

Confidential – Exclusively Under Offer

Sunset View Apartment Homes

Renton, Washington - US



Strategic Advisor



Developer & Property Manager



Asset Manager

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Executive Summary

Opportunity to invest in a value-add well located multi-family property (the “Property”) with exceptional rent growth potential.

Located in Renton, Washington, the Property comprises of a 240-unit garden style apartment community situated on an irreplaceable and well-landscaped 15-acre site, whilst boasting an excellent mix of large units averaging 1,055 sq. ft. and unobstructed southern panoramic views of Mount Rainer. Similar sites are scarce at best, providing a competitive advantage over newer and more densely built apartment properties.

Sunset View’s amenities include a newly remodeled resident lounge and clubhouse, on-site fitness center with modern equipment, Olympic size outdoor pool, children’s play area, dog-run, and a rooftop resident deck with stellar views.

Overall, the Property is in good condition with no major deferred maintenance to date, whilst enjoying a current occupancy rate of 97%+.

Location & Market Commentary

Renton offers superb proximity to the region’s major highways and easy commute to its major employment centers, as both downtown Seattle and downtown Bellevue (Eastside) are a short 15-20 minutes’ drive away.

Major employers in Renton include Boeing, which employs about 14,500 people, followed by Valley Medical Center, FAA Regional Office, PACCAR Truck Manufacturer and Providence Health & Services, to name a few.

As downtown Seattle and the prime Eastside submarkets continue to price renters out of the market, the next immediate submarkets, including Renton, are seeing tremendous growth.

According to REIS, asking rents in Renton have risen for eight consecutive quarters for a cumulative total of 8.4% and this strong rental growth is expected to continue into the foreseeable future. Despite such growth, average monthly rental rates in the Renton market are \$1,139 per sq. ft., still markedly below the metro’s averages of \$1,389 per sq. ft., consequently creating opportunities for further rental growth.

The average vacancy rate in Renton was reported 2.4% as of Q1 2016 and is expected to drift downwards to finish 2016 at 2.2%. Only 162 units are expected to be delivered through the remainder of 2016 and no additional competitive stock is projected to be introduced to the submarket inventory during 2017 and 2018.

Overall, the Renton submarket displays strong fundamentals with a very low vacancy rate, strong projected rental growth, minimum supply of new product and strong population growth expanding by about 1,000 residents per year or 9.1% since 2010.

Investment Strategy

Execute selective renovations and upgrades to the Property in order to enhance rental values and maximize capital gains, whilst seeking additional operating efficiencies to further reduce operating costs and improve NOI.

Supplement the existing debt on the Property at the end of year 2, following the enhancement in the Property’s value resulting from the renovation works, and allow for an estimated USD 13 million in debt proceeds to be returned to investors as equity payback.

Provide equity investors with a projected net cash yield of 8% p.a., a projected net IRR of 13% and net ROI of 80%+ over a 5-year investment hold.

Investment Structure

The investment will be structured as a joint venture between The Meter Group (“TMG”) as General Partner and investors as Limited Partner represented by Rasameel.

The General Partner will provide co-investment funds and be responsible for implementing the value-add strategy and day to day property management; all major decisions will be subject to the Limited Partner’s approval.

TMG currently manages in excess of 5,000 units on the West Coast including several properties in the Renton market and in downtown Seattle.

Return Profile

Bank terms have been agreed for 65% LTV financing from an institutionally recognized lender.

Total Purchase Costs	USD 41,140,186
Leverage (65% LTV)	USD 21,840,000
Total Equity	USD 19,300,185
Rasameel Co- Investment	10.00%
TMG Co-Investment	4.00%
5-year Average Net Cash Yield	8.00%
5-year Net IRR	13.00%
5-year Net ROI	82.93%



Upgraded Kitchen



Renovated two bedrooms