



**TKC** | THE KIRKLAND  
C O M P A N Y

145 SAINT PHILIP STREET  
CHARLESTON, SC



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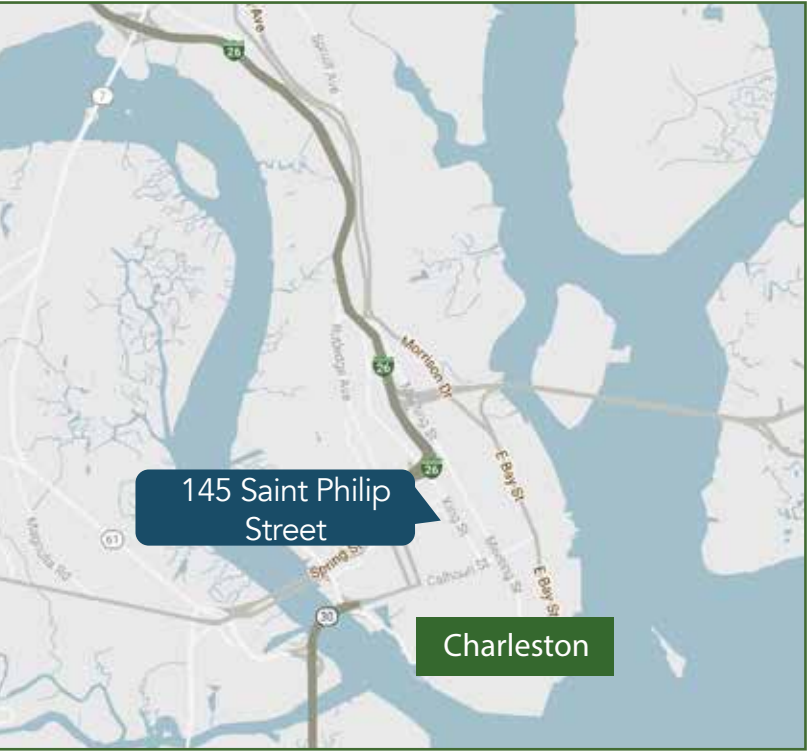
## 145 SAINT PHILIP STREET

145 SAINT PHILIP STREET  
CHARLESTON, SC

The Kirkland Company is proud to present the following Offering Memorandum for 145 Saint Philip Street, downtown Charleston’s premier student-housing residence. The fully renovated mixed-use property contains eight residential units and one commercial ground floor space and offers tenants controlled building entry, on-site parking, and beautiful interior features like exposed beams, granite counter tops, and hardwood floors.

Conveniently positioned in the heart of downtown Charleston, 145 Saint Philip Street is in easy walking distance of restaurants, nightlife, schools, groceries, shopping, and so much more. The asset is one block away from Upper King Street, Charleston’s hottest retail and nightlife corridor, and is only a ten-minute walk from three college campuses home to over 14,400 students.

Charleston is getting national attention for its historic charm, livability, business climate, romantic appeal, and beautiful scenery. In 2017 alone, the city was named #1 US City (Travel + Leisure for the 5th consecutive year), one of the Best Mid-size Cities for Jobs (Forbes), one of the top 5 Best Cities to Start a Business Right Now (Inc.com), and one of the Best Cities For Young Professionals (Forbes). According to the U.S. Census Bureau, Charleston attracts 35 new people each day, two-thirds of which are 18-44 years old and highly educated.



### Confidentiality & Disclaimer

The information contained in the following Offering Memorandum is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from The Kirkland Company and should not be made available to any other person or entity without the written consent of The Kirkland Company. This Offering Memorandum has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. The Kirkland Company has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Offering Memorandum has been obtained from sources we believe to be reliable; however, The Kirkland Company has not verified, and will not verify, any of the information contained herein, nor has The Kirkland Company conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONSULT YOUR KIRKLAND COMPANY AGENT FOR MORE DETAILS.

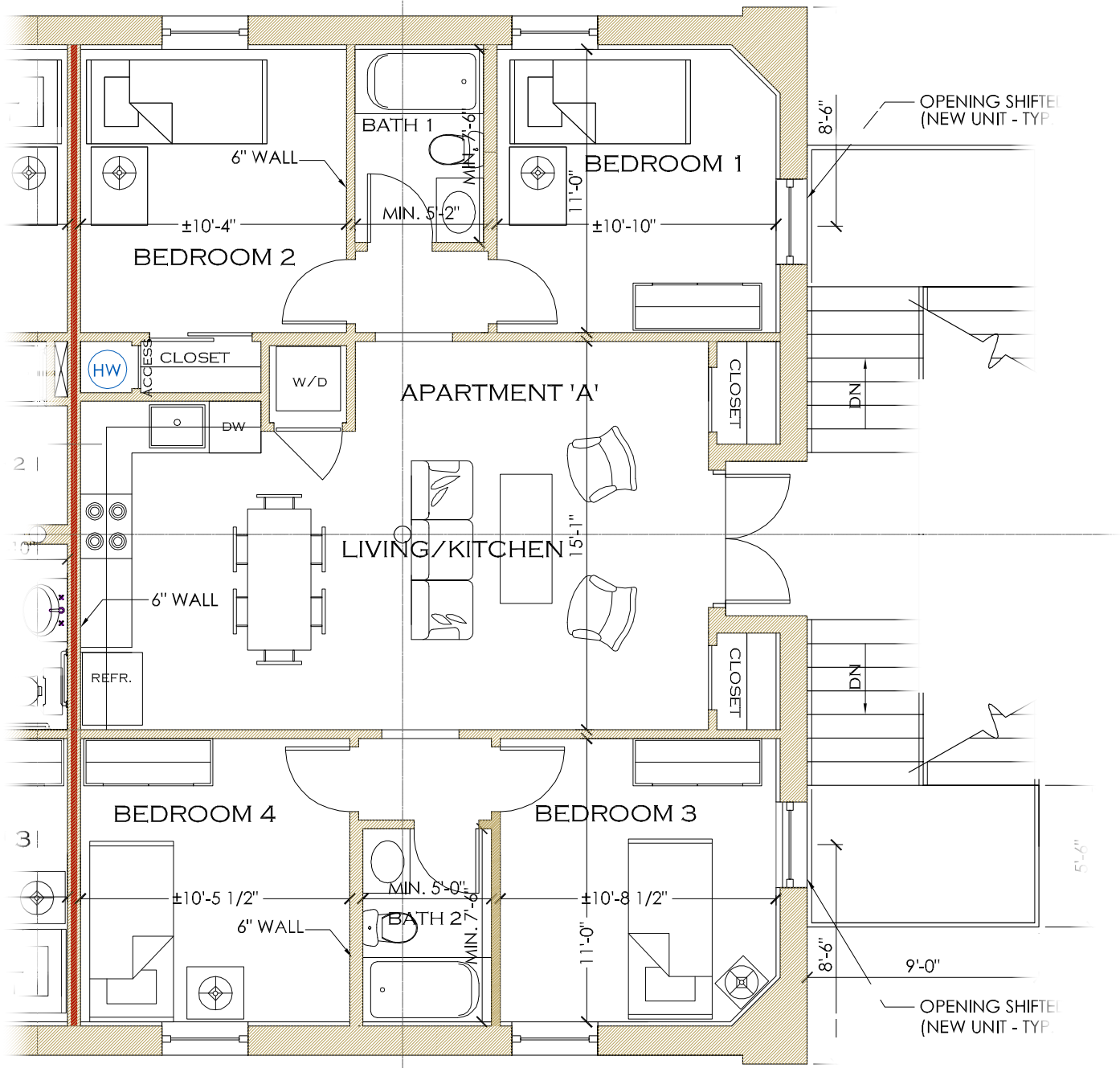


FLOOR PLANS

UNIT #A - 4 BEDROOM / 2 BATH - 1,100 SQ.FT.



UNIT #A - 4 BEDROOM / 2 BATH - 1,100 SQ.FT.

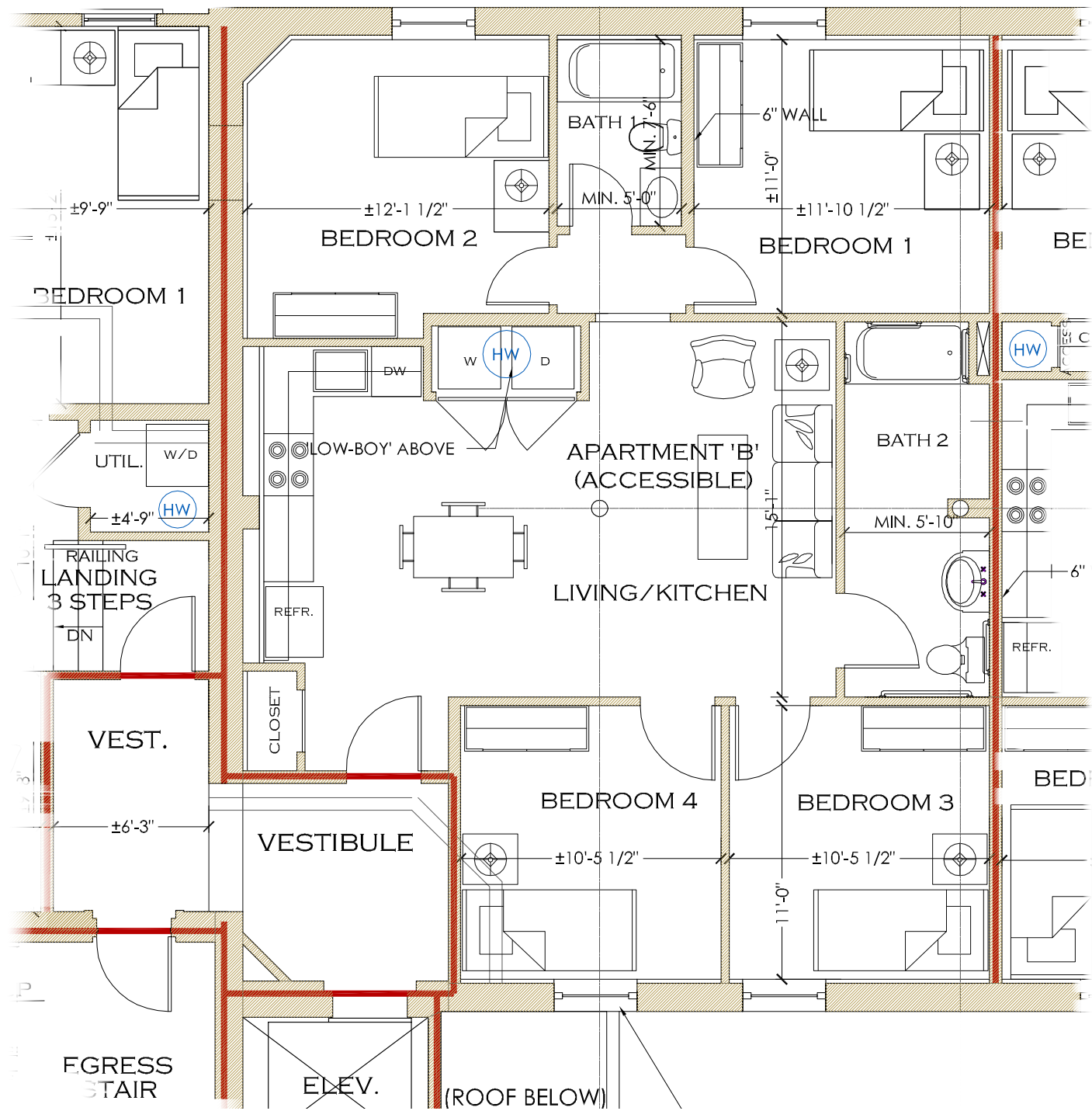


FLOOR PLANS

UNIT #B - 4 BEDROOM / 2 BATH - 1,065 SQ.FT.



UNIT #B - 4 BEDROOM / 2 BATH - 1,065 SQ.FT.



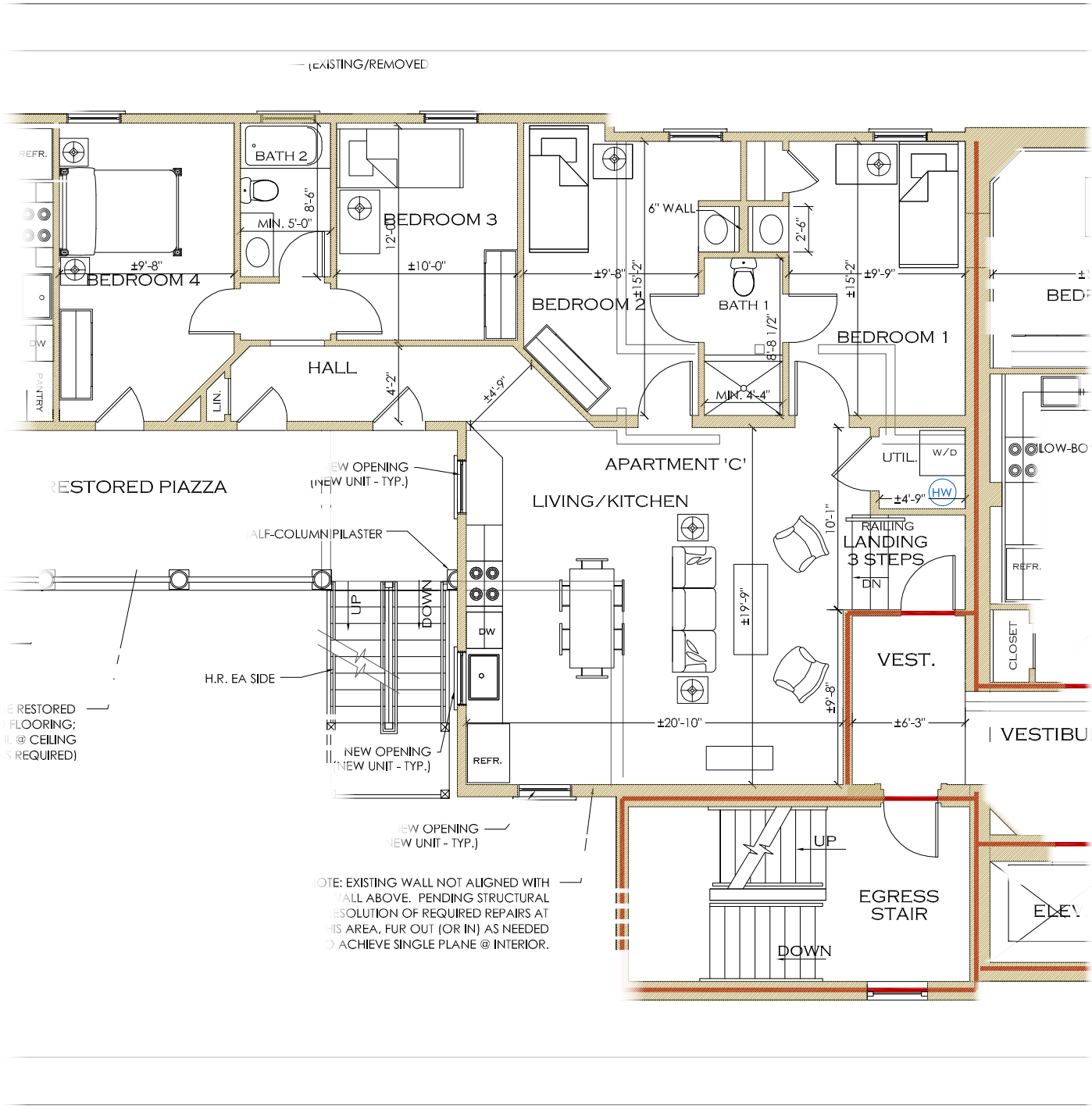


FLOOR PLANS

UNIT #C - 4 BEDROOM / 2 BATH - 1,248 SQ.FT.



UNIT #C - 4 BEDROOM / 2 BATH - 1,248 SQ.FT.



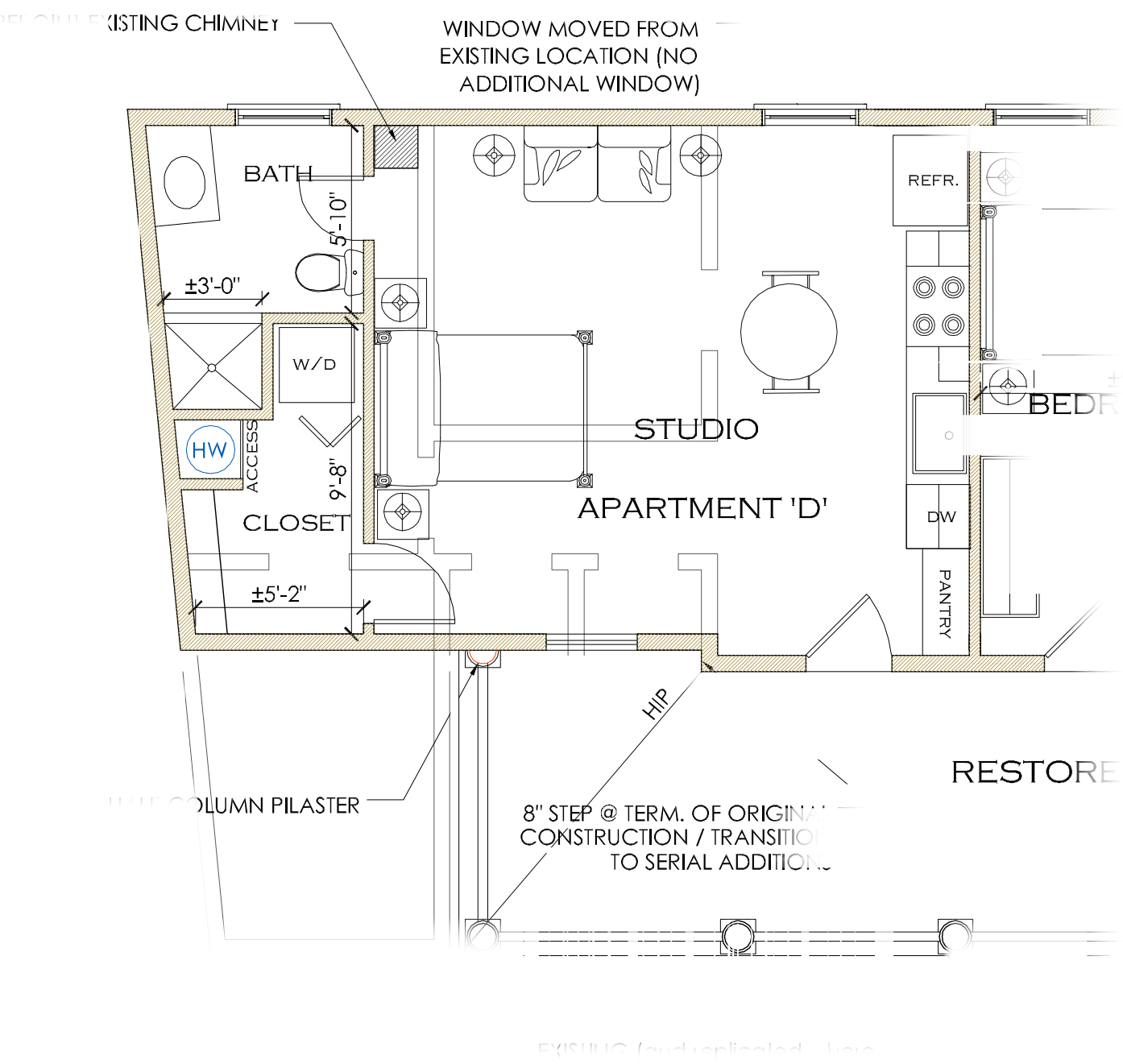
FLOOR PLANS

UNIT #D - 1 BEDROOM STUDIO - 425 SQ.FT.



UNIT #D - 1 BEDROOM STUDIO - 425 SQ.FT.

EXISTING FIRST FLOOR LAYOUT



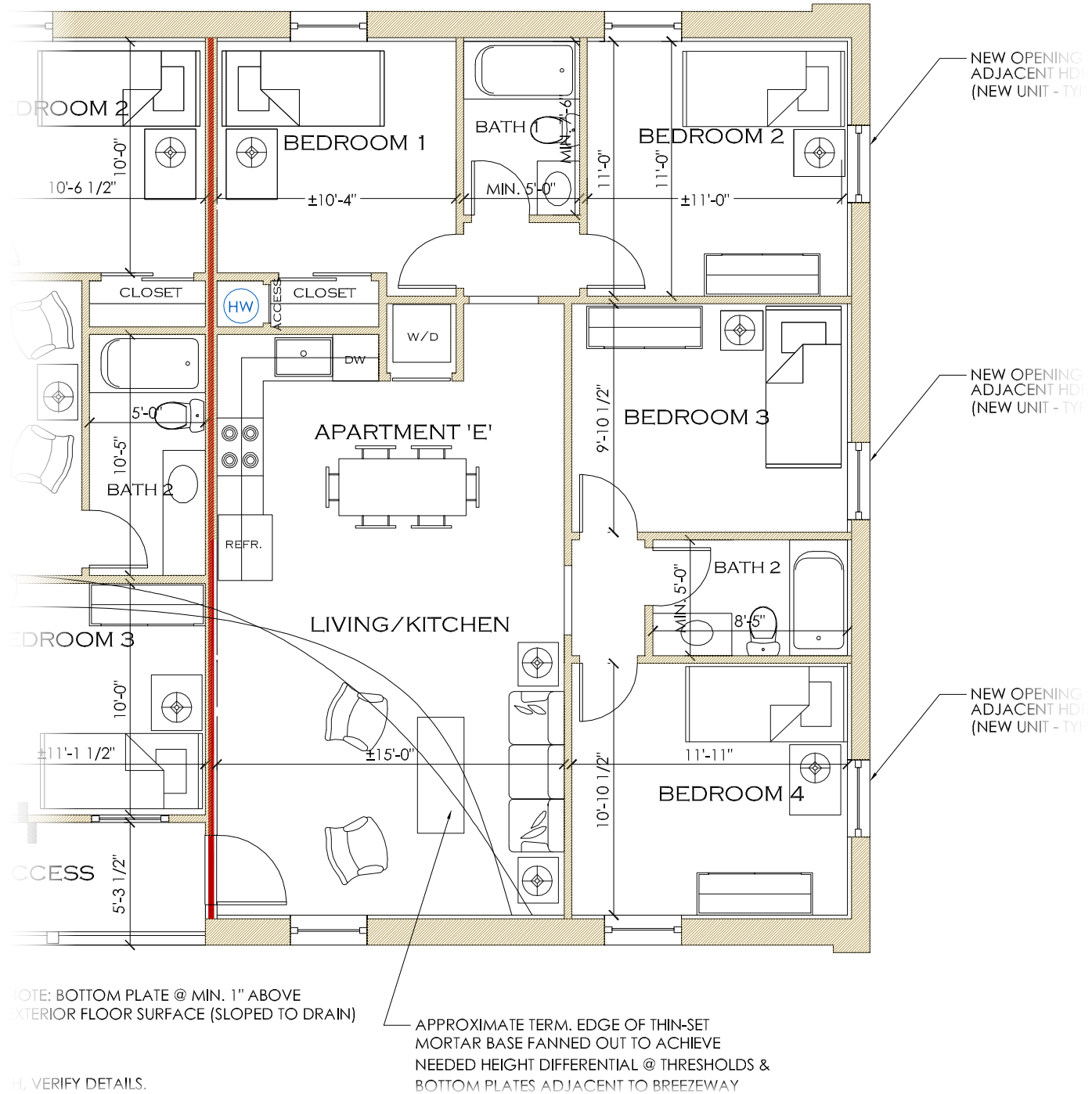


FLOOR PLANS

UNIT #E - 4 BEDROOM / 2 BATH - 1,017 SQ.FT.



UNIT #E - 4 BEDROOM / 2 BATH - 1,017 SQ.FT.

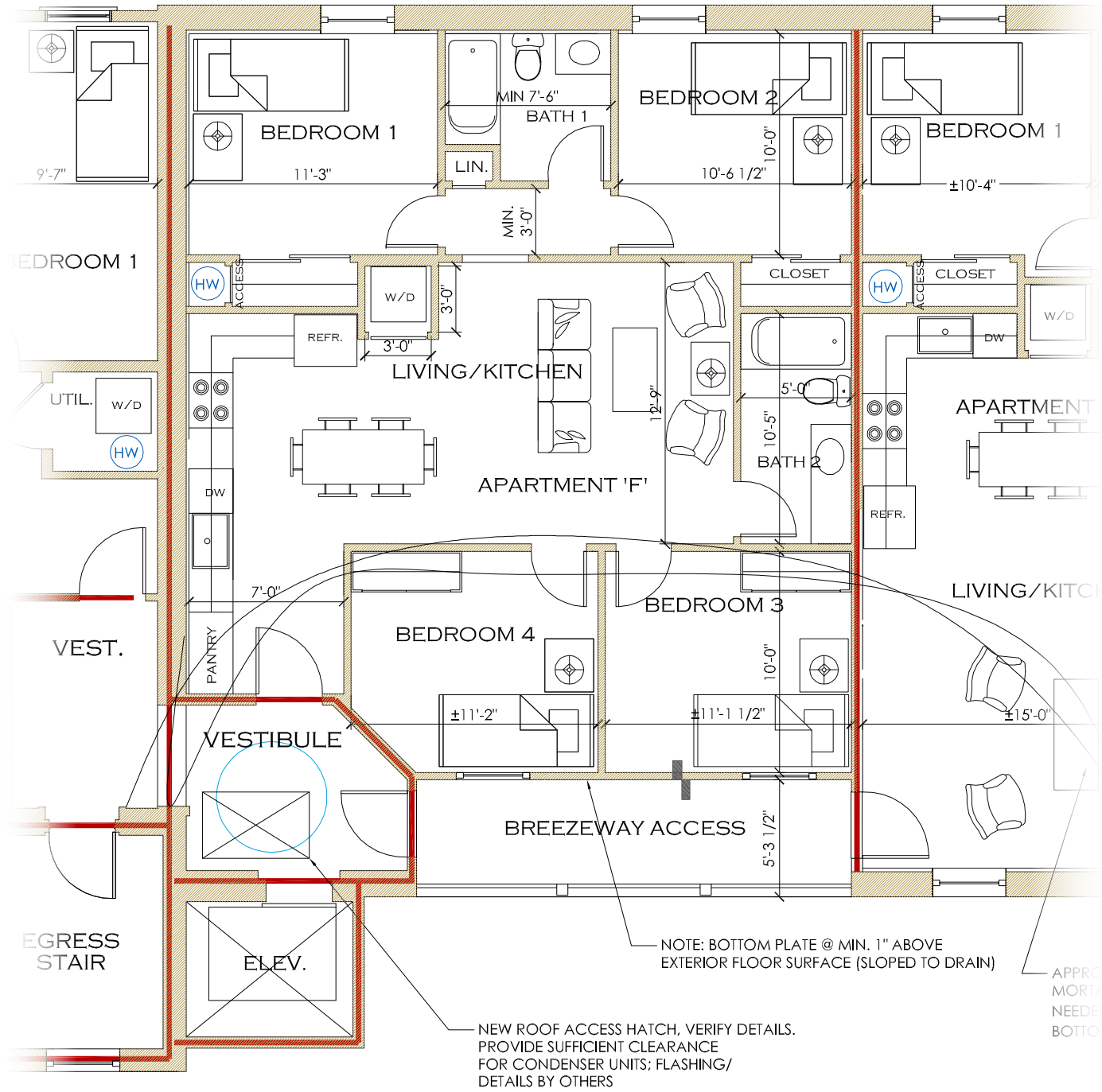


FLOOR PLANS

UNIT #F - 4 BEDROOM / 2 BATH - 1,065 SQ.FT.



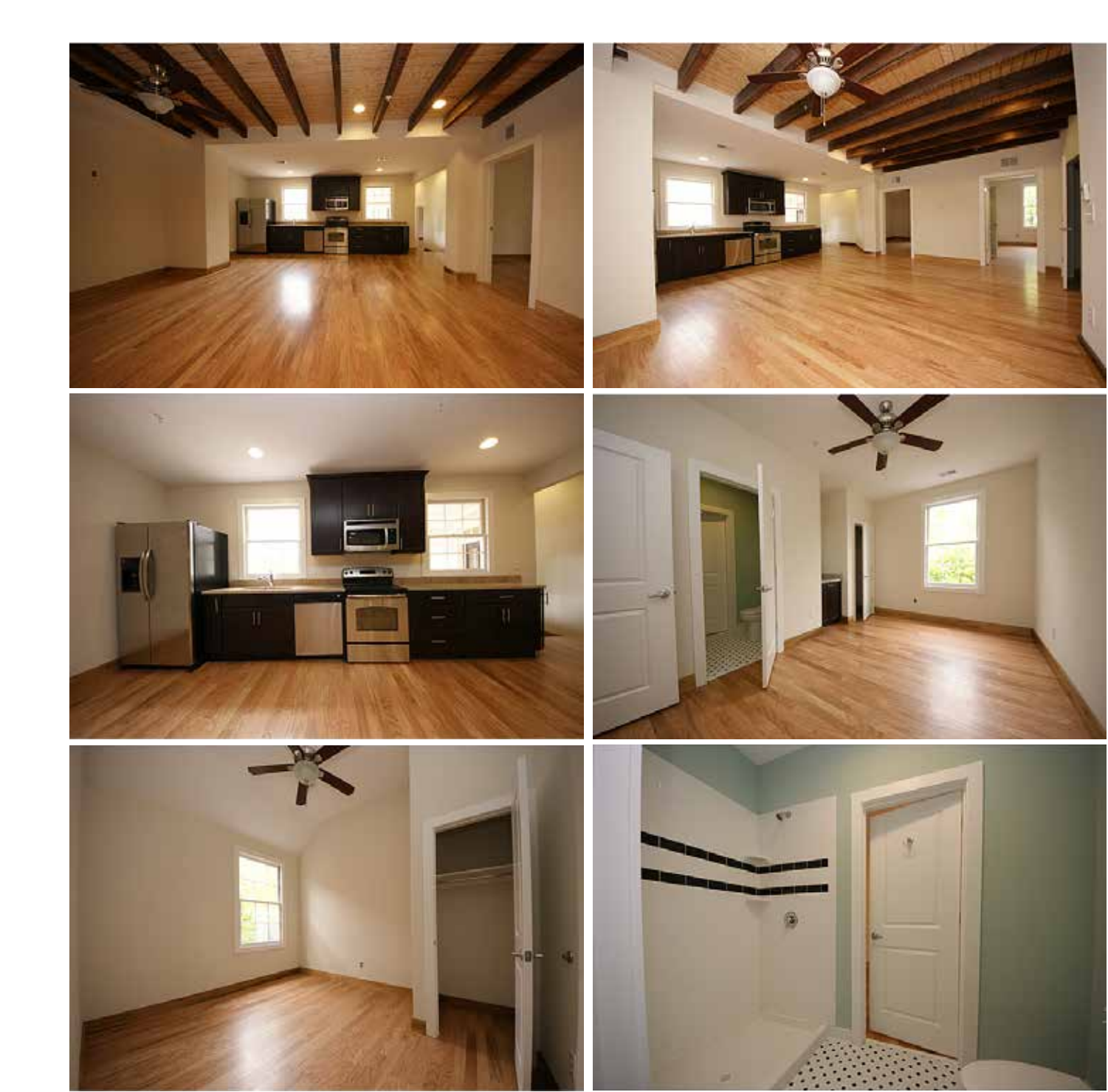
UNIT #F - 4 BEDROOM / 2 BATH - 1,065 SQ.FT.



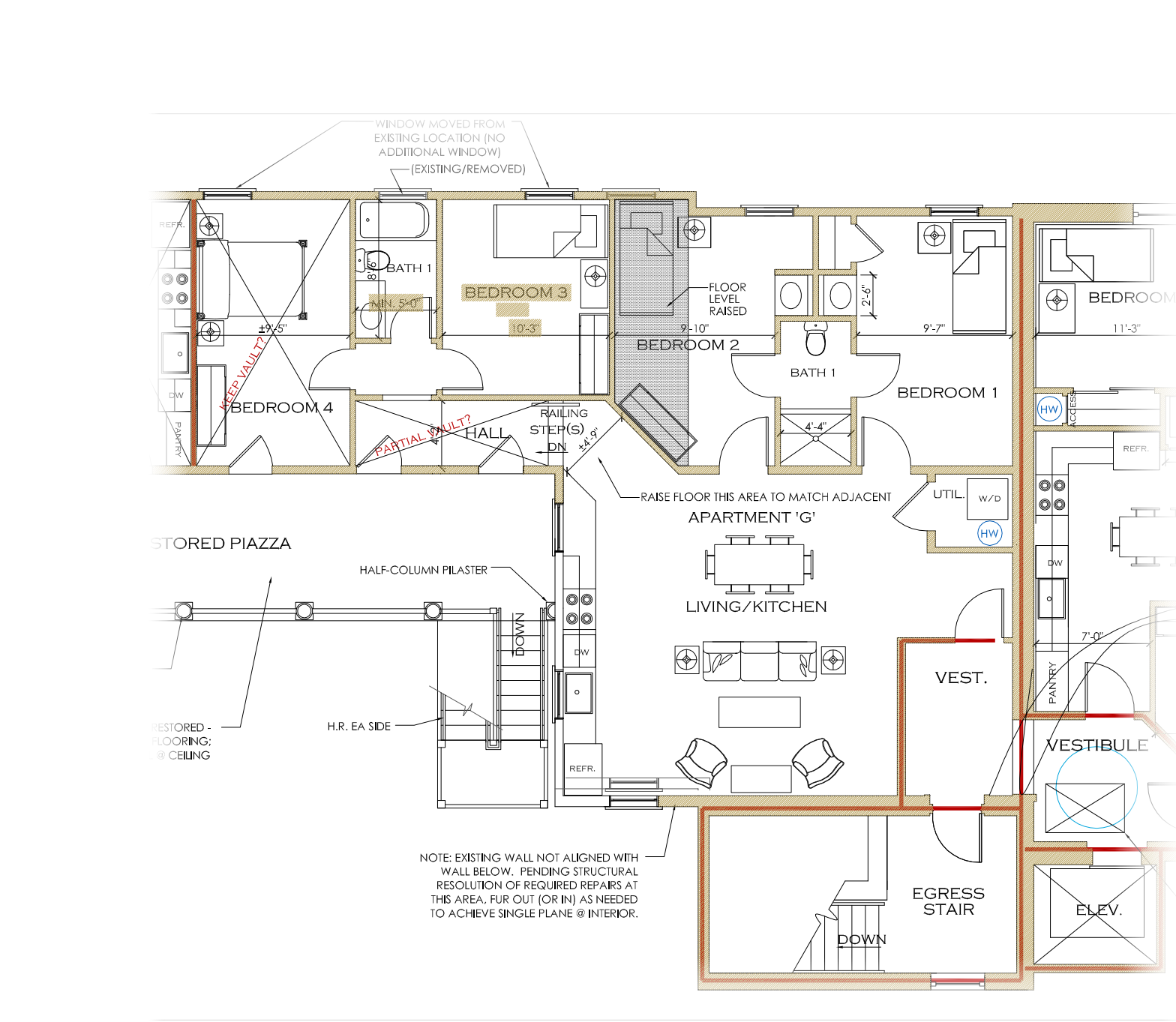


# FLOOR PLANS

**UNIT #G - 4 BEDROOM / 2 BATH - 1,248 SQ.FT.**



UNIT #G - 4 BEDROOM / 2 BATH - 1,248 SQ.FT.



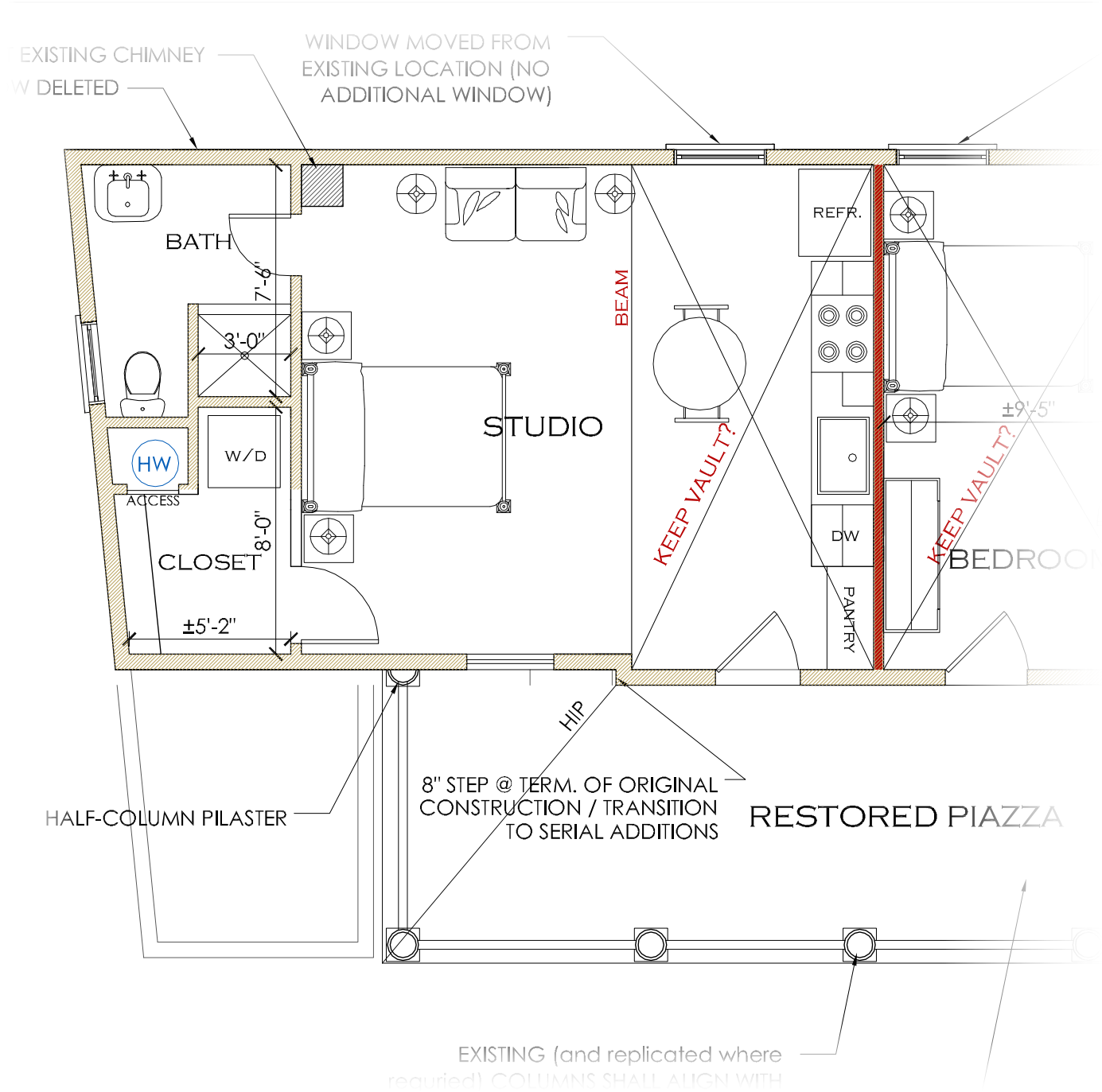


# FLOOR PLANS

UNIT #H - 1 BEDROOM STUDIO - 425 SQ.FT.



UNIT #H - 1 BEDROOM STUDIO - 425 SQ.FT.









# INVESTMENT HIGHLIGHTS

*145 Saint Philip Street is a truly unique investment opportunity with best-in-class amenities located in the heart of a beautiful and growing city.*

• **Location & Value:** Located 1 block from “Upper King” and a 5-minute walk to 8 colleges, 145 Saint Philip Street has an exceptional location and is offered well below current construction costs.

• **Coveted Urban Lifestyle:** With a walkability score of 96/100, 145 Saint Philip Street is in the heart of Charleston’s restaurants, nightlife, groceries, education, shopping, and entertainment opportunities. The asset is just one block away from Upper King Street, Charleston’s hottest retail and nightlife corridor. Young professionals, students, and new transplants (75% of which are 18-44 years old and highly educated) are drawn to 145 Saint Philip Street for its walkable urban lifestyle.

• **Unique Asset with Top-of-the-Line Finishes:** Renovated in 2012, 145 Saint Philip Street is an institutional-quality asset that boasts modern conveniences within the historic shell of a building constructed in the early 1800s. The asset’s amenities consist of (but are not limited to):

- *Controlled building entry*
- *On-site parking*
- *Exposed beams*
- *Stainless Steel Appliances*
- *Ample Closet Storage*
- *Granite counter tops*
- *Hardwood floors*

• **Proximity to Colleges Facing Housing Constraints:** The subject property is located just two short blocks from the College of Charleston, an institution that can only provide housing to 31% of its students. The remaining 8,000 students from the College of Charleston (in addition to the 5,000 additional students from other downtown campuses) are left to fend for housing with limited housing options so close to campus.

• **Large Population Growth:** According to the US Census Bureau, Charleston attracts 35 new people to move to the city each day (12,700 net new people each year). Two-thirds of that growth is highly educated 18-44-year-olds, a growing market with a passion for a walkable urban lifestyle.

• **Exceptionally High Costs to Barriers to Entry:** Property being offered substantially below replacement cost in location with historic barriers to entry

• **Rapidly Developing Charleston MSA:** Charleston currently has \$3.9 billion of economic impact in ongoing and proposed urban developments (South Carolina Department of Commerce)

# OFFERING SUMMARY



SITE	
Number of Units	8 Units + 1 Commercial Unit (3,850 sf)
Rentable Square Feet	11,850
Number of Apartment Buildings	1
Year Built	1865 & 1964

CONSTRUCTION & UTILITIES	
Exterior	Concrete Stucco / Wood Siding
Roof	Flat Roof (2012)
Parking Surface	Asphalt
Electricity	SCE&G
Water & Sewer	Charleston Water & Sewer

UNIT BREAKDOWN				
Type	Units	Monthly Rent*	Unit SF**	Eff. Rent / SF
Commercial	1	\$8,983	3,850	\$2.33
1BD/1BA (D)	1	\$1,300	425	\$3.06
1BD/1BA (H)	1	\$1,350	425	\$3.18
4BD/2BA (A)	1	\$3,800	1,100	\$3.45
4BD/2BA (B)	1	\$3,500	1,130	\$3.10
4BD/2BA (C)	1	\$4,600	1,345	\$3.42
4BD/2BA (E)	1	\$4,000	1,100	\$3.64
4BD/2BA (F)	1	\$3,500	1,130	\$3.10
4BD/2BA (G)	1	\$4,600	1,345	\$3.42

\*As of 9/11/2017  
\*\*Unit SF is approximate





## INVESTMENT RATIONALE







### 1. 530 Meeting Street

114 Unit in development. Developers: Sprandel, Armada Hoffler Properties. One of two \$100M developments AHP has underway in downtown where per unit costs are projected to exceed \$500k/unit.

### 2. 511 Meeting Street

221 Unit planned development. Developers: Spandrel, Aspen Heights, North Western Mutual

### 3. Evening Post Industries Redevelopment

Long-Term redevelopment of 12 acre site with Phase 1 beginning with Courier Square

### 4. Courier Square

Mixed use development consisting of 228 luxury units developed by Greystar.

### 5. 595 King Street

74 Unit student development. Developers: Spandrel, Armada Hoffler Properties. One of two \$100M developments AHP has underway in downtown where per unit costs are projected to exceed \$500k/unit.

### 6. Hyatt & Hyatt House

\$80M, 191 Bed, dual branded hotel development completed late 2015.

### 7. Elan At Midtown

200 luxury units developed by Greystar.

### 8. Skygarden Apartments

10 Story, 94 unit (310 Bed) student development by South City Partners & Seine Group. Land acquired for \$8M (\$85k/unit).

### 9. Homewood Suites & Holiday Inn

Two new hotel developments.

### 10. 400 Meeting Street

42 Unit Student Development. Sold in 2017 to South City Partners & Seine Group for \$21.75M (\$528k/unit).

### 11. Courtyards Apartments

Existing 159 Unit student apartment community proposed for demolition to be replaced by new 300 room hotel development.

### 12. Hughes Lumber Yard

\$30M redevelopment by CMB Properties of Charleston. 33 apartments, retail, and 590 space parking deck.

### 13. Morris Sokol Site

Development TBD. Site acquired for \$22M in 2016.

## 145 Saint Philip Street

### INCREDIBLE LOCATION ENTERTAINMENT & CONVENIENCE

145 Saint Philip Street is located at the heart of Charleston's entertainment district where it is just blocks from multiple colleges and surrounded by new development.

The area surrounding 145 Saint Philip Street has exploded in recent years as "Upper King" has matured as a full-fledged entertainment and retail district. This corridor has been filled in by several new and proposed developments that are occurring at record construction costs that in many cases are exceeding \$500k per unit. Likewise, downtown Charleston has also become extremely competitive for land as un-permitted land acquisitions are ranging between \$280 - +\$1,200 per square foot in cost.



# INVESTMENT RATIONALE

## THE CLOCK TOWER

### A UNIQUE FEATURE & BRAND

As a result of the prominent clock on the facade of 145 Saint Philip Street local students have adopted the moniker “The Clock Tower” or “The Clock.” In a town full of historic and exceptional landmarks, achieving a recognizable designation is exceptionally difficult to achieve.

As part of the 2012 renovations the developer chose to add to the facade a custom tower clock. Created by Christoph Paccard Bell Foundry of Charleston, South Carolina, this unique feature has identified the property and provided it with a distinctly recognizable brand that many modern apartment communities often struggle to develop.

Christoph Paccard Bell Foundry was commissioned to create the custom tower clock and took into consideration the use of the building, its surrounding neighborhood, and the desire of the owner to make the tower clock a focal point of the building.

The tower clock is designed as an heirloom clock; with quality built into every component including the stainless steel and bronze gears of the movement, the high quality powder coat finish on the balanced aluminum hands, and the unique long life LED lighting of the numerals and clock hands. The clock also features a GPS synchronized control system to ensure that it keeps perfect time.

This unique feature is almost a sign in itself. Students walking by all steal a glance which reinforces the property’s identity within the neighborhood. A future owner should consider exploring a new branding concept around this particular feature.



## PROPERTY UPSIDE

### LEVEL OUT RENTS

The greatest gains at the property can be achieved by leveling out the current effective rents for the four bedroom units.

### CHARGE FOR WATER

Market comparables suggest that the property could withstand \$50 per unit per month in water charges.

### MANAGE THE BRAND

Future ownership will have the opportunity to capitalize on an already-known location among the Charleston student population.

### SUBSTANTIALLY BELOW REPLACEMENT COST

It currently costs significantly less to buy property than to build property in Downtown Charleston. Barriers to entry include significant financial, historical, and permitting hurdles.



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LOCATION OVERVIEW



# MARKET SUMMARY

Charleston's historic architecture is just the beginning. Like other vibrant historic peninsular cities – think Manhattan, Boston and San Francisco - Charleston has award-winning restaurants, a lively arts & cultural scene, and fashionable boutiques. One big difference: Charleston offers the perfect scale and civility for the human experience and some of the most friendly people in the country.

Today, Charleston has been discovered as a national and global destination for business and talent, where young entrepreneurs, established professionals, growing families, college students, and retirees can all thrive and come together. It's these qualities that will continue to make Charleston one of the most desirable markets in the southeast.



# "The Best City in the World"

– #2, *Travel + Leisure Magazine* (2017)



# #4 Best Mid-Size U.S. Metro for Jobs in 2017

– *Forbes*



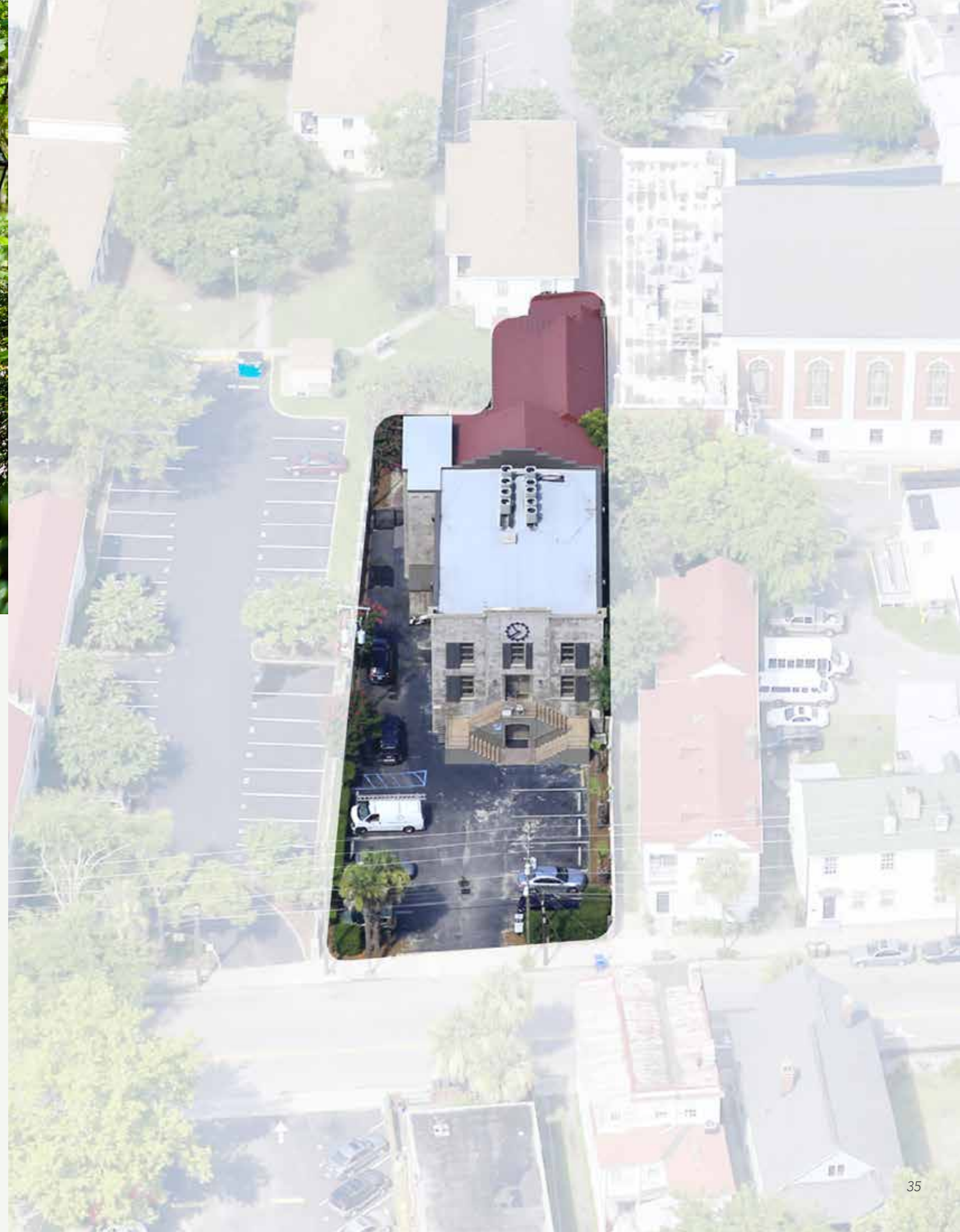
# THE STUDENT DRIVER



## EDUCATION

The Charleston peninsula is home to over 20,000 students and current enrollment at the College of Charleston alone approaches 12,000 students.

With its high barrier-to-entry and net market deficit of over 5,000 beds, student housing in Charleston is an ideal investment strategy.







10 MINUTE WALK

Calhoun St

10 MINUTE WALK

5 MINUTE WALK

5 MINUTE WALK

Morris St

- **Subject Property**
- **College of Charleston**  
11,619 Students
- **Upper King Street**  
Best known for its energetic nightlife and top-notch new restaurants and shops
- **Charleston School of Law**





5 MINUTE WALK

5 MINUTE WALK

Radcliff St

Coming St

Morris St

Saint Philip St

- **Subject Property**
- **Medical University of South Carolina**  
Overall population of about 13,000 clinicians, faculty, staff and students
- **Westedge Development**  
50-acre mixed-use research community connecting Charleston's thriving medical and research district with historic downtown



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FINANCIAL ANALYSIS





# FINANCIAL ANALYSIS

INCOME	Apr-17 T12	% of Gross	2017-2018 School Year	% of Gross	2018-2019 School Year	2019-2020 School Year
Gross Potential Rent	\$471,400		\$471,400		\$474,600	\$488,838
(Vacancy: Loss-to-Lease)	(\$89,474)	18.98%	(\$43,800)	9.29%	(\$14,238)	(\$14,665)
Net Rental Income	\$381,926		\$427,600		\$460,362	\$474,173
Plus: Parking Income	\$7,800		\$0		\$0	\$0
Plus: Late Fee/Convenience/Admin	\$2,048		\$2,048		\$2,109	\$2,173
Plus: Water Income	\$0		\$0		\$4,200	\$4,326
Effective Gross Income	\$391,774		\$429,648		\$466,671	\$480,672

EXPENSES	Apr-17 T12	Per Unit	Pro Forma	Per Unit	Pro Forma	Pro Forma
Real Estate Taxes	\$52,992	\$5,888	\$62,933	\$6,993	\$64,820	\$66,765
Insurance	\$29,751	\$3,306	\$29,751	\$3,306	\$30,644	\$31,563
Electricity	\$2,283	\$254	\$2,283	\$254	\$2,351	\$2,422
Water & Sewer	\$11,727	\$1,303	\$11,727	\$1,303	\$12,079	\$12,441
Alarm	\$7,883	\$876	\$7,883	\$876	\$8,119	\$8,363
Garbage Collection	\$2,293	\$255	\$2,293	\$255	\$2,362	\$2,433
Pest Control	\$975	\$108	\$975	\$108	\$1,004	\$1,034
Telephone	\$3,351	\$372	\$3,351	\$372	\$3,452	\$3,555
Maintenance & Repairs	\$37,102	\$4,122	\$30,000	\$3,333	\$30,900	\$31,827
Landscaping & Grounds	\$1,805	\$201	\$1,805	\$201	\$1,859	\$1,915
Management (% of EGI)	\$18,232	4.65%	\$21,482	5.00%	\$23,334	\$24,034
Capital Reserves	\$0	\$0	\$3,150	\$350	\$3,150	\$3,150
Total Expenses	\$168,394	\$18,710	\$177,633	\$19,737	\$184,074	\$189,502
Net Operating Income	\$223,380		\$252,015		\$282,597	\$291,170

## Notes on Financials

Gross Potential Rent: The property is already leased for the 2017-2018 school year (Year 1). The proforma assumes 0% gross potential rent growth in Year 2, but a significant reduction in Loss To Lease as rents are leveled off. Year 3 begins annual 3.0% rent growth.

Vacancy (Loss To Lease): Historically at 17% due to management turnover during the leasing season, Loss To Lease has been reduced to 9.5% for the current 2017-2018 school year (Year 1) and is projected to tighten up to 3.0% in Year 2 as rents level off.

Water Income: Starting with the 2018-2019 school year (Year 2) the proforma assumes that residents will be billed a monthly water charge of \$50/unit/month. Seven (7) of the eight (8) units are on the house meter which would generate \$4,200/year in income.

## Real Estate Taxes:

Tax Reappraisal Schedule	Last Reassessment Year	Next Reassessment Year	Assessment Ratio	Total Millage Rate
Every 5 Years	2015	2020	6%	\$27.97 per \$100 of assessed value

Time Period	Parcel ID	Appraised Value	Assessed Value	Charleston Co. Millage Rate	Charleston Mill-age Rate	Real Estate Taxes
2016	460-12-03-009	\$3,277,500	\$196,650	\$19.61	\$8.36	\$55,003

South Carolina Law limits the increase in taxable value of real property attributable to the county-wide reassessments to fifteen percent. Market value may increase more than 15%, but if it does, the taxable value is capped. The cap will no longer apply if the property changes owners. This property has an appraised market value of \$3,800,000, but has been capped at \$3,277,500.

The state of South Carolina allows the appraised value at the time of sale to be equal to 75% of the sales price. While this reduction is state law, it must be requested. It is recommended that investors contact a professional for more specific information relating to this law.

Capital Reserves: The proforma assumes a capital reserve amount of \$350/unit/year.





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