

# SUNSET TERRACE

APARTMENTS

4413 W. Bethany Home | Glendale, AZ



**SUNSET TERRACE**  
**\$6,200,000 — 86 UNITS**

**EXCLUSIVE  
MULTIFAMILY LISTING**

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## INVESTMENT HIGHLIGHTS

- Excellent Condition
- 2006 & 2007 Renovations
- Excellent Glendale Location Near Westgate
- One and Two-Bedroom Units
- Large Floor Plans
- Stand Alone Rental Office
- Sparkling Swimming Pool
- Basketball Court
- Covered Parking
- New Exterior Paint
- New One Inch Overlay on Parking Lot
- Completely Re-Landscaped

*The Jones Group*  
REAL ESTATE SERVICES, LLC

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Scottsdale, AZ 85251

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**AREA DESCRIPTION**

The **Sunset Terrace** apartment community represents an excellent investment opportunity due to its excellent condition, rent upside and its location in a strong Glendale submarket. Sunset Terrace sits on a 2.9 acre lot and is comprised of seven, two story, frame and stucco buildings. Individually metered for gas and electricity, Sunset Terrace contains 54 large one bedroom-one bathroom units and 32 large two bedroom-two bathroom units. All units have private patios or balconies, frost free refrigerators, microwaves, and disposals, while some units have walk-in closets and extra storage space.

Tenants enjoy the community’s amenities such as the sparkling swimming pool, tennis court, covered parking and laundry room.

The property has undergone capital improvements in the last 12 months including:

- New Exterior Paint
- New one inch Overlay on the Parking Lot
- Completely Re-Landscaped
- New Roofs on Some Buildings

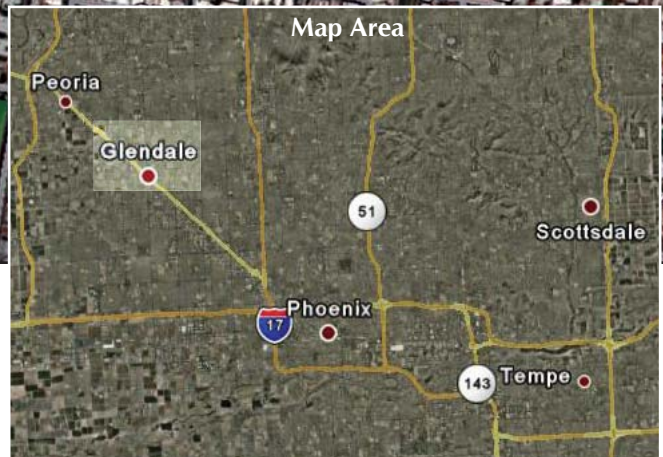
**Sunset Terrace** is conveniently located on Bethany Home Road, just west of 43rd Avenue in Glendale, Arizona. Located just two miles west is the I-17 Freeway, Sunset Terrace tenants enjoy easy access throughout the entire Phoenix Metropolitan area. Directly to the east of Sunset Terrace is a retail center which includes Fry’s Food and Drug, Subway restaurant, El Pollo Loco and Panda Express restaurants. Sunset Terrace is also located 6.5 miles directly east of the Westgate Development and 3.5 miles southeast of the Northern Crossing Mall.

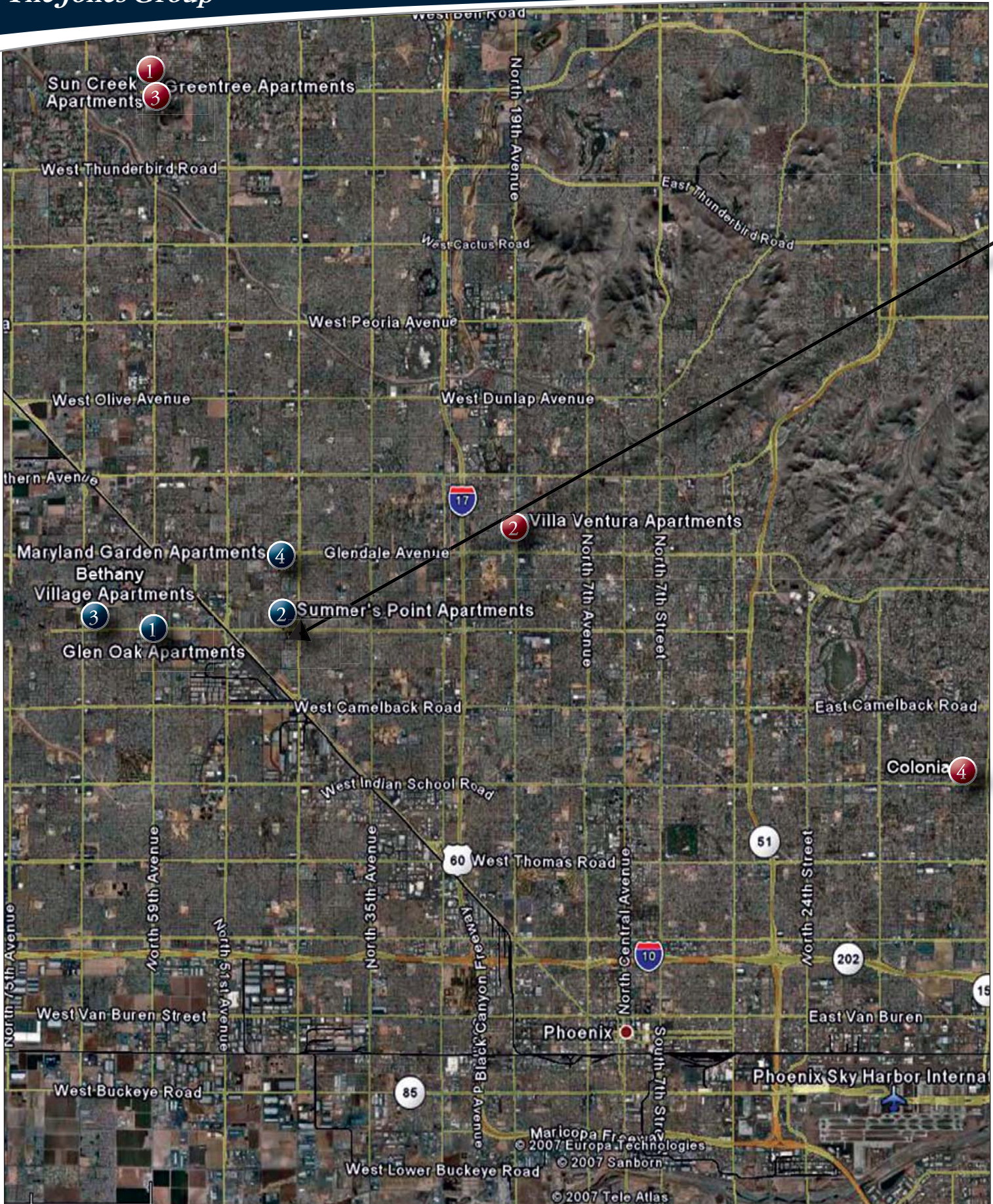
**SUMMARY**

PRICE	<b>\$6,200,000</b>
PRICE / UNIT	<b>\$72,093</b>
PRICE / SF	<b>\$105.73</b>
CAP RATE	<b>5.90%</b>
UNITS	<b>86</b>
BUILT	<b>1983</b>
CONSTRUCTION	<b>Frame/Stucco</b>
ROOF	<b>Flat</b>
# of BUILDINGS	<b>Seven</b>
STYLE	<b>Garden</b>
STORIES	<b>Two</b>
METERING	<b>Individual</b>
LOT ACRE	<b>2.93</b>
COVERED PARKING	<b>86</b>
OPEN PARKING	<b>49</b>

**AMENITIES**

- Swimming Pool**
- Covered Parking**
- Laundry Room**
- Basketball Court**
- Walk-in Closets**
- Extra Storage**





**SUNSET TERRACE**  
4413 W. Bethany Home | Glendale, AZ



**RENT COMPARABLES**

Built	1983
Units	86
Average SF	682
Average Rent	\$587
Average Rent/SF	\$0.86

**SALE COMPARABLES**

Sales Price	\$6,200,000
Price / Unit	\$72,093
Price / SF	\$105.73
Cap Rate	5.90%
GRM	10.23

RENT COMPARABLES

**1** Glen Oaks  
5750 N. 59th Avenue  
Glendale, AZ

Built	1985
Units	184
Average SF	693
Average Rent	\$626
Average Rent/SF	\$.90

**3** Bethany Village  
6565 W. Bethany Home  
Glendale, AZ

Built	1983
Units	276
Average SF	610
Average Rent	\$557
Average Rent/SF	\$.91

**2** Summer's Point  
4441 W. Bethany Home  
Glendale, AZ

Built	1980
Units	164
Average SF	571
Average Rent	\$484
Average Rent/SF	\$.85

**4** Maryland Gardens  
4529 E. Ocotillo Road  
Glendale, AZ

Built	1983
Units	120
Average SF	740
Average Rent	\$637
Average Rent/SF	\$.86

	BUILT	UNITS	AVERAGE SF	AVERAGE RENT	AVERAGE RENT/SF
<b>RENT COMP AVERAGES</b>	<b>1984</b>	<b>166</b>	<b>647</b>	<b>\$576</b>	<b>\$.91</b>

SALE COMPARABLES

**1** Greentree  
5959 W. Greenway  
Glendale, AZ

Sales Price	\$15,700,000
Price / Unit	\$85,326
Price / SF	\$118.29
Cap Rate	5.68%
GRM	11.00
Sales Date	4-13-07

BUILT 1986 UNITS 184

**3** Sun Creek  
15050 N. 59th Avenue  
Glendale, AZ

Sales Price	\$12,725,000
Price / Unit	\$72,714
Price / SF	\$100.34
Cap Rate	5.09%
GRM	10.98
Sales Date	8-15-06

BUILT 1985 UNITS 175

**2** Villa Ventura  
7125 N. 19th Avenue  
Phoenix, AZ

Sales Price	\$4,375,000
Price / Unit	\$87,500
Price / SF	\$92.11
Cap Rate	5.92%
GRM	11.20
Sales Date	5-21-07

BUILT 1970 UNITS 50

**4** Colonia  
4115 E. Indian School Rd.  
Phoenix, AZ

Sales Price	\$6,650,000
Price / Unit	\$78,235
Price / SF	\$123.87
Cap Rate	5.00%
GRM	11.73
Sales Date	9-22-06

BUILT 1983 UNITS 85

	SALES PRICE	PRICE / UNIT	PRICE / SF	CAP RATE	GRM
<b>SALES COMP AVERAGES</b>	<b>\$9,862,500</b>	<b>\$80,944</b>	<b>\$108.65</b>	<b>5.42%</b>	<b>11.22</b>

*Effective rents increased by 6.5% in 2006, REIS projects the growth will continue with an effective rent growth of 4.5% in 2007.*

*Red Capital, REIS*

**Glendale** has experienced tremendous growth in the past few years. Fueling the west valley economy is the Westgate development, which includes the newly completed Phoenix Coyote hockey arena and 6.5 million square feet of restaurants, theaters, condos, retail and office space, including four hotels. Directly to the south of Westgate is the new Arizona Cardinals football stadium which will host the annual Fiesta Bowl and the 2008 Super Bowl. These venues indicate that the West Valley communities will become magnets for major new employers and businesses that have previously eluded them.

The **Glendale** mid-sized apartment market has continued to flourish. Despite the 9%+ vacancy rates experienced in 2002-2004, the appreciating

values can be attributed to the historically low interest rates and the perceived upside that the Westgate development, and other continual development and growth will bring. The average price per unit has gone up 60.74% over the past five years, and 7.83% for the first two quarters of 2007 — while rents have risen approximately 8.84% from 2002-2006 and 3.73% during the first two quarters of 2007. Glendale currently has 825 new units under construction that will come online in 2008

**Phoenix** Arizona is the Nation's 5th largest city. The Phoenix Metro area has grown by 766,000 people since the year 2000, for a total of 4,149,010 people in 2006. The 3.83% annual population growth has made

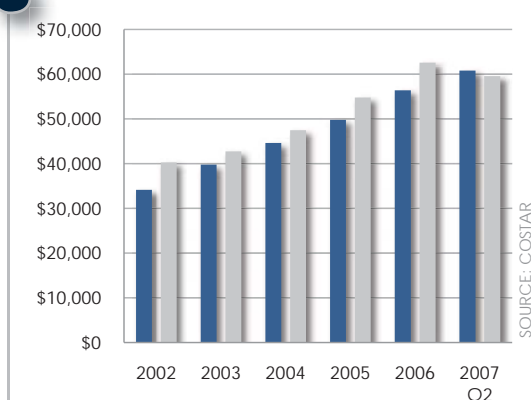
Phoenix the nation's fastest growing metropolitan area. Phoenix is projected to grow by 125,000+ people annually, with a projected population of over 4,750,000 by 2010.

The **Phoenix Metro** area's economy has benefited from 4.8% employment growth from February 2006 to February 2007, representing 82,000 non-agricultural jobs, while year-over-year payroll growth grew 5.2% in the third quarter of 2006. A large influx in business investment, development, and industrial growth are fundamental contributing factors to the growing economy. A number of large U.S. companies, particularly in the Technology industry and the Professional and Business Services industry have large operations in the

TOP FIVE  
GLENDALE  
EMPLOYERS

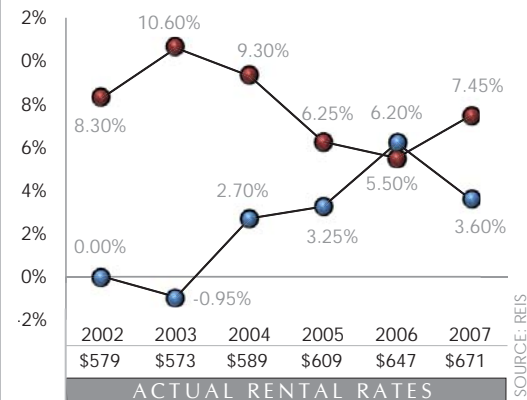
- Luke Air Force Base
- Arrowhead Towne Center
- Thunderbird Samaritan Medical Center
- Honeywell
- City of Glendale

**GLENDALE vs. PHOENIX PRICE / UNIT**



PRICE / UNIT  
GLENDALE ■ PRICE / UNIT  
PHOENIX ■

**GLENDALE HISTORICAL  
VACANCY & RENTAL RATES**



ACTUAL RENTAL RATES

Valley that significantly contribute to the continued employment growth and wage increases.

Some of the Nation's largest companies are based out of Phoenix. Fortune 500 companies such as; American Express, Avnet, US Airways Group, Phelps Dodge, U-Haul, Motorola, Honeywell, PetSmart, and Charles Schwab & Co. are among the large companies head-quartered in Phoenix. Other companies such as Cabelas, Ebay, Intel, Google, and Boeing currently have large operations in the Valley.

The median household income for the last 12 months in the Phoenix Metro area is \$51,862, which is greater than the \$48,451 national median household income. The median home price in Phoenix is \$262,500.

**Apartment Market Overview**

The median home price has risen 54.96% from \$169,400 in 2004 to \$262,500 in 2007. The sudden and significant price increase along with the more conservative mortgage underwriting has priced a large percentage of the population out of the homeowner market and into the rental market. The mortgage and rent disparity in Phoenix is one of the largest in the nation. The average mortgage in Phoenix is \$630 more a month than the average monthly rent for a Class "A" apartment unit.

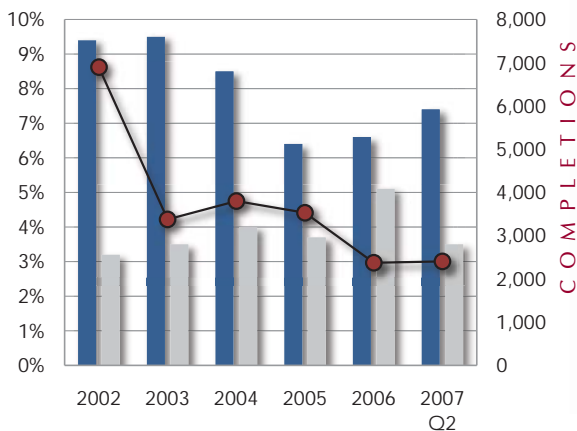
While condo reversions will continue this year and increase the current supply, the demand and lack of new apartment construction will continue to benefit the apartment market. Only 2,373 multifamily units were built in 2006. Through the second

quarter 2007, 2,405 units were added to the supply and another 3,658 will be added in the second half of this year. The apartment supply is expected to grow by 4,803 in 2008. These numbers are significantly lower than the number of units build in the late 90's and early 2000's.

Apartment owners can expect increases in effective rents in 2007 — in 2006 effective rents increased by 6.5%. Reis predicts effective rents to increase another 4.18% this year and another 4% in 2008.

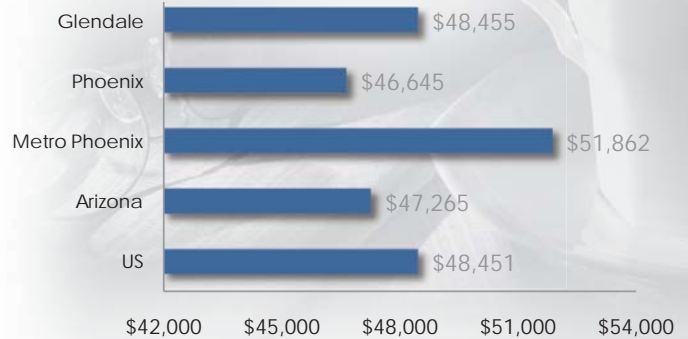
Sales in the mid-sized apartments (20 – 99 units) market have slowed slightly in 2007. Although the number of sales are down, values have appreciated approximately 9.5% annually since 2002.

**PHOENIX SUPPLY AND DEMAND | 20+ UNITS**



SOURCE: REIS

**MEDIAN HOUSEHOLD INCOME**



SOURCE: U.S. Census Bureau, 2006 American Community Survey

VACANCY RATE ■ POPULATION GROWTH ■ CONSTRUCTION ■

**IMPROVEMENT COSTS  
FROM SEPTEMBER 2006 TO SEPTEMBER 2007**

**Capital Improvements**

Parking Lot	
One Inch Overlay and New Striping	\$37,124.00

Exterior	
Paint and Stucco Repair	\$43,784.90
Landscaping - New plants, rock, curbing, etc	\$25,000.00
Roof	\$40,898.58

Interior	
Refrigerators, Stoves, Ovens, etc	\$57,399.98
HVAC	\$21,612.70

<b>Total Capital Improvements</b>	<b>\$225,820.16</b>
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Extra Repair and Maintenance	\$16,423.86
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<b>Total Improvement Costs</b>	<b>\$242,244.02</b>
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**INVESTMENT SUMMARY**

PRICE	\$6,200,000
DOWN PAYMENT	\$1,860,000
FIRST TRUST DEED	\$4,340,000
INTEREST RATE	5.75%
TOTAL DEBT SERVICE	\$303,925
CAST FLOW	\$61,957
CASH ON CASH	3.33%
C/C w/ PRINC. REDUCTION	6.25%
CAP RATE	5.90%
GRM	10.23
PRICE / UNIT	\$72,093
PRICE / SQ.FT.	\$105.73



**UNIT MIX AND RENT SCHEDULE**

UNITS	TYPE	SQ.FT.	RENT	RENT SQ.FT	CURRENT		MARKET		
					MONTHLY RENT	ANNUAL RENT	RENT	RENT SQ.FT	MONTHLY RENT
54	1/1	600	\$550	\$0.92	\$29,700	\$356,400	\$550	\$0.92	\$29,700
32	2/2	820	\$650	\$0.79	\$20,800	\$249,600	\$650	\$0.79	\$20,800
86		682	\$587	\$0.86	\$50,500	\$606,000	\$587	\$682	\$50,500

**INCOME**

						ANNUAL INCOME
Gross Schedule Rent				\$50,500	\$606,000	\$606,000
Less:						
Vacancy Loss			8.77%	\$4,429	\$53,146	5.00% \$30,300
Net Rental Income				\$46,071	\$552,854	\$575,700
Plus:						
Laundry				\$522	\$6,258	\$6,258
Late Fees				\$699	\$8,390	\$8,390
Miscellaneous				\$564	\$6,767	\$6,767
<b>TOTAL INCOME</b>				<b>\$47,856</b>	<b>\$574,269</b>	<b>\$597,115</b>

**DEMOGRAPHICS WITHIN THREE MILE RADIUS**

TOTAL POPULATION	<b>192,682</b>
MEDIAN AGE	<b>32.5</b>
EMPLOYEES	<b>61,663</b>
AVERAGE HH INCOME	<b>\$52,448</b>
AVERAGE HH SIZE	<b>2.63</b>
RENTER OCCUPIED UNITS	<b>41.4%</b>

**EXPENSES**

		PER UNIT	PER UNIT	PER UNIT	PER UNIT
Taxes		\$432	\$37,111	\$432	\$37,111
Insurance		\$142	\$12,200	\$142	\$12,200
Utilities		\$503	\$43,222	\$503	\$43,222
Repairs & Maintenance		\$523	\$45,000	\$523	\$45,000
Administration & Advertising		\$116	\$10,000	\$116	\$10,000
Salaries		\$581	\$50,000	\$581	\$50,000
Off-Site Management		\$192	\$16,500	\$192	\$16,500
Capital Replacements		\$200	\$17,200	\$200	\$17,200
<b>TOTAL EXPENSES</b>			<b>\$231,233</b>		<b>\$231,233</b>
	PER UNIT	\$2,689		PER UNIT	\$2,689
	PER SF	\$3.94		PER SF	\$3.94
	% OF GR	38.16%		% OF GR	38.16%

**NET OPERATING INCOME**

**\$343,036** **365,882**

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