

# Lumin

A 264-unit Multifamily Development Investment Opportunity





 8503 Lake Vista Drive  
San Antonio, Texas

**264 UNIT MULTIFAMILY INVESTMENT DEVELOPMENT OPPORTUNITY**

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# Lumin

## Executive Summary





# San Antonio MSA



## ACCOLADES

**NO. 1**

AMERICA'S NEXT BOOM TOWN

*Forbes*

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**TECH HOTSPOT**

*Inc.*

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**NATION'S 2ND**

HIGHEST GROWTH OF MILLENNIALS

*Brookings*

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**TOP 5**

ECONOMIC PERFORMANCE

*Brookings*

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**TOP 10**

MUST VISIT DESTINATIONS

*Forbes*

# SAN ANTONIO LEADING POPULATION GROWTH

- Population growth 2010-2019: 19% San Antonio, 16% Texas, 7% USA
- 2.5+ million MSA residents: 7<sup>th</sup> largest in U.S.
- One of the nation's fastest growing Millennial populations in the U.S.
- Second largest city in Texas (after Houston)
- Top 10 fastest growing cities in the U.S.
- Over 44% growth since 2010
- Over 66 people per day migrating
- Set to be home to an additional 1M by 2040



## 2ND FAST GROWING CITY IN THE COUNTRY

*Increase of 20,824 residents between 2017-2018*



## 120 PEOPLE MOVING TO SAN ANTONIO PER DAY

*Population of 1.6M expected to double by 2040*



## MILLENNIAL POPULATION AMONG FASTEST-GROWING IN THE NATION



## COMPETITIVE COST OF LIVING, 13.1% LESS THAN U.S. AVERAGE



## INTERNATIONALLY RECOGNIZED AS A LEADING PROVIDER OF CYBERSECURITY



## LARGEST ACTIVE & RETIRED MILITARY POPULATIONS IN THE U.S.

# LOW TAX AND PRO BUSINESS ENVIRONMENT ATTRACTING GROWTH

- No Personal Income Tax
- No Corporate Income Tax
- No Payroll Tax
- 10 Year Abatement in Certain Growth Areas
- 100% Tax Abatement in Certain Industries



**MILLENNIALS**  
**21% OF POPULATION**  
VS. 17% U.S. AVERAGE



**OVER 400**  
**HEADQUARTERS**



**100K EXPECTED**  
**NEW JOBS**  
2020 TO 2025

## NOTABLE EMPLOYERS

**JOINT BASE**  
**SAN ANTONIO**

**80,165 JOBS**

**South Texas**  
**MEDICAL**  
**CENTER**

**50,000+ JOBS**

**H-E-B**

**20,000 JOBS**

**USAA**

**19,000 JOBS**

**JPMorgan**  
**Chase**

**5,000 JOBS**

**BOEING**

**2,800 JOBS**

**rockspace**  
**HOSTING**

**3,300 JOBS**

**VALERO**

**1,653 JOBS**

**hulu**

**500 JOBS**

# JOB DIVERSIFICATION AND RESILIENCY

- Healthy job market credited to diverse industries: established financial services, rapidly growing life sciences, new energy, and a booming IT and cybersecurity presence.
- Educated, young workforce, low business costs, and city-backed financial incentives continue to attract startups and corporate relocations.
- Top market for job seekers: steady employment growth and low unemployment levels

## International Trade Center

- Ideally positioned along the NAFTA corridor, handling 50%+ of Mexico-U.S. trade flow
- Logistical functionality bolstered by 1,900-acre multimodal Port San Antonio hub
- Large multinational corporate presence including Boeing, Lockheed Martin and Xerox

## IT & Cybersecurity Hub

- Recognized by the NSA as one of the nation's leading cities for cybersecurity activity
- Global employers including EY, PwC, Booz Allen Hamilton, Lockheed Martin and The Hut Group are expanding cybersecurity operations in San Antonio

## Strong Military Presence

- Known as "Military City" due to its long history of multiple military and defense installations
- Home to one of the greatest concentrations of active and retired military populations in the nation: 283,000+ military & military service employees in the MSA
- Four major military bases comprise Joint Base San Antonio (JBSA): Randolph Air Force Base, Fort Sam Houston, Lackland Air Force Base and Camp Bullis



**37 MILLION**  
ANNUAL VISITORS



**\$15 BILLION**  
ANNUAL ECONOMIC  
IMPACT FROM VISITOR  
SPENDING

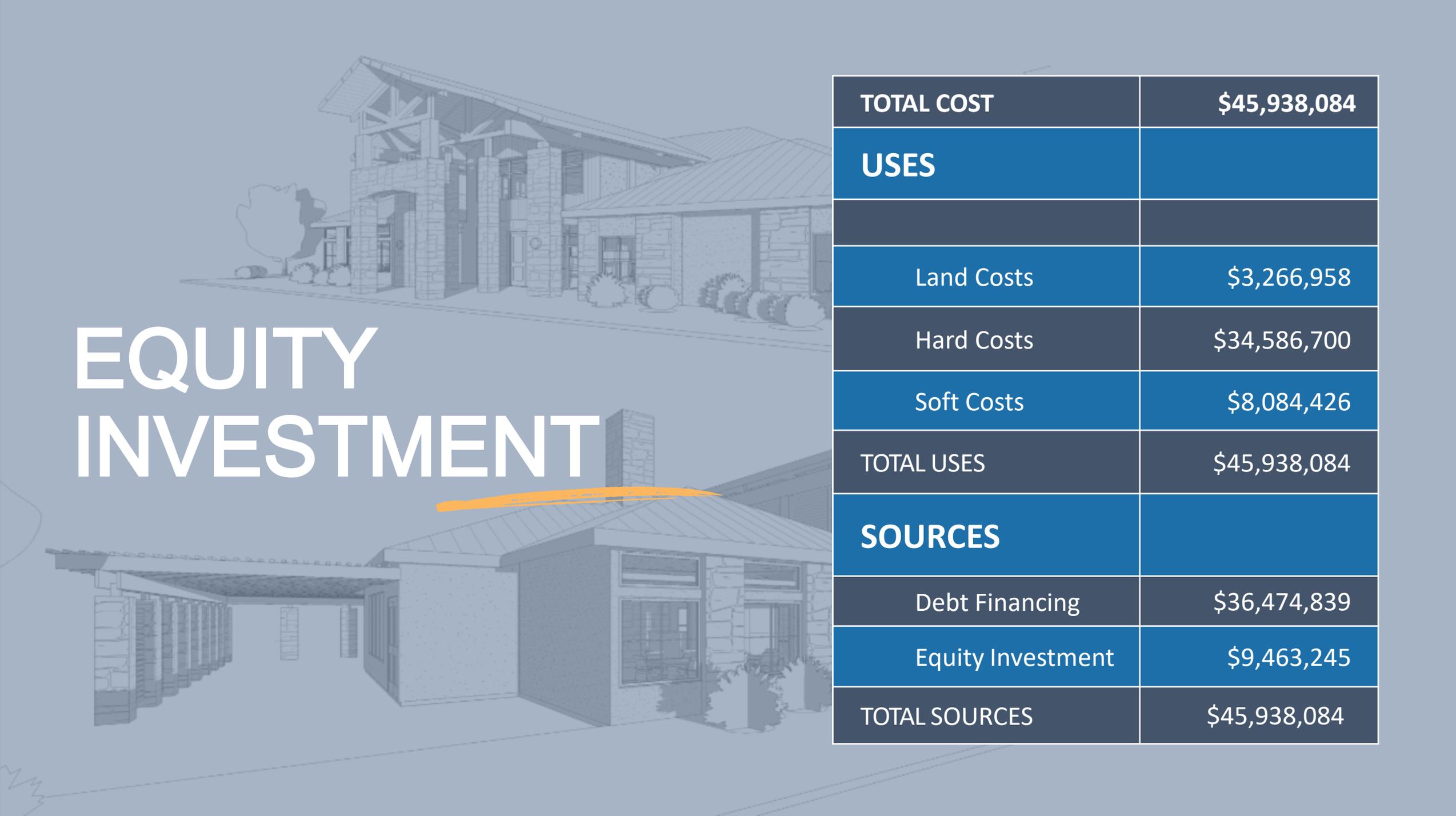


**10 MILLION +**  
ANNUAL PASSENGERS  
IN 2018

# Property Story

- **A Strong Market:** Lake Vista sits in the Westside submarket of San Antonio. As renters opt for less expensive locations, San Antonio's Westside has seen strong tenant demand during the pandemic. The impressive uptick in interest and lack of supply has allowed vacancies to compress to about 5% and remain about a percentage point below the metro-wide level. That's nothing new though, as vacancies are normally tighter than the overall metro.
- **Rent Up-Side:** The pull of affordable rent is always appealing, but Westside also hasn't been inundated with the wave of supply that hit the neighboring Far West and Northwest submarkets over the past decade. With the submarket's impressive and possibly underrated performance, more investors could chase value-add deals in the near future. That could lead to some uncertain demand in the short term, but an improving quality of inventory in the submarket may mean rents will grow faster than the overall San Antonio average in the years to come.





# EQUITY INVESTMENT

<b>TOTAL COST</b>	<b>\$45,938,084</b>
<b>USES</b>	
Land Costs	\$3,266,958
Hard Costs	\$34,586,700
Soft Costs	\$8,084,426
<b>TOTAL USES</b>	<b>\$45,938,084</b>
<b>SOURCES</b>	
Debt Financing	\$36,474,839
Equity Investment	\$9,463,245
<b>TOTAL SOURCES</b>	<b>\$45,938,084</b>

# INVESTMENT HIGHLIGHTS

Preferred  
Return  
**15%**

Projected Equity  
Multiple  
**2.01x**

Investment  
Term  
**2-4 years**

Projected IRR  
**25-30%**

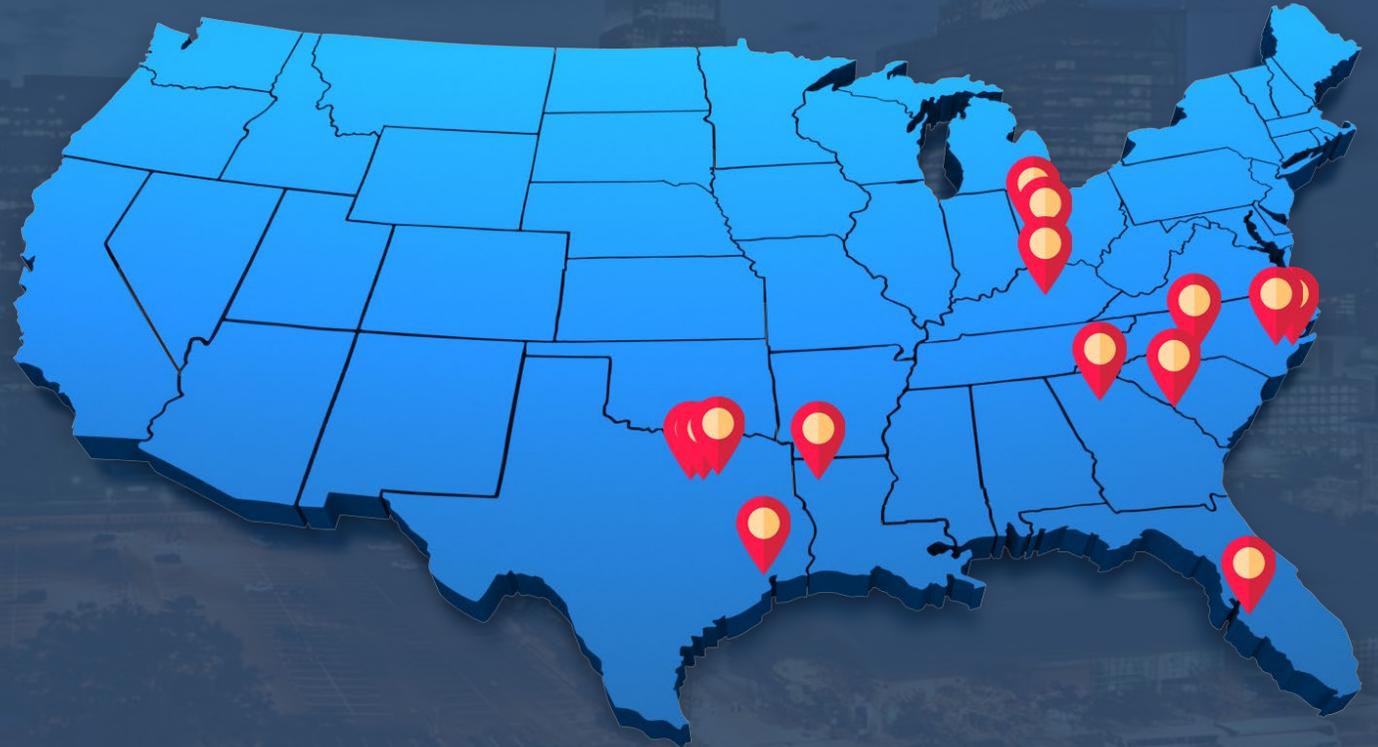
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# MANAGEMENT TEAM



- Decades of combined leadership experience in the multifamily industry
- Managed \$1.5B in construction and renovation projects
- Specializes in turnarounds and stabilizing assets primarily for B and C class apartment communities
- Currently managing portfolio in 8+ states



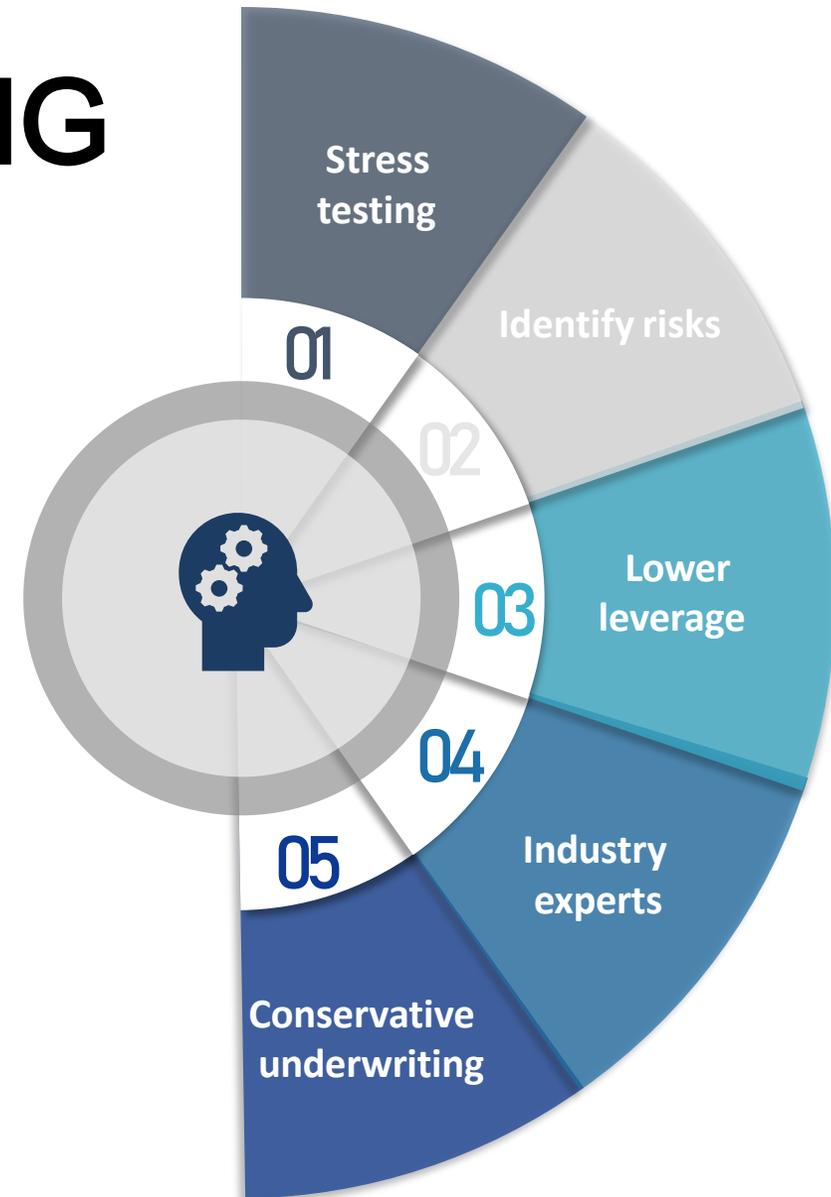
# RISK BASED INVESTING

## High Risk

- Risk 100%
- Return 30%

## Low Risk

- Risk 10%
- Return 15%





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## Business Plan



# BUSINESS PLAN

## 0-24 Months

- Finish both phases of construction
- Pre-leasing will start in 120 days, onsite move ins will begin in 6 months
- Completion of amenities and clubhouse is part of initial Phase 1
- Anticipate being 100% occupied at completion of construction
- Continue pushing rents on renewals once stabilized to catch up to market rents

## 24-36 Months

- Continue stable operations
- Work towards refinance with some consideration for timing based on market conditions
- We anticipate doing a cash out refinance at end of year three (70% LTV @ 5% fixed) to be able to return 50-70% of capital back to investors
- ***Cash flow would start at refinance and generate about 15-20% COC returns***

# CONSTRUCTION COSTS/TIMELINE

	Total Project	Year 1	Year 2
		1	2
<b>Project Costs</b>			
Land Costs	3,266,958	3,266,958	-
Site-Work	-	-	-
Construction Costs	34,586,700	33,376,166	1,210,535
Options and Selections	-	-	-
Amenities	-	-	-
Construction Management	-	-	-
FF&E	300,000	289,500	10,500
Due Diligence	50,000	50,000	-
Applications and Permits	60,000	60,000	-
Legal	75,000	75,000	-
Engineering	140,000	140,000	-
Architectural	115,000	115,000	-
Accounting	-	-	-
Finance Costs, Interest & Operations	5,502,970	3,183,552	2,319,418
Insurance and Other Operations Taxes	474,455	431,970	42,485
Marketing	70,000	67,550	2,450
Commercial Marketing	-	-	-
Other Development Costs	-	-	-
Warranty and Reserves	-	-	-
Developer Fee	1,297,001	1,208,569	88,432
Hard Cost Contingency (Excludes Land)	-	-	-
Soft Cost Contingency	-	-	-
<b>Total Fees</b>	<b>1,297,001</b>	<b>1,208,569</b>	<b>88,432</b>
<b>Total Project Cost</b>	<b>45,938,084</b>	<b>42,264,265</b>	<b>3,673,819</b>

# OPERATIONAL PRO-FORMA

<b>Operations</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Net Rental Income</b>	<b>34,211</b>	<b>3,293,817</b>	<b>5,260,977</b>	<b>5,420,994</b>	<b>5,585,879</b>
Net Retail Income	-	-	-	-	-
Utility Reimbursements	756	68,618	113,960	117,427	120,998
Parking / Garage / Storage	525	46,741	77,032	79,375	81,789
Trash Removal	537	46,518	76,665	78,997	81,400
Other Miscellaneous Income	893	80,313	132,874	136,915	141,080
Bad Debt	(342)	(32,938)	(52,610)	(54,210)	(55,859)
<b>Other Income Total</b>	<b>2,369</b>	<b>209,252</b>	<b>347,922</b>	<b>358,504</b>	<b>369,408</b>
<b>Effective Gross Income</b>	<b>36,580</b>	<b>3,503,069</b>	<b>5,608,898</b>	<b>5,779,498</b>	<b>5,955,287</b>
<b>Controllable Expenses</b>	<b>209,657</b>	<b>680,540</b>	<b>772,901</b>	<b>796,410</b>	<b>820,633</b>
Real Estate Taxes	238,970	715,812	1,067,098	1,192,316	1,216,163
Real Estate Tax Abatement	-	-	-	-	-
Franchise Tax	122	11,676	18,694	19,263	19,849
Association Dues	-	-	-	-	-
Insurance	15,849	96,772	99,715	102,748	105,873
Ground Lease	-	-	-	-	-
Management Fee	25,000	109,582	168,267	173,385	178,659
Asset Management Fee	99,533	119,439	119,439	119,439	119,439
<b>Total Operating Expenses</b>	<b>589,129</b>	<b>1,733,820</b>	<b>2,246,115</b>	<b>2,403,562</b>	<b>2,460,616</b>
<b>Net Operating Income</b>	<b>(552,550)</b>	<b>1,769,249</b>	<b>3,362,783</b>	<b>3,375,937</b>	<b>3,494,671</b>

# SALE & YIELD CALCULATIONS

Sale Proceeds			
Taxes Methodology	Cap NOI, Actual Taxes		
	Apartments	Retail	Blended
Today's Cap Rate	5.0%	6.0%	5.0%
Exit Cap Rate	5.0%	6.0%	5.0%
	With Adjusted Taxes	Without Adjusted Taxes	Selected Method
Pre-Tax Free Cash Flow / Post Tax Free Cash Flow	4,900,704	3,693,185	-
Exit Cap Rate	7.58%	5.00%	-
Value of Abatement	-	-	-
<b>Gross Proceeds</b>	<b>\$ 64,657,457</b>	<b>\$ 73,863,707</b>	<b>73,863,707</b>
<i>Gross Proceeds / Unit</i>	<i>\$ 244,915 /unit</i>	<i>\$ 279,787 /unit</i>	<i>\$ 279,787 /unit</i>
Cost of Sale	\$ (1,616,436)	\$ (1,846,593)	(1,846,593)
Repayment of Preferred Debt	\$ (3,491,294)	\$ (3,491,294)	(3,491,294)
Repayment of Debt	\$ (40,417,702)	\$ (40,417,702)	(40,417,702)
<b>Net Distributable Proceeds</b>	<b>\$ 19,132,024</b>	<b>\$ 28,108,118</b>	<b>28,108,118</b>

Yields				
	Untrended	Refinance	Sale	Adj Taxes
Yield on Cost	6.7%	7.4%	8.0%	7.0%
Cap Rate	5.0%	NA	5.0%	5.0%
Spread	1.7%	NA	3.0%	2.0%

# RENT COMPS

1 BR	PROPERTY	YR BUILT	# UNITS	DISTANCE	UNIT SIZE	RENT	RENT PSF
	Melissa Ranch	2022	314	3.7 mi	565	\$ 1,165	\$ 2.06
	Birdsong @ Alamo Ranch	2020	272	10.3 mi	851	\$ 1,682	\$ 1.98
	Presidium Chase Hill	2022	370	17.9 mi	533	\$ 1,455	\$ 2.73
	Abacus West	2022	272	10.3 mi	752	\$ 1,668	\$ 2.22
	Eleven West	2022	264	5.6 mi	597	\$ 1,188	\$ 1.99
	Average	2022	298		660	\$ 1,432	\$ 2.17
	Lake Vista	2022	264	Current	698	\$ 1,449	\$ 2.08
				Market		\$ 1,515	\$ 2.17
2 BR	PROPERTY	YR BUILT	# UNITS	DISTANCE	UNIT SIZE	RENT	RENT PSF
	Presidium Chase Hill	2022	370	17.9 mi	970	\$ 1,782	\$ 1.84
	Birdsong @ Alamo Ranch	2020	272	10.7 mi	1207	\$ 2,223	\$ 1.84
	Eleven West	2022	264	5.6 mi	967	\$ 1,740	\$ 1.80
	Average	2021	302		1048	\$ 1,915	\$ 1.83
	Lake Vista	2022	264	Current	1015	\$ 1,871	\$ 1.84
				Market		\$ 1,855	\$ 1.83

# OVERALL UNIT MIX

## Apartment Unit Mixture

Unit Type	Bedroom	Bathroom	Units	NRSF	Monthly Rent	Rent per Sf
C1	Studio	1	12	600	\$1,198	2.00
A1	1 BR	1	18	600	\$1,198	2.00
A2	1 BR	1	90	770	\$1,410	1.83
B1	2 BR	1	36	820	\$1,532	1.87
B2	2 BR	2	84	960	\$1,691	1.76
B3	2 BR	2	24	1,070	\$1,717	1.60



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Location/Market



# SUPPORTING AREA DEMOGRAPHICS

(Zip Code 78227)

\$161,538



\$183.4K

\*Up 18.3% YOY

\$844

\*46% Rent  
VS Own

+\$50,000

Lake Vista Price Per Door

Median  
House Value

Target Median  
Annual Rent

Median  
Household Income

# San Antonio, TX

## Employment by Industries



Strong Recession Resistant Industries

# San Antonio, TX

## A STRONG JOBS BASE

- ❑ According to PayScale, the cost of living in San Antonio is 14% below the national average.
- ❑ A 2020 analysis from Zillow suggested that San Antonio is among the top 10 markets “ripe for future tech growth.
- ❑ A 2021 report from commercial real estate firm CBRE found San Antonio’s tech workforce grew 9.4% in the preceding three years.

"Many corporations have relocated to the Greater San Antonio area, which is the home of several Fortune 500 Companies like Valero Energy Corp., Tesoro Corporation, USAA, CST Brands Inc., NuStar Energy, and Clear Channel Communications as well as the Methodist Healthcare System and four military bases."



TaskUs



# San Antonio, TX

## Economic Highlights

**3.3%**

Jobs Growth

**4.3%**

Unemployment  
Rate

**24%**

Median Home  
Price Increase

- The population of the San Antonio metro area is expected to top **four million people by 2050**. Bexar County's population alone is expected to increase to 3,353,060 people by 2050, more than one million people more than who live in the county now. – *Alamo Area Metropolitan Planning Organization*

# San Antonio, TX Economics



- ❑ Microsoft is currently building a \$140MM facility less than 15 minutes from Lake Vista. Additionally investing in a \$1 billion building, totaling 1 million sq ft of data center space.
- ❑ Port San Antonio, a 1,900 acre site, is expanding onto 400 acres to handle the influx of companies to San Antonio. Anchor tenants include Lockheed Martin, Boeing, Standard Aero and many more.
- ❑ Port San Antonio is expanding its economic influence from 2.5B to \$4.4B in the next 3+ years.
- ❑ Lackland Air Force Base employs 40,000 people and graduates 30,000 cadets annually.. Lackland boasts a \$1.9B impact to the region annually.
- ❑ An analysis by Axios of LinkedIn data shows that San Antonio, roughly from 2020 to 2021, experienced a 23.6% increase in net migration of tech workers — the third largest increase for a metro area in the country.
- ❑ 20 minutes from the site is University of Texas San Antonio, the largest university in San Antonio with 34,742 students. Expansion is set to be totaling 45,000 students by 2028. The university has an economic impact of \$2.4 billion, and UTSA closed out the fiscal year 2020 with \$134M in research expenditure, the highest total amount in UTSA's history.



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Property Details





# Features & Amenities

Resort style clubhouse	Cyber Cafe
Top grade landscaping and gated entry	800 sq ft gym w/ weigh training and cardio equipment
Demonstration kitchen	Club-style pool with hot tub and fountains
Mail room	Great room with fireplace

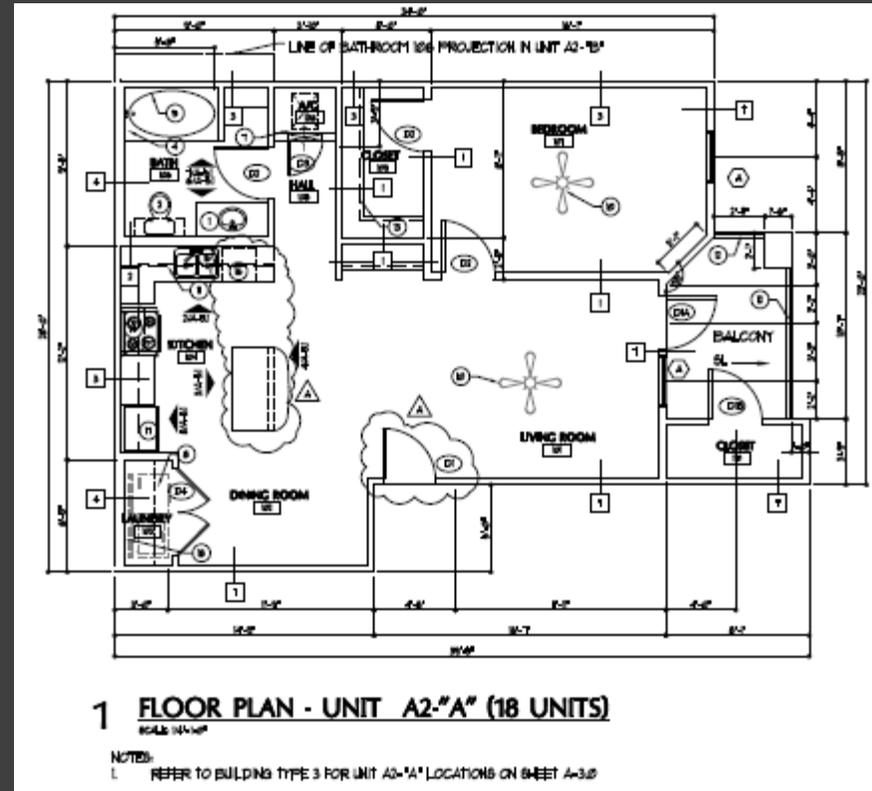
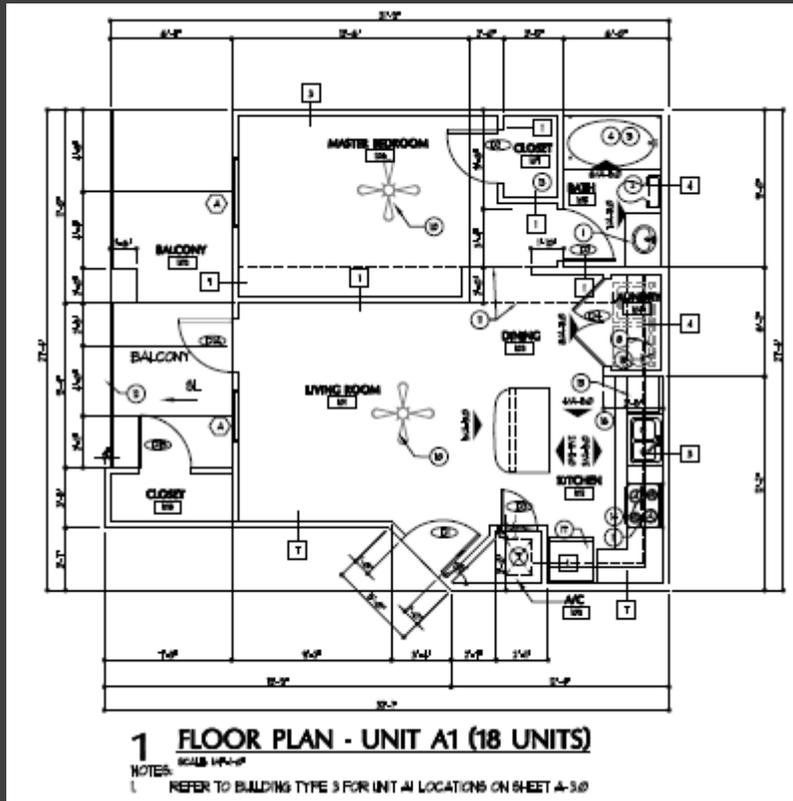
9' ceilings throughout	Pre-installed security systems
Granite counters	Pendent lighting in kitchen
Ceiling fans in bedrooms/LR	Covered parking
Garages	Additional storage
Common space w/ TV's, pool table and lounge	

# FLOOR PLANS

Bedrooms 1

Bathrooms 1

Floors 1

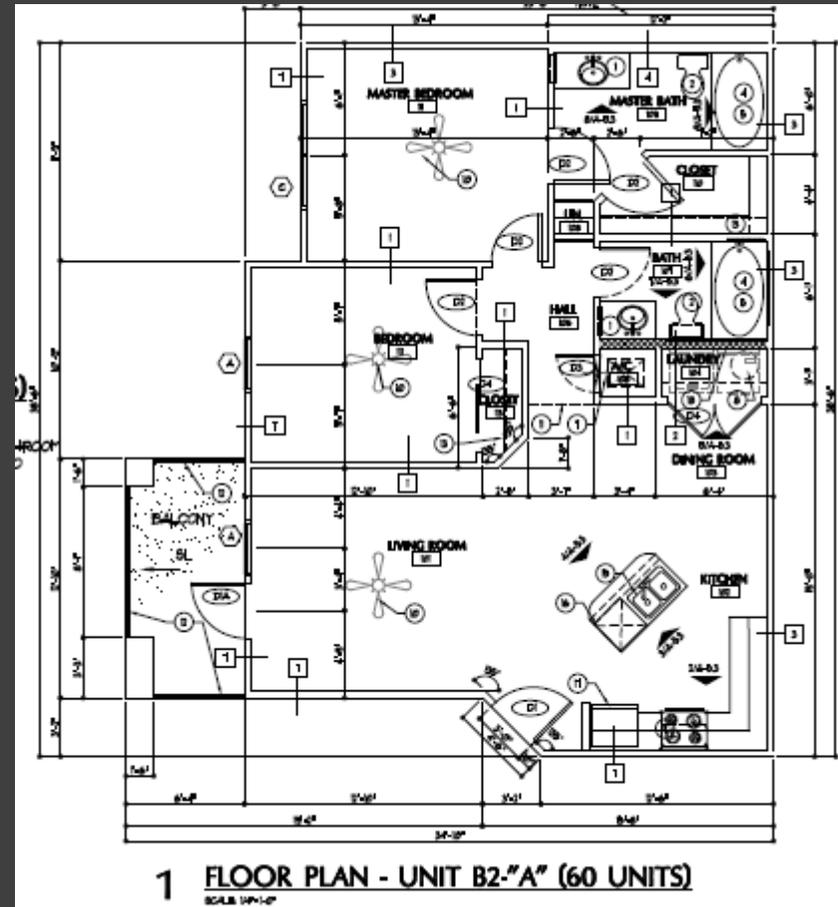
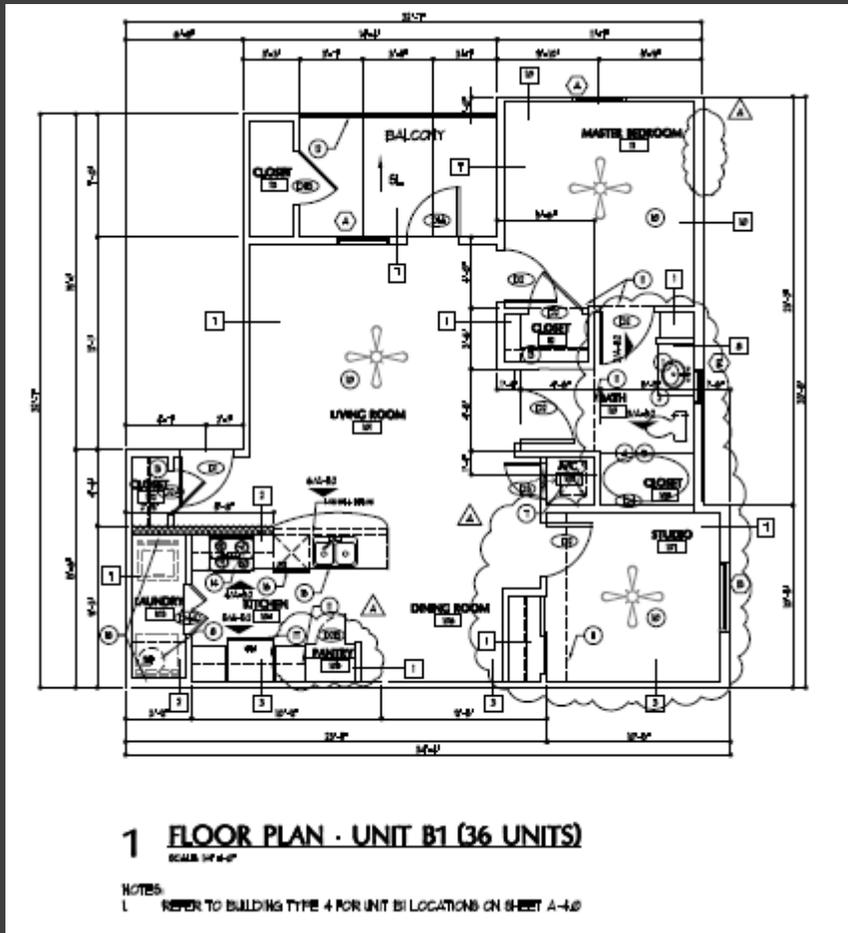


# FLOOR PLANS

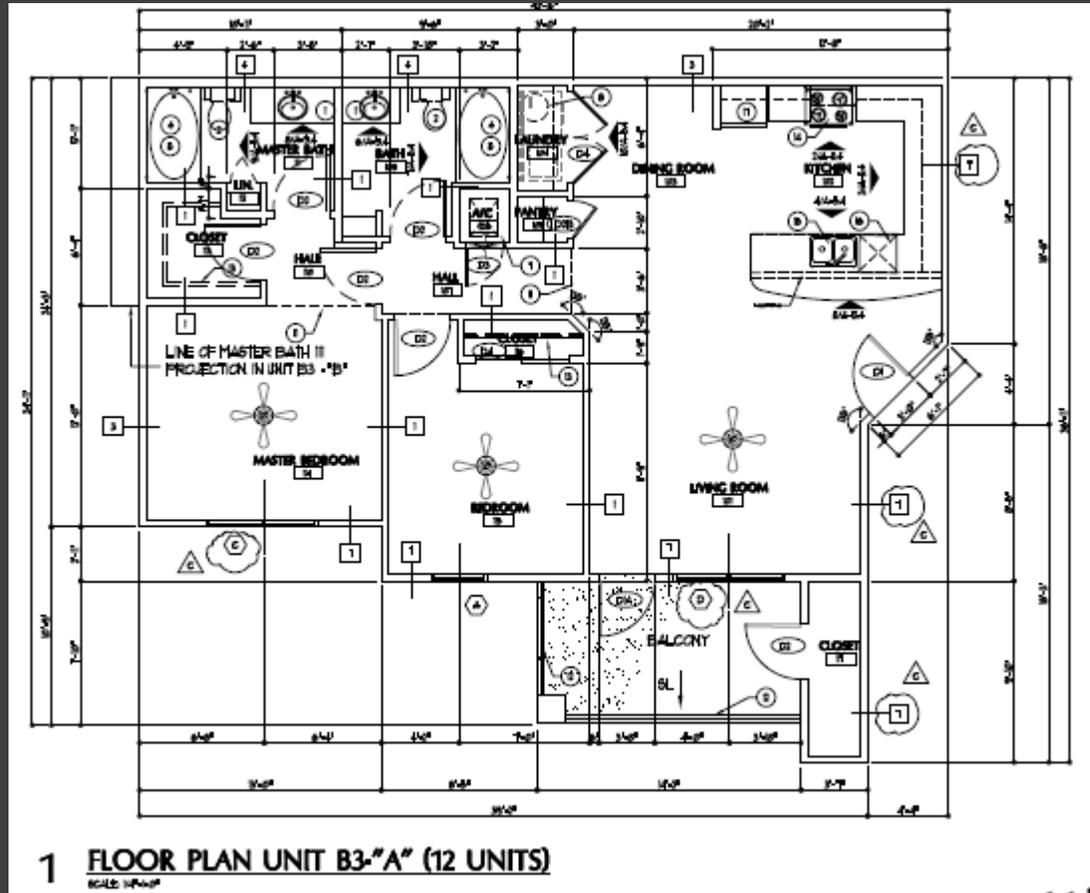
Bedrooms 2

Bathrooms 1.5 & 2

Floors 1



# FLOOR PLANS



Bedrooms 2

Bathrooms 2

Floors 1

# FAQ

- What are the investor requirements to invest in this opportunity?
  - ✓ ALL investors must be accredited investors.
- What is the minimum/ maximum amount I can invest?
  - ✓ The minimum investment will be \$100k.
- Can I invest money from my IRA?
  - ✓ Yes, we are taking IRA and/or Solo 401(k) funds.
- What is the time horizon for this investment?
  - ✓ This investment will be closing April 29, 2022
- How will profits be distributed to investors?
  - ✓ 15% preferred return to investors after which the balance of profits will be split 50/50 with the sponsor
- Is due diligence complete?
  - ✓ Yes, all due diligence is complete at this time and we are shovel ready





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