

PARAGON
REAL ESTATE ADVISORS

THE DENNY APARTMENTS

OFFERING MEMORANDUM

PARAGON

REAL ESTATE ADVISORS

600 University St, Suite 2018 | Seattle, WA 98101
info@ParagonREA.com

EXCLUSIVELY LISTED BY:

MICHAEL URQUHART

425 999.6650

Michael@paragonREA.com



ERIC SMITH

206 623.6077

Ericsmith@paragonREA.com



01

EXECUTIVE SUMMARY

02

LOCATION

03

PROPERTY DETAILS

04

FINANCIALS

05

PARAGON REAL ESTATE

OFFERING

Paragon Real Estate Advisors is pleased to announce the exclusive listing of the Denny Apartments. Seller Financing may be available to well qualified buyers and the property has a \$1.55M assumable loan with a 3.58% interest rate. The building is located between the Capitol Hill and Madrona neighborhoods, and is just two blocks off East Madison Street, which provides tenants with numerous restaurants, shops, and entertainment options.

The Denny Apartments are comprised of one Studio unit, sixteen 1BD/1BTH units, and one 3BD/2BTH unit. The owner is waiting for a permit to be issued to expand unit 106 (current studio) into a 1BD/1BTH + den for an immediate value-add play. See page 15 for a layout on this unit expansion. These permitted plans also entail the addition of nine storage units. The building has six parking stalls off the alley currently operated on a first come first serve basis providing an additional potential income stream for the next owner.

The Denny Apartments presents a value-add opportunity for a buyer to undergo cosmetic renovations to the units and bring rents to market. The rents are currently 27% below market providing major upside as a few of the one bedroom units are rented for below \$1,000. Furthermore, the property is on a large 9,600 square foot lot zoned LR2 (M) for future development potential.

ROOF	Torch Down
PLUMBING	Copper and Galvanized
HEAT SOURCE	Electric Baseboard
WINDOWS	Double Pane Vinyl
SIDING	Wood Framed - Brick Siding
LAUNDRY	Common Laundry - Leased (Wash)
HOT WATER	In-Unit - Electric



FINANCIAL SUMMARY

NAME	The Denny Apartments
ADDRESS	2424 E Denny Way Seattle, WA 98122
PRICE	\$4,200,000
TOTAL UNITS	18
BUILT	1950
SQUARE FEET	10,987 Total Net Rentable
PRICE PER UNIT	\$233,333
PRICE PER FOOT	\$382
CURRENT GRM/CAP	14.0/4.3%
MARKET GRM/CAP	11.2/5.9%
LOT SIZE	9,600 Square Feet
ZONING	LR2 (M)

This information 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 all information and bears all risk for inaccuracies.



INVESTMENT HIGHLIGHTS

- 2022 assessed value is \$5,542,000
- Exterior and interior painted in 2022
- Double pane vinyl windows
- 27% rental upside in current condition
- Opportunity to charge income on 5 parking stalls
- Four storage units and one storage room in permitting to convert it to nine more storage units
- New entryway over hangs - 2021
- Large Corner lot zoned LR2 (M) – 9,600 square feet
- Owner waiting for a permit to be issued to convert a studio unit into a 1BD/1BTH + Den unit (see floor plans)
- Potential to convert the 3bd/2bth into a 4Bd/2Bth - Buyer to Verify



Capitol Hill is a residential neighborhood with a lively, fast-paced, and vibrant personality. During the day, markets, boutiques, and salons are a big draw. Night-life is hopping with clubs, bars, and music venues, and you'll often find coffee shops that moonlight as cocktail lounges. This desirable location contains some of Seattle's wealthiest neighborhoods, including "Millionaire's Row" along 14th Avenue E, a charming collection of single family residences on tree-lined streets, and the Harvard-Belmont Landmark District. To the north is Capitol Hill's largest and most popular public park. The 48 acre Volunteer Park is home to Seattle's Asian Art museum, tennis courts, a conserva-

tory, and a variety of city-wide events. The demand for Capitol Hill apartments continues to rise as nearby Amazon continues to expand in the area. This location is also home to longstanding health care providers including Swedish Medical Center, Kaiser Permanente and Virginia Medical Center. Nearby Seattle University and Seattle Central College provide a consistent base to the apartment demand in the area.

\$2,407

Average One Bedroom
Rent as of 2022

61%

Renter Occupied
Housing*

\$104,886

Median Household
Income*

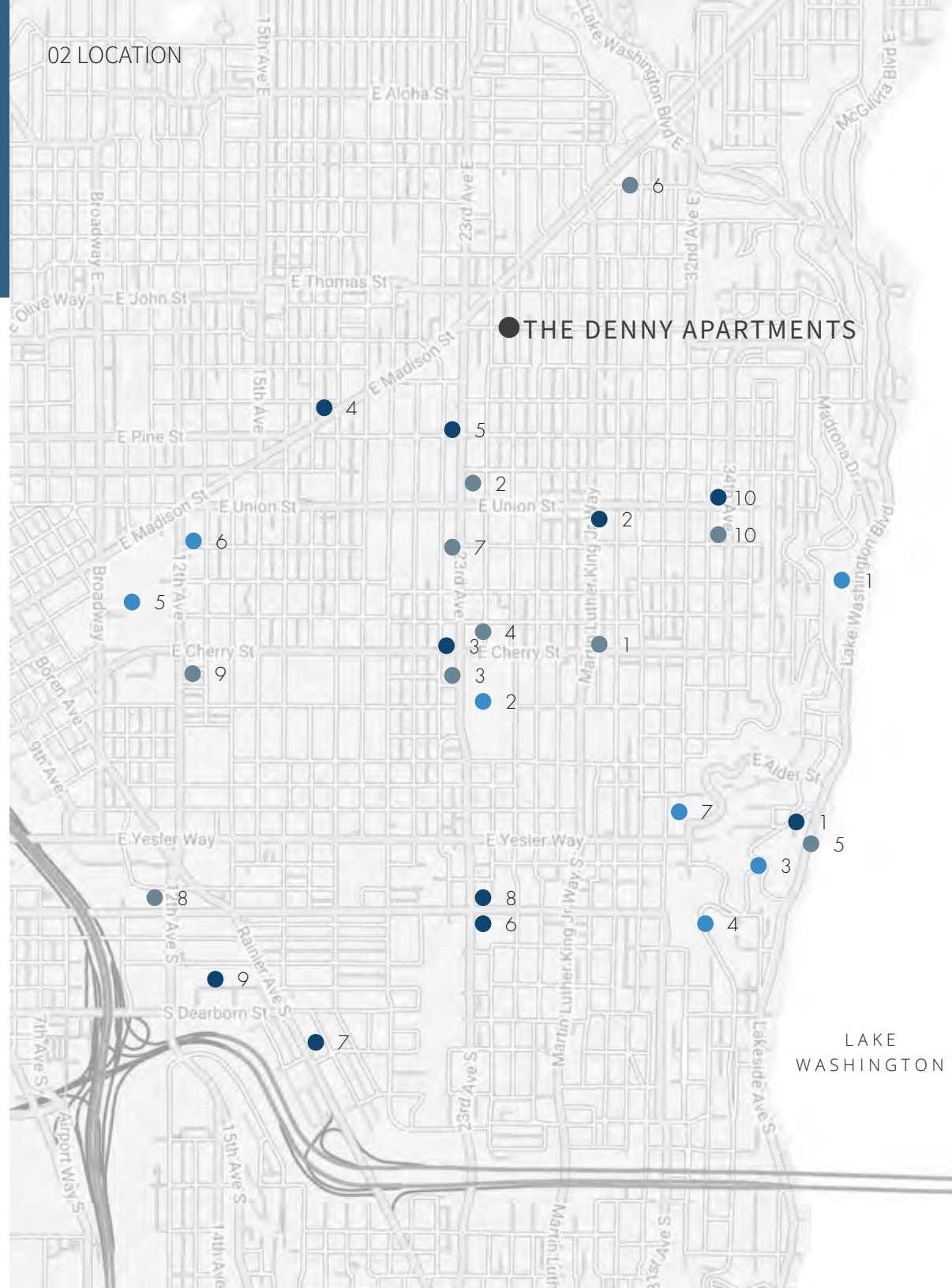
* based on 2019 Census data

CAPITOL HILL

This information 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. Photos used are not owned by Paragon Real Estate Advisors. Statistics are approximate.

PARAGON
REAL ESTATE ADVISORS

02 LOCATION



SHOPS & SERVICES ●

1. Leschi Market
2. Grocery Outlet
3. Arco
4. Trader Joe's
5. PCC Community Market
6. Amazon Fresh
7. Shell
8. Walgreens
9. Seattle Goodwill
10. Madrona Market

RESTAURANTS & BARS ●

1. Fat's Chicken & Waffles
2. Communion
3. Ezell's Chicken
4. Twilight Exit
5. Daniel's Broiler
6. Cafe Flora
7. Raised Doughnuts
8. Tamarind Tree
9. Ba Bar
10. Cupcake Royale

PARKS & SCHOOLS ●

1. Madrona Park
2. Garfield High School
3. Leschi Park
4. Frink Park
5. Seattle University
6. Seattle Academy
7. Leschi Elementary



This information 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. Photos used are not owned by Paragon Real Estate Advisors. Statistics are approximate.

PARAGON
REAL ESTATE ADVISORS

KING COUNTY BY THE NUMBERS

King County is located in the U.S. state of Washington. The population was 2.27M in the 2020 census, making it the most populous county in Washington, and the 12th-most populous in the United States. The county seat is Seattle, also the state's most populous city. The county's median age is 36.9 and a median household income is \$102,594.

2.27M

King County Population
2020

0.89%

Increase in Population
Since 2019

THE LARGEST CITIES BY POPULATION:

Seattle	744,955
Bellevue	147,599
Kent	129,618
Renton	102,153
Federal Way	97,044
Kirkland	89,557
Auburn	81,905
Redmond	67,678
Sammamish	65,733
Shoreline	56,752

SEATTLE,
WASHINGTON

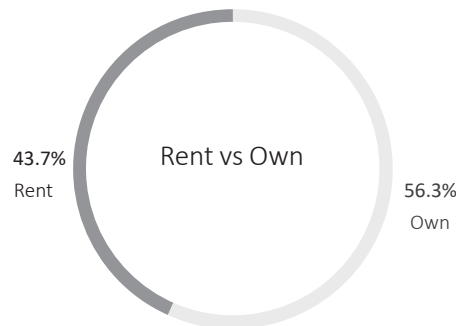
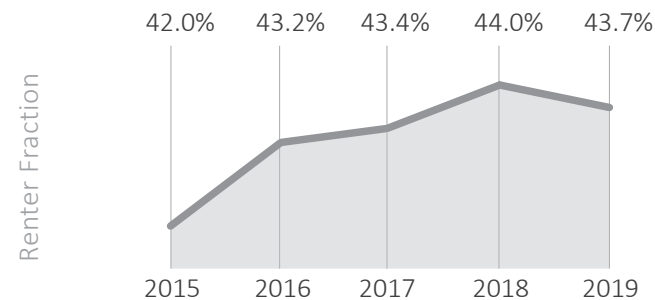
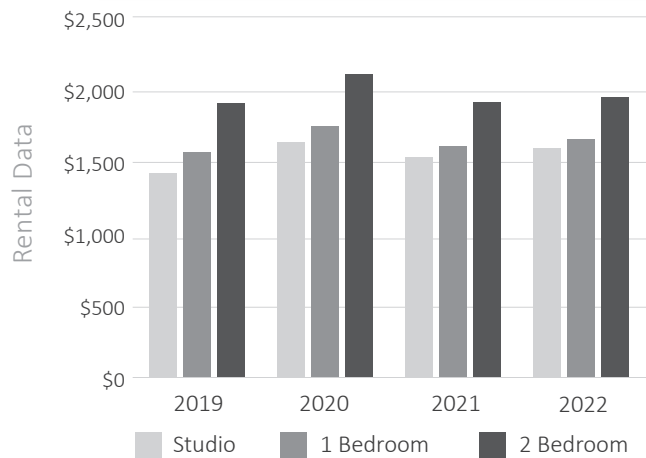
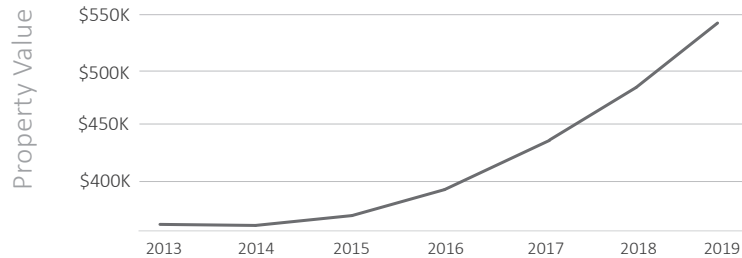
This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. Photos used are not owned by Paragon Real Estate Advisors. Statistics are approximate.

PARAGON
REAL ESTATE ADVISORS

02 LOCATION

KING COUNTY REAL ESTATE STATISTICS

The median property value in King County, WA was \$643,000 in 2019, which is 2.67 times larger than the national average of \$240,500. Between 2018 and 2019 the median property value increased from \$635,200 to \$643,000, a 1.23% increase.



This information 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. Photos used are not owned by Paragon Real Estate Advisors. Statistics are approximate.

970,301

Housing units,
July 1, 2019

12,337

Building permits,
2020

\$643,000

2019 Median
Property Value

1.23%

1 Year Growth

4.3% ↑

Studio Rent (2021-2022)

3.3% ↑

1Bed Rent (2021-2022)

1.8% ↑

2Bed Rent (2021-2022)

PARAGON
REAL ESTATE ADVISORS

KING COUNTY ECONOMIC ANALYSIS

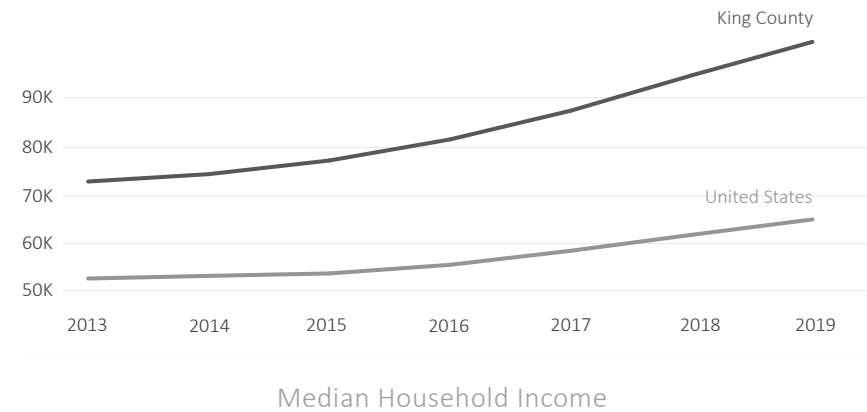
Households in King County, WA have a median annual income of \$102,594 in 2019, which is more than the median annual income of \$65,712 across the entire United States. This is in comparison to a median income of \$95,009 in 2018, which represents a 7.98% annual growth.

\$102,594

Median Household Income
2019 Value

7.98%

1 Year Growth



EMPLOYMENT STATISTICS

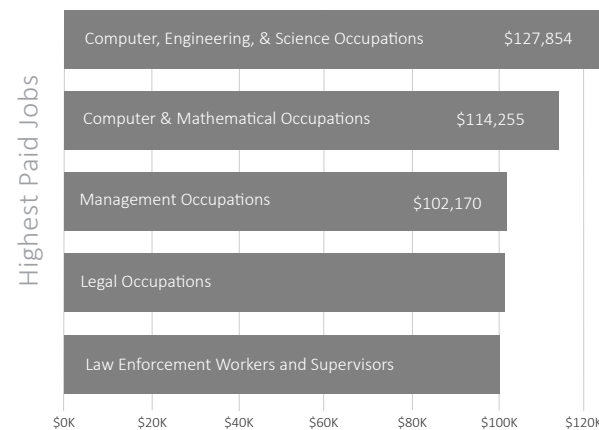
From 2018 to 2019, employment in King County, WA grew at a rate of 2.65%, from 1.23M employees to 1.27M employees. The most common job groups, by number of people living in King County, WA, are Management Occupations (170,570 people), Computer & Mathematical Occupations (144,539 people), and Office & Administrative Support Occupations (105,670 people).

1.27M

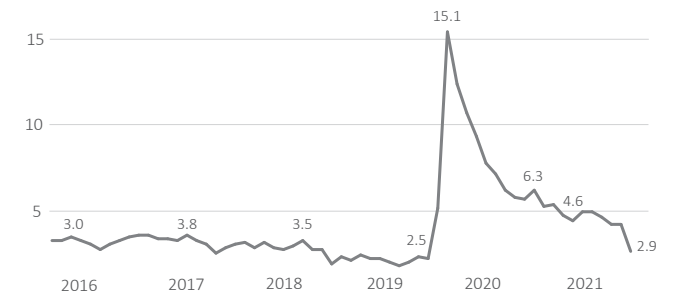
Employees
2019 Value

2.65%

1 Year Growth



Unemployment Rate



02 LOCATION

MAJOR EMPLOYERS - GREATER SEATTLE AREA

Many large, nationally-known corporations are headquartered in King County. Within the Fortune 500 list of largest corporations in the United States, eight companies are based in King County and reveal the diversity of the region’s employment market. Included in the list are large retailers Costco and Nordstrom, technology giants Amazon and Microsoft, coffee company Starbucks, truck manufacturer Paccar, global logistics company Expeditors International, and forest products company Weyerhaeuser.

Looking beyond the Fortune 500 requirements of local headquarters and significant revenues, other major King County employers include Boeing, the University of Washington, and local and regional government. Boeing employs around 58,800 in the state of Washington, and Renton is the headquarters of Boeing Commercial Airplanes. In King County, large and well-established companies exist in nearly every sector of the labor market.

Rank	Business Name	Employed (2019)	Revenue (2019)
1	The Boeing Co.	71,829	\$76.6B
2	Amazon	60,000	\$280.5B
3	Microsoft Corp.	55,063	\$125.8B
4	University of Washington	46,824	N/A
5	Costco Wholesale Corp.	18,045	\$152.7B
6	Fred Meyer Stores	16,164	\$11.0B
7	King County Government	15,851	\$4.3B
8	City of Seattle	15,733	\$5.9B
9	Starbucks Coffee Co.	14,000	\$25.5B
10	Seattle Public Schools	11,886	N/A

FORTUNE 500 COMPANIES
IN KING COUNTY:

- Amazon
- Costco
- Microsoft
- Starbucks
- Paccar
- Nordstrom
- Expeditors Intl
- Weyerhaeuser



This information 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. Photos used are not owned by Paragon Real Estate Advisors. Statistics are approximate.

EXTERIORS



INTERIORS - UPDATED UNIT (306)

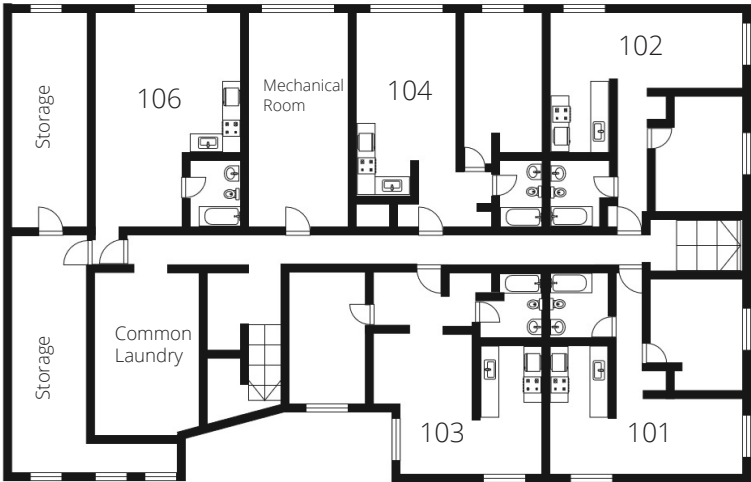


INTERIORS - ORIGINAL UNITS

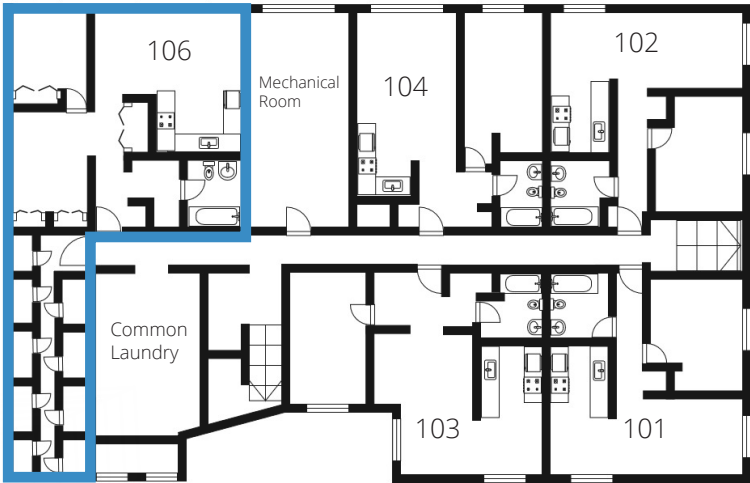


FLOOR PLANS

EXISTING FIRST FLOOR

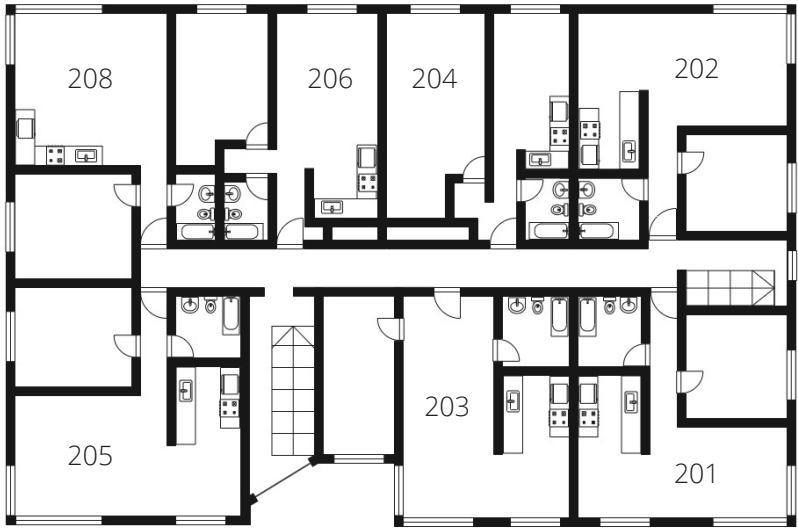


PROPOSED FIRST FLOOR

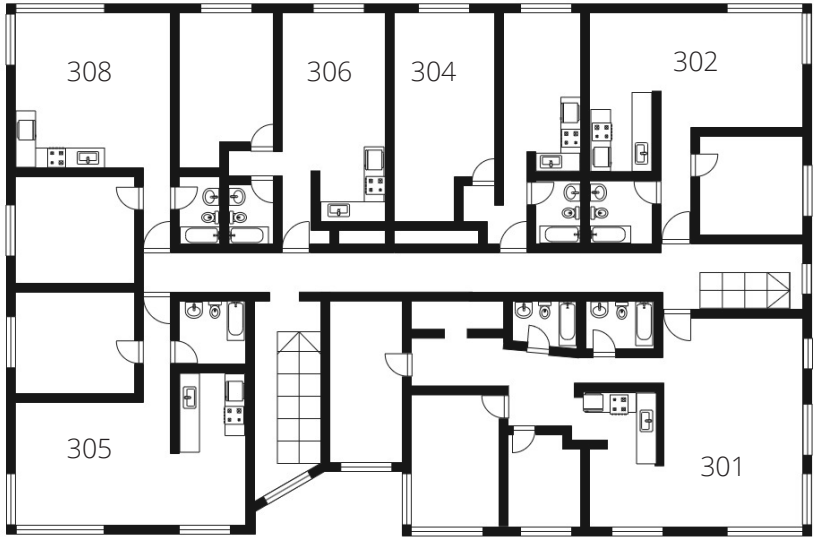


FLOOR PLANS

SECOND FLOOR



THIRD FLOOR



UNIT BREAKDOWN

UNIT	UNIT TYPE	SIZE	CURRENT RENT	PER SQFT	UTILITIES	MARKET RENT
101	1/1.00	584	\$1,175	\$2.01	\$75	\$1,525
102	1/1.00	606	\$1,060	\$1.75	\$60	\$1,525
103	1/1.00	607	\$1,375	\$2.27	\$75	\$1,525
104	1/1.00	532	\$1,250	\$2.35	\$75	\$1,525
106*	1/1.00 + Den	650	\$1,695	\$2.61	\$75	\$1,695
201	1/1.00	574	\$1,300	\$2.26	\$75	\$1,525
202	1/1.00	606	\$1,250	\$2.06	\$75	\$1,525
203	1/1.00	620	\$1,225	\$1.98	\$75	\$1,525
204	1/1.00	530	\$1,300	\$2.45	\$75	\$1,525
205	1/1.00	590	\$1,200	\$2.03	\$75	\$1,525
206	1/1.00	570	\$925	\$1.62	\$75	\$1,525
208	1/1.00	520	\$1,150	\$2.21	\$75	\$1,525
301	3/2.00	1182	\$1,700	\$1.44	\$100	\$2,450
302	1/1.00	606	\$1,250	\$2.06	\$75	\$1,525
304	1/1.00	530	\$1,375	\$2.59	\$75	\$1,525
305	1/1.00	590	\$1,300	\$2.20	\$75	\$1,525
306	1/1.00	570	\$1,375	\$2.41	\$75	\$1,525
308	1/1.00	520	\$1,300	\$2.50	\$75	\$1,525
18	Total/Avg	612	\$1,289	\$2.11	\$1,360	\$1,586

*Unit is currently a studio. Rent figure is proforma based on expanding unit with the permit owner just received.



04 FINANCIALS

INCOME & EXPENSES

- LOAN ASSUMPTION

SELLER FINANCING MAY BE AVAILABLE - ASK LISTING AGENT

Units	18	Price	\$4,200,000
Year Built	1950	Per Unit	\$233,333
Rentable Area	10,987	Per Sq. Ft.	\$382.27
Down Pmt	\$2,650,000	Current GRM	14.04
Loan Amount	\$1,550,000	Current CAP	4.27%
Interest Rate	3.58%	Market GRM	11.16
Amortization	30 years	Market CAP	5.90%

UNITS	UNIT TYPE	SIZE	CURRENT RENT	MARKET RENT
1	1 Bd/1 Bth + Den	650	\$1,695*	\$1,695
16	1 Bd/1 Bth	572	\$925 - \$1,375	\$1,525
1	3 Bd/2 Bth	1,182	\$1,700	\$2,450
18	Total/Avg	610	\$2.11	\$2.60

MONTHLY INCOME	CURRENT	MARKET
Monthly Scheduled Rent	\$23,205	\$28,545
Parking	\$0	\$625
Utility Income	\$1,360	\$1,510
Laundry Income	\$180	\$180
Storage Income	\$0	\$315
Miscellaneous Income	\$180	\$180
Total Monthly Income	\$24,925	\$31,355

PARAGON
REAL ESTATE ADVISORS

This information 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 all information and bears all risk for inaccuracies.

ANNUALIZED OPERATING DATA			CURRENT		MARKET
Scheduled Gross Income			\$299,100		\$376,260
Less Vacancy	3.00%		\$8,973	5.00%	\$18,813
Gross Operating Income			\$290,127		\$357,447
Less Expenses			\$110,620		\$109,761
Net Operating Income			\$179,507		\$247,686
Annual Debt Service	(\$7,030)		\$84,355		\$84,355
Cash Flow Before Tax			\$95,152		\$163,331
Principal Reduction			\$29,344		\$29,344
Total Return Before Tax			\$124,495		\$192,675
4.70%			7.27%		
ANNUALIZED OPERATING EXPENSES			CURRENT		MARKET
RE Taxes	2023		\$46,529		\$46,529
Insurance	2022		\$8,862		\$8,862
Utilities	2022		\$16,483		\$16,483
On-Site Management	\$45/Unit/Month		\$9,720		\$9,720
Maint/Repairs	2022 / Proforma		\$17,028		\$15,300
Landscaping	2022		\$2,229		\$2,229
Fire Safety	2022		\$739		\$739
Admin/Accounting/Marketing	2022 / Proforma		\$310		\$2,250
Turnover	2022 / Proforma		\$4,222		\$3,150
Reserves/Replacements	Proforma		\$4,500		\$4,500
Total Expenses			\$110,620		\$109,761
CURRENT OPERATIONS	Expense/Unit	\$6,146	MARKET OPERATIONS	Expense/Unit	\$6,098
	Expense/Foot	\$10.07		Expense/Foot	\$9.99
	Percent of EGI	38.13%		Percent of EGI	30.71%

*Unit is currently a studio with Tenant Relocation Assistance Ordinance (TRAO) started with the tenant. Rent figure is proforma based on expanding unit with the permit owner is getting.

SALES COMPARABLES



The Denny Apartments

2424 E Denny Way, Seattle, WA 98122

Year Built	18
Units	1950
Price	\$4,200,000
Price/Unit	\$233,333
Price/Foot	\$382
Current GRM/CAP	14.0/4.3%
Market GRM/CAP	11.2/5.9%



Parkrose Apartments

766 Belmont Ave E, Seattle, WA 98102

Year Built	1927
Units	11
Sales Price	\$3,050,000
Price/Unit	\$277,27
Price/Foot	\$419
GRM/CAP	14.0/4.2%
Status	06.23.2023



Catalina Apartments

111 25th Ave E, Seattle, WA 98112

Year Built	1967
Units	12
Sales Price	\$3,700,000
Price/Unit	\$308,333
Price/Foot	\$336
GRM/CAP	13.1/4.6%
Sale Date	10.17.2022



Hill Vista Apartments

165 17th Ave, Seattle, WA 98122

Year Built	1970
Units	20
Sales Price	\$7,460,000
Price/Unit	\$373,000
Price/Foot	\$571
GRM/CAP	14.6/4.7%
Sale Date	10.14.2022



The Madrona

628 34th Ave, Seattle, WA 98112

Year Built	1962
Units	6
Sales Price	\$1,850,000
Price/Unit	\$308,333
Price/Foot	\$545
GRM/CAP	-/-
Status	08.11.2022



Cadwell Apartments

2312 E Denny Way, Seattle, WA 98122

Year Built	1983
Units	5
Sales Price	\$2,000,000
Price/Unit	\$400,000
Price/Foot	\$592
GRM/CAP	14.4/4.7%
Status	06.01.2022



Hollywood Apartments

1803 14th Ave, Seattle, WA 98122

Year Built	1967
Units	12
Sales Price	\$4,675,000
Price/Unit	\$389,583
Price/Foot	\$456
GRM/CAP	-/-
Sale Date	05.13.2022

SALES COMPARABLES

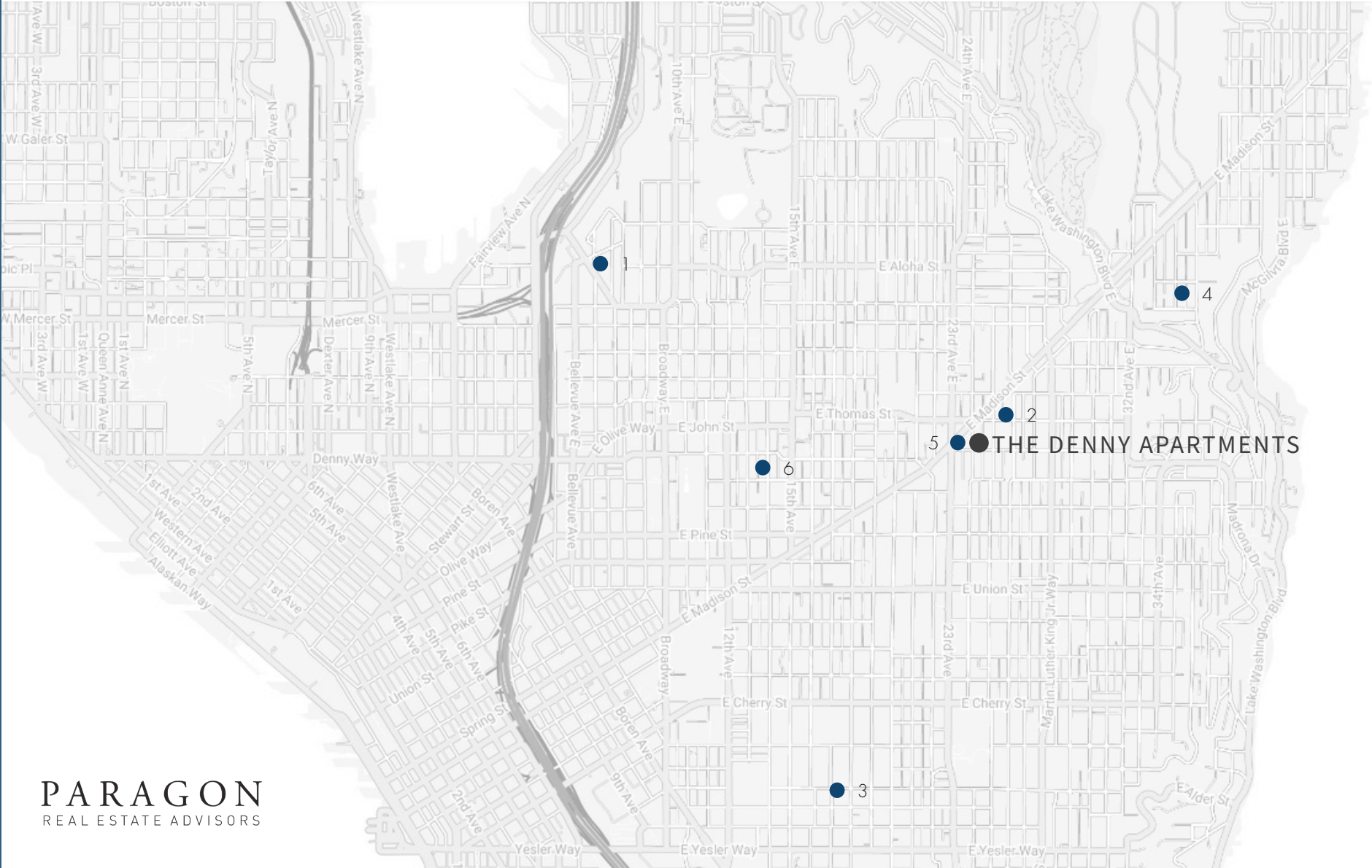
1. PARKROSE APARTMENTS - Seattle, WA 98102

2. CATALINA APARTMENTS - Seattle, WA 98112

3. HILL VISTA APARTMENTS - Seattle, WA 98122
4. THE MADRONA - Seattle, WA 98112

5. CADWELL APARTMENTS - Seattle, WA 98122

6. HOLLYWOOD APARTMENTS - Seattle, WA 98122



RENT COMPARABLES

	ADDRESS	BUILT	UNIT TYPE	UNIT SIZE	RENT	RENT/SF
	The Denny Apartments 2424 E Denny Way, Seattle, WA 98122	1950	1BD/1BTH	650	\$1,695	\$2.61
			1BD/1BTH	573	\$925-\$1,375	\$1.62-\$2.59
			3BD/2BTH	1,182	\$1,700	\$1.44
	1419 East Union 1419 E Union St, Seattle, WA 98122	1903	Studio	324	\$1,248	\$3.85
			1BD/1BTH	476	\$1,550	\$3.26
			1BD/1BTH + Den	588	\$2,095	\$3.56
	8-Unit 1111 18th Ave, Seattle, WA 98122	1900	Studio	455	\$1,490	\$3.27
			1BD/1BTH	640-650	\$1,635-\$1,725	\$2.55-\$2.66
	500 E Union 500 E Union St, Seattle, WA 98122	1910	Studio	374-396	\$1,050-\$1,650	\$2.65-\$4.41
			1BD/1BTH	318-410	\$1,455-\$1,680	\$4.58-\$4.10
	Langston Hughes Courtyard 711 21st Ave, Seattle, WA 98122	1900	3BD/2BTH	1,115	\$2,750	\$2.47
	The Winchester 605 E Denny Way, Seattle, WA 98122	1927	Studio	475	\$1,200	\$2.53
			1BD/1BTH	650	\$1,475	\$2.27

RENT COMPARABLES

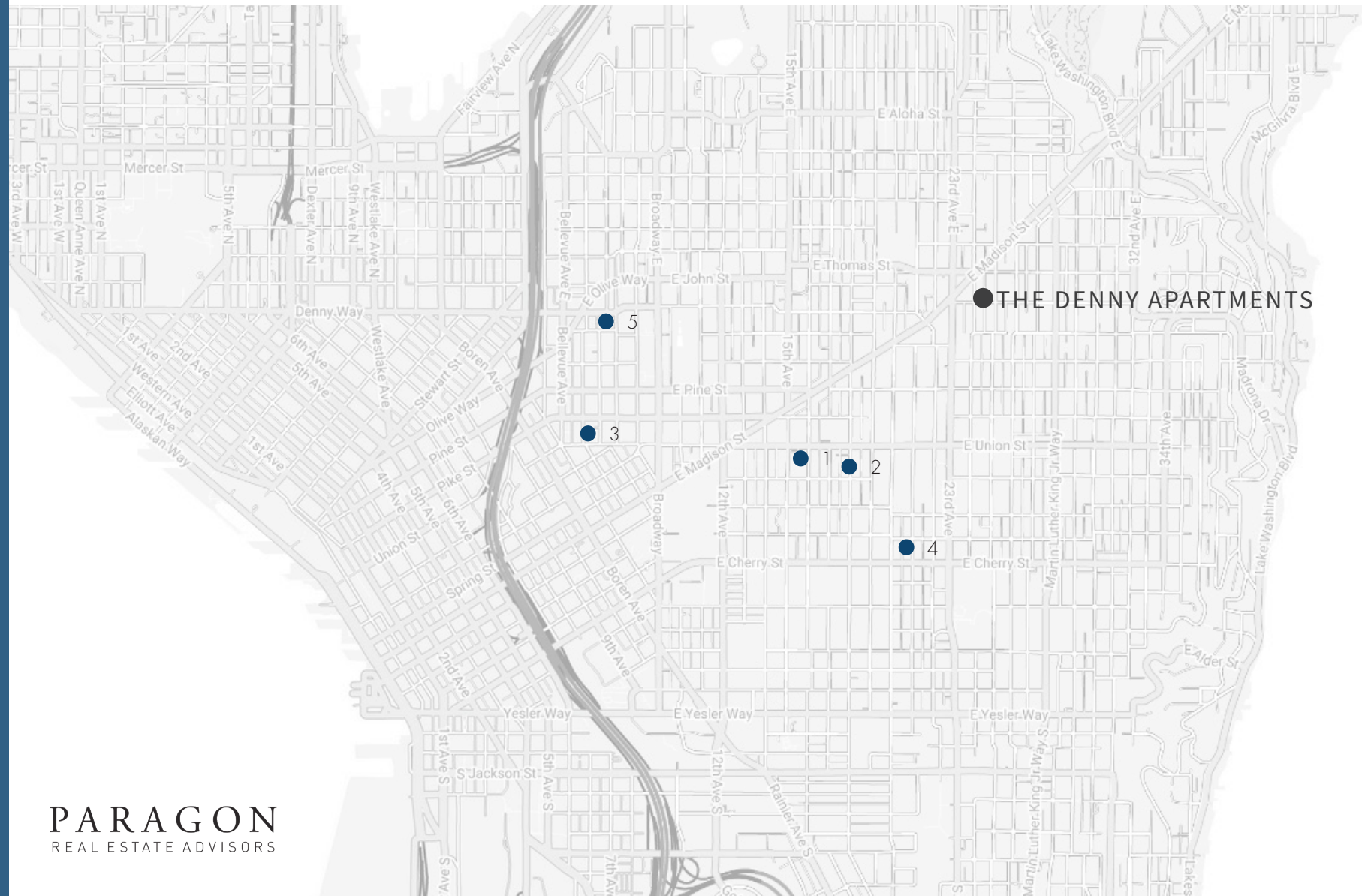
1. **1419 EAST UNION** - Seattle, WA 98122

2. **8-UNIT** - Seattle, WA 98122

3. **500 E UNION** - Seattle, WA 98122

4. **LANGSTON HUGHES COURTYARD** - Seattle, WA 98122

5. **THE WINCHESTER** - Seattle, WA 98122



PARAGON REAL ESTATE

\$4.1 B
Sales Volume

27
Years in
Business

20+
Brokers

48 k
Units Sold

PARAGON
REAL ESTATE ADVISORS

About Our Services View Properties Our Team Market News Contact Us

ABOUT US


Leading investment firm for multi-family property

Paragon Real Estate Advisors is a leading Seattle real estate investment firm for multi-family property sales in Washington State. 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.



Visit our new website! **ParagonREA.com**

The Top Local Multi-Family Brokerage in 2021

in the Seattle market according to  CoStar™

PARAGON REAL ESTATE ADVISORS

In 1995 our founders saw an opportunity to form a new kind of brokerage, one that focused on sharing information between brokers and truly partnering with its clients. Paragon Real Estate Advisors quickly established itself as a leading Seattle real estate investment firm.

Paragon Real Estate Advisors is the leading Seattle real estate investment firm for multi-family property sales in Washington State. We have accrued over \$4.1 billion in sales and have closed over 1,800 successful real estate transactions. We are locally owned, client-focused, and highly experienced.

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.

MICHAEL URQUHART

425.999.6650

Michael@paragonREA.com

ERIC SMITH

206.623.6077

Ericsmith@paragonREA.com

PARAGON
REAL ESTATE ADVISORS

600 University St, Suite 2018 | Seattle, WA 98101

info@ParagonREA.com

Information within this marketing package 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 all information and bears all risk for inaccuracies.

ParagonREA.com