

THE PARMERTON



30 Units | Built 1971

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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
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THE PARMERTON

THE OPPORTUNITY

The Parmerton is a 30-unit garden-style apartment built in 1971. It features a market attractive unit mix of studio, one-, and two- bedroom units.

This well-located asset is positioned along the Avenue Q corridor near Lubbock's industrial east side.

This asset is well positioned to take advantage of the new employment joining the east side of Lubbock. Specifically, Leprino Foods is building a Billion Dollar 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.



THE PARMERTON

LOCATION

Address: 1717 48th Street
Primary Frontage: 48th St
Secondary Frontage: Avenue T
Tertiary Frontage: --
Market MSA: Lubbock

IMPROVEMENT DETAILS

Year Built: 1971
Number of Units: 30
Number of Buildings: 1
Stories: 2
Style: Garden/Low-Rise
Construction: Wooden Frame
Exterior: Brick Veneer
Roof: Pitched (metal/steel)
Pool: No
Clubhouse/Office: None



THE PARMERTON

IMPROVEMENT DETAILS (Con't)

Laundry: One room. 2 Washers & 2 Dryers

Picnic Area

SITE DETAILS

Zoning: Multifamily District City of Lubbock

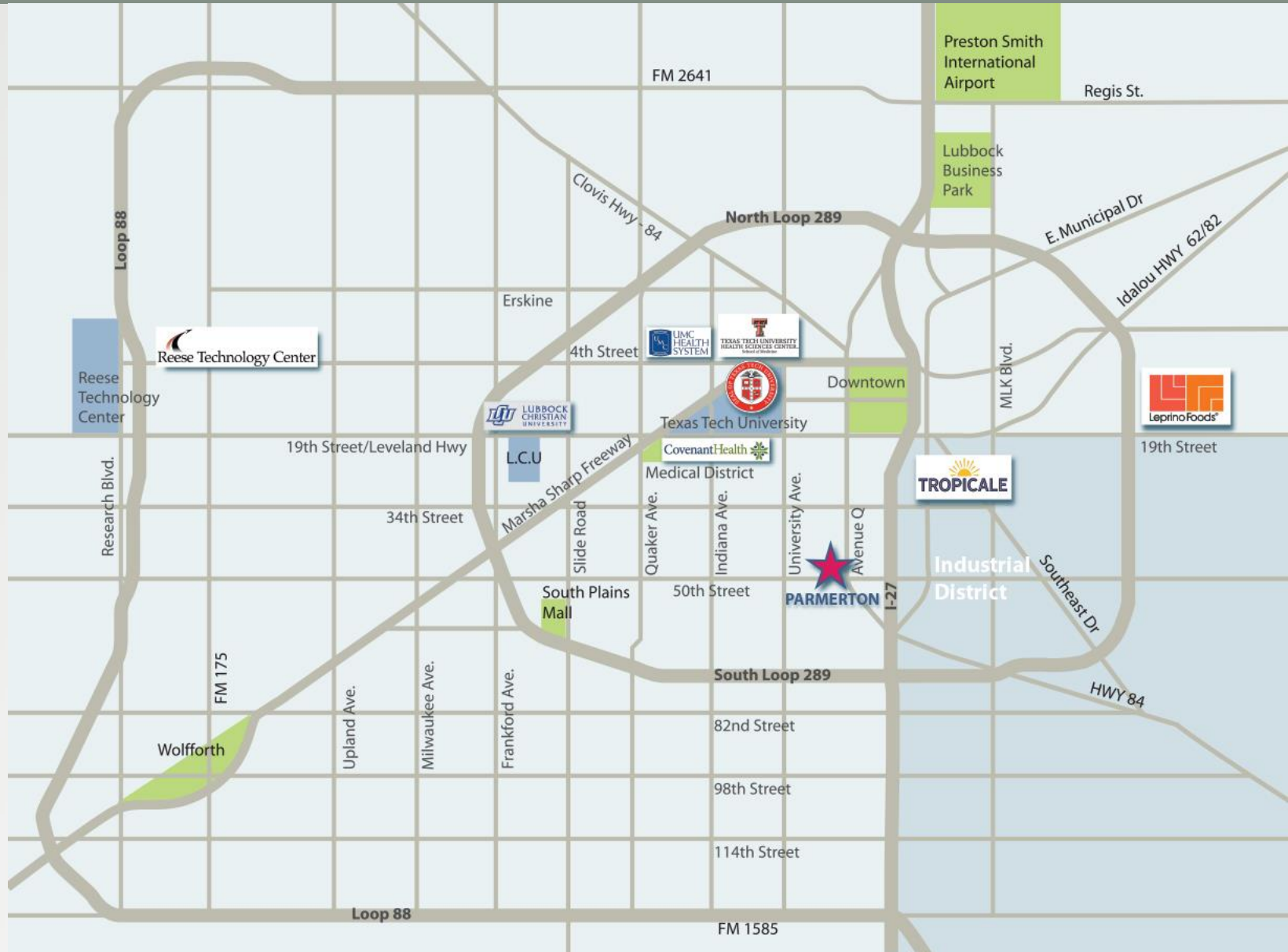
Site Size: 30,500 SF

In Flood Plain: is not

FEMA Map#: 48303C0315G

Parking: Open

Covered Parking: None



THE PARMERTON

UNIT DETAILS

Model Unit: None

Employee Units: None

Down Units: None

MECHANICAL SYSTEM DETAILS

Electric: Individual, Resident Paid

HVAC: PTAC, through the wall

Hot Water: One (1) total boiler.

Water/Sewer/Trash: Master, Owner paid. Opportunity to implement RUBS at \$40-\$50 per month.

Heating: PTAC, through the wall

Washer/Dryer in Units: Each unit has closets that back up to the bathtub or other plumbing in the bathroom therefore washer and dryers can be added to the units themselves. The additional market rent for washer/dryers included in the units is \$100 per month. Renovation costs for this retrofit typically run \$4,000 (\$1,500 for stackable W/D and \$2,500 for parts and labor). This has a positive value impact on the unit as the rent increases \$1,200 per year creating a value increase of \$20,000 ($\$1,200 / 6\% \text{ cap rate} = \$20,000$). This is a 5x return on investment ($\$20,000 \text{ increase} / \$4,000 \text{ cost} = 5.0$).

THE PARMERTON

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.

The following graph illustrates Lubbock's current market position.



Employment Center Distance		
Employer		Distance from Subject
South Plains Mall	Super Regional Mall (1.2 million SF)	4.01 (Miles)
Texas Tech University	Carnegie Tier 1 Research University	2.65 (Miles)
Texas Tech Health Sciences	Tier 1 Health and Educational Center	3.42 (Miles)
University Medical Center	County Hospital & Level 1 Trauma	3.29 (Miles)
Covenant Health System	Largest Regional Hospital	2.96 (Miles)
West End	Largest Outdoor Shopping Center	5.18 (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	37,489 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	+ 1.6% added to supply
2020 Multifamily Permits	1,576 units	+ 4.1% added to supply
2021 Multifamily Permits	241 units	+ 0.6% added to supply
2022 Multifamily Permits	212 units	+ 0.5% added to supply

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

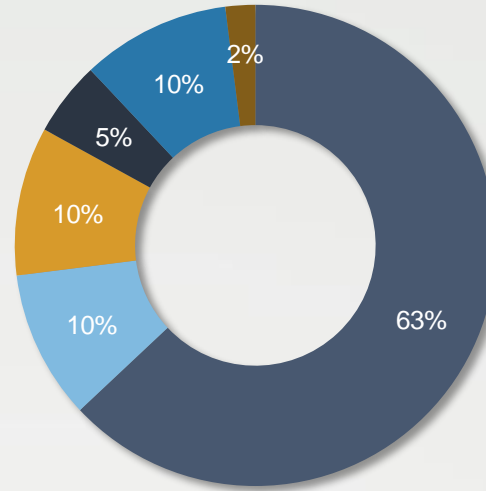
Area Land Use Trends

Area Land Use

Single-Family	63%
Retail	10%
Multifamily	10%
Office	5%
Industrial	10%
Vacant	2%
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	100%

Subject Land Use

Area Land Use



Area Vacancy

Single-Family	6%
Retail	8%
Multifamily	8%
Office	15%
Industrial	3%
Vacant	2%

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"/>

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

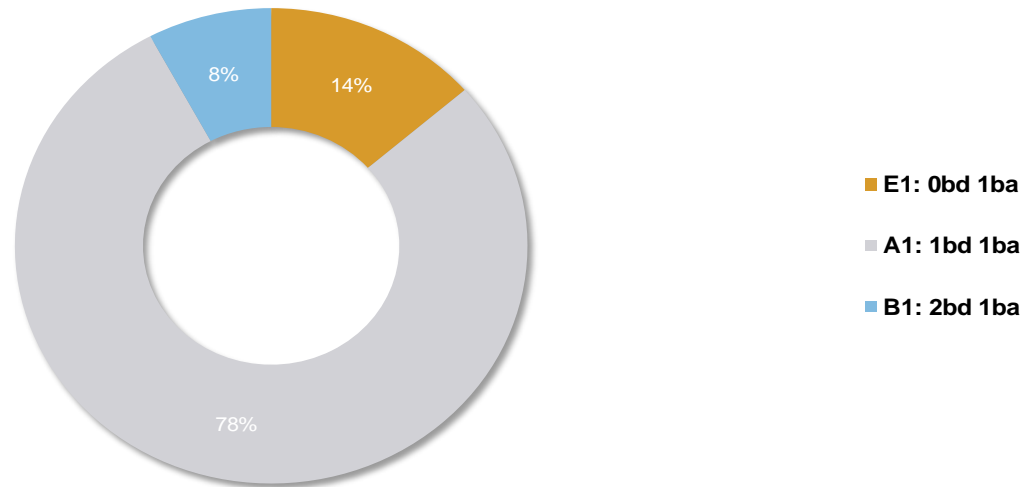
Markets Exhibiting Phase 14 thru 1

Market Rent & Expense Operating Statement

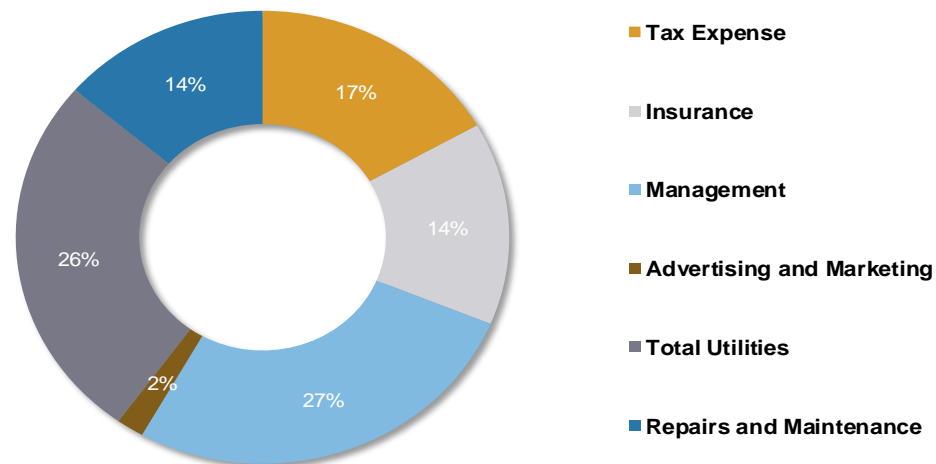
Market Rent & Expenses					
Unit/Space Type	Rent/Mo.	Method	No. of Units	Annual	% of PGI
E1: 0bd 1ba	\$600	\$/Month	5	\$36,000	13.4%
A1: 1bd 1ba	\$752	\$/Month	23	\$207,552	77.1%
B1: 2bd 1ba	\$861	\$/Month	2	\$20,664	7.7%
Total Rental Income:				\$264,216	98.1%
Expense Reimburse (RUBS):				\$0	0.0%
Other Income:				\$5,000	1.9%
Potential Gross Income:				\$269,216	100%
- Vacancy & Collection Loss:				\$21,537	8.00%
Effective Gross Income (EGI):				\$247,679	92.0%
Effective Gross Rental Income (EGRI):				\$243,079	90.3%

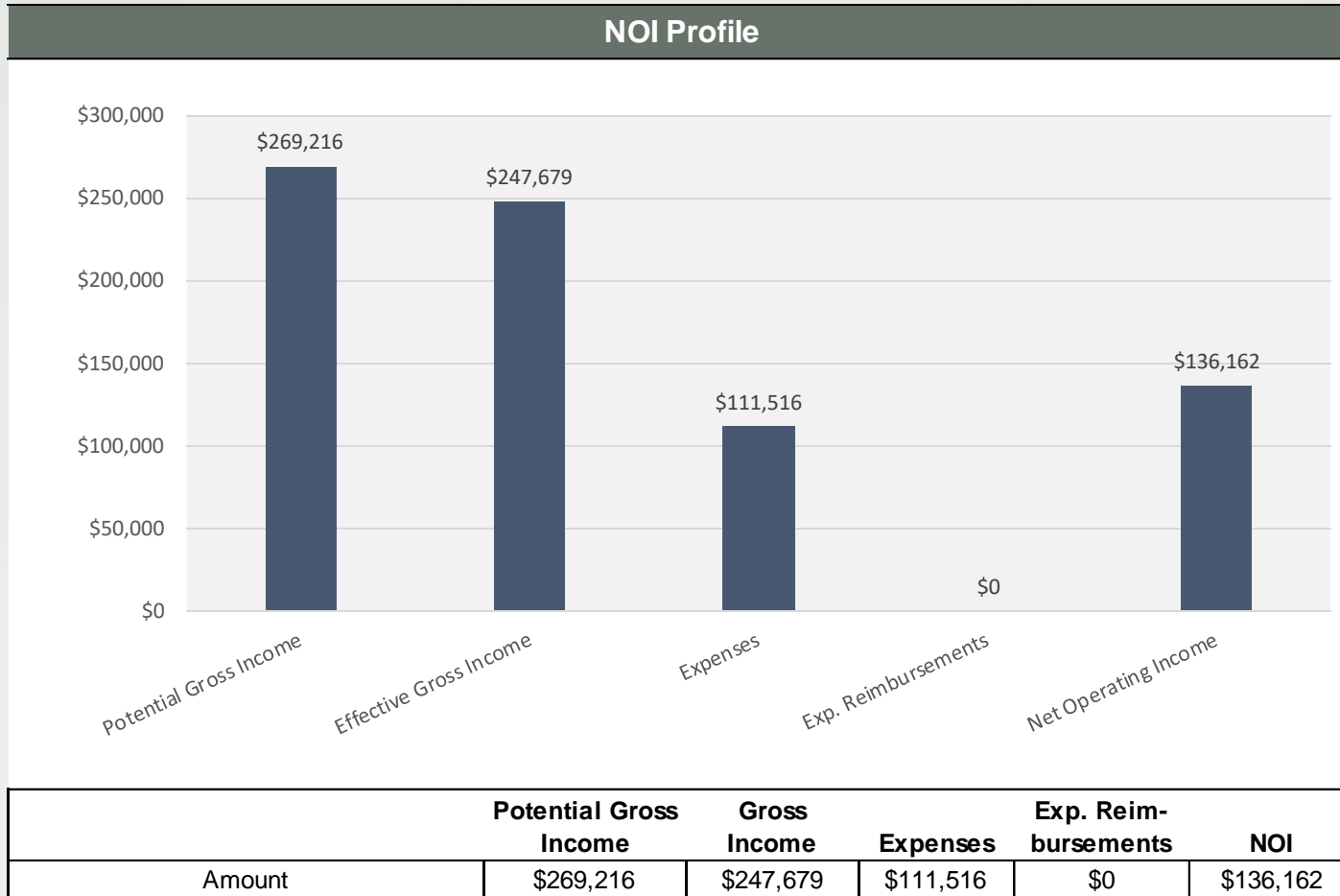
Expense	Amount	Method	Annual	\$/Unit
Tax Expense	\$18,557	\$/Year	\$18,557	\$619
Insurance	\$16,000	\$/Year	\$16,000	\$533
Management	12.0%	% of EGI	\$29,721	\$991
Advertising and Marketing	\$1,999	\$/Year	\$1,999	\$67
Total Utilities	\$29,128	\$/Year	\$29,128	\$971
Repairs and Maintenance	\$15,189	\$/Year	\$15,189	\$506
Total Expenses:			\$111,516	\$3,717
Expense Ratio (Expenses/EGI):			45.02%	
Net Operating Income (NOI):			\$136,162	\$4,539

Gross Income by Unit Type



Expenses





THE PARMERTON

Sale Comparables		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7
								
Name	Parmerton	Orion on the 50th	Maxey Park Apartments	Ventura Flats	Everstone	Maplewood	Coronado Crossing	Liveoak Seventh
Address	1717 48th Street	5430 50th Street	4345 28th Street	2415 Quinton Ave	5602 Brownfield Dr	2607 Slide Rd	3333 Toledo Ave	5833 7th St
City	Lubbock	Lubbock	Lubbock	Lubbock	Lubbock	Lubbock	Lubbock	Lubbock
State	TX	TX	TX	TX	TX	TX	TX	TX
Date		30-Sep-22	30-Jun-22	30-Jun-22	20-Mar-22	15-Mar-22	21-Sep-21	10-Apr-21
Price		\$4,400,000	\$5,300,000	\$3,000,000	\$2,500,000	\$1,600,000	\$4,240,000	\$1,150,000
Year Built	1971	1973	1964	1984	1984	1965	1964	2004
No. of Units	30	61	54	44	32	20	61	12
Price per Unit		\$72,131	\$98,148	\$68,182	\$78,125	\$80,000	\$69,508	\$95,833
Price Per SF		\$84.29	\$105.79	\$106.53	\$84.92	\$106.67	\$82.47	\$82.69
Cap Rate	(Actual T12) ---->	3.11%	3.70%	4.39%	5.64%	6.25%	5.94%	2.75%
Average MF Unit Size	678	790	920	640	920	730	912	1,159
MF Weighted Avg Rent/SF/Mo.	\$0.880	\$1.033	\$1.011	\$1.133	\$1.027	\$1.015	\$0.810	\$1.035
MF Occupancy	88%	63%	97%	98%	100%	100%	94%	83%

Sale Comparable Value Ranges

Number of Comps:	7	Per Unit	Per SF
Low:		\$68,182	\$82.47
High:		\$98,148	\$106.67
Average:		\$80,275	\$93.34
Median:		\$78,125	\$84.92

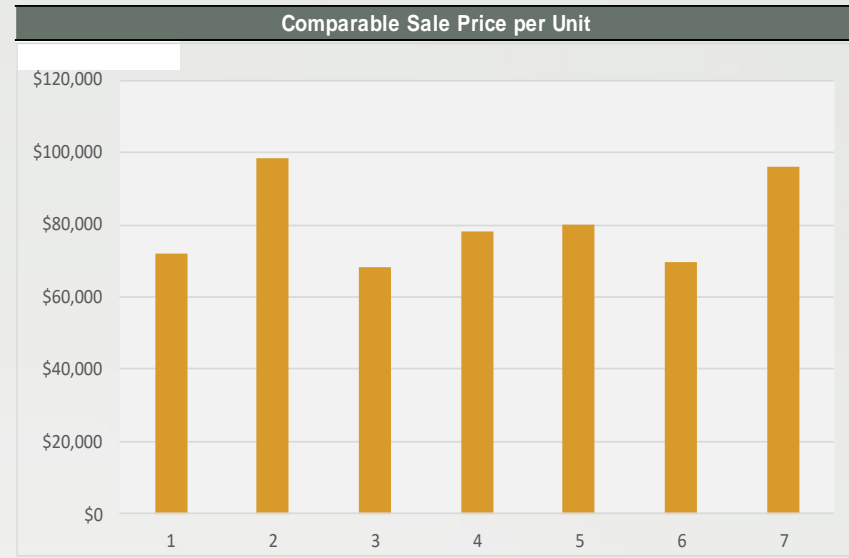
THE PARMERTON

Sale Comparable Analysis

A sale price for **The Parmerton** based on the median would indicate a price of \$2,343,750 based on the price per unit median and \$1,752,749 based on the price per square foot median.

Ventura Flats presents the lowest per unit sale price because it is an all one-bedroom unit property. This would indicate a sale price for **The Parmerton of \$2,045,460.**

Coronado Crossing and **Liveoak Seventh** present the lowest per square foot sale price because they have very large units. This would indicate a sale price for **The Parmerton around \$1,702,181.**



THE PARMERTON



Legend	Address	City	Distance
Subject	1717 48th Street	Lubbock	
Comp 1	5430 50th Street	Lubbock	4.17 miles
Comp 2	4345 28th Street	Lubbock	2.98 miles
Comp 3	2415 Quinton Ave	Lubbock	3.18 miles
Comp 4	5602 Brownfield Dr	Lubbock	4.42 miles
Comp 5	2607 Slide Rd	Lubbock	3.98 miles
Comp 6	3333 Toledo Ave	Lubbock	3.26 miles
Comp 7	5833 7th St	Lubbock	5.57 miles

THE PARMERTON

Rent Comparables

Address: 1717 48th Street, Lubbock, TX

Rent Analysis

[G](#) [👤](#) [📄 Property Report](#)

1 – 4 Bed Summary	1 bed	2 bed
Average Rent	\$752 $\pm 8\%$	\$861 $\pm 2\%$
Median Rent	\$665	\$850
25th – 75th Percentile	\$600 – 904	\$740 – 982
10th – 90th Percentile	\$463 – 1,041	\$631 – 1,091
Standard Deviation	\$226	\$180
Sample Size	15	86
Search Radius	1.5 mi	1.5 mi

Rent comps within a 1.5-mile radius indicate a 90th achievable rent of \$1,041 per month for one bedrooms and \$1,091 per month for two bedrooms. ***Fifteen (15) one bedroom units and Eighty-six (86) two bedroom units were surveyed.***

While this level of rents would be achievable after a major renovation, current market rents for The Parmerton are realistically near the average for the area. Studios at Parmerton are achieving \$600 on new leases and this is considered market. One Bedrooms should reach market of \$752 and two bedrooms should reach \$861.

THE PARMERTON

Discounted Cash Flow Summary

With improved management and marketing, rents will naturally elevate to the area average rents. Minor renovation could push rents higher to the 75%tile range.

The DCF, however, assumes rents increase over the next year to market averages when leases rollover with just \$50,000 in renovation. (Studio: \$600; One Bed: \$752; Two Bed: \$861)

At an analyzed price of \$1,747,574 this is a price per unit that is **12% below the lowest comparable sale.**

At this price while raising rents to market, an internal rate of return of **25.5%** is generated with **3x** the return on equity.

Discounted Cash Flow Analysis

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
FINANCIAL HOLD						
Potential Gross Income (PGI):	\$ 269,216	\$ 285,369	\$ 302,491	\$ 320,641	\$ 339,879	\$ 360,272
Effective Gross Income (EGI):	\$ 216,450	\$ 229,437	\$ 278,292	\$ 294,989	\$ 312,689	\$ 331,450
Total Expenses:	\$ 111,516	\$ 114,862	\$ 118,308	\$ 121,857	\$ 125,513	\$ 129,278
Net Operating Income (NOI):	\$ 104,933	\$ 114,575	\$ 159,984	\$ 173,132	\$ 187,176	\$ 202,172
Debt Service:	\$ 90,062	\$ 90,062	\$ 90,062	\$ 90,062	\$ 90,062	\$ 90,062
Capital Expenditures:	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ -	\$ -
Cashflow:	\$ (10,128)	\$ (487)	\$ 69,922	\$ 83,071	\$ 97,114	\$ 112,110

CORE METRICS

	Total	/ Unit	/ SF	EGIM	Exp Ratio	Market Rent
Pricing	\$1,745,944	\$58,198	\$81.78	7.05 x	45.02%	\$1.08
Cash-on-Cash Return	-1.77%	-0.08%	12.19%	14.48%	16.93%	19.54%
Cap Rate	5.59%	6.11%	8.53%	9.23%	9.98%	10.78%
Loan Constant	7.37%	7.37%	7.37%	7.37%	7.37%	7.37%
Debt Service Coverage Ratio	1.17	1.27	1.78	1.92	2.08	2.24
Internal Rate of Return (IRR)		25.4%	25.9%	25.6%	25.2%	

YIELD ANALYSIS

Internal Rate of Return

25.2%

Multiple of Equity

3.00 x

Equity

\$ 573,783

Profit

\$ 1,719,145

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)

THE PARMERTON



All Electric Kitchen
Refrigerator
Oven/Stovetop
Walk-in Closets
Vinyl Plank Flooring
Ceiling Fans

Laundry Facility
Picnic Area
Walkable to Nearby United Supermarkets & Many
Restaurants
Minutes from Lubbock's Industrial District



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.

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Buyer/Tenant/Seller/Landlord Initials

Date

Regulated by the Texas Real Estate Commission
TXR-2501

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COVEREkō-věr
(verb) to magically unite...