

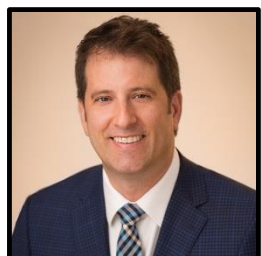


## DORCHESTER HOUSE APARTMENTS

2701 NW Highway 101, Lincoln City, OR 97367

69 units

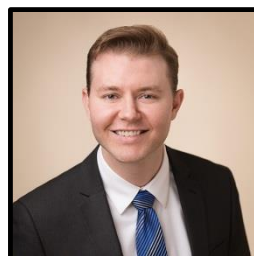
**\$4,400,000**



**FOR MORE INFORMATION:**

Bernard Gehret  
Principal Broker

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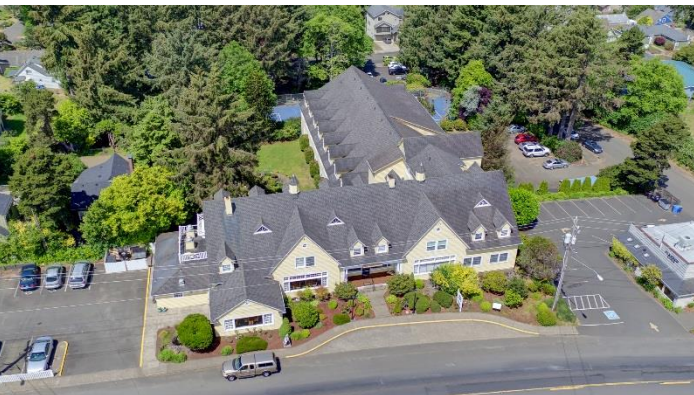


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**DORCHESTER HOUSE APARTMENTS**  
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**BUILDING**

<b>Price:</b>	\$4,400,000
<b>Units:</b>	69
<b>Price/Unit:</b>	\$63,768
<b>Building Sq Ft:</b>	44,716
<b>Price/Sq Ft:</b>	\$98.40
<b>Year Built:</b>	1929/1984
<b>Lot Size:</b>	1.41 acres
<b>County:</b>	Lincoln

**HIGHLIGHTS**

- Potential to add a 70th unit
- Turnkey condition with strong, in place management team
- Off-street parking with two lots
- On-site laundry rooms
- Walking distance to the beach
- Large common areas including private courtyard garden, patios, living rooms, dining areas
- Elevator for resident and staff use
- National Register of Historic Places Site
- Potential to add value by streamlining management costs
- Easy resident access and use of adjacent tennis courts and public park
- Low turnover costs per unit

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The Dorchester House Apartments is a one of a kind investment opportunity, a turnkey apartment building perfectly located in the heart of Lincoln City, just blocks from North Beach and the Pacific Ocean. The property consists of 69 residential apartment units, plus a large office which potentially could be modified to create an additional unit, while maintaining the small office.

Listed on the National Register of Historic Places, the property was originally completed and opened for business in 1935, with a major addition in 1984. The Dorchester House features large common areas, including a library, commercial kitchen and private courtyard on a 44,716 square foot lot.



The Dorchester House is a 58 years of age and older community, and is not an assisted living facility. This listing is a market deal with two rental restrictions: tenants must be 58 or older, and 20% (14) of the units must be rented to tenants that make 50% or below the median income. Currently, the property is being operated as a 58 year old plus community, and attracts and retains senior Oregon residents interested in independent coastal living.

The Dorchester has a regulatory agreement with Oregon Housing and Community Services mandating 20% of the units (14) to be rented to tenants below 50% of the median household income for the area (as provided annually by the state). The agreement is currently set to expire in November 2029. Due to the majority of current tenants being retired, the majority are already below this income threshold, and the restriction has not hampered leasing the property at market rates.

The investment opportunity is currently available for sale by Joseph Bernard Investment Real Estate at \$4,400,000, at a cap rate of 6.93% based on actual rents and the trailing twelve month expenses. A buyer may obtain new financing on the property, there is no requirement for a loan assumption.

In addition, there is potential to create a 70<sup>th</sup> unit, as the current office is plumbed and could be modified to maintain the leasing office while creating the 70<sup>th</sup> rental unit, buyer to verify all due diligence.

The units feature 21 studios, 46 one bedrooms, and two, two bedroom units. Each unit has one bathroom and a kitchenette. Rents include free laundry and all utilities, plus cable TV.

The quality operations team consists of a full-time Executive Director, a full-time Assistant Administrator, a full-time Maintenance Director, and a part-time Housekeeper (seller provides housekeeping services for additional fees, see pro forma for details). The staff has indicated there is potential to continue to work for the new buyers, which makes this an amazing opportunity for an owner/operator to maximize off-site management costs.

### Scheduled Monthly Rents

Units	Type	Est. SF	Current Average Rent	Monthly Income	Rent at Market	Monthly Income
21	Studio	450	\$795	\$16,695	\$809	\$16,989
46	1 + 1	540	\$887	\$40,802	\$927	\$42,642
2	2 + 1	650	\$997	\$1,994	\$999	\$1,998
<b>69</b>				<b>\$59,491</b>		<b>\$61,629</b>
<b>Scheduled Gross Income</b>				<b>\$713,892</b>		<b>\$739,548</b>
• Less: Vacancy (5%)				-\$35,695		-\$36,977
<b>Effective Gross Income</b>				<b>\$678,197</b>		<b>\$702,571</b>
• Plus: Cleaning/Sign				+\$7,929		+\$7,929
• Plus: Fees				+\$6,181		+\$6,181
<b>Effective Annual Income</b>				<b>\$692,307</b>		<b>\$716,681</b>

### Estimated Expenses

	Current			Budget		
	%EGI	Per/Unit	Amount	%EGI	Per/Unit	Amount
<sup>1</sup> Taxes	5.26%	\$517	\$35,653	5.07%	\$517	\$35,653
<sup>2</sup> Insurance	2.39%	\$235	\$16,215	2.31%	\$235	\$16,215
<sup>3</sup> Utilities	14.21%	\$1,397	\$96,393	13.72%	\$1,397	\$96,393
<sup>4</sup> Professional Management	4.95%	\$486	\$33,542	5.00%	\$509	\$35,128
<sup>5</sup> On-Site Management	16.28%	\$1,600	\$110,417	15.72%	\$1,600	\$110,417
<sup>2</sup> Maintenance & Repairs	5.13%	\$504	\$34,776	4.95%	\$504	\$34,776
<sup>2</sup> Turnover Reserves	2.03%	\$200	\$13,800	1.96%	\$200	\$13,800
<sup>2</sup> Landscaping	0.15%	\$15	\$1,023	0.15%	\$15	\$1,023
<sup>6</sup> Administrative	2.83%	\$278	\$19,214	1.37%	\$139	\$9,607
<sup>6</sup> Capital Reserves	2.03%	\$200	\$13,800	1.96%	\$200	\$13,800
<sup>7</sup> Housekeeping	1.83%	\$180	\$12,388	1.76%	\$180	\$12,388
<b>Total Est. Annual Expenses</b>	<b>57.10%</b> of EGI	<b>\$5,612</b> Per Unit	<b>\$387,221</b>	<b>53.97%</b> of EGI	<b>\$5,496</b> Per Unit	<b>\$379,200</b>

### Investment Summary

	Current	Projected
<b>Net Operating Income (NOI)</b>	<b>\$305,086</b>	<b>\$337,481</b>
<b>Cap Rate</b>	<b>6.93%</b>	<b>7.67%</b>
Debt Service	\$181,820	\$181,820
Cash Flow	\$123,266	\$155,661
<b>Cash Return</b>	<b>9.34%</b>	<b>11.79%</b>

### Proposed Financing

<b>Price</b>	\$4,400,000
<b>Down Payment</b>	\$1,320,000
<b>Down Payment %</b>	30%
<b>Debt Service</b>	\$181,820
<b>Loan Amount</b>	\$3,080,000
<b>Interest Rate</b>	4.25%
<b>Term</b>	5 yr fix/30 yr. am

### Footnotes

- Actual 2018/2019 property taxes, includes state of Oregon 3% prepay discount.
- Seller actual T12 expense.
- Utilities include for T12: Cable TV: \$17,131; Electric: \$35,520; Gas: \$9,420; Garbage: \$9,021; H2O/Sewer: \$25,309.
- Seller self-manages and pays seller owned management company.
- Seller pays 2 full-time onsite managers (\$25 and \$20/hour), plus additional part time (\$6,686 annually).
- Actual T12 Administrative expense, includes: \$7,510 for computer support, \$4,429 for equipment rental, \$4,209 for phone services. Budget for Administrative expense is market estimate (\$9,607).
- Housekeeping services provided to tenants for additional fee. Housekeeper also cleans common areas.





## AWARDS & RECOGNITIONS

# Joseph Bernard

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