



GOLDEN GROUP
REAL ESTATE

OFFERING MEMORANDUM

1500 N Cherry St,
Knoxville, TN 37917

The Inn of Knoxville

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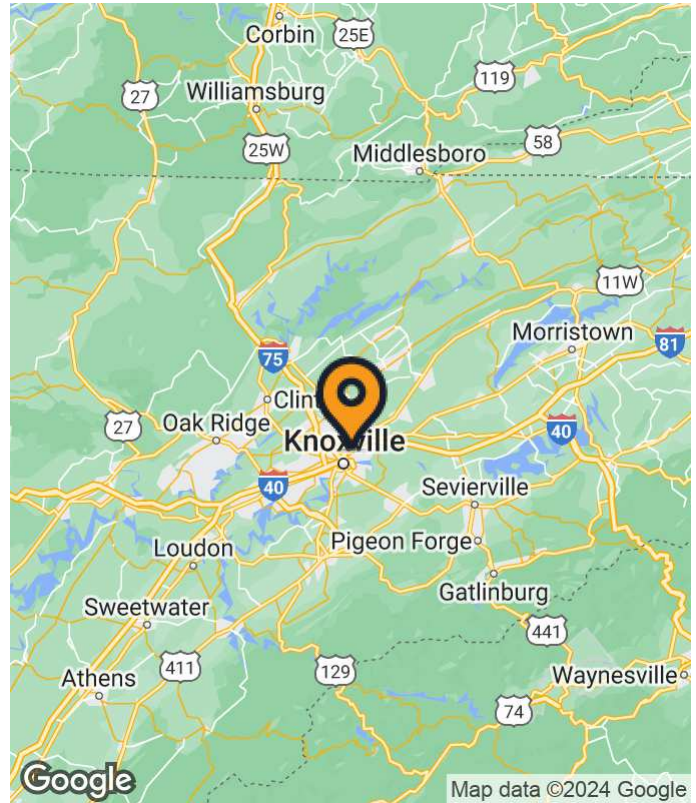
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PROPERTY INFORMATION

OFFERING MEMORANDUM | 1500 N Cherry St, Knoxville, TN 37917

MULTIFAMILY CONVERSION OPPORTUNITY



EXECUTIVE SUMMARY

Introducing a prime investment opportunity at 1500 N Cherry St, Knoxville, TN, 37917 also known as The Inn of Knoxville. The offering includes two hotel buildings and a restaurant totaling 23,631 SF, with 186 studio apartments, and presents a compelling opportunity for multifamily conversion, boasting a favorable zoning status (C-G-1) and approved multifamily permits in place. The hotel, originally built in 1976, offers limited cash flow income while it is fully approved for multifamily conversion. Its strategic location, just 5 miles from the University of Tennessee, caters to a high-demand market, providing versatility for apartment rentals, student housing or extended stay options.

Located in the heart of East Tennessee, City of Knoxville sits at the crossroads of I-75, I-40 and I-81. It is the third largest city in the state, with the nine-county metro area comprising close to 900,000 residents. The area is home to The University of Tennessee and corporate headquarters such as The Pilot Company, Bush Brothers, PetSafe, Clayton Homes, Jewelry Television and Regal Cinemas. Set in the foothills of the Smoky Mountains, America's most visited national park, Knoxville's combination of history and nature is loved by locals and visitors alike. Don't miss out on this turnkey investment in a thriving real estate market with friendly local government offering variety of incentives and tax programs for developers. Benefit from a hassle-free acquisition with all necessary permits and plans readily available.

OFFERING SUMMARY

Sale Price:	\$8,500,000
Number of Rooms:	186
Lot Size:	3.9 Acres
Building Size:	23,631 SF
Pro-forma NOI - year 1 (apartment rentals)	\$1,781,841
Pro-forma NOI - year 1 (extended stay)	\$1,467,556

DEMOGRAPHICS 1 MILE 3 MILES 5 MILES

	1 MILE	3 MILES	5 MILES
Total Population	9,124	67,785	151,605
Average HH Income	\$56,840	\$58,600	\$62,818
Owner Occupied HH	2,163	13,747	32,530
Renter Occupied HH	2,233	19,064	34,720

PROPERTY DESCRIPTION



PROPERTY DESCRIPTION

Golden Group Real Estate, as exclusive agent for the Seller, is pleased to present an exceptional multifamily conversion opportunity in Knoxville, TN. The subject property is just 3.4 miles or 6 minutes' drive from everything downtown Knoxville has to offer. Located off Interstate 40, this hotel is a 5-minute drive from the Tennessee River Boat Company, less than a 10-minute drive from the Discovery Center and Knoxville Zoological Gardens, and 5 miles from the University of Tennessee.

This 23,631 SF property, known as The Inn of Knoxville, originally built in 1976 as a motel, offers 186 studio apartments (285 SF each) and is zoned C-G-1 (General Commercial Zoning District). Multi-family dwelling is a permitted use in this zoning designation. Subject property consists of three irregular-shaped parcels of land that total approximately 3.9 acres and is currently developed with three structures for commercial purposes which includes two three-story hotel buildings and a restaurant building. The hotel buildings total approximately 17,952 square feet and the restaurant totals 5,679 square feet.

Positioned for conversion to multifamily housing, this property presents an ideal opportunity for investors seeking to repurpose hotel space. With its efficient layout and design, this property is well-suited for rental apartment demand, as well as student housing, or extended stay in the growing Knoxville area. Partially operational hotel (60 rooms of Building #1 is being rented by guests on extended stay basis) comes with existing in-place cash flow. This cash flow will help to offset some of the construction costs associated with the conversion of the vacant side of the property (Building #2 and the vacant restaurant building) during the initial stage of redevelopment. The rent from Building #1 is ranged from \$350 to \$500 a week for 60 rooms that are currently being used.

At closing the Seller will provide the Buyer /developer a full package of required permits, plans, survey, feasibility analysis, Phase 1 report along with the city's approved multifamily zoning – a great deal of money and time that the buyer does not have to spend!

Rent has been increasing steadily. Compared to a year ago, Knoxville, Tennessee apartments have recorded a 17% rent increase. Renters take up 54% of Knoxville, TN real estate, occupying a total of 43,837 units, while homeowners live in 37,129 properties.

Higher density, higher supply of housing dictates that the target rent even for newly renovated modern-style fully furnished apartments with community amenities, and utilities should be targeted between \$1,225 and \$1,350 per month. According to the seller's stabilized proforma, the 1st year NOI is expected to be at \$1,781,841 (See Stabilized Pro-forma figures on page 13 of this offering).

INVESTMENT HIGHLIGHTS



Two hotel buildings and a restaurant



Business district of Knoxville offers 90+ restaurants within walking distance

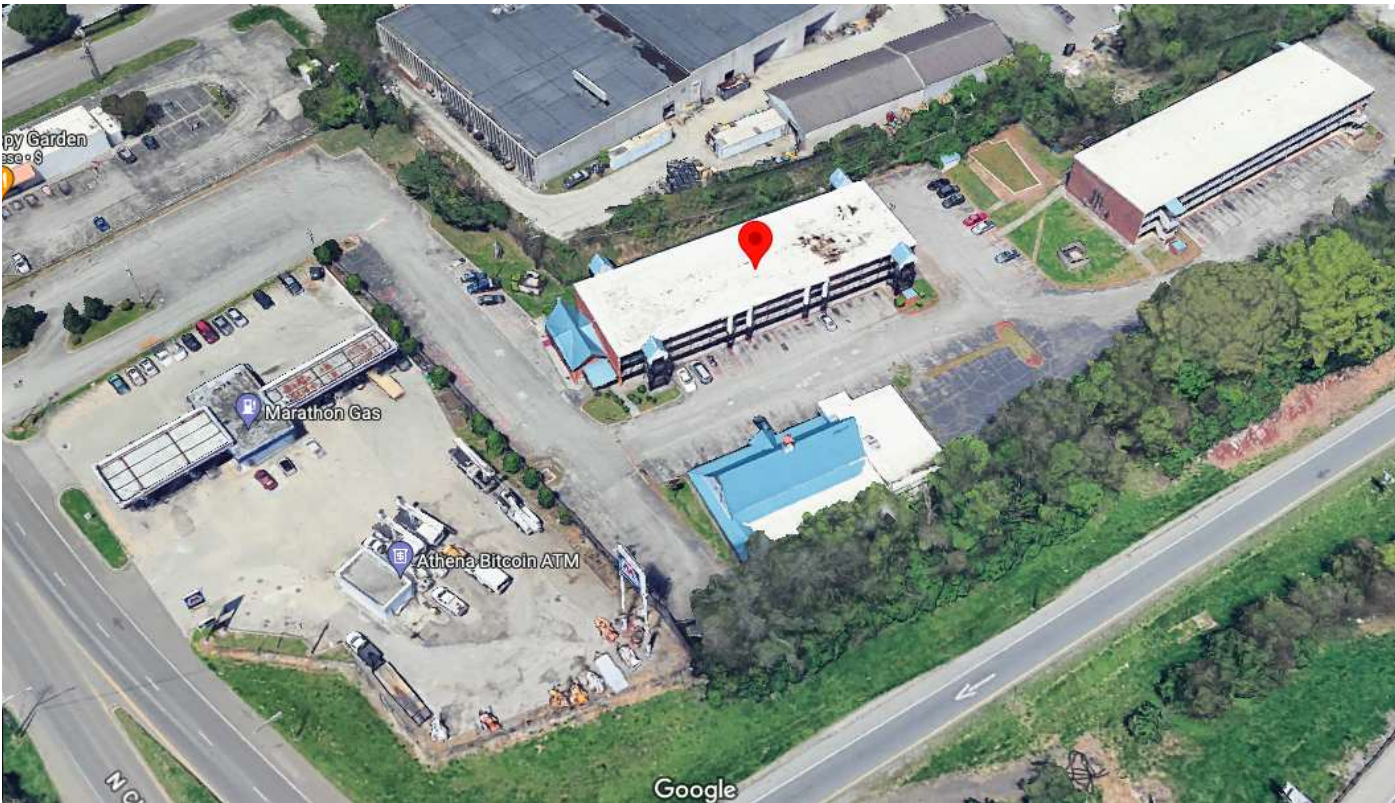


University of Tennessee

PROPERTY HIGHLIGHTS

- 23,631 SF hotel property offered as multifamily conversation opportunity in desired city of Knoxville, TN
- Sale includes two hotel buildings and a restaurant sitting on 3.9 acres of land
- 186 studio apartments (285 SF each), plus 5,679 SF of restaurant building
- Zoned C-G-1 (General Commercial Zoning District) with multi-family dwelling permitted use already approved
- Full package of required permits, plans, survey, feasibility analysis, Phase 1 report along with the city's approved multifamily zoning– a great deal of money and time that the buyer does not have to spend!
- Partially operational hotel with cash flow in place
- Versatile property for multifamily real estate investors, including options for apartment rentals, student housing or extended stay
- High pro-forma NOIs for apartments and extended stay
- Located in a high dense rapidly growing city with high demand for apartments or student housing
- Located 5 miles from the University of Tennessee (28,000 students)
- Just 6 minutes' drive from everything downtown has to offer: restaurants, entertainment, shops, business establishments.
- Friendly local government offering variety of incentives and tax programs for developers
- A few facts about Knoxville, Tennessee:
 - Named in Top 50 Places to Live in the USA by U.S. News & World Report (2019)
 - Named one of The 7 Most Recession-proof Cities in the U.S. by Livability (2019)
 - Named one of the Cities Americans Are Flocking To by 24/7 Wall Street (2018)

AERIALS



PROPERTY DETAILS

Sale Price

\$8,500,000

LOCATION INFORMATION

Building Name	Multifamily Conversion Opportunity
Street Address	1500 N Cherry St
City, State, Zip	Knoxville, TN 37917
County	Knox

BUILDING INFORMATION

Total Building Size	23,631 SF
Number of Floors	3
Year Built	1976
Building Class	C
Number of Buildings	3
Size of 2 Hotel Buildings	17,952 SF
Size of Restaurant Building	5,679 SF
Construction	Concrete slab on grade with concrete masonry units (CMU) configuration
Roof	Combination of flat and pitched
Façade of the buildings	Brick and Stucco
Surrounding grounds	Asphalt-paved drives and parking areas, cast-in-place concrete sidewalks and landscaped areas

PROPERTY INFORMATION

Property Type	Hotel & Restaurant
Zoning	C-G-1
Special Use Permit	Multi-family
Number of units	186 studio apartments
Typical unit size	285 SF
On-site parking	150 parking spaces
Laundry room	Yes
APN #	082BF00224, 082BF00202 and 082BF00223
Real Estate Taxes (2022 & 2023)	\$20,275.74
Nearest highway	I-40



ADDITIONAL PHOTOS



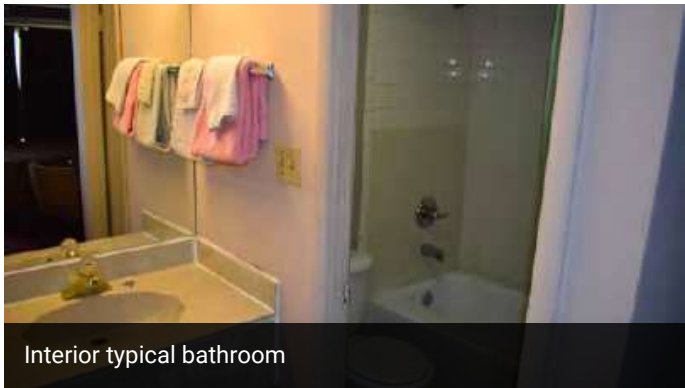
Reception



Typical guest room interior



Exterior corridor Building 1



Interior typical bathroom



South side Building 1



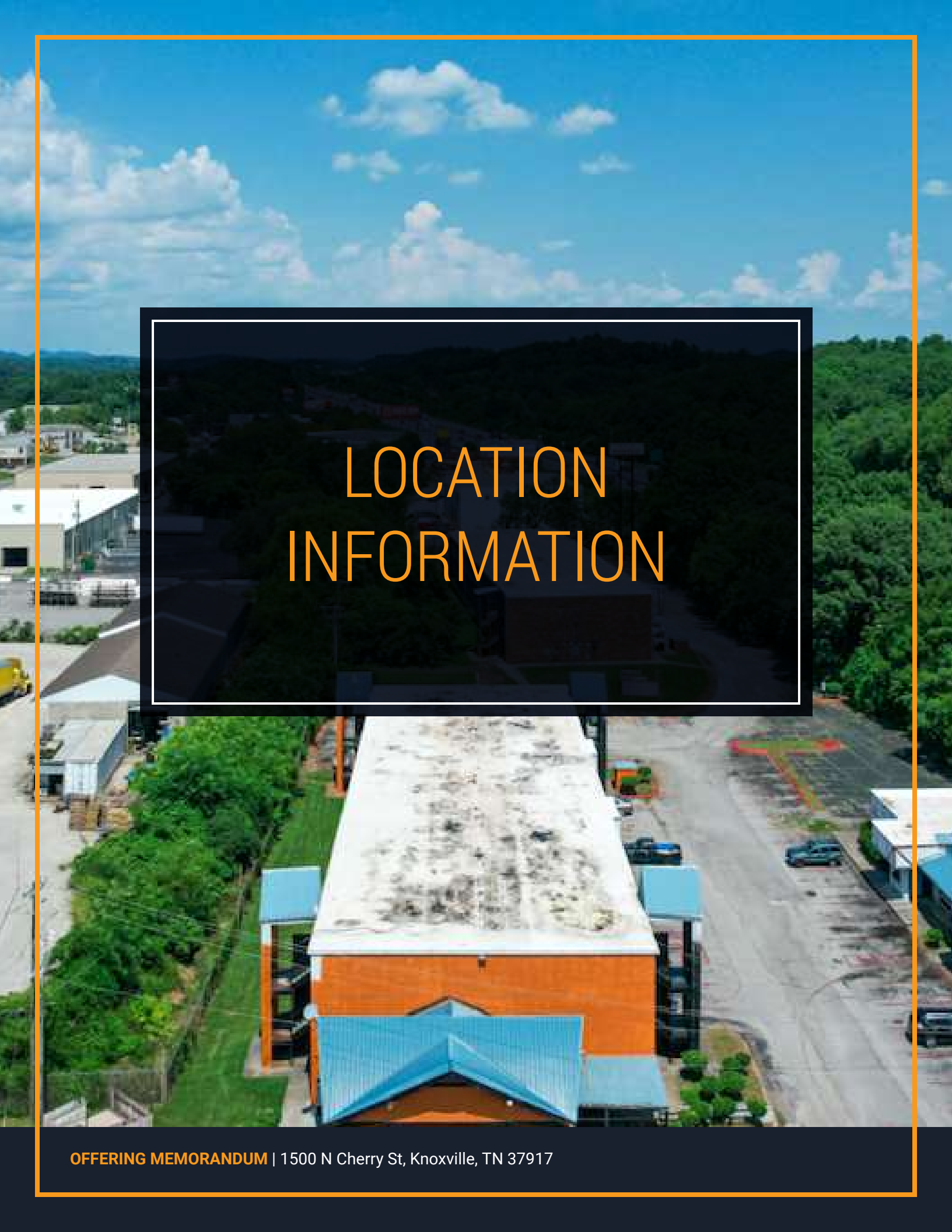
North side Building 2



Restaurant building

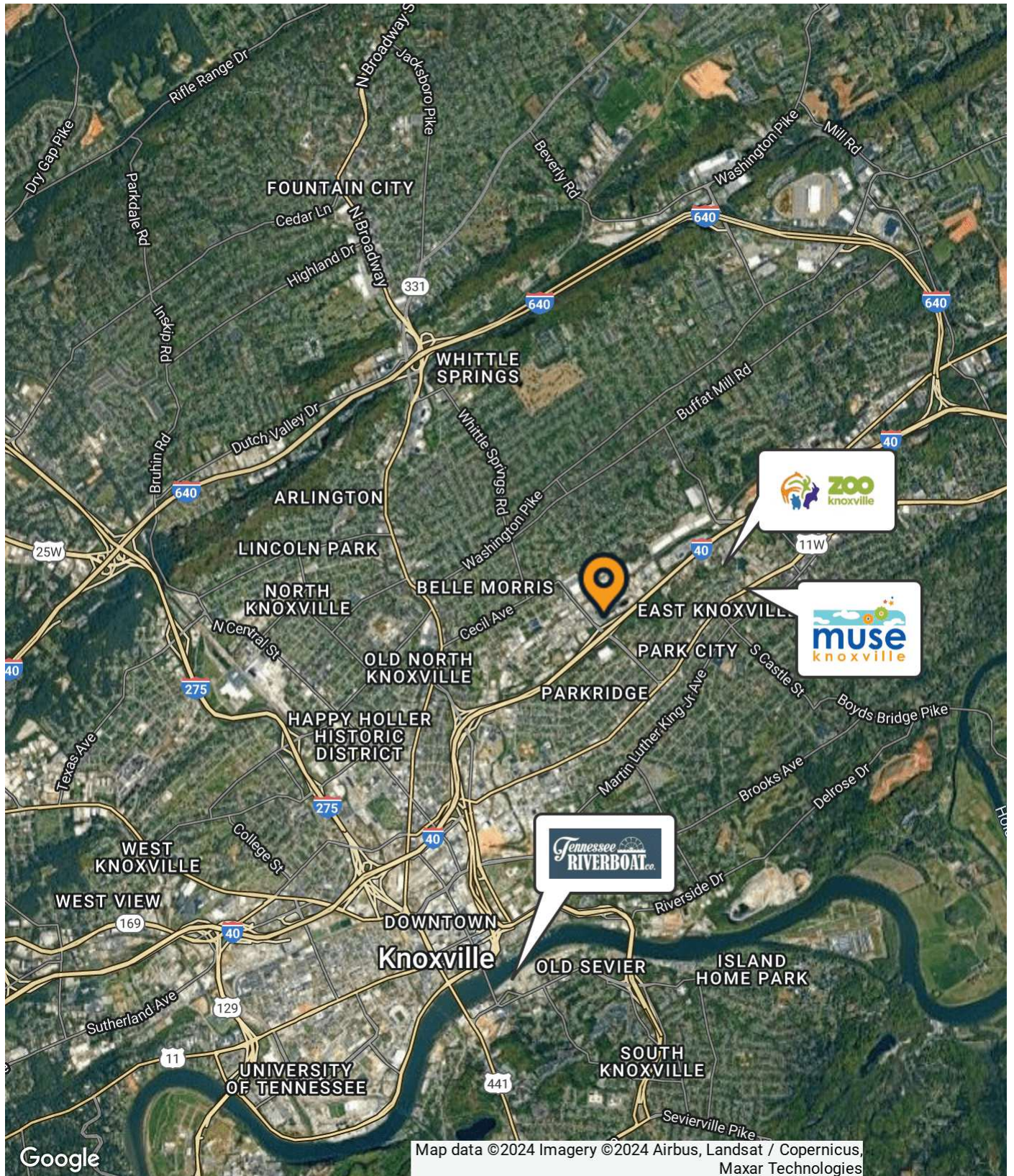


Interior restaurant



LOCATION INFORMATION

REGIONAL MAP





FINANCIAL ANALYSIS

OFFERING MEMORANDUM | 1500 N Cherry St, Knoxville, TN 37917

PRO-FORMA - MULTIFAMILY APARTMENTS

Stabilized Proforma

Home1 Apartments - Knoxville, TN

1500 N Cherry ST, Knoxville, TN

186 Studio apartments

	Studio Rent:	\$1,250.00	\$1,300.00	\$1,350.00
INCOME				
		Year-1	Year-2	Year-3
Scheduled Market Rent		\$2,790,000.00	\$2,901,600.00	\$3,013,200.00
Less: Loss to Lease 1%		-\$27,900.00	-\$29,016.00	-\$30,132.00
Less: Vacancy 20%, 10%, 5%		-\$558,000.00	-\$290,160.00	-\$150,660.00
Less: Concessions .50%		-\$13,950.00	-\$14,508.00	-\$15,066.00
Less: Non-Revenue Units & Bad Debts 1.5%		-\$41,850.00	-\$43,524.00	-\$45,198.00
NET RENTAL INCOME		\$2,148,300.00	\$2,524,392.00	\$2,772,144.00
Plus: RUBS Income @ 2.85%		\$79,515.00	\$82,695.60	\$85,876.20
Plus: Other Income @ 1.4%		\$39,060.00	\$40,622.40	\$42,184.80
Plus: Pet fees Income		\$8,400.00	\$10,500.00	\$12,000.00
Plus: Coin Laundry Income		\$48,000.00	\$50,400.00	\$52,800.00
TOTAL OPERATING INCOME		\$2,323,275.00	\$2,708,610.00	\$2,965,005.00
EXPENSES				
Administrative @\$300-\$320-\$340/unit per year		\$55,800.00	\$59,520.00	\$63,240.00
Advertising & Promotion @\$200-\$220-\$240/unit per		\$37,200.00	\$40,920.00	\$44,640.00
Payroll		\$60,000.00	\$64,000.00	\$69,000.00
Repairs & Maintenance/Turnover		\$36,000.00	\$40,000.00	\$45,000.00
Management Fees@3%		\$69,698.25	\$81,258.30	\$88,950.15
Utilities - Electric/Gas		\$84,000.00	\$93,600.00	\$97,200.00
Utilities - Water/Sewer		\$72,000.00	\$84,000.00	\$86,400.00
Contracted Services		\$32,736.00	\$41,850.00	\$45,942.00
Real Estate Taxes		\$40,000.00	\$45,000.00	\$50,000.00
Insurance		\$54,000.00	\$57,000.00	\$60,000.00
TOTAL EXPENSES		\$541,434.25	\$607,148.30	\$650,372.15
NET OPERATING INCOME		\$1,781,840.75	\$2,101,461.70	\$2,314,632.85
10% reserve		\$178,184.08	\$210,146.17	\$231,463.29
Annual Amount available for Debt Service		\$1,603,656.68	\$1,891,315.53	\$2,083,169.57

*Stabilization is @ 80% occupancy, achieved end of year-1.

Rent components of total Monthly rent: Rent-75% (location, fully furnishes, amenities)
Water/Electric/ Sewer/Pest control/ Trash/ Internet -25%.

PRO-FORMA - EXTENDED STAY

Noble Suites Extended Stay Knoxville

1500 N Cherry St, Knoxville, TN

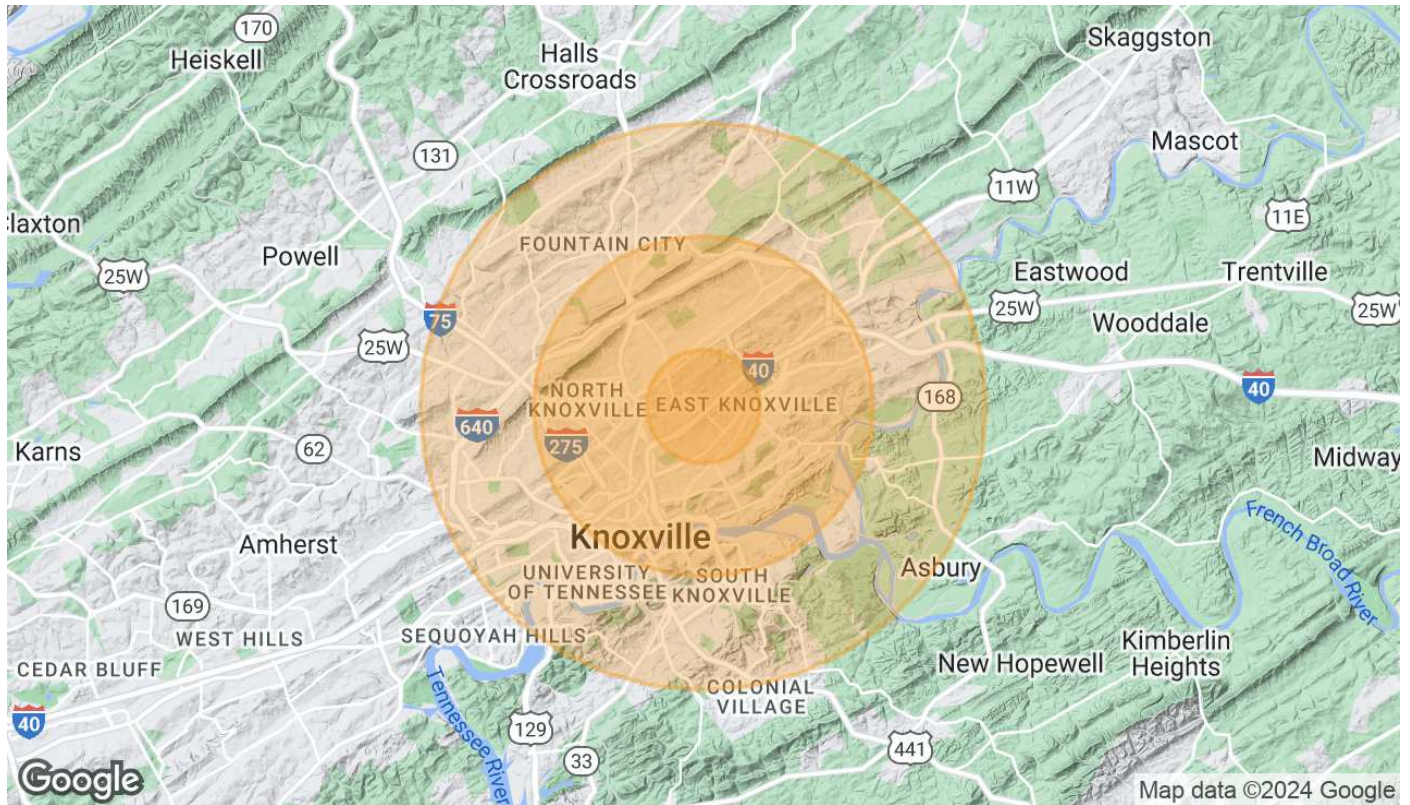
3 Year Pro Forma

Fiscal Year:	Year-1	Year-2	Year-3
No. of Rooms:	186	186	186
Occupancy:	74.7%	76.9%	79.2%
Average Rate:	\$61.20	\$65.61	\$67.90
REVENUE			
Rooms	\$ 3,103,686	\$ 3,426,966	\$ 3,653,317
Food	\$ -		
Beverage	\$ -	\$ -	\$ -
Telephone		\$ -	\$ -
Other Income (Rest Lease, Laudnry, Pet)	\$ 62,074	\$ 68,539	\$ 73,066
Total	\$ 3,165,760	\$ 3,495,506	\$ 3,726,384
VARIABLE OPERATING EXPENSES			
Rooms (Hskpng, Frntdsk, supplies)	\$ 674,307	\$ 741,047	\$ 786,267
Food	\$ 4,523	\$ 4,994	\$ 5,176
Beverage	\$ -	\$ -	\$ -
Maintenance & contract services	\$ 151,956	\$ 167,784	\$ 178,866
Other	\$ 31,658	\$ 34,955	\$ 37,264
Total	\$ 862,444	\$ 948,780	\$ 1,007,573
FIXED OPERATING EXPENSES			
Administrative & General	\$ 196,277	\$ 216,721	\$ 227,309
Franchise Fees	\$ -	\$ -	\$ -
Sales & Commissions	\$ 44,321	\$ 52,433	\$ 59,622
Utilities	\$ 316,576	\$ 346,055	\$ 365,186
Telephone & Internet	\$ 56,984	\$ 55,928	\$ 59,622
Cable TV, security	\$ 56,984	\$ 59,424	\$ 63,349
Merchant Expense	\$ 37,989	\$ 41,946	\$ 44,717
Other/ Overhead/ Misc	\$ 126,630	\$ 136,325	\$ 141,603
Total	\$ 835,761	\$ 908,831	\$ 961,407
Operating Income	\$ 1,467,556	\$ 1,637,894	\$ 1,757,404
Property Taxes & Insurance	\$ 139,666	\$ 150,307	\$ 152,782
Amount available for Debt Service	\$ 1,327,890	\$ 1,487,587	\$ 1,604,622



DEMOGRAPHICS

DEMOGRAPHICS MAP & REPORT



POPULATION	1 MILE	3 MILES	5 MILES
Total Population	9,124	67,785	151,605
Average Age	40	39	38
Average Age (Male)	39	37	37
Average Age (Female)	41	40	39

HOUSEHOLDS & INCOME	1 MILE	3 MILES	5 MILES
Total Households	4,162	30,743	64,472
# of Persons per HH	2.2	2.2	2.4
Average HH Income	\$56,840	\$58,600	\$62,818
Average House Value	\$202,292	\$249,067	\$255,972

Demographics data derived from AlphaMap