



Project Summary

FOR THE DEVELOPMENT OF



A luxury multifamily community in Edwards, Colorado

SEPTEMBER, 2017



Executive Summary

OVERVIEW

Gore Creek Partners, LLC (“GCP”) is pursuing the development of a 5.7-acre tract of land located in west Edwards, Colorado, with a 120 unit, Class “A” multifamily community.



Executive Summary

COMPELLING MARKET FUNDAMENTALS

6 West is located on the western side of Edwards. The Edwards multifamily market offers a unique combination of consistent growth coupled with high barriers to entry in the form of high land costs, increasing construction costs, and significant impact fees. 6 West presents a very attractive investment in an appealing long-term market.

There is very strong market demand for this project, according to the recent 2016 Housing Needs Assessment Study completed for Eagle County. It concludes that Eagle County is underserved by at least 4,000 units currently, with this figure growing as the population of the area increases.

The Edwards market continues to grow.

Eagle County's population growth is projected at 3.0% annually and job growth is expected to continue its recent trend and increase 2% annually over the next five years.

The diversified economy, high quality of life, proximity to resort areas and employment centers, and high cost of the housing market gives us confidence in a strong rental market for the foreseeable future.

DEVELOPMENT PLAN

Gore Creek Partners' objective is to create a suburban luxury rental community with full amenities and easy access to Vail and Beaver Creek Mountains. The high amenities planned for the project include a fitness center with the latest in cardio and weight training equipment, business center, cyber/coffee café, and indoor/outdoor areas for socializing. Also planned are a "bark park", "tot lot" and bike and ski tuning rooms.

Eagle County has offered its full support of the project and in working with GCP as the project goes through the entitlement process via the Board of County Commissioners and Planning and Zoning department. The county is excited to see up to 120 new families make their new homes in Edwards.

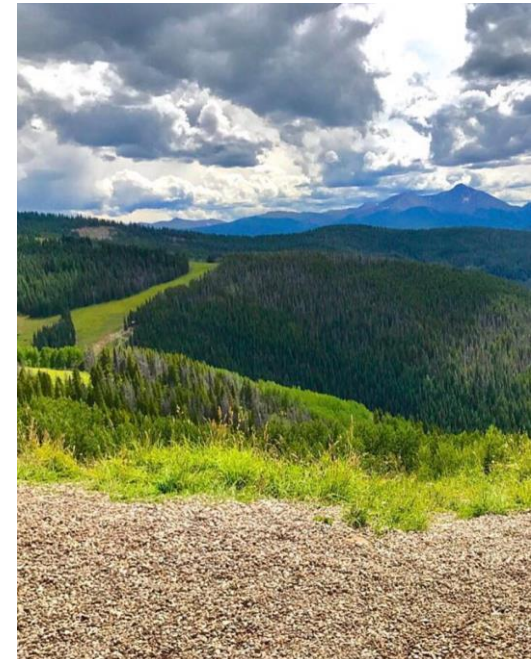


Executive Summary

CONSTRUCTION

The current challenge related to construction in the area is the lack of competitive bidding for construction in the mountain regions. There is a small number of contractors who can perform this type of construction on a cost competitive basis. In addition, the subcontractor market is limited and therefore prices are significantly higher than in the Denver Metro area. The project will be developed utilizing the latest modular construction technology, and built by a quality national provider of modular construction products.

Various developers and owners, including Equity Residential, Marriott, and others have developed high quality multifamily and hospitality assets utilizing the modular building methods. This technology allows a more streamlined, efficient process which provides lower overall costs at a faster pace, with the same high-quality finish levels seen on traditional site built projects. And since they are completed in an enclosed, climate controlled environment, modular projects are built to very high standards, and meet or exceed all local building code requirements.



Property Overview

OVERVIEW

The 6 West property will consist of 120 units in multiple three-story buildings on 5.7 acres, The project will include intentionally designed one, two and three-bedroom floor plans, with high caliber interior finishes and extensive amenities similar to what can be found in a typical luxury suburban multifamily property in any large city, but which does not currently exist in this area.



Exterior Renderings



Exterior Renderings



Interior Renderings



Interior Renderings



Interior Renderings



Layout Rendering



6 WEST APARTMENTS
EDWARDS, COLORADO

Project Description

6 West will consist of 120 units in multiple three-story buildings on 5.7 acres, with ample surface parking, including a select number of available covered spaces as well as enclosed garages. The project will include carefully designed one, two and three-bedroom floor plans, high quality interior finishes and extensive amenities similar to what can be found in a typical luxury suburban multifamily property in any large city, but which does not currently exist in this area. The buildings will be organized around a series of shared green courtyards lined up along a central spine providing easy orientation and access for residents.

In addition to the shared green courtyards, communal amenities will include a toddler playground, outdoor recreation space, "bark park", on-site leasing office, and a club house with indoor fitness, lounge areas, a media center, and meeting space. Ample porches and balconies facing the courtyards create a friendly, inviting, and safe neighborhood while encouraging casual neighborly interactions.

Additionally, since the subject property is further along in the design and entitlement process, and because it will utilize modular construction techniques, no other project even being considered in the area can deliver completed units as quickly as the proposed property. So it will have "first mover" advantage.

The property will generally target a white collar, middle income demographic - teachers, medical professionals, office staff, policeman, fireman, etc. Numerous discussions with county officials, major area employers, and countless potential residents confirm the demand and keen interest in this new community.

Construction will be completed by a quality manufacturing firm utilizing the latest modular building technologies. Gore Creek Partners, LLC will serve as project developer and asset manager, while on-site property management, accounting, and reporting will be handled by a qualified third party property management firm.



Project Location

The “Vail Valley” stretches along I-70 in Eagle County, approximately two hours west of Denver. The valley is made up of small towns including Vail, Eagle/Vail, Minturn, Red Cliff, Avon, Beaver Creek, Edwards, Wolcott, Eagle, and Gypsum. The area’s development has primarily been the result of the incredible successes of the world class ski resorts of Vail and Beaver Creek, which were opened in 1962 and 1979, respectively. Vail is known as North America’s premier international mountain resort community, and has held three World Alpine ski championships. Vail and Beaver Creek both draw visitors from all over the world.

The Vail valley is one of the most luxurious communities in the world, and the towns of Vail, Avon, Edwards and Beaver Creek contain some of the most expensive real estate in the United States. More than \$1 billion has been invested in the Vail area over the last ten years in an unprecedented effort to improve the guest experience.

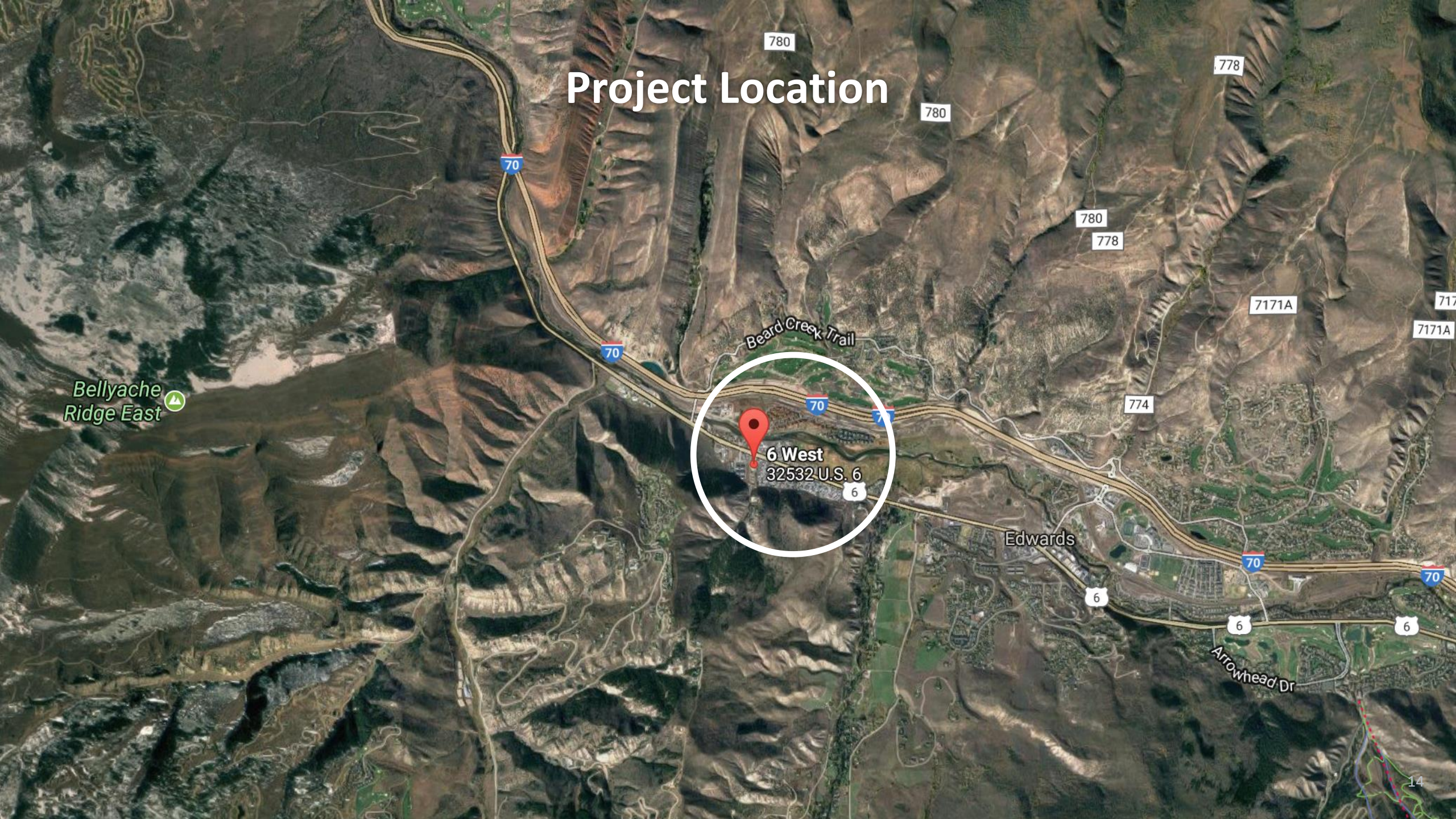
Traditionally known as a ski resort area, Eagle County has also become a major summer tourist destination. More than 82% of the land is public, including US Forest Service, Bureau of Land Management Colorado state lands, as well as various large land preservation parcels controlled by most of the towns within Eagle County. Eagle County is also home to 18 golf courses, most of which are located in the western half of the Vail valley. Other amenities include the Vilar Center for the Performing Arts in Beaver Creek and the Ford Amphitheater in Vail.

Edwards is centrally located within the Vail Valley, located mid-way between Vail at the east end and Eagle, the county seat and largest town, near the west end of the valley. Edwards is accessed by I-70, as well as Highway 6. Most of the residential development and commercial services are located south of I-70, with several large residential communities located to the north of the interstate.

Edwards is approximately 14 miles west of Vail. The communities of the Vail Valley are connected by extensive up valley/down valley commuting and public transit. There are no physical or social barriers dividing the towns, and because of the valley-wide relationships and connections, the entire valley is considered to be the primary market area. Edwards is known as one of the “up-valley” towns in the region which are predominantly populated by year-round residents – the “locals”.



Project Location



Bellyache Ridge East 

Beard Creek Trail

6 West
32532 U.S. 6

Edwards

Arrowhead Dr



Unit Elements

INTERIOR FEATURES

- Large Sliding Doors
- Large Expanses of Glass
- Private Patios with Storage Closets
- Vinyl Plank Wood-look Flooring in Kitchen and Living Room
- Open Floor Plan
- Energy Star / Stainless Steel Appliances
- Kitchen Pantries
- Mountain Modern Finishes
- Cable and Broadband Service
- Caesar Stone Countertops in Kitchens and Baths
- Spacious Nine Feet Ceilings
- Full-Size Stackable Washers & Dryers Available in Each Unit
- “Mudroom” areas at Entries
- Walk-in Closets

Project Amenities

- Amenity Center / Leasing Office with Kitchen, Business Center, and Conference Room
- Fitness Center with the latest weight and cardio equipment
- Covered Reserved Parking
- Outdoor Barbecue / Summer Kitchen
- “Tot Lot” for kids
- “Bark Park” for dogs
- Large Patios / Balconies with Generous Storage Closets
- Available Storage Closets in Each Building

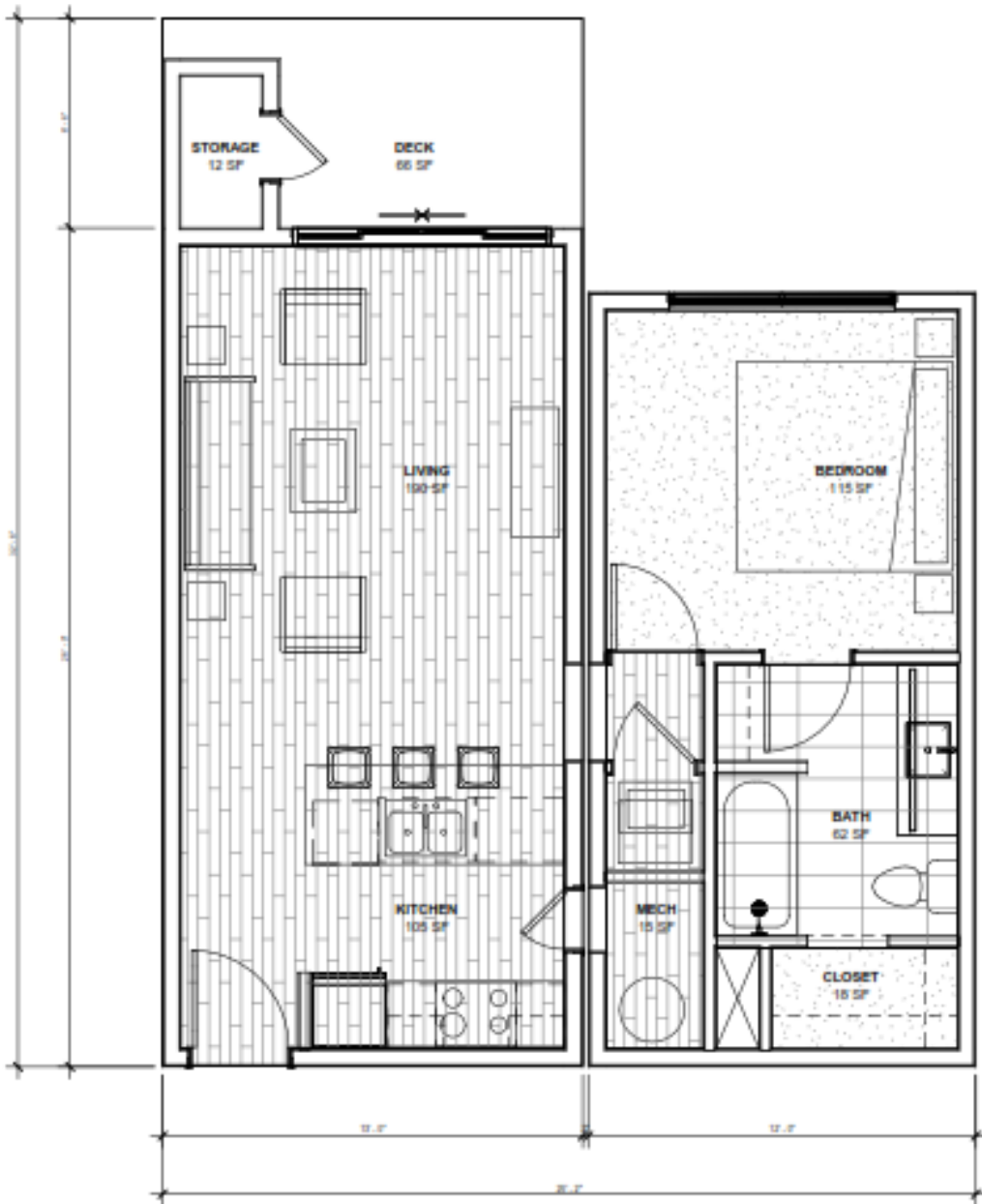


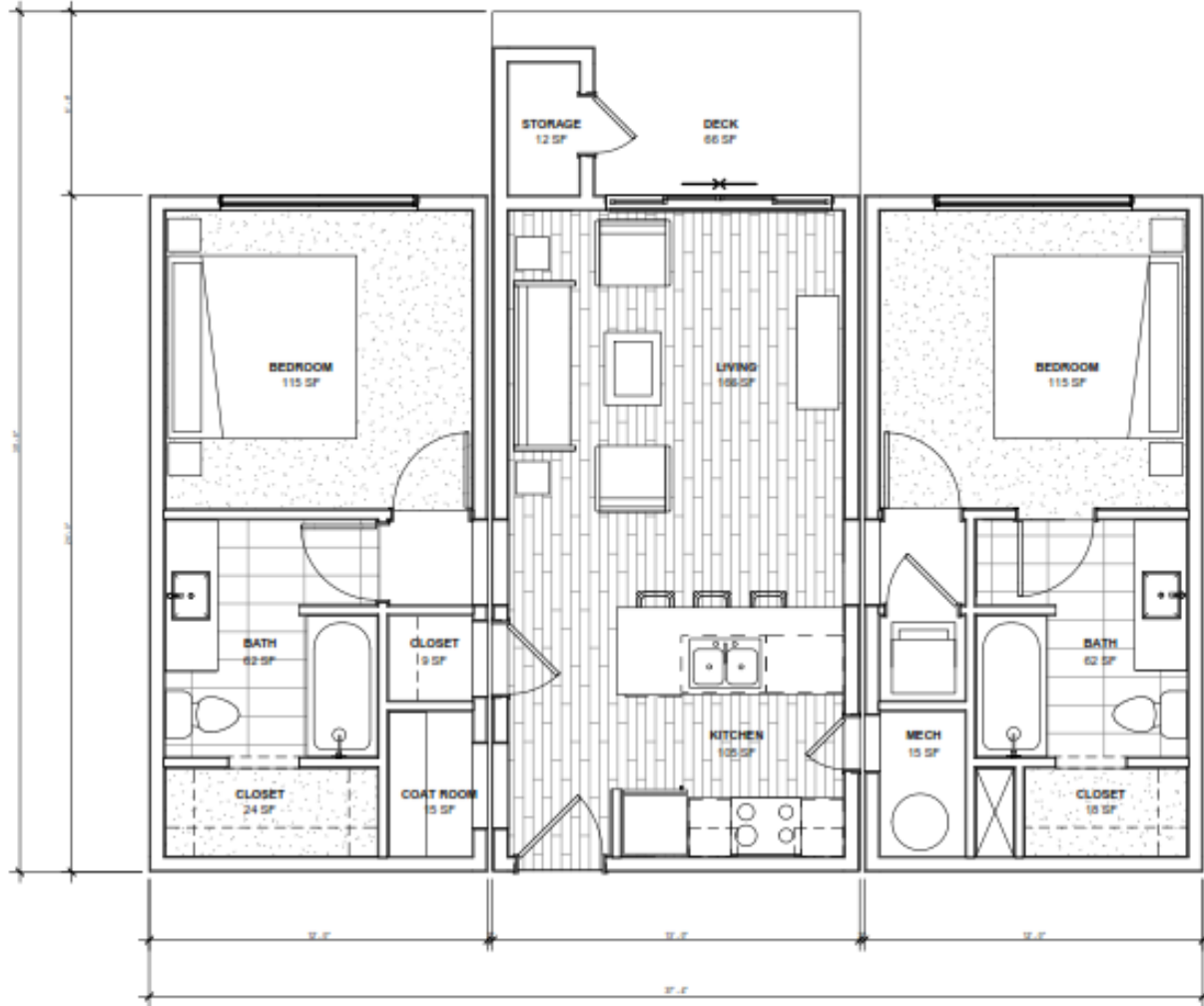
6 west Floor Plans

1

1 BED / 1 BATH

626 SQFT | 48 UNITS





6 west Floor Plans

2

2 BED / 2 BATH

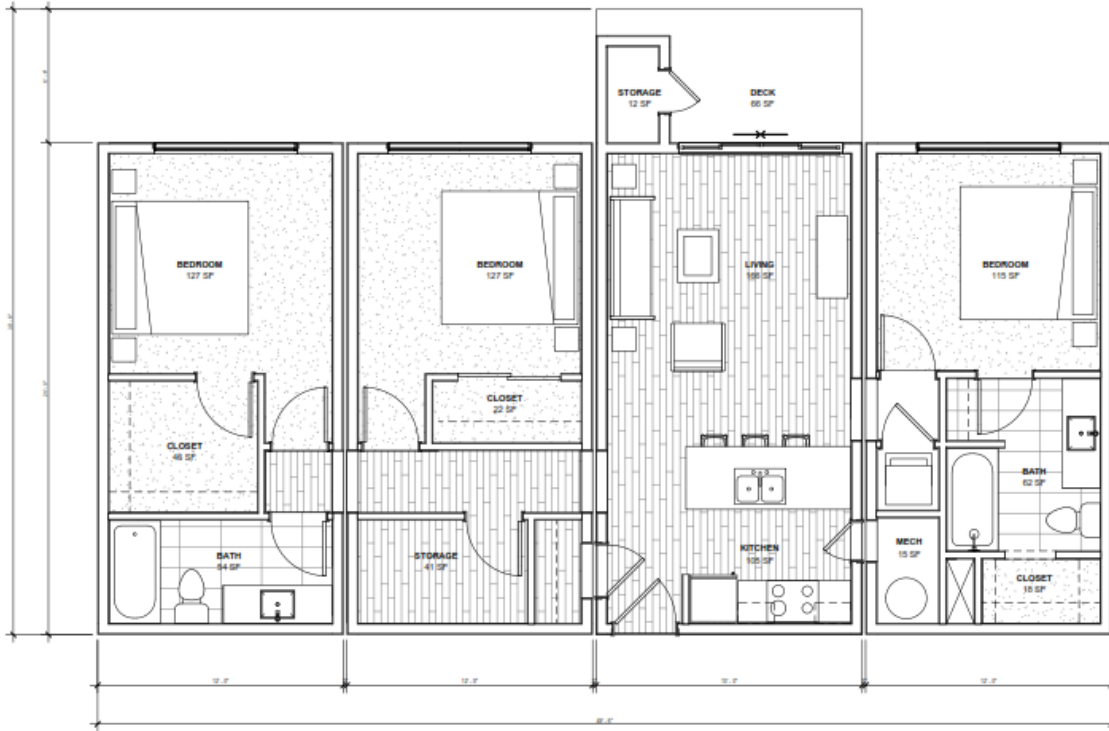
888 SQFT | 54 UNITS

6 west Floor Plans

3

3 BED / 2 BATH

1,176 SQFT | 18 UNITS



Market Information



Market Information

CURRENT MARKET CONDITIONS

Eagle County's total population is 53,862 with a current unemployment rate at a very low 2.1%. Major employers include Vail Resorts, Inc., Vail Valley Medical Center, Eagle County Schools, town and county governments, the many hotels and resorts in the area, and the many supporting industries and small businesses in the area.

For many years, Eagle County has endured an acute shortage of housing units, including available rentals.

This lack of available housing, especially rental units, is one of the biggest challenges for many employers trying to hire people from outside the area.

As an example, Vail Resorts has been forced for several years to lease several limited service hotels in the Eagle area for its workers at Beaver Creek and Vail. These employees are bused to and from both resorts each day. Additionally, there are many reports of people "couch surfing" with friends/acquaintances because they are simply unable to find a place to live. Not just at a reasonable cost – at any cost.

In 2016, Eagle County commissioned a study, which showed a current immediate need for 4466 housing units in the area. This figure includes a combination of owned and rental units, and over the next ten years, it is forecast that the county will need an additional 11,960 units to meet the housing demand generated by job growth and the demand from replacement of retirees.

This rental unit shortage is caused by a number of factors:

Cumbersome and time-consuming entitlement process

Long term rentals converted to vacation rentals.

Shortage of available land parcels

Very high construction costs for "site built" projects

Over the last five years or so, many condominiums and rental homes have transitioned from being long term rentals to short term rentals via AirBnB, VRBO, etc.; further depleting the supply of available long-term rental units. This phenomenon has affected the rental markets in a number of cities around the country, but of course is magnified in a popular vacation destination such as Vail, which has extremely high nightly lodging rates.

According to a 2017 market study performed by Polar Star Properties, which manages approximately 1000 units in the area, the average occupancy of the properties surveyed is currently 98.3%.



Market Information

The existing multifamily properties are mostly affordable housing that serve a lower income demographic. There are only two "market rate" apartment projects in the area. The newest project in the valley is Lions Ridge in west Vail. The first phase of this project was completed in 2015, with phase two completed in mid-2016. The project has enjoyed tremendous success and leasing velocity, despite the fact that it has the highest rents in the county. According to its property management company, the first phase of the project was 100% leased within three or four months, while phase two's lease up went even more quickly. This shows that prospective residents are willing and even eager to pay relatively high prices for a new rental unit with nice finishes. Lion's Ridge continues to have a waiting list for any available units.

Prior to redevelopment, when the project was known as Timber Ridge, it was common to have four to six occupants (sometimes more) in a two bedroom apartment. Once the project was redeveloped, the town of Vail implemented more restrictive rules as to allowable occupancies units, which also further contributed to the already tight market.

Other properties in the county are 14 to 36 years old, and the only other "market rate" property is over 30 years old and in need of renovations. Despite this, it has the second highest rents in the county, just below that of Lion's Ridge.

There are presently no units currently under construction, and only two projects of any size being considered for development in the valley. One is a "down-valley", 380 unit affordable housing property in Gypsum, which is nearly 40 miles from Vail and about 24 miles from Edwards. Because of its location, this property will serve a different market segment than the subject in West Edwards, which will be much more likely to attract residents who are employed in Edwards, Vail, Avon, Eagle Vail, and Minturn.

And because many renters in Eagle work in Edwards, Avon, Vail and other "up-valley" town, the subject property will likely also attract some of those residents who would prefer to live closer to work, but have not had the option to do so previously.

The only other property potentially in the pipeline is a large mixed use project in west Vail which will include a hotel, approximately 100 market rate multifamily units, and subterranean structured parking. Because of the very high land basis and high construction costs for this complicated structure, the developer will likely charge much higher rents than are projected for 6 West.

Other parcels potentially suitable for similar development have extremely high associated infrastructure costs which would be required before vertical development could occur. This greatly impacts their viability and feasibility as rental communities, and it is generally assumed that those parcels will ultimately be improved with various types of for-sale product and a small amount of commercial development. Because of this, they have been excluded from this discussion.



Development Team



Developer/Sponsor

Gore Creek Partners, LLC (GCP) is a real estate investment and asset management company active in acquiring and developing a variety of property types, formed in 2009 by Stephen S. Spessard. Prior to establishing GCP, Spessard spent 13 years as one of two owners of Asset Plus Corporation, and Asset Campus Housing, two Houston-based property investment, development, and management firms operating on a national basis.

As CEO, he led the principal investment and development activities of the companies, and closely focused on sourcing transactions as well as debt and equity capital for projects acquired or developed. During his tenure, he was instrumental in the company's transformation from being a local third party property management firm into a regional investment, development, and management concern with over 800 employees. Asset Campus Housing ultimately grew its portfolio to over 115,000 beds under management at college campuses across the US and internationally, and is now one of the largest privately held student housing management firms in the nation.

Successful investments have included multifamily, student housing, office, and medical office assets with excellent returns achieved in a variety of acquisitions and developments through multiple business / real estate cycles. Since 1995 Spessard has been actively acquiring or developing assets in partnership with large private corporations, life insurance companies, investment funds, pension funds, and high net worth individual investors. In that time, he has personally invested in over 40 significant properties located in 18 cities in six states comprising over \$500 million in value. In his 30 year career, he has completed transactions totaling over \$800 million.



PAST EXTERIOR ELEVATIONS



INTERIORS & AMENITIES



Property Management

Corum Real Estate Group provides property management services in the Denver metro area and along the Colorado Rocky Mountain region. Corum has grown to provide a comprehensive suite of real estate asset management services, including Multifamily Property Management, Luxury Residential Development, Small Property Management, Sustainability Consulting and Commercial Management.



Construction Lender



FirstBank – Vail, Colorado

FirstBank is Colorado's second largest bank and is one of the largest privately held banks in the United States.

Founded in 1963, FirstBank now has over \$17 billion in assets and over 115 locations in Colorado, Arizona, and California.

Architecture/Interior Design



359 Design

359 Design is a Denver based collaboration of individuals focused on pushing boundaries, creating community, building partnerships, and crafting meaningful and efficient design solutions. The firm provides full service architectural design, planning, and entitlements via strong involvement through rigorous initial project vetting. 359 Design is a collective of project managers, hands on builders, detailers, and designers, facilitating, enhancing, and contributing to projects across the United States.



Kathy Andrews Interiors

Kathy Andrews Interiors is a Houston based, award-winning national interior design firm. With over 40 years of experience, the firm works with developers of all property types and specializes in multifamily and student properties.



Construction Consultant

Prefab*Logic*
Boise, Idaho

PrefabLogic

Prefab Logic is made up of highly qualified and experienced individuals working as a cohesive team across the design and construction landscape to assure modular best practices are utilized and that its clients achieve the highest level of success in their projects.

The company's focus is on the multi-unit residential and hospitality sectors and has carefully crafted a suite of services based on the weaknesses surrounding modular integration. Its services provide that critical interface between traditional design/construction teams and the modular elements (design, manufacturing, delivery, and installation).



Accounting & Legal



FABYANSKE
WESTRA
HART &
THOMSON

Convergence

A CPA firm based in Denver, providing audit, tax planning and business advisory services to small businesses, real estate entities, professional services firms, family offices, high net-worth individuals and entrepreneurs in select industries.

Fabyanske, Westra, Hart & Thomson

Fabyanske, Westra, Hart & Thomson, based in Minneapolis, is a premier construction, real estate and business-focused law firm with industry expertise driven by sound strategy and practical solutions. The firm has worked with the Sponsor for approximately 20 years.





For questions about any of the information provided in this
Summary, please contact:

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