

**CONFIDENTIAL  
OFFERING  
MEMORANDUM**



**THE DOWNTOWN PEABODY PORTFOLIO**



**The Mega Group**  
Commercial Real Estate

## **MULTI-FAMILY INVESTMENT SALES**

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## EXECUTIVE SUMMARY

The Mega Group is pleased to make available for sale The Downtown Peabody Portfolio, a one hundred fifty (150) unit mixed-use portfolio of assets in downtown Peabody Massachusetts. All properties being in the Opportunity Zone.

The Downtown Peabody Portfolio is an ideal 1031 tax deferred exchange opportunity to pickup a significant amount of units by leveraging existing assets. The value-add for investors is to increase rents through capital improvements and continuing individual unit renovations as scheduled.

The subject property is three (3) miles from the Salem Depot Commuter Rail Station, which provides access to North Station in Boston in just 20 minutes time.

The Downtown Peabody Portfolio is available on an unpriced basis. A detailed package of due diligence materials is available in exchange for a fully executed Non-Disclosure Agreement. We will be conducting property tours for qualified buyers thereafter.



RARE  
OPPORTUNITY



STABLE INCOME &  
UPSIDE POTENTIAL



COMMUTER  
ACCESS



RECENT  
RENOVATIONS

# Subject Properties

	<b>Property</b>	<b>SF +/-</b>	<b>Type</b>	<b>Units</b>
<b>A</b>	61 Main Street	10,111	Mixed-Use	10
<b>B</b>	65 Main Street	19,976	Mixed-Use	37
<b>C</b>	77 Main Street	20,160	Mixed-Use	18
<b>D</b>	3.5 Littles Lane	3,572	Multi-Family	3
<b>E</b>	55 Main Street	12,302	Mixed-Use	15
<b>F</b>	3 Littles Lane	7,592	Multi-Family	6
<b>G</b>	2 Littles Lane	5,048	Multi-Family	6
<b>H</b>	4 Littles Lane	5,048	Multi-Family	6
<b>I</b>	6 Littles Lane	5,048	Multi-Family	6
<b>J &amp; K</b>	Vacant Land	0	n/a	0
<b>L</b>	2 Main Street	15,521	Mixed-Use	32
<b>M</b>	28 Lowell Street	7,962	Multi-Family	11

**11**

Buildings

**13**

Parcels of Land

**150**

Units

**100**

Parking Spaces











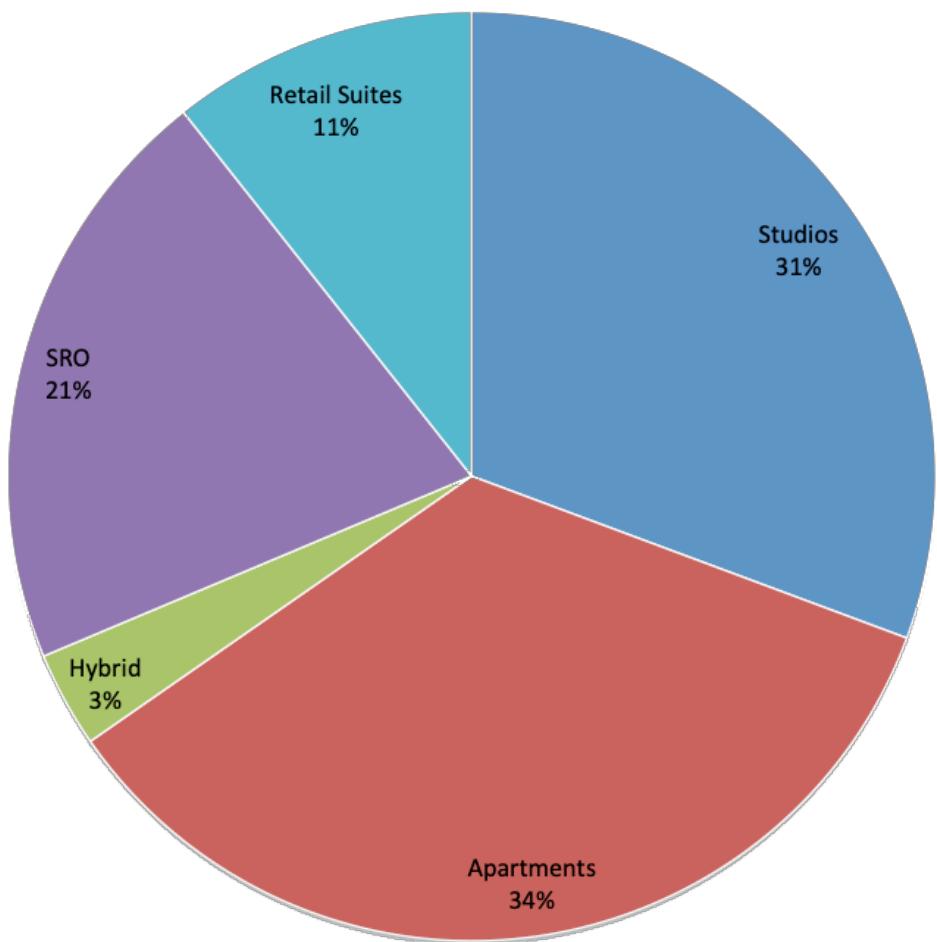


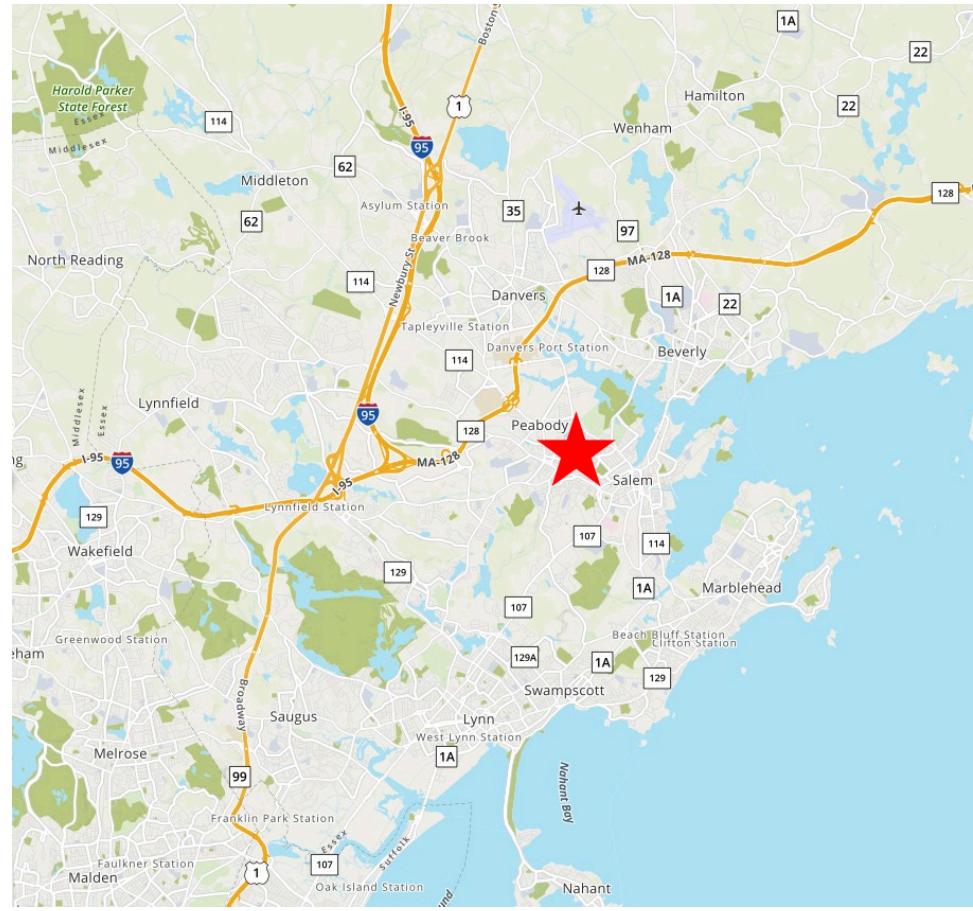
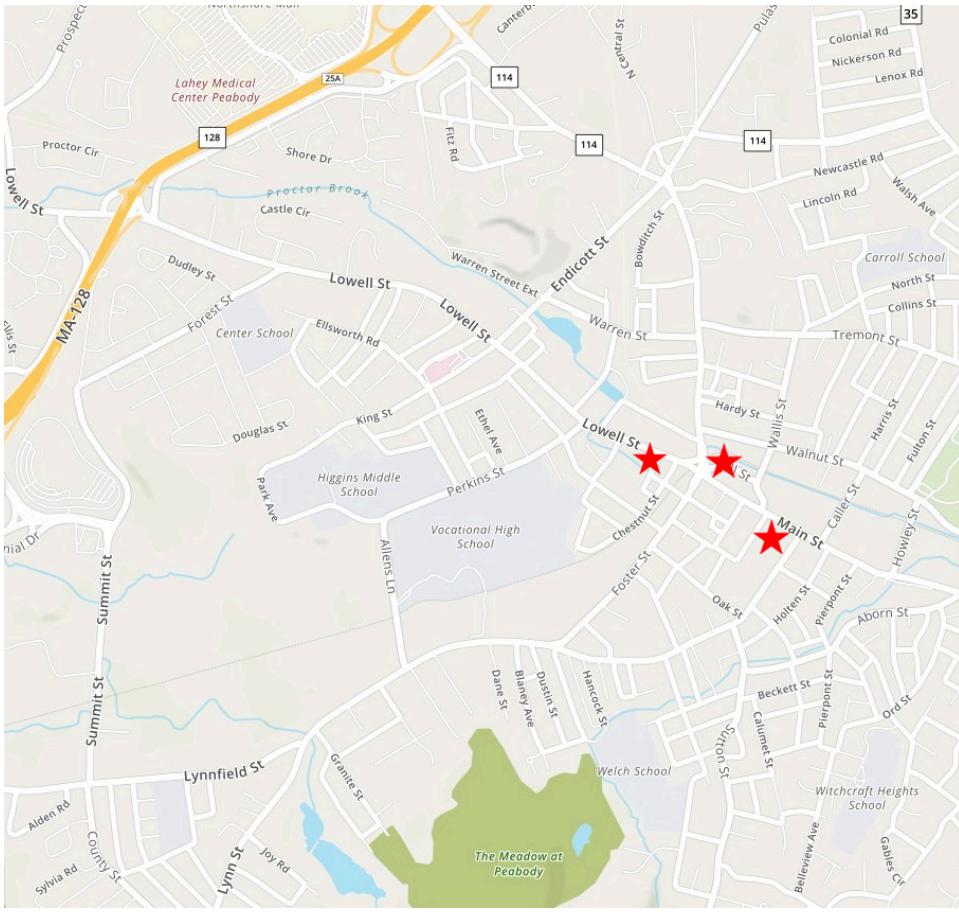


## PROPERTY OVERVIEW

Access: Route 128 to Lowell Street to downtown  
Class: Low-Rise Apartments / Multi-Family  
Exterior: Nine (9) Brick, Two (2) Wood Frame  
Parking: Two (2) on-site parking lots, 100 spaces  
Laundry: On-site, three (3) different buildings  
Units: Mixed, some include utilities, some do not  
Unit Mix: Sixteen (16) Retail, Thirty One (31) SRO's, Five (5) Hybrids, Forty Six (46) Studios, Forty nine (49) Apartments

## UNIT MIX





## ABOUT THE AREA

Located just 20 miles north of Boston, Peabody is a city of 51,000 that combines a vibrant downtown atmosphere surrounded by quintessential New England neighborhoods. Explore numerous historical landmarks throughout the city, as well as Brooksby Farm where you can enjoy hiking, apple picking and cross-country skiing. Peabody is also home to the Northshore Mall, one of the region's largest malls, as well as Centennial Park, a hub for medical and technology companies. The region is one of those very special places that combine work, live and play in one very accessible and affordable package. Peabody was ranked 14th Most Livable City by Forbes Magazine (2009), 100 Best US Cities to Live by Money Magazine (2012), Most Playful City USA by Kaboom! (2013) as well as having one of Newsweek's 2013 America's Best High Schools.

## DEMOGRAPHICS

RADIUS FROM PORTFOLIO	POPULATION	HOUSEHOLD INCOME (AVG)	OWNER OCCUPIED	RENTER OCCUPIED	HOUSEHOLD VEHICLES (AVG)	AGE (AVG)
1 Mile	22,597	\$70,613	50.0%	50.0%	1.00	39.7
3 Miles	109,878	\$84,855	57.0%	43.0%	2.00	40.5
5 Miles	277,266	\$91,224	58.6%	41.4%	2.00	40.3

Source: CoStar.com (11-1-2018)

## GATEWAY CITY

In February of 2013, Peabody was recognized by Governor Deval Patrick as a Gateway City. Gateway Cities are midsize urban centers that anchor regional economies around the state. For generations, these communities were home to industry that offered residents good jobs and a “gateway” to the American Dream. Over the past several decades, manufacturing jobs slowly disappeared. Lacking resources and capacity to rebuild and reposition, Gateway Cities have been slow to draw new economy investment.

While Gateway Cities face stubborn social and economic challenges as a result, they retain many assets with unrealized potential. These include existing infrastructure and strong connections to transportation networks, museums, hospitals, universities and other major institutions, disproportionately young and underutilized workers, and perhaps above all, authentic urban fabric.

Changing social and economic forces open up new opportunities for Gateway Cities to leverage these untapped assets. Demand for walkable neighborhoods is rising and the small entrepreneurial businesses that fuel job creation in today’s economy are increasingly seeking out urban innovative environments. These trends position Gateway Cities to once again serve as engines driving growth in regional economies across the Commonwealth.

# FINANCIAL ANALYSIS

## Assumptions

Market Value	\$19,000,000
Estimated First Mortgage	\$14,250,000
Equity Required	\$4,750,000
Loan-To-Value	75%
Interest Rate on First Mortgage	5.50%
Amortization Schedule (in years)	25

## Income Summary

	Scheduled	Projected	Stabilized
Scheduled Income	\$1,896,204	\$1,962,571	\$2,031,261
Plus Laundry Income	\$0	\$0	\$0
Plus NNN Budget Rbsements	\$21,498	\$21,498	\$21,928
<b>Effective Gross Income</b>	<b>\$1,917,702</b>	<b>\$1,984,069</b>	<b>\$2,053,189</b>
Vacancy Credit (4%)	N/A	<b>\$79,363</b>	<b>\$82,128</b>
<b>Adjusted Gross Income</b>	<b>\$1,917,702</b>	<b>\$1,904,706</b>	<b>\$1,971,062</b>

## Operating Expenses

Taxes	\$103,206	\$103,206	\$105,270
Insurance	\$80,416	\$80,416	\$82,024
Flood Insurance	\$6,712	\$6,712	\$6,846
Water / Sewer	\$44,804	\$26,883	\$26,883
Oil	\$53,691	\$53,691	\$43,192
Natural Gas	\$9,798	\$9,798	\$9,798
Electric	\$27,747	\$19,423	\$19,423
Rubbish Removal	\$14,340	\$14,340	\$14,627
Telephone & Alarm	\$8,376	\$8,376	\$8,544
Snow Removal	\$15,000	\$15,000	\$15,300
<b>Total Operating Expenses</b>	<b>\$364,090</b>	<b>\$337,845</b>	<b>\$331,907</b>

## Lender Assumables

Management (5%)	\$95,885	\$99,203	\$102,659
Maintenance (4%)	\$76,708	\$79,363	\$82,128
CAPEX (2%)	\$38,354	\$39,681	\$41,064
<b>Total Lender Assumables</b>	<b>\$210,947</b>	<b>\$218,248</b>	<b>\$225,851</b>

## Cash Flow Analysis

Net Operating Income	\$1,342,665	\$1,348,614	\$1,413,304
Debt Service	<b>\$1,062,328</b>	<b>\$1,062,328</b>	<b>\$1,062,328</b>
Cash Flow	\$280,337	\$286,285	\$350,975

## Investment Performance Measures

CAP Rate	7.07%	7.10%	7.44%
Debt Coverage Ratio	1.26	1.27	1.33
Cash-On-Cash Return	5.90%	6.03%	7.39%

Projected factors current CAPEX & maintenance projects in place completed  
 Stabilized is 2019 budget with electrical conversion at 77 Main Street completed  
 Both projected & Stabilized account for already scheduled increases



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