

COURTYARDS ON THE PARK



136 Units | Built 1963

COURTYARDS ON THE PARK

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COVERE Global Investment Procurement Offices

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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

COURTYARDS ON THE PARK

THE OPPORTUNITY

Courtyards on the Park is a 136-unit garden-style apartment built in two phases. The properties were not originally built together but they are contiguous. The current ownership purchased the smaller phase to provide amenities to those tenants and improve the neighborhood. Overall, the property features a market attractive unit mix of one-, and two-, and three-bedroom units.

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.

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.
A1: 1bd 1ba	\$1.16	\$1.01	\$111.00
B1: 2bd 2ba	\$0.97	\$0.86	\$123.00
C1: 3bd 2ba	\$0.94	\$0.83	\$147.00
A2: 1bd 1ba	\$1.29	\$1.28	\$6.00
B2: 2bd 1ba	\$1.23	\$1.20	\$24.00
C2: 3bd 2ba	\$1.00	\$1.00	\$25.00



COURTYARDS ON THE PARK



LOCATION

Address: 2400 44th Street

Primary Frontage: University Ave

Secondary Frontage: 44th Street

Tertiary Frontage: 43rd Street

Market MSA: Lubbock

IMPROVEMENT DETAILS

Year Built: 1963

Number of Units: 136

Stories: 2

Style: Garden/Low-Rise

Construction: Wooden Frame

Exterior: Brick Veneer

Roof: Pitched (comp)

Pool: Yes

Clubhouse/Office: Yes

COURTYARDS BY THE PARK

SITE DETAILS

Zoning: Multifamily
District City of Lubbock

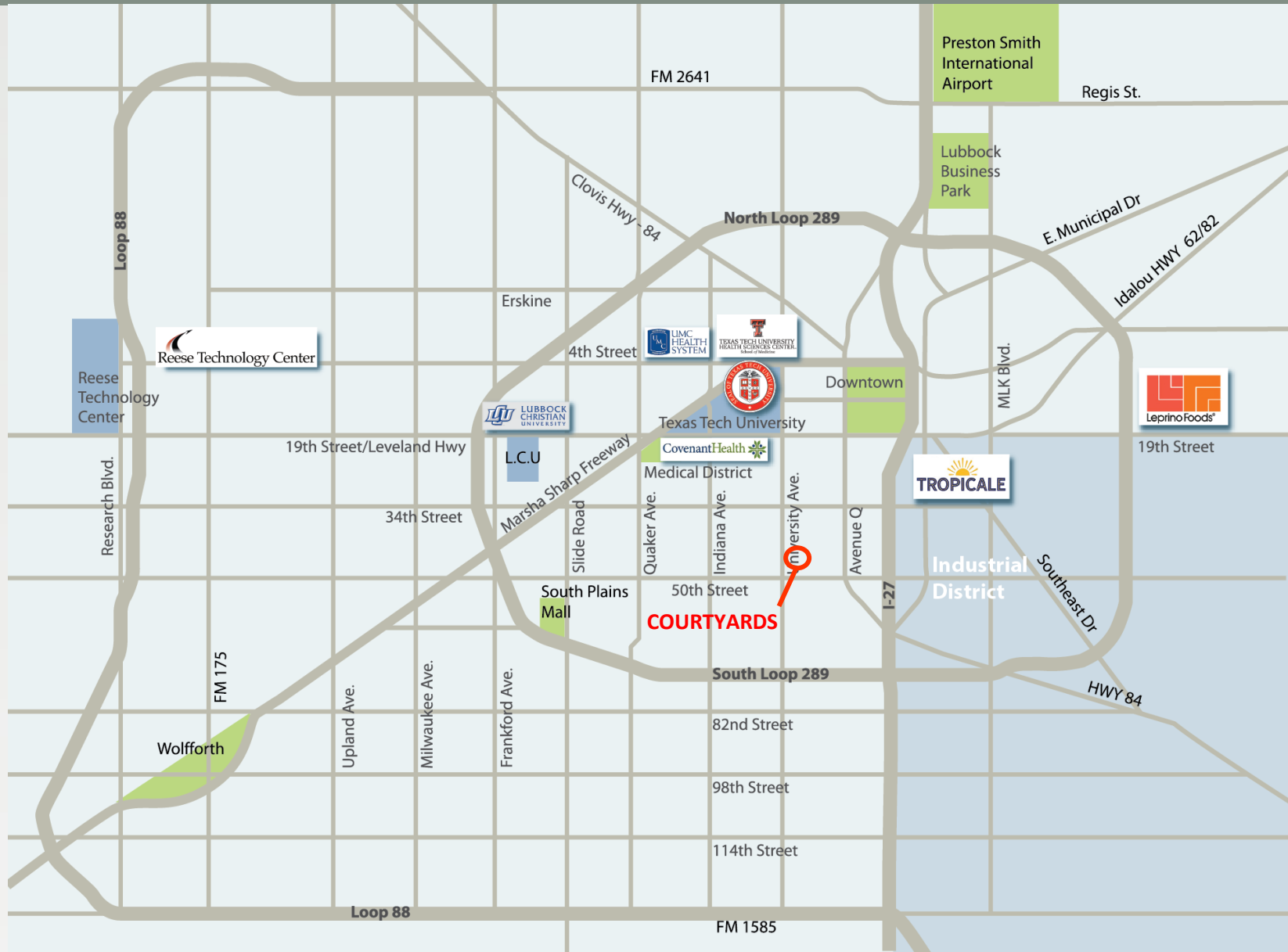
Site Size: 187,313 SF

In Flood Plain: No

FEMA Map#:
48303C0315G

Parking: Open

Covered Parking: Yes



COURTYARDS BY THE PARK

UNIT DETAILS

Model Unit: None

Employee Units: None

Down Units: None

MECHANICAL SYSTEM DETAILS

Electric: Individual, Resident Paid

HVAC: Individual, Resident

Hot Water: Boilers.

Water/Sewer/Trash: Master, Owner paid.

Heating: Individual, Resident

Washer/Dryer in Units: Each unit presents an opportunity for the addition of washer and dryers. 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 \$24,000 ($\$1,200 / 5\% \text{ cap rate} = \$24,000$). This is a 6x return on investment ($\$24,000 \text{ increase} / \$4,000 \text{ cost} = 6.0$).

Monthly Utility RUBS

Floor Plan	Phase I	Phase II
1 bed 1 bath	\$ 145	\$ 45
2 bed 2 bath	\$ 250	NA
3 bed 2 bath	\$ 285	\$ 85
1 bed 1 study 1 bath	NA	\$ 65



COURTYARDS BY THE PARK

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.



COURTYARDS BY THE PARK

Employment Center Distance		
Employer		Distance from Subject
South Plains Mall	Super Regional Mall (1.2 million SF)	3.37 (Miles)
Texas Tech University	Carnegie Tier 1 Research University	2.16 (Miles)
Texas Tech Health Sciences	Tier 1 Health and Educational Center	2.82 (Miles)
University Medical Center	County Hospital & Level 1 Trauma	2.68 (Miles)
Covenant Health System	Largest Regional Hospital	2.21 (Miles)
West End	Largest Outdoor Shopping Center	4.42 (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

COURTYARDS BY THE PARK

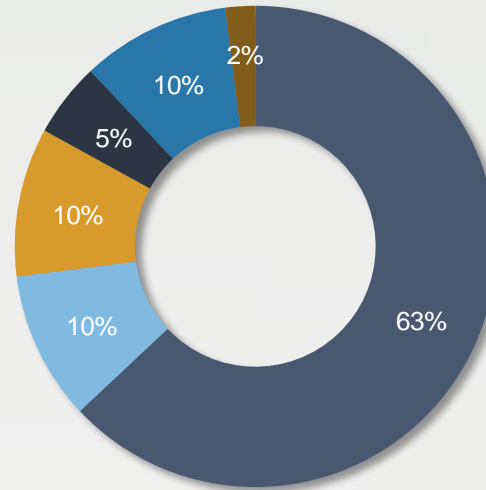
Area Land Use Trends

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"/>



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



COURTYARDS ON THE PARK

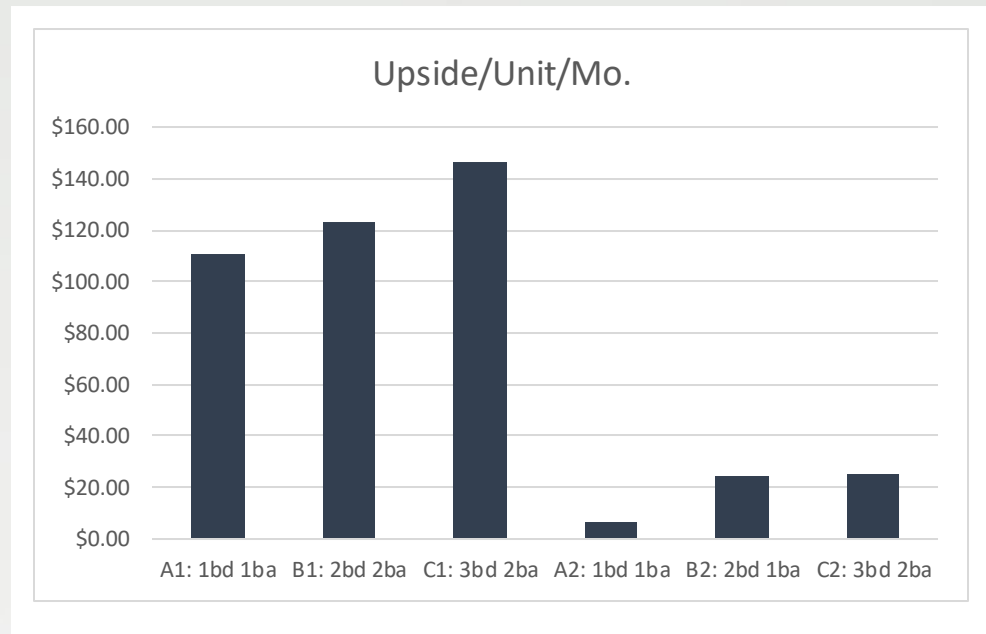
Multi-Family Rent Roll

Unit Description	Category	Total			SF	Avg Current PGI	PGI Market	Current	Market	Rent
		Units	Occupied	Vacant		Rent/Month	Rent/Month	Per SF	Rent/SF	Upside
A1: 1bd 1ba	1 Bedroom	26	22	4	730	\$734	\$845	\$1.01	\$1.16	\$111.00
B1: 2bd 2ba	2 Bedroom	73	60	13	1,080	\$927	\$1,050	\$0.86	\$0.97	\$123.00
C1: 3bd 2ba	3 Bedroom	4	4	0	1,300	\$1,078	\$1,225	\$0.83	\$0.94	\$147.00
A2: 1bd 1ba	1 Bedroom	10	9	1	600	\$769	\$775	\$1.28	\$1.29	\$6.00
B2: 2bd 1ba	2 Bedroom	22	22	0	725	\$871	\$895	\$1.20	\$1.23	\$24.00
C2: 3bd 2ba	3 Bedroom	1	1	0	1,200	\$1,175	\$1,200.00	\$1.00	\$1.00	\$25.00
Totals		136	86.8%	13.2%	126,170	\$119,094	\$132,160			
Occupied		118			108,610					
Vacant		18			17,560					

Market Rent vs Current Rent by Unit Type

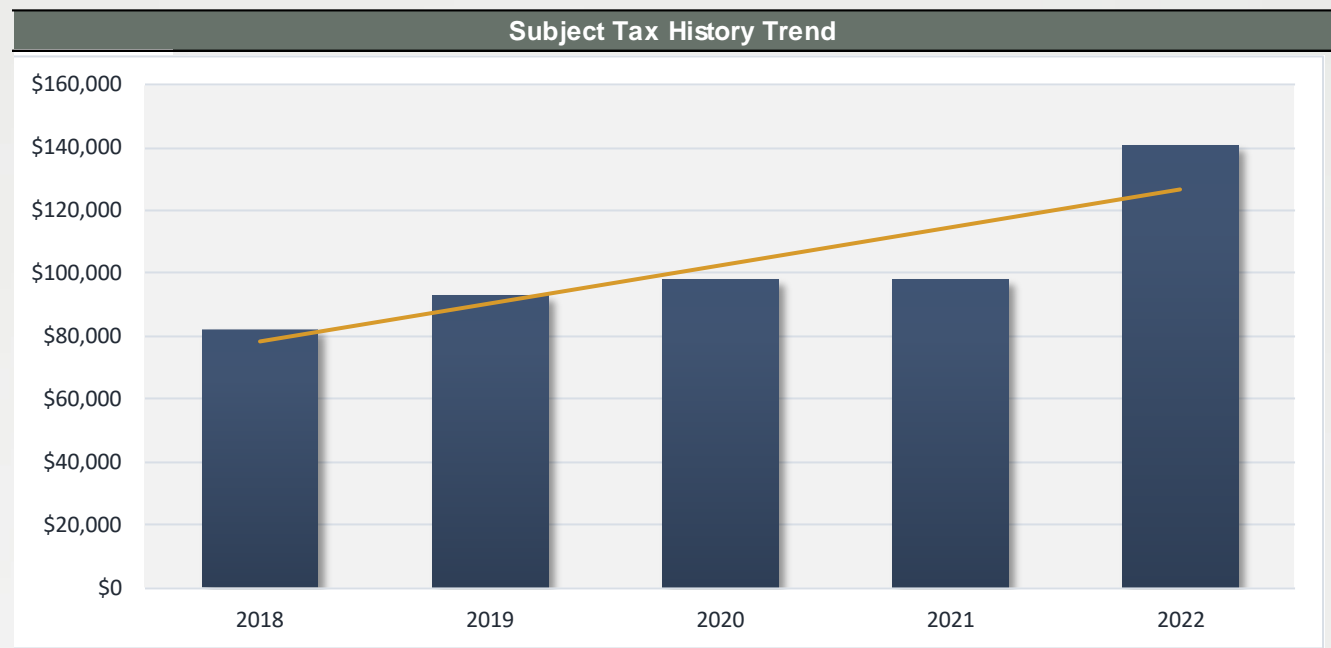
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COURTYARDS BY THE PARK



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Tax History						
Assessed Year	Land Assessment	Improvements Assessment	Total Assessment	% Improved	Taxes	% Change
2018	\$318,170	\$3,559,817	\$3,877,987	91.8%	\$82,368	
2019	\$318,170	\$3,889,236	\$4,207,406	92.4%	\$93,236	13.2%
2020	\$318,170	\$4,293,051	\$4,611,221	93.1%	\$98,066	5.2%
2021	\$318,170	\$4,295,667	\$4,613,837	93.1%	\$98,122	0.1%
2022	\$318,170	\$6,294,718	\$6,612,888	95.2%	\$140,655	43.3%

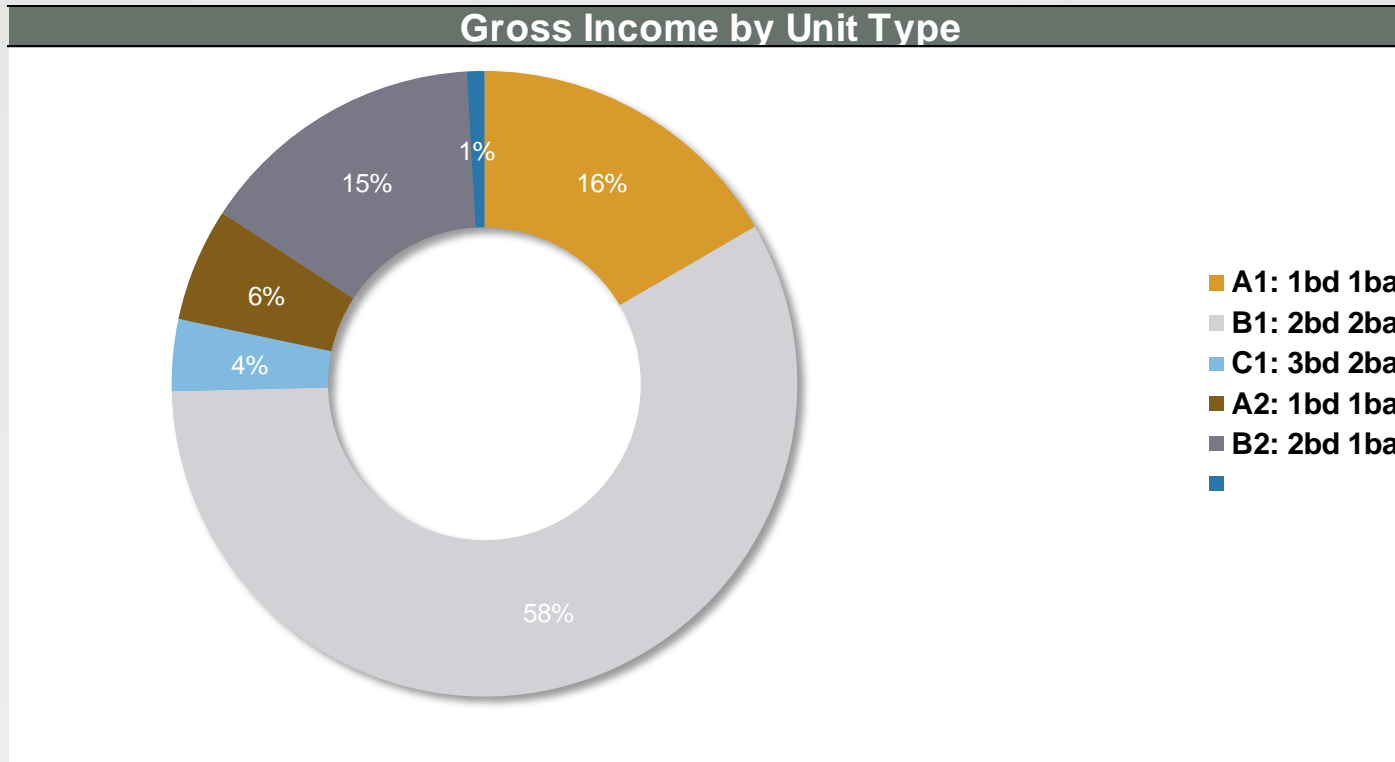


Source: Lubbock CAD

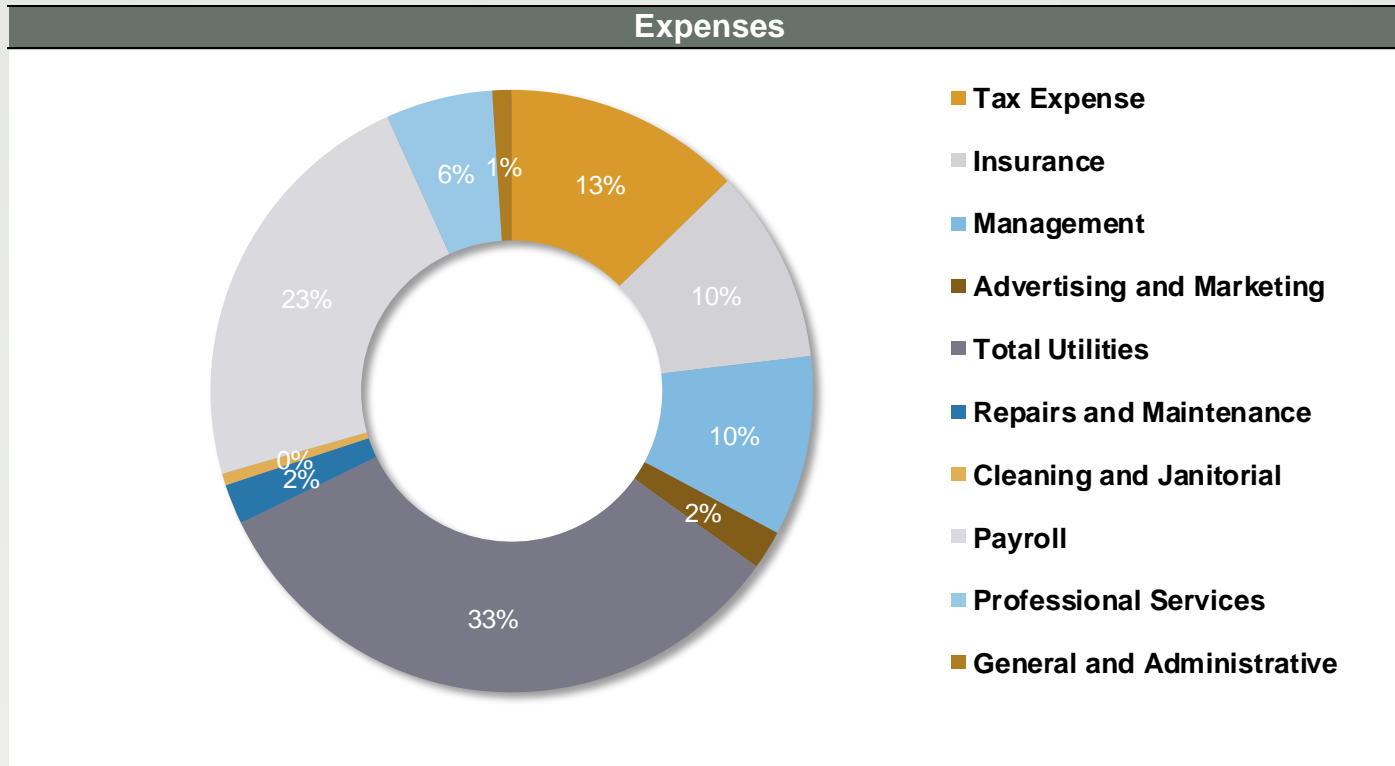
COURTYARDS BY THE PARK

Market Rent & Expenses					
Unit/Space Type	Rent/Mo.	Method	No. of Units	Annual	% of PGI
A1: 1bd 1ba	\$845	\$/Month	26	\$263,640	14.4%
B1: 2bd 2ba	\$1,050	\$/Month	73	\$919,800	50.1%
C1: 3bd 2ba	\$1,225	\$/Month	4	\$58,800	3.2%
A2: 1bd 1ba	\$775	\$/Month	10	\$93,000	5.1%
B2: 2bd 1ba	\$895	\$/Month	22	\$236,280	12.9%
C2: 3bd 2ba	\$1,200	\$/Month	1	\$14,400	0.8%
Washer / Dryer Additional Rent	\$100	\$/Month	50	\$60,000	3.3%
Total Rental Income:				\$1,645,920	89.7%
Expense Reimburse (RUBS):				\$183,875	10.0%
Other Income:				\$5,000	0.3%
Potential Gross Income:				\$1,834,795	100%
- Vacancy & Collection Loss:				\$146,784	8.00%
Effective Gross Income (EGI):				\$1,688,012	92.0%
Effective Gross Rental Income (EGRI):				\$1,514,246	82.5%
Expense	Amount	Method	Annual	\$/Unit	
Tax Expense	\$88,867	\$/Year	\$88,867	\$653	
Insurance	\$72,866	\$/Year	\$72,866	\$536	
Management	4.0%	% of EGI	\$67,520	\$496	
Advertising and Marketing	\$14,613	\$/Year	\$14,613	\$107	
Total Utilities	\$229,844	\$/Year	\$229,844	\$1,690	
Repairs and Maintenance	\$15,056	\$/Year	\$15,056	\$111	
Cleaning and Janitorial	\$4,437	\$/Year	\$4,437	\$33	
Payroll	\$158,243	\$/Year	\$158,243	\$1,164	
Professional Services	\$40,167	\$/Year	\$40,167	\$295	
General and Administrative	\$7,239	\$/Year	\$7,239	\$53	
Total Expenses:				\$698,852	\$5,139
Expense Ratio (Expenses/EGI):				41.40%	
Net Operating Income (NOI):				\$989,159	\$7,273

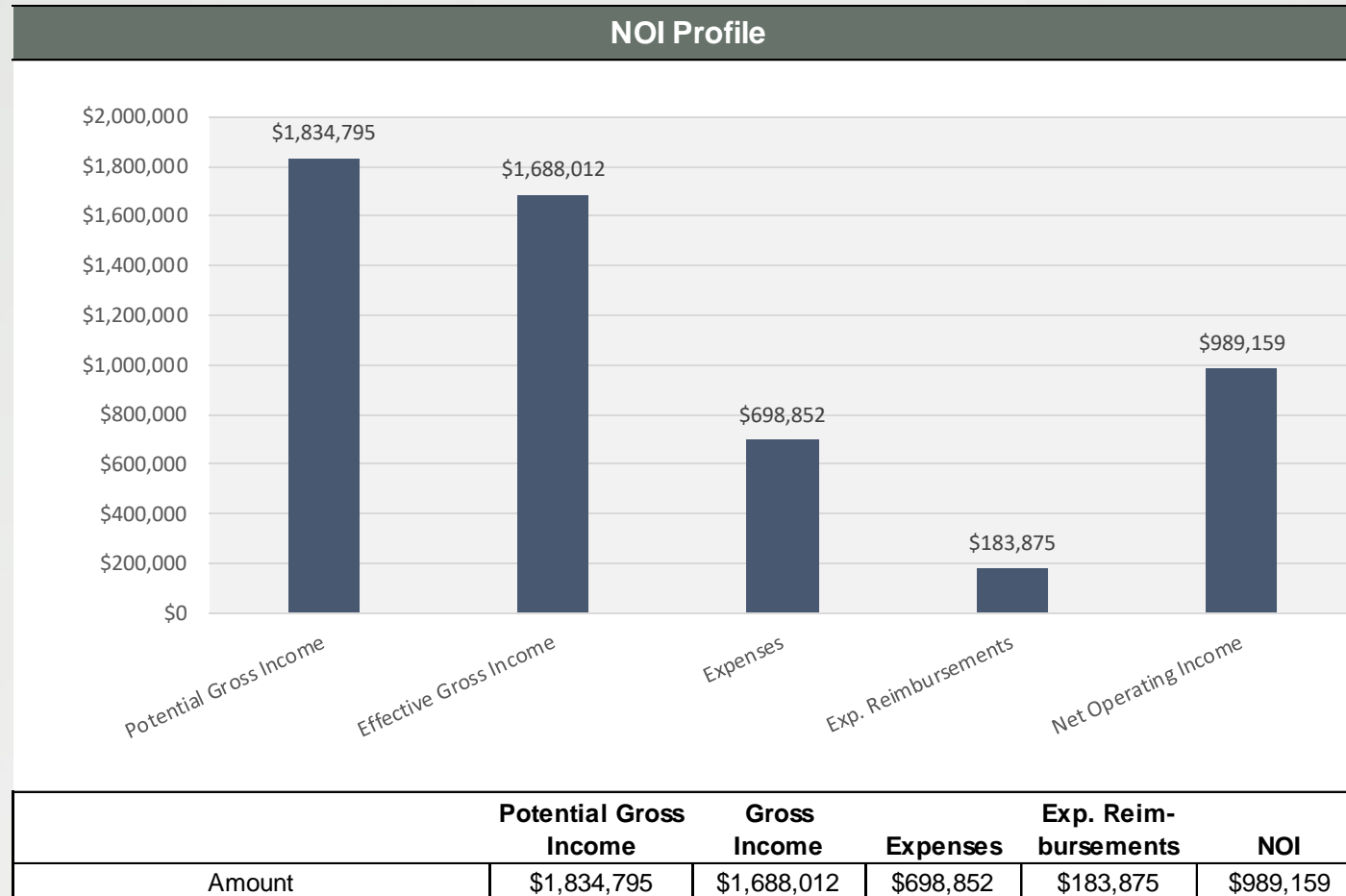
COURTYARDS BY THE PARK



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COURTYARDS BY THE PARK

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 \$13,289,819 while raising rents to market, an internal rate of return of **23.7%** is generated with **2.9x** the equity.

Discounted Cash Flow Analysis						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
FINANCIAL HOLD						
Potential Gross Income (PGI):	\$ 1,834,795	\$ 1,944,883	\$ 2,061,576	\$ 2,185,270	\$ 2,316,387	\$ 2,455,370
Effective Gross Income (EGI):	\$ 1,433,623	\$ 1,519,640	\$ 1,896,650	\$ 2,010,449	\$ 2,131,076	\$ 2,258,940
Total Expenses:	\$ 698,852	\$ 719,818	\$ 741,413	\$ 763,655	\$ 786,565	\$ 810,162
Net Operating Income (NOI):	\$ 734,770	\$ 799,822	\$ 1,155,237	\$ 1,246,794	\$ 1,344,511	\$ 1,448,779
Debt Service:	\$ 742,707	\$ 742,707	\$ 742,707	\$ 742,707	\$ 742,707	\$ 742,707
Capital Expenditures:	\$ 120,000	\$ 120,000	\$ -	\$ -	\$ -	\$ -
Cashflow:	\$ (127,937)	\$ (62,885)	\$ 412,530	\$ 504,087	\$ 601,804	\$ 706,072
CORE METRICS						
	Total	/ Unit	/ SF	EGIM	Exp Ratio	Market Rent
Pricing	\$13,289,819	\$97,719	\$102.23	7.87 x	41.40%	\$1.09
Cash-on-Cash Return	-3.03%	-1.49%	9.76%	11.93%	14.24%	16.70%
Cap Rate	5.19%	5.65%	8.16%	8.81%	9.50%	10.23%
Loan Constant	7.98%	7.98%	7.98%	7.98%	7.98%	7.98%
Debt Service Coverage Ratio	0.99	1.08	1.56	1.68	1.81	1.95
Internal Rate of Return (IRR)		24.2%	24.4%	24.1%	23.7%	
YIELD ANALYSIS						
Internal Rate of Return	Multiple of Equity		Equity	Profit		
23.7%	2.87 x		\$4,226,946	\$12,141,825		
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)				

COURTYARDS ON THE PARK





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.

COVERE Global, LLC Licensed Broker /Broker Firm Name or Primary Assumed Business Name	9012391 License No.		(817)438-0808 Phone
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Marty Cleckler Licensed Supervisor of Sales Agent/ Associate	421600 License No.	marty@covereglobal.com Email	(806)438-8500 Phone
Reagan Bruce Sales Agent/Associate's Name	724681 License No.	reagan@covereglobal.com Email	(806)577-6508 Phone

Buyer/Tenant/Seller/Landlord Initials

Date

Regulated by the Texas Real Estate Commission
TXR-2501

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Reagan Bruce

Information available at www.trec.texas.gov
IABS 1-0 Date

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London
Madrid
Sydney

Procuring 15,000+ Texas-focused global investors.

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