

Offering Memorandum

LUXURY TURNKEY APARTMENTS IN INSULATED MIDWEST MARKET

RIVERWORKS
DUBUQUE IA



Exclusive Agent

Colliers International (“Seller’s Agent”) is the exclusive agent for the owner and seller (“Seller”) of Riverworks (“Property”). Please contact us if you have any questions. No cooperating brokerage commission shall be paid by Colliers or the Seller. Buyer’s Broker, if any, shall seek commission compensation from the Buyer only.

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Offering Memorandum

Riverworks
Dubuque, IA

> Executive Summary

Investment Opportunity

Riverworks is a **mixed-use** property located in the heart of **downtown Dubuque**. Consisting of **34 luxury apartments** and 14,115 sf of street level retail, this turn-key investment offers condo quality finishes with 12 to 18 ft ceilings, granite countertops, and stainless steel appliances. Listed on the National Register of Historic Places, certified historic rehab of the property finished in 2011 – offering top of the market apartments with best-in-class amenities including a rooftop deck overlooking the Mississippi River and outdoor grills. The property also features 3 first floor retail spaces, all fully occupied.

The repurposing of Riverworks is part of the recent influx of capital flowing back into the downtown district of Dubuque. Experiencing a burgeoning renewal, redevelopment of the area has been ongoing since 2002 – with the addition of entertainment venues (Diamond Jo Casino, Q Casino, Alliant Energy Amphitheater), hospitality (Grand Harbor Resort & Waterpark, Hotel Julien, Holiday Inn), office (McGraw Hill), recreation (National Mississippi River Museum, Stone Cliff Winery), and bars and restaurants.

INVESTMENT HIGHLIGHTS

Stabilized, turn-key investment

Long-term rental sustainability

Insulated economy

Minimal leasing risk

Condo quality finishes

Access to **Tristate** employment

Historic rehab

Part of ongoing **downtown redevelopment**

100% leased (both commercial space and residential units)

DUBUQUE

Located at the intersection of the Iowa, Illinois, and Wisconsin borders, Dubuque functions as the major metro for seven nearby counties. With access to tristate employment, the area has recently seen an economic diversification – evolving from what was once a purely manufacturing hub to now include healthcare, education, and financial services. Dubuque is home to three 4-year colleges – Loras College, University of Dubuque, and Clark University – totaling over 5,400 students.

Dubuque is a year round destination for tourists looking to enjoy outdoor activities (golf, skiing),

as well as take in some of the best river views in the Midwest and enjoy many of the historically significant points of interest including the National Mississippi River Museum & Aquarium. Dubuque is also a main stop on Midwest riverboat cruises, experiencing the country's most iconic river in a cultural excursion that stands as a testament to the history of the Midwest. An integral component of the economy – Dubuque experiences nearly 2 million visitors annually making a \$330 million economic impact.

EMPLOYMENT GROWTH

Region	2006-2016	2016-2026
Dubuque MSA	9.3%	12.2%
Dubuque Region	5.2%	10.7%
Iowa	5.4%	11.0%
Nation	6.2%	10.1%

PROPERTY DETAILS

PROPERTY ADDRESS

40-44 Main Street
Dubuque, IA 52001
Dubuque County

YEAR BUILT/RENOVATED

1894/2011

FIRST FLOOR RETAIL

Dubuque Data Systems – 9,515 sf
Apple White Dental – 2,797 sf
Gymkana Blue Salon – 1,211 sf

BUILDING AMENITIES

Rooftop Deck
Outdoor Grills
Off-Street Parking
Electronic Security

TYPE

Timber Loft

UNIT DETAILS

DWELLING UNITS

34

UNIT MIX

(20) 1 bed / 1 bath – 783 SF
(10) 2 bed / 1 bath – 986 SF
(4) 2 bed / 2 bath – 1,080 SF

UNIT AMENITIES

12-18 ft Ceilings
Granite Countertops
Stainless Steel Appliances
In-Unit Washer/Dryer
Electric Fireplaces
42-inch flat screen TVs

TENANT PAYS

Electric
Gas

PROPERTY WEIGHTED AVERAGE RESIDENTIAL RENT SUMMARY

TYPE	QUANTITY	ACTUAL RENT	SQUARE FEET	RENT/SF
1 Bed / 1 Bath	20 units	\$884	783	\$1.13
2 Bed / 1 Bath	10 units	\$1,108	986	\$1.12
2 Bed / 2 Bath	4 units	\$1,171	1,080	\$1.08
		\$984	878	\$1.12

COMMERCIAL LEASE OVERVIEW

TENANT	SF	MONTHLY RENT	MONTHLY CAM	LEASE TERM
Dubuque Data Systems	9,515	\$9,752	\$3,115	8/2018*
Apple White Dental	2,797	\$2,662	\$945	12/2017*
Gymkana Blue Salon	1,211	\$1,211	\$584	5/2020

*Leases renewals currently being negotiated

Unit Photographs

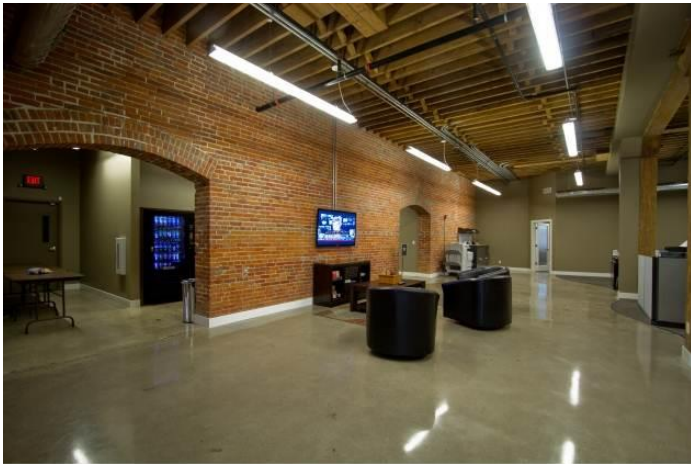


Exterior Photographs





Commercial Photographs



Offering Memorandum

Riverworks
Dubuque, IA

> Dubuque Market Overview

Multifamily Market

MARKET RENT SURVEY

	Caradco Lofts	Linseed Lofts	605 Bluff
Town	Dubuque	Dubuque	Dubuque
# of Units	72	16	48
Year Built / Renovated	-	1900/2015	1900/2007
One Bedroom	28	9	48
Effective Rent	\$1,050	\$945	\$652
Sq Ft	893	959	675
Rent PSF	\$1.18	\$0.99	\$0.97
Two Bedroom	44	7	
Effective Rent	\$1,278	\$1,135	
Sq Ft	1309	1100	
Rent PSF	\$0.98	\$1.03	
Weighted Average Rent PSF	\$1.05	\$1.01	\$0.97

One Bedroom		Two Bedroom	
Avg Effective Rent	\$882	Avg Effective Rent	\$1,207
Avg Square Footage	842	Avg Square Footage	1205
Avg Rent PSF	\$1.04	Avg Rent PSF	\$1.00

Renter Profile:

- Average Income – \$64,607
- 36% renters – lack of higher end apartments
- 36% college educated
- 39% single residents
- Average Age – 38

COMPARABLE MULTIFAMILY SALES

DATE	PROPERTY	UNITS	TOTAL PRICE	PRICE PER SF	PRICE PER UNIT	YEAR BUILT	CAP RATE
3-17	219 Crystal – Ames	98	\$7,660,000	\$84	\$78,163	2001	5.80%
2-17	Knoxville Pointe – Dunlap, IL	218	\$17,250,000	\$78	\$79,128	2001	7.00%
1-17	Brookside Meadows – La Crosse, WI	40	\$2,800,000	\$82	\$140,000	2001	-
1-17	314 1 st - Jackson, MN	24	\$2,150,000	\$105	\$89,583	2010	-
12-16	3615 61 st – Des Moines	8	\$585,000	\$69	\$73,125	1989	7.75%
11-16	1770 92 nd – West Des Moines	300	\$35,500,000	\$61	\$118,333	2003	-
11-16	102 2 nd – Rochester, MN	151	\$15,200,00	\$134	\$100,662	1982	-
10-16	108 McLean – Iowa City	16	\$1,390,000	\$205	\$86,875	1900	-
9-16	Iowa City Portfolio	44	\$7,705,000	-	\$105,548	-	-
9-16	Hawks Ridge – Iowa City	201	\$32,750,000	\$165	\$162,935	2004	-
9-16	225 Beaver Creek – North Liberty, IA	16	\$1,960,000	\$75	\$122,500	2001	-
9-16	600 Squaw Creek – Ames	24	\$1,700,000	\$84	\$70,833	1996	-
8-16	Cedar River Bluffs – Cedar Rapids	170	\$17,000,000	\$96	\$100,000	2015	6.00%
8-16	University Mills – Cedar Falls	120	\$16,400,000	\$99	\$136,666	2001	6.60%
7-16	Lida Lakes Estate – Rochelle, IL	72	\$5,220,000	\$65	\$72,500	1994	6.40%
6-16	Bristol Ridge – Urbandale, IA	240	\$10,500,000	\$33	\$102,941	1985	-
1-16	Wyndham Heights – Ames	104	\$7,650,000	\$73	\$73,558	1992	7.00%
12-15	Kirkwood – Des Moines	54	\$7,800,000	\$39	\$144,444	1930	-
12-15	615 Lucinda – DeKalb, IL	11	\$1,254,000	\$162	\$114,000	-	-
11-15	416 Billy Sunday – Ames	192	\$21,300,000	\$91	\$110,937	2005	-
11-15	Blackhawk Landing – Rock Island, IL	50	\$6,200,000	\$76	\$129,166	2013	-
10-15	2231 Chaney – Dubuque	17	\$1,200,000	\$142	\$70,588	1988	-
7-15	Okabena Estates – Worthington, MN	24	\$1,850,000	\$94	\$77,083	2006	7.50%
4-15	Stonecourt – Ames	22	\$1,692,000	\$79	\$76,909	1995	6.97%
2-15	Madison Flats – Des Moines	27	\$2,700,000	\$117	\$100,000	2014	7.42%

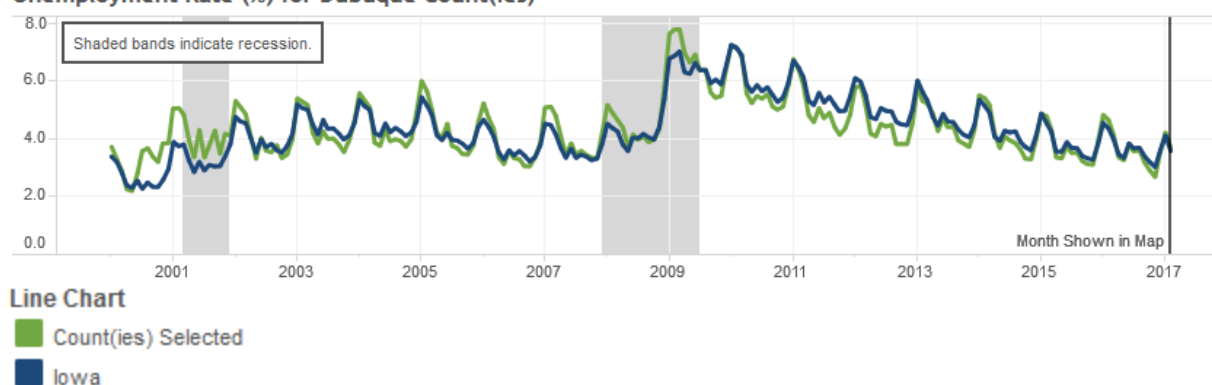
Dubuque Economy

Considered one of the most viable metropolitan areas in the Midwest in which to operate a business, Dubuque is bolstered by a 97,000 population in the Greater Dubuque area with approximately 60,000 residents living in city limits – 9% and 6% increases from 2000, respectively. With a current unemployment rate of 3.7%, Dubuque is an insulated economy reinforced by major employers in manufacturing, insurance, banking, professional services, and healthcare. Employees in the area have access to Dubuque county employers as well interaction within the tristate geography. Due to relocations and jobs added, the city has experienced a rental housing shortage.

Dubuque has seen a recent revitalization as capital and resources have been poured into the economy. In 2016, there was a \$37 million terminal added to Dubuque Regional Airport. That revitalization is amplified by the recent development seen in downtown Dubuque. Development in the North port has led the way, with a recent renaissance also taking place in the “Historic Millwork District”. In 2002, development began on the North port, changing it from a mostly vacant industrial district into a vibrant entertainment center along the Mississippi. More recently, the once vacant brick industrial buildings in the Millwork area have become a niche of retail, boutique, bar/restaurant, and modern office space. Additionally, the Hotel Julien underwent a \$33 million renovation in 2009.

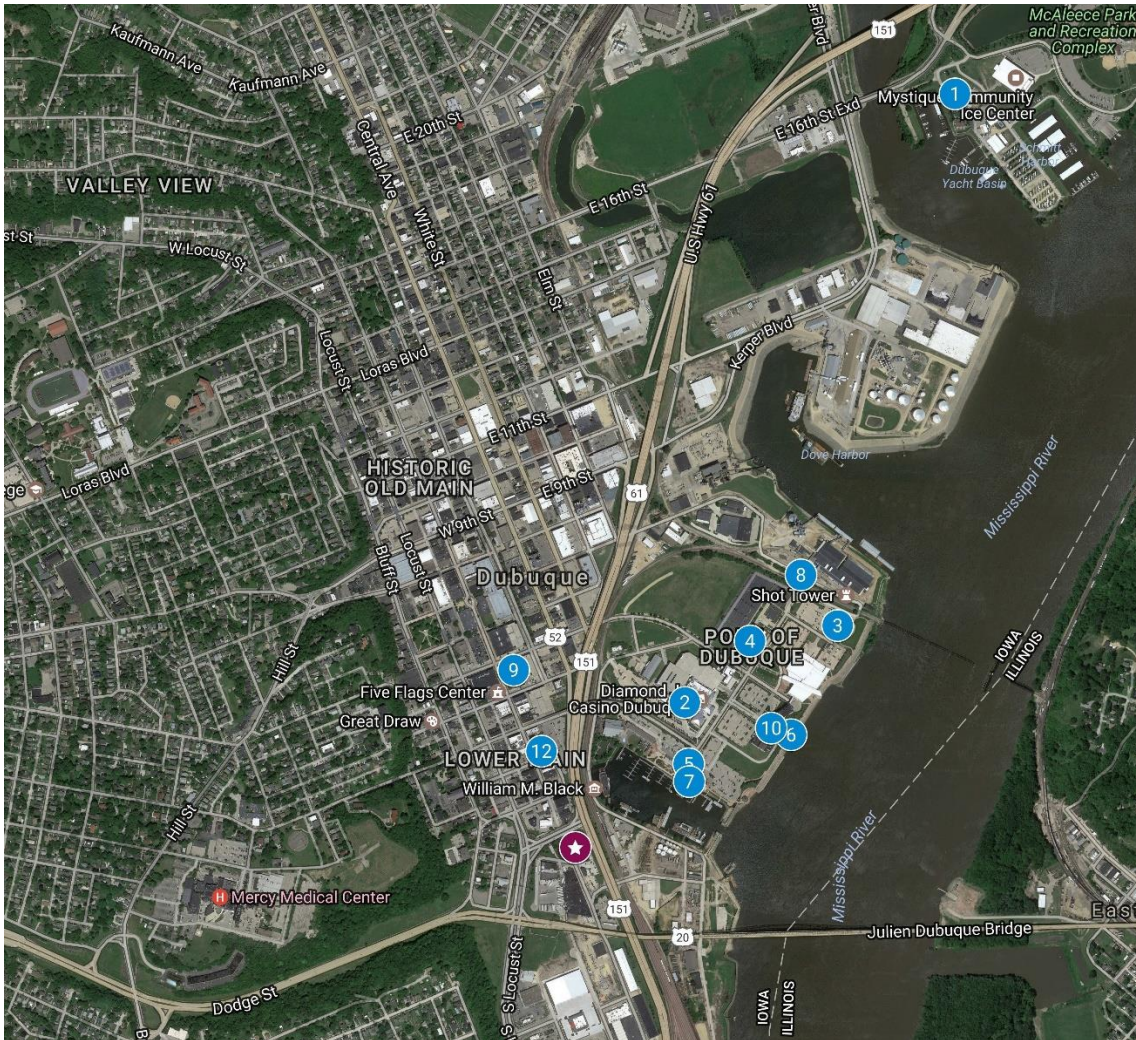
Employer	Number of Employees
John Deere	2,600
Mercy Medical Center	1,360
Medical Associated Clinic	1,030
Unity Point Health	900
Cottingham & Butler Insurance	572
Eagle Window & Door	550
Dubuque Bank & Trust	538
Sedgwick Claims Services	500
Prudential Insurance	500
IBM	500
Medline Industries	495
Diamond Jo Casino	450
McGraw Hill	350

Unemployment Rate (%) for Dubuque Count(ies)



*Iowa Workforce Development, Labor Market Information Division, Local Area Unemployment Statistics (LAUS) program.

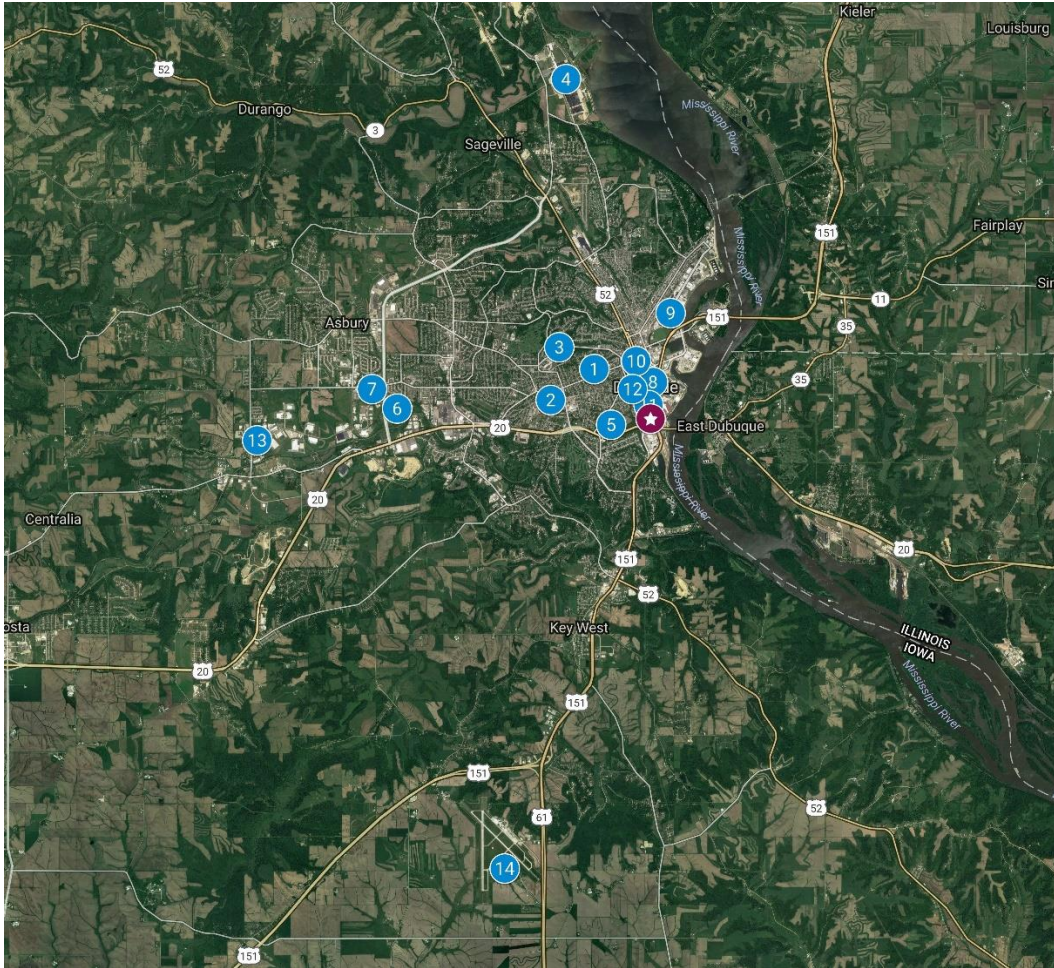
Downtown Growth Map



YEAR BUILT

1	Q Casino	2009
2	Diamond Jo Casino	2008
3	Stone Cliff Winery	2007
4	McGraw Hill Education	2007
5	National Mississippi River Museum	2003
6	Riverwalk	2003
7	River's Edge Plaza	2003
8	Alliant Energy Amphitheater	2003
9	Holiday Inn	2003
10	Grand Harbor Resort & Waterpark	2002
Star	Riverworks	2011
12	Hotel Julien	\$33 million renovation in 2009

Market Overview Map



1	Loras College	1,678 students
2	University of Dubuque	2,427 students
3	Clarke University	1,312 students
4	John Deere Dubuque Works	2,600 employees
5	Mercy Medical Center	1,360 employees
6	Medical Associates Clinic	1,030 employees
7	Unity Point Health	900 employees
8	Cottingham & Butler Insurance	572 employees
9	Eagle Window & Door	550 employees
10	Dubuque Bank & Trust	538 employees
11	Prudential Insurance	500 employees
12	IBM Client Innovation Center	500 employees
13	Medline Industries	495 employees
14	Dubuque Regional Airport	\$37 million renovation in 2016

Offering Memorandum

Riverworks
Dubuque, IA

> Taxes and Underwriting

Tax Schedule

Property in Iowa with three or more dwelling units which are classified as commercial property was designated as “Multi-Residential Property Class” beginning in 2015. For 2015 and beyond, these properties benefit from tax rollbacks. The proportion of assessed value that is taxable under the new law for Multi-Residential Property will gradually decline until it is equal to that of residential property, resulting in substantial property tax relief for owners of commercial rental property. Taxes are payed on an accrual basis, therefore the 2015 Net Taxes are payable in 2016, and so on.

RIVERWORKS TAX SCHEDULE

Tax Year	% of Assessed Value Taxable	Assessed Value	Taxable Amount	Gross Taxes	Business Credit*	TIF Credit*	Net Taxes
2015	90.00%	\$4,696,368	\$4,226,731	\$143,708	\$5,922	\$26,000	\$111,786
2016	86.25%	\$4,520,539	\$3,898,964	\$132,564	\$5,922	\$23,861	\$102,781
2017	82.50%	\$4,445,300	\$3,667,372	\$124,690	\$5,922	\$22,444	\$96,324
2018	78.75%	\$4,445,300	\$3,500,673	\$119,022	\$5,922	\$21,424	\$91,676
2019	75.00%	\$4,445,300	\$3,333,975	\$113,355	\$5,922	\$20,403	\$87,029
2020	71.25%	\$4,445,300	\$3,167,276	\$107,687	\$5,922	\$19,383	\$82,381
2021	67.50%	\$4,445,300	\$3,000,577	\$102,019	\$5,922	\$18,363	\$77,734
2222	63.75%	\$4,445,300	\$2,833,878	\$96,351	\$5,922	\$17,343	\$73,086
2023	55.63%	\$4,445,300	\$2,472,920	\$84,079	\$5,922	\$15,134	\$63,023

*Estimates based on previous credits

Actual Income & Expenses

PROPERTY INCOME		
REVENUE & ECONOMIC LOSS	2016 (Actuals)	2017 Proforma
Residential Income	\$381,649	\$404,490
Commercial Income	\$163,521	\$166,770
Commercial CAM	\$56,592	\$57,724
Concessions	(\$2,164)	(\$2,500)
Other Income	\$2,472	\$2,500
EFFECTIVE GROSS INCOME	\$602,070	\$628,984
PROPERTY EXPENSES		
Real Estate Taxes	\$109,428	\$102,781
Insurance	\$18,537	\$19,000
Utilities	\$35,379	\$36,000
Professional Services	\$10,622	\$11,000
Repairs & Maintenance	\$48,324	\$50,000
Administrative	\$2,034	\$2,100
Management Fee	\$16,450	\$18,870
TOTAL OPERATING EXPENSES	\$240,775	\$239,751
Expense Ratio:	44.34%	38.10%
NOI:	\$361,295	\$389,233

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