



East Bay Village Apartments
1877 West Parkway | Essexville, Michigan

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The Owner expressly reserved the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions with any entity at any time with or without notice which may arise as a result of review of this Memorandum. The Owner shall have no legal commitment or obligation to any entity reviewing this Memorandum or making an offer to purchase the Property unless and until written agreement(s) for the purchase of the Property have been fully executed, delivered and approved by the Owner and any conditions to the Owner's obligations therein have been satisfied or waived.

By receipt of this Memorandum, you agree that this Memorandum and its contents are of a confidential nature, that you will hold and treat it in the strictest confidence and that you will not disclose this Memorandum or any of its contents to any other entity without the prior written authorization of the Owner or CBRE, Inc. You also agree that you will not use this Memorandum or any of its contents in any manner detrimental to the interest of the Owner or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return this Memorandum to CBRE, Inc.

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Executive Summary
CBRE

INVESTMENT HIGHLIGHTS

Great Historical Occupancy

Currently 92 percent occupied

East Bay Apartments Provide Excellent Amenities

Amenities include recreational club, fitness center, heated swimming pool, playground, storage as well as private patios/balconies.

Consists of a Variety of Units

Complex consists of:

- 42% of two bedroom apartments
- 27% one bedroom units
- 21% of two bedroom townhome units
- 10% of three bedroom townhome units

Recent Capital Improvements

No original roofs remain on the property; most recent roof replacements were made between 2011-2014. Parking lots were redone in 2013 & 2014 and HVAC units have been replaced as needed.

Recent Appraisal

The property was recently appraised near value ensuring an accurate asking price.

Less Than Two Miles from the Bay Regional Medical Center

The property is less than two miles from the Bay Regional Medical Center, a general medical and surgical hospital accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF) with 338 beds.



THE OFFERING

CBRE, Inc. has been retained by current ownership as the exclusive marketing advisor for the disposition of the East Bay Village Apartments located at 1877 West Eastbay Parkway, Essexville (Hampton Township), Michigan.

INVESTMENT OVERVIEW

The East Bay Village Apartments consist of 208 garden-style units within two-story buildings located on a total of 15.48 acres. The complex is comprised of 56 (27 percent) one-bedroom, one-bathroom units totaling 770 square feet and 88 (42 percent) two-bedroom, one-bathroom apartment units consisting of 920 square feet. The complex also has 44 (21 percent) two-bedroom, 1.5-bathroom townhome units totaling 1,020 square feet and 20 (10 percent) three-bedroom, 1.5-bathroom townhome units totaling 1,100 square feet. All townhome units include unfinished basements and most include hard wood floors. Recent capital improvements have been made to the property including replacement of HVAC units as needed, no original roofs remain with the most recent replacements taking place between 2011-2014 and the parking lots were recently redone in 2013 & 2014. The property is currently 92 percent occupied. A recent appraisal on the property placed it near value. The tenants are responsible for all utilities (tenant is to reimburse landlord for trash, water/sewer, and gas). The current ownership is not offering any concessions at this time.

The subject property is located in Essexville (Hampton Township) and is outside of Bay City, Michigan. Bay City is located near the Saginaw Bay at the juncture of two major freeways: U.S. 10 and I-75. The city is approximately 120 miles north of Detroit and the largest municipality in Bay County. Bay City has a broad economic base supported by such well-known companies as SC Johnson, General Motors Powertrain, Dow Corning Corp. (1,271 employees) and S.C. Johnson Inc. Local companies include Michigan Sugar Co. (Big

Chief Sugar/Pioneer Sugar) (1,152 employees) and McLaren Bay Region (1,748 employees). Delta College (1,000 employees) and Saginaw Valley State University, in addition to providing educational opportunities, are also substantial employers in the community.

OFFERING SUMMARY

The East Bay Village Apartments are being offered at \$8,100,000 or \$38,942 per unit and a cap rate of 7.53 percent. Current figures are based on in place income and actual 2012-2013 expenses as well as the October, 2014 Trailing 12 Month Statements.



PROPERTY SUMMARY

	CAP RATE	PRICE PER UNIT
ASKING PRICE \$8,100,000	7.53%	\$38,942

PROPERTY: East Bay Village Apartments
1877 West Eastbay Parkway
Essexville, Michigan 48732

COUNTY: Bay County

PARCEL NUMBER: 070-026-100-045-00 and
070-026-100-050-00

**BUILDING SIZE /
LAND AREA:** 190,960 SF / 15.48 Acres

OCCUPANCY/UNITS: 92% with 208 Units

**YEAR BUILT /
RENOVATED:** 1972



ZONING: R-3, High Density Residential

NUMBER OF FLOORS: Two, with unfinished basements

PARKING: Asphalt Paved; Redone in 2013
& 2014

FRONTAGE: Along West Eastbay Parkway

EXTERIOR WALLS: Brick Veneer with Siding

ROOF: Shingled Roofs; No original
roofs on property. Most recent
replacements between 2011-
2014.

STRUCTURE: Wood Framing

FOUNDATION: Masonry

HVAC: Individual Units; 75% original
units and 25% replaced as
needed

Photos



Photos



Interior Photos





Market Overview

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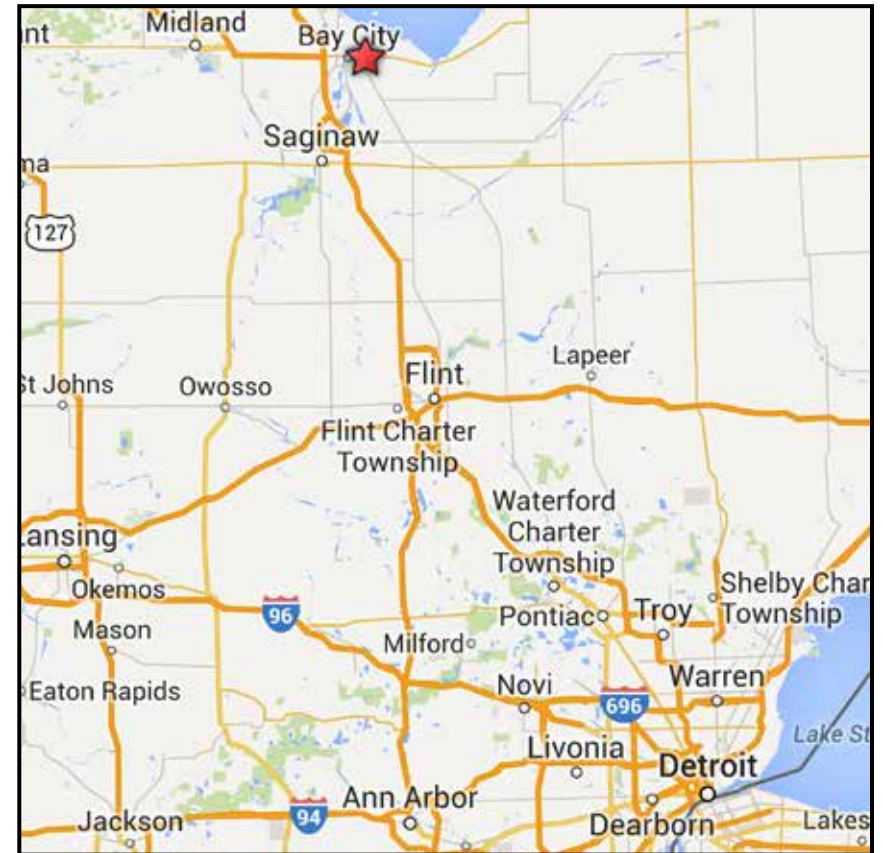
PROPERTY SUMMARY

Area Overview

The East Bay Village Apartments are located south of Center Avenue and east of Scheumann Road with close access to Tuscola Road. The subject property is close to the Bay Regional Medical Center's main campus which is a 338-bed medical and surgical hospital.

City of Essexville, Michigan

Essexville is located in eastern Bay City, located along the Saginaw River. The Bay City area is located near the Saginaw Bay at the juncture of two major freeways, U.S. 10 and I-75. The city is a major recreation and entertainment center located approximately 120 miles north of Detroit and 50 miles north of Flint. As the county seat and largest municipality in Bay County, Bay City has been a center of commerce, industry, government and culture. The area has a broad economic base supported by such well-known companies as General Motors Corporation/Powertrain, Dow Corning Corporation, S. C. Johnson Inc. and DowBrands. Local companies include Monitor Sugar Company (Big Chief Sugar) and Bay Medical Center. Delta College and Saginaw Valley State University, in addition to providing educational opportunities, are also substantial employers in the community.



Bay County

Bay County is included in the Bay City Metropolitan Statistical Area. I-75 and U.S. 23, which are the same within the county, are the major north-south route. North of Bay City, M-13 follows a parallel route a few miles to the east. US 10 has its eastern terminus in Bay City. M-25, M-15 and M-84 enter Bay City from the east, southeast and southwest respectively and terminate in or near the city. Bay County is considered to be part of the Flint/Tri-Cities region.

SURROUNDING AREA OVERVIEW



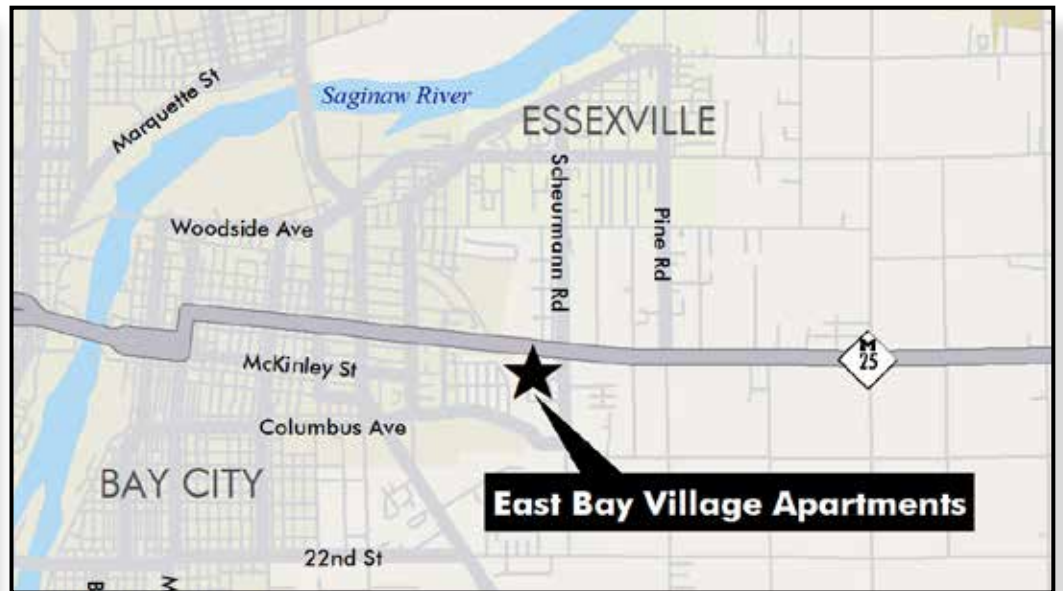
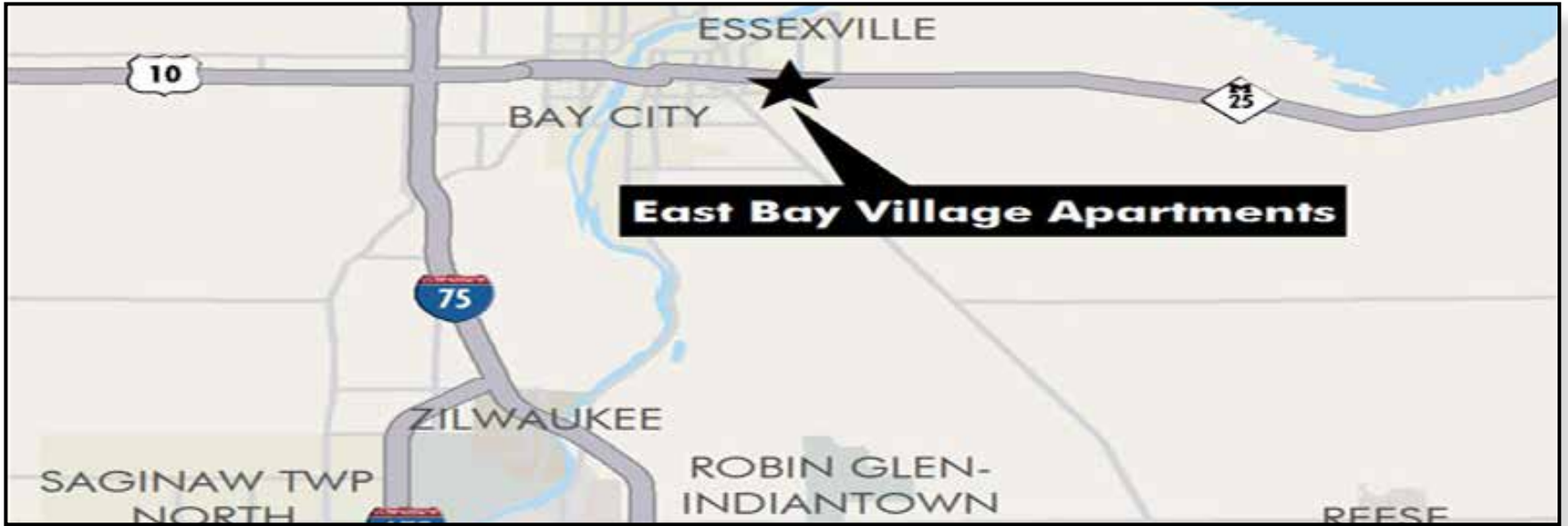
Bay City Mall is located less than five miles from the East Bay Village Apartments. It features over 40 stores, restaurants and entertainment. Department stores include JCPenny, Marshalls, Sears and Younkers. Other retailers include Dunham's, GNC, Payless Shoe Store, Target, Zales and many more. Restaurants include Red Lobster, Bob Evans, Subway and more. Bay City Mall also features the Bay City 10 Theater along with its own Planet Fitness Gym.

www.baycitymall.com

McLaren Bay Regional Medical Center is located less than a mile away and just a short minute drive from East Bay Village Apartments. After merging four hospitals during the 1970s and 1980s, McLaren Bay Region developed a full continuum of health services for the Northeastern part of Michigan. Nearby, you can find McLaren Bay Special Care which specializes in helping patients recover from complex, lengthy illnesses. This hospital is exclusive for patients who require a 25-day or longer length of stay.

www.mclaren.org/bayregion

Location Maps



Location Maps



DEMOGRAPHIC PROFILE

	1877 W Eastbay Pkwy 1 mile radius	1877 W Eastbay Pkwy 3 mile radius	1877 W Eastbay Pkwy 5 mile radius	
POPULATION	2014 Estimated Population	5,755	41,036	66,440
	2019 Projected Population	5,730	40,318	65,458
	2010 Census Population	5,783	41,725	67,401
	2000 Census Population	5,643	43,532	70,046
	Growth 2010-2014	-0.48%	-1.65%	-1.43%
	Growth 2014-2019	-0.44%	-1.75%	-1.48%
	2014 Estimated Median Age	43.80	39.02	40.94
	2014 Estimated Average Age	42.77	39.68	40.85
HOUSEHOLDS	2014 Estimated Households	2,764	17,415	28,271
	2019 Projected Households	2,776	17,267	28,115
	2010 Census Households	2,753	17,520	28,365
	2000 Census Households	2,515	18,039	28,731
	Growth 2010-2014	0.41%	-0.60%	-0.33%
	Growth 2014-2019	0.42%	-0.85%	-0.55%
	2014 Est. Average Household Size	2.19	2.31	2.31
INCOME	2014 Est. Median Household Income	\$36,558	\$35,450	\$38,777
	2019 Prj. Median Household Income	\$39,223	\$39,211	\$42,666
	2000 Cen. Median Household Income	\$38,198	\$32,617	\$35,264
	2014 Est. Average Household Income	\$52,132	\$47,536	\$50,478
	2014 Estimated Per Capita Income	\$25,035	\$20,174	\$21,479
HOUSING	2014 Estimated Housing Units	2,942	19,187	30,916
	2014 Estimated Occupied Units	2,764	17,415	28,271
	2014 Estimated Vacant Units	179	1,772	2,645
	2014 Est. Owner Occupied Units	1,785	11,845	20,395
	2014 Est. Renter Occupied Units	979	5,570	7,876
	2014 Est. Median Housing Value	\$103,306	\$79,877	\$86,838
	2014 Est. Average Housing Value	\$129,039	\$106,180	\$113,788



Rent Comparables

CBRE

RENT COMPARABLES

		Units/Yr/Occ	Unit Type	Avg SF	Avg Rent	Rent/SF	Comments		
★		East Bay Village							
		1877 West Parkway	208 Units	1 B / 1 B Apartment - Lower Level	770	\$569	\$0.74	Tenant is to pay their own utilities, gas and water are centrally metered and charged back to the tenants. Electric is paid directly by the tenant to the electricity company. Tenant also pays \$3.00 per unit per month for pest control and \$5.00 per unit per month for disposal service.	
		Essexville, MI	1972	1 B / 1 B Apartment - Upper Level	770	\$549	\$0.71		
			92%	2 B / 1 B Apartment - Lower Level	920	\$639	\$0.69		
				2 B / 1 B Apartment - Upper Level	920	\$619	\$0.67		
				2 B / 1.5 B Townhouse	1020	\$759	\$0.74		
		3 B / 1.5 B Townhouse	1100	\$839	\$0.76				
		Avg		917	\$662	\$0.72			
1		Village Square	Units/Yr/Occ	Unit Type	Avg SF	Rent	Rent/SF	Comments	
		902 N. Scheurmann	92 Units	1B / 1B	600	\$550	\$0.92	This complex was developed in 1968 and provides 92 units with one and two bedroom units. Sizes range from 600 SF to 900 SF, and current rents range from \$510 to \$610/month. Complex amenities include a pool, balconies, central HVAC, and laundry facilities. Currently the property is 94.6% occupied.	
		Essexville, MI	1968	2B / 1B	900	\$610	\$0.68		
			94%	Avg	750	\$580	\$0.80		
2		Golfview Apartments	Units/Yr/Occ	Unit Type	Avg SF	Rent	Rent/SF	Comments	
		1777 North Golfview Drive	144 Units	1B / 1B	750	\$449	\$0.60	Complex amenities include a tennis and volleyball courts, central HVAC, on-site laundry and dishwashers.	
		Essexville, MI	1974	2B / 2B	800	\$469	\$0.59		
			75%	Avg	775	\$459	\$0.59		
3		Huntington Place	Units/Yr/Occ	Unit Type	Avg SF	Rent	Rent/SF	Comments	
		837 North Scheurmann Road	N/A Units	1B / 1B	520	\$548	\$1.05	Complex amenities include a swimming pool, laundry facility and high speed internet access.	
		Essexville, MI	1974	2B / 1B	620	\$610	\$0.98		
			97%	Avg	570	\$579	\$1.02		
4		Hampton House Villas	Units/Yr/Occ	Unit Type	Avg SF	Rent	Rent/SF	Comments	
		1910 North Villa Court	150 Units	1B/1B	605	\$539	\$0.89	The complex was developed in 1974 on 12.28 acres and provides 150 one-bedroom/one-bath units. The units are all 605 square feet and rent for \$545 as of June 2013. Complex amenities include a swimming pool, balcony/patio, laundry facilities, A/C, BBQ pits, and garbage disposals in units. Current occupancy is 98%.	
		Essexville, MI	1974	Avg	605	\$539	\$0.89		
			98%						
COMPARABLE AVERAGES			Year Built		Avg SF	Occupancy	Avg Rent	Rent/SF	
			1973		675	91%	\$539	\$0.80	

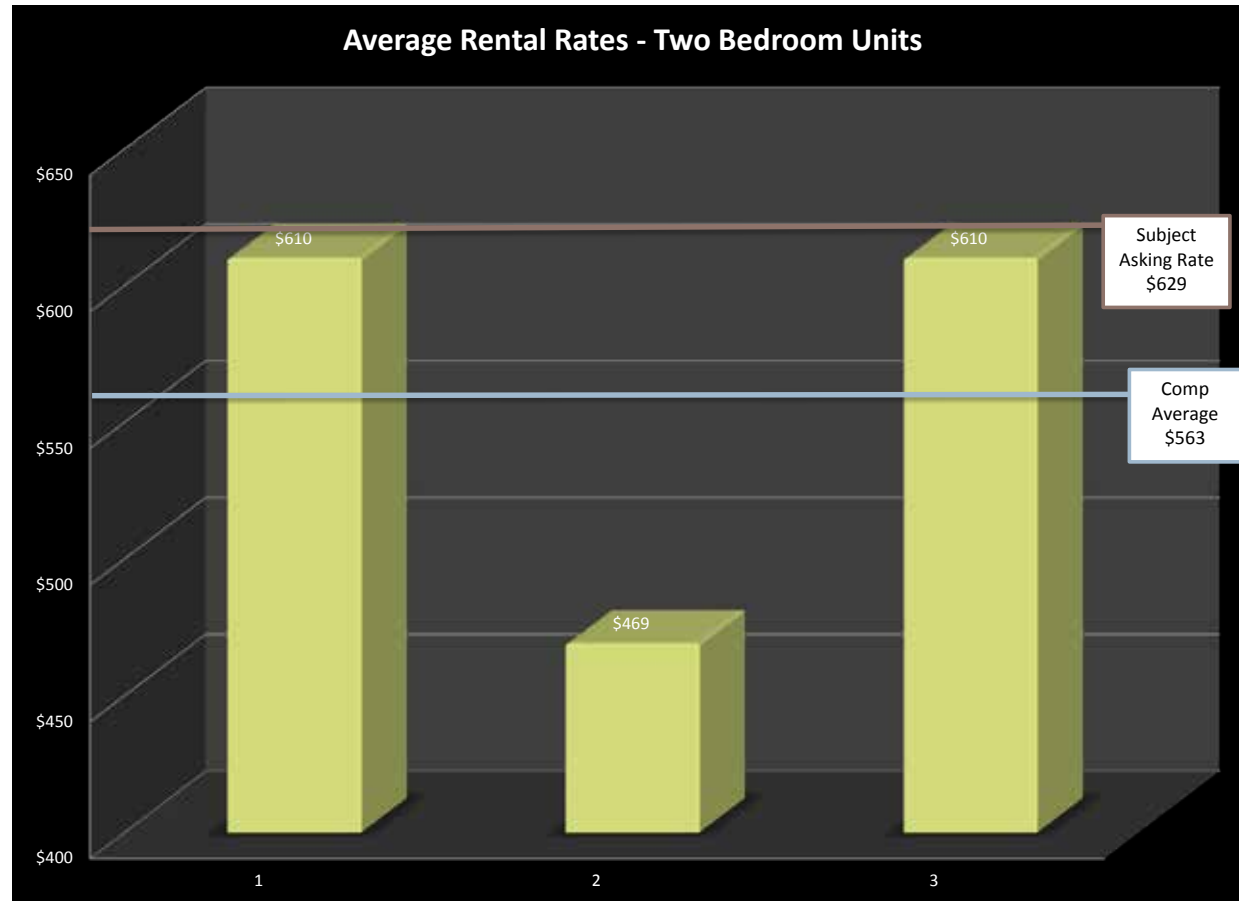
RENT COMPARABLES



RENTAL RATE

The average rental rate for one bedroom unit apartments is \$521 per unit per month, compared to the subject property, which is current at an asking rental rate of \$559 per unit per month.

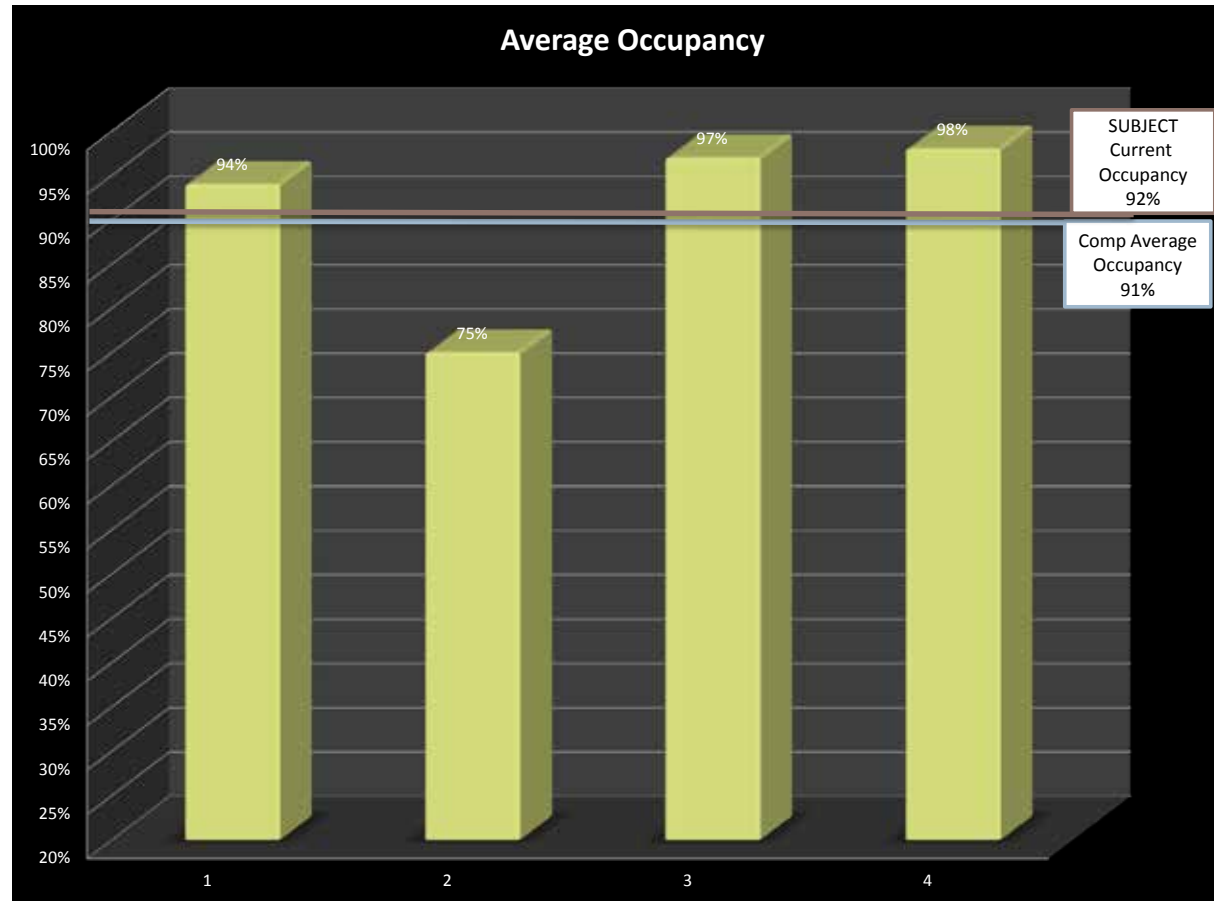
RENT COMPARABLES



RENTAL RATE

The average rental rate for two bedroom unit apartments is \$563 per unit per month, compared to the subject property, which is currently at an asking rental rate of \$629 per unit per month.

RENT COMPARABLES



RENTAL RATE

The current occupancy for the comparables shown is 91%, compared to the subject property, which is currently operating at an occupancy of 92%.



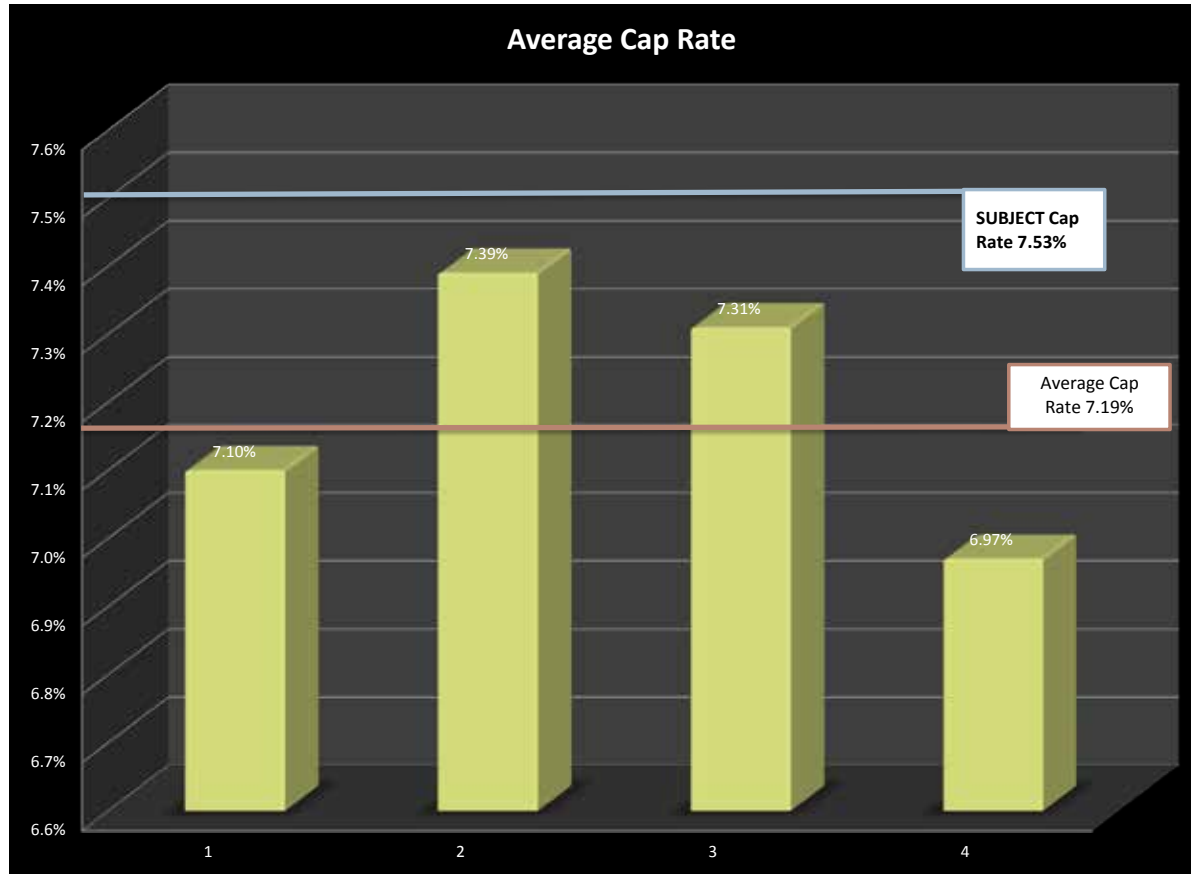
Sale Comparables

CBRE

SALES COMPARABLES

		Building Name Address	Year Built	# of Units	Building Size (SF)	Sale Date	Sales Price	Price per Unit	Occupancy at Sale	Cap Rate	Comments
★		East Bay Village 1877 West Parkway Essexville, MI	1972	208	247,196		\$8,100,000	\$38,942	92%	7.53%	Tenant is to pay their own utilities, gas and water are centrally metered and charged back to the tenants. Electric is paid directly by the tenant to the electricity company. Tenant also pays \$3.00 per unit per month for pest control and \$5.00 per unit per month for disposal service.
1		Oxford Place Apartments 2143 43rd Street Grand Rapids, MI	1985 / 1988	306	286,768	7/1/2014	\$20,400,000	\$66,667	97%	7.10%	The property features one and two-bedroom units with an average unit size of 911 square feet. Property amenities include a clubhouse, pool, tennis courts, volleyball, playground and carports. According to the seller, the T-12 financials through June 2014 reported NOI of \$1,540,000. Reportedly, NAI had a one-party agreement for the 1031 buyer, with IPA's internal broker, Chuck May, representing the seller. The property is considered a Class A/B apartment product in the Grand Rapids-Wyoming MSA.
2		Brougham Manor Apartments 14090 Brougham Ct Plymouth, MI	1978	104	86,000	5/1/2014	\$5,000,000	\$48,077	98%	7.39%	The property was built in 1978 and is in average condition for its age. One and two bedroom units are provided with the tenant paying for electric only. A pool, common laundry facilities and dishwashers are provided. The property sold for \$5,000,000, or \$48,077 per unit. Actual income and expenses (plus a reserve) indicates a 7.39% capitalization rate.
3		Glen Oaks East 2353 Oak Forest Lane SE Kentwood, MI	1979	144	135,576	4/1/2014	\$8,000,000	\$55,556	98%	7.31%	The property has been owned and operated by Calvin College since 2006. The T-12 figures exclude market-based payroll expenses, include a 15% administrative fee and lack a management fee or replacement reserve. Additionally, the buyer feels there is upside on the rental rates of \$50-75 per unit with minimal capital expenditures. Physical occupancy has averaged to over 97% for the past three years with no concessions.
4		Hamptons of Cloverlane 4907 Cloverlane Drive Pittsfield Township, MI	1986 - 1988	440	391,212	4/1/2014	\$41,750,000	\$94,886	96%	6.97%	The property has an Ypsilanti mailing address, is within Pittsfield Township and the Ann Arbor School District. This complex offers one and two-bedroom units in two-story garden-style buildings with an average unit size of 889 SF. Amenities include a pool, clubhouse, fitness center, volleyball, gated entrance, and on-site laundry. Occupancy at the time of sale was 96%. This property traded with the adjacent property but no discount (or premium) was attributed to the combined transaction.
5		Mapletree Apartments 28405 Franklin Road Southfield, MI	1975	233	224,710	1/25/2013	\$8,750,000	\$37,554	96%	N/A	On January 15, 2013, the 224,710 SF, 233 room, multi-family building sold for \$8,750,000. The property has a total of 6 buildings and was constructed in 1975. The complex consisted of 2.6% studio units, 48% one bedroom, one bathroom, 20 percent two bedroom, one bath, 3% two bedroom, 1.5 bath and 27 percent two bedroom, two bath.
								\$60,548	97%	7.19%	

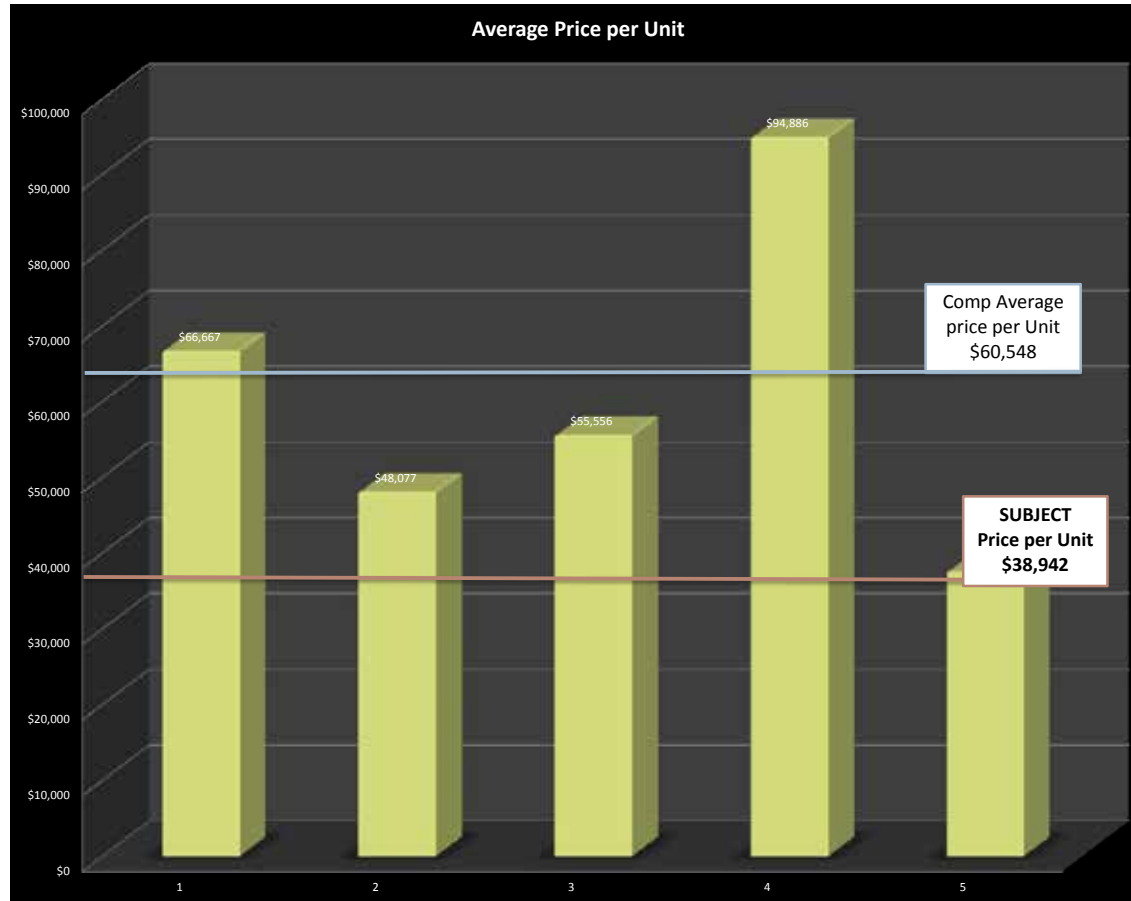
SALES COMPARABLES



CAP RATE ANALYSIS

The average cap rate for sales of similar apartment complexes is 7.19 percent; therefore, the subject property, at a cap rate of 7.53 percent, is priced more competitively than the market.

SALES COMPARABLES



PRICE PER SQUARE FOOT ANALYSIS

The average price per unit for similar sale transactions is \$60,548, compared to the subject property, at an asking price of \$38,942 per unit.



Financials
CBRE

FINANCIAL ANALYSIS

	CAP RATE	PRICE PER UNIT
ASKING PRICE \$8,100,000	7.53%	\$38,942

EXISTING FINANCING - TO BE ASSUMED

EXISTING FINANCING TERMS:

Existing Financing:
 25% Down (\$2,025,000)
 4.34% Interest Rate
 30 Year AM
 Monthly P&I Payment \$30,206.30
 First Payment Due 9/1/2014
 Maturity 8/1/20124



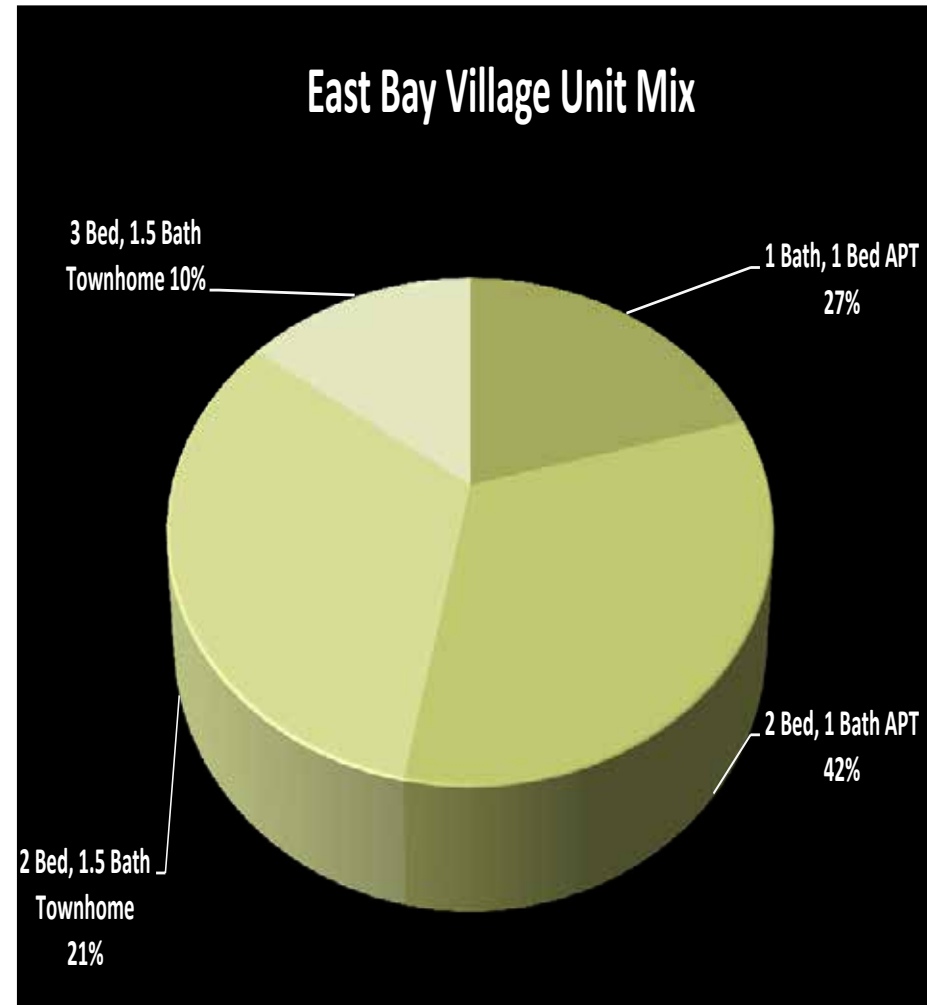
PROPERTY OVERVIEW

PROPERTY:	East Bay Village Apartments 1877 West Parkway Essexville, Michigan 48732
NUMBER OF UNITS:	208 Units
PROPERTY TYPE:	Multi-Family Residential Units
YEAR BUILT:	1972
PARCEL SIZE:	15.48 Acres
TYPE OF OWNERSHIP:	Fee Simple
CURRENT OCCUPANCY:	92%



UNIT MIX

East Bay Village Unit Mix					
No. of Units	Percentage of Complex	Unit Type	Unit Size (SF)	Current Asking Rental Rate	Rent per SF
28	13.46%	1 B / 1 B Apartment - Lower Level	770	\$549	\$0.71
28	13.46%	1 B / 1 B Apartment - Upper Level	770	\$569	\$0.74
44	21.15%	2 B / 1 B Apartment - Lower Level	920	\$639	\$0.69
44	21.15%	2 B / 1 B Apartment - Upper Level	920	\$619	\$0.67
44	21.15%	2 B / 1.5 B Townhouse	1,020	\$759	\$0.74
20	9.62%	3 B / 1.5 B Townhouse	1,100	\$839	\$0.76
208	Averages		917	\$662	\$0.72



FINANCIAL ANALYSIS

INCOME ESTIMATES

BASE RENT:

The scheduled base rent for the first year of the analysis assumes the rental income for the current tenants only on an annual basis.

GAIN/LOSS TO LEASE

Estimated based on the October 31, 2014 Trailing 12 Statement

RENTAL LOSSES

Estimated based on the October 31, 2014 Trailing 12 Statement

OTHER INCOME

Estimated based on the October 31, 2014 Trailing 12 Statement which includes line items such as NSF charges, late charges, all utility reimbursement, laundry income, damage reimbursements, month-to-month fees, etc.

EXPENSE ESTIMATES

REAL ESTATE TAXES:

The real estate taxes have been estimated based on a combined 2014 SEV for both parcels of \$3,278,477 (same as the 2014 taxable value) and the estimated non-homestead millage rate of 52.0698.

OPERATING EXPENSES

Estimated based on the October 31, 2014 Trailing 12 Statement.

MANAGEMENT FEE:

Estimated at 4.0% of effective gross revenue.

VACANCY AND COLLECTION LOSS:

The analysis has not applied vacancy factor in the as is analysis due to the fact that there is currently 8% vacancy.

REPLACEMENT RESERVES:

The analysis has included replacement reserves of \$300 per unit above the NOI line.



EAST BAY VILLAGE APARTMENTS OVERVIEW

East Bay Village is the ideal place to call home thanks to their variety of spacious floor plans, many amenities and great location. East Bay Village is just a few minutes from Saginaw Bay and a short drive from shopping, business and night life. Amenities include a fitness center, playground, heated swimming pool, air conditioning, private patios and more. Less than four miles away is the Bay City Mall which is home to a variety of department stores and the Bay City 10 Theater.

Tenant Website: www.eastbayvillageaptsmi.com



FINANCIALS - YEAR ONE CASH FLOW ESTIMATES

East Bay Village Year One NOI Calculation Existing Financing			
	Price		\$8,100,000
	Down Payment	25%	\$2,025,000
	Existing Loan Balance		\$6,075,000
	Number of Units		208
	Price per Unit		\$38,942
	Cap Rate		7.53%
		Trailing 12 Months 7/2013 - 6/2014	Per Unit
Income	Current Occupancy		
Base Rent (Current Rent Roll)	92%		
Gross Potential Rent		\$1,517,376	\$7,295
Gain/Loss to Lease		(\$54,761)	-\$263
Rental Losses	-1%	(\$21,628)	-\$104
Gross Rental Income		\$1,440,987	\$6,928
Other Income			
Other Income		\$283,683	\$1,364
Total Other Income		\$283,683	\$1,364
Effective Gross Income		\$1,724,670	\$8,292
Operating Expense Estimates			
Repairs & Maintenance (Includes Building and Grounds)		\$76,107	\$366
Unit Replacements		\$0	\$0
Apartment Turnover Costs		\$14,323	\$69
Leasing Costs		\$21,364	\$103
Payroll Costs		\$246,497	\$1,185
Property Overhead Costs (Less Management)		\$62,108	\$299
Utility Expense		\$295,963	\$1,423
Real Estate Taxes		\$170,664	\$821
Insurance		\$96,157	\$462
Management Fee	4.0% of EGI	\$68,987	\$332
Replacement Reserves	\$300 per Unit	\$62,400	\$300
Total Operating Expenses		\$1,114,570	\$5,359
% of EGI		64.63%	
Net Operating Income		\$610,100	\$2,933
Net Cash Flow Before Debt Service		\$610,100	\$2,933
Debt Service-Existing Financing		(\$361,169)	(\$1,736)
Debt Service Coverage Ratio		0.00	
Net Cash Flow After Debt Service		\$248,930	\$1,197
Year One Cash on Cash Return		12.29%	
Principal Reduction		\$100,810	\$485
Total Return		\$349,740	\$1,681
Year One Total Return		17.27%	



For More Information
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