



## ETHAN WAY APARTMENTS

Sacramento, CA



Tony DeLoney

Senior Associate

(916) 724-1363

[Tony.DeLoney@marcusmillichap.com](mailto:Tony.DeLoney@marcusmillichap.com)

[www.tonydeloney.com](http://www.tonydeloney.com)

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ETHAN WAY APARTMENTS  
Sacramento, CA  
ACT ID X0030213

Marcus & Millichap

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Rent Comparables



**INVESTMENT  
OVERVIEW**

**EXECUTIVE SUMMARY**

VITAL DATA				
		CURRENT		YEAR 1
Price	\$5,800,000			
Down Payment	35% / \$2,030,000	CAP Rate	5.15%	6.26%
Loan Amount	\$3,770,000	GRM	8.86	8.29
Loan Type	Proposed New	Net Operating Income	\$298,784	\$363,293
Interest Rate / Amortization	3.85% / 30 Years	Net Cash Flow After Debt Service	4.27% / \$86,695	7.45% / \$151,204
Price/Unit	\$77,333	Total Return	7.63% / \$154,833	10.94% / \$222,012
Price/SF	\$126.91			
Number of Units	75			
Rentable Square Feet	45,700			
Number of Buildings	3			
Number of Stories	2			
Year Built	1969			
Lot Size	2.94 acre(s)			

UNIT MIX		
NUMBER OF UNITS	UNIT TYPE	APPROX. SQUARE FEET
2	Studio	450
63	One Bedroom / One Bathroom	590
10	Two Bedroom	760
75	Total	45,700



**MAJOR EMPLOYERS**

EMPLOYER	# OF EMPLOYEES
Uc Davis Medical Center	10,625
Sbm Management Services LP	6,000
Shaw Envmtl & Infrastructure	6,000
Resource Staffing Group	4,785
Water Resources Cal Dept	3,858
California Dept of Pub Hlth	3,800
Caltrans	3,646
Department of Ane	3,575
Medical Centre	3,575
Employment Dev Cal Dept	3,196
Cal Equalization State Bd	3,114
Emergency Preparedness Office	3,040

**DEMOGRAPHICS**

	1-Miles	3-Miles	5-Miles
2016 Estimate Pop	16,360	139,287	357,658
2010 Census Pop	15,433	131,140	337,883
2016 Estimate HH	6,501	57,295	148,108
2010 Census HH	6,169	54,203	140,299
Median HH Income	\$32,277	\$42,518	\$44,518
Per Capita Income	\$17,380	\$27,890	\$27,998
Average HH Income	\$43,619	\$67,293	\$66,608

## INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present Ethan Apartments, a 75-unit property built in 1969 in the Arden-Arcade submarket of Sacramento. The Sacramento market is expected to add 28,000 new jobs in 2017, an increase of 2.9%. Due to minimal new apartment starts in the region, vacancy is expected to continue its decline to 2.0% in 2017, resulting in 8.0% growth in rents. Ethan Apartments has enjoyed stable, continuous ownership since 1997; it could be a prime candidate for tax credit conversion. The property has a large portion of undeveloped vacant land that could be used to add more units based on current zoning. The 75 units are situated on 3 parcels total. One unit above the garage is non-conforming.

Residents at Ethan Apartments enjoy a location in one of the most convenient suburban locations of the Sacramento region. A 10 to 15-minute drive west ends in Downtown Sacramento, to the east is Roseville and southeast is Rancho Cordova, which are the three largest employment centers in the region. Residents enjoy rare walkability in a city that depends on individual car transportation, with easy access to Arden Mall, Cal Expo and the Hornet Bus Line to CSU Sacramento.

The interiors of the Ethan are functional, clean and desirable but cosmetic finishes have fallen behind current submarket trends. Renters at neighboring properties have demonstrated a willingness to pay more for interior upgrade packages featuring plank wood flooring, refinished countertops and new hardware, among other things. Ethan Apartments is a prime value-add opportunity for follow suit.

Please contact listing agent Tony DeLoney with all questions and inquiries. Please do not disturb tenants. Tours of the interior of the building must be scheduled with listing agent.

## INVESTMENT HIGHLIGHTS

- Below Market Rents
- 10+ Years Continuous Ownership
- Walking Distance to Arden Fair Mall
- Convenient Access to all Sacramento Freeways
- Opportunity to Build More Units









**PROPERTY OVERVIEW**

THE OFFERING	
Property	Ethan Way Apartments
Price	\$5,800,000
Property Address	1928 Ethan Way, Sacramento, CA
Zoning	RD30
SITE DESCRIPTION	
Number of Units	75
Number of Buildings	3
Number of Stories	2
Year Built/Renovated	1968
Rentable Square Feet	45700
Lot Size	2.94 Acres
Type of Ownership	Fee Simple
UTILITIES	
Water	Central - Owner Pays
Electric	Individually Metered - Tenant Pays
Gas	Individually Metered - Tenant Pays
CONSTRUCTION	
Foundation	Raised
Exterior	Stucco
Parking Surface	Asphalt / Gravel
Roof	Pitched Composition Shingle
MECHANICAL	
HVAC	Wall Heating & Air

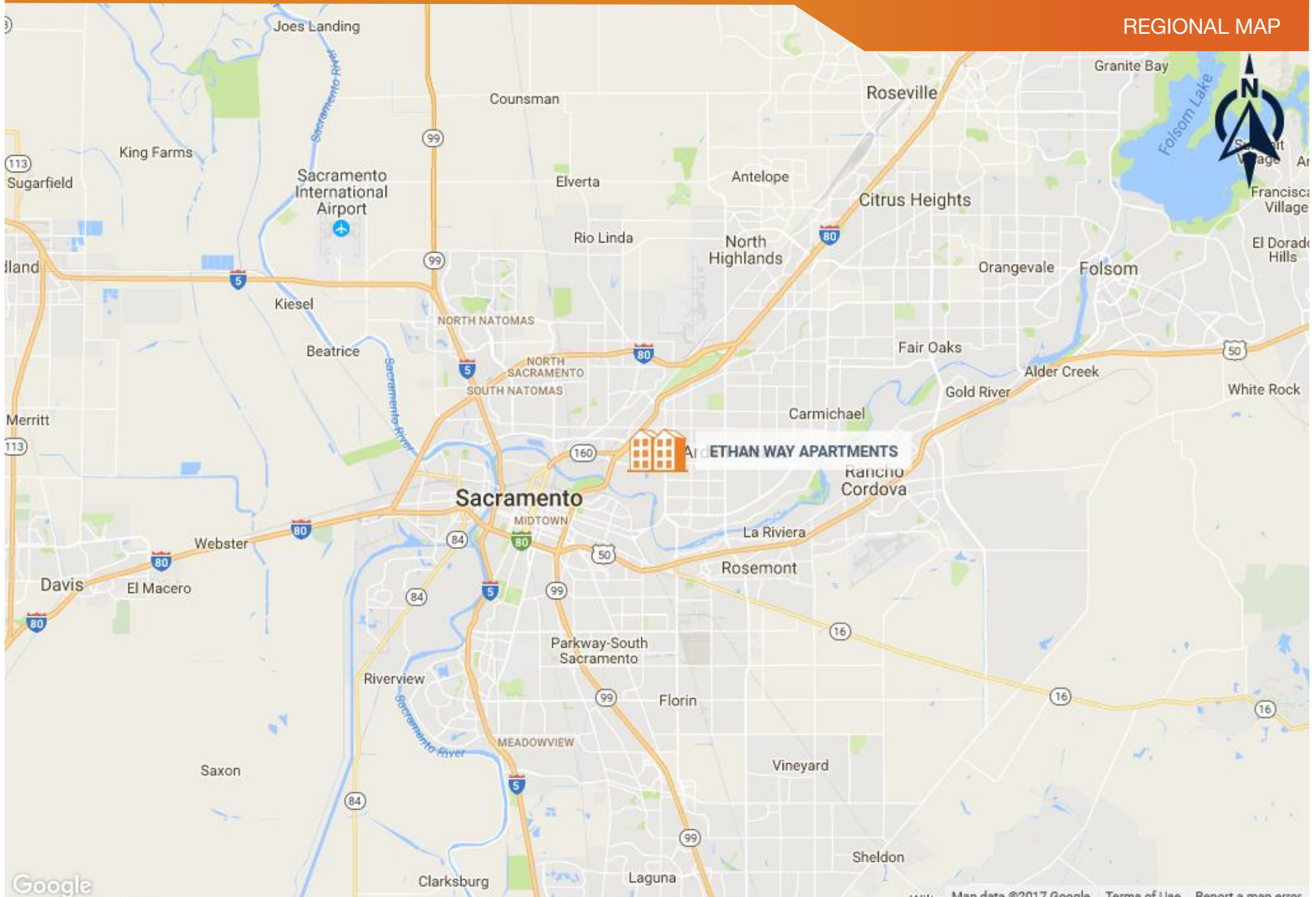


**Common Area Amenities**

- Swimming Pool
- Clubhouse
- Standalone Leasing Office
- Three Laundry Facilities

**Unit Amenities**

- Double Pane Windows in Select Units
- Single Load Design
- Recently Leased Units with Faux Wood Plank
- Dishwashers

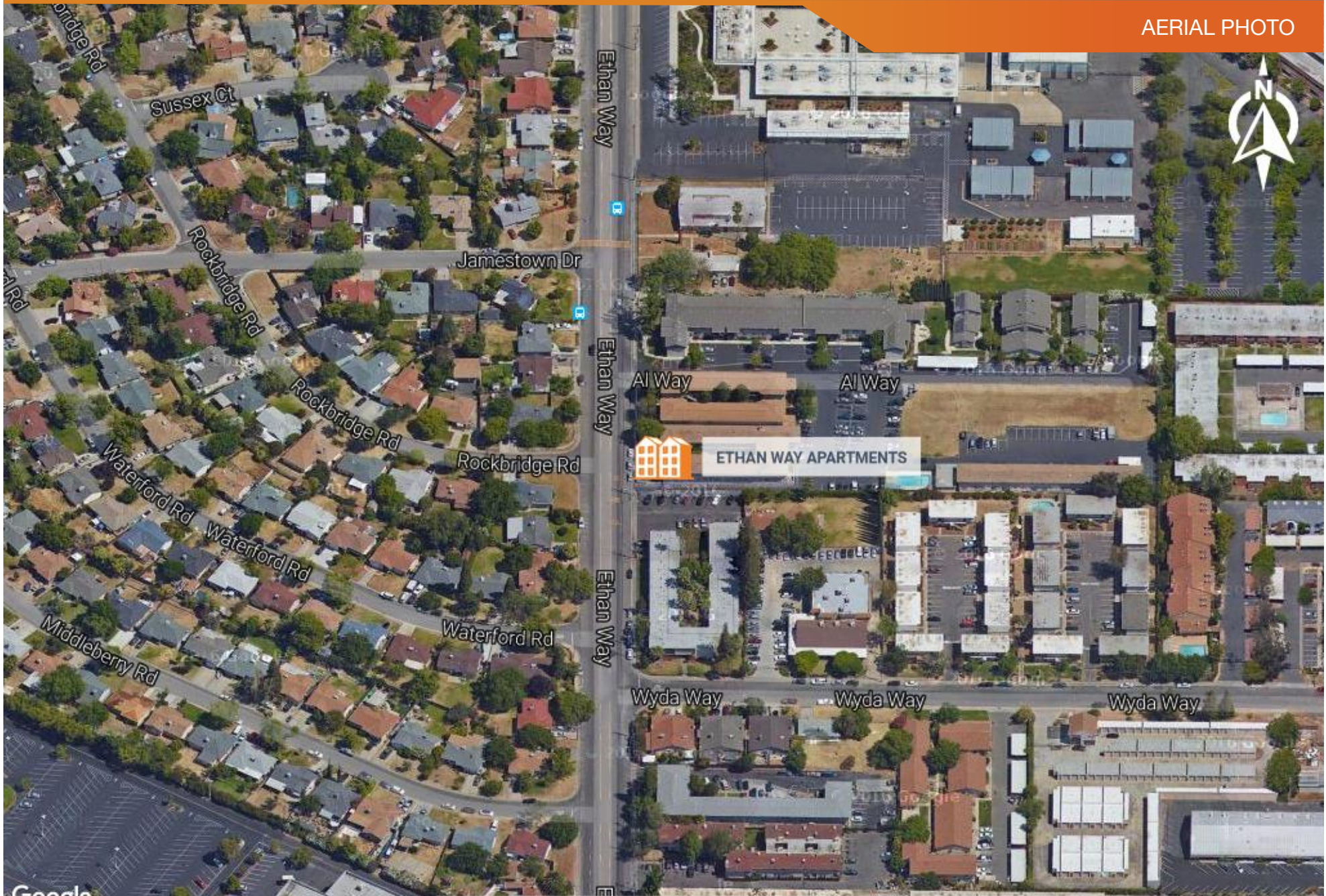


Google

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# ETHAN WAY APARTMENTS

AERIAL PHOTO



Google

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Downtown Sacramento

**Howe Bout Arden Development**  
**The Container Store**

CINEMARK  
 CENTURY THEATRES CineArts Touchdown

STARBUCKS COFFEE

NORDSTROM  
**rack**

**the Habit**  
 BURGER GRILL

Payless  
 SHOESOURCE

American River



**Point West Plaza**

CHASE

Pier 1 Imports Party City

HOBBY LOBBY

CRUICK CHEESE'S

Erickson Industrial Park



**arden fair**

1,108,852 sqft  
 165 stores & services

NORDSTROM

Apple Store

BJ's

Bath & Body Works

REGAL CINEMAS

**BARNES & NOBLE**

The Cheesecake Factory

DSW

Ethan Apartments  
 1928 Ethan Way





# FINANCIAL ANALYSIS

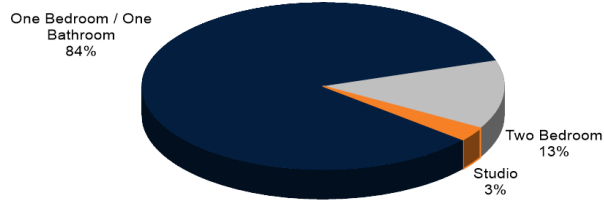
RENT ROLL SUMMARY

As of April, 2017

Unit Type	# of Units	Ava Sq Feet	Rental Range	Scheduled			Potential		
				Average Rent	Average Rent / SF	Monthly Income	Average Rent	Average Rent / SF	Monthly Income
Studio	2	450	\$650 - \$700	\$675	\$1.50	\$1,350	\$700	\$1.56	\$1,400
One Bedroom / One Bathroom	57	600	\$375 - \$775	\$721	\$1.20	\$41,075	\$775	\$1.29	\$44,175
One Bedroom / One Bathroom Junior	6	500	\$600 - \$700	\$650	\$1.30	\$3,900	\$700	\$1.40	\$4,200
Two Bedroom / One Bathroom	9	750	\$750 - \$850	\$811	\$1.08	\$7,300	\$850	\$1.13	\$7,650
Two Bedroom / Two Bathroom	1	850	\$900 - \$900	\$900	\$1.06	\$900	\$900	\$1.06	\$900
<b>Totals/Weighted Averages</b>	<b>75</b>	<b>609</b>		<b>\$727</b>	<b>\$1.19</b>	<b>\$54,525</b>	<b>\$778</b>	<b>\$1.28</b>	<b>\$58,325</b>
<b>Gross Annualized Rents</b>				<b>\$654,300</b>			<b>\$699,900</b>		

Notes:

Unit Distribution



Unit Rent



## OPERATING STATEMENT

Income	Current		Year 1	Notes	Per Unit	Per SF
<b>Gross Potential Rent</b>	699,900		699,900		9,332	15.32
Loss / Gain to Lease	(45,600)	6.5%	0		0	0.00
<b>Gross Scheduled Rent</b>	<b>654,300</b>		<b>699,900</b>		<b>9,332</b>	<b>15.32</b>
<b>Physical Vacancy</b>	(22,901)	3.5%	(24,497)	3.5% [1]	(327)	(0.54)
<b>Total Vacancy</b>	<b>(\$22,901)</b>	<b>3.5%</b>	<b>(\$24,497)</b>	<b>3.5%</b>	<b>(\$327)</b>	<b>(\$1)</b>
<b>Effective Rental Income</b>	<b>631,400</b>		<b>675,404</b>		<b>9,005</b>	<b>14.78</b>
<b>Other Income</b>						
Utility Bill-Back	0		22,500	[2]	300	0.49
Laundry	8,062		8,062		107	0.18
<b>Total Other Income</b>	<b>\$8,062</b>		<b>\$30,562</b>		<b>\$407</b>	<b>\$0.67</b>
<b>Effective Gross Income</b>	<b>\$639,462</b>		<b>\$705,966</b>		<b>\$9,413</b>	<b>\$15.45</b>

Expenses	Current		Year 1	Notes	Per Unit	Per SF
Real Estate Taxes	67,645		67,645	[3]	902	1.48
Insurance	12,159		12,159	[4]	162	0.27
Utilities	93,659		93,659	[5]	1,249	2.05
Security	10,421		10,421	[6]	139	0.23
Pest Control	9,465		9,465	[7]	126	0.21
Pool Service	4,602		4,602	[8]	61	0.10
Repairs & Maintenance	60,000		60,000	[9]	800	1.31
Landscaping	8,387		8,387	[10]	112	0.18
Marketing & Advertising	1,490		1,490	[11]	20	0.03
Payroll	37,103		37,103	[12]	495	0.81
General & Administrative	15,069		15,069	[13]	201	0.33
Misc. Expenses	1,494		1,494	[14]	20	0.03
Management Fee	19,184	3.0%	21,179	3.0% [15]	282	0.46
<b>Total Expenses</b>	<b>\$340,678</b>		<b>\$342,673</b>		<b>\$4,569</b>	<b>\$7.50</b>
<b>Expenses as % of EGI</b>	<b>53.3%</b>		<b>48.5%</b>			
<b>Net Operating Income</b>	<b>\$298,784</b>		<b>\$363,293</b>		<b>\$4,844</b>	<b>\$7.95</b>

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

## Notes to Operating Statement

- [1] Underwritten to Submarket Norms
- [2] Proposed Average of \$25 RUBS Charge per Unit per Month
- [3] New Taxes Based on Purchase Price and Rate of 1.1663%
- [4] Derived from 2016 Year End Income Statement
- [5] Derived from 2016 Year End Income Statement
- [6] Derived from 2016 Year End Income Statement
- [7] Derived from 2016 Year End Income Statement
- [8] Derived from 2016 Year End Income Statement
- [9] Underwritten to \$800/Unit/Year
- [10] Derived from 2016 Year End Income Statement
- [11] Derived from 2016 Year End Income Statement
- [12] Derived from 2016 Year End Income Statement
- [13] Derived from 2016 Year End Income Statement
- [14] Derived from 2016 Year End Income Statement
- [15] 3% of Gross Income

PRICING DETAIL

Summary		
<b>Price</b>	<b>\$5,800,000</b>	
Down Payment	\$2,030,000	35%
Number of Units	75	
Price Per Unit	\$77,333	
Price Per SqFt	\$126.91	
Rentable SqFt	45,700	
Lot Size	2.94 Acres	
Approx. Year Built	1969	

Returns	Current	Year 1
<b>CAP Rate</b>	<b>5.15%</b>	<b>6.26%</b>
GRM	8.86	8.29
Cash-on-Cash	4.27%	7.45%
Debt Coverage Ratio	1.41	1.71

Financing	1st Loan
Loan Amount	\$3,770,000
Loan Type	New
Interest Rate	3.85%
Amortization	30 Years
Year Due	2021

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

# Of Units	Unit Type	SqFt/Unit	Current Rents	Market Rents
2	Studio	450	\$675	\$700
63	One Bedroom / One Bathroom	590	\$713	\$768
10	Two Bedroom	760	\$811	\$855

Operating Data

Income		Current		Year 1
<b>Gross Scheduled Rent</b>		<b>\$654,300</b>		<b>\$699,900</b>
Less: Vacancy/Deductions (GPR)	3.5%	\$22,901	3.5%	\$24,497
Total Effective Rental Income		\$631,400		\$675,404
Other Income		\$8,062		\$30,562
Effective Gross Income		\$639,462		\$705,966
Less: Expenses	53.3%	\$340,678	48.5%	\$342,673
<b>Net Operating Income</b>		<b>\$298,784</b>		<b>\$363,293</b>
Cash Flow		\$298,784		\$363,293
Debt Service		\$212,089		\$212,089
Net Cash Flow After Debt Service	4.27%	\$86,695	7.45%	\$151,204
Principal Reduction		\$68,138		\$70,808
<b>Total Return</b>	<b>7.63%</b>	<b>\$154,833</b>	<b>10.94%</b>	<b>\$222,012</b>

Expenses	Current	Year 1
Real Estate Taxes	\$67,645	\$67,645
Insurance	\$12,159	\$12,159
Utilities	\$93,659	\$93,659
Security	\$10,421	\$10,421
Pest Control	\$9,465	\$9,465
Pool Service	\$4,602	\$4,602
Repairs & Maintenance	\$60,000	\$60,000
Landscaping	\$8,387	\$8,387
Marketing & Advertising	\$1,490	\$1,490
Payroll	\$37,103	\$37,103
General & Administrative	\$15,069	\$15,069
Misc. Expenses	\$1,494	\$1,494
Management Fee	\$19,184	\$21,179
<b>Total Expenses</b>	<b>\$340,678</b>	<b>\$342,673</b>
<b>Expenses/Unit</b>	<b>\$4,542</b>	<b>\$4,569</b>
<b>Expenses/SF</b>	<b>\$7.45</b>	<b>\$7.50</b>





RENT  
**COMPARABLES**

**ETHAN WAY APARTMENTS**

1928 ETHAN WAY, SACRAMENTO, CA, 95825



Unit Type	Units	SF	Rent	Rent/SF
Studio	2	450	\$675.00	\$1.50
One Bdr One Bath	63	590	\$713.00	\$1.21
Two Bdr	10	760	\$811.00	\$1.07
<b>Total/Avg.</b>	<b>75</b>	<b>609</b>		

YEAR BUILT: 1969

**ARDEN VILLAS**

2045 WYDA WAY, SACRAMENTO, CA, 95825



Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Bath	1	600	\$835	\$1.40
2 Bdr 1 Bath	71	775	\$925-\$1,050	\$1.28
<b>Total/Avg.</b>	<b>72</b>	<b>773</b>	<b>\$985</b>	<b>\$1.28</b>

OCCUPANCY: 100% | YEAR BUILT: 1970

NOTES

Amenities: Pool  
Dishwasher  
Washer/Dryer in Select Units Rubs: \$50

**NORTHWOOD APARTMENTS**

2201 HOWE AVENUE, SACRAMENTO, CA, 95825



Unit Type	Units	SF	Rent	Rent/SF
Studio	20	476	\$775	\$1.63
1 Bdr 1 Bath	20	620	\$875	\$1.42
2 Bdr 1 Bath	38	768	\$1,025	\$1.34
2 Bdr 2 Bath	40	826-829	\$1,150-\$1,150	\$1.39
3 Bdr 2 Bath	38	1,121	\$1,400	\$1.25
<b>Total/Avg.</b>	<b>156</b>	<b>813</b>	<b>\$1,097</b>	<b>\$1.38</b>

OCCUPANCY: 97% | YEAR BUILT: 1977

NOTES

Amenities: Central Heat and Air  
ADT Security Sytems  
Balcony  
2 Pools  
2 Spas  
Gated Pets: \$300 Deposit, no monthly fee

**VILLA DEL RIO**

1961 HOWE AVENUE, SACRAMENTO, CA, 95825

3



Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Bath	50	635	\$825-\$875	\$1.34
2 Bdr 1 Bath	70	805	\$875-\$1,005	\$1.17
2 Bdr 2 Bath	60	809	\$995-\$1,035	\$1.26
<b>Total/Avg.</b>	<b>180</b>	<b>759</b>	<b>\$940</b>	<b>\$1.24</b>

YEAR BUILT: 1961

**NOTES**

Amenities: 2 Pools  
 Central HVAC  
 2 Laundry Facilities  
 Gated Community  
 Dishwasher, Stove, and Refrigerator in Unit    Pets: \$25 per Month per Pet

**ROSEWOOD GARDEN APARTMENTS**

2011 WYDA WAY, SACRAMENTO, CA, 95825

4



Unit Type	Units	SF	Rent	Rent/SF
1 Bdr 1 Bath	20	600	\$725	\$1.21
2 Bdr 1 Bath	13	875	\$875	\$1.00
<b>Total/Avg.</b>	<b>33</b>	<b>708</b>	<b>\$774</b>	<b>\$1.12</b>

OCCUPANCY: 100% | YEAR BUILT: 1964

**NOTES**

Amenities: Gated Courtyard  
 Double-pane Windows  
 On- Site Laundry  
 Granite Countertops  
 Dishwashers/Disposals  
 Leasing Office    Rubs: Not Yet Implemented

## PRESENTED BY

**Tony DeLoney**

Senior Associate

Director - National Multi Housing Group

Sacramento Office

Tel: (916) 724-1363

Fax: (916) 724-1410

[tony.deloney@marcusmillichap.com](mailto:tony.deloney@marcusmillichap.com)

License: CA 01920427