

For Sale *McKenzie Square*

Fairhaven's Crown Jewel
1440 10th St, Bellingham



**60 unit apartment community with
17,000 sq ft of leased ground floor commercial space
\$14,888,000**



THE MULJAT GROUP

Troy Muljat, CCIM, CPM

Office: (360) 733-3030 Cell: (360) 820-2000



www.Muljat.com

510 Lakeway Drive, Bellingham, WA 98225

Troy@Muljat.com

Executive Summary

Name of Building:

McKenzie Square

Address:

*1044 10th St,
Bellingham WA 98225*

MLS Number:

29155467

Tax ID Number:

370201070050

Location:

McKenzie Square is located at the corner of 10th and McKenzie in the heart of Bellingham's historic Fairhaven District. Just seconds from fine dining, shopping and recreation.

Building Details:

Built and finished in 2007 this 4 story building has lovely brick exteriors and contemporary interiors. 60 apartment units and 17,000 sq ft of fully leased ground floor commercial space.

Parking:

Secured underground parking garage with 75 spaces and 45 exterior parking spaces for a total of 120.

Site Size:

1.014 acres

Apartment Sizes:

*Studio: 514-557 sq ft
1 bedroom 578-758 sq ft
2 bedroom 924-1,207 sq ft*



***For additional information
feel free to call
Troy Muljat at
(360) 820-2000***

Income Information

Residential Income

INCOME APPROACH PROFORMA - MCKENZIE SQUARE

RESIDENTIAL INCOME:	Unit Type	No. of Units	Unit Numbers	Average Size (SF)	Market Rent	Rent/SF	Monthly Income	Annual Income	
	Open 1 BR/1 BA	4	404, 406, 406, 407	514 SF	\$731	Units/Month	\$1.42	\$2,922	\$35,064
	Open 1 BR/1 BA	6	204, 304, 205, 305, 206, 306	542 SF	\$716	Units/Month	\$1.32	\$4,298	\$51,576
	Open 1 BR/1 BA	2	207, 307	567 SF	\$727	Units/Month	\$1.30	\$1,453	\$17,436
	Open 1 BR/1 BA	3	411, 412, 415	578 SF	\$882	Units/Month	\$1.53	\$2,647	\$31,764
	Open 1 BR/1 BA	2	215, 315	599 SF	\$690	Units/Month	\$1.15	\$1,380	\$16,560
	Open 1 BR/1 BA	1	414	600 SF	\$695	Units/Month	\$1.16	\$695	\$8,340
	Open 1 BR/1 BA	2	214, 314	622 SF	\$695	Units/Month	\$1.12	\$1,390	\$16,680
	Open 1 BR/1 BA	2	211, 311	613 SF	\$885	Units/Month	\$1.44	\$1,770	\$21,240
	Open 1 BR/1 BA	2	212, 312	617 SF	\$964	Units/Month	\$1.56	\$1,927	\$23,124
	Open 1 BR/1 BA	4	402, 403, 410, 413	630 SF	\$888	Units/Month	\$1.41	\$3,550	\$42,600
	Open 1 BR/1 BA	2	418, 419	650 SF	\$908	Units/Month	\$1.40	\$1,815	\$21,780
	Open 1 BR/1 BA	6	202, 203, 302, 303, 213, 313	651 SF	\$845	Units/Month	\$1.30	\$5,069	\$60,828
	Open 1 BR/1 BA	2	210, 310	667 SF	\$908	Units/Month	\$1.36	\$1,815	\$21,780
	Open 1 BR/1 BA	4	218, 318, 219, 319	669 SF	\$900	Units/Month	\$1.34	\$3,098	\$43,176
	Open 1 BR/1 BA	2	220, 320	756 SF	\$970	Units/Month	\$1.28	\$1,940	\$23,280
	Open 1 BR/1 BA	1	420	737 SF	\$975	Units/Month	\$1.32	\$975	\$11,700
	2 BR/2 BA	4	408, 409, 416, 417	924 SF	\$1,606	Units/Month	\$1.74	\$6,430	\$77,160
	2 BR/2 BA	6	206, 306, 209, 309, 217, 317	966 SF	\$1,567	Units/Month	\$1.62	\$9,400	\$112,800
	2 BR/2 BA	2	216, 217	960 SF	\$1,635	Units/Month	\$1.66	\$3,270	\$39,240
	2 BR/2 BA	2	201, 301	1207 SF	\$1,695	Units/Month	\$1.40	\$3,390	\$40,680
	2 BR/2 BA	1	401	1180 SF	\$2,048	Units/Month	\$1.74	\$2,048	\$24,576
Total Residential Income:	89	Units		42,703			\$1.46	\$62,315	\$747,780

Commercial Income

COMMERCIAL INCOME:	Type:	Term	Size (SF)	Expiration	Options	Rent/SF:		
Yoga NW	Gross	10-Year	1,542	08/31/17	2 - 5-years	\$20.00	\$2,570	\$30,840
Kaizen Assembly	Gross	5-Year	680	10/31/11	None	\$26.00	\$890	\$10,200
DOE	Gross	10-Year	12,360	05/31/17	1 - 5-year	\$21.50	\$22,145	\$265,740
NW Sleep Solutions	Gross	5-Year	2,024	02/17/13	2 - 5-years	\$23.00	\$5,000	\$60,000
Total Commercial Income:			17,211				\$36,565	\$366,780

TOTAL INCOME:							\$92,880	\$1,114,560
Less: Vacancy, Concession and Credit Loss - Residential				3.0%			(\$1,869)	(\$22,433)
Less: Vacancy, Concession and Credit Loss - Retail/Office				3.0%			(\$917)	(\$11,003)
Effective Gross Income - Residential:							\$90,446	\$725,347
Effective Gross Income - Commercial:							\$29,648	\$355,777
TOTAL Effective Gross Rental Income							\$90,094	\$1,081,123
Supplemental Income								
Pet Fee Income						\$75 /month		\$900
Storage Income						\$ 350.00 /month		\$4,200
Parking Income:						\$400.00 /month		\$4,800
Other Income						\$630 /month		\$7,560
TOTAL EFFECTIVE GROSS INCOME							\$91,549	\$1,096,583

Property Financing:

The property currently has a debt available for assumption (upon buyer's qualification) for \$10,800,000 at a 6.25% annual interest rate amortized over 25 years. Monthly payments are \$71,244 a month or an annual debt service of \$854,952. It must be noted that the owner is currently in the process of receiving a new loan from Freddie Mac at a lower rate. For more information contact the listing agent.



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Operating Expenses & Net Income

TOTAL EFFECTIVE GROSS INCOME						\$91,549	\$1,098,583
Less: Operating Expenses	Amount	Totals	Per SF	Unit Amount	Totals	% of EGI	Totals
Fixed Expenses							
Real Estate Taxes	\$70,905		\$1.18	\$1,162		6.45%	
Other Taxes	\$0		\$0.00	\$0		0.00%	
Insurance	\$16,000		\$0.27	\$267		1.46%	
Total Fixed Expenses		\$86,905			\$1,448		7.91%
Utilities							
Electricity	\$16,000		\$0.27	\$267		1.46%	
Natural Gas	\$11,000		\$0.18	\$183		1.00%	
Water/Sewer/Stormwater	\$12,500		\$0.21	\$208		1.14%	
Garbage	\$12,600		\$0.21	\$210		1.15%	
Front Door speaker system	\$500		\$0.01	\$0		0.05%	
Total Utilities		\$52,600			\$677		4.79%
Maintenance and Repair - Normalized							
Supplies, Maint. & Repairs	\$42,000		\$0.70	\$700		3.82%	
Unit turnover	\$0		\$0.00	Incl. Above		0.00%	
Fire System	\$1,500		\$0.03	\$25		0.14%	
Landscaping	\$300		\$0.01	\$5		0.03%	
Total Maintenance and Repair		\$43,800	\$0.73		\$730		3.99%
Professional Management		\$43,943	\$0.73		\$732		4.00%
Payroll							
Administrative Salaries	\$0		\$0.00	\$0		0.00%	
Maintenance Salaries	\$0		\$0.00	Incl. Above		0.00%	
Rent Allowances	\$0		\$0.00	\$0		0.00%	
Payroll Taxes and Benefits	\$0		\$0.00	\$0		0.00%	
Total Payroll		\$0	\$0.00		\$0		0.00%
Advertising		\$1,298	\$0.02		\$20		0.11%
Office/Admin./Misc.							
Office/Admin.	\$500		\$0.01	\$8		0.05%	
Legal & Audit	\$1,000		\$0.02	\$17		0.09%	
Security	\$0		\$0.00	\$0		0.00%	
Miscellaneous	\$500		\$0.01	\$8		0.05%	
Total Office/Admin./Misc.		\$2,000	\$0.03		\$33		0.18%
Totals		\$230,448	\$3.85		\$3,841	31.77%	(\$230,448)

NET OPERATING INCOME \$868,135

VALUATION OF INCOME \$868,135 = \$14,888,888
 Net Operating Income = VALUE
 Cap Rate 5.83%

CONCLUDED VALUE INCOME APPROACH, ROUNDED \$14,888,888

	Residential	Commercial	\$248.50 Per SF (Blended)
VALUE:	\$8,496,000	\$6,100,000	
VALUE PER UNIT	\$141,500	N/A	
VALUE PER SQ. FT.	\$198.62	\$354.42	

"McKenzie Square cannot be beat when it comes to incredible location, modern amenities, and retaining Fairhaven's small town charm."



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Building Highlights



- The building is 4 stories and was built in 2007 with brick exteriors and highly functional contemporary interior designs that still retain their small town charm.
- 59,914 Square foot building
- Large Corner Lot totaling 1.041 acres
- Secured Underground Parking Facility with 75 underground parking spaces and 45 above ground spaces.
- 60 residential apartments ranging in size from 514 square foot studio apartments up to 1,207 square foot 2 bedroom apartments.
- 17,000 square feet on ground floor commercial retail space that is all currently rented, including one 10 year lease.
- Washer and Dryers included in apartment units
- High end kitchen finishes
- 9 foot ceilings
- Secured Entrance
- Incredibly convenient location located in the heart of Bellingham's historical Fairhaven District.
- Walk to fine dining, shopping, entertainment, parks and local recreational opportunities



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Property Specifications

General Building Description: McKenzie Square is a L-shaped building with under building parking. The top three floors are comprised of 60 residential apartment units located off interior corridors and a 1st floor residential lobby and elevator access. The ground floor is built out for multiple commercial tenants each of which have an exterior access off 10th St in Bellingham's Historic Fairhaven District. There is an underground parking lot which has 75 parking stalls and there are 45 exterior parking stalls. Vertical building access is via a single residential elevator or two staircases.

Residential Space Details:

<i>Unit Type</i>	<i>Size (sq ft)</i>	<i>Number of Units</i>	<i>Total Square Footage</i>	<i>Average Size</i>
Open 1 bedroom	578-669	30	18,972	632
Studio	514-557	12	6,422	535
<i>Total Studios</i>		42	25,394	605
1 Bed/Study, 1 Bath	737-758	3	2,253	751
2 bed/ 2 bath	924-966	12	11,462	955
2 bed/ 2 bath	1180-1207	3	3,594	1198
<i>Total 2 bedroom</i>		15	15,056	1004
<i>All Apartments</i>		60	42,703	712

Commercial Space Details: 17,177 total ground floor commercial square feet. 12,360 sq ft leased by the Department of Ecology and two corner retail spaces one 2,625 sq ft unit and one 2,192 sq ft unit. This square footage excludes the vertical stair cases and residential lobby areas.

Construction Specifications

Building Construction: Wood frame over concrete basement/garage level

Foundation: Post tensioned concrete slabs and footings

Exterior Walls: Combination of concrete blocks (CMU) veneer, brick veneer, CMU boards, sheet siding, vinyl siding, and wood trim.

Roof Structure: Flat built up roof over plywood and pre engineered trusses.

Windows & Doors: Residential units have a combination of hollow metal and wood doors with an aluminum sliding door accessing the exterior deck and vinyl double glazed windows. The ground floor has a secured key pad entrance with intercom. Commercial Units contain hollow metal and wood doors and quality double pain aluminum windows.

Insulation: Roof: R38 Residential Exterior Walls: R-21 Floor: R-30 over unheated area Commercial Exterior Walls: R-19

Heating and Air-conditioning: All residential units have electric heating and no air-conditioning systems. Commercial units have complete heating and air-conditioning systems.



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Market Area Description

Located an hour South of Vancouver, British Columbia and an hour and a half North of Seattle, Washington you will find Bellingham's Historic Fairhaven District. McKenzie Square anchors the Southwest end of the Fairhaven Commercial District.

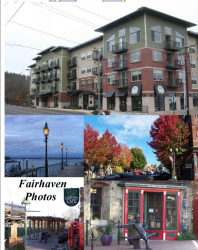
Fairhaven greets you with lovely tree lined streets, historical brick buildings, quaint retail shops, waterfront views and charm. Many amenities are just minutes from McKenzie Square.

Walk to:

- Trails & Parks
- Medical Services
- Grocery Store
- Tennis & Fitness Club
- Ferry Terminal
- Waterfront Access
- Retail Shopping

Short Bus or Drive to:

- Bellingham Airport
- Bellis Fair Mall
- Interstate 5 Access
- Downtown Bellingham
- St. Joseph Hospital
- Western Washington University



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