

Targhee Landing – 85 Unit Townhome (6 Built) Subdivision Alpine, WY

\$3,950,000.00





Representative Photos – Existing Units

Spruce Unit



Aspen Unit



Cottonwood Unit



Interior Photo



Interior Photo



Existing Infrastructure



Property Description

Targhee Landing is a townhouse subdivision located in Alpine, in Lincoln County, Wyoming that has a gross acreage of approximately 20 acres. The property was platted in 2007, with six (6) of the planned eighty-five (85) units being built. The economic shift that occurred in late 2007-2009 caused the ownership to rent, rather than sell the newly-created inventory. The Alpine Real Estate Market is now experiencing strong demand that has precipitated double-digit appreciation rates in recent years. The property's ownership is now considering the sale of the entire development, providing an excellent opportunity for an investor to reap the rewards of the planning and infrastructure installation that has made Targhee Landing "shovel ready" for the creation and sale of new homes in this established-and-growing real estate market. Property attributes of Targhee Landing include:

➤ Phasing

- Phase I – 32 Units
- Phase II – 16 Units
- Phase III – 37 Units

Phases I & II have paved streets and fully-installed infrastructure (gas, sewer, water, electric, and cable).

➤ The developer has extended Town of Alpine Sewer, which now serves the development.

➤ Water provided by two wells (one domestic and one for landscape use).

- Water system has been dedicated to North Alpine Improvement and Service District – providing access to fire suppression system for the development.

➤ Existing Inventory

- Two (2) "Aspen" models – 1,594 SF / 2 Bed, 2.5 Bath / One-Car Garage
- Two (2) "Spruce" models – 1,880 SF / 3 Bed, 2.5 Bath / Two-Car Garage
- Two (2) "Cottonwood" models – 2,860 SF / 4 Bed / 3.5 Bath / Two- Car Garage

➤ Entitlement

- Lincoln County Planner John Woodward said the project is master planned in perpetuity – individual units could change – but developing the property as planned would not require a new review. Developer could proceed to final platting per the report of Mr. Woodward.

Competitive Market Area

The subject property is located in Alpine, Wyoming, which is at the southerly termination of the Snake River Canyon and at the northerly end of Lincoln County. This location is heavily influenced by Jackson, Wyoming, a community known for its combination of recreational amenities (Jackson Hole Mountain Resort and Grand Teton National Park), lack of developable land, and the resulting upward real estate pricing pressure that has been precipitated by this combination.

Immediate Market – Alpine / Lincoln County

The area surrounding the incorporated area of Alpine, Wyoming has typically experienced the strongest pricing in Lincoln County due to its proximity to Jackson, Wyoming and its ability to provide an affordable living option to the workforce of that community. Additionally, over the past 3-5 years, the Lincoln County community has benefitted from a growth in local commerce, which has legitimized the area's recognition as an independent community. Examples of local commerce expansion include:

- A 2015 Provision of a \$2,939,425 grant from the Wyoming Business Council to construct a 20,000 brewing facility for Melvin Brewery. The company now has nationwide distribution from Los Angeles to Cape Cod and three retail locations.
- A 2017 Construction of a 7,000 square foot KJ's Super Store Convenience center in Alpine.
- Acquisition of a building site by Broulim's Supermarket to construct a 25,000-30,000 square foot new store in Alpine.
- Acquisition of a building site in Alpine by Star Valley Medical Center to construct a new clinic, urgent care facility, helipad, and surgical center.
- Dedication of The Church of Jesus Christ of Latter-day Saints Temple in Afton, WY, the first and only such building in Wyoming.

The combination of the above-noted growth in local commerce with the continued overflow pressure from Teton County to the north has created a positive development environment as indicated by the following demographics and economic indicators:

Increase in Real Estate Activity

Comparison - Single Family Residences, Townhomes, Condominiums		
Year	2016	2017
Number of Sales	226	266
Average Sales Price	\$325,197.88	\$375,111.47
Total Dollar Volume	\$73,494,722.00	\$97,048,770.50
	Percent Change - 2016 to 2017	
	No. of Sales	17.70%
	Total Dollar Volume	32.05%
Comparison - Building Sites		
Year	2016	2017
Number of Sales	156	232
Average Sales Price	\$112,962.35	\$133,458.87
Total Dollar Volume	\$17,509,174.00	\$30,428,632.00
	Percent Change - 2016 to 2017	
	No. of Sales	48.72%
	Total Dollar Volume	73.79%

Increasing Population Base

Alpine / Lincon County Population							
	2012	2013	2014	2015	2016	2017	%Δ - 2012-17
Alpine	814	828	837	842	855	866	6.39%
Lincoln County	17,938	18,312	18,567	18,736	19,076	19,265	7.40%
http://eadiv.state.wy.us/pop/Place-17EST.htm							

As is noted in the preceding data, the demand for housing is showing considerable growth in Targhee Landing's competitive market area. This has resulted in upward pressure on prices as illustrated by the following observed sales and resales of similar attached home units in the Alpine area:

Appreciation - Alpine Townhouses						
Property Description	Sale Date	Sale Price	Site Size	Months	Compound %Δ per month	Annual Rate
Unit B-2, Palisades Townhomes - 186 Morning Star Drive	9/18/2015	\$150,000.00	Footprint			
Unit B-2, Palisades Townhomes - 186 Morning Star Drive	9/11/2017	\$207,500.00	Footprint	23.80	1.37%	16.47%
Lot 2, Snake River Junction TH - Blue Wing Lane	9/29/2017	\$315,000.00	Footprint			
Lot 13, Snake River Junction TH - Blue Wing Lane	6/18/2018	\$349,000.00	Footprint	8.61	1.20%	14.36%
Lot 4, Snake River Junction TH - Blue Wing Lane	2/25/2016	\$323,000.00	Footprint			
Lot 10, Snake River Junction TH - Blue Wing Lane	8/28/2017	\$344,000.00	Footprint	18.08	0.35%	4.19%
Lot 7 Riverview Townhouses - 500 River View Drive	12/26/2016	\$138,000.00	Footprint			
Lot 7 Riverview Townhouses - 500 River View Drive	12/1/2017	\$166,000.00	Footprint	11.18	1.67%	20.00%
Lot E1 Riverview Townhouses - 504 Snake River Drive	2/18/2017	\$230,000.00	Footprint			
Lot F2 Riverview Townhouses - 504 Snake River Drive	7/10/2018	\$270,000.00	Footprint	16.67	0.97%	11.60%
Lot A2 Riverview Townhouses - 504 Snake River Drive	12/15/2016	\$217,000.00	Footprint			
Lot C2 Riverview Townhouses - 504 Snake River Drive	11/20/2017	\$275,000.00	Footprint	11.18	2.14%	25.70%

Peripheral Market Influence

The strength of the Alpine area market cannot be adequately explained without some understanding of its neighbor to the north, Teton County. Teton County has long been recognized as a national destination due to its contiguity with Grand Teton National Park and being considered a gateway to Yellowstone National Park. With the advent of the Jackson Hole Mountain Resort in 1965, Teton County became a year-round destination, with its population approaching 25,000 by recent estimates. The area's increase in popularity coupled with lack of privately held land (Teton County is over 97% comprised of public land including National Parks, National Forest, BLM, and Wilderness) has led to extreme upward price pressure. This phenomenon has been compounded by the tax benefits of Wyoming residency, which has attracted some of the country's wealthiest demographics to move to the area. The result of this "perfect storm" of upward real estate pressure has been that the average price of a single family home had climbed to over \$2,300,000 when considering mid-year 2018 sales data. A July 2016 article by local Jackson economist, Jonathan Schechter pointed out that Teton County demographic of people making less than \$200,000 accounted for approximately 90% of the population base and had an average income level of \$46,155. By comparison, the top 10% of households in this community had an average annual income of over \$2,500,000.

This same topic was addressed in the 2012 Teton County Comprehensive Plan when it was pointed out that the median price of a home in Teton County had grown from 354% of the area median income in 1986 to 1,400% of this measure in 2010. While the widening income gap and resulting affordable housing shortage is a boon to established residents, it has all but eliminated the possibility of homeownership for first-time buyers and devastated local businesses who cannot find employees who can afford to live in Teton County. While some efforts are being taken to create more rental product in Teton County, this has not been an effective solution and does not address the goal of the workforce to own their own home free from housing authority restrictions. As such, the Teton County workforce has been looking to Alpine and other peripheral communities for homeownership opportunities. As evidence of this, it was noted in 2016 that Teton County had an average annual supply of employment opportunities of 31,683 jobs while having resident labor force of 15,036 people. Being located 30 miles to the south of Teton County and separated by level topography (and with START Bus service offering three morning and three evening routes), these workforce and demographic trends bode very well for the continued growth of the Alpine Community.

The Opportunity

The value of an opportunity like Targhee Landing is predicated on the value of the units it can bring to market, taking into consideration the costs necessary to bring the created product it brings to market. As documented previously in this informational brochure, the pricing for attached homes in the subject's competitive market area is rising. Taking this into consideration, the following table arrays comparable sales to assist in the valuation of the townhomes (both existing and future):

Property	Sale Date	Initial Price	Market Adjusted Sale Price		Living Area	Price per SF
64 Blue Wing Lane C	11/16/2018	\$352,000.00	\$352,000.00		1,961	\$179.50
61 Blue Wing Lane, Unit C	6/18/2018	\$349,000.00	\$366,450.00		1,868	\$196.17
61 Blue Wing Lane, Unit E	5/8/2018	\$313,500.00	\$329,175.00		1,595	\$206.38

The preceding data acknowledges competitive sales in the range of \$179 /SF to \$206/SF of living area. In consideration of this data, the retail value of the Targhee Landing units is supported to be as follows:

Unit	Price	Living Area	Price Per SF	Comment
Aspen	\$325,000	1,594	\$203.89	-
Spruce	\$365,000	1,880	\$194.15	-
Cottonwood	\$395,000	2,860	\$138.11	Capped below \$400,000 for competitive market pricing of larger unit with below-grade area

In order to gauge the return from this opportunity, a model with the following parameters was considered:

- Sales revenue was based on the preceding unit value estimates and an average price as calculated below and an anticipated annual appreciation factor of 5.5%. While this appreciation rate is significantly below those arrayed earlier in this document, a more modest projection was used as a long-term growth rate.
- Sales velocity was gauged at the existing inventory (6 units) in the first year, with this number increasing to eight sales the following year, before stabilizing at ten sales per year for three years and finally escalating to 15 units. This equates to an eight-year investment hold. Notably, the project is currently planned for 14 more of the larger Cottonwood units. However, these larger units appear to be larger than current market preferences and require fire suppression systems. As a result, the valuation model is run allocating these units between the Aspen Unit (9 additional) and the Spruce Unit (5 additional). This brings the project units to the below inventory:

		Total	Built	Remaining
Aspen	\$335,000	42	2	40
Spruce	\$365,000	41	2	39
Cottonwood	\$395,000	2	2	0
Total		85	6	79

Based on the currently-estimated pricing and the forecast investment period, the following projection of sales revenue was made:

Sales Revenue Projection – Targhee Landing

Year	1	2	3	4	5	6	7	8
Total Units Sold	6	8	10	10	10	15	15	11
Aspen	\$325,000	\$344,500	\$365,170	\$387,080	\$410,305	\$434,923	\$461,019	\$488,680
Spruce	\$365,000	\$386,900	\$410,114	\$434,721	\$460,804	\$488,452	\$517,759	\$548,825
Cottonwood	\$395,000							
Aspen	2	4	5	5	5	8	8	5
Spruce	2	4	5	5	5	7	7	6
Cottonwood	2	0	0	0	0	0	0	0

Aspen	\$650,000	\$1,378,000	\$1,825,850	\$1,935,401	\$2,051,525	\$3,479,387	\$3,688,150	\$2,443,399
Spruce	\$730,000	\$1,547,600	\$2,050,570	\$2,173,604	\$2,304,020	\$3,419,166	\$3,624,316	\$3,292,950
Cottonwood	\$790,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Revenue	\$2,170,000	\$2,925,600	\$3,876,420	\$4,109,005	\$4,355,546	\$6,898,553	\$7,312,466	\$5,736,349

- Construction cost of the product to be sold was based on preliminary construction estimates by local contractors. This data indicated the following costs with each unit type:

Twin building comprised of Aspen/Spruce	\$606,942.54
Aspen Building	\$278,487.74
Spruce Building	\$328,454.80

The below table uses the above-estimated pricing and an annual inflation factor of 3% to forecast the construction costs of the project. A per unit estimate of electrical hookup was also included based on the same local estimating sources. Notably, no construction costs are noted in the first year as it is presumed the existing units will be sold first:

Unit Construction Costs

	Year	1	2	3	4	5	6	7	8
Buildings	Aspen/Spruce	0	4	5	5	5	7	7	5
	Aspen	0	0	0	0	0	1	1	0
	Spruce	0	0	0	0	0	0	0	1
	Units Built/Sold	6	8	10	10	10	15	15	11
Cost	Aspen/Spruce	\$606,942.54	\$625,151	\$643,905	\$663,223	\$683,119	\$703,613	\$724,721	\$746,463
	Aspen	\$278,487.74	\$286,842	\$295,448	\$304,311	\$313,440	\$322,844	\$332,529	\$342,505
	Spruce	\$328,454.80	\$328,454.80	\$328,454.80	\$328,454.80	\$328,454.80	\$328,454.80	\$328,454.80	\$328,454.80
	Electrical Hookup Per Unit	\$1,493.67	\$1,538.48	\$1,584.64	\$1,632.17	\$1,681.14	\$1,731.57	\$1,783.52	\$1,837.03
	Unit Const. Cost	\$0.00	\$2,500,603.26	\$3,219,526.70	\$3,316,112.50	\$3,415,595.88	\$5,248,132.88	\$5,405,576.86	\$4,060,768.64
	Electrical Hk UP.	\$0.00	\$12,307.85	\$15,846.35	\$16,321.75	\$16,811.40	\$25,973.61	\$26,752.82	\$20,207.29
	Total Cost	\$0.00	\$2,512,911.11	\$3,235,373.06	\$3,332,434.25	\$3,432,407.28	\$5,274,106.48	\$5,432,329.68	\$4,080,975.93

- Anticipated construction outflows for horizontal infrastructure for Phase III was estimate to be \$550,550 in the current market. Appreciating this expense at 3% per year until the anticipated need of new area for units, an expense of \$619,649 was incorporated in Year 5 of the investment.

	1	2	3	4	5
Remaining Infrastructure	\$550,550.00	\$567,067	\$584,078	\$601,601	\$619,649

- An expense for final platting of \$30,000 was incorporated for the first two years of the investment.
- Property tax cost was estimated at \$1,500 per unit in the first year of the investment and was appreciated annually at 3%, with the charge for this expense being estimated as the number of units in existence and this per unit rate.
- Real estate sales commission was estimated at 5.0% of annual gross sales, with an additional 1% of gross sales being included to account for administrative and closing expenses.

Targhee Landing								
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Townhouse Units -	85							
Product Sold	6	8	10	10	10	15	15	11
Units Remaining	79	71	61	51	41	26	11	0
Revenue From Sales of Product								
Revenue - Townhouse Units	\$2,170,000.00	\$2,911,800.00	\$3,839,936.25	\$4,051,132.74	\$4,273,945.04	\$6,737,378.83	\$7,107,934.67	\$5,549,601.00
Total Revenue	\$2,170,000.00	\$2,911,800.00	\$3,839,936.25	\$4,051,132.74	\$4,273,945.04	\$6,737,378.83	\$7,107,934.67	\$5,549,601.00
Expenses								
Unit Construction Costs	\$0.00	\$2,512,911.11	\$3,235,373.06	\$3,332,434.25	\$3,432,407.28	\$5,274,106.48	\$5,432,329.68	\$4,080,975.93
Completion of Phase III Infrastructure	\$0.00	\$0.00	\$0.00	\$0.00	\$619,648.88	\$0.00	\$0.00	\$0.00
Surveying /Platting	\$35,000.00	\$35,000.00						
Existing Foundation Credit		\$250,000.00						
Cost of Construction	(\$35,000)	(\$2,297,911)	(\$3,235,373)	(\$3,332,434)	(\$4,052,056)	(\$5,274,106)	(\$5,432,330)	(\$4,080,976)
Marketing at 5%	(\$108,500)	(\$167,429)	(\$220,796)	(\$232,940)	(\$245,752)	(\$387,399)	(\$408,706)	(\$319,102)
Tax Per Unit	(\$1,500)	(\$1,575)	(\$1,654)	(\$1,736)	(\$1,823)	(\$1,914)	(\$2,010)	(\$2,111)
Real Property Taxes	(\$9,000)	(\$12,600)	(\$16,538)	(\$17,364)	(\$18,233)	(\$28,716)	(\$30,152)	(\$23,217)
Administrative Costs @ 1%	(\$21,700)	(\$29,118)	(\$38,399)	(\$40,511)	(\$42,739)	(\$67,374)	(\$71,079)	(\$55,496)
Total Expenses	(\$174,200)	(\$2,507,058)	(\$3,511,106)	(\$3,623,250)	(\$4,358,780)	(\$5,757,596)	(\$5,942,267)	(\$4,478,791)
Net Revenue	\$1,995,800	\$404,742	\$328,830	\$427,883	(\$84,835)	\$979,783	\$1,165,667	\$1,070,810

Notably, using the above-supported assumptions, an unleveraged internal rate of return approaching 19% is forecast as shown below:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Revenue	\$1,995,800	\$404,742	\$328,830	\$427,883	(\$84,835)	\$979,783	\$1,165,667	\$1,070,810
Acquisition Price	(\$3,950,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Revenue / Expenditure	(\$1,954,200)	\$404,742	\$328,830	\$427,883	(\$84,835)	\$979,783	\$1,165,667	\$1,070,810
Yield / IRR	18.53%							

The forecasts made in this model are the summation of the researched opinions performed by Brokerage of the Tetons. This is not an appraisal, and in no way represents a guarantee of investment returns or any component of the model. Interested buyers are recommended to undertake their own analysis of the property.

Additional Opportunities

In addition to the primary opportunity, the ownership controls the following proximal real estate providing additional opportunities and potential economies of scale in the development process:

- Jordan Canyon
 - o The ownership has platted approximately 2.75 acres of land into five lots with an average size of .55+/- acres. The plat to this property needs to be recorded, with Lincoln County Planner John Woodward indicating that it was approved and simply needing to go through an administrative process. The proximity of this development would make construction of residential product on these lots dovetail nicely with unit construction at Targhee Landing. The individual lots have retail values ranging from \$58,000 - \$62,000, for a combined aggregate retail price of \$306,000. The lots are being offered in bulk at a developer's discount of \$275,000. Preliminary platting was undertaken, current owner will file final plat at there expense.
- Palisades Pines
 - o The ownership has acquired residential "estate lots" on the bench overlooking Alpine and the surrounding mountains. These lots range in size from 1.67 acres to 2.17 acres and border the Targhee National Forest. Pricing for these lots is \$300,000 per lot.
- Lot 9, Alpine Village
 - o Located approximately one mile to the north of the Targhee Landing Development, the ownership has acquired a 5.41-acre lot in the valuable mixed-use zone. This property allows the development of uses ranging from single-family homes to commercial uses. The property is located on the west side of US Hwy. 26 and overlooks the Palisades Reservoir, offering a myriad of potential uses. The property is offered at \$475,000.

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