

# **Royal Crest Townhouses -155 Units**

## **Case Study Part 1**

Review the following the listing sheet. The financing terms are 20% down, interest rate of 5.5 %, 1 loan point and amortized over 30 years.

1. Calculate the Cap Rate and Cash-on-Cash Return for this property.
2. What would you offer on this property.

## **Case Study Part 2**

After you have gone over the analysis on the next call we will review the Letter of Intent (LOI).

1. Fill out the attached LOI.
2. Email me any questions that you have.
3. What are the next steps in this deal process?

## Royal Crest Townhomes

Property ID: 44444487  
<http://listing.loopnet.com/4444487>

**Royal Crest Townhomes**  
119 Northern Ave  
Dalton, GA 30720

**CONTACT LISTING BROKER**  
**John Aikens** (770) 872-2963

**John Aikens Real Estate**

	For Sale	Active
	<b>Type:</b>	Multifamily Garden/Low-Rise
	<b>No. Units:</b>	155
	<b>Building Size:</b>	178,250 SF
	<b>Lot Size:</b>	19.40 Acres
	<b>Occupancy:</b>	92.00%
	<b>Price:</b>	\$6,930,000
	<b>Cap Rate:</b>	9.00%
	<b>Date Last Verified:</b>	Today
	<b>Property ID:</b>	8798978

### Highlights

Units are all townhomes. Spacious floor plans (1,150 SF) feature wood-burning fireplace, washer/dryer connections, eat-in kitchen, and front door parking. 1.3 miles from I-75 and the U.S. 41 /U.S. 76 Dalton Bypass Less than 2 miles from Hamilton Medical Center (1,900 jobs) Close to Dalton State College and multiple top industrial employers. Three miles from downtown business district. The property is comprised of 155 two-bedroom/ one and a half-bath townhomes, constructed in 1983. Currently 92% occupied and has a history of stable, increasing collections that result in an NOI of over \$766,000 dollars.

.....*Engineered Floors* has recently announced they will invest \$450 million over the next five years to build new manufacturing and distribution facilities in Whitfield and Murray counties, which will bring as many as 2,400 direct jobs to the Dalton area, plus create numerous indirect jobs to serve the increased population. The Whitfield County plant, which is under construction on a 200-acre site 11 miles south of the asset, should open in June 2014. It will measure more than 2 million SF and employ about 1,000, making it one of the largest manufacturing plants in the Southeast. While the national economy began to improve two years ago, the Dalton market has just recently begun its road to recovery with new job announcements and improving unemployment. An investor can benefit from buying toward the bottom of the Dalton market with a focus on raising rents as the market continues to strengthen. The rents at this facility are \$100 under market per unit.

Income Financial Summary	12 Month Trend		Expense Financial Summary	12 Month Trend
<b>Scheduled Gross Income:</b>	1,395,000		<b>Administration:</b>	27,360
<b>Vacancy:</b>	111,600		<b>Pay Roll</b>	144,400
<b>Concessions:</b>	7,500		<b>Repair And Maintenance:</b>	50,160
<b>Total Rental Income:</b>	1,275,900		<b>Management Fee:</b>	40,000
<b>Utility</b>	35,000		<b>Utilities:</b>	121,600
<b>Cable Income</b>	30,000		<b>Contracted Services:</b>	60,800
<b>Laundry</b>	25,444		<b>Real Estate Taxes:</b>	115,000
<b>Effective Gross Income:</b>	\$1,366,344		<b>Insurance:</b>	40,300
<b>Total Expenses:</b>	599,620		<b>Total Expenses:</b>	599,620
<b>Net Operating Income:</b>	766,724			

Unit Mix Information
<b>2 Bedroom 1.5 Bath TH</b> No. Units: 155 SF: 1150 Avg. Mo. Rent \$750

Debt & Equity Information
<b>Debt Type:</b> Proposed <b>Loan Amount:</b> \$4,800,000 <b>Interest Rate</b> 5.50% <b>Amortized Over:</b> 30 <b>Due in:</b> 5