

FOR SALE

Property Features	
Sale Price	\$5,150,000
Number of Units	84
Price Per Unit	\$61,310
Rentable SF	47,808
Price Per SF	\$107.72
Year Built	1983
Land	2.46 Acres
Cap Rate	6.63%

Property Highlights

- **Value Add Opportunity**
- Existing Financing MUST be assumed
- Located 1.1 miles from Mercado District
- Below market rents
- Swimming pool
- Gated Access
- Laundry Facility



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PROPERTY OVERVIEW



Colonia de Tucson features a unit mix of 40-1BD/1BA & 44-2BD/1BA. The 1BD/1BA units are 472 sqft, while the 2BD/1BA are 676 sqft. It is located on two parcels with 32 Units on the East side with an office and 52 units on the west side that encompasses a pool. There are 107 parking spots which correlates to 1.27 per unit. Rents at Colonia De Tucson are below the average market rents for this area.

The gated entrance creates added comfort and security for the tenants. The on property amenities like the Pool, Laundry Facility, Basketball Court, and Playground are added amenities for the tenants to enjoy. This property has lots of room for Value-Add through some capital improvements and rental increases. Colonia De Tucson is perfectly situated for the continued growth of Mercado District.

Mandatory Freddie Mac Loan Assumption Information

Principle - \$2,742,000
Interest Rate - 5.11%
Loan Term - 120 months
Maturity Date - 9/1/2028
Monthly Principle - \$14,904.54
Amortization Period - 360 months

Estimated Defeasance Penalties

- Current ~\$683,433
- December 31st, 2022- ~\$452,584
- December 31st, 2024- ~\$298,282
- December 31st, 2026- ~\$146,044
- December 31st, 2028- 1% of Loan

PROPERTY PHOTOS



PROPERTY PHOTOS



AREA OVERVIEW



Colonia De Tucson is one of the six large apartment complexes in the growing Mercado District. With Caterpillars recent opening of their Headquarters just 1.1 miles from Colonia De Tucson, continued growth is certain. Colonia De Tucson's close proximity to Mercado District, Downtown Tucson, University of Arizona, and I-10 make it an ideal investment for someone looking for future growth and value added opportunities.

NEARBY DESTINATIONS



RETAIL

- Safeway
- Albertsons
- Ace Hardware
- Wells Fargo



EDUCATION

- University of Arizona
- Pima Community College
- NAU at Pima Community College
- Morgan Maxwell School
- Manzo Elementary School



HEALTHCARE

- Carondelet St. Mary's Hospital
- Pima Heart Associates
- El Rio Community Health Center

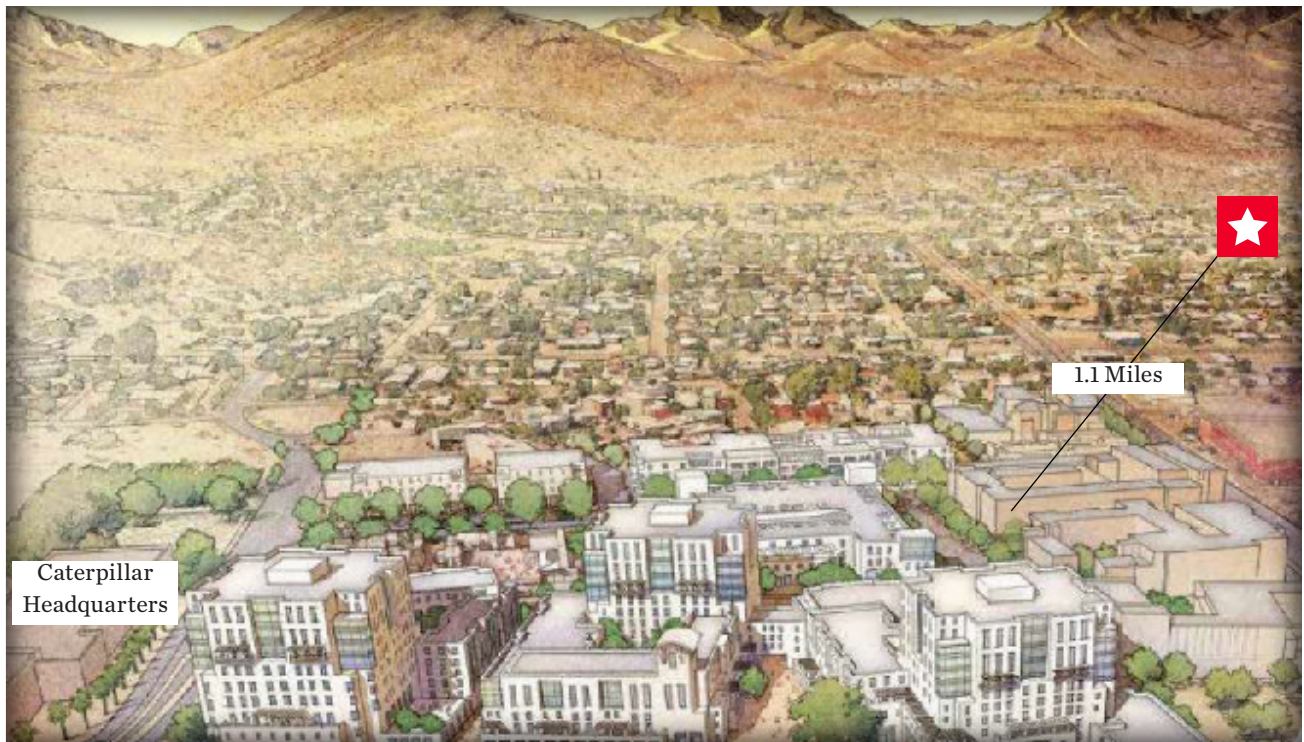


ENTERTAINMENT

- El Rio Golf Course
- Daisy Mae's Steak House
- Agustin Kitchen
- Seis Kitchen
- St. Mary's Mexican Food

AREA OVERVIEW

Proximity to Mercado District



The Mission District & Mercado District

- Colonia de Tucson is located just 1.1 miles from Mercado District of Tucson. This area has been targeted as a development hotspot in Tucson, and prompted Caterpillar to choose the Mercado as the site for their Surface Mining Headquarters. Caterpillar is bringing 600 executive jobs, and an estimated \$600,000,000 total economic impact to Tucson, opening the door for other businesses and future development to enter the region. The Mercado San Agustin Annex is also situated along the Modern Street Car, connecting these new developments to Tucson's growing downtown and world class University of Arizona.

AREA OVERVIEW

Mercado Development



The Mission District & Mecado District

Mercado San Agustin	15,300 SF open-air courtyard featuring local shops, restaurants, and services	Completed 2010
Senteniel Plaza	143 senior housing units	Completed 2012
Sunlink Streetcar	Modern Streetcar, connecting Mercado District to Downtown Tucson and U of A	Completed 2014
Mercado San Agustin Annex	18,000 SF addition to Mercado	Completed 2017
West End Station	70 low income work force units	Completed 2019
Caterpillar Headquarters	150,000 SF building will house over 600 engineers and support positons	Completed 2019
Monier Apartments	122 market rate units. 13,000 SF retail	Under construction, completion mid 2020
Bautista Apartments	294 apartment units, 20,000 SF retail	Pre-Development

Valuation

Type	# of Units	Sq. Ft.	Total S.F.	Rent per S.F.	Total Monthly Rent	Stabilized Rent
1 BD/ 1 BA	44	472	20,768	\$1.22	\$25,300	\$575
2 BD/ 1 BA	40	676	27,040	\$1.00	\$27,000	\$675
Total/Avg.	84	569	47,808	\$1.09	\$52,300	\$623

Income Statement	"Marketing Pro Forma"	"Proforma Per Unit"	Proforma PSF	2019 YTD Annualized
RENTAL INCOME				
Gross Market Rent	\$627,600	\$7,471	\$13.13	
Vacancy Loss	-\$40,794	-6.5%	(\$0.85)	
Gross Rent	\$586,806	\$6,986	\$12.27	
Concessions & Bad Debt	-\$8,802	-1.5%	(\$0.18)	
Net Rental Income	\$578,004	\$6,881	\$12.09	\$493,577
Other Income	\$25,000	\$298	\$0.52	\$34,938
Utility Income (RUBS)	\$30,000	\$357	\$0.63	\$17,278
Laundry Income	\$9,500	\$113	\$0.20	\$6,726
TOTAL INCOME	\$603,004	\$7,179	\$12.61	\$552,519
OPERATING EXPENSES				
Payroll	\$40,000	\$476	\$0.84	\$75,299
General & Admin	\$10,000	\$119	\$0.21	\$14,919
Repairs/Maintenance/Supplies	\$40,000	\$476	\$0.84	\$33,002
Contract Services	\$10,000	\$119	\$0.21	\$12,769
Legal & Accounting	\$7,000	\$83	\$0.15	\$15,020
Utilities	\$74,000	\$881	\$1.55	\$72,524
TOTAL VARIABLE	\$181,000	\$2,155	\$3.79	\$223,533
Property Taxes	\$29,754	\$354	\$0.62	\$29,754
Property Insurance	\$10,000	\$119	\$0.21	\$14,160
Management Fee	\$24,120	4%	\$0.50	\$0
Reserves	\$16,800	\$200	\$0.35	\$0
TOTAL EXPENSES	\$261,674	\$3,115	\$5.47	\$267,447
NET OPERATING INCOME	\$341,330	\$4,063	\$7.14	\$285,072

Stabilized Market Valuation	
Value	\$5,150,000
Per Unit	\$61,310
Per Square Foot	\$107.72
Financials	
Cap Rate	5.54%
Pro Forma	6.63%

Forecast

- Income was based off of 2019 July through September income annualized.
- Expenses were based off of January through May 2019 annualized.
- Rental estimates are current lease rates at Colonia De Tucson.
- 1BD/1BA Rubs - 28.50 per month per unit
- 2BD/1BA Rubs - 44.50 per month per unit

1BD/1BA RENT COMPARABLES



★	Colonia De Tucson 1 BD/1 BA
	1351 W Saint Marys Rd
	Unit Count 44
	Average SF 472
	Rent \$575
	Rent/SF \$1.21
	Year Built 1984
	Utilities Included W,S,T (Some RUBS)



1	Rio Nuevo
	410 N Grande Ave
	Unit Count 88
	Average SF 476
	Rent \$550
	Rent/SF \$1.15
	Year Built 1982
	Utilities Included W,S,T



2	Lantana Apartments
	1111 W Saint Marys Rd
	Unit Count 60
	Average SF 456
	Rent \$742
	Rent/SF \$1.39
	Year Built 1986
	Utilities Included W,S,T



3	Zona Rio Apartments
	1001 W St. Mary's Rd
	Unit Count 24
	Average SF 534
	Rent \$742
	Rent/SF \$1.39
	Year Built 1983
	Utilities Included T

2BD/1BA RENT COMPARABLES



★	Colonia De Tucson
	1351 W Saint Marys Rd
	Unit Count 40
	Average SF 676
	Rent \$675
	Rent/SF \$1.00
	Year Built 1984
	Utilities Included W,S,T (Some RUBS)



1	Rio Nuevo
	410 N Grande Ave
	Unit Count 56
	Average SF 676
	Rent \$670
	Rent/SF \$.99
	Year Built 1982
	Utilities Included W,S,T



2	Lantana Apartments
	1111 W Saint Marys Rd
	Unit Count 30
	Average SF 759
	Rent \$879
	Rent/SF \$.92
	Year Built 1986
	Utilities Included W,S,T



3	Zona Rio Apartments
	1001 W St. Mary's Rd
	Unit Count 30
	Average SF 800
	Rent \$832
	Rent/SF \$1.04
	Year Built 1983
	Utilities Included T

TUCSON AT A GLANCE

TUCSON MSA
POPULATION*

1.023M

*As of 2017



1.01%

POPULATION
GROWTH RATE*

4.8%

UNEMPLOYMENT RATE

Year-end 2018

\$41,637

PER-CAPITA INCOME

As of 2017

LARGEST EMPLOYERS

- | | |
|-------------------------------------|------------------------------|
| 1. UNIVERSITY OF ARIZONA - 11,251 | 3. STATE OF ARIZONA - 8,580 |
| 2. RAYTHEON MISSILE SYSTEMS - 9,600 | 4. DAVIS-MONTHAN AFB - 8,406 |

RECENT
ARRIVALS &
EXPANSIONS

- AMAZON
- CATERPILLAR SURFACE MINING & TECHNOLOGY
- HEXAGON MINING
- RAYTHEON MISSILE SYSTEMS
- TUSIMPLE

TOTAL HOUSEHOLDS



398,530

As of 2017

45,217

UNIVERSITY OF ARIZONA
TOTAL ENROLLMENT, 2019PROPORTION OF
HOUSEHOLDS
THAT RENT

38%

As of 2017

APPROXIMATE
MULTIFAMILY
VACANCY

6.13%

As of 2018



- #46 TOP PUBLIC SCHOOL
 - #22 RESEARCH ACTIVITY AMONG PUBLIC INSTITUTIONS
 - #21 BUSINESS PROGRAMS
 - #55 UNDERGRAD ENGINEERING
- UNIVERSITY OF ARIZONA
-
- TOP PROGRAMS*

*U.S. News & World Report

Statistics from City of Tucson and U.S. Census Bureau

Economic Overview

Population and Demographics

Tucson is the second-largest city in Arizona, with a metro area population of 1,023,000. Located 60 miles from the U.S.-Mexico border, the Tucson metropolitan area (which includes nearby suburbs like Marana and Oro Valley, as well as the significant portion of unincorporated Pima County that makes up what is de facto "north Tucson") has been growing far more quickly than much of the U.S. The population has grown 51% since 1990 and 20% since 2000, compared to the United States averages of just 28% and 13% respectively. The Tucson median age is 37.9 years while Tucson MSA median household income is \$41,637. Average home prices are just \$197,300 providing plenty of affordable options for the growing population.

The natural beauty of the Sonoran Desert makes Tucson a desirable location for residents and businesses alike. Downtown Tucson is a diverse submarket with a rich cultural heritage that contains a blend of Native American, Spanish, Mexican and Anglo-American influences. Tucson ranks high nationally in various categories including: #2 best American small city in 2017 (Resonance Consultancy), 2016 top 100 best places to live (U.S. News and World Report), #9 "city everyone wants to live in" in 2017 (Business Insider), #8 2018 best city for recreation (WalletHub), and one of America's 2017 best cities for global trade (Global Trade). The University of Arizona is ranked #106 of all nationwide colleges, public or private (U.S. News and World Report).

The University is vital to Tucson and Southern Arizona, having garnered national and international attention. It has the largest optics program among U.S. institutions, and is second in overall research expenditures (University of Arizona). UA brings in more than \$580 million in research investment each year. The university's enrollment is 45,217, with numerous branch campuses and learning centers throughout Southern Arizona. Pima Community College is a two-year school serving Metro Tucson at six locations throughout the county. Tucson Unified School District is one of the largest in the state, encompassing 229.5 square miles. It serves approximately 47,000 students in grades pre-K through 12 at more than 80 schools.

Employment

Employers will find a diverse, educated and enthusiastic workforce in Tucson stemming from the U of A. As of 2019, the University of Arizona is the top employer with a work force of 11,251 followed by Raytheon Missile Systems, 9,600; Davis-Monthan Air Force Base, 8,406 (both civilian and military personnel); Pima County, 7,100; U.S. Customs and Border Patrol, 6,800; Tucson Unified School District, 6,467; Banner University Healthcare, 6,462, Freeport-McMoRan Copper & Gold, 5,819; CONTINUED ON NEXT PAGE



Economic Overview

and Wal-Mart, 4,360, while the city's unemployment rate is 4.8%. (Bureau of Labor Statistics). Tucson's 2018 job growth rate was 3.1% (MAP for Southern Arizona).

Davis-Monthan is home to the 355th Fighter Wing, part of the Air Combat Command. The base is best known as the location of the Air Force Materiel Command's 309th Aerospace Maintenance and Regeneration Group, the aircraft boneyard for all excess military and government aircraft. In the world of healthcare, Banner Health and the University of Arizona Health Network merged to create a platform of academic medicine, research, instruction and patient care at three academic medical centers.

Economic Development

Innovation is at the forefront of the Tucson economic development agenda. Forbes has called it one of America's Most Innovative Cities, and the city has the highest concentration of startups of any U.S. city its size. Furthermore, it was ranked as a Top Five City for Entrepreneurs by Entrepreneur Magazine in 2013. Metro Tucson is a hub for optics and science, while biotech and other science clusters flourish in the UA Tech Park, BioPark and Innovation Park. Tourism is a key economic driver as well. Tucson is known for its world-class health spas such as Canyon Ranch, more than 20 golf courses, and numerous natural attractions, museums, missions and cultural history.

Interstate 10, the major East-West highway in the Sun Belt, runs east from California, enters Arizona near Ehrenberg and continues through Phoenix and Tucson. It exits at the border with New Mexico. Interstate 19 travels from Nogales to Tucson, and ends at I-10. While the highway is short (63 miles), it is a key corridor, serving as a fast route from Tucson and Phoenix (via I-10) to the Mexican border. The highway is a portion of the U.S. section of the CANAMEX Corridor, a trade route that stretches north from Mexico across the U.S. to the Canadian province of Alberta. The Port of Tucson is a full service inland port, railyard and intermodal facility southeast of the city and 70 miles north of the Mexico border at Nogales. The facility is located adjacent to the Union Pacific Railroad Mainline and I-10, linking California and Texas. In 2014, Tucson launched Sun Link, a fixed electric rail "Modern Streetcar" system that operates eight vehicles between Downtown Tucson and the UA campus. Each streetcar vehicle holds 150 passengers. There are 24 stops along the 3.9-mile route.

