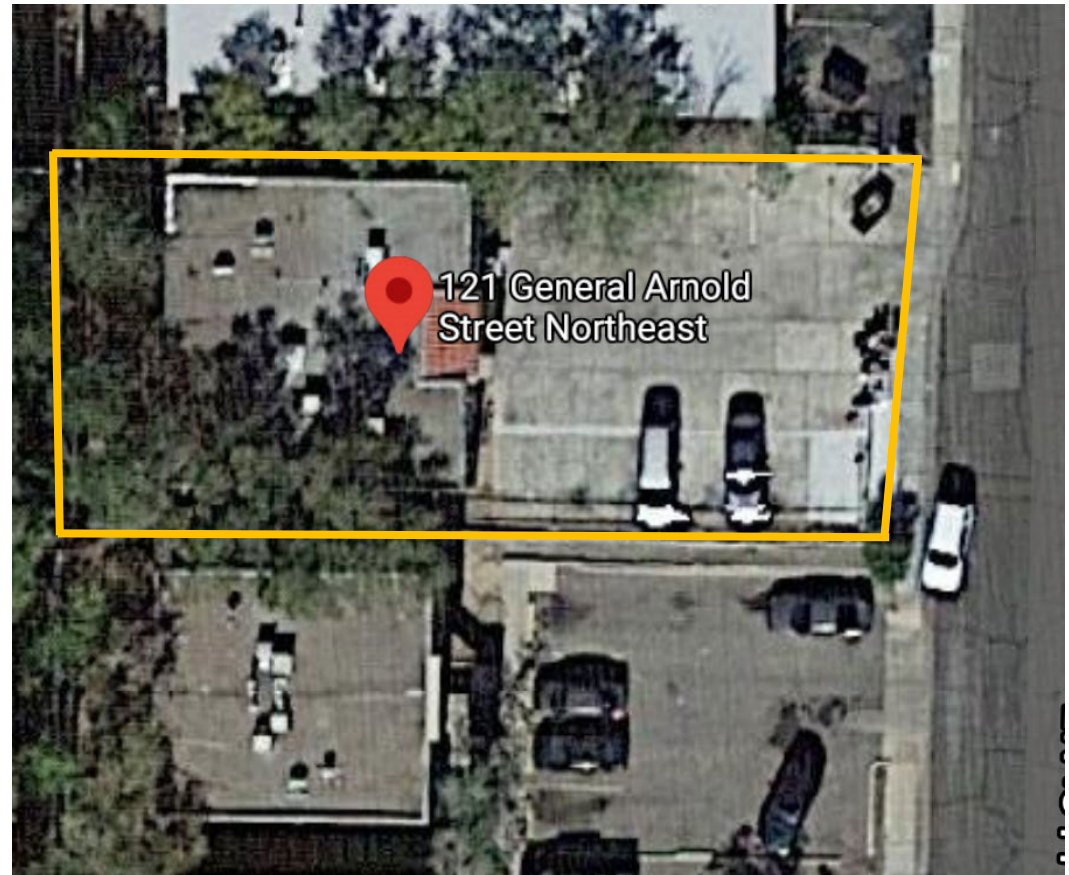
Elementary: HAWTHORNE

Middle: HAYES

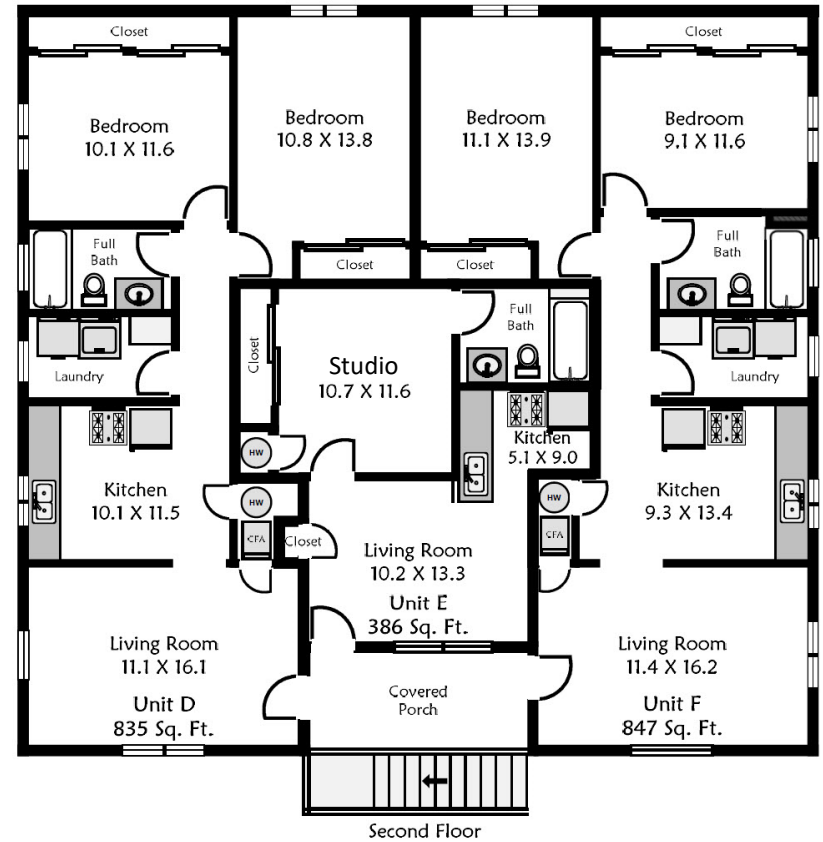
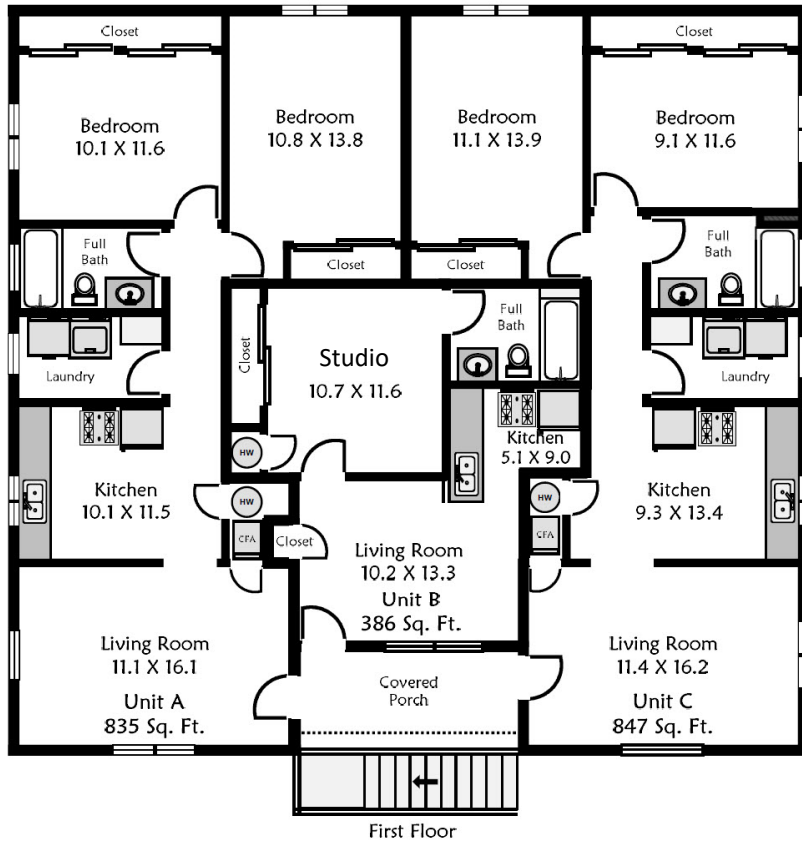
High School: HIGHLAND

FEMA Flood Zone: X

For questions about floodplain information, please contact the COA Floodplain Manager at 924-3986 or email ccherne@cabq.gov



Building Layout/Floor Plan



121 General Arnold St. NE
Albuquerque, NM 87123

First Floor Gross Heated Living Area - 2,103 Sq. Ft.

Second Floor Gross Heated Living Area - 2,103 Sq. Ft.

Total Gross Heated Building Area - 4,206 Sq. Ft.

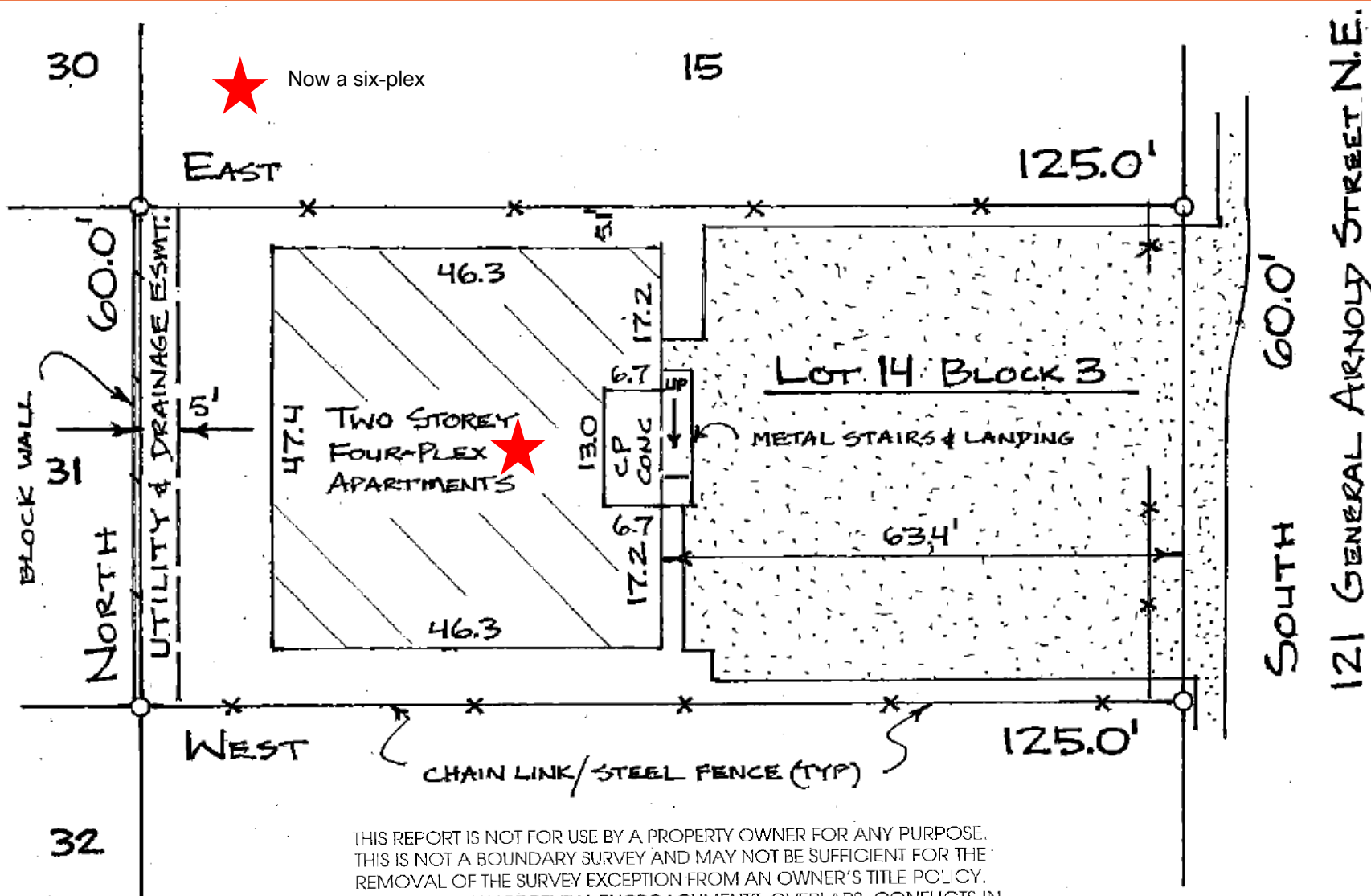
Dimensions, square footage and placement of elements are approximate

The gross heated area square footage includes exterior walls

Individual unit square footage is approximate net heated living area

This floor plan is intended for marketing/diagrammatic purposes only

Property Survey



THIS REPORT IS NOT FOR USE BY A PROPERTY OWNER FOR ANY PURPOSE.
THIS IS NOT A BOUNDARY SURVEY AND MAY NOT BE SUFFICIENT FOR THE
REMOVAL OF THE SURVEY EXCEPTION FROM AN OWNER'S TITLE POLICY.
IT MAY OR MAY NOT REVEAL ENCROACHMENTS, OVERLAPS, CONFLICTS IN
BOUNDARY LINES, SHORTAGES IN AREA, OR OTHER MATTERS WHICH
WOULD BE DISCLOSED BY AN ACCURATE BOUNDARY SURVEY.

Scale: 1" = 20'

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JCW
2V



GARDEY SURVEY
LAND SURVEYOR
(505) 256-3481
904 Palomas Drive NE
Albuquerque, NM
87108-1634

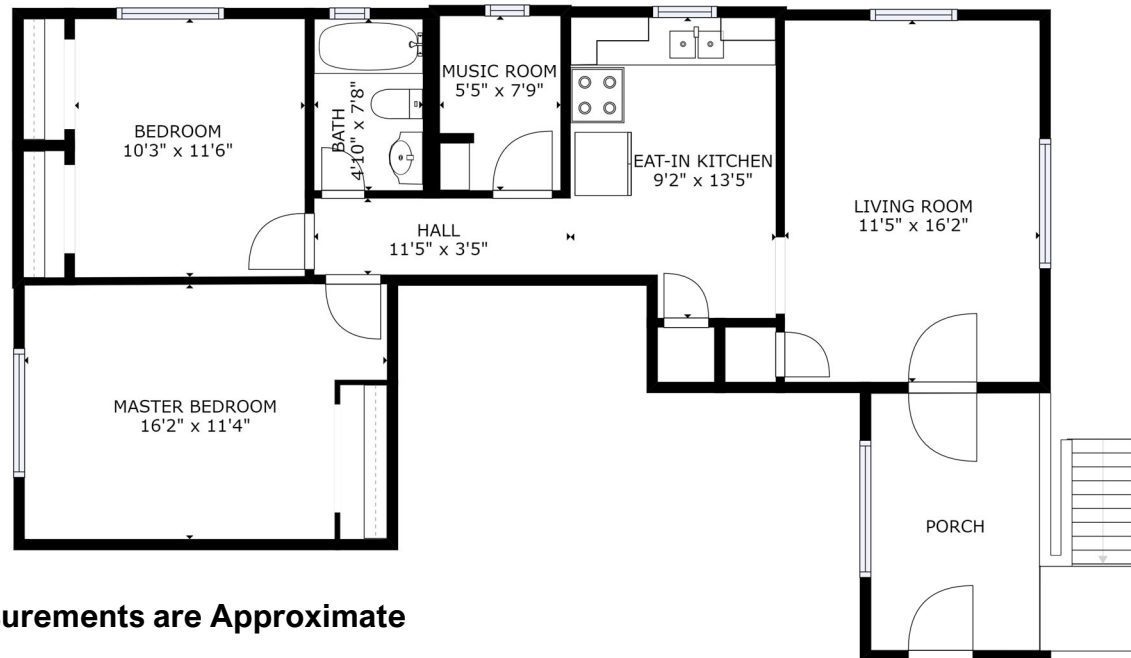
Property Photographs - Exterior



Interior Pictures - Apt B



Floorplan/Virtual Tour - Apt D



Measurements are Approximate

Virtual Tour: www.nmapartment.com/121general3dUnitD

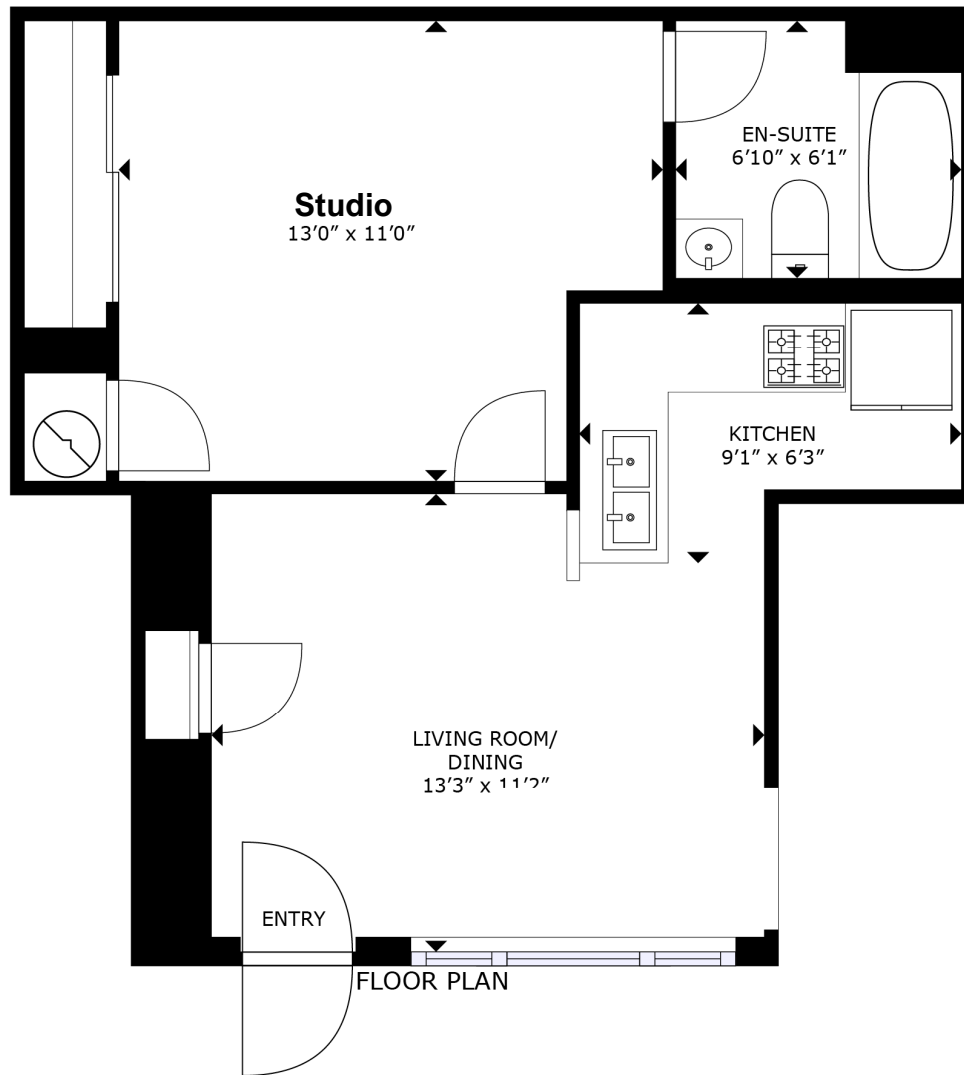


Matterport

Interior Pictures - Apt D



Floorplan/Virtual Tour - Apt E



Measurements are Approximate

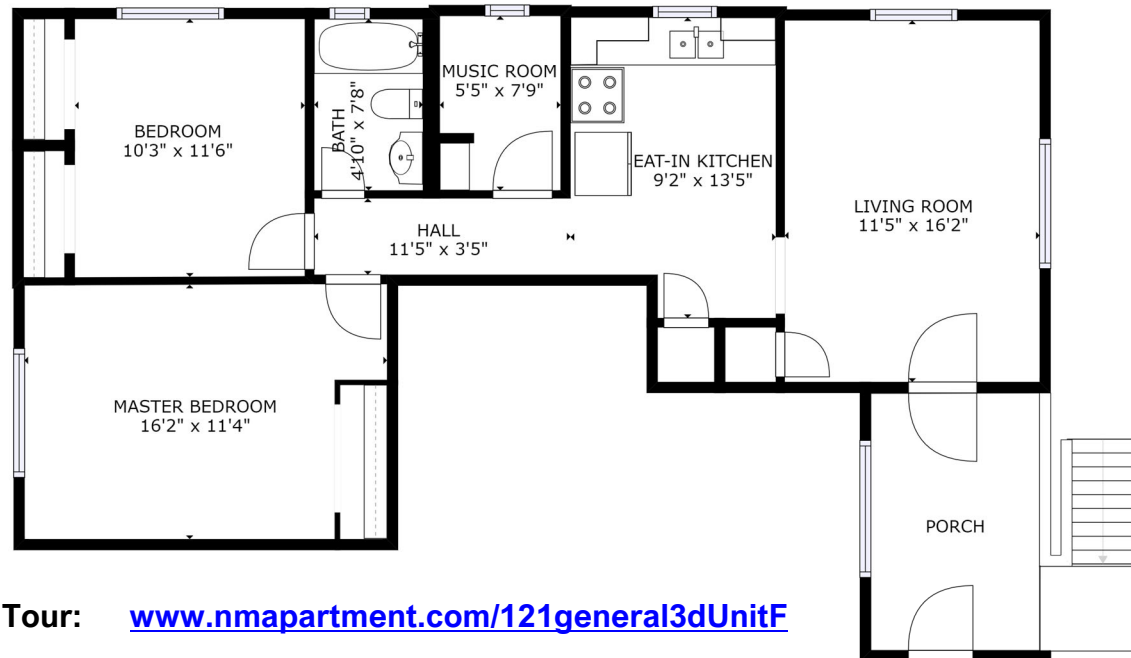
Virtual Tour: www.nmapartment.com/121general3dUnitE



Interior Pictures - Apt E



Floorplan/Virtual Tour - Apt F



Virtual Tour: www.nmapartment.com/121general3dUnitF



Measurements are Approximate

Interior Pictures - Apt F



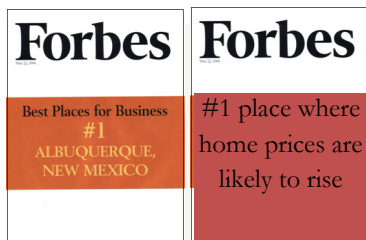
The Market—Albuquerque, NM

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**
Washington Business Journal—Bizjournal September 2007
- ☑ **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**
AmericanStyle Magazine, June 2007
- ☑ **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,**
MovieMaker Magazine, Winter 2007
- ☑ **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.

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

Further Information

Do not walk property or disturb residents.

To register for access to confidential documents go to:

www.nmapartment.com/121genarn

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

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