



Executive Summary

Property Name: McCallum Communities

Address: 7740-7770 McCallum Boulevard, Dallas, TX

Total Units: 419

Unit Mix:

Unit Type	Quantity	Ave SF	% of Units
0x1	1	400	0.2%
1x1	377	577	90.0%
1x1-R	13	577	3.1%
2x2	25	855	6.0%
2x2-R	3	855	0.7%
Total Average:	419	595	

Neighborhood and Submarket Overview:

McCallum Communities is in the Far North submarket of Dallas, West of the University of Texas at Dallas Campus. Far North is projected to have substantial population growth between 2022-2027 (+21.90%). This submarket has an average vacancy rate of 4.5% (top quartile within DFW) and CoStar ranks Far North as the #1 submarket for rent growth (+17.5%) in 2022.

The property is located less than 1.0 mile from the George Bush Turnpike, which provides the residents with access to several other major thoroughfares and the surrounding employment opportunities. Far North itself is situated between, Plano, Garland, Addison and North Dallas. Residents have access to two retail and commercial corridors within 1.0 mile of property to the north (along Coit Road) and the south (along W Campbell Road).

McCallum is immediately surrounded by several other workforce housing properties, several of which are undergoing value-add renovations. Beyond those properties, the areas to the west, north and south are primarily single-family residential areas.

Submarket | Neighborhood Metrics¹:

1-Mile Median Household Income: \$49,782

3-Mile Median Household Income: \$77,630

Median Home Value: \$531,115

Projected Population Growth (2022-2027): 21.90%

Number of Jobs with 3-Miles: 64,856

¹Data Source: CoStar & Neighborhood Scout

Competitive Landscape & New Supply

The property rent survey below demonstrates that potential for McCallum Communities to substantially increase its rents through a value-add interior program and better leasing/property management practices. The Tides properties are undergoing an interior renovation program and are of the same construction type, vintage, and aesthetic as McCallum. The 1980s workforce product in the immediate area trails the 1990s-2000s properties (not shown below) by an average of more than \$400 in the 1-bedroom units and \$800 in the 2-bedroom units. There have been no new deliveries within 3.0 miles of the property since 2014. There are currently no projects under construction or in planning within a 3.0 radius. Given the competitive set, strong population growth projections and lack of supply we believe this presents a strong opportunity to push the rents at McCallum to the concluded pro forma rents below.

1-Bedroom Rent Summary

Property Name	Build					
	Yr.	Units	Distance	Ave SF	Market	\$/sf
Chatham Court & Reflections	1985	302	0.5 miles	667	1,187	1.78
Tides McCallum North	1985	277	0.1 miles	513	1,026	2.00
Tides McCallum South	1988	258	0.1 miles	573	1,084	1.89
MAA Highlands North	1986	169	1.0 miles	627	1,141	1.82
Total/Weighted Average:		1,006		594	1,109	1.87

McCallum (As-Is)	1984	390		577	938	1.63
<i>Delta to Market Average</i>					<i>(170)</i>	<i>(0.24)</i>

McCallum (Pro Forma)					1,095	1.90
					<i>(14)</i>	<i>0.03</i>

2-Bedroom Rent Summary

Property Name	Build					
	Yr.	Units	Distance	Ave SF	Market	\$/sf
Chatham Court & Reflections	1985	192	0.5 miles	915	1,523	1.66
Tides McCallum South	1988	64	0.1 miles	535	1,279	2.39
MAA Highlands North	1986	56	1.0 miles	1,021	1,678	1.64
Total/Weighted Average:		312		856	1,501	1.75

McCallum (As-Is)	1984	28		855	1,282	1.50
<i>Delta to Market Average</i>					<i>(218)</i>	<i>(0.25)</i>

McCallum (Pro Forma)					1,401	1.64
					<i>(100)</i>	<i>(0.11)</i>

Renovation Plan

Interior Renovations:

We are budgeting to complete an interior renovation of 402 of the 419 units at McCallum. These renovations would be completed starting in Month 2 of ownership and be completed over a 25-month period. We are budgeting \$8,000 per unit in interior renovations. This would include new black/stainless steel appliances, new flooring, new laminate countertops, lighting package, paint, cabinet front and hardware in the kitchens and bathrooms. We are carrying a 10% construction contingency in our budget, in addition to the \$8,000 base preliminary budget.

Exterior Renovations:

We are budgeting \$800,000 to complete exterior, amenity, and deferred maintenance repairs to McCallum. Our preliminary budget and scope of work is as follows:

Parking Lot Seal/Repair/Stripe:	\$150,000
Landscaping:	\$75,000
Exterior Wood Repairs:	\$50,000
HVAC Unit Replacement:	\$175,000
Pool Furniture Replacement:	\$30,000
Amenity Refresh:	\$35,000
Exterior Paint or Cosmetic Improvements:	\$275,000

Sources & Uses Summary

Sources	
Acquisition/Renovation Debt	31,200,000
Mezzanine Debt	0
Preferred Equity	19,437,874
JV/LP Equity	8,680,778
GP	
Equity	964,531
NOI Offset	0
Total Sources	60,283,183
Uses	
All-In Acquisition Costs	53,764,000
Interior Renovations	3,015,000
Exterior	
Renovations	800,000
Renovation Contingency	381,500
Soft Costs	2,322,683
Total Uses	60,283,183

Return Summary

Hold Period: 5-Years

Exit Cap Rate: 5.00%

Project Level Unlevered IRR: 12.7%

Return on Cost (End of Year 5): 6.86%

Project Level Levered IRR: 19.0%

Cash-on-Cash Year 1: 4.4%

Average Cash-on-Cash: 8.3%

LP Class A investor IRR: 23.9%