



# CHISOLM CREEK

*Duplexes*



## YOUR BROKERS



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# INVESTMENT RATIONALE

executive summary

investment highlights





## EXECUTIVE SUMMARY

Capstone is pleased to present the **Chisholm Creek Duplexes**: a 60-unit build-for-rent duplex community currently under construction in Oklahoma City, Oklahoma. Following its completion in early 2023, this new development will allow new ownership to enjoy minimal maintenance and enable them to focus on lease-up and pushing rents. The build-for-rent asset type has proven to be an overachieving vehicle for investment by providing tenants with spacious floorplans, backyard amenities, and garages. Current ownership is charging below market lease-up rates, thereby allowing new management to increase performance and immediately increase EGI. Residents of the Chisholm Creek Duplexes will also enjoy superior amenities nearby, such as dozens of national shopping, dining, and entertainment establishments. The Chisholm Creek Duplexes are anticipated to be sold upon completion in early 2023.



**1305 Morton Ave**

ADDRESS



**Oklahoma City, OK 73114**

CITY/STATE/ZIP



**Duplexes**

TYPE



**60**

UNITS



**2023**

YOC



**Lease-Up**

OCCUPANCY



## HIGH-QUALITY NEW CONSTRUCTION

Chisholm Creek Duplexes offers the opportunity to acquire a newly constructed asset in superior condition; the property boasts high-quality, spacious floorplans and thoughtful interior finishes that the submarket's renter pool demands. New ownership will benefit from low maintenance due to the age of the asset, the community's high-quality construction, and use of premium materials. The asset's exceptional construction and unique features set these duplexes apart from any competing product on the market.

### INTERIOR FINISHES

- Quartz Kitchen Countertops
- Stainless Steel GE Refrigerator
- Stainless Steel GE Electric Range
- Stainless Steel GE Refrigerator
- Stainless Steel Kitchen Faucets
- Stainless Steel GE Microwave
- Painted White Cabinetry
- Modern Kitchen Hardware
- Subway Style Backsplash in Kitchen
- Stainless Steel Bathroom Faucets
- Quartz Bathroom Countertops
- Tiled Shower Walls
- New Toilets
- Luxury Vinyl Plank Flooring
- Electric GE W/D
- Modern Bathroom Hardware
- Built-In Closet Shelving

### EXTERIOR FINISHES

- Composite Roof Shingles
- Painted Fiber Cement Siding
- Brick Veneer
- Gutters
- Double Pane Windows
- Fenced Yards
- Garage Doors
- Sodded Yards



## PROVEN CONCEPT IN THE MARKET

Build-for-rent duplex communities have been one of the hottest rental options in the country over the last few years, especially in suburban areas located directly outside of major downtowns like Oklahoma City. Working professionals between the age of 20 to 34, who make up more than 21.5% of Oklahoma County, gravitate towards suburban areas and rental housing rather than the options available in the denser urban core of the MSA.

Oklahoma City is considered one of the most attractive markets for the build-to-rent product type. Build-for-rent communities have been particularly successful in suburban areas surrounding Oklahoma City, as evidenced by their quick lease-up, sustained occupancy, and continual rent increases. Further examples of this product type's success in Oklahoma City can be seen in comparable nearby developments like the Western Townhomes, Del Norte Duplexes, and Camino Del Plaza. These new construction developments have proven the demand for townhome and duplex build-to-rent communities by leasing up quickly at asking rental prices. The Chisolm Creek Duplexes are poised to capitalize on this momentum by offering higher quality construction, superior finishes, two car garages, spacious yard sizes, and comparable lease-up prices to that of the developments mentioned.





## EXCELLENT LOCATION

The Chisholm Creek Duplexes offer an unrivaled location within an area seeing lots of progress. With access to superior amenities, great connectivity to major thoroughfares, and growing nearby employment, these homes will see a solid tenant base throughout ownership. The Chisholm Creek Duplexes are strategically located in an employment rich part of Oklahoma City. With a combination of higher education, medical centers, governmental, and technology jobs, Oklahoma City has outpaced most of the country, as well as other regional MSAs, when it comes to employment growth.

## EMPLOYMENT

In close proximity to the properties there is abundance of employment opportunities with exceptional employers surrounding Quail Springs Mall, Loves Travel Stops Headquarters, as well as many other retail opportunities in the immediate area.

## SURROUNDING AREA

The Chisholm Creek area, which is only a five-minute drive from the duplexes, boasts national brands such as Cabela's, Top Golf, Cycle Bar, Starbucks, and Torchy's Tacos, as well as numerous excellent local restaurants and an indoor skydiving venue. This up-and-coming district has multiple multi-family projects in the planning stage that Chisholm Creek Duplexes will beat to market.

Quail Springs Mall is within an eight-minute drive of the Chisholm Creek Duplexes and boasts over 93 stores comprised of retail, dining, and entertainment vendors. This thriving mall has announced nine new store openings for 2022-2023. The Quail Springs Mall area includes multiple flagship dining options, as well as luxury gym and spa Life Time Athletics.

The Chisholm Creek Duplexes are only a short distance to Nichols Hills, one of the highest earning neighborhoods in Oklahoma. The Nichols Hills area features Class A amenities like Whole Foods, Trader Joes, Lululemon, Athleta, BC Clark Jewelers, and many other high-end retailers. The Nichols Hills Shopping amenities are a 10-minute drive from the Chisholm Creek Duplexes.



## NEARBY AMENITIES AND ATTRACTIONS

### 1 QUAIL SPRINGS MALL



### 2 MEMORIAL SQUARE



### 3 QUAIL SPRINGS MARKETPLACE



### DISTANCE FROM SUBJECT PROPERTY

Chisholm Creek (TopGolf, Costco, Etc.): 2.1 Miles (Six-Minute Drive)

Quail Springs Marketplace: 2.4 Miles (Seven-Minute Drive)

Quail Springs Mall: 2.8 Miles (Eight-Minute Drive)

Memorial Square: 3.0 Miles (Nine-Minute Drive)

Downtown OKC: 9.3 Miles (13-Minute Drive)





22

77

1

2

3



**COSTCO WHOLESALE** **Cabela's**  
 WORLD'S FOREMOST OUTITTER

**FIREBIRDS** WOOD FIRED GRILL **TOPGOLF**

HERITAGE HALL HIGH SCHOOL

**planet fitness** **HOPSCOTCH**  
 KITCHEN & BAR

**CHISOLM CREEK DUPLEXES**

BLUFF CREEK PARK

CASADY SCHOOL

**UPTOWN GROCERY co.** **SMITTY'S GARAGE**  
 burgers & beer

**HOMELAND.** a fresh experience **RANCH STEAKHOUSE**

Tuesday Morning **CATO**



LAKE HEFNER

22

77





# PROPERTY DESCRIPTION

property details

parcel view







## PROPERTY DETAILS



1305 Morton Ave  
**ADDRESS**



Oklahoma City, OK  
**CITY/STATE**



2023  
**YOC**



60  
**# OF UNITS**



Lease-Up  
**OCCUPANCY**



None  
**UTILITIES INCLUDED**

## RENTAL RATES AND UNIT MIX SUMMARY

UNIT TYPE	UNITS	SF/UNIT	TOTAL SF	RENT/UNIT	RENT/SF
3 BR / BA	60	1,350	81,000	\$1,595	\$1.18
<b>TOTALS/AVERAGES</b>	<b>60</b>	<b>1,350</b>	<b>81,000</b>	<b>\$1,595</b>	<b>\$1.18</b>





# PARCEL VIEW





# MARKET OVERVIEW

area overview

economy and lifestyle

nearby amenities





## AREA OVERVIEW

Oklahoma City (OKC), the state capital of Oklahoma, is the largest city within the state and the 25th-largest metro in the U.S. Known as the Modern Frontier, the city is rooted in Native American and Western culture and continues to embody this as it grows and revitalizes. Many distinct neighborhoods and districts offer unique areas throughout OKC. With thriving restaurants, craft breweries, sports, outdoor recreation, family entertainment, and contemporary art, the area has something for everyone.

Much of Oklahoma City's recent success is attributed to the urban renaissance taking place within the city through a series of projects over the past decade. MAPS 3, a \$777 million capital improvement program, was designed to improve the quality of life within the city and was completed in late 2020. Significant improvements to the area through infrastructure, transportation, parks, and greenspaces has transformed the future of OKC and sparked positive growth for years to come.

### POPULATION

	2016	2017	2018	2019	2020
<b>Oklahoma City</b> (City)	639,924	642,822	647,912	655,057	681,054
<b>Oklahoma City</b> (MSA)	1,372,985	1,381,492	1,393,605	1,408,950	1,425,695
<b>Oklahoma</b> (State)	3,926,331	3,931,316	3,940,235	3,956,971	3,959,353

# TOP 25

**MOST LIVABLE  
CITY IN THE U.S.**

-SMARTASSET, JANUARY 2020-

# #1

**BEST PLACE FOR  
STARTUPS TO EXPAND**

-ZILLOW, FEBRUARY 2020 -

# #4

**BEST CITY TO WORK  
FOR A SMALL BUSINESS**

-JUSTBUSINESS, NOVEMBER 2020 -

# #9

**BEST CITY TO  
START YOUR CAREER**

-ZIPPIA, JULY 2020 -

# #20

**BEST RUN CITY  
IN THE U.S.**

-WALLETHUB, JUNE 2020-



## ECONOMY OVERVIEW

### THRIVING ECONOMY AND JOBS

Oklahoma City is home to three of the nation's largest energy producers, and the energy sector accounts for roughly 3% of total employment and 10% of overall earnings in the region. The metro's exposure to the energy industry is nearly 10 times higher than the national average, second only to Houston. Late last year, Oklahoma City's Devon Energy and Tulsa-based WPX announced it would become one company, making it one of the largest oil producers in the United States, worth an estimated \$12 billion. The combined company will keep the Devon Energy name with headquarters in Oklahoma City.

The region is becoming a draw for tech firms. The expansion of Heartland Payment Systems is a positive sign for the diversification of the Oklahoma City economy. In mid-2020, Heartland completed its new \$40 million headquarters at NW Fifth and Broadway. The seven-story, 100,000-SF office will house 550 employees, and the company is adding another 400 jobs to the recently renovated Mideke building in Bricktown.

### OKANA RESORT

This year, the Chickasaw Nation will break ground on a \$300 million resort that will feature a hotel, indoor-outdoor water park, retail, dining, and conference facilities. The resort will be located next to the First Americans Museum, which honors Oklahoma's 39 tribal nations and is home to the National Native American Hall of Fame. OKANA will be a massive entertainment complex and tourism draw for Oklahoma City due to its scale and unique features. Initial projections have the resort employing more than 400 people with an annual economic impact of almost \$100 million in its first year alone.



# APARTMENT MARKET

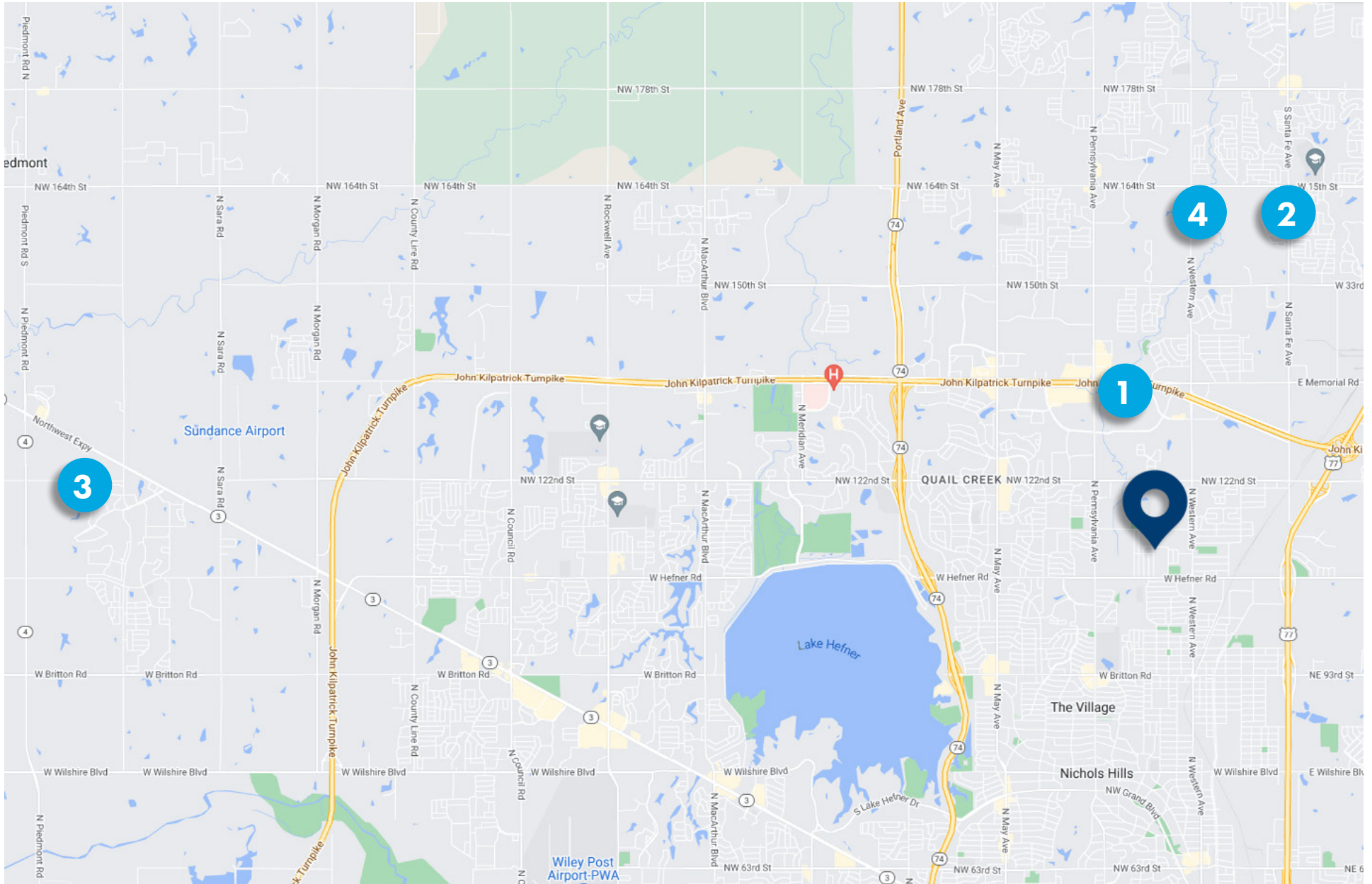
rental competitors








# RENTAL COMPETITORS





## RENTAL COMPETITORS

	PROPERTY	ADDRESS	CITY, STATE	YOC	UNITS	OCCUPANCY	RENT	RENT/SF	MANAGEMENT
	Chisolm Creek Duplexes	1305 Morton Ave	Oklahoma City, OK	2023	60	Lease-Up	\$1,595	\$1.18	A List Construction
1	Argon Apartments	13600 N Blackwelder Ave	Oklahoma City, OK	2018	287*	91.7%	\$2,177**	\$1.81**	NE Management
2	Camino Del Plaza	2141-2209 Camino Del Plaza Ln	Edmond, OK	2017	70	96.8%	\$1,595	\$1.08	Self-Managed
3	The Del Norte Duplexes	12221 Angeles Way	Yukon, OK	2017	82	93.7%	\$1,750	\$1.04	Northstar
4	Western Townhomes	16116 N Western Ave	Edmond, OK	2018	42	100.0%	\$2,185	\$1.00	Block One Communities
	<b>Averages</b>		<b>2018</b>	<b>2018</b>	<b>120</b>	<b>95.6%</b>	<b>\$1,926</b>	<b>\$1.23</b>	

\*Seven Three-Bedroom Units

\*\*Three-Bedroom Units

# FINANCIAL ANALYSIS

cash flow analysis  
underwriting assumptions





## CASH FLOW ANALYSIS

	YEAR 1 PRO FORMA		YEAR 2 PRO FORMA	YEAR 3 PRO FORMA
	TOTAL	PER UNIT	TOTAL	TOTAL
<b>INCOME</b>				
1 Market Rent	1,182,852	19,714	1,218,338	1,254,888
2 Loss-to-Lease	-	-	(12,183)	(12,549)
<b>GROSS POTENTIAL RENT</b>	<b>\$1,182,852</b>	<b>\$19,714</b>	<b>\$1,206,154</b>	<b>\$1,242,339</b>
3 Vacancy Loss	(70,971)	(1,183)	(60,308)	(62,117)
4 Bad Debt	(2,957)	(49)	(3,015)	(3,106)
<b>EFFECTIVE RENTAL INCOME</b>	<b>\$1,108,924</b>	<b>\$18,482</b>	<b>\$1,142,831</b>	<b>\$1,177,116</b>
5 Other Income	32,528	542	33,504	34,509
<b>EFFECTIVE GROSS INCOME</b>	<b>\$1,141,452</b>	<b>\$19,024</b>	<b>\$1,176,335</b>	<b>\$1,211,625</b>
<i>Annual EGI Increase</i>			3.1%	3.0%
<b>EXPENSES</b>				
6 Repairs and Maintenance	27,000	450	27,540	28,091
7 Turnover/Make-Ready	9,000	150	9,180	9,364
8 General and Admin	7,500	125	7,650	7,803
9 Marketing	4,500	75	4,590	4,682
10 Contractor Services/Landscaping	27,000	450	27,540	28,091
11 Utilities	8,400	140	8,568	8,739
12 Management Fee	68,487	1,141	70,580	72,698
13 Insurance	46,500	775	46,500	46,500
14 Real Estate Taxes	135,167	2,253	137,870	140,627
<b>TOTAL OPERATING EXPENSE</b>	<b>\$333,554</b>	<b>\$5,559</b>	<b>\$340,018</b>	<b>\$346,594</b>
<i>Expense % of EGI</i>	29.2%		28.9%	28.6%
<b>NET OPERATING INCOME</b>	<b>\$807,898</b>	<b>\$13,465</b>	<b>\$836,317</b>	<b>\$865,031</b>



## UNDERWRITING ASSUMPTIONS

Market Rent is based on the rents in place lease-up rates and current ownerships pro forma, as provided by management. A breakdown of the Market Rent, as of November 2022 is shown below.

1	Market Rent	UNIT TYPE	UNITS	SF/UNIT	RENT/UNIT	RENT/SF	MONTHLY	ANNUAL
		3 BR/2 BA	60	1,350	\$1,595	\$1.18	\$3,190	\$38,280
		<b>TOTALS/AVGS</b>	<b>60</b>	<b>1,350</b>	<b>\$1,595</b>	<b>\$1.18</b>	<b>\$95,700</b>	<b>\$1,148,400</b>
2	<b>Loss-to-Lease</b>	The Pro Forma assumed Loss-to-Lease to be 0% of Scheduled Market Rent in Year One and 1.00% thereafter.						
3	<b>Vacancy Loss</b>	The Pro Forma Year One Vacancy Loss is projected to be 6.00% of the Gross Potential Rent, comparable with the submarket average.						
4	<b>Bad Debt</b>	Bad Debt is projected to be 0.25% of Gross Potential Rent in Pro Forma Year One based on current credit standards and tenant screening.						
5	<b>Other Income</b>	The Other Income category includes all other sources of revenue not accounted for in the previous categories. Such items normally include income from application fees, late charges, termination fees, pet fees and rent, and other such sources. Other Income in Pro Forma Year One is projected to be 2.75% of Gross Potential Rent.						
6	<b>Repairs &amp; Maintenance</b>	Repairs & Maintenance expenses are projected to be \$450 per unit, which is consistent with market averages for product of this quality and vintage in the Oklahoma City market.						
7	<b>Turnover/Make-Ready</b>	Turnover/Make Ready expenses are assumed to be \$150 per unit, which is consistent with market averages for recently renovated product of this quality and vintage in the Oklahoma City market.						
8	<b>General &amp; Admin</b>	The Pro Forma Year One projected General and Administrative expenses to be \$125 per unit.						
9	<b>Marketing</b>	Marketing expenses are assumed to be \$75 per unit for Pro Forma Year One.						

## UNDERWRITING ASSUMPTIONS

10	<b>Contractor Services/ Landscaping</b>	Contractor Services are assumed to consist of landscaping and contract labor. Pro Forma Year One is projected to be \$450 per unit.
11	<b>Utilities</b>	Utility expenses typically include water, sewer and electricity. Utility expenses are project to be \$8,400 annually, or \$140 per unit to cover utility turnover expense and account change over expense, trended by 2.00% for inflation.
12	<b>Management Fee</b>	Management Fee is assumed to be 6.00% of Effective Gross Income which is consistent with industry norms for BTR asset types.
13	<b>Insurance</b>	The Pro Forma Year One assumed an annual Insurance expense of \$775 per unit.
14	<b>Real Estate Taxes</b>	<p>Per Tax Assessor's office, Oklahoma County conducts a property revaluation every year in order to keep pace with changing market values. Oklahoma County's last reappraisal of all real property was effective on January 1, 2022. For all Oklahoma counties, tax assessment values are based on comparable properties and any value placed on a property must be equitable as compared to other properties' tax value per unit.</p> <p>For Pro Forma Year One, the estimated tax value is based off the assumed purchase price and the projected millage rates. Pro Forma Year Two, the estimated tax value is based on an increase of 2.00% from Pro Forma Year One.</p>
<b>Est. 2023 Tax Rate (11.77%)</b>		
<b>Estimated Pro Forma Year 1 Tax Value</b>		<b>\$135,166.68</b>





## OFFERING DETAILS

Capstone Apartment Partners has been engaged as the exclusive listing Broker representative of the Owner for the sale of this property. No contact shall be made by any prospective purchaser or agents to the Owner, its executives, staff, personnel, tenants, or related parties.

This Investment Offering Memorandum is a confidential solicitation of interest, and the information provided herein is provided for the sole purpose of considering the purchase of the Property. The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest to purchase the Property or to terminate discussions with any entity at any time with or without notice. The Owner shall have no legal commitment or obligation to any entity reviewing the Investment Offering Memorandum or making an offer to purchase the Property unless and until the Owner executes and delivers a signed Purchase Agreement on terms acceptable to the Owner. By receipt of this Offering Memorandum, prospective purchaser will be deemed to have acknowledged the foregoing and agrees to release the Owner from any and all liability with respect hereto.

The enclosed materials are being provided solely to facilitate the prospective purchaser's own due diligence for which the purchaser shall be fully and solely responsible. All information contained herein is confidential in nature, and recipient agrees not to photocopy, duplicate, forward, distribute, or solicit third party interest without written permission and consent from Owner or Capstone Apartment Partners.

Neither Capstone Apartment Partners nor the Owner make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein, and nothing contained herein shall be relied upon as a promise or representation as to the future performance of the Property.

## PROPERTY TOURS

Contact Broker for Tours.

## CALL FOR OFFERS DEADLINE

TBD

## ASKING PRICE AND TERMS

Property to be sold upon completion in early 2023.

## SOURCES

TBD



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*Duplexes*



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