


TOWNHOUSE SQUARE



40 UNITS 
MOBILE, AL



OFFERING MEMORANDUM



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1972 WAGNER STREET, MOBILE, AL 36617

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INVESTMENT HIGHLIGHTS



INVESTMENT HIGHLIGHTS

100% HAP CONTRACT

Townhouse Square currently has a HAP contract on 100% of its units, greatly reducing the collection risk for potential investors. The HAP contract was renewed for 20 years in August 2014, leaving plenty of time remaining on the contract for the next investor. In 2017, HAP assistance made up 82% of the total gross rent.

STRONG HISTORICAL OCCUPANCY

Townhouse Square has displayed strong historical occupancy over the past 3 years. The property currently sits at 98% and has averaged 98% over the past 3 years. The strong occupancy combined with the HAP contract provides an investor with steady, predictable income for years to come.

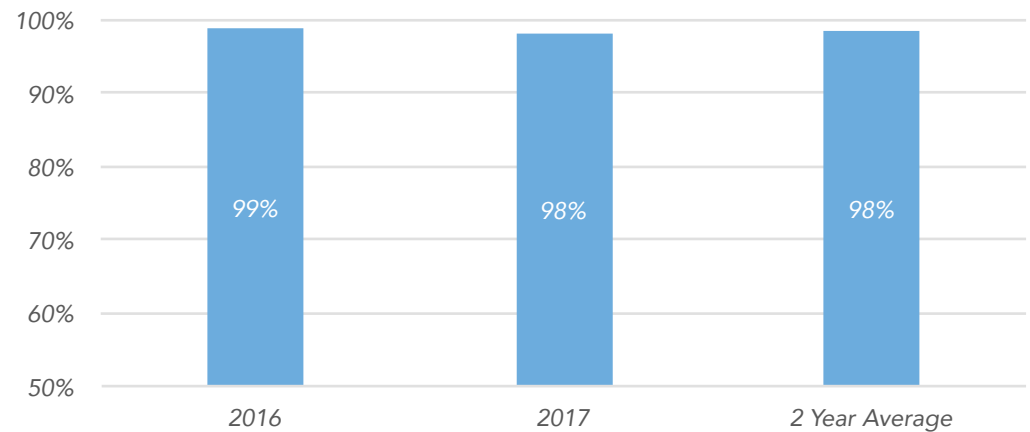
GROWING MOBILE ECONOMY

The Mobile economy is experiencing tremendous growth and has put itself in a position to be the Gulf Coast's leading economy and job creator. Mobile has seen excellent growth from the aerospace and shipping industries with employers such as Austal (recently awarded \$500M contract), Airbus (\$600M plant), and Bombardier making significant capital investments. Other major corporations investing in Mobile include Amazon (362k SF sorting facility), Kimberly Clark (\$100M investment), and Lensing (\$293M investment). The growing Mobile economy should provide property owners with a steady influx of well-qualified tenants, and a growing Area Median Income to increase the rent basis at the property.

FREE AND CLEAR

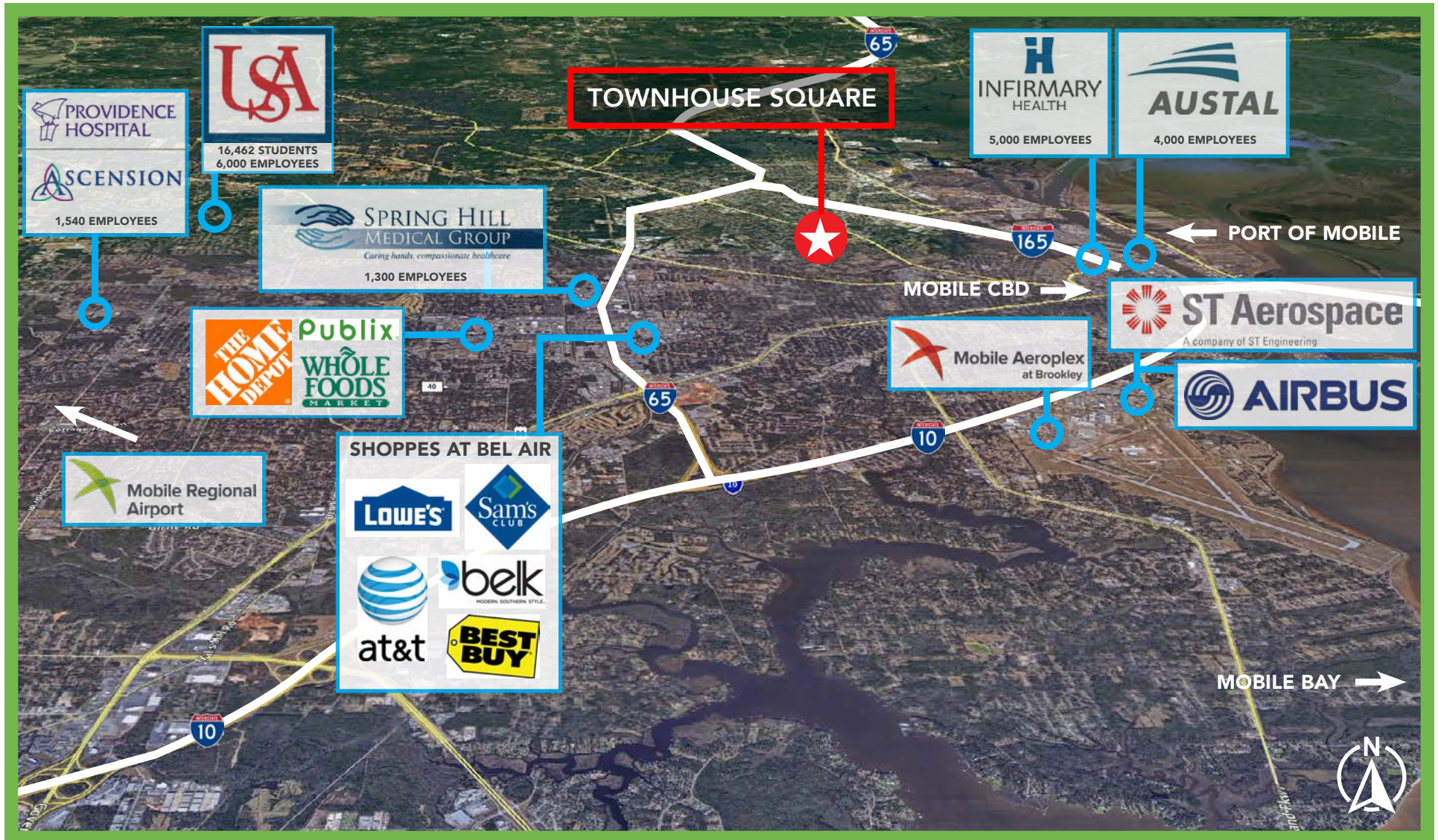
Townhouse Square is offered free and clear of any existing debt, allowing investors to use a variety of debt instruments in order to maximize returns.

Townhouse Square - Historic Occupancy



LOCATION OVERVIEW





MOBILE, ALABAMA

Located on the western shore of Mobile Bay, Mobile is the largest municipality on the Gulf Coast between New Orleans, LA and St. Petersburg, FL. The Mobile MSA has a population of 423,262, which includes 197,574 within the city limits.

The Port of Mobile has always played a key role in the area's economic health. It is the 12th largest port in the United States, serving Panamax and Post-Panamax ships, and moves around 54 million tons of cargo annually. It spans across five miles of waterfront and covers 4,000 acres.

TOP AREA EMPLOYERS

EMPLOYER	EMPLOYEES
1 Mobile County Public School System	7,500
2 University of South Alabama	6,000
3 Infirmary Health Systems	5,000
4 Austal USA	4,000
5 City of Mobile	2,140
6 CPSI	1,950
7 County of Mobile	1,670
8 AM/NS Calvert	1,600
9 Providence Hospital	1,540
10 Springhill Medical Center	1,300

MOBILE MSA DEMOGRAPHICS

KEY FACTS

423,262

Population

38.0

Median Age



Average Household Size

\$45,079

Median Household Income

BUSINESS



15,044

Total Businesses



196,250

Total Employees

EDUCATION



No High School Diploma



33%

High School Graduate



30%

Some College



23%

Bachelor's/Grad/Prof Degree

EMPLOYMENT



White Collar

60%



Blue Collar

25%



Services

15%

8.5%

Unemployment Rate

INCOME



\$45,079

Median Household Income



\$23,997

Per Capita Income



\$55,793

Median Net Worth



Downtown Mobile



Providence Hospital

BANKING

There are a number of sound financial institutions, both old and new, that help with business growth and the security of Mobile’s financial future. The Mobile Bay region’s largest banks are BB&T, BBVA Compass Bank, Hancock Bank, PNC Bank, Regions Bank and Wells Fargo. Other banks include: BancorpSouth, Bay Bank, Century Bank, Coastal Bank and Trust, Commonwealth National Bank, Community Bank, First Community Bank, iBERIABANK, Merchants Bank, SB&T Bank, ServisFirst Bank and Trustmark National Bank. In Mobile and Baldwin counties, these banks have more than 180 branches. The region also has more than 16 credit unions that provide a number of valuable services to their members.

TECHNOLOGY

As the local economy continues to diversify, high-tech companies continue to grow in the region from software development to security systems. Several successful technology firms have chosen Mobile as their home. The healthcare information technology sector is particularly well represented in Mobile, with firms such as TeleVox Software, The SSI Group and CPSI, all of which develop software to improve processes at doctors’ offices, clinics and hospitals. The above-mentioned companies accounted for almost a third of the 5,850 technology jobs in the Mobile area in 2013. Healthcare Informatics, the premier publication for healthcare IT, consistently ranks all three companies among the Top 100 healthcare product and service providers in the nation.

HEALTHCARE

Mobile is a regional center for medical care, research and education. Nearly 12 percent of Mobile’s workforce is employed in the healthcare sector. There are more than 850 physicians and 175 dentists practicing in the area. Many are affiliated with one or more of the nine hospitals with 2,800 hospital beds serving the Mobile Bay region. In addition, there are many outpatient surgical centers, emergency clinics, home healthcare services, assisted-living facilities and nursing homes. The University of South Alabama’s Mitchell Cancer Institute is a world-class, comprehensive cancer research and treatment center. The institute is expected to have a \$1 billion economic impact on the Mobile Bay region over the next decade. Employing more than 700 professionals, it is the only Stage II and III cancer center between Houston and Tampa. Additionally, Providence Hospital has partnered with M.D. Anderson’s Physicians Network to provide a direct link for cancer patients in the Mobile area to be served by the Houston-based hospital. Other healthcare facilities continue to expand. USA Children’s and Women’s Hospital opened a \$73 million wing in 2013, almost doubling the hospital’s size.



Austal Facility



Mobile Aeroplex at Brookley



Thyssen-Krupp Facility

MARITIME

Offshore natural gas, shipbuilding and ship repair are among Mobile's expanding maritime businesses creating a synergy for growth. As offshore drilling increases, Mobile shipbuilders are building offshore supply and rig-tending vessels and repairing rigs and ships at their facilities on the Mobile River. There are five different shipbuilding and/or repair facilities along Mobile's waterfront, including BAE Systems Southeast, Austal USA, C&G Boatworks, Horizon Shipbuilding and Signal Ship Repair, with many smaller companies located throughout the Mobile Bay region. Austal USA, Mobile's largest manufacturing employer, is the fastest growing business along the Mobile River. A recent \$200 million-plus expansion added 1,000 jobs, and the company now has more than 4,000 employees working on military contracts of up to \$5.1 billion. Austal will build up to 12 Littoral Combat Ships and 10 Joint High Speed Vessels for the U.S. Navy.

MANUFACTURING

Mobile's aviation/aerospace industry forms the center of a Gulf Coast regional aerospace industry hub. Construction is underway on a \$600 million aircraft final assembly line for Airbus at Mobile Aeroplex at Brookley. The development is expected to bring 1,000-plus jobs. Airbus is expected to attract other related companies and suppliers to the area. To date, related announcements include the location of Labinal, an aerospace engineering firm bringing 30 to 50 jobs. Airbus Americas Engineering opened at Mobile Aeroplex in 2008 and employs more than 250 engineers. Also at the Mobile Aeroplex at Brookley, ST Aerospace Mobile Inc., an aviation repair and maintenance company, is one of the largest Mobile Bay region employers with around 1,350 workers. Continental Motors continues to have a solid presence in Mobile with 430 employees. Steel manufacturing is also a major player in Mobile's economy. The \$5.2 billion Thyssen-Krupp complex in north Mobile County, one of the largest private investments in U.S. history, sold and now operates as two companies. The development has spurred more than 300 local supplier jobs by companies doing business with the two steel manufacturers. SSAB Americas completed a \$220 million heat-treating facility to harden steel, a niche market for SSAB, adding 137 jobs. The Port of Mobile has invested more than \$700 million to improve its facilities and is currently serving Post-Panamax ships, the massive container vessels that will soon be navigating the widened Panama Ship Canal. The most significant investment is APM Terminals (Mobile Container Terminal LLC), a \$300 million intermodal facility that brings together ship, rail, truck and air transportation modes into one contiguous site.

PROPERTY DESCRIPTION



ADDRESS

1972 Wagner Street, Mobile, AL 36617

LOCATION

The property is located in Mobile, Alabama, northwest of Downtown between highway 45 and Interstate 65. With convenient access to both major thoroughfares, residents enjoy easy access to downtown Mobile with all of its retail, healthcare, and employment opportunities.

SITE LAYOUT

The property consists of four buildings with 40 units. These buildings are two-story townhouse units that surround the parking lot. Wagner Road runs perpendicular to the property on its south side.

LAND AREA

1.95 Acres

ZONING

R-3 Multifamily



JURISDICTION AND TAXES

Jurisdiction:	Mobile County
Parcel ID number:	29-07-42-0-001-182
Assessment Ratio:	20.00%
Tax Rate:	6.35%
Tax Year:	2017

BUILDING DESCRIPTION

Year Built:	1959
Total Units	40
Total Rentable SF:	24,000
Average SF:	700
Building Style:	Townhouse
Stairs/Breezeways	N/A
Exterior Materials:	Brick, Asbestos Shingles
Doors	Exterior Solid Core with Metal 6-Panel
Windows:	Single Pane Aluminum
Framing:	Wood
Roof Construction:	Pitched
Roof Covering:	Composition Shingles
Foundation:	Concrete

MECHANICAL/ELECTRICAL/PLUMBING

HVAC:	Gas Furnace, and AC units with 2.5 ton condenser
Water Heater:	40 gallon gas water heater located in kitchen
Electrical:	Aluminum
Plumbing Supply:	Copper
Plumbing Outlet:	Cast Iron
Water Meter:	Master Meter
Fire Protection:	Smoke detectors located in laundry room, kitchen and upstairs hall

UNIT INTERIORS

KITCHENS

Eat-in kitchen with gas stove with vent hood; refrigerator; laminate counters

BATHROOMS

Standard tile / tubs with vanity

COMMUNITY AMENITIES

Onsite Laundry Facility

UTILITY/ SERVICE	PROVIDER	SEPARATELY METERED	RESIDENTS PAY DIRECTLY
Electricity	Alabama Power	Yes	Yes
Gas	Spire Energy	No	No
Water/ Sewer	Mobile Area Water	No	No
Trash	Republic Service	N/A	No
Pest Control	Freeman Pest	N/A	No
Cable TV/ Internet	Comcast	N/A	Yes

FLOOD HAZARD

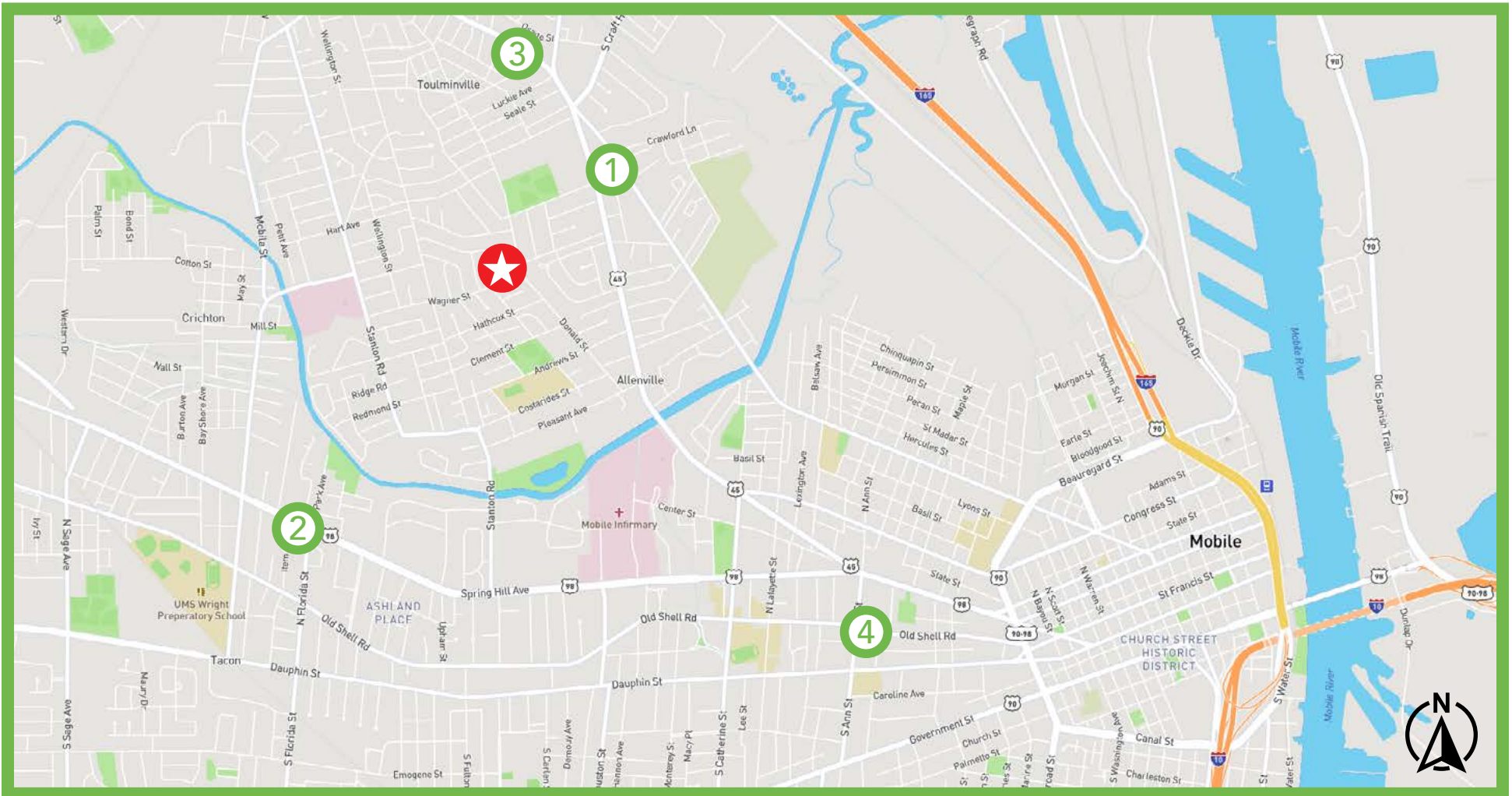
Panel Number:	01097C0554K
Date:	17-Mar-10
Flood Zone:	Zone X
Flood Insurance Required	No



COMPARABLES



RENT COMPARABLES



	Property	Year Built	# Units	Occupancy	Avg. SF	Mkt Rent	Mkt/SF
★	Townhouse Square	1959	40	98%	700	\$644	\$0.92
1	MLK Manor	1997	45	100%	878	\$572	\$0.65
2	Ashland Court	1973	28	93%	786	\$544	\$0.69
3	Oakwood Apartments	1970/2015	40	90%	850	\$495	\$0.58
4	Mauvilla Court	1956	32	94%	859	\$501	\$0.59

★ TOWNHOUSE SQUARE

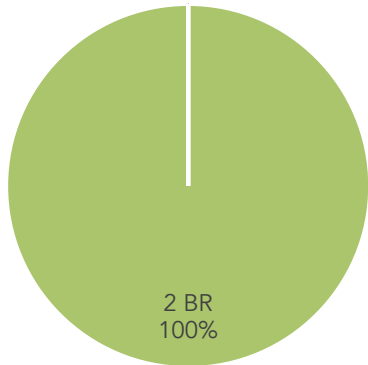


1972 Wagner Street
 Mobile, AL 36617
 Year Built: 1959
 Units: 40
 Occupancy: 98%

Type	Units	SF	Market Rents	Market Rents/SF
2 BR / 1 BA	40	700	\$644	\$0.92
Total/Avg	40	700	\$644	\$0.92

UTILITIES	
TYPE	PAID BY
Electric	Tenant
Water/Sewer	Property
Gas	Property
Trash	Property

UNIT MIX:



① MLK MANOR

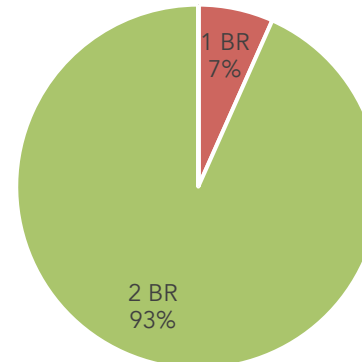


2027-2033 Martin Luther King Ave
 Mobile, AL 36617
 Year Built: 1997
 Units: 45
 Occupancy: 100%

Type	Units	SF	Market Rents	Market Rents/SF
1 BR / 1 BA	3	761	\$520	\$0.68
2 BR / 1 BA	26	884	\$570	\$0.64
2 BR / 1.5 BA [TH]	4	890	\$580	\$0.65
2 BR / 2 BA	12	890	\$585	\$0.66
Total/Avg	45	878	\$572	\$0.65

UTILITIES	
TYPE	PAID BY
Electric	Tenant
Water/Sewer	Tenant
Gas	Tenant
Trash	Property

UNIT MIX:



2 ASHLAND COURT



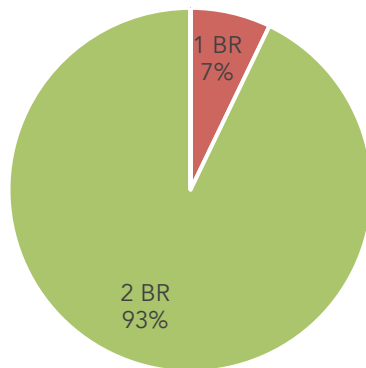
209 N Florida Street
 Mobile, AL 36607
 Year Built: 1973
 Units: 28
 Occupancy: 93%

Type	Units	SF	Market Rents	Market Rents/SF
1 BR / 1 BA	2	600	\$467	\$0.78
2 BR / 1 BA	26	800	\$550	\$0.69
Total/Avg	28	786	\$544	\$0.69

UTILITIES

TYPE	PAID BY
Electric	Tenant
Water/Sewer	Tenant
Gas	Tenant
Trash	Property

UNIT MIX:



3 OAKWOOD APARTMENTS



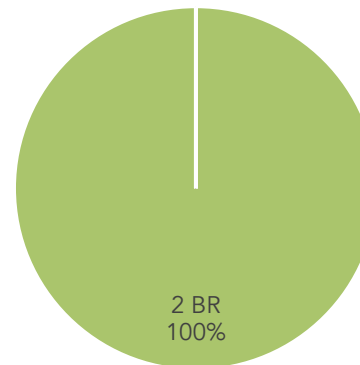
2419 St. Stephens Rd
 Mobile, AL 36617
 Year Built: 1970
 Units: 40
 Occupancy: 90%

Type	Units	SF	Market Rents	Market Rents/SF
2 BR / 1 BA	40	850	\$495	\$0.58
Total/Avg	40	850	\$495	\$0.58

UTILITIES

TYPE	PAID BY
Electric	Tenant
Water/Sewer	Property
Gas	Tenant
Trash	Property

UNIT MIX:



4 MAUVILLA COURT



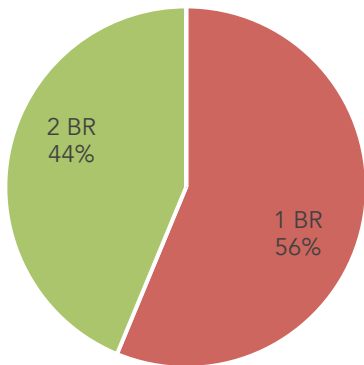
15 N Ann St
 Mobile, AL 36604
 Year Built: 1956
 Units: 32
 Occupancy: 94%

Type	Units	SF	Market Rents	Market Rents/SF
1 BR / 1 BA	18	750	\$475	\$0.63
2 BR / 1 BA	14	1,000	\$535	\$0.54
Total/Avg	32	859	\$501	\$0.59

UTILITIES

TYPE	PAID BY
Electric	Tenant
Water/Sewer	Tenant
Gas	Tenant
Trash	Property

UNIT MIX:



FINANCIALS



PROPERTY OVERVIEW

Townhouse Square

1972 Wagner Street
 Mobile, AL 36617
 Mobile County

Year Built	1959
No. of Units	40
Acres	1.95
Units Per Acre	20.51
Total Sq Ft	28,000
Current Occupancy	98%

UNIT MIX SUMMARY

Type	No. Units	Unit SF	Mkt Rent	PSF
2 BR / 1 BA	40	700	\$644	\$0.92
Total/Avg	40	700	\$644	\$0.92

HAP CONTRACT SUMMARY

PROJECT NUMBER:	AL09M000028
HAP UNITS:	100% (40 units)
EXPIRATION DATE:	August 1, 2034 (Renewed in 2014 for 20 years)
PAYMENT:	Tenant pays 30% of adjusted gross income
COUNTY:	Mobile
CONTRACT ADMINISTRATOR:	Navigate Affordable Housing Partners 500 Office Park Drive, Suite 300 Birmingham, AL 35223

RENT SCHEDULE

TYPE	UNITS	MONTHLY RENT	MONTHLY POTENTIAL	UTILITY ALLOWANCE	GROSS RENT
2BR	40	\$644	\$25,760	\$107	\$751



HISTORICAL & PROFORMA

	December 2015 T-12		December 2016 T-12		December 2017 T-12		Rock Advisors Proforma		Notes
	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	
INCOME									
Rent Revenue	\$59,061	\$1,477	\$58,953	\$1,474	\$54,135	\$1,353	\$55,642	\$1,391	
Tenant Assistance Payments	186,939	4,673	241,447	6,036	252,185	6,305	253,478	6,337	
Scheduled Market Rents (SMR)	\$246,000	\$6,150	\$300,400	\$7,510	\$306,320	\$7,658	\$309,120	\$7,728	
Less: Loss to Lease	-	-	-	-	-	-	-	-	0% of SMR
Gross Potential Rent (GPR)	\$246,000	\$6,150	\$300,400	\$7,510	\$306,320	\$7,658	\$309,120	\$7,728	
Less: Vacancy Loss	(15,977)	(399)	(3,500)	(88)	(5,749)	(144)	(15,456)	(386)	5% of GPR
Less: Concessions	-	-	(171)	(4)	(148)	(4)	-	-	0% of GPR
Less: Credit Loss	(5,582)	(140)	(55)	(1)	(444)	(11)	(773)	(19)	0.25% of GPR
Total Effective Income	\$224,441	\$5,611	\$296,674	\$7,417	\$299,979	\$7,499	\$292,891	\$7,322	
Add: Other Income	2,464	62	5,432	136	3,736	93	4,600	115	Proforma
Add: Laundry Income	-	-	2,316	58	2,460	62	2,800	70	Proforma
Total Income (TI)	\$226,905	\$5,673	\$304,422	\$7,611	\$306,175	\$7,654	\$300,291	\$7,507	
EXPENSES									
Leasing & Advertising	\$664	\$17	\$430	\$11	\$229	\$6	\$1,000	\$25	Proforma
Administrative	6,662	167	9,550	239	17,856	446	14,000	350	Proforma
Water & Sewer	16,735	418	23,206	580	23,104	578	23,120	578	2017
Electric & Gas	20,459	511	25,831	646	25,631	641	25,640	641	2017
Repair & Maintenance	34,911	873	80,015	2,000	74,250	1,856	12,800	320	Market Avg.
Turnkey	-	-	-	-	-	-	12,000	300	Market Avg.
Pest Control & Garbage	2,919	73	3,631	91	4,136	103	4,120	103	2017
Payroll	-	-	13,076	327	18,128	453	18,120	453	2017
Grounds	-	-	-	-	-	-	3,000	75	Proforma
Total Controllable Expenses	\$82,350	\$2,059	\$155,739	\$3,893	\$163,334	\$4,083	\$113,800	\$2,845	
Management Fee	13,727	343	18,003	450	18,184	455	17,573	439	6% of EI
Taxes	9,698	242	10,673	267	14,688	367	14,688	367	Actual
Insurance	27,206	680	19,761	494	18,663	467	18,680	467	2017
Total Operating Expenses	\$132,981	\$3,325	\$204,176	\$5,104	\$214,869	\$5,372	\$164,741	\$4,119	
Replacement Reserves	12,000	300	12,000	300	12,000	300	12,000	300	\$300 Per Unit
Total Expenses	\$144,981	\$3,625	\$216,176	\$5,404	\$226,869	\$5,672	\$176,741	\$4,419	
NET OPERATING INCOME (NOI)	\$81,924	\$2,048	\$88,246	\$2,206	\$79,306	\$1,983	\$123,550	\$3,089	

WHO WE ARE



INDEPENDENT FIRM WITH INSTITUTIONAL RESOURCES

Rock, uniquely positioned as the Southeast's premier independent multifamily brokerage firm, has provided exceptional service to its clients since 2003. We operate a specialized boutique firm focused on consulting relationships with our clients. We are not just another satellite office merged into a national platform focused on transactional volume to cover overhead. We provide unbiased, honest advisory service through a process that translates into tangible value for our clients both local and institutional.



MARKET KNOWLEDGE

Due to our singular focus on the apartment sector and our innovative team approach, we are able to effectively compile relevant market data and collectively understand multi-family markets better than other commercial real estate firms. We leverage our market knowledge to service and benefit our clients.



EXPERIENCE

Rock's talented team has brokered apartment transactions exceeding \$2 Billion in total sales since its inception in 2003. Our team understands how to position properties for sale and match the correct buyer and capital source for the seller to realize its exit strategy.



TEAM APPROACH

Rock approaches the multifamily brokerage business with a unique team model – collectively working on each transaction. Each team member contributes to and is engaged in every disposition assignment.

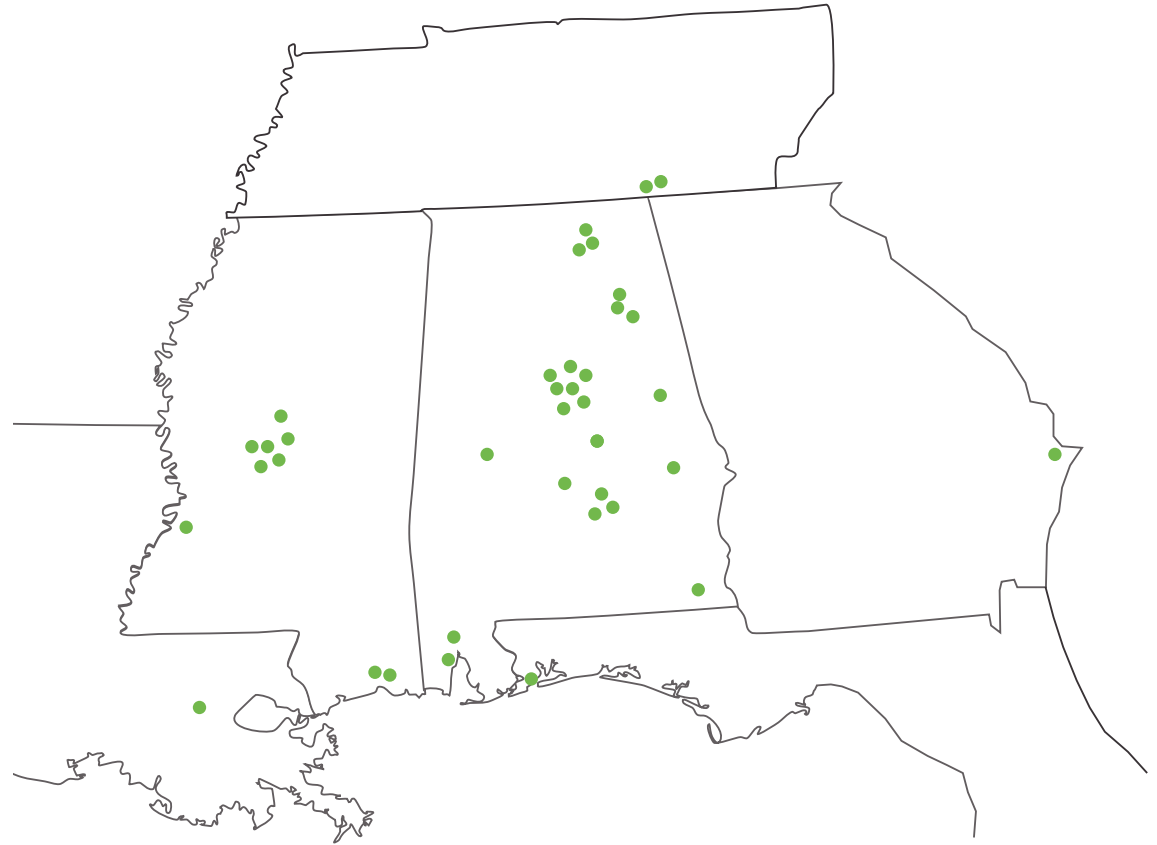


INTEGRITY

Each team member at Rock engages in the brokerage business with honesty and integrity. We seek to provide realistic and practical assessments of property value, not merely induce owners into signing listing agreements based on unreasonable expectations.

RECENT TRANSACTIONS

LOCATION	UNITS	STATUS
Savannah, GA	32	Under Contract
Foley, AL	60	Closed
Sylacauga, AL	80	Closed
Jackson, MS	399	Closed
Gadsden, AL	248	Closed
Jackson, MS	144	Closed
Huntsville, AL	100	Closed
Pensacola, FL	218	Closed
Ridgeland, MS	316	Closed
Jackson, MS	80	Closed
Birmingham, AL	114	Closed
Biloxi, MS	257	Closed
Birmingham, AL	193	Closed
Birmingham, AL	87	Closed
Birmingham, AL	168	Closed
Huntsville, AL	65	Closed
Selma, AL	36	Closed
Montgomery, AL	35	Closed
Birmingham, AL	153	Closed
Birmingham, AL	36	Closed
Baton Rouge, LA	328	Closed
Montgomery, AL	56	Closed
Auburn, AL	214	Closed
Huntsville, AL	336	Closed
Anniston, AL	200	Closed
Birmingham, AL	30	Closed
Biloxi, MS	240	Closed
Dothan, AL	160	Closed
Jackson, MS	280	Closed
Tuscaloosa, AL	244	Closed
Mobile, AL	152	Closed
Gadsden, AL	100	Closed
Natchez, MS	80	Closed
Montgomery, AL	277	Closed
Jackson, MS	528	Closed
Saraland, AL	192	Closed



OVER \$2 BILLION IN SALES



ROCK

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