

For Sale

# Value-Add 37-Unit Multifamily Property

SUBSTANTIAL VALUE TO BE CAPTURED UPON STABILIZATION

405 San Pablo St. & 404 Española St. SE | Albuquerque, NM 87108

SEQ Louisiana Blvd. & Zuni Rd. SE



Sale Price: \$2,325,000  
Cap Rate: 5.55%  
Pro Forma Cap Rate: 11.31%



Total Units: 37  
Total SF: ±27,320  
Total Acres: ±1.16

- 1 bed/1 bath units 56.67% below market
- 2 bed/1 bath units 48.67% below market
- Individual gas and electricity meters
- 27 furnaces replaced in 2022
- Built in 1973

**NAI**SunVista

got space™

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505 690 3232

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### INVESTMENT HIGHLIGHTS

#### SALE PRICE \$2,325,000

- Before Tax IRR: 42.44%\*
- After Tax IRR: 34.54%\*
- Actual GRM: 11.95
- Pro Forma GRM: 6.53
- Cap Rate: 5.55%
- Pro Forma Cap Rate: 11.31%

\*At an estimated 5-year rate, 5.01%, 30-year amortized loan.

#### AVAILABLE

- 37 Units:
  - (28) 1 Bed/1 Bath (±630 SF)
  - (7) 2 Bed/2 Bath (±788 SF)
  - (1) 3 Bed/1 Bath (±1,266 SF)
  - (1) Studio (±360 SF)
- Total SF: ±27,320
- Total Acres: ±1.16

### PROPERTY OVERVIEW

The Brentwood Apartments have tremendous value to be captured by an investor: The 1 bed/1 bath units are approximately 56.67% below market rate, and the 2 bed/1 bath units are approx. 48.67% below market rate for renovated units. With estimated renovation costs between \$150,000 and \$250,000, the property could be entirely repositioned. There is a shared laundry facility with 4 sets of washers and dryers leased by CSC Service Works. Roughly 5 years ago, there was a fire in one unit, which needs to be rebuilt (frame). The roofs are a combination of TPO (2013) and built-up (2008).

**Location:** Branded as the Brentwood Apartments, the property is situated directly behind the recently-renovated Cinnamon Tree Apartments on the southeast quadrant of Zuni Rd. and Louisiana Blvd. Van Buren Middle School is 0.6 miles south and Highland High School is 2 miles west of the property. The property is less than 10 minutes from the Albuquerque International Airport, University of New Mexico, Nob Hill, New Mexico State Fairgrounds, Sandia National Labs, and Kirtland Air Force Base.

**Utilities:** Each unit is individually metered for electricity, which the tenants pay. In May of 2022, the owner completed installation of 36 of the 37 individual gas meters and furnaces for all units. The tenants will begin paying their unit gas bills on October 1st. There is a boiler in each of the two buildings which is currently an owner expense.



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PHOTOS



**NAI**SunVista

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505 690 3232

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## SUBSTANTIAL VALUE TO BE CAPTURED UPON STABILIZATION

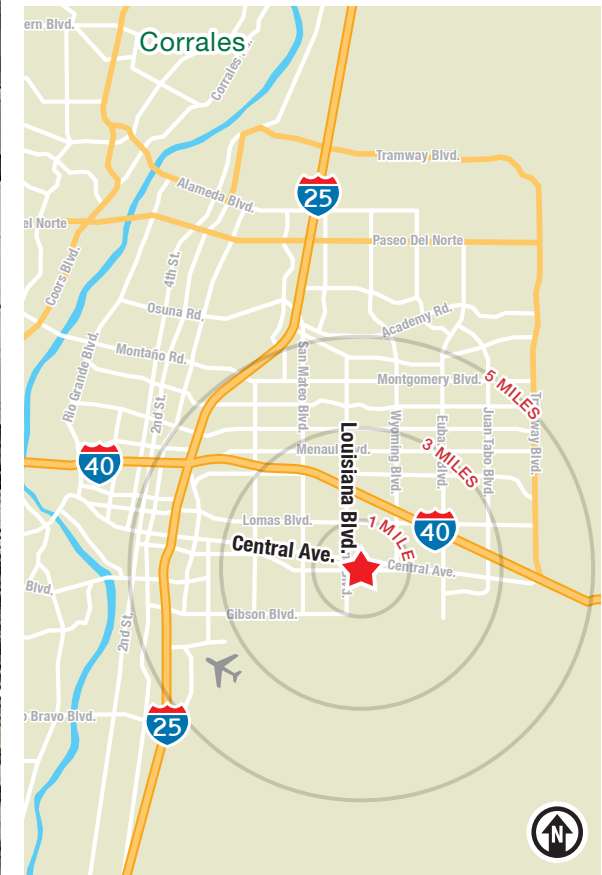
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## LOCATION

Demographics	1 mile	3 mile	5 mile
Total Population	23,219	106,959	248,419
Average HH Income	\$43,286	\$70,890	\$75,781
Daytime Employment	4,811	63,441	166,681

2022 Forecasted by Esri



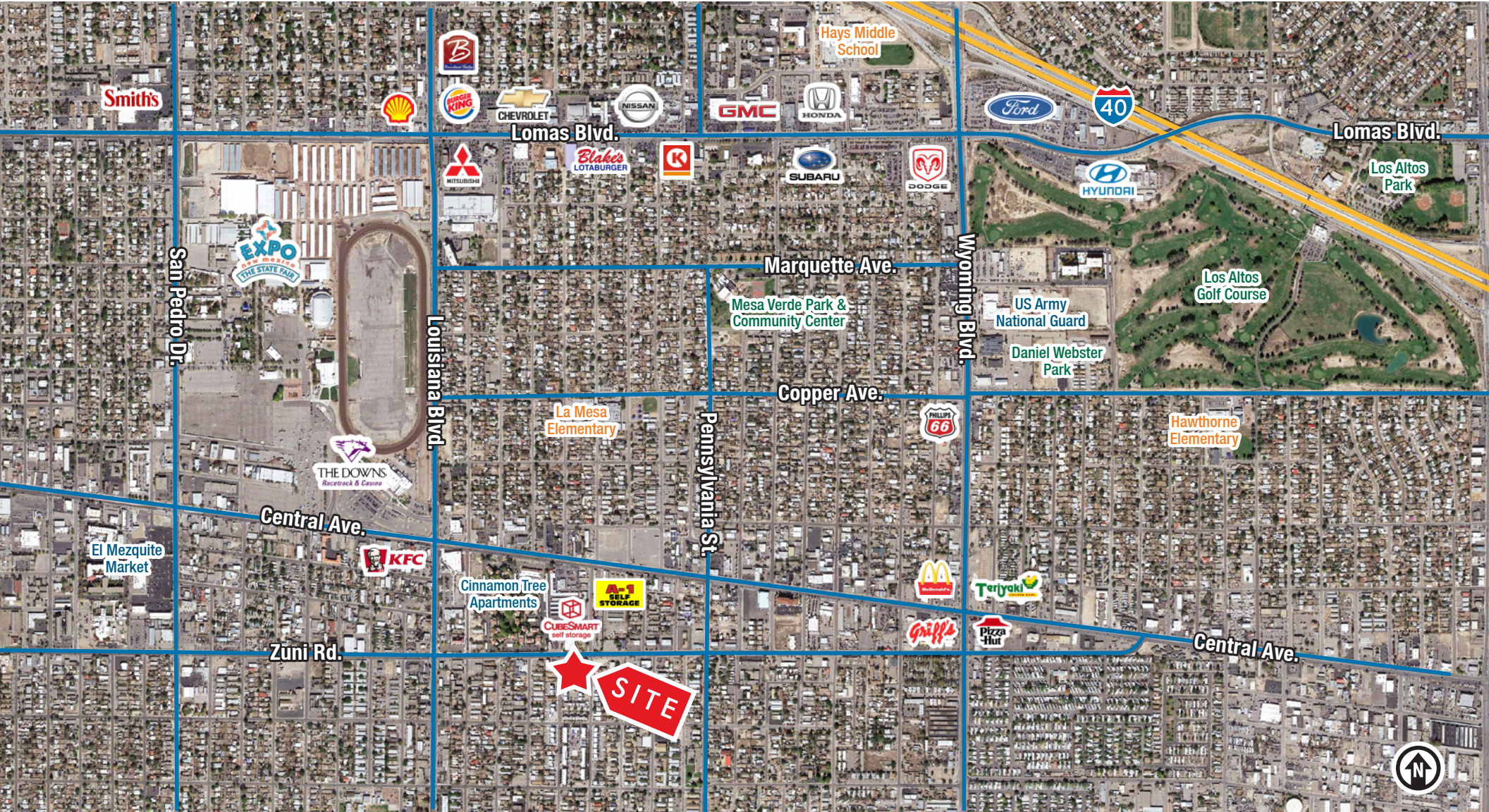
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LOCATION



**PRO FORMA OPERATING STATEMENT**

GRM 11.95				GRM 6.53					
Operating Income		Monthly	Annual	Notes on Actual Cash-Flow		Monthly	Annual	Notes on Pro Forma	
Number of Units		37	37	7x 2 Bedroom-1 Bathroom Units (788 SF), 1x 3 Bedroom-2 Bathroom Unit (1,266 SF), 1x Efficiency (390 SF) and 28x 1 Bedroom-1 Bathroom Units (630 SF)		37	37	7x 2 Bedroom-1 Bathroom Units (788 SF), 1x 3 Bedroom-2 Bathroom Unit (1,266 SF), 1x Efficiency (390 SF) and 28x 1 Bedroom-1 Bathroom Units (630 SF)	
Average Monthly Rent per Unit		438.11	5,257.30			801.84	801.84		
Total Rental Income		16,210.00	194,520.00	At Full Occupancy		29,668.00	356,016.00	Pro Forma Rent Roll	
% Vacancy and Credit Losses		5.00%	5.00%	Broker Estimate (7 Vacancies Augstust 2022)		5.00%	5.00%	Broker Estimate	
Total Vacancy Loss		810.50	9,726.00			1,483.40	17,800.80		
Fees		531.00	6,372.00	Actual Owner P&L (10/01/21-7/31/22) Prorated to 1 year		546.93	6,563.16	10/01/21-7/31/22 Actual +3%	
Other Monthly Income (laundry, vending, parking, etc.)									
<b>Gross Monthly Operating Income</b>		<b>15,930.50</b>	<b>191,166.00</b>			<b>28,731.53</b>	<b>344,778.36</b>		
Operating Expenses		Monthly	Annual	Owner Actuals and Broker Estimates		Monthly	Annual	Broker Estimates	
Property Management Fees		737.40	8,848.77	Actual: 10/01/21-7/31/22 Prorated to 1 year		2,011.21	24,134.49	7% of Pro Forma GOI	
Repairs, Maintenance, and Cleaning		1,115.14	13,381.62	Broker Estimate 7% of GOI (Owner installed 36 Individual Gas Meters and Furnaces in 2022, So Repairs Expense is Atypically High)		1,436.58	17,238.92	Broker Estimate (5% of GOI)	
Real Estate Taxes		899.08	10,788.96	Bernalillo County Tax Assessor Actual 2021		926.05	11,112.63	2021 Actual + 3%	
Rental Property Insurance		398.26	4,779.15	Broker Estimate 2.5% of GOI		410.21	4,922.52	2021 Estimate + 3%	
Replacement Reserve		318.61	3,823.32	2% of GOI		-	-		
Utilities									
- Water and Sewer and Refuse		790.67	9,488.00	2021 Actual ABQ Water Authority		814.39	9,772.64	2021 Actual + 3%	
- Electricity		280.00	3,360.00	T-12 Average PNM for 2x Master Meters (Laundry Room and Exterior Lighting)		320.00	3,840.00	8x Section 8 tenants (Pro Forma Rent Roll)   Broker Estimate (\$40/unit/month)	
-Gas		413.00	4,956.00	T-12 Average NM Gas for 2x Master Meters (Hot Water Heater in Each Building)		573.00	6,876.00	8x 8x Section 8 tenants (Pro Forma Rent Roll)   Broker Estimate (\$20/unit/month) +Master Gas for HWH	
Pest Control		58.33	700.00	Broker Estimate		125.00	1,500.00	Broker Estimate	
Accounting and Legal		41.67	500.00	Broker Estimate		50.00	600.00	Broker Estimate	
Landscaping and Security		125.00	1,500.00	Broker Estimate		150.00	1,800.00	Broker Estimate	
<b>Monthly Operating Expenses</b>		<b>5,177.15</b>	<b>62,125.82</b>	<b>Expense Ratio= 32%</b>		<b>6,816.43</b>	<b>81,797.20</b>		
				0.3250					
Net Operating Income (NOI)									
Total Annual Operating Income		191,166.00				344,778.36			
Total Annual Operating Expense		62,125.82				81,797.20			
<b>Annual Net Operating Income</b>		<b>129,040.18</b>				<b>262,981.16</b>			
Capitalization Rate and Valuation									
Actual Capitalization Rate		5.55%				11.31%			
<b>Property Valuation (Sales Price)</b>		<b>\$ 2,325,000.00</b>				<b>\$ 2,325,000.00</b>			
Actual Purchase Price		\$ 2,325,000.00				2,325,000.00			
Loan Information									
Down Payment		581,250.00	75 LTV			581,250.00	75 LTV		
Loan Amount		1,743,750.00				1,743,750.00			
Acquisition Costs and Loan Fees		20,237.50	Broker Estimate: Loan Fees, inspection costs						
Length of Mortgage (years)		30	Commercial Loan Amortization			30	Commercial Loan Amortization		
Annual Interest Rate		5.010%	Loan Rate Estimate (8/11/22)			5.010%	Loan Rate Estimate (8/11/22)		
Initial Investment		601,487.50				581,250.00			
Monthly Mortgage Payment (PI)		9,371.49				9,371.49			
Annual Interest		86,777.51				86,777.51			
Annual Principal		25,680.33				25,680.33			
<b>Total Annual Debt Service</b>		<b>112,457.84</b>				<b>112,457.84</b>			
Cash Flow and ROI									
Total Monthly Cash Flow (before taxes)		1,381.86				12,543.61			
Total Annual Cash Flow (before taxes)		16,582.34				150,523.32			
Cash on Cash Return (ROI)		2.76%				25.90%			

## PRO FORMA CASH FLOW ANALYSIS

Property Name	Brentwood Apartments	Acquisition Price	\$2,325,000
Location	S. San Pedro/International District	Plus Acquisition Costs	\$2,500
Type of Property	Multifamily Investment	Plus Loan Costs	\$17,438
Size of Property (sf/units)	37 Units	Minus Mortgages	\$1,743,750
Purpose of Analysis	Investment Analysis	Equals Initial Investment	\$601,188
Prepared by	Sarah Raboff, Director		
Date Prepared	August 11, 2022		

### MORTGAGE DATA

### COST RECOVERY DATA

### BASIS DATA

	1st Mortgage	2nd Mortgage		Improvements	Personal Property		
Amount	\$1,743,750		Value	\$1,338,031		Acquisition Price	\$2,325,000
Interest Rate	5.01%		C. R. Method	SL	SL	Acquisition Costs	\$2,500
Amortization Period	30		Useful Life	39.0		Total Acquisition Basis	\$2,327,500
Loan Term	5		In Service Date	1-Jan	1-Jan		
Payments/Year	12		Date of Sale	31-Dec	31-Dec		
Periodic Payment	\$9,371.49		12 Months % age	2.564%			
Annual Debt Service	\$112,458		11.5 Months % age	2.461%			
Loan Fees/Costs	\$17,438						

### TAXABLE INCOME

End of Year	1	2	3	4	5	6	7	8	9
<b>1 POTENTIAL RENTAL INCOME</b>	<b>\$194,520</b>	<b>\$356,016</b>	<b>\$366,696</b>	<b>\$377,697</b>	<b>\$389,028</b>	<b>\$400,699</b>			
2 -Vacancy & Credit Losses	\$9,726	\$17,801	\$18,335	\$18,885	\$19,451	\$20,035			
<b>3 EFFECTIVE RENTAL INCOME</b>	<b>\$184,794</b>	<b>\$338,215</b>	<b>\$348,362</b>	<b>\$358,813</b>	<b>\$369,577</b>	<b>\$380,664</b>			
4 +Other Income (collectable)	\$6,372	\$6,563	\$6,760	\$6,963	\$7,172	\$7,387			
<b>5 GROSS OPERATING INCOME</b>	<b>\$191,166</b>	<b>\$344,778</b>	<b>\$355,122</b>	<b>\$365,775</b>	<b>\$376,749</b>	<b>\$388,051</b>			
<b>6 TOTAL OPERATING EXPENSES</b>	<b>\$62,126</b>	<b>\$81,797</b>	<b>\$84,251</b>	<b>\$86,779</b>	<b>\$89,382</b>	<b>\$92,063</b>			
<b>7 NET OPERATING INCOME</b>	<b>\$129,040</b>	<b>\$262,981</b>	<b>\$270,871</b>	<b>\$278,997</b>	<b>\$287,367</b>	<b>\$295,988</b>			
8 -Interest-First Mortgage	\$86,778	\$85,461	\$84,077	\$82,622	\$81,092				
9 -Interest-Second Mortgage									
10 -Cost Recovery-Improvements	\$32,929	\$34,307	\$34,307	\$34,307	\$32,929				
11 -Cost Recovery-Personal Property									
12 -Loan Costs Amortization	\$3,488	\$3,488	\$3,488	\$3,488	\$3,488				
13 -									
14 -									
<b>15 REAL ESTATE TAXABLE INCOME</b>	<b>\$5,846</b>	<b>\$139,726</b>	<b>\$148,999</b>	<b>\$158,580</b>	<b>\$169,858</b>				
16 Tax Liability (Savings) at 37.0%	\$2,163	\$51,698	\$55,130	\$58,675	\$62,847				

### CASH FLOW

<b>17 NET OPERATING INCOME (Line 7)</b>	<b>\$129,040</b>	<b>\$262,981</b>	<b>\$270,871</b>	<b>\$278,997</b>	<b>\$287,367</b>				
18 -Annual Debt Service	\$112,458	\$112,458	\$112,458	\$112,458	\$112,458				
19 -									
20 -									
21 -									
<b>22 CASH FLOW BEFORE TAXES</b>	<b>\$16,582</b>	<b>\$150,523</b>	<b>\$158,413</b>	<b>\$166,539</b>	<b>\$174,909</b>				
23 -Tax Liability (Savings) (Line 16)	\$2,163	\$51,698	\$55,130	\$58,675	\$62,847				
<b>24 CASH FLOW AFTER TAXES</b>	<b>\$14,419</b>	<b>\$98,825</b>	<b>\$103,283</b>	<b>\$107,864</b>	<b>\$112,061</b>				

**INVESTMENT PERFORMANCE METRICS**

**Measures of Investment Performance**

Before Tax			After Tax		
EOY	\$		EOY	\$	
0	(\$601,188)		0	(\$601,188)	
1	\$16,582		1	\$14,419	
2	\$150,523		2	\$98,825	
3	\$158,413		3	\$103,283	
4	\$166,539		4	\$107,864	
5	\$174,909	+ \$2,288,269	5	\$112,061	+ \$1,918,000
IRR =	42.44%		IRR =	34.54%	
NPV @	<input type="text"/>	=	NPV @	<input type="text"/>	=

End of Year	1	2	3	4	5	6	7	8
Value Using Acquisition Cap Rate	\$4,738,000	\$4,880,000	\$5,027,000	\$5,178,000	\$5,333,000			
Loan Balance	\$1,718,070	\$1,691,073	\$1,662,692	\$1,632,856	\$1,601,490			
Loan to Value	36.26%	34.65%	33.08%	31.53%	30.03%			
Debt Service Coverage Ratio	1.15	2.34	2.41	2.48	2.56			
Return on Asset	5.55%	11.31%	11.65%	12.00%	12.36%			
Before Tax Cash on Cash	2.76%	25.04%	26.35%	27.70%	29.09%			
After Tax Cash on Cash	2.40%	16.44%	17.18%	17.94%	18.64%			
Acquisition Cap Rate	5.55%							
Gross Rent Multiplier	11.95							
Effective Tax Rate	18.62%							



**RENT ROLL**

Apartment Number	Property Address	Unit Mix	Unit SF	August Rent Roll 2022 (Tenants pay Gas and Electricity *except for 2 tenants)		Fully Occupied Projection	MKT Rate (tenant pays gas/electric) HUD FV Rate	Pro Forma Rent/SF
				Monthly rent	Rent/SF	Monthly rent	Pro Forma Rate	
1	405 San Pablo	2 bed-1 bath-- Resident Manager	788	\$280.00	\$0.36	\$280.00	\$875.00	\$1.11
2	405 San Pablo	1 bed-1 bath	630	Vacant	\$0.00	\$480.00	\$750.00	\$1.19
3	405 San Pablo	1 bed-1 bath	630	Vacant	\$0.00	\$480.00	\$750.00	\$1.19
4	405 San Pablo	1 bed-1 bath	630	\$480.00	\$0.76	\$480.00	\$821.00	\$1.30
5	405 San Pablo	1 bed-1 bath	630	\$480.00	\$0.76	\$480.00	\$750.00	\$1.19
6	405 San Pablo	1 bed-1 bath	630	\$480.00	\$0.76	\$480.00	\$750.00	\$1.19
7	405 San Pablo	1 bed-1 bath	630	\$480.00	\$0.76	\$480.00	\$750.00	\$1.19
8	405 San Pablo	1 bed-1 bath	630	\$490.00	\$0.78	\$490.00	\$750.00	\$1.19
9	405 San Pablo	2 bed-1 bath	788	\$580.00	\$0.74	\$580.00	\$996.00	\$1.26
10	405 San Pablo	2 bed-1 bath	630	Vacant	\$0.00	\$600.00	\$996.00	\$1.58
11	405 San Pablo	1 bed-1 bath	630	\$480.00	\$0.76	\$480.00	\$750.00	\$1.19
12	405 San Pablo	1 bed-1 bath	630	\$480.00	\$0.76	\$480.00	\$821.00	\$1.30
13	405 San Pablo	1 bed-1 bath	630	\$480.00	\$0.76	\$480.00	\$750.00	\$1.19
14	405 San Pablo	1 bed-1 bath	630	\$480.00	\$0.76	\$480.00	\$750.00	\$1.19
15	405 San Pablo	1 bed-1 bath	630	\$480.00	\$0.76	\$480.00	\$750.00	\$1.19
16	405 San Pablo	1 bed-1 bath	630	\$480.00	\$0.76	\$480.00	\$750.00	\$1.19
17	405 San Pablo	1 bed-1 bath	630	Vacant	\$0.00	\$550.00	\$750.00	\$1.19
18	405 San Pablo	2 bed-1 bath	788	\$590.00	\$0.75	\$590.00	\$875.00	\$1.11
19	404 Espanola	2 bed-1 bath	788	Vacant	\$0.00	\$600.00	\$875.00	\$1.11
20	404 Espanola	1 bed-1 bath	630	Vacant	\$0.00	\$550.00	\$750.00	\$1.19
21	404 Espanola	1 bed-1 bath	630	\$490.00	\$0.78	\$490.00	\$750.00	\$1.19
22	404 Espanola	1 bed-1 bath	630	\$480.00	\$0.76	\$480.00	\$750.00	\$1.19
23	404 Espanola	1 bed-1 bath	630	\$480.00	\$0.76	\$480.00	\$750.00	\$1.19
24	404 Espanola	1 bed-1 bath	630	\$650.00	\$1.03	\$650.00	\$750.00	\$1.19
25	404 Espanola	1 bed-1 bath	630	\$490.00	\$0.78	\$490.00	\$750.00	\$1.19
26	404 Espanola	1 bed-1 bath	630	\$500.00	\$0.79	\$490.00	\$750.00	\$1.19
27	404 Espanola	2 bed-1 bath	788	\$580.00	\$0.74	\$580.00	\$875.00	\$1.11
28	404 Espanola	2 bed-1 bath	788	\$600.00	\$0.76	\$600.00	\$875.00	\$1.11
29	404 Espanola	1 bed-1 bath	630	\$490.00	\$0.78	\$490.00	\$821.00	\$1.30
30	404 Espanola	1 bed-1 bath	630	\$480.00	\$0.76	\$480.00	\$821.00	\$1.30
31	404 Espanola	1 bed-1 bath	630	\$500.00	\$0.79	\$500.00	\$750.00	\$1.19
32	404 Espanola	1 bed-1 bath	630	\$480.00	\$0.76	\$480.00	\$750.00	\$1.19
33	404 Espanola	1 bed-1 bath	630	Vacant	\$0.00	\$550.00	\$750.00	\$1.19
34	404 Espanola	1 bed-1 bath	630	\$480.00	\$0.76	\$480.00	\$821.00	\$1.30
35	404 Espanola	1 bed-1 bath	630	\$490.00	\$0.78	\$490.00	\$821.00	\$1.30
36	404 Espanola	3 bed-2 bath	1266	\$1,300.00	\$1.03	\$1,300.00	\$1,350.00	\$1.07
37	404 Espanola	Studio	390	\$390.00	\$1.00	\$390.00	\$650.00	\$1.67
				\$15,620.00		\$16,210.00	\$29,793.00	