

Kennedy Ridge Apartments

LUBBOCK, TX



OFFERING MEMORANDUM

KW COMMERCIAL
10210 Quaker Avenue
Lubbock, TX 79424

PRESENTED BY:

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LUBBOCK, TX

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KENNEDY RIDGE APARTMENTS

PROPERTY INFORMATION

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EXECUTIVE SUMMARY

PROPERTY DETAILS

Executive Summary



OFFERING SUMMARY

SALE PRICE:	TBD by Market
NUMBER OF UNITS:	104
LOT SIZE:	5.34 Acres
YEAR BUILT:	1970
BUILDING SIZE:	78,921 SF
RENOVATED:	2016
TOUR DATES:	Dec 14th Dec 28th Jan 11th
CALL FOR OFFERS:	Jan 22nd

PROPERTY OVERVIEW

Property was purchased in 2015 and current owners have completed significant capital improvements including: exterior paint, new signage and re-branding, new roofs on all buildings, replaced electric panels, repairs on parking lot, and upgrading units as they become available. Owners have also spent the past two years upgrading the tenant profile, evicting slow/non-payers and enforcing more strict screening criteria.

LOCATION OVERVIEW

Kennedy Ridge Apartments is located on Loop 289 and 4th Street which are two of the most highly-trafficked thoroughfares in the city. Tenants have easy access to several places to eat and shop that are walking distance. It's within 2-3 miles of Lubbock's biggest employers and an ideal location for existing apartments or future retail re-development.

PROPERTY HIGHLIGHTS

- Very-high traffic count and visibility from Loop 289 and 4th Street
- Close to Lubbock's largest employers
- Convenient to many entertainment and shopping options

Property Details

LOCATION INFORMATION

Building Name	Kennedy Ridge Apartments
Street Address	5525 4th St
City, State, Zip	Lubbock, TX 79416
County/Township	Lubbock
Cross Streets	4th St & Loop 289

BUILDING INFORMATION

Building Size	78,921 SF
Year Built	1970
Last Renovated	2016
Current Occupancy	85%
Number Of Floors	1
Current Loan	Fannie Mae
Interest Rate	4.28%
Amortization	25 yrs
Current Balance - Dec 2018	2,021,000
Term Due	March 2022
Prepayment Penalty	\$115,000

PROPERTY DETAILS

Property Type	Multifamily
Property Subtype	Low-Rise/Garden
Lot Size	5.34 Acres
Laundry	Laundry Room
HVAC	Central in each unit
Utilities:	
Electric	Separately metered, paid by tenant except 3 remaining on all bills paid
Gas	Paid by tenant
Water & Sewer	Allocated except 3 tenants

KENNEDY RIDGE APARTMENTS

LOCATION INFORMATION

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LOCATION MAPS

AERIAL AND TRAFFIC COUNT MAPS

RETAILER MAP

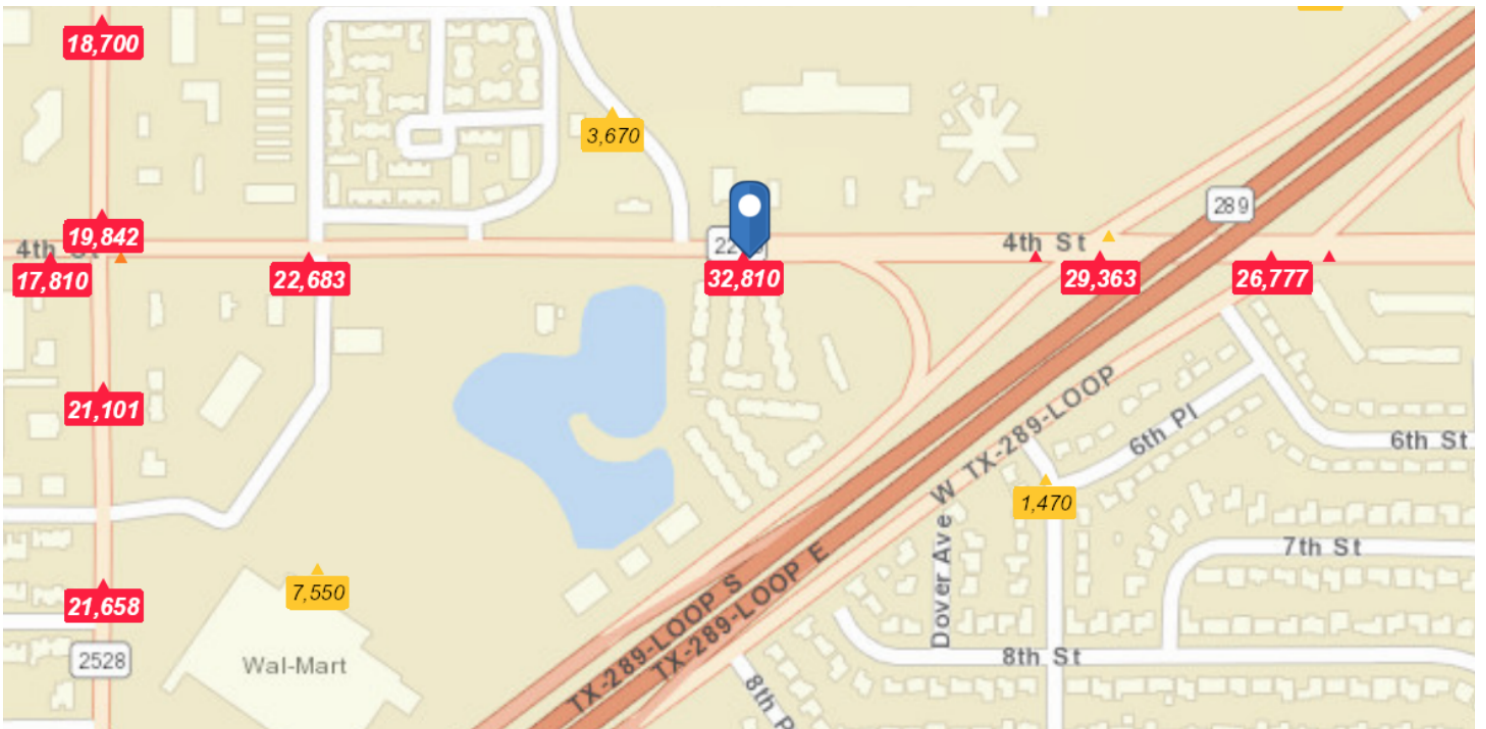
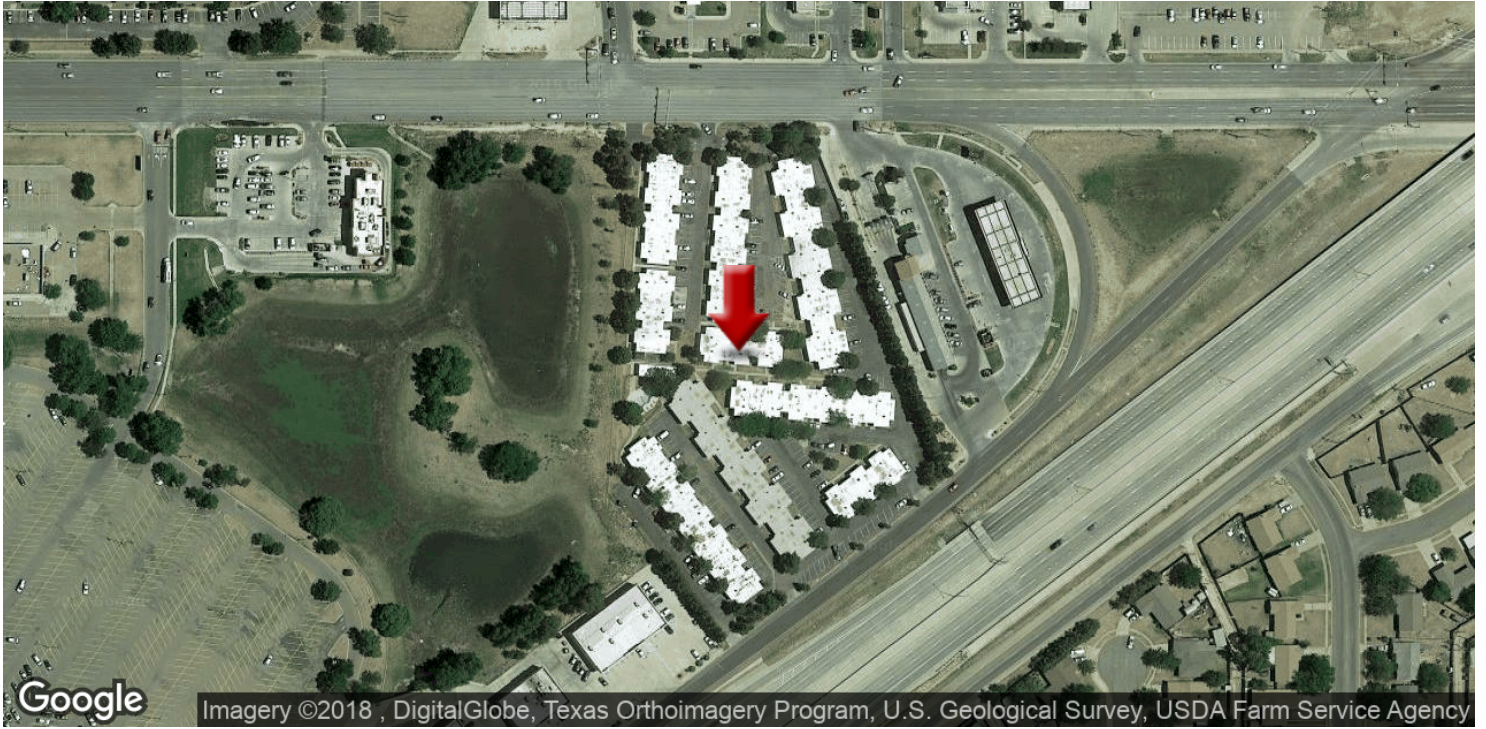
TOP EMPLOYER MAP

CITY INFORMATION

Location Maps



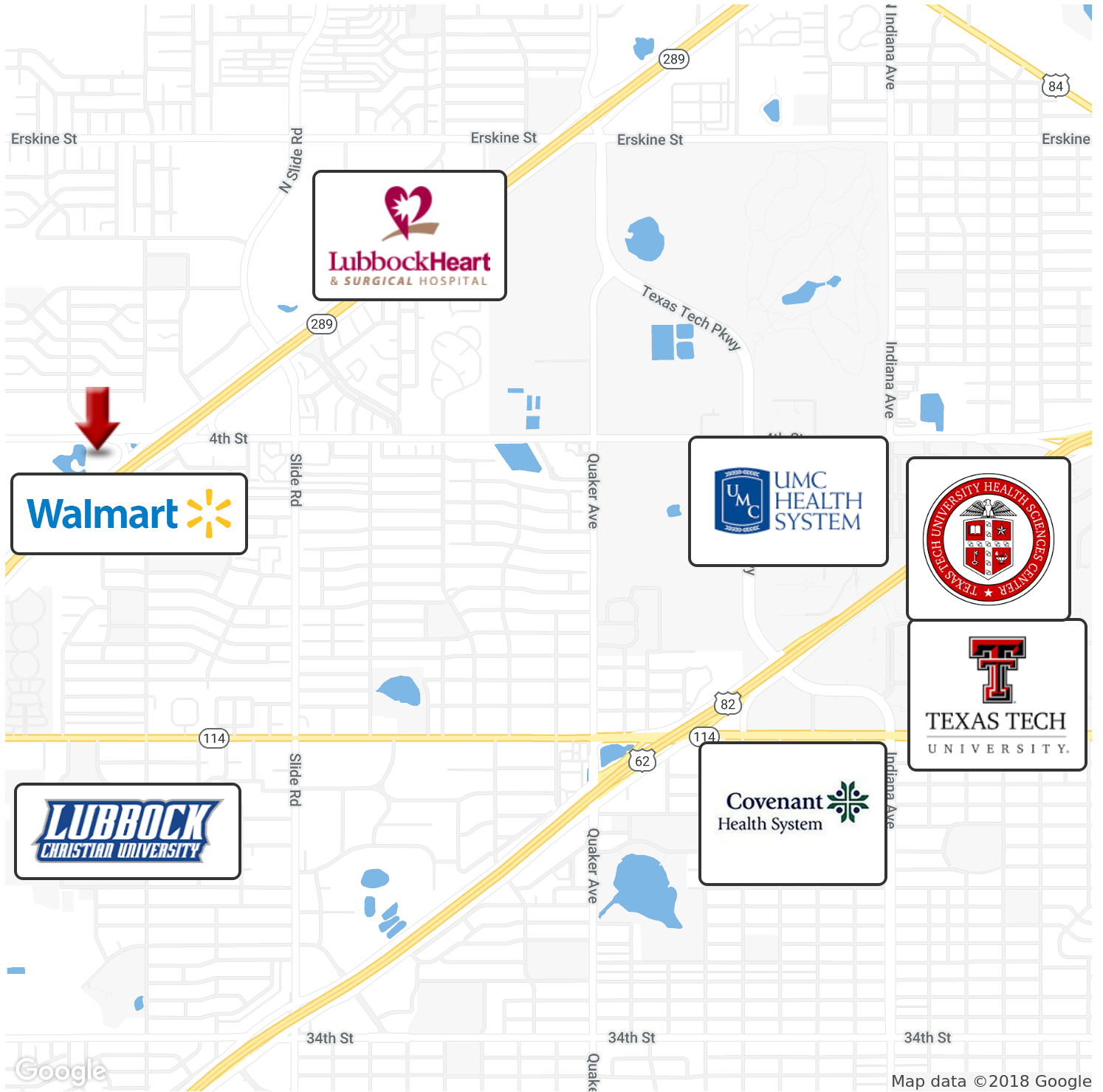
Aerial And Traffic Count Maps



Retailer Map




Top Employer Map




City Information


KEY FACTS




260,624
Population



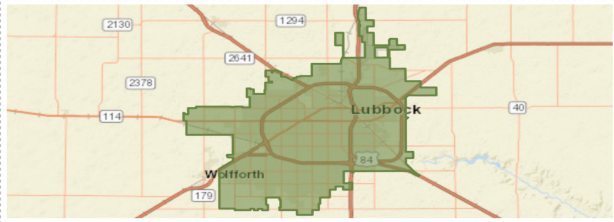
30.9
Median Age




1.40%
2018-2023
Population: Annual
Growth Rate




4.5%
2018
Unemployment
Rate




HOUSING STATS




\$142,191
Median Home Value




47,441
2018 Median
Household Income




2.52
2018 Average
Household Size



48.37%
% of Rentals

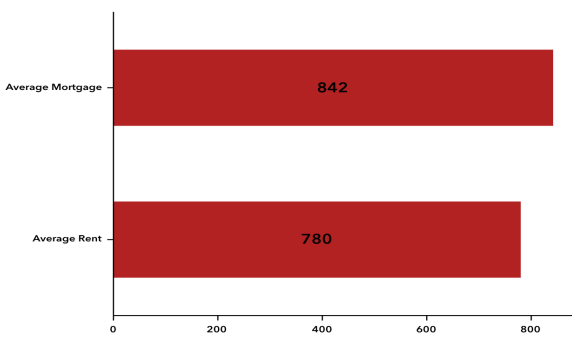


6.53%
2018 Vacant Housing
Units






50,021
Rental Demand in
Units

Housing Costs



Tapestry Segments

 14B	College Towns 13,938 households	14.0% of Households
 8F	Old and Newcomers 8,931 households	9.0% of Households
 7A	Up and Coming Families 7,984 households	8.0% of Households

Households By Income

The largest group: \$50,000 - \$74,999 (18.2%)
The smallest group: \$150,000 - \$199,999 (3.8%)

Indicator	Value	Difference
<\$15,000	14.4%	+3.3%
\$15,000 - \$24,999	11.4%	+2.0%
\$25,000 - \$34,999	11.4%	+2.1%
\$35,000 - \$49,999	14.7%	+1.9%
\$50,000 - \$74,999	18.2%	+0.6%
\$75,000 - \$99,999	10.6%	-1.9%
\$100,000 - \$149,999	11.0%	-3.4%
\$150,000 - \$199,999	3.8%	-2.2%
\$200,000+	4.5%	-2.2%

Bars show deviation from United States

LUBBOCK, TX

Lubbock, TX is the "Hub City" of the South Plains region of Texas. It's diverse economy is driven by Texas Tech University, medical care, and agriculture. It's the birthplace of rock n roll legend Buddy Holly and has a vibrant music scene. The West Texas region grows over 80% of the wine grapes in Texas. According to a CNBC survey in 2017, it's one of the top 15 cities in America to start a small business.

TOP EMPLOYERS

Texas Tech University:	6,044
Covenant Health:	5,500
University Medical Center:	3,800
Lubbock ISD:	3,544
United Supermarkets:	2,700

CITY HIGHLIGHTS

- Lubbock ranks as one of the Top 25 Cities in the U.S. for people under 35 according to a 2017 Growella study.
- Lubbock ranks as one of WalletHub's Top 15 Cities in America to start a business in 2017.
- Lubbock is one of 17 places in America that are getting richer according to MSN.com.
- ALN Market occupancy October 2018: 90.3%

KENNEDY RIDGE APARTMENTS

FINANCIAL ANALYSIS

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UNIT MIX SUMMARY

INCOME & EXPENSES

Unit Mix Summary

UNIT TYPE	COUNT	% TOTAL	SIZE (SF)	RENT	RENT/SF	MARKET RENT	MARKET RENT/SF
1 BR / 1 Bath	39	37.5	695	\$550	\$0.79	\$620	\$0.89
2 BR / 1 Bath	65	62.5	835	\$650	\$0.78	\$740	\$0.89
Totals/Averages	104	100%	81,380	\$63,700	\$0.78	\$72,280	\$0.89

Income & Expenses

INCOME SUMMARY	PROFORMA	PER UNIT
Gross Potential Rent	\$867,360	\$8,340
-Vacancy	-\$104,083	-\$1,000
+Other Income	\$71,171	\$684
Gross Income	\$834,448	\$8,023
EXPENSE SUMMARY	PROFORMA	PER UNIT
Payroll	\$104,000	\$1,000
General and Admin	\$15,600	\$150
Management	\$34,072	\$327
Marketing and Advertising	\$5,200	\$50
Utilities	\$85,570	\$822
Landscaping	\$10,400	\$100
Repairs and Maintenance	\$52,000	\$500
Property Taxes	\$88,172	\$847
Insurance	\$33,777	\$324
Reserves	\$26,000	\$250
Gross Expenses	\$454,791	\$4,372
Net Operating Income	\$379,656	\$3,650

Proforma underwriting notes:

Bring rents to market - Comps that aren't all bills paid average \$0.89/sf vs. current rents at Kennedy Ridge at \$0.78/sf

Increase occupancy to market - ALN survey shows Lubbock conventional apartments are at 90.5% occupancy

Increase RUBS income

Repairs and maintenance reduced since almost \$30,000 was for contract labor to get make-readies completed on down units

Taxes: estimated at 75% of estimated sales price times 2.25% tax rate

Other expenses are based on T12

KENNEDY RIDGE APARTMENTS

RENT COMPARABLES

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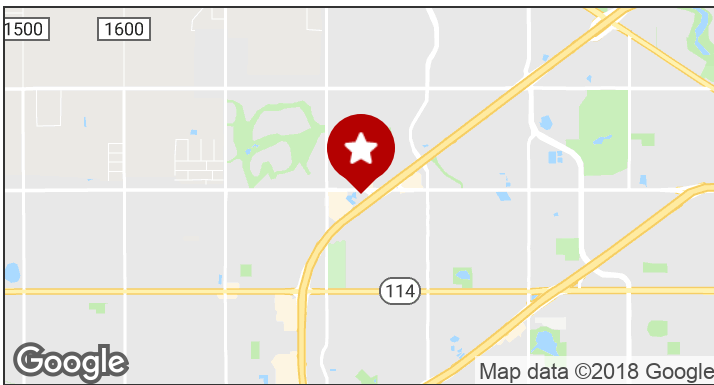
RENT COMPS

RENT COMPS SUMMARY

Rent Comps



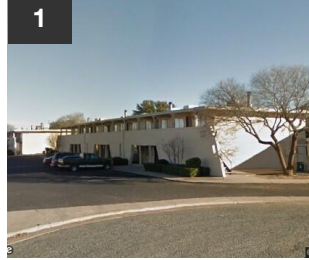
★ Subject Property
 5525 4th St
 Lubbock, TX 79416



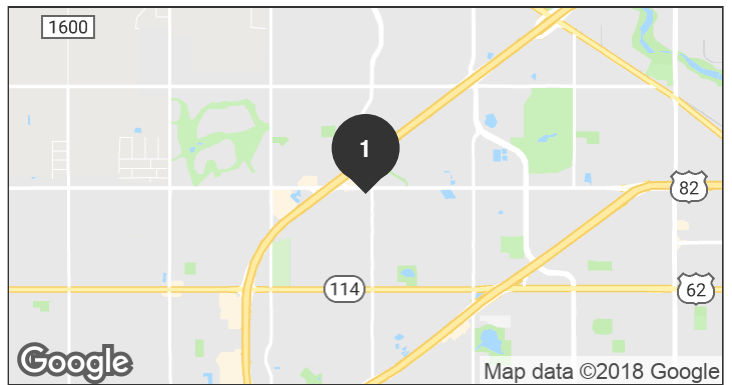
Year Built: 1970 **Lot Size:** 5.34 Acres
No. Units: 104 **Avg. Rent/SF:** \$0.78
Avg. Rent: \$612 **Avg. Size:** 782 SF

UNIT TYPE	# UNITS	% OF	SIZE SF	RENT	RENT/SF
1 BR / 1 Bath	39	37.5	695	\$550	\$0.79
2 BR / 1 Bath	65	62.5	835	\$650	\$0.78
TOTAL/AVG	104	100%	782	\$612	\$0.78

Property was purchased in 2015 and current owners have completed significant capital improvements including: exterior paint, new signage and re-branding, new roofs on all buildings, replaced electric panels, repairs on parking lot, and upgrading units as they become available. Owners have also spent the past two years upgrading the tenant profile, evicting slow/non-payers and enforcing more strict screening criteria.



1 Landing at Pinewood Park
 502 Slide Rd
 Lubbock, TX 79416



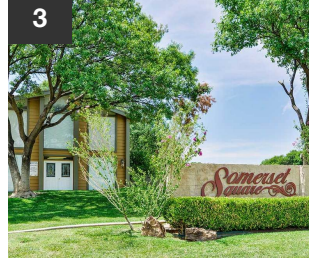
Year Built: 1970 **Bldg Size:** 205,734 SF
Lot Size: 10.6 AC **No. Units:** 228
Avg. Rent/SF: \$0.87 **Avg. Size:** 983 SF
Avg. Rent: \$858 **Occupancy:** 87%

UNIT TYPE	# UNITS	% OF	SIZE SF	RENT	RENT/SF
1 Bed/ 1 Bath	48	13.8	704	\$685	\$0.97
2 Bed/ 1 Bath	150	43.1	890	\$785	\$0.88
3 Bed/ 2 Bath	150	43.1	1,166	\$988	\$0.85
TOTAL/AVG	348	100%	983	\$858	\$0.87

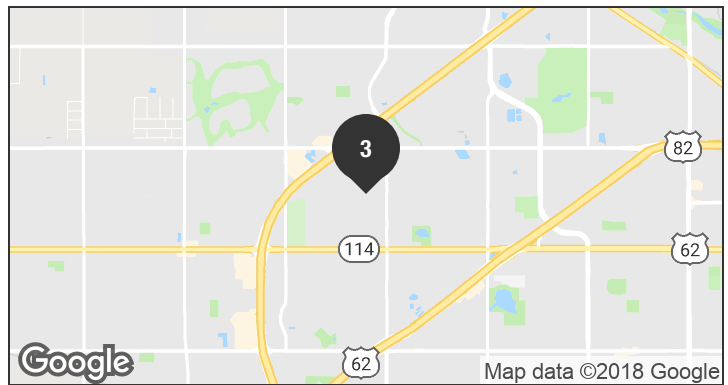
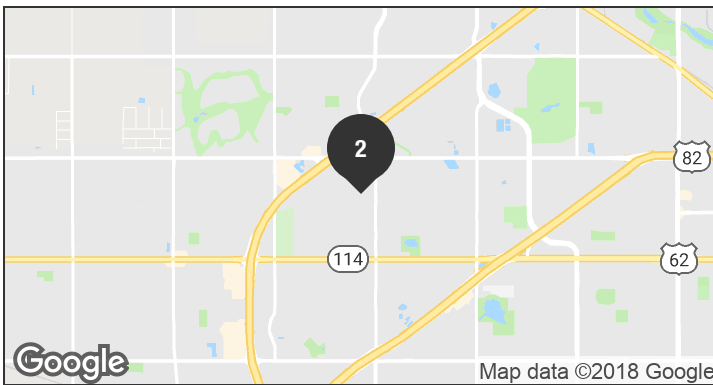
Rent Comps



2 Peppertree Inn
5302 11th
Lubbock, TX 79416



3 Somerset Square
5301 11th St.
Lubbock, TX 79416



Year Built: 1975 **Bldg Size:** 92,160 SF
Lot Size: 4.7 AC **No. Units:** 96
Avg. Rent/SF: \$0.90 **Avg. Size:** 909 SF
Avg. Rent: \$814 **Occupancy:** 96.8%

Year Built: 1966 **Bldg Size:** 100,240 SF
Lot Size: 5.7 AC **No. Units:** 127
Avg. Rent/SF: \$1.02 **Avg. Size:** 688 SF
Avg. Rent: \$703 **Occupancy:** 90.5%

UNIT TYPE	# UNITS	% OF	SIZE SF	RENT	RENT/SF
Studio	8	8.3	540	\$589	\$1.09
1 bed/1 bath	24	25	720	\$675	\$0.94
2 bed/1 bath	48	50	959	\$872	\$0.91
3 Bed/ 2 bath	16	16.7	1,230	\$965	\$0.78
TOTAL/AVG	96	100%	909	\$814	\$0.90

UNIT TYPE	# UNITS	% OF	SIZE SF	RENT	RENT/SF
Studio	44	34.6	387	\$575	\$1.49
1 bedroom	62	48.8	722	\$700	\$0.97
2 bedroom	21	16.5	1,222	\$982	\$0.80
TOTAL/AVG	127	100%	688	\$703	\$1.02

Unit Amenities: Patio/Balcony, Internet, Fireplace, Dishwasher
Community Amenities: Pet Friendly, Parking Garage, Pool
Owner pays: Gas, Trash, and Wireless Internet
Tenant pays: Electric and Water
No Pets

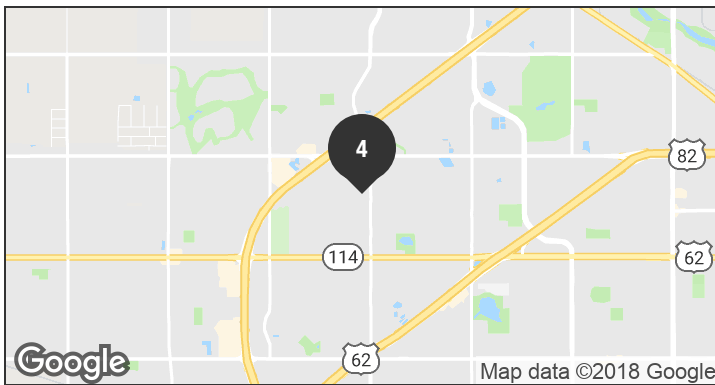
Unit Amenities: Dishwasher, Internet, Fireplace
Community Amenities: Pet Friendly, Business Center, Pool, Clubhouse
Owner pays all utilities, cable/internet, and renter's insurance

Rent Comps



Greentree Apartments

5208 11th St.
Lubbock, TX 79416



Year Built: 1970 **Bldg Size:** 76,094 SF
Lot Size: 3.7 AC **No. Units:** 92
Avg. Rent/SF: \$1.00 **Avg. Size:** 786 SF
Avg. Rent: \$786 **Occupancy:** 93%

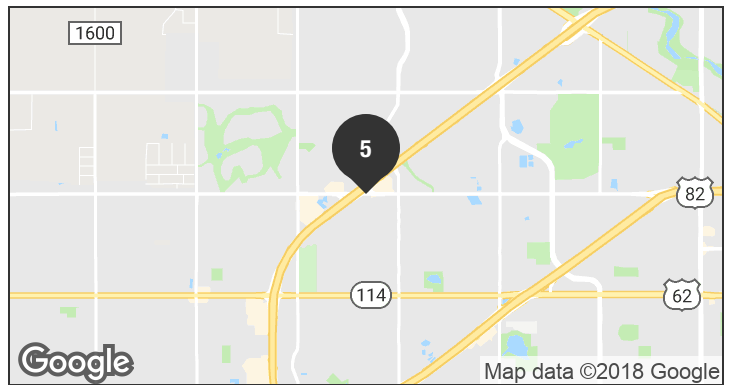
UNIT TYPE	# UNITS	% OF	SIZE SF	RENT	RENT/SF
Studio	12	13	542	\$600	\$1.11
1 bed / 1 bath	32	34.8	668	\$700	\$1.05
2 bed / 1 bath	24	26.1	888	\$880	\$0.99
2 bed / 2 bath	24	26.1	964	\$900	\$0.93
TOTAL/AVG	92	100%	786	\$786	\$1.00

Unit Amenities: Patio/Balcony, Internet, Fireplace, Dishwasher
 Community Amenities: Pet Friendly, Pool
 Owner pays all utilities, cable/internet, and renter's insurance
 New owner has started allocating water & sewer



Branchwater Apartments

5411 4th
Lubbock, TX 79416



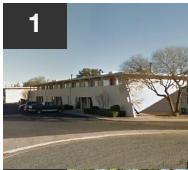

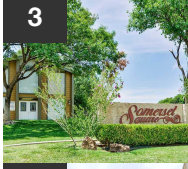




Year Built: 1967 **Bldg Size:** 122,273 SF
Lot Size: 0.9 AC **No. Units:** 70
Avg. Rent/SF: \$0.91 **Avg. Size:** 796 SF
Avg. Rent: \$724 **Occupancy:** 96%

UNIT TYPE	# UNITS	% OF	SIZE SF	RENT	RENT/SF
1 bed/1bath	30	42.9	525	\$663	\$1.26
2 bed/1bath	40	57.1	1,000	\$770	\$0.77
TOTAL/AVG	70	100%	796	\$724	\$0.91

Pets Allowed with \$400 deposit
 Tenants pay bills, free internet
 Unit Amenities: Dishwasher, Refrigerator, Walk-in closets
 Complex Amenities: Pool/Spa, Pet play area, Laundry facilities, courtyard

Rent Comps Summary

	SUBJECT PROPERTY	RENT/SF	YEAR BUILT	BLDG SF	# OF UNITS	OCCUPANCY %
	 <p>Kennedy Ridge Apartments 5525 4th St Lubbock, TX 79416</p>	\$0.78	1970	78,921 SF	104	84.6%
	RENT COMPS	RENT/SF	YEAR BUILT	BLDG SF	# OF UNITS	OCCUPANCY %
1	 <p>Landing at Pinewood Park 502 Slide Rd Lubbock, TX 79416</p>	\$0.87	1970	205,734 SF	228	87%
2	 <p>Peppertree Inn 5302 11th Lubbock, TX 79416</p>	\$0.90	1975	92,160 SF	96	96.8%
3	 <p>Somerset Square 5301 11th St. Lubbock, TX 79416</p>	\$1.02	1966	100,240 SF	127	90.5%
4	 <p>Greentree Apartments 5208 11th St. Lubbock, TX 79416</p>	\$1.00	1970	76,094 SF	92	93%
5	 <p>Branchwater Apartments 5411 4th Lubbock, TX 79416</p>	\$0.91	1967	122,273 SF	70	96%
Totals/Averages		\$0.94		119,300 SF	122.6	92.66%

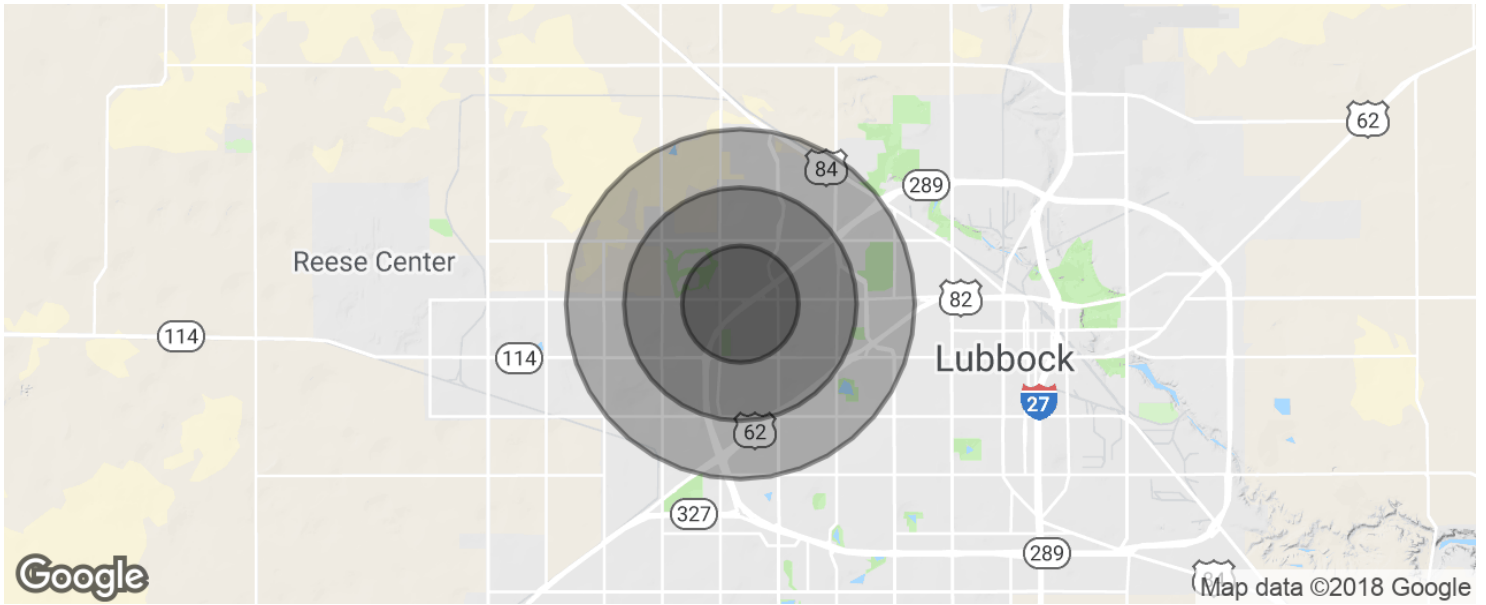
KENNEDY RIDGE APARTMENTS

DEMOGRAPHICS

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DEMOGRAPHICS MAP & REPORT

Demographics Map & Report



POPULATION	1 MILE	2 MILES	3 MILES
Total population	10,136	32,764	66,407
Median age	28.1	28.1	27.2
Median age (Male)	27.4	27.5	26.8
Median age (Female)	29.4	29.1	28.4
HOUSEHOLDS & INCOME	1 MILE	2 MILES	3 MILES
Total households	4,170	13,097	24,768
# of persons per HH	2.4	2.5	2.7
Average HH income	\$54,925	\$61,514	\$55,123
Average house value	\$127,188	\$146,451	\$133,829

* Demographic data derived from 2010 US Census