

PARAGON
REAL ESTATE ADVISORS

Aladdin BAIL BONDS

No one has lower prices.

Courteou

We get you out.

Efficient

We get you through it.

Knowledgeable

THE MELBOURNE BUILDING

OFFERING MEMORANDUM

PARAGON

REAL ESTATE ADVISORS

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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.

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OFFERING

Paragon Real Estate Advisors is pleased to present the exclusive listing of the Melbourne Building, centrally located in the heart of Downtown Kent. This presents a compelling opportunity to acquire a highly visible mixed-use property, with 60% of its units having undergone renovation since 2021. The prospective owner not only inherits the stability of existing retail tenants but also possesses the value-add potential to renovate the remaining apartment units and bring all the rents to market.

The Melbourne Building boasts a versatile design, featuring three leased retail spaces on the ground floor and five apartment units on the top floor. All three retail units have been leased and undergone comprehensive interior renovations within the past two years. The renovations encompassed various upgrades, such as LVP flooring, bathroom cabinets, backsplashes, fixtures, storefront glass, and a fresh coat of paint.

The apartment units are a mix of 3 – 2 bedroom/1 bathroom, 2 – 1 bedroom/1 bathroom, and a non-conforming studio unit. Recent renovations to a 2-bedroom and a 1-bedroom unit included the installation of LVP flooring, new paint, upgraded light fixtures, and a complete overhaul of the kitchen and bathroom, including cabinets, backsplashes, tub surrounds, and appliances.

Situated in the vibrant Downtown Kent, this property benefits from the dynamic surroundings and presents an array of opportunities for prospective owners.



FINANCIAL SUMMARY

NAME	The Melbourne Building
ADDRESS	412-418 W Meeker St Kent, WA 98032
PRICE	\$2,050,000
TOTAL UNITS	9 (6 Apartments + 3 Retail)*
BUILT	1958
SQUARE FEET	8,376 Total Net Rentable
PRICE PER UNIT	\$205,000**
PRICE PER FOOT	\$245
CURRENT GRM/CAP	11.4/6.6%
MARKET GRM/CAP	9.5/7.2%
LOT SIZE	8,156 Square Feet
ZONING	DCE

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*The studio unit is non-conforming

**Price/Unit is calculated by using the average SqFt of conforming apartment units (838 SqFt) and dividing by total rentable SqFt



PROPERTY DETAILS

INVESTMENT HIGHLIGHTS

- Current 6.6% CAP rate
- Over \$165,000 spent on renovations since 2021
- Value-add opportunity to renovate the remaining apartment units and bring all rents to market levels
- Opportunity to implement a utility billback system to increase monthly income
- 10 parking spaces
- Highly visibly Downtown Kent location
- Stable retail tenants that are all leased to 2026 and 2027 with extension options
- All units have individual water shutoffs allowing for convenient renovations
- All apartment leases have 45 day termination clauses upon sale that can be exercised by new owner (Buyer to verify)



INTERIORS - RETAIL



INTERIORS - RENOVATED APARTMENT UNITS



UNIT BREAKDOWN

UNIT	UNIT TYPE	SQFT	CURRENT RENT	PER SQFT	MARKET RENT	PER SQFT
1	1 Bd/1 Bth	620	\$1,250	\$2.02	\$1,350	\$2.18
2*	1 Bd/1 Bth	620	\$1,400	\$2.26	\$1,500	\$2.42
3*	2 Bd/1 Bth	900	\$1,750	\$1.94	\$1,900	\$2.11
4	2 Bd/1 Bth	900	\$1,200	\$1.33	\$1,550	\$1.72
5	2 Bd/1 Bth	900	\$1,310	\$1.46	\$1,550	\$1.72
6**	Studio	248	\$450	\$1.81	\$600	\$2.42
Retail 414	Aladdin Bail Bonds	2,188	\$3,560***	\$1.63	\$4,483	\$2.05
Retail 416	Retail	1,000	\$1,810***	\$1.81	\$2,344	\$2.34
Retail 418	Grey Sunz Tattoo	1,000	\$1,800	\$1.80	\$1,850	\$1.85
9	Total/Avg	931	\$1,614	\$1.73	\$1,903	\$2.04

*renovated unit

**non-conforming unit

***rent includes NNN expenses



FINANCIALS

INCOME & EXPENSES

Units	9*	Price	\$2,050,000
Year Built	1958	Per Unit	\$205,000**
Rentable Area	8,376	Per Sq. Ft.	\$244.75
Down Pmt	\$570,482	Current GRM	11.43
Loan Amount	\$1,479,518	Current CAP	6.57%
Interest Rate	6.50%	Market GRM	9.54
Amortization	30 years	Market CAP	7.19%

UNITS	TYPE	SIZE	CURRENT RENT	MARKET RENT
1	NC - Studio	248	\$450	\$600
2	1 Bd/1 Bth	620	\$1,325	\$1,425
3	2 Bd/1 Bth	900	\$1,420	\$1,667
414 - Retail	Aladdin Bail Bonds	2,188	\$2,704	\$2,812
416 - Retail	Retail	1,000	\$1,100	\$1,300
418 - Retail	Grey Sunz Tattoo	1,000	\$1,800	\$1,850
9	Total/Avg	931	\$1.55	\$1.72

MONTHLY INCOME	CURRENT	MARKET
Monthly Scheduled Rent	\$12,964	\$14,412
Parking (10 Spots)	\$195	\$225
Utility Income	\$75	\$410
Laundry Income	\$142	\$150
414 Retail NNN - 38.20%	\$856	\$1,671
416 Retail NNN - 23.87%	\$710	\$1,044
Total Monthly Income	\$14,942	\$17,911

ANNUALIZED OPERATING DATA	CURRENT	MARKET
Scheduled Gross Income	\$179,299	\$214,938
Less Vacancy 5.00%	\$8,965	\$10,747
Gross Operating Income	\$170,334	\$204,191
Less Expenses	\$35,671	\$56,879
Net Operating Income	\$134,662	\$147,312
Annual Debt Service (\$9,352)	\$112,219	\$112,219
Cash Flow Before Tax 3.93%	\$22,444	\$35,093 6.15%
Principal Reduction	\$16,537	\$16,537
Total Return Before Tax 6.83%	\$38,981	\$51,630 9.05%

ANNUALIZED OPERATING EXPENSES	CURRENT	MARKET
RE Taxes 2023 Actual	\$12,492	\$18,500
Insurance 2023 Actual	\$3,520	\$3,520
Utilities 2023 Actual	\$13,659	\$13,659
Cleaning/Maint/Repairs Proforma	\$6,000	\$6,000
Management Fee Proforma 5%	\$0	\$10,800
Landscaping Proforma	\$0	\$800
Administrative Proforma	\$0	\$1,000
Reserves Proforma	\$0	\$2,600
Total Expenses	\$35,671	\$56,879

CURRENT OPERATIONS	Expense/Unit	Expense/Foot	Percent of EGI	MARKET OPERATIONS	Expense/Unit	Expense/Foot	Percent of EGI
	\$4,459	\$4.26	20.94%		\$7,110	\$6.79	27.86%

*The studio unit is non-conforming

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PARAGON REAL ESTATE

\$4.1 B
Sales Volume

27
Years in
Business

20+
Brokers

48 k
Units Sold

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— 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.



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.

Visit our new website! [ParagonREA.com](https://www.paragonrea.com)

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