

Offering Memorandum

TERRA APARTMENTS

730 N 85th St
Seattle, WA

Exclusively offered by
Paragon Real Estate Advisors



Offering Summary

Paragon Real Estate Advisors is pleased to offer for sale the Terra Apartments. Situated in the Greenwood neighborhood just north of the Seattle CBD The Terra Apartments are four blocks from the heart of the Greenwood Business District.

This is a popular neighborhood due to its close proximity to Green Lake Park, North Seattle College, and Woodland Park Zoo. Green Lake Park features a newly reconstructed 2.8 mile path, a variety of recreational facilities that include basketball, tennis, baseball, soccer, boating, picnics and swimming. Greenwood's own park is just two blocks to the north of Terra Apartments. This area is a prime location with convenient and easy access to I-5 and Highway 99 both leading to all major employment centers in Seattle.

Name	Terra Apartments
Address	730 N 85th St, Seattle WA 98103
Total Units	19
Built	2016 Renovated
Square Feet	14,670 Net Rentable / 17,011 Gross
Price	\$6,195,000
Price Per Unit	\$326,053
Price Per Foot	\$422.29 Net / \$364.17 Gross
Current GRM/CAP	14.1/4.9% (4% Vacancy)
Market GRM/CAP	13.6/4.9% (3% Vacancy)
Expense Per Unit	\$6,074/Year
Terms	Cash Out
Lot Size	14,625 Square Feet
Zoning	LR3



Investment Highlights

New kitchens with full stainless steel appliance package, cabinets and fixtures

New bathrooms with cabinetry and fixtures

Newly installed washer and dryer in each unit

New laminate flooring and carpeting

Updated mechanical including plumbing and elevator systems

Updated lobby and common hallways

Open and covered parking for 23 cars

Ingress and egress along North 85th and North 86th Street

Newly installed double pane vinyl windows

New exterior paint

New Roof



Neighborhood Map



Location Highlights

Located in the Greenwood Neighborhood

Four blocks from Greenwood's business district

Two blocks south of Greenwood Park

Close Proximity to Safeway Grocery and Fred Meyer Super Stores

Area restaurants include Gorditos, Naked City Brewery, Flying Bike Coop Brewery and Duke's Chowder House

3 minutes to Green Lake Park, Wood Land Park Zoo and North Seattle College

Direct Access to major employers in South Lake Union and Downtown Seattle via Highway 99 and Interstate 99.

5 miles from Amazon and South Lake Union



Greenwood Snapshot

Population	16,394
Median household income	\$75,337
Single	57%
Married	44%
Owner Occupied	52%
Renters	48%
Walk Score	90 - Walker's Paradise
Transit Score	53 - Good Transit
Bike Score	76 - Very Bikeable
Median 1 Bd/1 Bth Rent	\$2,053
Median 2Bd/1 Bth Rent	\$2,387
Seattle Commute Times	Bus: 32 minutes via E Line Car: 14 minutes via I5
Bellevue Commute Times	Bus: 59 minutes via E Line/550 Car: 25 minutes via I5/WA 520

TOP JOB SECTORS: *

Management:	14.4%	Sales:	13.0%
Business	7.4%	Service:	16.1%
Computer:	11.8%	Healthcare:	2.1%
Engineering	4.7%	Education	4.2%
Art & Entertainment	3.9%	Social Services:	3.4%



Greenwood

Greenwood is a diverse neighborhood that straddles the northern edges of Ballard and Green Lake, extending north to the edge of Seattle, its boundary with Shoreline. Like so many parts of Seattle, Greenwood started out as its own city, but later saw the advantages of annexing to Seattle.

The neighborhood starts around 70th in the south and ends at Seattle's northern border, 145th street. While Greenwood Avenue is its mainline, it extends east to Highway 99 and west to about 5th. These are vague borders, as other neighborhoods jut about in the area, including Ballard to the southwest and west and Phinney ridge to the southeast and east. Greenwood and 85th is the main commercial center for the neighborhood, housing a number of restaurants and food stores that exemplify the area's diverse population.

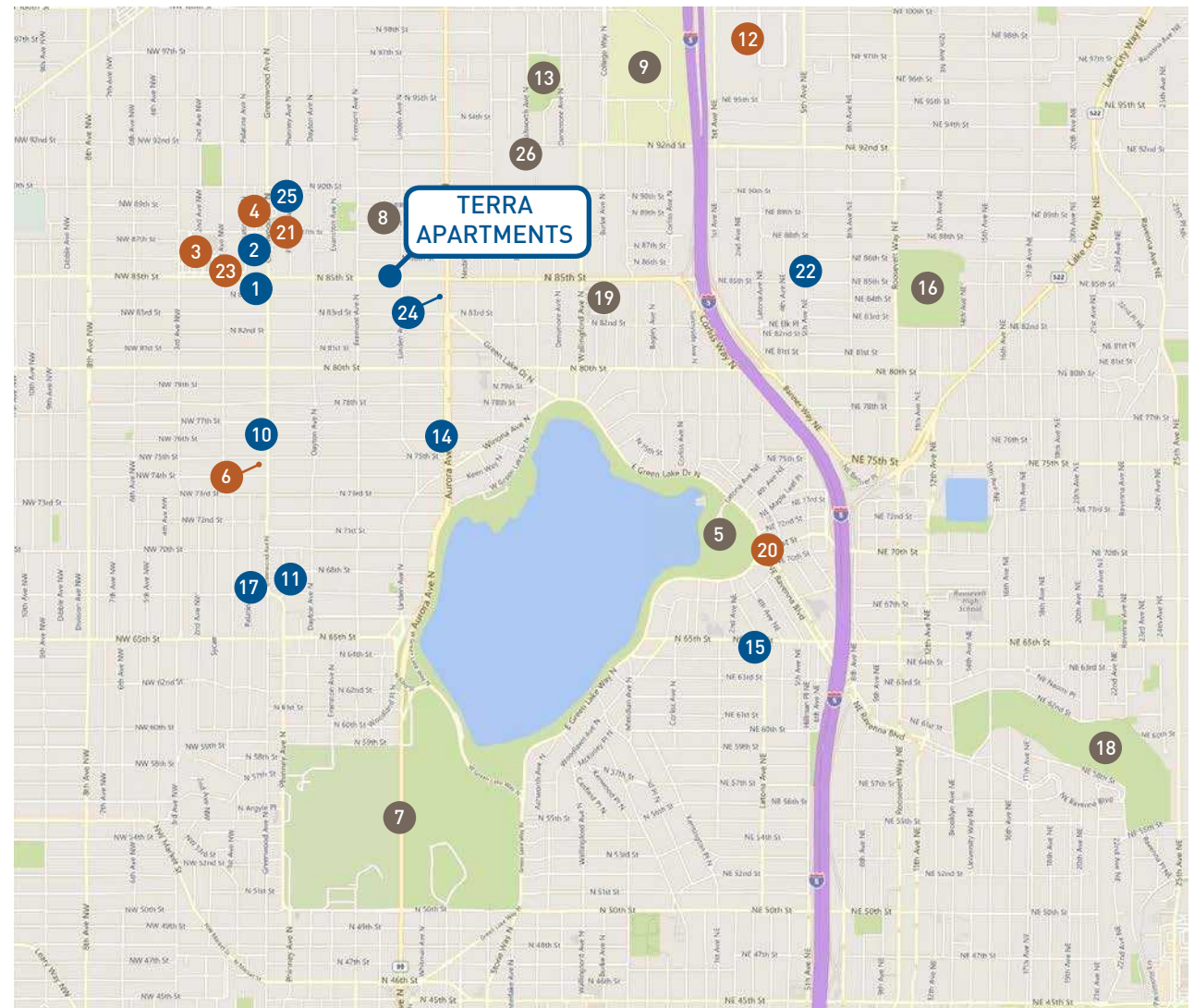
The neighborhood is down-to-earth, an even mix of single-family homes, apartment buildings from various eras and townhomes. Since 1993 the neighborhood has hosted the "Greenwood Classic Car Show" on the last Saturday in June. Another event is the "Greenwood Seafair Parade", held on the fourth Wednesday in July. Both events draw tens of thousands of visitors to the neighborhood annually..



Neighborhood Amenities

- Food/Drink
- Shopping/Services
- Parks/Schools

- 1 Gorditos
- 2 Razzis Pizzeria
- 3 Fred Meyer
- 4 Walgreens
- 5 Green Lake Park
- 6 Ken's Market
- 7 Woodland Park and Zoo
- 8 Greenwood Park
- 9 North Seattle College
- 10 74th Street Ale House
- 11 Red Mill Burgers
- 12 Northgate Shopping Mall
- 13 Licton Springs Park
- 14 Uber Tavern
- 15 The Butcher and The Baker
- 16 Maple Leaf Reservoir
- 17 El Chupacabra
- 18 Ravenna Park
- 19 Bishop Blanchet High school
- 20 Gregg's Greenlake Cycle
- 21 Safeway
- 22 Flying Squirrel Pizza
- 23 Taproot Theater Company
- 24 Starbucks
- 25 naked City Brewery
- 26 Robert Eagle Staff Middle School



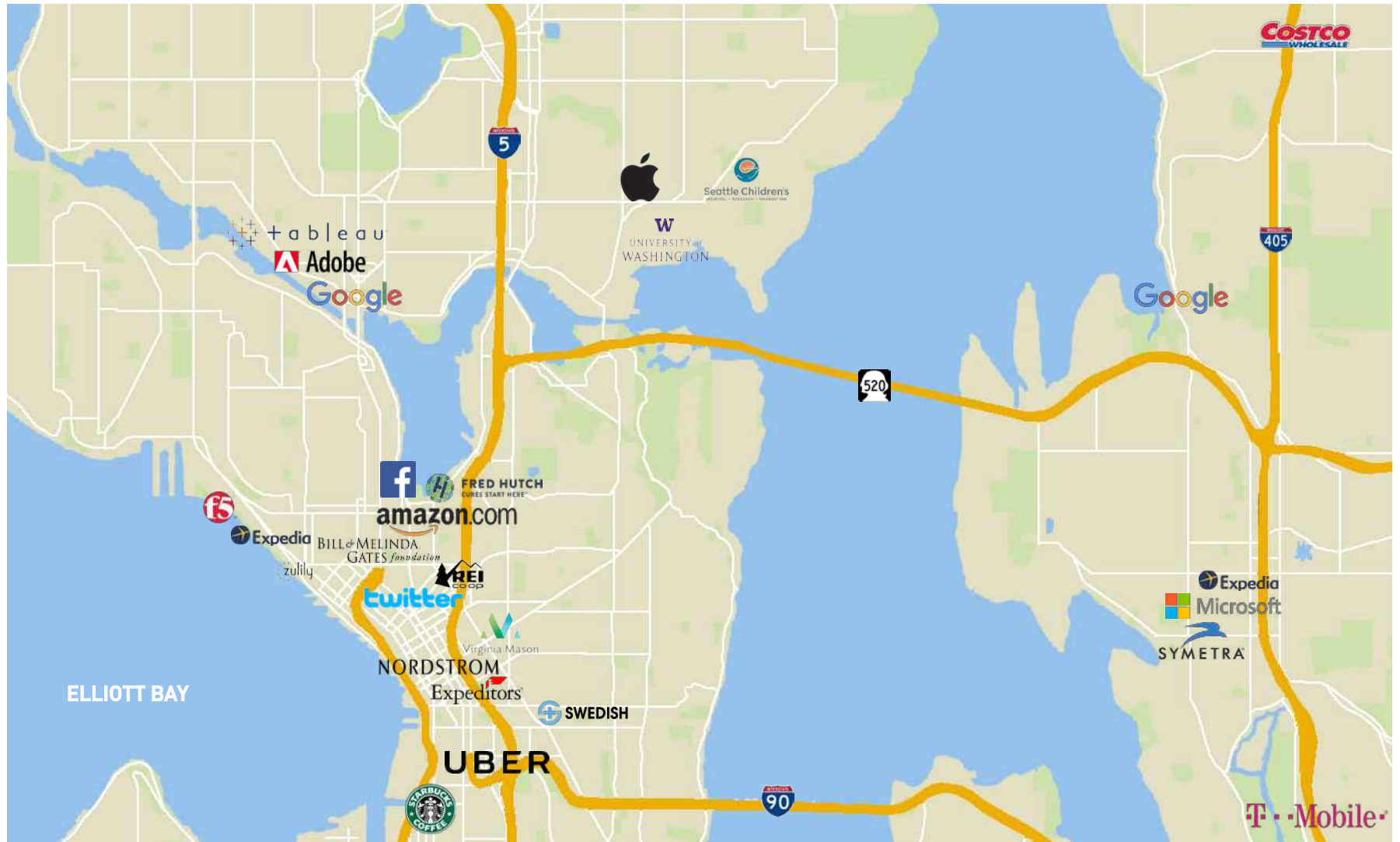
Employment

Greater Seattle excels at the industries of the future - the region is a center of innovation and features some of the world's top global brands. Our aerospace industry is one of the largest in the world, home to Boeing Commercial Airplanes and over 800 aerospace firms that employ 17% of all aerospace workers in the United States. Greater Seattle is also a leading center for information and communications technology, bolstered by industry pioneers such as Microsoft and Amazon. As a result, our region has emerged as a world leader in cloud computing and data visualization, and ranks 4th as a global startup hub ahead of New York and Boston.

- > Adobe
- > Alaska Airlines
- > Amazon
- > Apple
- > AT&T Wireless
- > Boeing
- > Costco
- > Expedia, Inc.
- > Expeditors International
- > F5 Networks
- > Facebook
- > Fred Hutchinson
- > Gates Foundation
- > Getty Images
- > Google
- > Microsoft
- > Nintendo
- > Nordstrom
- > Paccar
- > RealNetworks
- > REI
- > Russell Investments
- > SpaceX
- > Starbucks
- > Symetra Financial
- > Tableau Software
- > T-Mobile
- > Twitter
- > Uber
- > University of Washington
- > Virginia Mason
- > Weyerhaeuser
- > Zillow
- > Zulily



Map of Key Employers



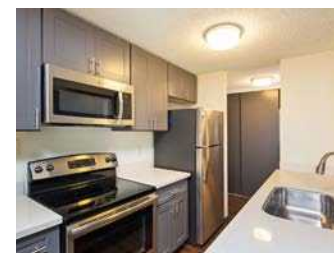
Improvements

The Terra Apartments offer a buyer the opportunity to purchase a property that has had all the heavy lifting completed. The interior of the property has been updated with new kitchens, bathrooms, flooring and common areas featuring stainless steel appliance packages, newly installed washer and dryers in each unit, new lighting fixtures, laminate flooring and newly painted and updated common areas. The mechanical systems have updated plumbing, roofing and elevator systems. The exterior has been newly painted and includes newly installed double pane vinyl windows.

The Terra Apartments have a secured entry point to a central lobby with an elevator and stairwell with access to the upper units. The building is comprised of a mix of one, two, three and four-bedroom units. The large top floor units feature a 4BD/3.5BTH, 2,900 square foot unit as well as a 3BD/2BTH, 1,700 square foot unit. These units are equivalent to three units or a typical 19-unit apartment complex. The large top floor units could easily be used for an owner occupant or extended family if one desires. The upper floors have views of the Cascades mountains, Olympic mountains, Green Lake Park and downtown Seattle. The building is located on a 15,050-square foot L-shaped lot that runs from N 85th to N 86th Street allowing for easy ingress and egress for residence

convenience. Residences have access to a common BBQ area, and parking for 23 open and covered parking stalls.

As the City of Seattle continues to tighten their regulations regarding renovations and updating buildings, it is getting harder for investors to find properties that are fully renovated with rents closer to or at market. The Terra Apartments is a great opportunity for an investor who is in a 1031 Tax Deferred Exchange or buyer who doesn't want to pay out of their pockets to update a building with significant downtime due to renovations.



Aerial View



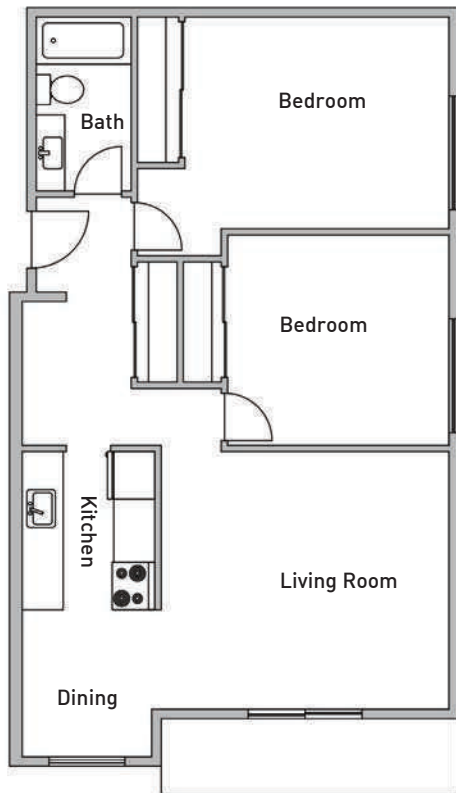
Building Photos



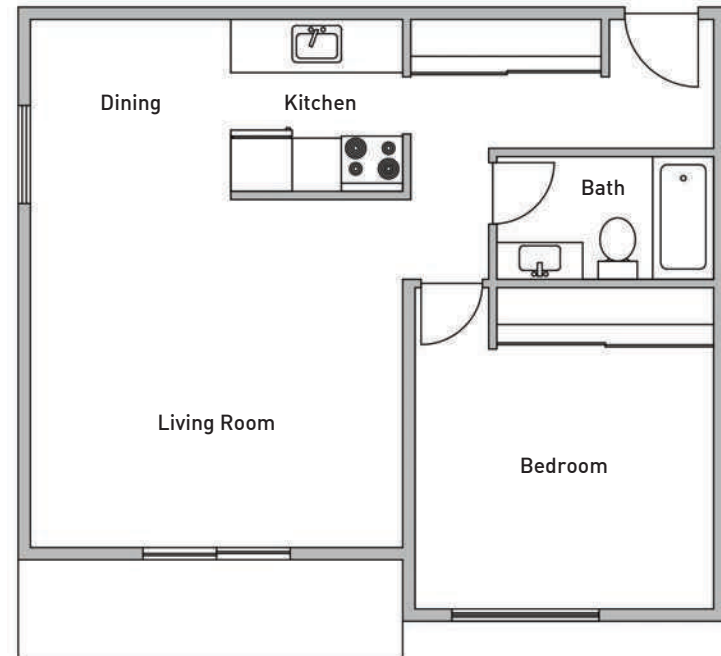
Unit Photos



Floor Plans



**2 BD/1 BTH - 826 SQ.FT.
UNITS 101, 201 and 301**

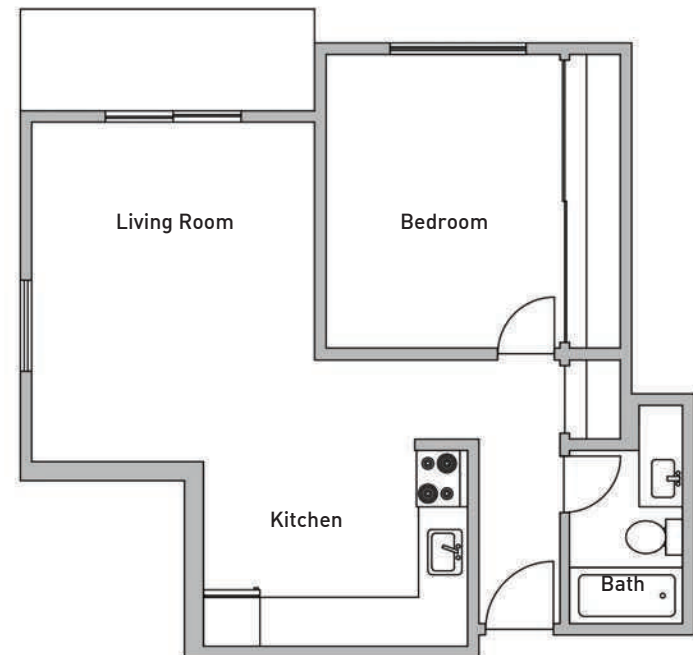


**1 BD/1 BTH - 628 SQ.FT.
UNITS 102, 202 and 302**

Floor Plans

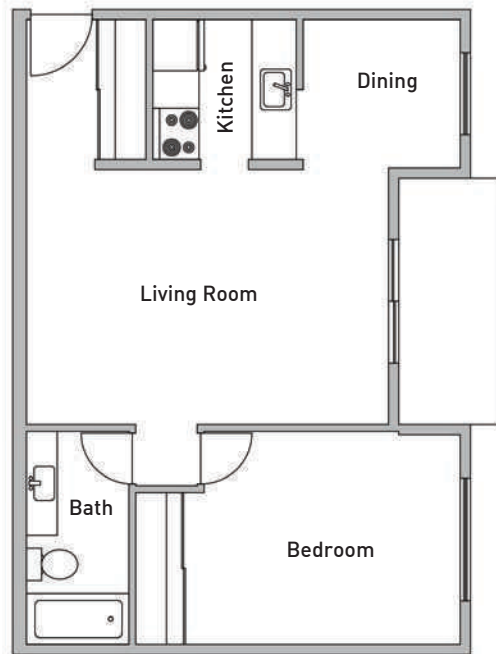


**1 BD/1 BTH - 596 SQ.FT.
UNITS 103, 203 and 303**



**1 BD/1 BTH - 628 SQ.FT.
UNITS 204 and 304**

Floor Plans

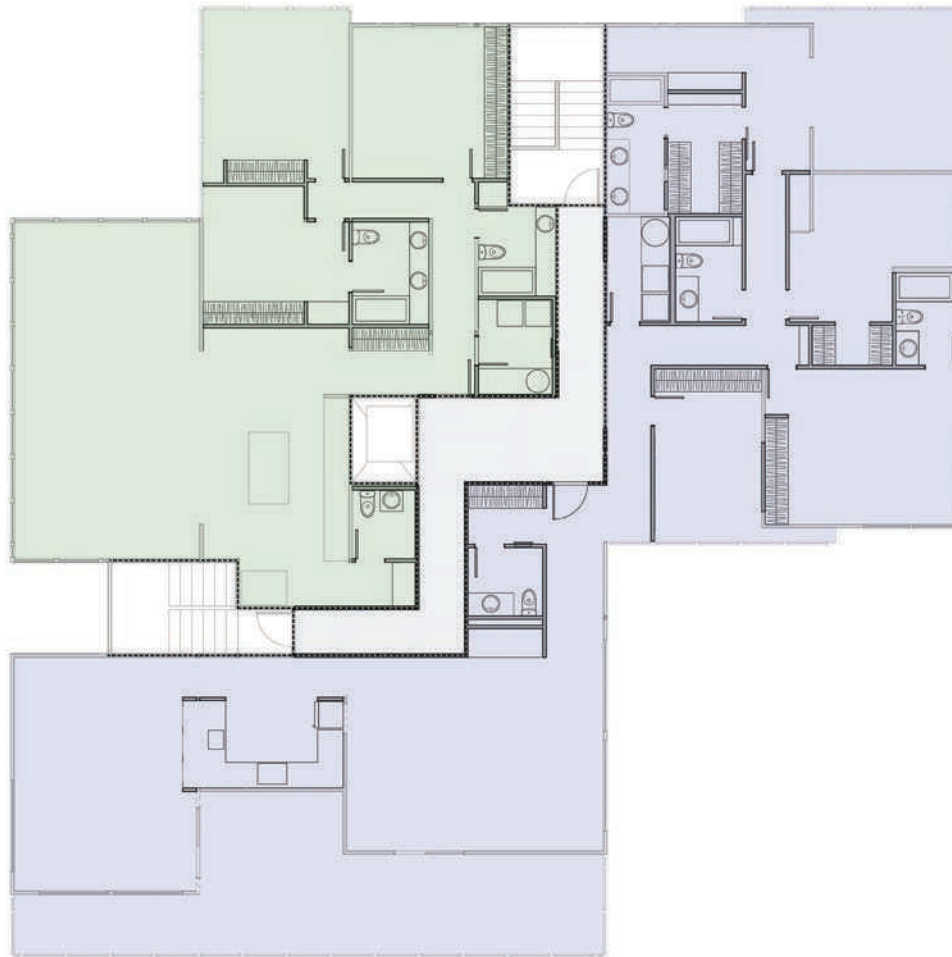


1 BD/1 BTH - 701 SQ.FT.
UNITS 205 and 305



1 BD/1 BTH - 701 SQ.FT.
UNITS 206 and 306

Floor Plans



TOP FLOOR PLAN
2 UNITS

Operating Summary

Units	19 (3 Penthouse)	Price	\$6,195,000
Year built	2016 Renovated	Price Per Unit	\$326,053
Net Sq.Ft.	14,670 Sq.Ft.	Price/Net Sq.Ft.t	\$422.29
Gross Sq.Ft.	17,011 Sq.Ft.	Price/Gross Sq.Ft.t	\$364.17
Down Payment	\$1,858,500 30%	Current GRM	14.11
Loan Amount	\$4,336,500 60%	Current CAP	4.94%
Interest Rate	3.70%	Market GRM	13.61
Amortization	30 Years	Market CAP	4.94%

Units	Type	Size	Current Rent	Monthly Income	Market Rent	Monthly Income
12	1Bd/1Bth	600-700	\$1,525 - \$1,650	\$19,190	\$1,650	\$19,800
3	2Bd/1Bth	826	\$1,995 - \$2,095	\$6,090	\$2,095	\$6,285
1	3Bd/2Bth	1,700	\$3,695	\$3,695	\$3,695	\$3,695
1	4Bd/3.5Bth*	2,900	\$4,150	\$4,150	\$4,150	\$4,150
19	Avg S.F.	863		\$2.26		\$2.31

* Equivalent to 3 units

Total Monthly Income

Monthly Scheduled Rent	\$33,125	\$33,930
Utility Recovery	\$1,518	\$1,560
Parking Income	\$1,255	\$1,450
Other Rent Income	\$530	\$830
Miscellaneous	\$167	\$167
Total Monthly Income	\$36,595	\$37,937

Annualized Operating Data	Current	Market
Scheduled Gross Income	\$439,140	\$455,244
Less Vacancy 4.0%	\$17,566 3.0%	\$13,657
Gross Operating Income	\$421,574	\$441,587
Less Expenses	\$115,406	\$135,663
Net Operating Income	\$306,169	\$305,923
Annual Debt Service (\$19,960)	\$239,522	\$239,522
Cash Flow Before Tax 3.59%	\$66,647 3.57%	\$66,401
Principal Reduction	\$80,426	\$80,426
Total Return Before Tax 7.91%	\$147,073 7.90%	\$146,828

Annualized Operating Expenses	Current	Market
Real Estate Taxes Actual	\$30,143	\$49,560
Insurance Actual	\$5,567	\$5,567
Utilities 12 Month Actual	\$24,009	\$24,009
Property Management Market 4%	\$16,863	\$17,663
On-Site Management Proforma	\$9,120	\$9,120
Maintenance & Repairs Actual	\$12,955	\$12,995
Turnover Actual	\$4,445	\$4,445
Landscaping Actual	\$1,992	\$1,992
Elevator Actual	\$3,039	\$3,039
Administration Actual	\$2,523	\$2,523
Reserves Proforma	\$4,750	\$4,750
Total Expenses	\$115,406	\$135,663
Current Operations Expenses/Unit \$6,074		Market Operations Expenses/Unit \$7,140
Expenses/Foot \$7.87		Expenses/Foot \$9.25
Percent of EGI 26.28%		Percent of EGI 29.80%

Sale Comparables



SUBJECT - TERRA APARTMENTS

730 N 85th St, Seattle WA

Year Built 1971
Units 19
Sales Price \$6,195,000
Price/Unit \$326,053
Price/Foot \$411.63
GRM/CAP 14.6/4.9%



1. THE EDGE APARTMENTS

2515 Thorndyke Ave W, Seattle WA

Year Built 1959
Units 13
Sales Price \$4,350,000
Price/Unit \$362,500
Price/Foot \$453.98
GRM/CAP 14.1/5.1%
Sales Date 7.17.2017



2. JAKARTA

615 NW 85th St, Seattle WA

Year Built 1967
Units 9
Sales Price \$3,150,000
Price/Unit \$350,000
Price/Foot \$413.44
GRM/CAP 16.7/4.1%
Sales Date 6.28.2017



3. EVANSTON 11 UNIT

4238 Evanston Ave N, Seattle WA

Year Built 1959
Units 11
Sales Price \$4,170,000
Price/Unit \$379,090
Price/Foot \$530.20
GRM/CAP 16.2/4.6%
Sales Date 6.27.2017



4. PARK VIEW

6016 14th Ave NW, Seattle WA

Year Built 1968
Units 8
Sales Price \$3,075,000
Price/Unit \$384,375
Price/Foot \$403.33
GRM/CAP 15.7/4.5%
Sales Date 6.14.2017



5. 11 UNIT

514 NE 112th St, Seattle WA

Year Built 1975
Units 11
Sales Price \$3,750,000
Price/Unit \$340,909
Price/Foot \$392.22
GRM/CAP 15.4/4.5%
Sales Date 6.12.2017

Sale Comparables



6. 6 UNIT

8736 Phinney Ave N, Seattle WA

Year Built 2008
Units 6
Sales Price \$2,650,000
Price/Unit \$441,667
Price/Foot \$428.11
GRM/CAP 16.9/4.2%
Sales Date 5.15.2017



7. FOUNTAIN COURT

3825 34th Ave W, Seattle WA

Year Built 1967
Units 18
Sales Price \$5,370,000
Price/Unit \$335,625
Price/Foot \$407.99
GRM/CAP 14.4/5.0%
Sales Date 1.20.2017

Sales Comparables Map

Terra Apartments

730 N 85th St
Seattle, WA

1. The Edge Apartments

2515 Thorndyke Ave W
Seattle, WA

2. Jakarta

615 NW 85th St
Seattle, WA

3. Evanston 11 Unit

4238 Evanston Ave N
Seattle, WA

4. Park View

6016 14th Ave NW
Seattle, WA

5. 11 Unit

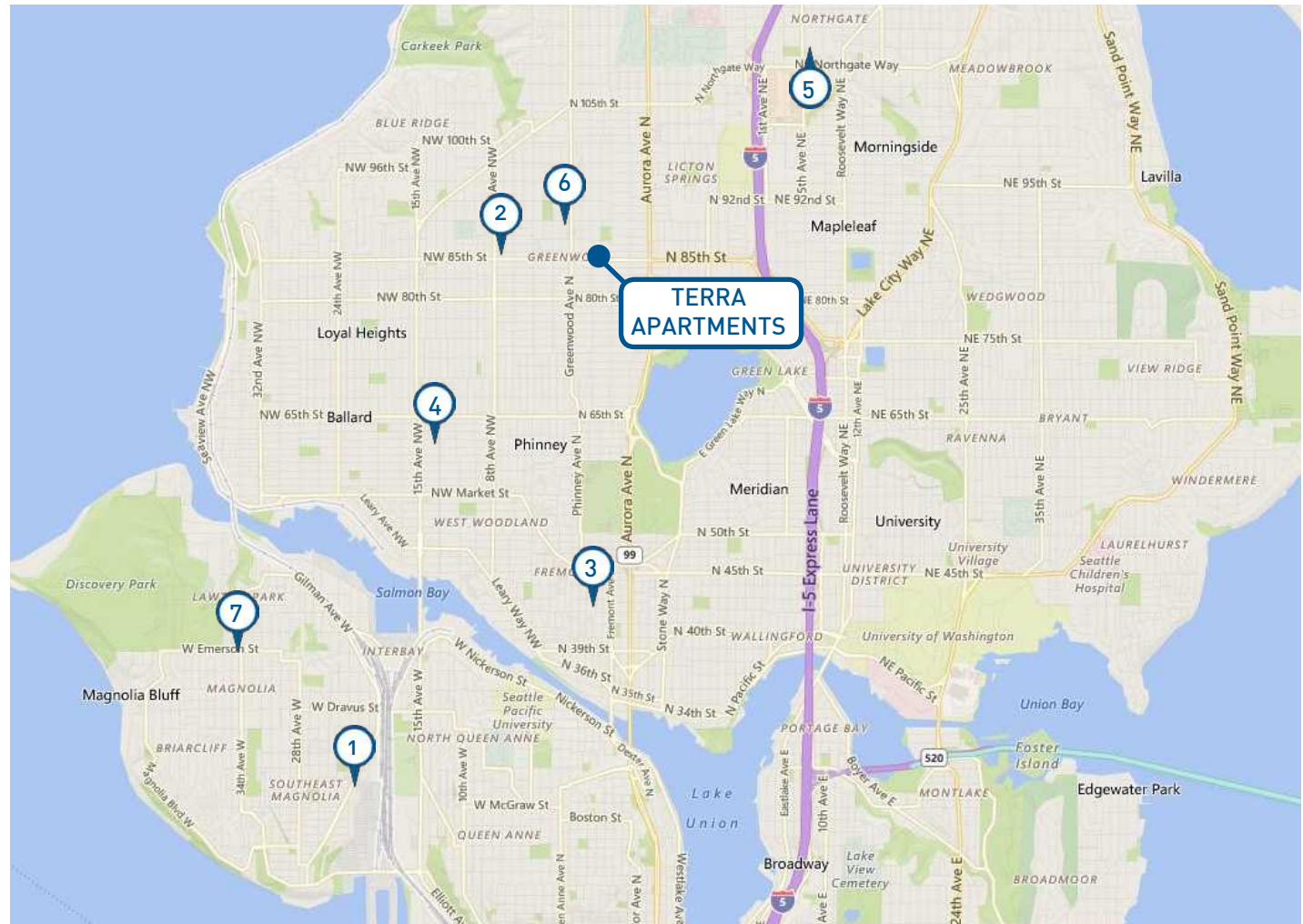
514 NE 112th St
Seattle, WA

6. 6 Unit

8736 Phinney Ave N
Seattle, WA

7. Fountain Court

3825 34th Ave W
Seattle, WA



Paragon Real Estate Advisors

ABOUT PARAGON

Paragon Real Estate Advisors is the leading Seattle real estate investment firm for multi-family property sales in Washington State. We have accrued over \$3 billion in sales and have closed nearly 1,700 successful real estate transactions. We are locally owned, client-focused and highly experienced. When it comes to apartments and investment real estate in the Puget Sound region, we are the smart choice to partner with.

At Paragon, we build long-term partnerships that help our clients reach their long- and short-term real estate investment goals while maintaining maximum profitability for them. Our brokers have an in-depth knowledge of the Washington state real estate market, particularly in the greater Seattle area and the I-5 corridor, that comes from more than 20 years' experience in the industry. Paragon's unique focus on sharing knowledge, teamwork and collaboration within the brokerage industry leverages our collective intellect for all our clients. Our brokers provide superior customer representation through our innovative and effective marketing campaigns, co-brokerage, skilled negotiations, and ongoing partnerships.



The information found in this offering memorandum has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies.