

An aerial photograph of a residential neighborhood. In the foreground, a large, modern townhome complex with a grey exterior and brown roof is the central focus. It features multiple units with attached garages and covered patios. The surrounding area includes other houses, green lawns, trees, and a paved road. In the background, a commercial area with various buildings and parking lots is visible, along with distant mountains under a clear blue sky.

PARAGON
REAL ESTATE ADVISORS

FRONTIER HEIGHTS TOWNHOMES
OFFERING MEMORANDUM

PARAGON

REAL ESTATE ADVISORS

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Information within this marketing package has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify all information and bears all risk for inaccuracies.

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OFFERING

Paragon Real Estate Advisors is pleased to announce Frontier Heights Townhomes (the “Subject Property”), an exclusively listed, 6-townhome apartment building located in the Frontier Heights neighborhood of Lake Stevens, Washington, priced at \$1,700,000. Frontier Heights Townhomes has two 2-bedroom 1.5-bath townhomes measuring 896 square feet and four 3-bedroom 1.5-bath townhomes measuring 1,120 square feet. Each townhome has a dishwasher and stacked washer/dryers.

The Frontier Heights neighborhood was developed in 1968 with FHA sponsorship and was designated as a “CHOICE” project, standing for Cost Effective Home Ownership and Improved Contemporary. Frontier Heights neighborhood’s unique quality lies in its designation as an approved CHOICE project, which allowed for smaller lot sizes and enabled the development of lower cost, entry level housing.

The neighborhood has six other similar 6-unit townhome buildings, but in the other six buildings each townhome is individually owned by different homeowners, whereas the six townhomes in the Subject Property are owned by same landlord and rented out as a 6-unit townhouse apartment building.

The Subject Property offers multiple opportunities for investors. The first is to continue to operate the 6-townhomes as an apartment building and stabilize rent to achieve a 6.35% CAP Rate yield or based upon the county’s use code of Common Wall Single Family Residence of each townhome within the Subject Property, each townhome could be renovated and sold off individually. Each townhome has its own parcel number and water meter, which would simplify the process of selling each unit individually in the future. Also, as a rental property, a landlord does not have to deal with utilities as they are billed directly to the residents of each townhome.

The Seller desires to do a 1031 exchange and will review offers as they are received



FINANCIAL SUMMARY

| | |
|------------------------|--|
| NAME | Frontier Heights Townhomes |
| ADDRESS | 8910 - 8920 10th St NE Lake Stevens, WA 98258 |
| PRICE | \$1,700,000 |
| TOTAL UNITS | 6 |
| BUILT | 1969 |
| SQUARE FEET | 6,272 Total Net Rentable |
| PRICE PER UNIT | \$283,333 |
| PRICE PER FOOT | \$271 |
| CURRENT GRM/CAP | 12.0/5.4% |
| MARKET GRM/CAP | 11.3/6.4% |
| LOT SIZE | 13,068 Square Feet |

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LOCATION

LOCATION HIGHLIGHTS

- In beautiful Lake Stevens, Washington
- Well established Frontier Heights neighborhood
- Part of Frontier Heights HOA with private Community Center facility
- Revitalization underway of new “main street” at 91st Ave NE adjacent to neighborhood
- Adjacent to the new 7-acre Frontier Heights Park
- Short walk to Lake Stevens Market Place & Frontier Village Shopping Center
- 17-minute walk or 7-minute bike ride to Lake Stevens Transit Center
- Diverse manufacturing based local economy
- Minutes to several Lake Stevens public beach parks





LAKE STEVENS

NEIGHBORHOOD ANALYSIS - FRONTIER HEIGHTS

Frontier Heights Townhomes is in the Frontier Heights neighborhood of Lake Stevens, Washington. The neighborhood of 214 homes was established in 1968 and is governed by an HOA that maintains and manages its own community center for the exclusive use of the neighborhood residents, provides additional resident and guest parking throughout the neighborhood and leases a 2,000 square foot building to Lake Stevens Daycare and Preschool. In 2017 the HOA donated 7 acres of open space in the center of the neighborhood to the city of Lake Stevens, who in turn converted the land into the beautiful Frontier Heights Park. The city added such amenities as a playground, a looped walking trail, a basketball court, picnic shelters and lighting, and plans to improve the north half of the park.

The Frontier Heights neighborhood is conveniently located near Highways 9 and 204 and is just a few walkable blocks along 91st Ave NE to an abundance of retail stores and restaurants at two shopping malls; Lake Stevens Market Place and Frontier Village. With new interchanges complete along Highways 9 and 204, which eliminated traffic lights with efficient traffic circles that both calm traffic and reduce congestion, the city is now in the early stages of revitalizing 91st Ave NE. This project is the first step to help kickstart the economic revitalization of this key shopping corridor as a second “main street.”

The city is currently presenting design options for this corridor with an intent of enhancing accessibility for pedestrians, cyclists and cars. Once complete, the 91st Ave NE revitalization project will improve the appearance of this area for business owners, residents, and visitors. The goals of the project are to create an inviting second “main street” shopping district in Lake Stevens along 91st Ave NE that better connects the retail core with the surrounding residential areas with a more pedestrian-oriented streetscape with amenities such as wider sidewalks, seating, improved lighting, wayfinding, and public art that also accommodate bicycles and vehicles moving through the corridor.

The city of Lake Stevens is approximately 40 miles north of Seattle and 3 miles east of Everett. Since 2010 Lake Stevens has grown to be the fourth largest city in Snohomish County with a population of 40,700 residents and boasts a median household income of \$76,657. Most of the residential growth over the past two decades has been detached single family residences. Redfin reports that the Lake Stevens housing market is very competitive. Homes sell in around 11 days and the median sale price of a home was \$727,500 in July 2024, up 7.4% since 2023. The median sale price per square foot in Lake Stevens is \$369.

PROPERTY DETAILS

INVESTMENT HIGHLIGHTS:

- 100% Occupied with desirable, easy-to-rent townhome units
- 5.40% CAP Current; Future 6.35% CAP Market
- Below market rents with achievable near-term upside
- Low vacancy multifamily submarket
- Each townhouse classified as a Common Wall Single Family Residence
- Opportunity to re-sell each townhome individually

PROPERTY HIGHLIGHTS:

- Well maintained and professionally managed property
- Spacious, easy-to-rent townhomes with private patios and extra storage
- Frontier Heights neighborhood, with community center and guest parking
- Each townhome is Individually metered for water
- Hold as an apartment for immediate cash flow or sell off individual townhomes for profit



AMENITIES



HOA COMMUNITY CENTER



FRONTIER HEIGHTS PARK



DAVIES BEACH - LAKE STEVENS

EXTERIORS



INTERIORS



INTERIORS



UNIT BREAKDOWN

| UNIT | UNIT TYPE | SIZE | CURRENT RENT | PER SQFT | MARKET RENT | PER SQFT |
|----------|------------------------|---------------------|-----------------|---------------|-----------------|---------------|
| 8910 | 2 Bd/1.5 Bth Townhouse | 896 Sq.Ft. | \$1,534 | \$1.71 | \$1,800 | \$2.01 |
| 8912 | 3 Bd/1.5 Bth Townhouse | 1,120 Sq.Ft. | \$2,195 | \$1.96 | \$2,200 | \$1.96 |
| 8914 | 3 Bd/1.5 Bth Townhouse | 1,120 Sq.Ft. | \$2,195 | \$1.96 | \$2,200 | \$1.96 |
| 8916 | 3 Bd/1.5 Bth Townhouse | 1,120 Sq.Ft. | \$2,014 | \$1.80 | \$2,200 | \$1.96 |
| 8918 | 3 Bd/1.5 Bth Townhouse | 1,120 Sq.Ft. | \$1,962 | \$1.75 | \$2,200 | \$1.96 |
| 8920 | 2 Bd/1.5 Bth Townhouse | 896 Sq.Ft. | \$1,799 | \$2.01 | \$1,800 | \$2.01 |
| 6 | Total/Avg | 6,272 Sq.Ft. | \$11,699 | \$1.86 | \$12,400 | \$1.98 |

INCOME & EXPENSES

| | | | |
|---------------|-----------|-------------|-------------|
| Units | 6 | Price | \$1,700,000 |
| Year Built | 1969 | Per Unit | \$283,333 |
| Rentable Area | 6,272 | Per Sq. Ft. | \$271.05 |
| Down Pmt | \$710,000 | Current GRM | 12.02 |
| Loan Amount | \$990,000 | Current CAP | 5.40% |
| Interest Rate | 6.50% | Market GRM | 11.34 |
| Amortization | 30 years | Market CAP | 6.35% |

| UNITS | UNIT TYPE | SIZE | CURRENT RENT | MARKET RENT |
|-------|------------------|--------------|-------------------|---------------|
| 2 | 2 Bd/1.5 Bth | 896 | \$1,534 - \$1,799 | \$1,800 |
| 4 | 3 Bd/1.5 Bth | 1,120 | \$1,962 - \$2,195 | \$2,200 |
| 6 | Total/Avg | 1,045 | \$1.86 | \$1.98 |

| MONTHLY INCOME | CURRENT | MARKET |
|-------------------------------|-----------------|-----------------|
| Gross Potential Rent | \$11,699 | \$12,400 |
| Ancillary Income | \$90 | \$90 |
| Gross Potential Income | \$11,789 | \$12,490 |

| ANNUALIZED OPERATING DATA | CURRENT | MARKET |
|--------------------------------------|-----------------------|------------------|
| Scheduled Gross Income | \$141,468 | \$149,880 |
| Less Vacancy 3.0% | \$4,244 3.0% | \$4,496 |
| Gross Operating Income | \$137,224 | \$145,384 |
| Less Expenses | \$45,451 | \$37,440 |
| Net Operating Income | \$91,773 | \$107,943 |
| Annual Debt Service (\$6,257/mo) | \$75,090 | \$75,090 |
| Cash Flow Before Tax 2.35% | \$16,683 4.63% | \$32,853 |
| Principal Reduction | \$11,065 | \$11,065 |
| Total Return Before Tax 3.91% | \$27,749 6.19% | \$43,919 |

| ANNUALIZED OPERATING EXPENSES | CURRENT | MARKET |
|-------------------------------|-----------------|-----------------|
| Real Estate Taxes | \$18,273 | \$11,752 |
| Insurance | \$4,368 | \$4,368 |
| Utilities | \$90 | \$90 |
| Management Fee | \$13,400 | \$11,631 |
| Maint/Repairs | \$5,400 | \$5,400 |
| Groundskeeping | \$191 | \$600 |
| Administrative | \$1,329 | \$1,200 |
| HOA Dues | \$600 | \$600 |
| Capital Reserves | \$1,800 | \$1,800 |
| Total Expenses | \$45,451 | \$37,440 |

| CURRENT OPERATIONS | Expense/Unit | \$7,575 | MARKET OPERATIONS | Expense/Unit | \$6,240 |
|--------------------|----------------|---------|-------------------|----------------|---------|
| | Expense/Foot | \$7.25 | | Expense/Foot | \$5.97 |
| | Percent of EGI | 33.12% | | Percent of EGI | 25.75% |

INCOME & EXPENSE NOTES

INCOME NOTES

| | |
|-------------------------------|--|
| Scheduled Gross Income | Current: Actual rental income, Market: Rent stabilized at highest rent per unit type. |
| Ancillary Income | Current & Market: Imputed as \$90/month for Pet Rent, Non-Refundable Fees, etc. |
| Vacancy | Current & Market: A vacancy rate of 3.00% was imputed due high historical occupancy at the Subject Property and the high rental demand of the submarket. |

EXPENSE NOTES

| | |
|--|---|
| Real Estate Taxes | Current: 2024 taxes, Market: Imputed as List Price x 85% x 0.008132729 (2023 Levy Rate). |
| Insurance | Current & Market: Current insurance premium. |
| Utilities | <p>Current & Market: All utilities are direct billed to the residents by the providers: Snohomish County PUD (electricity & water), Lake Stevens Sewer District (sewer) and Waste Management NW (garbage & recycling).</p> <p>Nominal electric bills of \$15/month is imputed to account for heating of any vacant units during winter months. Imputed as \$15/month x 6 months of vacancy = \$90 annually.</p> |
| Management Fee | <p>Current: Imputed with current professional management fee of \$450/month plus salaries, wages, payroll taxes and benefits.</p> <p>Market: A general management fee is imputed as 8.00% of Gross Operation Income.</p> |
| Maintenance & Repairs | Current & Market: Imputed as \$900 per unit per year. |
| Groundskeeping | Current: from 2023 Profit & Loss, Market: imputed at \$100/month for 6 months out of the year April - September. |
| General & Administrative | Current: From 2023 Profit & Loss, Market: imputed at \$1,200 annually. |
| Replacements / Capital Reserves | Current & Market: Imputed at \$300 per unit per year. |

SALES COMPARABLES: APARTMENTS



Frontier Heights Townhomes

8910-8920 10th St NE
Lake Stevens, WA 98258

| | |
|-------------|-------------|
| Year Built | 1969 |
| Units | 6 |
| Sales Price | \$1,700,000 |
| Price/Unit | \$283,333 |
| Price/Foot | \$271 |
| GRM/CAP | 12.0/5.4% |



Everett 6-Unit Townhouses

3429 Wetmore Ave, Everett, WA 98201

| | |
|-------------|-------------|
| Year Built | 2007 |
| Units | 6 |
| Sales Price | \$1,955,000 |
| Price/Unit | \$325,833 |
| Price/Foot | \$228 |
| GRM/CAP | 16.1/4.5% |
| Sale Date | 05.29.2024 |



Marysville 7-Unit

4511 73rd Place NE, Marysville, WA 98270

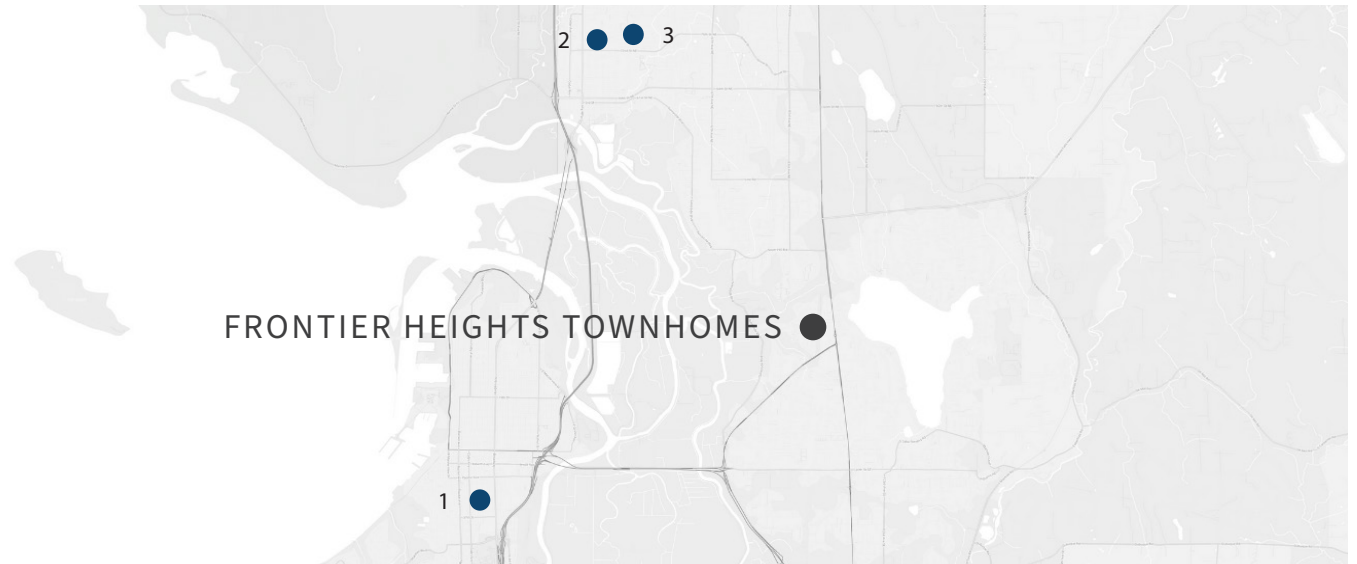
| | |
|-------------|-------------|
| Year Built | 1988 |
| Units | 7 |
| Sales Price | \$1,765,000 |
| Price/Unit | \$252,143 |
| Price/Foot | \$253 |
| GRM/CAP | 10.1/4.2% |
| Sale Date | 05.18.2023 |



Alpine Cottages

4900 74th Place NE, Marysville, WA 98270

| | |
|-------------|-------------|
| Year Built | 1964 |
| Units | 6 |
| Sales Price | \$1,800,000 |
| Price/Unit | \$300,000 |
| Price/Foot | \$308 |
| GRM/CAP | 11.3/6.2% |
| Sale Date | 05.12.2023 |



SALES COMPARABLES: TOWNHOUSES



Frontier Heights Townhomes

8910-8920 10th St NE
Lake Stevens, WA 98258

Year Built 1969
Size - SqFt 6,272
Price \$1,700,000
Price/Foot \$271



8914 12th St

8914 12th St NE, Lake Stevens, WA 98258

Year Built 1968
Size - SqFt 1,120
Type 3 Bd/1 Bth
Sales Price \$350,000
Price/Foot \$313
Status Pending



8803 13th St

8803 13th St NE, Lake Stevens, WA 98258

Year Built 1968
Size - SqFt 1,120
Type 3 Bd/1 Bth
Sales Price \$395,000
Price/Foot \$353
Sale Date 06.28.2024



8805 13th St

8805 13th St NE, Lake Stevens, WA 98258

Year Built 1968
Size - SqFt 1,120
Type 3 Bd/1 Bth
Sales Price \$380,000
Price/Foot \$339
Sale Date 03.20.2024



8921 13th St

8921 13th St NE, Lake Stevens, WA 98258

Year Built 1968
Size - SqFt 1,120
Type 3 Bd/1 Bth
Sales Price \$355,000
Price/Foot \$317
Sale Date 12.29.2023



8913 11th St

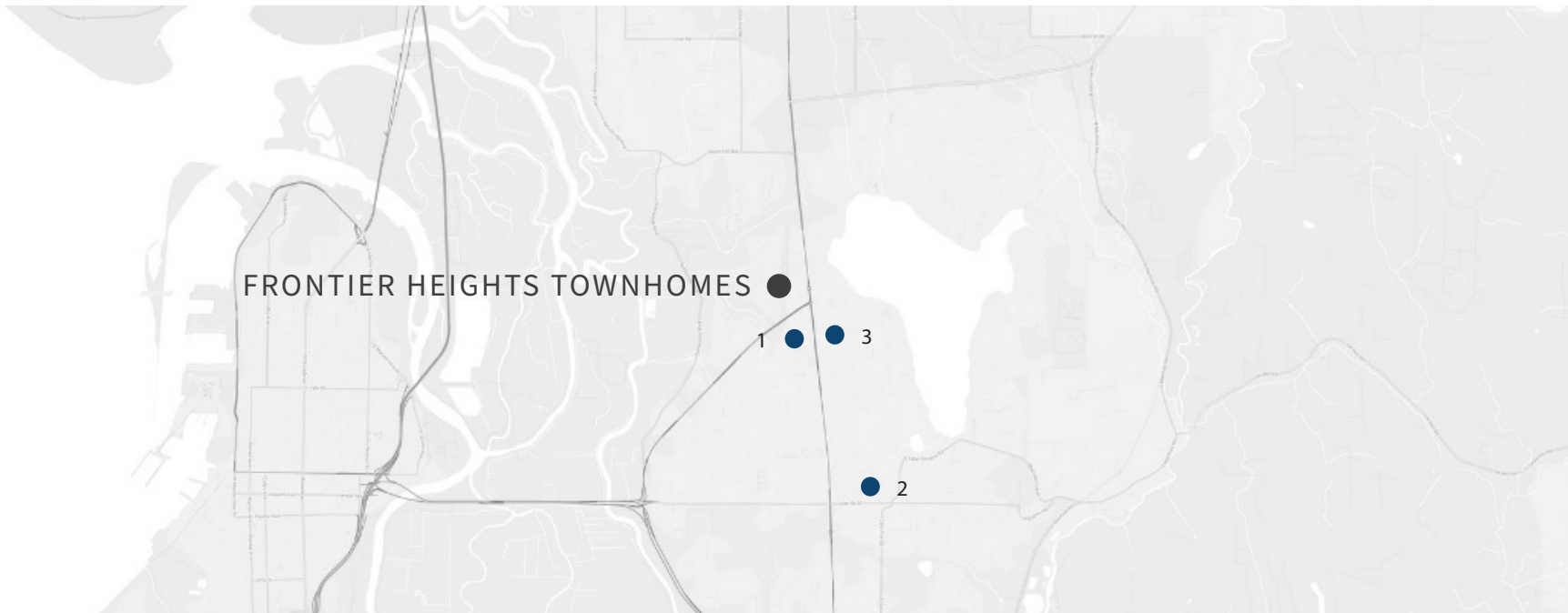
8913 11th St NE, Lake Stevens, WA 98258

Year Built 1968
Size - SqFt 1,120
Type 3 Bd/1.5 Bth
Sales Price \$399,000
Price/Foot \$356
Sale Date 05.27.2022

RENT COMPARABLES



| ADDRESS | BUILT | UNITS | UNIT TYPE | UNIT SIZE | RENT | RENT/SF |
|---|-------|-------|--------------------------|--------------|--|------------------------------------|
| Frontier Heights Townhomes 8910 - 8920 10th St NE Lake Stevens, WA 98258 | 1969 | 6 | 2BD/1.5BTH 3BD/1.5BTH | 896 1,120 | \$1,534 - \$1,799 \$1,962 - \$2,195 | \$1.71 - \$2.01 \$1.75 - \$1.96 |
| Hillcrest Townhomes 328 91st Ave NE Lake Stevens, WA 98258 | 1969 | 27 | 2BD/1.5BTH | 1,100 | \$2,195 | \$2.00 |
| SFR Townhouse 2002 101st Ave SE, Unit 2 Lake Stevens, WA 98258 | 2020 | 1 | 2BD/2.5BTH | 1,680 | \$2,900 | \$1.73 |
| SFR House 409 97th Dr NE Lake Stevens, WA 98258 | 1977 | 1 | 3BD/1BTH | 890 | \$1,999 | \$2.25 |



PARAGON REAL ESTATE

\$4.5 B
Sales Volume

29
Years in
Business

20+
Brokers

48 k
Units Sold

PARAGON
REAL ESTATE ADVISORS

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ABOUT US

Leading investment firm for multi-family property

Paragon Real Estate Advisors is a leading Seattle real estate investment firm for multi-family property sales in Washington State. We are locally owned, client-focused, and highly experienced. When it comes to apartments and investment real estate in the Puget Sound region, we are the smart choice to partner with.



Puget Sound's Premiere Commercial Real Estate Brokerage

PARAGON REAL ESTATE ADVISORS

In 1995 our founders saw an opportunity to form a new kind of brokerage, one that focused on sharing information between brokers and truly partnering with its clients. Paragon Real Estate Advisors quickly established itself as a leading Seattle real estate investment firm.

Paragon Real Estate Advisors is the leading Seattle real estate investment firm for multi-family property sales in Washington State. We have accrued over \$4.1 billion in sales and have closed over 1,800 successful real estate transactions. We are locally owned, client-focused, and highly experienced.

At Paragon, we build long-term partnerships that help our clients reach their long- and short-term real estate investment goals while maintaining maximum profitability for them. Our brokers have an in-depth knowledge of the Washington state real estate market, particularly in the greater Seattle area and the I-5 corridor, that comes from more than 20 years' experience in the industry. Paragon's unique focus on sharing knowledge, teamwork and collaboration within the brokerage industry leverages our collective intellect for all our clients. Our brokers provide superior customer representation through our innovative and effective marketing campaigns, co-brokerage, skilled negotiations, and ongoing partnerships.

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