



## 15 UNIT - WALNUT STREET APARTMENTS

3712 - 3720 Walnut Street • Harrisburg, PA 17109  
(Jonestown Rd)





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15 UNIT - WALNUT STREET APARTMENTS  
Harrisburg, PA  
ACT ID ZAA0300536

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# INVESTMENT OVERVIEW



## EXECUTIVE SUMMARY

VITAL DATA				
Price	\$1,575,000		CURRENT	YEAR 1
Down Payment	25% / \$393,750	CAP Rate	7%	7.14%
Loan Amount	\$1,181,250	GRM	12.50	11.63
Loan Type	Proposed New	Net Operating Income	\$110,288	\$112,412
Interest Rate / Amortization	3.75% / 30 Years	Net Cash Flow After Debt Service	16.76% / \$65,992	17.30% / \$68,115
Price/Unit	\$105,000	Total Return	16.76% / \$65,992	22.82% / \$89,836
Price/SF	\$197.52			
Number of Units	15			
Rentable Square Feet	7,974			
Number of Buildings	2			
Number of Stories	3			
Year Built / Renovated	1988 -1999 – Renov. 2013			
Lot Size	1.07 acre(s)			

UNIT MIX		
NUMBER OF UNITS	UNIT TYPE	APPROX. SQUARE FEET
4	1 Bedroom	673
11	Studio	480
15	Total	7,974



## MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES
Airgas	12,601
Upmc Pinnacle	4,638
Rite Aid	3,637
Human Services PA Dept	3,013
Administration Office	2,500
Harrisburg Hospital	2,301
American Educational Svcs Corp	2,300
Fedloan Servicing	2,150
House Representatives PA	2,074
BB&T	2,035
Medical Center of Harrisburg	2,000
PA Dept Transportation	2,000

## DEMOGRAPHICS

	1-Miles	3-Miles	5-Miles
2018 Estimate Pop	12,681	87,713	177,923
2010 Census Pop	12,613	85,963	172,819
2018 Estimate HH	5,807	36,243	75,923
2010 Census HH	5,734	35,299	73,276
Median HH Income	\$54,941	\$51,567	\$55,112
Per Capita Income	\$29,582	\$27,321	\$30,629
Average HH Income	\$64,442	\$65,285	\$71,200

## INVESTMENT OVERVIEW

Marcus and Millichap is pleased to exclusively present for sale to qualified investors: 3712 - 3720 Walnut Street, Harrisburg, PA.

The Subject Offering consists of: Two residential apartment buildings, Garage rents, and a Car Lot Ground Lease  
(Ground lease can be extended long term and/or can be utilized by the new owner)

There are a total of 15 units: Four (4) one bedrooms & Eleven (11) Studio Apartments – All units have been recent upgraded and/or renovated.

The subject property sits on a total of: 1.07 Acres – Located on the highly visible, highly trafficked retail corridor of Jonestown Rd. in Harrisburg, PA.  
(Progress/Colonial Park Sub-Market)

Ownership will enjoy having a low vacancy factor, eases of re-leasing, and minimal time spent “turning-units” due to the sheer amount of traffic passing the subject property on a daily basis. (Anticipated turn-around time for releasing is 2-3 weeks on average) – w/ higher rents.

The property has a very high walkability score and is ideally located close to many of the major local amenities and local business – which is modeled for the current tenant mix.

The Subject property’s rents are well below market – giving new ownership the ability to increase rents within a very short period of time. The local population is expected to grow 3% over the next 4 years and household income is expected to grow by 2.8%. Market Rents have increased by 5.0%

## INVESTMENT HIGHLIGHTS

- Fully Renovated w/ Newer Roof
- Ideally located within the local sub-market
- Turn Key Management In-place
- Below Market Rents
- Additional Income from Land Lease and Garage Rents



**IMPROVEMENT(S)****3712 - 3718**

A new roof with new sheeting was done in the fall of 2012.

Brand new replacement windows were installed in 2010.

New main electric service with the Car lot, 3716, Apartment #1 and #2 being totally rewired and new panels installed Completed Spring 2013.

Apartment #1 has new plumbing, kitchen, and bathroom Completed April 2013.

Apartment #2 rewired with a new panel in March 2013, New Bathroom in 2008.

Apartment #3 (3716) was redone in 2007, New Kitchen Flooring in 2010.

Units at 3716 3718 are gas heat, hot water and cooking.

The tenants pay for their own gas and electric.

Landlords cost is water, sewer, trash and common area electric.

Motion lighting surrounds the building.

**3720**

Apartments #1 and #9 were refinished in 2010.

Apartments #2 - #8 were refinished in 2007

All units were finished with New Kitchens, Electrical Wiring and Plumbing.

These units are all electric based units which are paid by the tenants.

All units have central air and most have 12 ft. high ceilings.

All walls are double 5/8 fire-shield drywall.



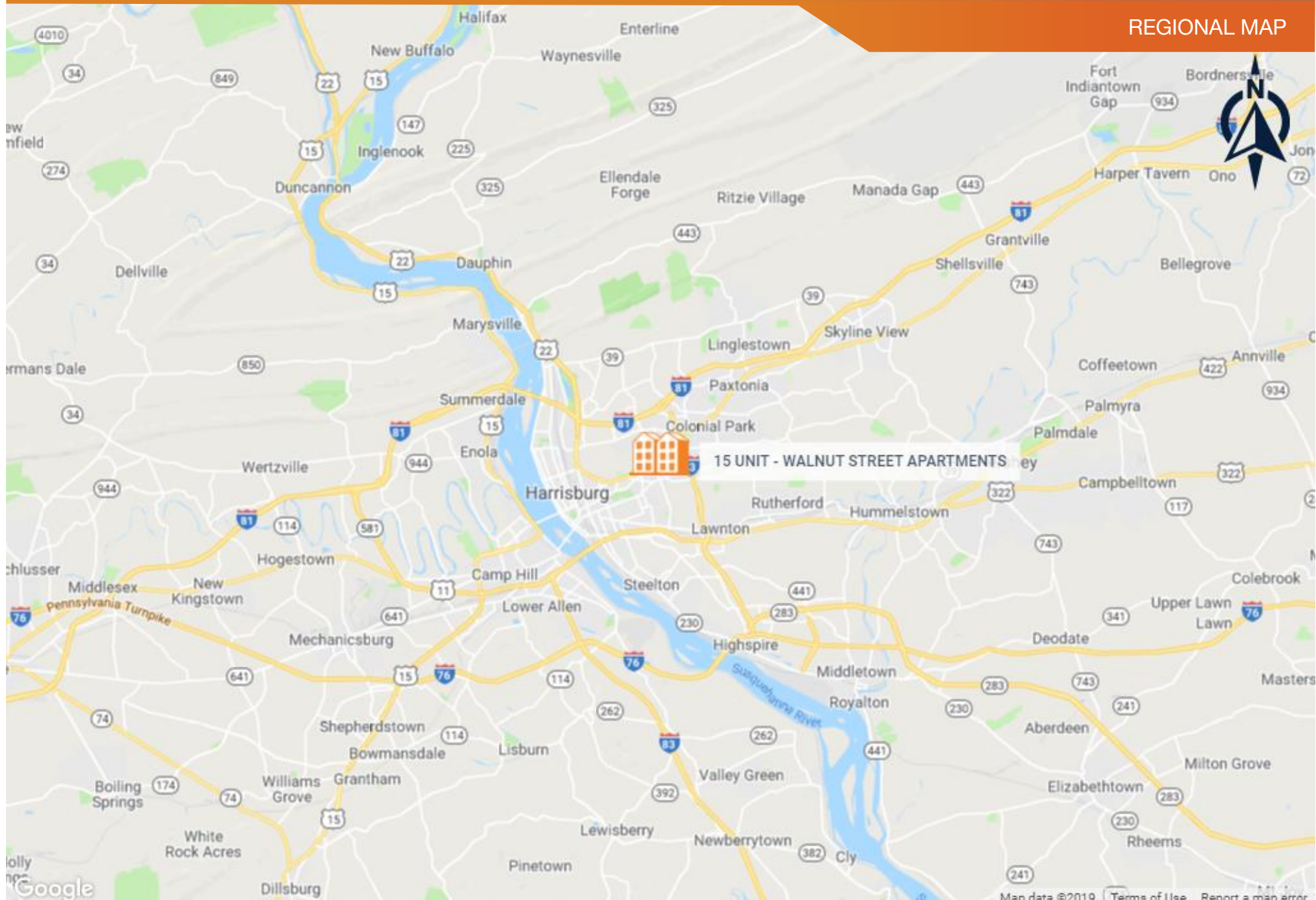


## PROPERTY SUMMARY

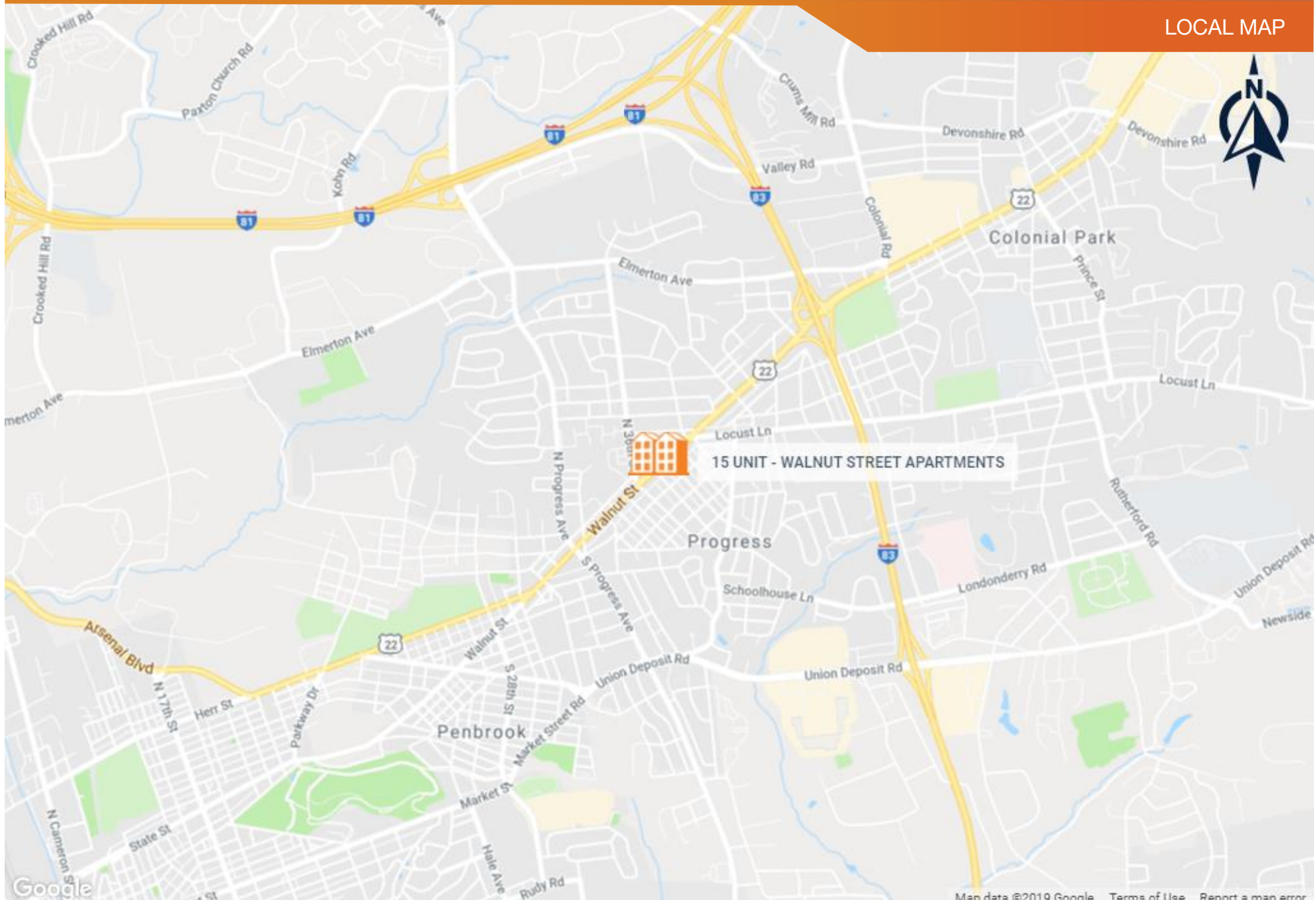
THE OFFERING	
Property	15 Unit - Walnut Street Apartments
Price	\$1,575,000
Property Address	3712 - 3720 Walnut Street, Harrisburg, PA
Assessors Parcel Number	62-034-019
Zoning	Commercial Res.
SITE DESCRIPTION	
Number of Units	15
Number of Buildings	2
Number of Stories	3
Year Built/Renovated	1999 / 2013
Rentable Square Feet	7410
Lot Size	1.07
Type of Ownership	Fee Simple
Density	.16
Landscaping	Limited
Topography	Flat
UTILITIES	
Water	Public
Phone	Yes
Electric	PP&L
Gas	UGI
CONSTRUCTION	
Foundation	Concrete
Framing	Wood
Exterior	Vinyl
Parking Surface	Stone
Roof	30 Yr Architectural
MECHANICAL	
HVAC	Updated/Upgraded
Wiring	Updated

PROPOSED FINANCING	
First Trust Deed	
Loan Amount	\$1,181,250
Loan Type	Proposed New
Interest Rate	3.75%
Amortization	30 Years
Loan Term	10 Years
Loan to Value	75%
Debt Coverage Ratio	2.49

























Marcus & Millichap closes  
more transactions than any other  
brokerage firm.





# FINANCIAL ANALYSIS



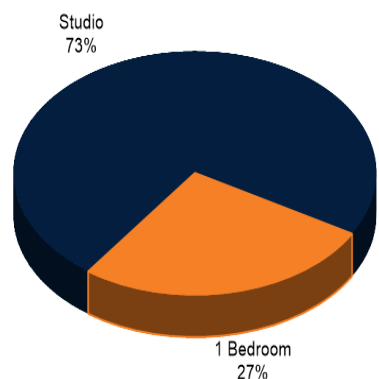
## RENT ROLL SUMMARY

As of October, 2019

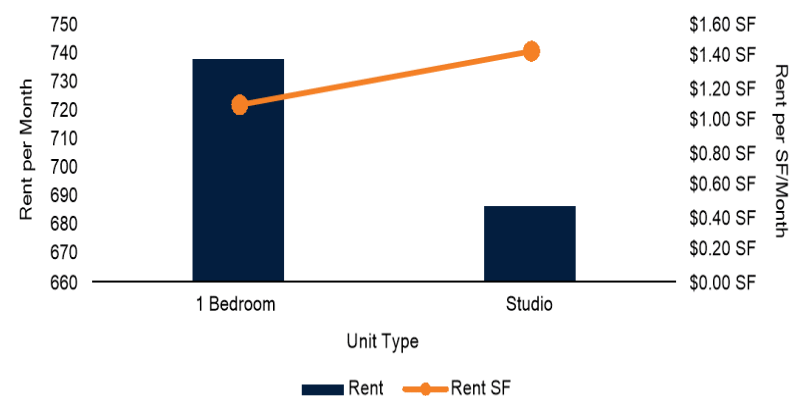
Unit Type	# of Units	Avg Sq Feet	Rental Range	Scheduled			Potential		
				Average Rent	Average Rent / SF	Monthly Income	Average Rent	Average Rent / SF	Monthly Income
1 Bed/1 Bathroom	4	673	\$650 - \$800	\$738	\$1.10	\$2,950	\$844	\$1.25	\$3,375
Studio	11	480	\$615 - \$800	\$686	\$1.43	\$7,550	\$780	\$1.62	\$8,575
<b>Totals/Weighted Averages</b>	<b>15</b>	<b>532</b>		<b>\$700</b>	<b>\$1.32</b>	<b>\$10,500</b>	<b>\$797</b>	<b>\$1.50</b>	<b>\$11,950</b>
<b>Gross Annualized Rents</b>				<b>\$126,000</b>			<b>\$143,400</b>		

Notes:

Unit Distribution



Unit Rent





## RENT ROLL DETAIL

As of October, 2019

Unit	Unit Type	Square Feet	Current Rent / Month	Current Rent / SF/ Month	Scheduled Rent / Month	Scheduled Rent / SF/ Month
A-1	Studio	385	\$775	\$2.01	\$775	\$2.01
A-2	1 Bed/1 Bathroom	700	\$650	\$0.93	\$650	\$0.93
A-3	Studio	385	\$675	\$1.75	\$675	\$1.75
A-1	Studio	385	\$615	\$1.60	\$615	\$1.60
A-2	1 Bed/1 Bathroom	700	\$750	\$1.07	\$750	\$1.07
A-3	1 Bed/1 Bathroom	425	\$750	\$1.76	\$750	\$1.76
A-1	Studio	865	\$615	\$0.71	\$615	\$0.71
A-2	Studio	864	\$800	\$0.93	\$800	\$0.93
A-3	Studio	400	\$800	\$2.00	\$800	\$2.00
A-4	Studio	400	\$625	\$1.56	\$625	\$1.56
A-5	Studio	384	\$670	\$1.74	\$670	\$1.74
A-6	Studio	384	\$650	\$1.69	\$650	\$1.69
A-7	Studio	384	\$650	\$1.69	\$650	\$1.69
A-8	Studio	448	\$675	\$1.51	\$675	\$1.51
A-9	1 Bed/1 Bathroom	865	\$800	\$0.92	\$800	\$0.92
<b>Total</b>		<b>7,974</b>	<b>\$10,500</b>	<b>\$1.32</b>	<b>\$10,500</b>	<b>\$1.32</b>

## OPERATING STATEMENT

Income	Current		Year 1		Notes	Per Unit	Per SF
Gross Potential Rent	143,400		146,268			9,751	18.34
Loss / Gain to Lease	(17,400)	12.1%	(10,824)	7.4%		(722)	(1.36)
Gross Scheduled Rent	126,000		135,444			9,030	16.99
Economic Vacancy							
Economic Vacancy		0.0%	(6,772)	5.0%		(451)	(0.85)
Total Vacancy	\$0	0.0%	(\$6,772)	5.0%		(\$451)	(\$1)
Economic Occupancy	100.00%		95.00%				
Effective Rental Income	126,000		128,672			8,578	16.14
Other Income							
Car Lot Lease	20,376		20,376			1,358	2.56
Garage Fees	1,800		1,800			120	0.23
Total Other Income	\$22,176		\$22,176			\$1,478	\$2.78
Effective Gross Income	\$148,176		\$150,848			\$10,057	\$18.92

Expenses	Current		Year 1		Notes	Per Unit	Per SF
Real Estate Taxes	13,229		13,500			900	1.69
Insurance	5,000		5,000			333	0.63
Utilities - Electric - Common	360		360			24	0.05
Utilities - Water	1,080		1,100			73	0.14
Utilities - Sewer	2,700		2,725			182	0.34
Trash	1,728		1,800			120	0.23
Lawn/Snow	2,400		2,400			160	0.30
Repair and Maintenance	2,500		2,500			167	0.31
Management Fee	8,891	6.0%	9,051	6.0%	[3]	603	1.14
Total Expenses	\$37,888		\$38,436			\$2,562	\$4.82
Expenses as % of EGI	25.6%		25.5%				
Net Operating Income	\$110,288		\$112,412			\$7,494	\$14.10

Notes and assumptions to the above analysis are on the following page.

## PRICING DETAIL

Summary		
Price	\$1,575,000	
Down Payment	\$393,750	25%
Number of Units	15	
Price Per Unit	\$105,000	
Price Per SqFt	\$197.52	
Rentable SqFt	7,974	
Lot Size	1.07 Acres	
Approx. Year Built	1999	

Returns	Current	Year 1
<b>CAP Rate</b>	<b>7.00%</b>	<b>7.14%</b>
GRM	12.50	11.63
Cash-on-Cash	16.76%	17.30%
Debt Coverage Ratio	2.49	2.54

Financing	1st Loan
Loan Amount	\$1,181,250
Loan Type	New
Interest Rate	3.75%
Amortization	30 Years
Year Due	2029

Loan information is subject to change. Contact your Marcus & Millichap Capital Corporation representative.

# Of Units	Unit Type	SqFt/Unit	Scheduled Rents	Market Rents
4	1 Bedroom	673	\$738	\$844
11	Studio	480	\$686	\$780

## Operating Data

Income		Current		Year 1
<b>Gross Scheduled Rent</b>		<b>\$126,000</b>		<b>\$135,444</b>
Less: Vacancy/Deductions	0.0%	\$0	5.0%	\$6,772
Total Effective Rental Income		\$126,000		\$128,672
Other Income		\$22,176		\$22,176
Effective Gross Income		\$148,176		\$150,848
Less: Expenses	25.6%	\$37,888	25.5%	\$38,436
<b>Net Operating Income</b>		<b>\$110,288</b>		<b>\$112,412</b>
Cash Flow		\$110,288		\$112,412
Debt Service		\$44,297		\$44,297
Net Cash Flow After Debt Service	16.76%	\$65,992	17.30%	\$68,115
Principal Reduction		\$0		\$21,721
<b>Total Return</b>	<b>16.76%</b>	<b>\$65,992</b>	<b>22.82%</b>	<b>\$89,836</b>

Expenses	Current	Year 1
Real Estate Taxes	\$13,229	\$13,500
Insurance	\$5,000	\$5,000
Utilities - Electric - Common	\$360	\$360
Utilities - Water	\$1,080	\$1,100
Utilities - Sewer	\$2,700	\$2,725
Trash	\$1,728	\$1,800
Lawn/Snow	\$2,400	\$2,400
Repair and Maintenance	\$2,500	\$2,500
Management Fee	\$8,891	\$9,051
<b>Total Expenses</b>	<b>\$37,888</b>	<b>\$38,436</b>
Expenses/Unit	\$2,526	\$2,562
Expenses/SF	\$4.75	\$4.82



## MARCUS & MILLICHAP CAPITAL CORPORATION CAPABILITIES

MMCC—our fully integrated, dedicated financing arm—is committed to providing superior capital market expertise, precisely managed execution, and unparalleled access to capital sources providing the most competitive rates and terms.

We leverage our prominent capital market relationships with commercial banks, life insurance companies, CMBS, private and public debt/equity funds, Fannie Mae, Freddie Mac and HUD to provide our clients with the greatest range of financing options.

Our dedicated, knowledgeable experts understand the challenges of financing and work tirelessly to resolve all potential issues to the benefit of our clients.



Closed 1,678  
debt and equity  
financings  
in 2018



National platform  
operating  
within the firm's  
brokerage offices



\$6.24 billion  
total national  
volume in 2018



Access to more  
capital sources  
than any other  
firm in the  
industry

## WHY MMCC?

Optimum financing solutions to enhance value

Our ability to enhance buyer pool by expanding finance options

Our ability to enhance seller control

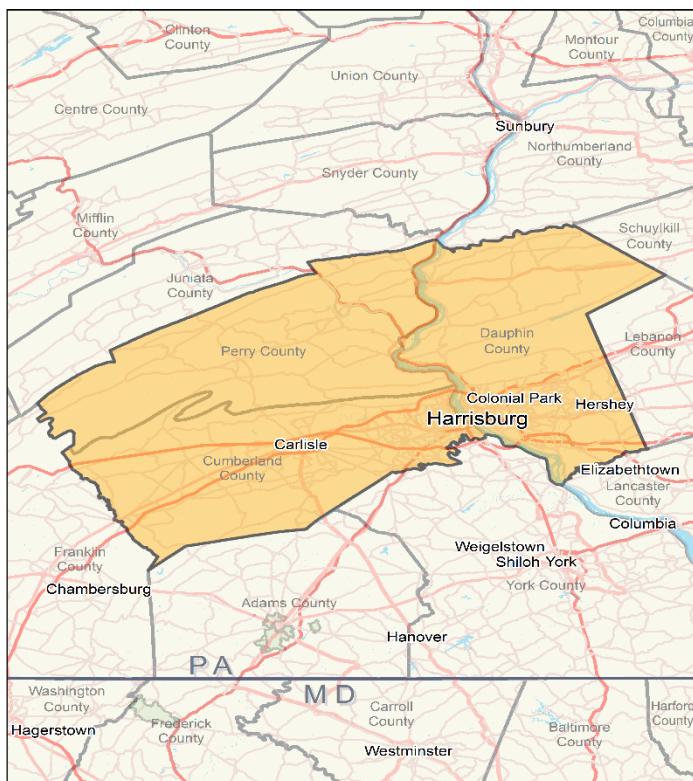
- Through buyer qualification support
- Our ability to manage buyers finance expectations
- Ability to monitor and manage buyer/lender progress, insuring timely, predictable closings
- By relying on a world class set of debt/equity sources and presenting a tightly underwritten credit file

# MARKET OVERVIEW



## HARRISBURG OVERVIEW

Located in the Susquehanna Valley, the Harrisburg metro of Pennsylvania consists of the counties of Perry, Cumberland and Dauphin. It is anchored by the cities of Harrisburg and Carlisle. The area is home to the state capitol in Harrisburg and various federal employers and military bases, making government a major employment sector. The community is also home to the Hershey Chocolate Co., which makes the well-known Hershey Bar and Hershey's Kisses.



### METRO HIGHLIGHTS



#### GOVERNMENT PRESENCE

A strong government presence includes the Ronald Reagan Federal Building and the state capitol in Harrisburg.



#### DIVERSE EMPLOYMENT BASE

The metro includes nearly 50,000 diverse businesses, with large corporations based or operating locally such as IBM and Hershey Foods.



#### MILITARY PRESENCE

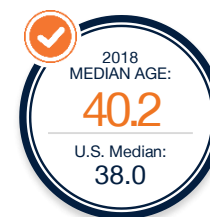
Various military bases in the area include the Naval Supply Systems Command, Harrisburg Air Guard Base, Fort Indiantown Gap and Carlisle Barracks.



### ECONOMY

- Harrisburg's downtown is a vibrant atmosphere of entertainment, retail and museums. The area houses government operations, SoMa South of Market District redevelopment area with museums and a retail area in Strawberry Square, and the Shops On Third.
- Harrisburg Area Community College and Harrisburg University of Science and Technology are among the institutions of higher education that provide a skilled employment base.
- Employers represent industries such as service, healthcare, technology, biotechnology and government. Large firms include Giant Food Stores, Penn State Hershey Medical Center, Hershey Entertainment and Resorts, the Hershey Co., Highmark and TE Connectivity.

### DEMOGRAPHICS



\* Forecast

Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau



Created on October 2019

POPULATION	1 Miles	3 Miles	5 Miles
■ 2023 Projection			
Total Population	12,553	87,806	180,798
■ 2018 Estimate			
Total Population	12,681	87,713	177,923
■ 2010 Census			
Total Population	12,613	85,963	172,819
■ 2000 Census			
Total Population	12,471	84,407	165,004
■ Daytime Population			
2018 Estimate	15,630	122,554	251,422
HOUSEHOLDS	1 Miles	3 Miles	5 Miles
■ 2023 Projection			
Total Households	5,780	36,758	78,195
■ 2018 Estimate			
Total Households	5,807	36,243	75,923
Average (Mean) Household Size	2.18	2.35	2.30
■ 2010 Census			
Total Households	5,734	35,299	73,276
■ 2000 Census			
Total Households	5,650	34,481	69,112
Growth 2015-2020	-0.46%	1.42%	2.99%
HOUSING UNITS	1 Miles	3 Miles	5 Miles
■ Occupied Units			
2023 Projection	5,780	36,758	78,195
2018 Estimate	6,134	39,844	82,357
Owner Occupied	3,072	19,384	43,089
Renter Occupied	2,735	16,859	32,834
Vacant	327	3,600	6,434
■ Persons In Units			
2018 Estimate Total Occupied Units	5,807	36,243	75,923
1 Person Units	37.44%	34.17%	34.84%
2 Person Units	32.79%	31.34%	32.09%
3 Person Units	14.26%	15.19%	14.70%
4 Person Units	8.95%	10.69%	10.66%
5 Person Units	4.41%	5.02%	4.68%
6+ Person Units	2.17%	3.58%	3.04%

HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
■ 2018 Estimate			
\$200,000 or More	1.15%	2.11%	3.10%
\$150,000 - \$199,000	3.32%	3.00%	3.93%
\$100,000 - \$149,000	11.89%	11.83%	12.74%
\$75,000 - \$99,999	14.87%	13.73%	13.62%
\$50,000 - \$74,999	22.78%	20.60%	20.70%
\$35,000 - \$49,999	14.85%	14.88%	14.13%
\$25,000 - \$34,999	12.29%	12.03%	10.90%
\$15,000 - \$24,999	10.02%	9.87%	9.49%
Under \$15,000	8.81%	11.94%	11.39%
Average Household Income	\$64,442	\$65,285	\$71,200
Median Household Income	\$54,941	\$51,567	\$55,112
Per Capita Income	\$29,582	\$27,321	\$30,629
POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population By Age			
2018 Estimate Total Population	12,681	87,713	177,923
Under 20	22.81%	25.36%	24.09%
20 to 34 Years	22.89%	22.39%	22.04%
35 to 39 Years	6.66%	6.34%	6.51%
40 to 49 Years	11.94%	11.98%	12.05%
50 to 64 Years	20.07%	19.44%	20.37%
Age 65+	15.61%	14.52%	14.94%
Median Age	38.13	36.70	37.89
■ Population 25+ by Education Level			
2018 Estimate Population Age 25+	8,941	59,307	123,545
Elementary (0-8)	1.16%	2.64%	2.25%
Some High School (9-11)	6.86%	9.52%	8.13%
High School Graduate (12)	33.35%	34.44%	32.87%
Some College (13-15)	19.80%	18.54%	18.07%
Associate Degree Only	10.84%	9.26%	8.95%
Bachelors Degree Only	18.10%	15.95%	18.66%
Graduate Degree	8.61%	8.36%	9.88%
■ Population by Gender			
2018 Estimate Total Population	12,681	87,713	177,923
Male Population	47.14%	47.87%	48.28%
Female Population	52.86%	52.13%	51.72%

Source: © 2018 Experian



### Population

In 2018, the population in your selected geography is 12,681. The population has changed by 1.68% since 2000. It is estimated that the population in your area will be 12,553.00 five years from now, which represents a change of -1.01% from the current year. The current population is 47.14% male and 52.86% female. The median age of the population in your area is 38.13, compare this to the US average which is 37.95. The population density in your area is 4,030.26 people per square mile.



### Households

There are currently 5,807 households in your selected geography. The number of households has changed by 2.78% since 2000. It is estimated that the number of households in your area will be 5,780 five years from now, which represents a change of -0.46% from the current year. The average household size in your area is 2.18 persons.



### Income

In 2018, the median household income for your selected geography is \$54,941, compare this to the US average which is currently \$58,754. The median household income for your area has changed by 39.77% since 2000. It is estimated that the median household income in your area will be \$63,277 five years from now, which represents a change of 15.17% from the current year.

The current year per capita income in your area is \$29,582, compare this to the US average, which is \$32,356. The current year average household income in your area is \$64,442, compare this to the US average which is \$84,609.



### Race and Ethnicity

The current year racial makeup of your selected area is as follows: 57.02% White, 28.29% Black, 0.03% Native American and 5.21% Asian/Pacific Islander. Compare these to US averages which are: 70.20% White, 12.89% Black, 0.19% Native American and 5.59% Asian/Pacific Islander. People of Hispanic origin are counted independently of race.

People of Hispanic origin make up 10.75% of the current year population in your selected area. Compare this to the US average of 18.01%.



### Housing

The median housing value in your area was \$150,369 in 2018, compare this to the US average of \$201,842. In 2000, there were 3,327 owner occupied housing units in your area and there were 2,323 renter occupied housing units in your area. The median rent at the time was \$530.



### Employment

In 2018, there are 8,338 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 69.02% of employees are employed in white-collar occupations in this geography, and 31.00% are employed in blue-collar occupations. In 2018, unemployment in this area is 4.76%. In 2000, the average time traveled to work was 21.00 minutes.

