

ARBOR OAKS



44 Units | Built 1971 & 1977

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Legal questions should be discussed by the party with an attorney. Tax questions should be discussed by the party with a certified public accountant or tax attorney. Title questions should be discussed by the party with a title officer or attorney. Questions regarding the condition of the property and whether the property complies with applicable governmental requirements should be discussed by the party with appropriate engineers, architects, contractors, other consultants and governmental agencies. Any and all due diligence of this nature is the responsibility of the buyer party. WITHOUT RECOURSE, This document should not be construed or interpreted as an affidavit of truth and should not be relied upon by any party.

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COVERE Global
Marty H Cleckler
Principal & Managing Director
WITHOUT PREJUDICE UCC § 1-308

ARBOR OAKS

THE OPPORTUNITY

Arbor Oaks is a 44-unit garden-style apartment built in two phases. The properties were not originally built together but they are contiguous. The north phase has 14 units while the south phase has 32 units.

This asset is well positioned to take advantage of the new employment joining the east side of Lubbock. While also being centrally located to take advantage of the new medical construction in the medical district. Specifically, Covenant Health is building a new \$145million hospital wing, Leprino Foods is building a \$1 Billion facility and bringing 500 new employees which is generating support employment and employees in the 1,000s. Leprino Foods is the world's largest manufacturer of mozzarella cheese. Additionally, Tropicale Foods is opening its first Texas plant in east Lubbock bringing 600 employees. Tropicale is the world's largest manufacturer of Hispanic novelty frozen treats.

Market rents indicate room to grow rents in the larger phase.

Market Rent vs Current Rent by Unit Type			
Unit Description	Market Rent	Current Rent	Upside/Unit/Mo.
B1: 2bd 1ba	\$1.12	\$1.05	\$60.00
B2: 2bd 1.5ba	\$1.00	\$0.94	\$75.00





ARBOR OAKS

APARTMENTS

LOCATION

Address: 5202 Kenosha Ave

IMPROVEMENT DETAILS

Year Built: 1977, 1971

Number of Units: 44

Stories: Two

Style: Garden/Low-Rise

Construction: Wooden Frame

Exterior: Brick Veneer

Roof: Less than year old

Pool: No

Clubhouse/Office: No

ARBOR OAKS



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UNIT DETAILS

Model Unit: None

Employee Units: None

Down Units: None

MECHANICAL SYSTEM DETAILS

Electric: Individual, Resident Paid

HVAC: Individual, Resident

Hot Water: North Phase: Individual; South Phase: Individual.

Water/Sewer/Trash: Master, Owner paid.

Heating: Individual, Resident

Washer/Dryers: In units



ARBOR OAKS

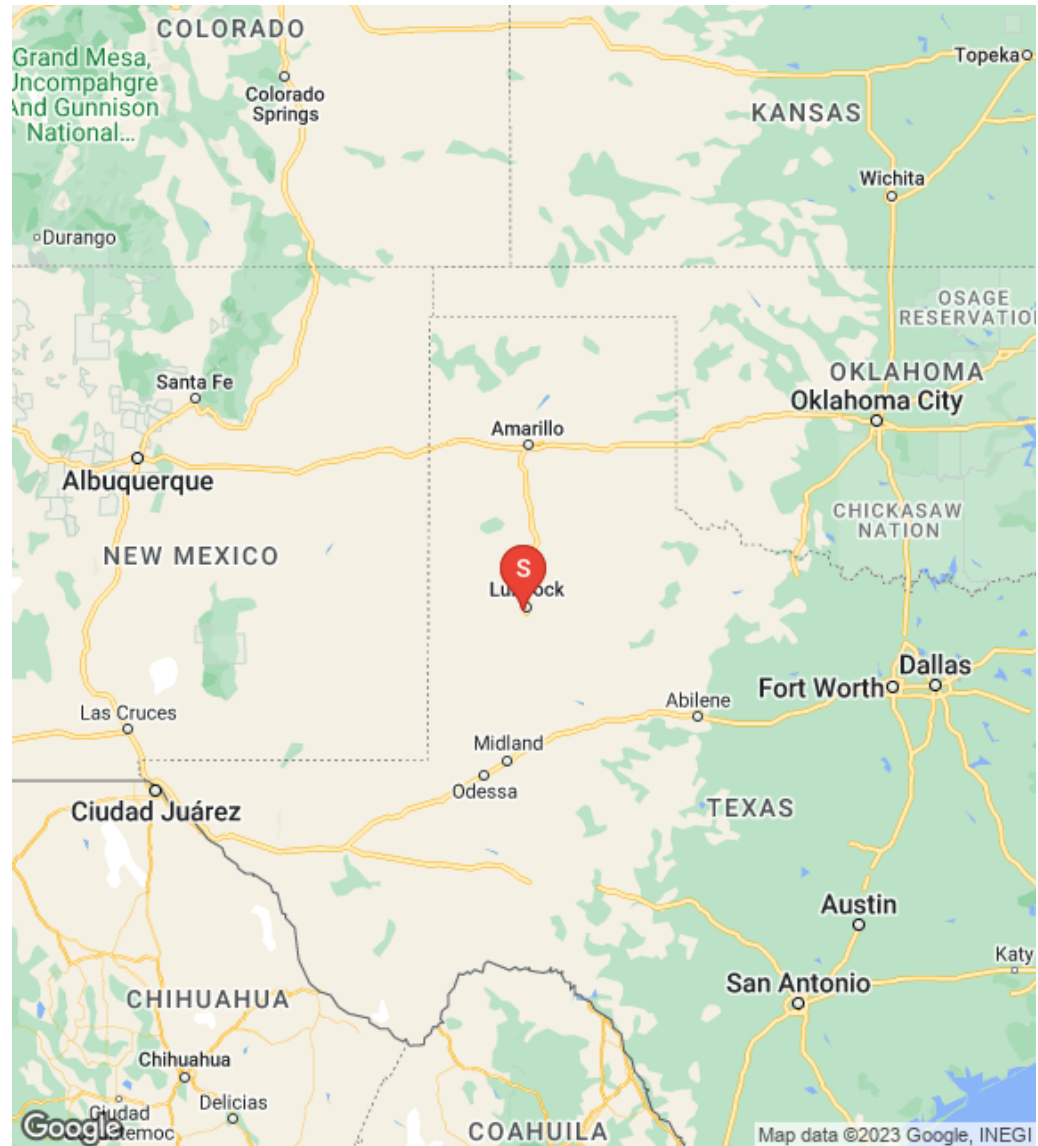
Lubbock is the largest city between Fort Worth and El Paso serving a regional population of over

650,000.

Lubbock serves as the center point for retail, medical, education, and agriculture for the region.

As home to Texas Tech University, Texas Tech Health Sciences Center & Medical School, University Medical Center, and Covenant Medical Center, Lubbock's economic base is foundationally equipped to weather economic ups and downs.

The Lubbock multifamily market is currently seeing rents increase at slightly less than inflation with very little addition to supply. This puts the market in position for high value growth over the next few years.



Employment Center Distance		
Employer		Distance from Subject
South Plains Mall	Super Regional Mall (1.2 million SF)	1.93 (Miles)
Texas Tech University	Carnegie Tier 1 Research University	2.71 (Miles)
Texas Tech Health Sciences	Tier 1 Health and Educational Center	2.97 (Miles)
University Medical Center	County Hospital & Level 1 Trauma	2.81 (Miles)
Covenant Health System	Largest Regional Hospital	1.81 (Miles)
West End	Largest Outdoor Shopping Center	3.23 (Miles)

Major Employer Details	
1.	Texas Tech University (6,635 employees and 41,000 students)
2.	Covenant Health System (5,570 employees)
3.	Texas Tech Health Science Center & Medical School (5,017 employees and 1,844 students)
4.	University Medical Center (4,375 employees)
5.	United Supermarkets Headquarters (4,199 employees)

Source: [Lubbock Economic Development Corporation](#)

Market Renter Characteristics		
Renter Occupied Units	30,475 units	
Percent Renters in Market	40.5% of Households Rent	
12 Mo. Rent Change	+ 8.6% (year over year)	
Occupancy	91.2%	
2018 Multifamily Permits	69 units	+ 0.2% added to supply
2019 Multifamily Permits	589 units	+ 1.9% added to supply
2020 Multifamily Permits	1,576 units	+ 5.1% added to supply
2021 Multifamily Permits	241 units	+ 0.7% added to supply
2022 Multifamily Permits	212 units	+ 0.6% added to supply

Source: [data.census.gov](#); ALN Data; Texas Real Estate Center

Area Land Use Trends

Area Land Use

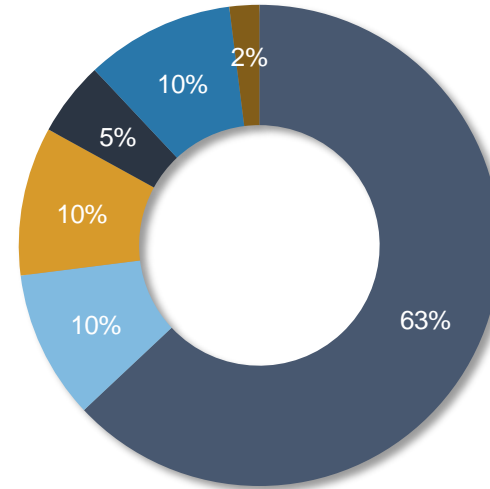
Single-Family	63%
Retail	10%
Multifamily	10%
Office	5%
Industrial	10%
Vacant	2%
<hr/>	
	100%

Subject Land Use

Supply/Demand

	Under	In Bal.	Over
Single-Family	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Retail	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Multifamily	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Office	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Industrial	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vacant	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Area Land Use



- Single-Family
- Retail
- Multifamily
- Office
- Industrial
- Vacant

Change in Land Use

Not Likely

Age Range for Multi-Family 1950 to 1987
 Rent Range for Multi-Family \$0.90 to \$1.20 / square foot

REAL ESTATE MARKET CYCLE CHARACTERISTICS

Understanding the Real Estate Cycle is paramount in making solid investment decisions. At COVERE Global we not only monitor the real estate cycle, we teach it and advise our clients with it. By understanding the current status of a market, investors can see into the future and know what to expect. This knowledge reduces risk improving returns. *Source: Glenn Mueller, Ph.D., Real Estate Finance, 1996.*

PHASE 2 EXPANSION

Markets Exhibiting Phase 6 thru 11

PHASE 3 HYPERSUPPLY

Markets Exhibiting Phase 11 thru 14



PHASE 1 RECOVERY

Markets Exhibiting Phase 1 thru 6

PHASE 4 RECESSION

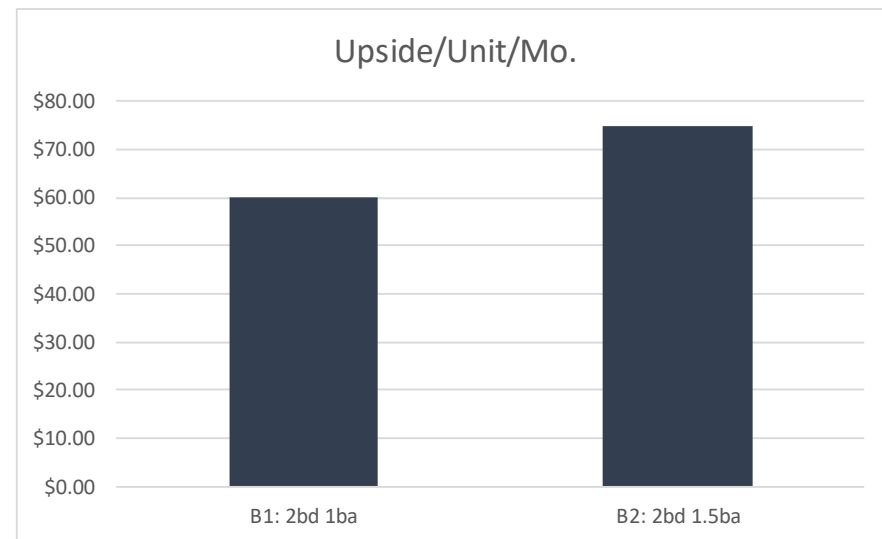
Markets Exhibiting Phase 14 thru 1

Multi-Family Rent Roll

Unit Description	Category	Total Units	Occupied	Vacant	SF	Avg Current PGI Rent/Month	PGI Market Rent/Month	Current Per SF	Market Rent/SF	Rent Upside
B1: 2bd 1ba	2 Bedroom	32	30	2	890	\$935	\$995	\$1.05	\$1.12	\$60.00
B2: 2bd 1.5ba	2 Bedroom	12	12	0	1,245	\$1,175	\$1,250	\$0.94	\$1.00	\$75.00
Totals		44	95.5%	4.5%	43,420	\$44,020	\$46,840			
Occupied		42			41,640					
Vacant		2			1,780					

Market Rent vs Current Rent by Unit Type

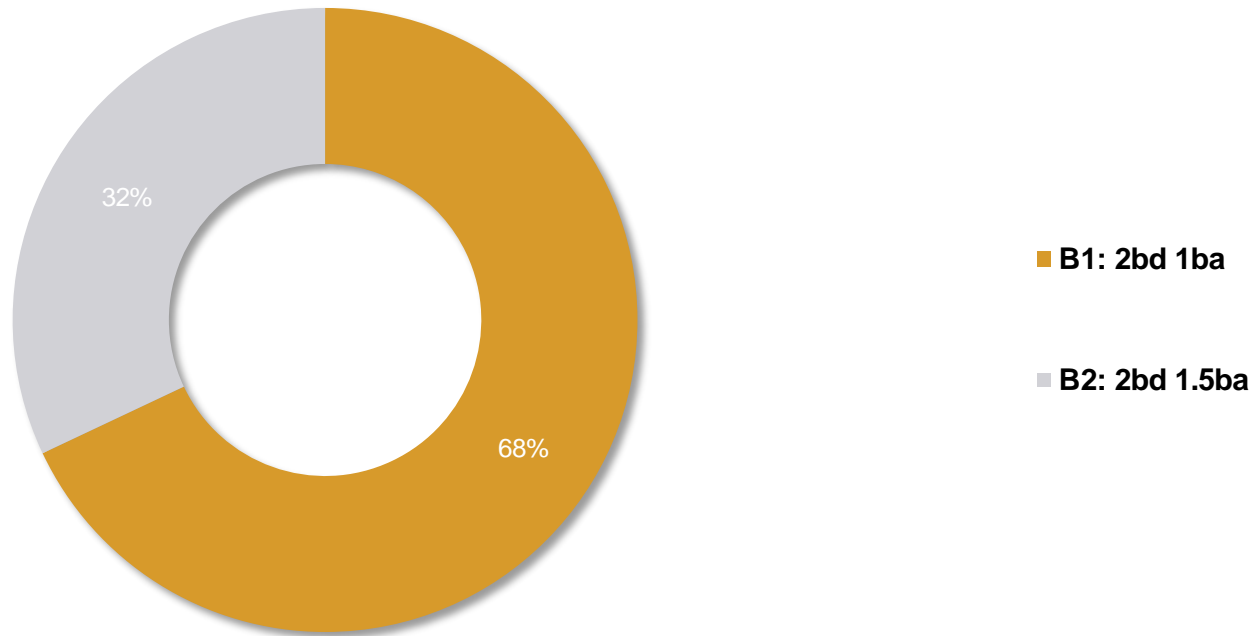
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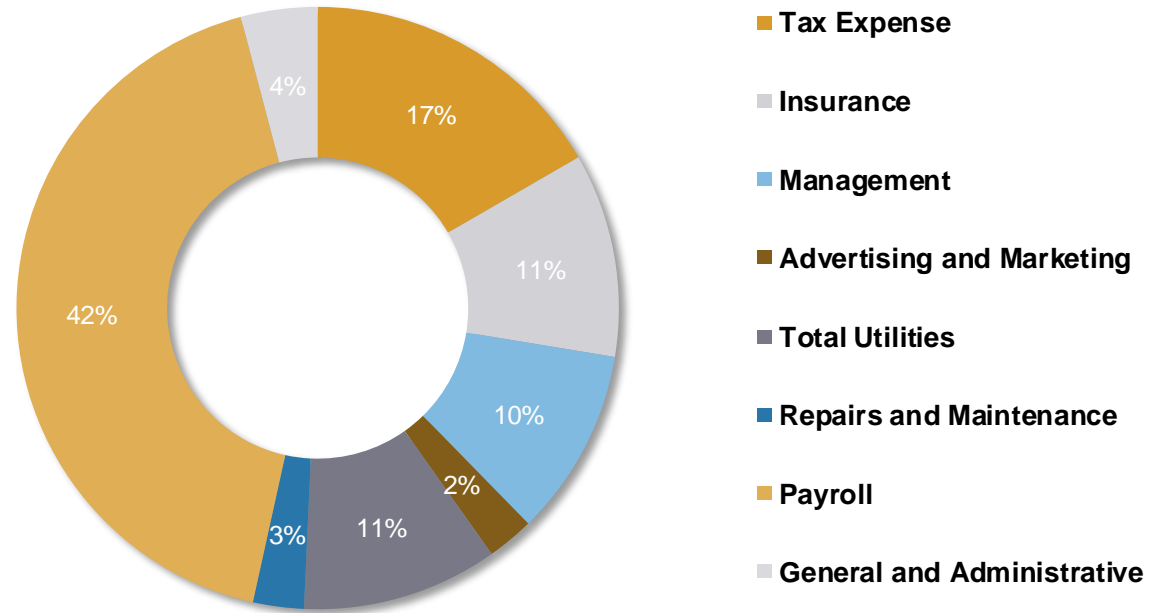
Market Rent & Expenses					
Unit/Space Type	Rent/Mo.	Method	No. of Units	Annual	% of PGI
B1: 2bd 1ba	\$995	\$/Month	32	\$382,080	65.2%
B2: 2bd 1.5ba	\$1,250	\$/Month	12	\$180,000	30.7%
Total Rental Income:				\$562,080	96.0%
Expense Reimburse (RUBS):				\$18,583	3.2%
Other Income:				\$5,000	0.9%
Potential Gross Income:				\$585,663	100%
- Vacancy & Collection Loss:				\$29,283	5.00%
Effective Gross Income (EGI):				\$556,380	95.0%
Effective Gross Rental Income (EGRI):				\$533,976	91.2%

Expense	Amount	Method	Annual	\$/Unit
Tax Expense	\$36,741	\$/Year	\$36,741	\$835
Insurance	\$24,142	\$/Year	\$24,142	\$549
Management	4.0%	% of EGI	\$22,255	\$506
Advertising and Marketing	\$5,547	\$/Year	\$5,547	\$126
Total Utilities	\$23,229	\$/Year	\$23,229	\$528
Repairs and Maintenance	\$6,020	\$/Year	\$6,020	\$137
Payroll	\$93,610	\$/Year	\$93,610	\$2,128
General and Administrative	\$9,070	\$/Year	\$9,070	\$206
Total Expenses:			\$228,553	\$5,194
Expense Ratio (Expenses/EGI):			41.08%	
Net Operating Income (NOI):			\$327,827	\$7,451

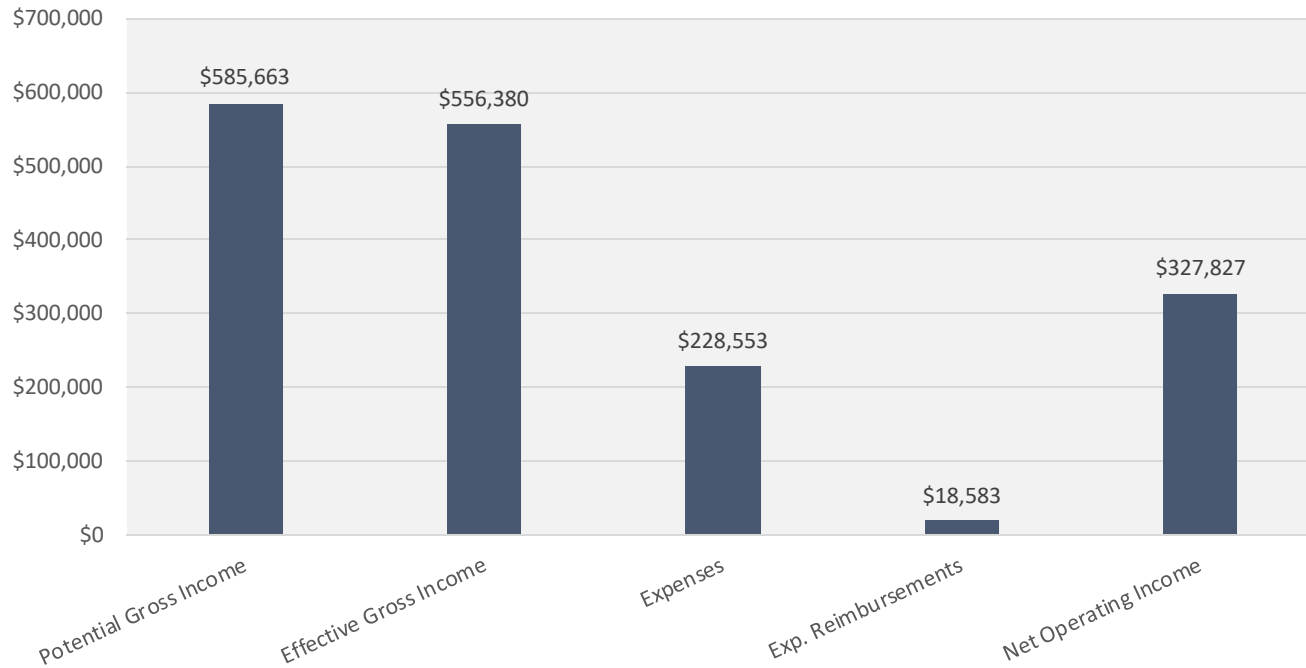
Gross Income by Unit Type



Expenses



NOI Profile



	Potential Gross Income	Gross Income	Expenses	Exp. Reimbursements	NOI
Amount	\$585,663	\$556,380	\$228,553	\$18,583	\$327,827

Discounted Cash Flow Summary

With improved management and marketing, rents will naturally elevate to the area average rents. Renovated units are reaching market rents.

The DCF, however, assumes rents increase over the next year to market averages when leases rollover while renovating units.

At an analyzed price of \$4,555,833 while raising rents to market, an internal rate of return of **26.1%** is generated with **3.0x** the equity.

Discounted Cash Flow Analysis						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
FINANCIAL HOLD						
Potential Gross Income (PGI):	\$ 585,663	\$ 620,803	\$ 658,051	\$ 697,534	\$ 739,386	\$ 783,749
Effective Gross Income (EGI):	\$ 493,235	\$ 522,829	\$ 625,149	\$ 662,658	\$ 702,417	\$ 744,562
Total Expenses:	\$ 228,553	\$ 235,410	\$ 242,472	\$ 249,746	\$ 257,239	\$ 264,956
Net Operating Income (NOI):	\$ 264,682	\$ 287,419	\$ 382,677	\$ 412,911	\$ 445,178	\$ 479,606
Debt Service:	\$ 219,694	\$ 219,694	\$ 219,694	\$ 219,694	\$ 219,694	\$ 219,694
Capital Expenditures:	\$ 14,000	\$ 14,000	\$ -	\$ -	\$ -	\$ -
Cashflow:	\$ 30,987	\$ 53,725	\$ 162,982	\$ 193,217	\$ 225,484	\$ 259,912
CORE METRICS						
	Total	/ Unit	/ SF	EGIM	Exp Ratio	Market Rent
Pricing	\$4,555,833	\$103,542	\$104.92	8.19 x	41.08%	\$1.08
Cash-on-Cash Return			11.69%	13.85%	16.17%	18.64%
Cap Rate	5.59%	6.07%	8.08%	8.72%	9.40%	10.13%
Loan Constant	6.89%	6.89%	6.89%	6.89%	6.89%	6.89%
Debt Service Coverage Ratio	1.20	1.31	1.74	1.88	2.03	2.18
Internal Rate of Return (IRR)		27.5%	27.3%	26.7%	26.1%	
YIELD ANALYSIS						
Internal Rate of Return	Multiple of Equity		Equity	Profit		
26.1%	3.01 x		\$1,394,750	\$ 4,197,918		
ASSUMPTIONS						
Income Growth Rate	6.00%	8.60% Lubbock Market (ALN Data - September 2022 Year over Year %)				
Expense Growth Rate	3.00%	2.80% Market (Yardi Matrix)				

ARBOR OAKS



South Phase

North Phase



Information About Brokerage Services

Texas law requires all real estate licensees to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

TYPES OF REAL ESTATE LICENSE HOLDERS:

- **A BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- **A SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of each party to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - that the owner will accept a price less than the written asking price;
 - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

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Buyer/Tenant/Seller/Landlord Initials

Date

Regulated by the Texas Real Estate Commission
TXR-2501

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New York
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Sydney

Procuring 15,000+ Texas-focused global investors.

COVERE *kō-věr*
(verb) to magically unite...