

# EXCLUSIVE MULTI-FAMILY OFFERING

1205-1207 E. ARMOUR BLVD | KANSAS CITY, MO 64109 | 21 UNITS | VALUE-ADD ASSET | 3 BUILDINGS

## WALNUT EAST OFFERING MEMORANDUM

MARKETED BY : Brice Bradshaw

PROPERTY DETAILS : 3 Buildings; Master Leased; 1 Fire Building

UNIT MIX: 1 & 2-Bedroom Units (5 floorplans)

YEAR BUILT : 1919

PRICE : MARKET

ZONING : R-0.5





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## PROPERTY DESCRIPTION

The subject offering, Walnuts East Apartments, is a three-building low-rise apartment complex ideally located in the Midtown area of Kansas City, Missouri. The three buildings at 1205-1207 E Armour stand 3-stories with brick exteriors and include a parking lot and common area in the rear. Access to the on-site parking lot (12 spaces) is provided off Forest Avenue; a quiet, south-running one-way street. Additional parking is available on both Armour Boulevard and Forest Avenue. In total, the Walnut East Apartments consist of 15 one-bedroom and 6 two-bedroom units which are separately metered for gas and electric with each unit possessing individual hot water heaters and Google Fiber as well. There are 5 differing layouts with the one-bedroom, one-bathroom units ranging in size from approximately 551 to 691 (+/-) square feet. There are 3 two-bedroom, two-bathroom units of approximately 1,100 (+/-) square feet, and 3 two-bedroom, one-bathroom (two-story townhome) units of approximately 1,164 (+/-) square feet.

The buildings were fully renovated in 2005/2006 highlighted by extensive interior & exterior work. More recent renovations to the buildings in the last 18 +/- months include all new windows, new tuckpointing, a repaved parking lot, new soffits, updates to electric meter boxes, submetering of water to individual units and stucco/siding redone on rear exterior walls of all three buildings. This property is currently master-leased to reStart, a non-profit housing program but the lease is now on month-to-month status. A fire in December of 2020 put the 1205 building out of service but presents new ownership an open canvas to update the units as they see fit. The asset provides investors a value-add opportunity in a historic neighborhood (Squier Park) experiencing a tremendous influx of young professionals and families, as well as other revitalization efforts. The property possesses a strong opportunity for future lease upside with MAC Properties' newly approved 340-unit apartment project of the neighboring lots ([MAC PROPERTIES Project](#)).

Walnut East's location provides easy access to all of Kansas City's major urban economic hubs, multiple education institutions, numerous parks, and many popular entertainment and dining destinations. Kansas City's urban core is experiencing unprecedented economic growth and Walnut East presents a unique opportunity in the rapidly gentrifying Troost Corridor. The Midtown/Hyde Park area is one of Kansas City's strongest rental markets and continues to improve with further new development. *Business Facilities*, the leading source of intelligence for area economic development, ranked Kansas City in its Top 10 (Large Metro Areas) for economic growth potential in 2019 with the runway for continued expansion looks strong.

## OFFERING & PROPERTY SUMMARY

ASKING PRICE	MARKET
TERMS	Free & Clear
ADDRESS	1205-1207 E Armour Blvd & 3511 Forest Ave Kansas City, Missouri 64109
COUNTY	Jackson County
NEIGHBORHOOD	Squier Park
ZONING	R-0.5
YEAR BUILT	1919 (KC Register of Historic Places)
LAST RENOVATION	2006
FIRE	December 2020 (1205 Building Out of Service)
CONSTRUCTION/EXTERIOR	Masonry Construction; Brick Exterior; Flat Roofs; New Windows
LOT SIZE	20,157 sq. ft. or 0.46 acres (Jackson County)
NET RENTABLE AREA	16,185 sq. ft. (+/-)
BUILDINGS	3
STORIES	3
UNITS	21
1 BEDROOM 1 BATHROOM	15
AVERAGE UNIT SIZE	626 sq. ft. (+/-)
AVERAGE UNIT RENT	\$786
2 BEDROOM 1 BATHROOM	3
AVERAGE UNIT SIZE	1,100 sq. ft. (+/-)
AVERAGE UNIT RENT	\$953
2 BEDROOM 2 BATHROOM	3
AVERAGE UNIT SIZE	1,164 sq. ft. (+/-)
AVERAGE UNIT RENT	\$953

## UTILITIES & AMENITIES SUMMARY

METERING	Separate (Gas & Electric)
HEAT	Gas
A/C	Central Air
HOT WATER	Individual Hot Water Heaters
INTERNET	Google Fiber
ENTRY	Secure Keycode Access
PARKING	12 off-street spaces & on-street parking (potential to add)
UTILITIES	Landlord pays all utilities
PLUMBING	Polybutylene lines





## PROPERTY HIGHLIGHTS

- ❖ VALUE-ADD PROPERTY W/ EXCELLENT CURB APPEAL – MASTER-LEASE IS MTM
- ❖ ADJACENT TO LARGE MAC PROPERTIES REDEVELOPMENT
- ❖ NEW WINDOWS, PARKING LOT OVERLAY, ELECTRIC METERS, SOFFITS & EXTERIOR WORK COMPLETED
- ❖ OUTDOOR GAZEBO & KEYCODE ENTRY
- ❖ 12 OFF-STREET PARKING SPACES & ON-STREET PARKING AVAILABLE
- ❖ SECURITY CAMERAS IN COMMON AREAS & GROUNDS
- ❖ SIGNIFICANT RENT UPSIDE
- ❖ ON-SITE MANAGEMENT – 3511 BUILDING
- ❖ GOOGLE FIBER
- ❖ FIRE IN DECEMBER OF 2020 – 1205 BUILDING
- ❖ POLYBUTYLENE PLUMBING

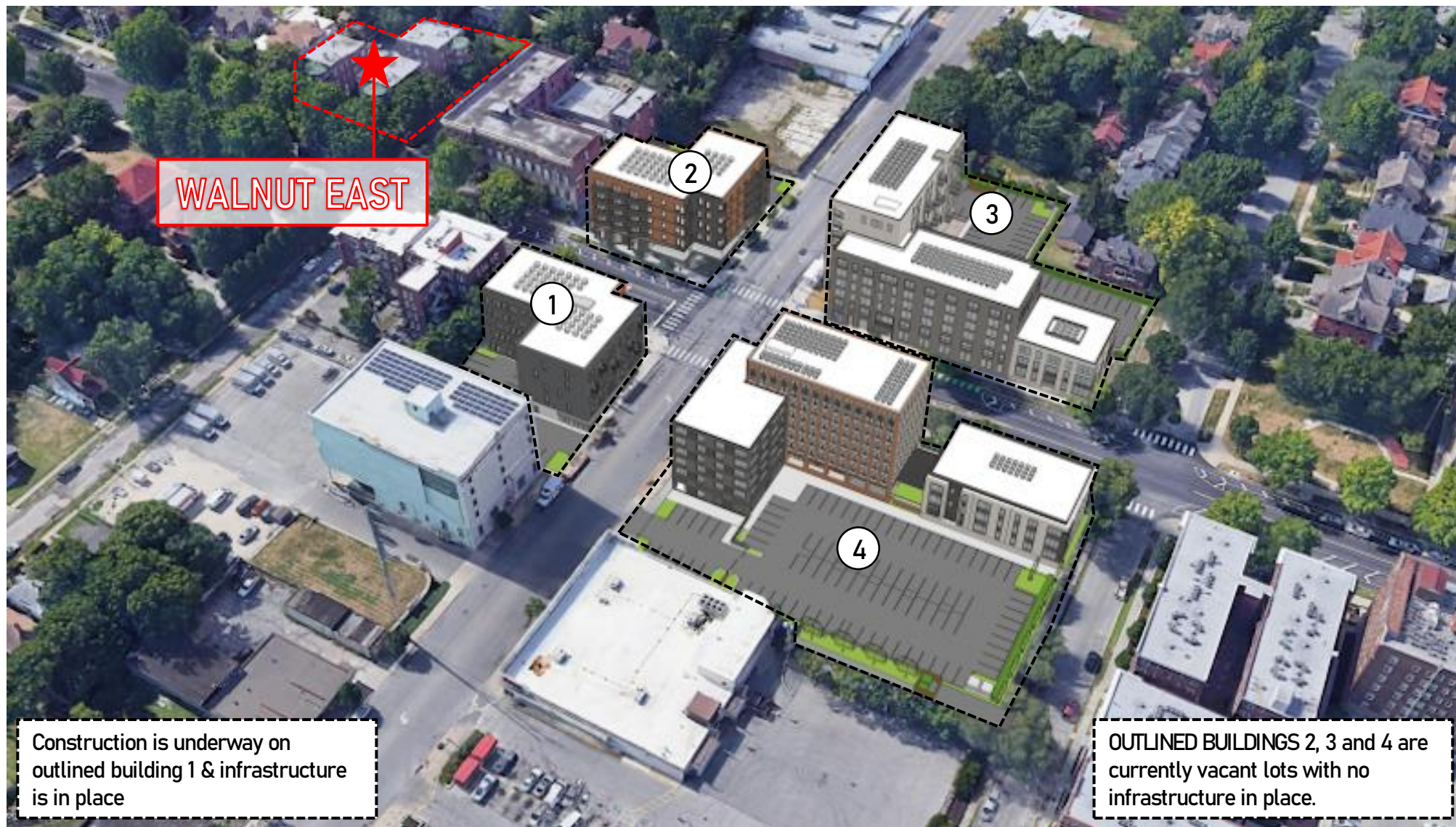
## UNIT HIGHLIGHTS

- ❖ 21 UNITS- 5 FLOORPLANS
- ❖ 1-BEDROOM & 2-BEDROOM UNITS
- ❖ CENTRAL AIR/HEAT
- ❖ SPACIOUS/UNIQUE INTERIOR LAYOUTS
- ❖ DECORATIVE FIREPLACES (SELECT UNITS)
- ❖ BAY WINDOWS (SELECT UNITS)
- ❖ THREE 2-LEVEL TOWNHOME UNITS
- ❖ DISHWASHERS (SELECT UNITS)
- ❖ ALL UTILITIES INCLUDED
- ❖ CARPET FLOORING
- ❖ SEPARATELY METERED – GAS/ELECTRIC
- ❖ INDIVIDUAL HOT WATER HEATERS





## MAC PROPERTIES 340 UNIT PROJECT AT ARMOUR AND TROOST



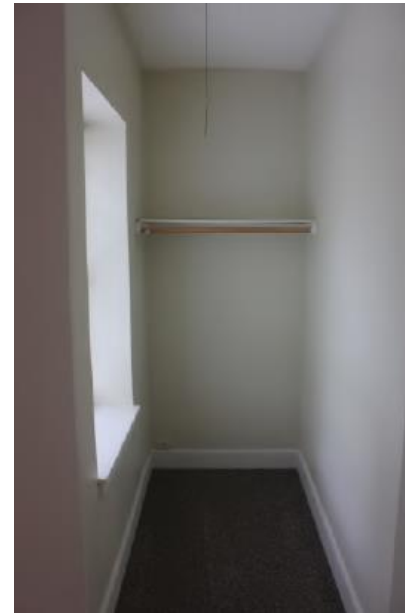
*An aerial rendering of how the intersection of Armour and Troost will appear when the Armour Corners project is completed (Image from Helix)*

PICTURE SOURCE: <https://www.flatlandkc.org/news-issues/mac-properties-big-apartment-project-at-troost-and-armour-in-kansas-city-gains-momentum/>



















# WALNUT EAST APTS

KANSAS CITY, MO – MIDTOWN

21 UNITS

## NEIGHBORHOOD/SUBMARKET SUMMARY

The 21 units at Walnut East are located next to Hyde Park near explosive developments in Midtown Kansas City, Missouri. Midtown is a vibrant residential/commercial community where businesses, neighborhoods and institutions reinforce one another. Sitting close to the city center, Midtown is home to some of the oldest buildings in the city and its storied history, combined with thriving redevelopment in neighboring areas, attracts new residents. Extensive new developments in the Troost corridor, Hospital Hill, Armour Boulevard and 39<sup>th</sup> Street have taken place over the last several years highlighted by the Plexpod (previously Westport Middle School), Children's Mercy state-of-the-art 375,000 sf research facility, and the construction of 800 market-rate apartment units and hotel along Troost. In the more immediate area, MAC Properties' plan to revitalize the intersection of Troost and Armour with a 340-unit apartment project has been approved and is underway. The approved project is adjacent to the subject property with rents scheduled in the \$1,000+ range for 1 & 2-bedroom units.

Hyde Park boasts a rich history and has a close proximity to Penn Valley Park, museums, local shops, restaurants, gastropubs, breweries and vibrant nightlife. Highlights of the neighborhood include Thelma's Kitchen, Kansas City's first pay-what-you-can community café, Martini Corner, an enclave of local bars, restaurants and apartments, and Gate's Barbeque. The neighborhood hosts sought after schools, such as Académie Lafayette Cherry Street campus and Notre Dame de Sion, as well as numerous historic churches and businesses. The convenience of its close proximity to Westport, Downtown and the Country Club Plaza make Hyde Park an ideal location. The Country Club Plaza is Kansas City's premier retail, dining and entertainment destination. The Country Club Plaza is the south border of Kansas City's commerce corridor which extends through Midtown north to Downtown Kansas City. The corridor is home to the World Headquarters of Hallmark Cards, American Century Investments, Lockton Insurance and Russell Stover Candies.

Walnut East is just minutes away from the Nelson-Atkins Museum of Art, the Kemper Museum of Modern Art, National WWI Museum, the Kansas City Art Institute, and the James C. Olson Performing Arts Center at UMKC. The complex is ideally situated only minutes from Children's Mercy Hospital, the Crossroads, St. Luke's Hospital, Crown Center, Union Station, the IRS office complex, the University of Kansas Medical Center, Truman Medical Center, Penn Valley Community College, the Federal Reserve Bank, the Stowers Institute for Medical Research, the University of Missouri Kansas City (UMKC) main campus and the separate campuses of UMKC Schools of Dentistry, Nursing, Pharmacy and Medicine. Rental demand is very strong and quite stable in Hyde Park, near the Country Club Plaza, and in Westport due to the high quality of life and area amenities.







**MARTINI CORNER**



**COUNTRY CLUB PLAZA**



**WESTPORT DISTRICT**

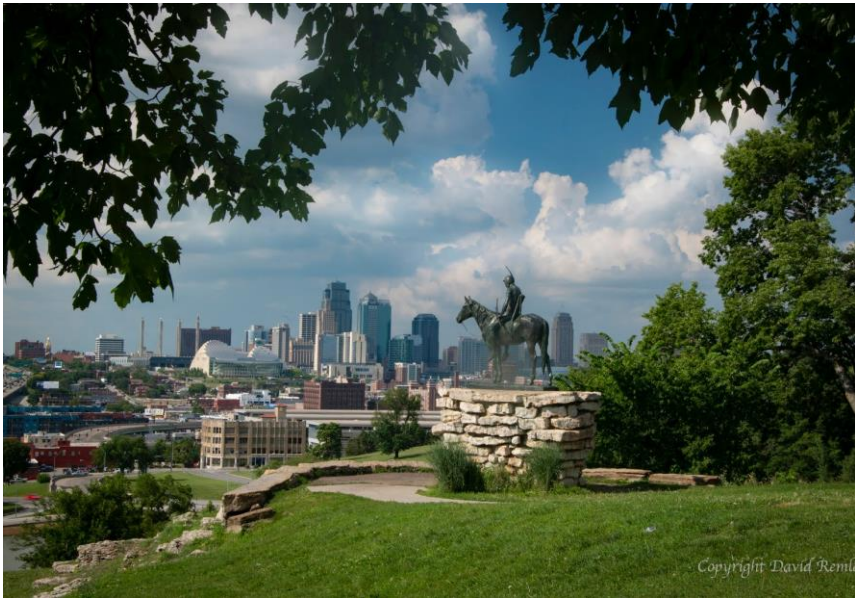


**UNION STATION**



**CHILDREN'S MERCY HOSPITAL**

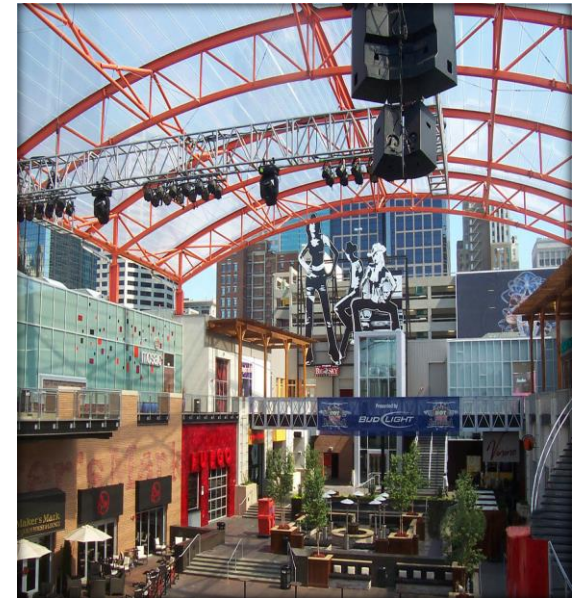




**PENN VALLEY PARK**



**CROWN CENTER**



**POWER & LIGHT**



**WESTPORT PLEXPOD**



**WORLD WAR I MUSEUM & MEMORIAL**



The Kansas City Metropolitan Area is home to 2.1 million people and is dissected North to South by the Kansas and Missouri State Line. U.S. News recently analyzed 100 cities in the United States to try and find the best places to live based on quality of life and the job market in each city, as well as the value of living there and people's desire to live there. Kansas City ranked #49 on the list and continues to gain attraction throughout the country. The Huffington Post recently named Kansas City as the "Coolest" City in America and, for the fifth year in a row, named Kansas City the #1 affordable getaway. In Travel + Leisure's "America's Favorite Places" survey, readers voted Kansas City #24 while the Culture Trip voted Kansas City as one of the "12 Best U.S. cities for culture." Kansas City is famous for its musical heritage and has been a great jazz city since the 1930's. The history of the city's music and art heritage can be explored at the American Jazz Museum, the Kauffman Center, the Kemper Museum of Contemporary Art and the Nelson-Atkins Museum of Art. The Nelson-Atkins Museum of Art was named the #1 best museum in the U.S. by both *USA Today* and Yelp. Additionally, Yelp's #5 best museum in the country went to the National WWII Museum & Memorial, the only WWII museum in the country.

ZipRecruiter, an online job platform, concluded that Kansas City is the 4th best metro area in the country to find a job in 2017. The Kansas City area is home to such companies as: Hallmark, H&R Block, Black & Veatch, Seaboard, DST Systems, Russell Stovers, Garmin and Sprint. Kansas City is also home to an expanding Biotechnology Industry including the Stowers Institute for Medical Research, the Kansas Life Sciences Innovation Center, the Biotechnology Development Center, XenoTech and Proteon Therapeutics. Forbes ranked Kansas City as the 3<sup>rd</sup> best city for renters out of 46 cities because they have the most investor interest, while also declaring Kansas City to have the best "rental affordability" among the 46-city list. WalletHub reaffirmed Forbes lofty ranking by putting Kansas City in its Top 50 for "Best Real-Estate Markets" for large cities. The General Motors Fairfax facility in Kansas City, Kansas is ranked as the most productive auto assembly plant in North America (HARGOUR CONSULTING REPORT). The recently expanded Ford Motor assembly plant in Kansas City builds the popular F-150 pickup truck and the Hybrid, Ford Escape. Kansas City also has a large Harley Davidson assembly plant near the airport. Kansas City is the second largest U.S. railroad hub in terms of volume (measured in units) and the biggest in terms of tonnage. The area is also home to YRC Worldwide, the largest trucking company in the nation.

For the sports fan, the Kansas City area has it all including the NFL's Chiefs, MLB's Royals, MLS's Sporting Kansas City, the T-Bones a minor league baseball team, several of the finest golf courses in the United States, the Kansas Speedway one of NASCAR's newest tracks, the College Basketball Hall of Fame and much more. Kansas City is home to Schlitterbahn Waterpark near the Kansas Speedway and is home to Worlds of Fun, Oceans of Fun and the Great Wolf Lodge, which are all large entertainment parks and destinations. Education is also an integral piece of the Kansas City metropolitan area. The area has a number of major colleges and universities such as the University of Kansas, Kansas University Medical Center, the University of Missouri Kansas City and Rockhurst University along with many others. The area is proud to have 3 of the top 10 Public School Districts in the United States.







**CURRENT RENT ROLL BREAKDOWN**

UNIT #	UNIT TYPE	UNIT SF	MARKET RENT	RENT	ANNUAL RENT	RENT PER SF
1205-101	1x1	691	\$795	-	-	-
1205-102	1x1	551	\$795	-	-	-
1205-103	2x1	1,100	\$995	-	-	-
1205-104	1x1	551	\$795	-	-	-
1205-105	1x1	691	\$795	-	-	-
1205-106	2x2	1,164	\$1,050	-	-	-
1205-107	1x1	647	\$795	-	-	-
1207-201	1x1	691	\$795	\$786	\$9,432	\$1.14
1207-202	1x1	551	\$795	\$786	\$9,432	\$1.43
1207-203	2x1	1,100	\$995	\$953	\$11,436	\$0.87
1207-204	1x1	551	\$795	\$786	\$9,432	\$1.43
1207-205	1x1	691	\$795	\$786	\$9,432	\$1.14
1207-206	2x2	1,164	\$1,050	\$953	\$11,436	\$0.82
1207-207	1x1	647	\$795	\$786	\$9,432	\$1.21
3511-301	1x1	691	\$795	\$786	\$9,432	\$1.14
3511-302	1x1	551	\$795	\$786	\$9,432	\$1.43
3511-303	2x1	1,100	\$995	office	-	-
3511-304	1x1	551	\$795	\$786	\$9,432	\$1.43
3511-305	1x1	691	\$795	\$786	\$9,432	\$1.14
3511-306	2x2	1,164	\$1,050	\$953	\$11,436	\$0.82
3511-307	1x1	647	\$795	\$786	\$9,432	\$1.21
21		16,185	\$18,060	\$10,719	\$128,628	\$1.17

FIRE BUILDING/UNITS  
THAT WERE IMPACTED  
BY DECEMBER 2020  
FIRE. CURRENTLY  
VACANT OPEN CANVAS.

UNIT SERVES AS ON-  
SITE MANAGEMENT  
OFFICE FOR RESTART  
INC.



## CURRENT UNIT MIX

# OF UNITS	UNIT TYPE	UNIT SF	RENT	MONTHLY RENT	ANNUAL RENT	RENT PER SF
4	1x1	551	\$786	\$3,144	\$37,728	\$1.43
2	1x1	647	\$786	\$1,572	\$18,864	\$1.21
4	1x1	691	\$786	\$3,144	\$37,728	\$1.14
1	2x1	1,164	\$953	\$953	\$11,436	\$0.82
2	2x2	1,100	\$953	\$1,906	\$22,872	\$0.87
13				\$10,719	\$128,628	\$1.09

## PRO-FORMA UNIT MIX

# OF UNITS	UNIT TYPE	UNIT SF	MKT RENT	MONTHLY RENT	ANNUAL RENT	RENT PER SF
6	1x1	551	\$795	\$4,770	\$57,240	\$1.44
3	1x1	647	\$795	\$2,385	\$28,620	\$1.23
6	1x1	691	\$795	\$4,770	\$57,240	\$1.15
3	2x1	1,164	\$995	\$2,985	\$35,820	\$0.85
3	2x2	1,100	\$1,050	\$3,150	\$37,800	\$0.95
21				\$18,060	\$216,720	\$1.13

## T12 FINANCIAL PERFORMANCE

RENTAL INCOME	\$160,315	% RI	PER UNIT
SECURITY DEPOSIT FORFEITURES	\$3,476	2.17%	\$166
OTHER INCOME	\$1,998	1.25%	\$95
ADJUSTED GROSS INCOME	\$165,789	% AGI	PER UNIT
ADMIN & OFFICE	\$6,719	4.05%	\$320
LAWN, PEST & SNOW REMOVAL	\$1,890	1.14%	\$90
REPAIRS & MAINTENANCE	\$30,480	18.38%	\$1,451
UTILITIES	\$49,559	29.89%	\$2,360
TRASH SERVICE	\$3,019	1.82%	\$144
PROPERTY TAX (2020)	\$9,085	5.48%	\$433
INSURANCE	\$11,904	7.18%	\$567
TOTAL EXPENSES	\$112,656	67.95%	\$5,365
NET OPERATING INCOME	\$53,132		\$2,530

In December 2020, a fire in the 1205 Building of the Walnut East Apartments occurred causing the building to be shutdown and units vacated. Currently, 7 units are vacant due to the fire and an additional unit in the 3511 building serves as a management office, therefore 8 units in total are not collecting rent. The above table shows the trailing 12 financial performance of the asset from April 2020 to March 2021.

## PROPERTY PRO-FORMA

GROSS POTENTIAL INCOME - Market Rents	\$216,720	% GPI	PER UNIT
VACANCY & CREDIT LOSSES	\$10,836	5.00%	\$516
OTHER INCOME	\$4,200	1.94%	\$200
ADJUSTED GROSS INCOME	\$210,084	% AGI	PER UNIT
ADMIN & OFFICE	\$1,050	0.50%	\$50
CLEANING, LAWN, PEST, TRASH & SNOW	\$6,300	3.00%	\$300
REPAIRS/MAINTENANCE & LABOR	\$16,800	8.00%	\$800
MANAGEMENT	\$18,908	9.00%	\$900
UTILITIES	\$21,000	10.00%	\$1,000
PROPERTY TAX	\$9,631	4.58%	\$459
INSURANCE	\$9,450	4.50%	\$450
REPLACEMENT RESERVES	\$5,250	2.50%	\$250
TOTAL EXPENSES	\$88,389	42.07%	\$4,209
NET OPERATING INCOME	\$121,695		\$5,795

Our Pro-forma assumes the transition out of the master lease and into the projected market rental rates listed above. Moving to market rents allows for lesser utility cost as they can be transitioned to the tenants. This model also accounts for uniform unit improvements throughout consistent with the finishes of the neighboring buildings & current redevelopment projects. To account for expenditures, we added replacement reserves of \$250/unit.



### SOURCES OF INFORMATION

This offering memorandum was prepared by the Broker solely for the use of perspective purchasers of the property. Neither the Owner nor Broker makes any representation or warranty as to the completeness or the accuracy of the material contained in this offering memorandum. All information is based on surveys, public records and old appraisals. The financial summary includes assumptions, which represent a projection of future events and assumptions which may or may not occur. Absolutely no tax or legal advice is being implied or given. These projections may not and should not be relied upon to indicate results, which might be obtained. Income collected and expenses incurred will vary depending upon the type of management employed. Therefore, all information provided is solely for the purpose of permitting parties to determine whether or not the property is of such type and general character as might interest them in this purchase, and Reece Commercial/KCCommercial.net makes no warranty as to the accuracy of such information. Interested persons are expected to acquaint themselves with the property and arrive at their own conclusions as to physical condition, number and occupancy of revenue producing units, estimates of operating costs, tax matters, and any factor having to do with the valuation of property. All information outlined in this offering memorandum was obtained from a number of sources, including but not limited to the following:

- ❖ The Jackson County Assessor's Office and online databases
- ❖ The City of Kansas City, Missouri
- ❖ Loopnet, CoStar, and Multiple Listing Services (MLS)
- ❖ Market participants and property managers familiar with the market area
- ❖ Public records, surveys, and appraisals

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