30 PEARL

OFFERING MEMORANDUM / 30TH & PEARL / BOULDER, CO

CBRE

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EXECUTIVE SUMMARY

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	QUAD 1	QUAD 3
Apartments	Text	Text
Retail	Text	Text
Parking	Text	Text
Estimated Cost	Text	Text
Estimated Value	Text	Text
Construction Loan	Text	Text

30 Pearl is an entire city block located at the NEC of Pearl and 30'" Street in Boulder, Colorado. It is being developed with four quadrants, QI and Q3 being the subject of this loan request and Q2 and Q4 which are not part of the collateral. Q2 and Q4 are being developed by the Boulder Housing Authority. Those projects will contain a total of _ housing units. (Comment???) QI and Q3 are the collateral for this request and when complete, they will contain _ market rate apartments and 18,000sf of retail of which 9,000sf are designated as "Affordable". Both projects will also provide underground parking. The project cost is estimated to be $99,000,000. The loan request is for an initial funding at 60% of cost ($60,000,000) with an earnout upon stabilization. Construction is estimated to take 16 months. The loan being requested is a construction to permanent loan wherein, the rate is set at the start of construction and the loan converts from interest only, monthly funding, to amortizing after the project has stabilized.

The Boulder real estate market has outperformed the metro Denver real estate market for decades. We have outlined some of

those performance metrics within this request. Additionally, one must fully understand how the economy in Boulder has flourished as an innovative tech hub while the developer community faces unrealistic artificial barriers to growth. A publicly owned greenbelt completely surrounds the City preventing growth in every direction. Height limitations restrict density. There are no open parcels within the city that are available for development. The project sponsor is well qualified, having almost completed a uniquely designed Net Zero Energy (NZE) project across the street called Boulder Commons. The Sponsor is a venture between a family office, New Island, and a local developer, Morgan Creek Ventures. This group was invited by the City of Boulder to be one of two developers for the highly sought after 30 Pearl, based upon their history of design excellence, sustainability, and performance.

30 Pearl is the last project to be developed within an area called Boulder Junction, formerly known as the Transit Village. Boulder Junction is a 160-acre neighborhood designated as a TOD since part of the project incudes the RTD bus terminal and the future light rail station for Boulder. It also happens to be within an Opportunity Zone. This designation provides property owners with favorable capital gains treatment if ownership is retained on a long-term basis. Given that development within the City of Boulder is essentially relegated to repurposed sites, there has not been a large volume of new construction elsewhere in the City. Almost all of the recent development in Boulder has occurred within the Boulder Junction neighborhood. Total development costs are estimated to have exceeded $800 million in this neighborhood. Two primary catalysts for this activity are the RTD transit hub which is across the street to the east, and the recent development of the Google Campus, at the SEC of 30th and Pearl.

PROJECT DESCRIPTION

Quad 2 & 4 are not part of the collateral. They are owned by The Boulder Housing Partnership (BHP) and construction looks to be complete within the next 4-5 months. These two sites will provide affordable rental housing for community members who qualify with certain income requirements. Quadrant 2 will have 120 Studio, IBr, 2Br and 3Br units. Quadrant 4S will have 40 units , all of which will be income restricted. Q4S will also have a small retail component that will house ar et a il business owned by BHP. The Collateral for our loans will be Quadrant 1 and Quadrant 3. Q4N is under option to the sponsor but will be developed at a later date.

Quad 1 occupies the SWC of the 30 Pearl Block. To the West is the Whole Foods anchored center. Caddy-Comer from the project is the Google Campus. Directly south is the Reve, mixed use development. To the East, the Hyatt Place Hotel and the RTD station is located on the east side of Junction Place. QI will contain 77 market rate apartments and 18,618sf ofretail space. An underground parking garage will house 110 parking stalls.

Quad 3 occupies the NEC of the 30 Pearl Block. Immediately to the east is a small pocket park and across Junction Place is the RTD station, the Hyatt Place Hotel and the Depot Station Restaurant. It will contain 59 market rate apartments and no retail space. There is an underground parking facility that is owned in a condominium regime with the Quad 2 project. Quad 3 will have 63 spaces allocated within the structure.

Some of the Sustainable and Energy Conservation features of the design include: Window Technology:

- Window Technology: Triple glazing throughout
- Tight Building Envelopes protects against the elements and wind which can get very strong in Boulder
- Solar Panels on the Roof: Cutting edge design provides electricity for both buildings.
- Participation in Energy Goals. Engage tenants in energy conservation practices.
- Variable Refrigerant Volume HVAC Systems. Expensive to build, very efficient to use. Variable Refrigerant Flow (VRF) Systems, which consolidate heating and cooling into one, all electric system and allows for zones of temperature control and heat recovery/transfer between zones; Energy Recovery Ventilator (ERV) Systems, which provide passive heat transfer/recovery for outside air entering the building, an alternative to inefficient electric duct heaters commonly used to preheat outside air.

SITE PLAN

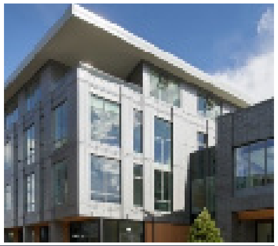
30th and Pearl - QUAD THREE

QUAD 3

QUAD 1

30th and Pearl - QUAD ONE

SALES COMPARABLES






	BOULDER COMMONS PHASE I & II	17*WALNUT	GRIFFIS 3100 PEARL	APEX 5510	TWO NINE NORTH	BROOKSIDE APARTMENTS
LOCATION	3200 Bluff St Boulder, CO	1707 Walnut St Boulder, CO	3100 Pearl Pkwy Boulder, CO	5510 Spine Rd Boulder, CO	1955 30th St Boulder, CO	2726 Moorehead Ave Boulder, CO
YEAR BUILT	2019	2015	2014	2014	2011	1993
RENOVATED		-	-	2015	-	2011
CLASS	A	A	A	A	A	A
RSF	41,780	23,863	270,941	188,607	243,331	121,568
TOTAL UNITS	37	26	319	231	238	144
AVG UNIT SF	1,129	918	856	816	1,022	844
DATE OF SALE		Apr-17	Oct-16	Feb-17	Jul-14	Apr-18
SALES PRICE		$15,600,000	$136,000,000	$75,240,000	$93,500,000	$51,000,000
PRICE PSF		$654	$502	$399	$384	$420
PRICE/UNIT		$600,000	$426,332	$325,714	$392,857	$354,167
CAP RATE		4.21%	4.06%	4.01%	4.48%	4.71%
BUYER		Riverland Global Real Estate, Inc.	Rockwood Capital	Principal Financial Group	L&B Realty Advisors	The Carlyle Group
SELLER		Element Properties	UBS, Reylenn Properties LLC	Crossbeam Holdings	Forum Real Estate Group	Starwood Capital Group

Note: When 17*Walnut sold in April 2017, it set a new per-unit pricing record for apartment complexes in Colorado at $600,000 / unit.
The prior Colorado record was held by Solana 3100 Pearl (now Griffis 3100 Pearl) at $426,000 / unit – which is also in Boulder and part of our comp set.

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