



2640 E Lehigh Ave

2640 E Lehigh Ave
Philadelphia PA 19125

OFFERING MEMORANDUM

kwPHILLY

2640 E Lehigh Ave

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Executive Summary

Investment Summary

Unit Mix Summary

Location Summary

OFFERING SUMMARY

ADDRESS	2640 E Lehigh Ave Philadelphia PA 19125
COUNTY	Philadelphia
MARKET	Philadelphia
SUBMARKET	Fishtown
OWNERSHIP TYPE	Fee Simple

FINANCIAL SUMMARY

OFFERING PRICE	\$4,200,000
NOI (PROFORMA)	\$545,669

PROPOSED FINANCING

LOAN TYPE	Fully Amortized
DOWN PAYMENT	\$1,050,000
LOAN AMOUNT	\$3,150,000
INTEREST RATE	4.50 %
ANNUAL DEBT SERVICE	\$210,093
LOAN TO VALUE	75 %
AMORTIZATION PERIOD	25 Years

DEMOGRAPHICS	1 MILE	3 MILE	5 MILE
2019 Population	44,868	336,949	974,773
2019 Median HH Income	\$38,067	\$28,714	\$37,417
2019 Average HH Income	\$56,429	\$54,903	\$65,034

The offering is an opportunity to acquire an industrial warehouse located in a Federal Opportunity Zone that is now being used as a glass and mirror manufacturer. The building is free-span with no pillars currently in place providing a flexible footprint to redesign.

This property is easily accessible to major roads and highways. Current zoning allows for a height of 38ft though with other proven redevelopments in the area were permitted a variance for greater height should be a consideration. With current zoning, it is believed that a developer can amass between 25-30 residential apartments, a commercial space consisting of no less than 5,000rsf, 8 on-street parking spaces, and a minimum of 12 off-street covered parking spaces.

The current owner is also the operator of the business located at the property. The seller would consider offers with zoning contingencies and would require at minimum a 6-month leaseback which provides even greater incentive for a developer to seek out a variance while collecting cash flow.

FORBES Magazine

"Home values here have nearly tripled since the Great Recession. Most single-family houses have an accepted offer in less than four weeks. Many sell in bidding wars. The current sale to list ratio is a scorching 98.8%, going toe to toe with Williamsburg (Brooklyn) and Washington, D.C. "

<https://www.forbes.com/sites/petertaylor/2018/05/02/how-fishtown-philadelphia-became-americas-hottest-new-neighborhood/#4eb2cce332e5>

PHILLY VOICE

- The percentage of residents in professional occupations in Fishtown increased from 30 percent in 2000 to 52 percent in 2014.

- The share of residents with at least a bachelor's degree more than tripled in one Fishtown tract and more than doubled in the other.

- Home prices started to rise in the middle of the past decade and, as was the case in many gentrified neighborhoods, did not decline during the Great Recession.

<https://www.phillyvoice.com/fishtown-named-one-coolest-hipster-neighborhoods-country/>

Unit Mix	# Units	Square Feet	Current Rent	Actual		Market Rent	Market	
				Rent PSF	Monthly Income		Market Rent PSF	Market Income
1 bd + 1 ba	28	600	\$1,650	\$2.75	\$46,200	\$1,650	\$2.75	\$46,200
Totals/Averages	28	600	\$1,650	\$2.75	\$46,200	\$1,650	\$2.75	\$46,200

Unit Mix Summary



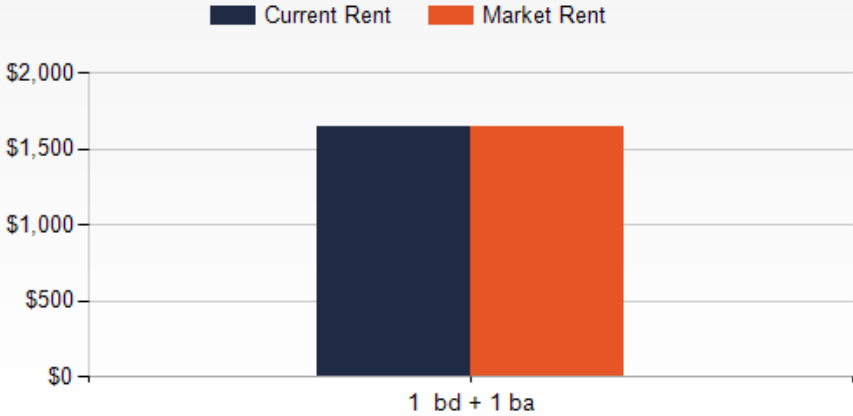
Unit Mix SF



Unit Mix Revenue



Actual vs. Market Revenue



The federal tax bill passed at the end of December 2017 enables the governor to designate certain census tracts as Opportunity Zones. Investments made by individuals through special funds in these zones would be allowed to defer or eliminate federal taxes on capital gains.

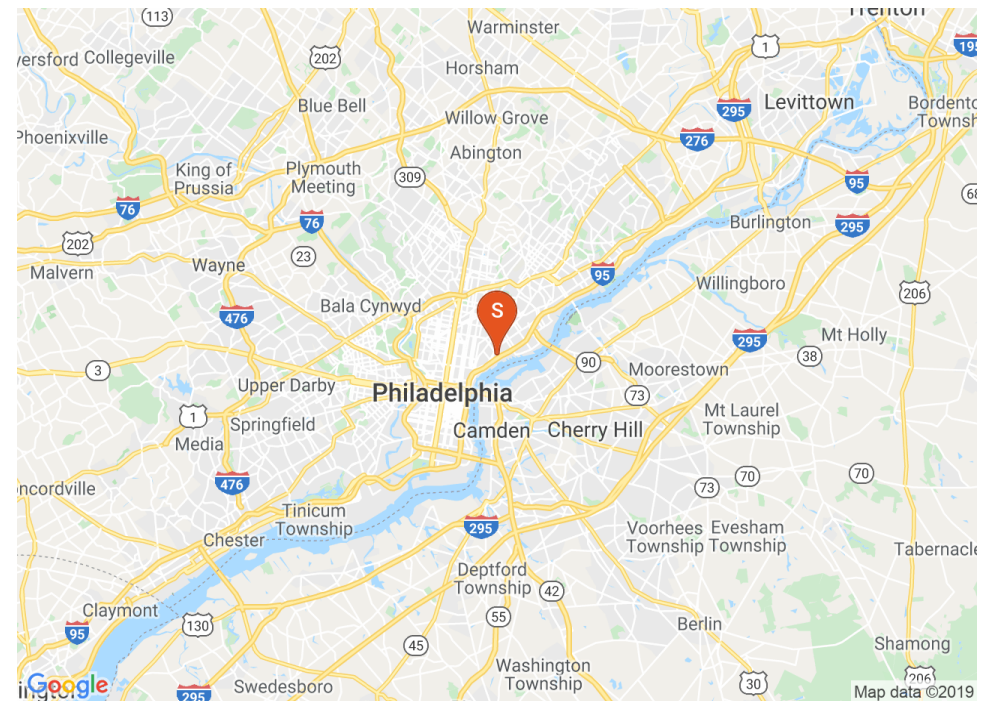
Opportunity Zones are designed to spur economic development by providing tax benefits to investors. First, investors can defer tax on any prior gains invested in a Qualified Opportunity Fund (QOF) until the earlier of the date on which the investment in a QOF is sold or exchanged, or December 31, 2026. If the QOF investment is held for longer than 5 years, there is a 10% exclusion of the deferred gain. If held for more than 7 years, the 10% becomes 15%. Second, if the investor holds the investment in the Opportunity Fund for at least ten years, the investor is eligible for an increase in basis of the QOF investment equal to its fair market value on the date that the QOF investment is sold or exchanged.

Neighboring business Rite Aid, Wawa, CVS, Arbys, Cold Stone Creamery and other new retail businesses located in the current development projects on E. Lehigh Ave.

Major developments projects in the area are underway including 278 residential units, 13,000-square feet of commercial space, and roof decks. The tallest of the buildings will reach 75 feet, and the projects include 132 parking spaces along with a pedestrian walkway that connects to two outdoor plazas.

Average Daily Traffic Counts on E. Lehigh are 4,418 and on I-95, within visibility from the highway, 174,389 daily.

Regional Map



Locator Map





02

Property Description

Property Features

Aerial Map

Parcel Map

Additional Maps

Property Images

2640 E LEHIGH AVE



Aramingo Square

Green Rock Tavern

Delaware Expressway

Industrial Spring Steel
Incorporated

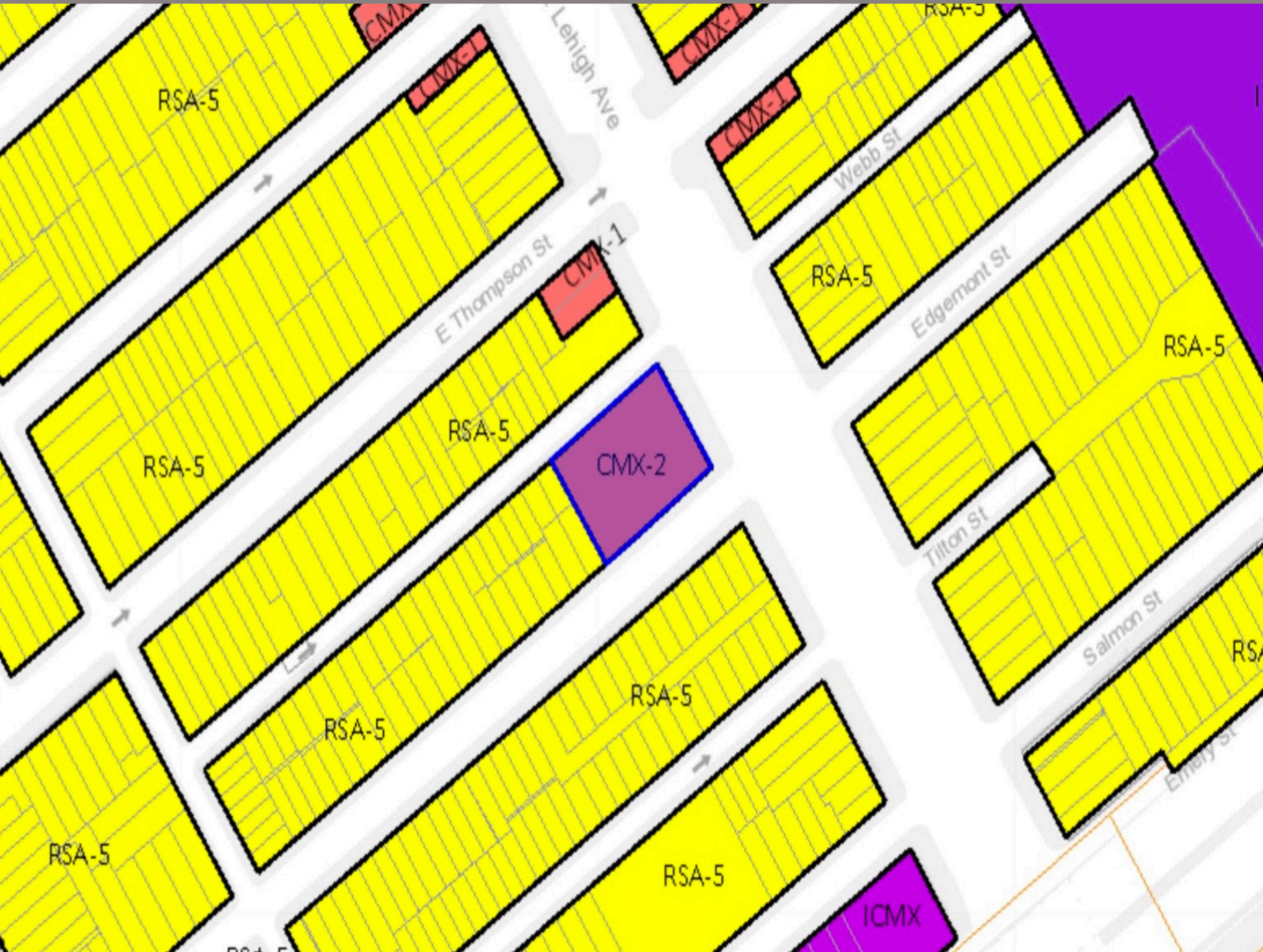
2640 E Lehigh Ave

Stocks Bakery

Doeys

H&G Sign







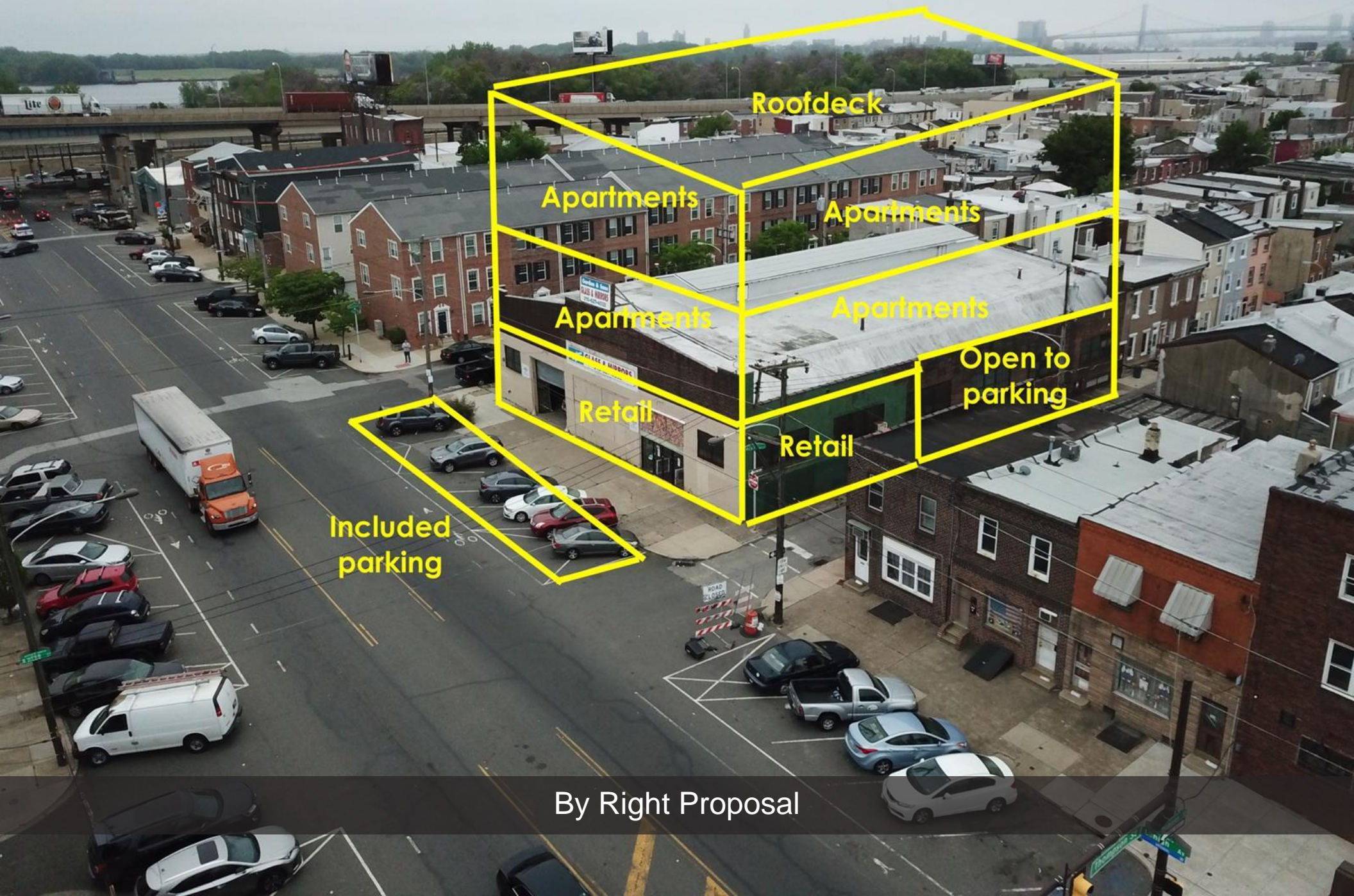
Render 1



Render 2



Render 3



By Right Proposal



Aerial 1



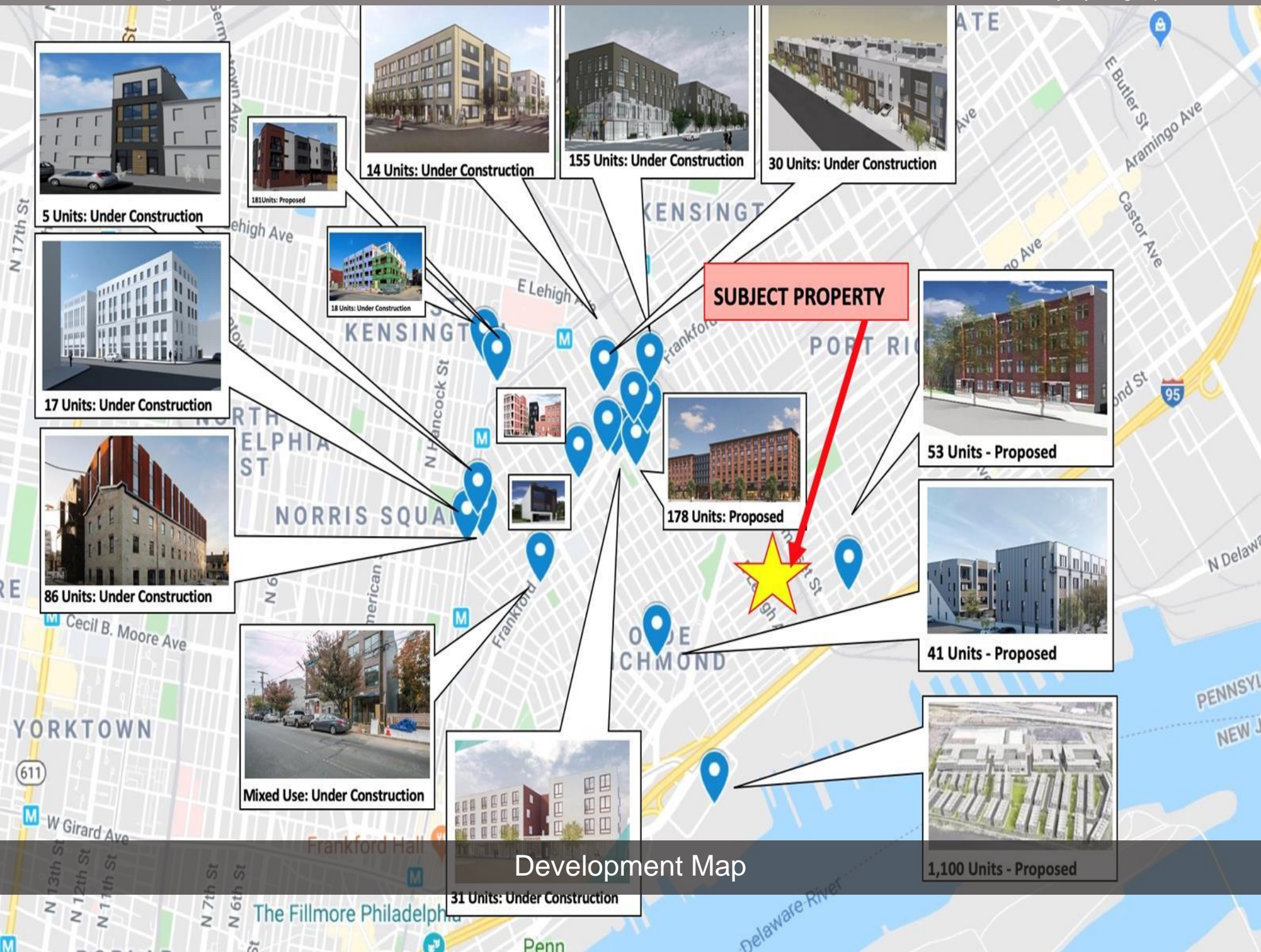
Aerial 2



Aerial 3



Aerial 4



Development Map

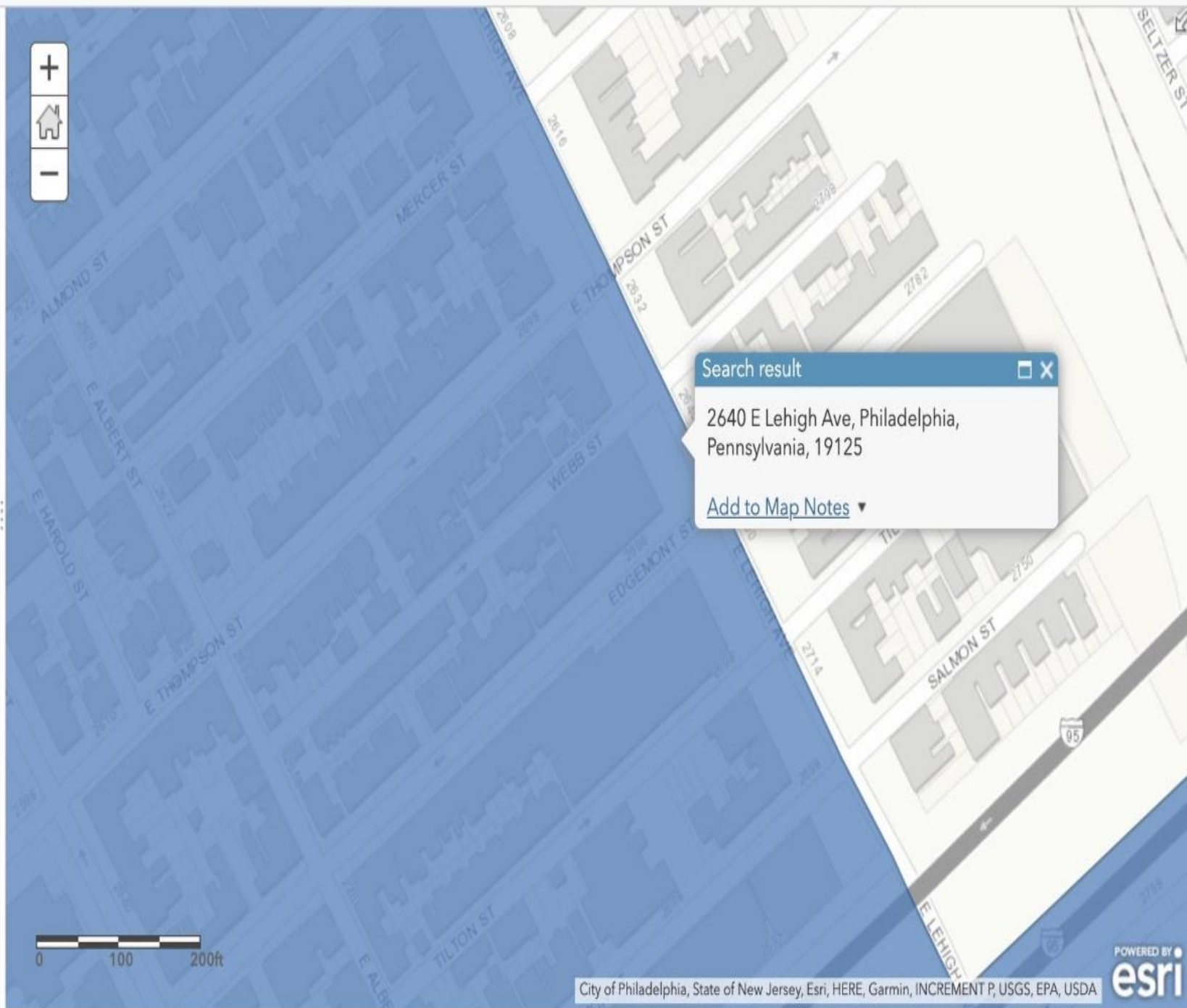
[Details](#) | [Basemap](#)[Share](#) [Print](#) ▾ [Measure](#)

2640 E Lehigh Ave, Philadelphia, PA, 19125, USA



Legend

PA Federal Opportunity Zones



Search result

2640 E Lehigh Ave, Philadelphia,
Pennsylvania, 19125[Add to Map Notes](#) ▾

0 100 200ft



$$\begin{pmatrix} \sum_{i=1}^N x_{i,1} y_i \\ \vdots \\ \sum_{i=1}^N x_{i,j} y_i \\ \vdots \\ \sum_{i=1}^N x_{i,K} y_i \end{pmatrix} = \begin{pmatrix} \sum_{i=1}^N x_{i,1} \sum_{j=1}^K x_{i,j} \hat{\beta}_j \\ \vdots \\ \sum_{i=1}^N x_{i,j} \sum_{j=1}^K x_{i,j} \hat{\beta}_j \\ \vdots \\ \sum_{i=1}^N x_{i,K} \sum_{j=1}^K x_{i,j} \hat{\beta}_j \end{pmatrix}$$

$$\begin{pmatrix} p_1 D_1 & \dots & p_1 E_1 \\ p_1 D_1 & \dots & p_1 E_1 \\ p_1 D_1 & \dots & p_1 E_1 \\ p_1 D_1 & \dots & p_1 E_1 \end{pmatrix} = \begin{pmatrix} p_1 D_1 & \dots & p_1 E_1 \\ p_1 D_1 & \dots & p_1 E_1 \\ p_1 D_1 & \dots & p_1 E_1 \\ p_1 D_1 & \dots & p_1 E_1 \end{pmatrix}$$

$$E(Y | X = x) = \Lambda(x\beta_0) = \frac{e^{x\beta_0}}{1 + e^{x\beta_0}} = \frac{1}{1 + e^{-x\beta_0}}$$

$$\frac{\partial^2}{\partial x \partial y} \left(\frac{p_x}{p_y} \right) = \frac{p_x}{p_y} \frac{\partial^2}{\partial x \partial y} (p_x - p_y) \geq 0 \Leftrightarrow p_x \geq p_y$$

$$f(y_1, \dots, y_{10}; \theta) = \prod_{i=1}^{10} \frac{e^{-\theta} \theta^{y_i}}{y_i!};$$

$$\left[\left(\sum_{i=1}^N x_{i,1} \right) \left(\sum_{i=1}^N x_{i,2} \right) - \left(\sum_{i=1}^N x_{i,1} \right) \left(\sum_{i=1}^N x_{i,2} \right) \right] + \left(\sum_{i=1}^N x_{i,1} \right) \left(\sum_{i=1}^N x_{i,2} \right) \left(\sum_{i=1}^N x_{i,2} \right)$$

$$\left(\sum_{i=1}^N x_{i,1}^2 \right) + 2 \left(\sum_{i=1}^N x_{i,1} \right) \left(\sum_{i=1}^N x_{i,2} \right) \left(\sum_{i=1}^N x_{i,2} \right) - \left(\sum_{i=1}^N x_{i,2} \right)^2 \left(\sum_{i=1}^N x_{i,1}^2 \right) - \left(\sum_{i=1}^N x_{i,1} \right)^2 \left(\sum_{i=1}^N x_{i,2}^2 \right) - N \left(\sum_{i=1}^N x_{i,1} x_{i,2} \right)^2$$

$$I = E_X \left[\int_{-\infty}^{\infty} y \frac{f(y, x)}{f_X(x)} dy \right] = \int_{-\infty}^{\infty} \int_{-\infty}^{\infty} y \frac{f(y, x)}{f_X(x)} f_X(x) dy dx = \int_{-\infty}^{\infty} \int_{-\infty}^{\infty} y f(y, x) dy dx = \int_{-\infty}^{\infty} y \left[\int_{-\infty}^{\infty} f(y, x) dx \right] dy = \int_{-\infty}^{\infty} y f(y) dy = E(Y)$$

x_c
 $x^* > 0$
(Import)

$$Cov_N(\hat{u}_{Nj}, \hat{y}_{Nj}) = \frac{1}{N-1} \sum_{i=1}^N \hat{u}_{Nj} (y_{Nj} - \bar{y}_N)$$

$$= \frac{1}{N-1} \sum_{i=1}^N (y_i - \bar{y}_N - x_i \hat{\beta}_N) (x_i \hat{\beta}_N - \bar{x}_N \hat{\beta}_N)$$

$$= \frac{1}{N-1} \sum_{i=1}^N (y_i - \bar{y}_N + \bar{x}_N \hat{\beta}_N - x_i \hat{\beta}_N) (x_i - \bar{x}_N) \hat{\beta}_N$$

$$= \hat{\beta}_N \cdot \frac{1}{N-1} \sum_{i=1}^N [(y_i - \bar{y}_N) - (x_i - \bar{x}_N) \hat{\beta}_N] (x_i - \bar{x}_N)$$

$$= \hat{\beta}_N \cdot \left[\frac{1}{N-1} \sum_{i=1}^N (y_i - \bar{y}_N) (x_i - \bar{x}_N) - \hat{\beta}_N \cdot \frac{1}{N-1} \sum_{i=1}^N (x_i - \bar{x}_N)^2 \right]$$

03

Financial Analysis

$$2640 \text{ Proforma } \frac{r_{111}}{R(2)} = \frac{2 \cdot \text{Var}(r_{111}) + 2 \cdot \text{Cov}(r_{111}, r_{112})}{2 \cdot \text{Var}(r_{111})} \quad R(2) = 1 + \rho(1)$$

$$sk_N = \frac{\frac{1}{N} \sum_{i=1}^N \hat{u}_{i,N}^3}{(\hat{\sigma}_N^2)^{3/2}}; \quad k_N = \frac{\frac{1}{N} \sum_{i=1}^N \hat{u}_{i,N}^4}{(\hat{\sigma}_N^2)^2}$$

2640 ELEHIGH AVE

PROFORMA INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Multi-Family Revenue	\$554,400	\$571,032	\$588,163	\$605,808	\$623,982	\$642,702	\$661,983	\$681,842	\$702,297	\$723,366
Commercial Revenue	\$125,004	\$128,754	\$132,617	\$136,595	\$140,693	\$144,914	\$149,261	\$153,739	\$158,351	\$163,102
CAM Revenue	\$30,000	\$30,000	\$30,900	\$31,827	\$32,782	\$33,765	\$34,778	\$35,822	\$36,896	\$38,003
Gross Potential Income	\$709,404	\$729,786	\$751,680	\$774,230	\$797,457	\$821,381	\$846,022	\$871,403	\$897,545	\$924,471
Vacancy & Collection Loss	\$27,720	\$28,552	\$29,408	\$30,290	\$31,199	\$32,135	\$33,099	\$34,092	\$35,115	\$36,168
Effective Gross Income	\$681,684	\$701,234	\$722,272	\$743,940	\$766,258	\$789,246	\$812,923	\$837,311	\$862,430	\$888,303
PROFORMA EXPENSES										
Real Estate Taxes	\$62,991	\$62,991	\$63,936	\$64,895	\$65,868	\$66,856	\$67,859	\$68,877	\$69,910	\$70,959
Insurance	\$10,000	\$10,000	\$10,150	\$10,302	\$10,457	\$10,614	\$10,773	\$10,934	\$11,098	\$11,265
Common Area Maintenance	\$3,000	\$3,000	\$3,045	\$3,091	\$3,137	\$3,184	\$3,232	\$3,280	\$3,330	\$3,379
Management Fee	\$34,084	\$35,062	\$37,584	\$38,711	\$39,873	\$41,069	\$42,301	\$43,570	\$44,877	\$46,224
Repairs & Maintenance	\$7,000	\$7,000	\$7,105	\$7,212	\$7,320	\$7,430	\$7,541	\$7,654	\$7,769	\$7,885
Water / Sewer (SubMetered)	\$100	\$100	\$102	\$103	\$105	\$106	\$108	\$109	\$111	\$113
Electric (Submetered)	\$500	\$500	\$508	\$515	\$523	\$531	\$539	\$547	\$555	\$563
Trash	\$4,200	\$4,200	\$4,263	\$4,327	\$4,392	\$4,458	\$4,525	\$4,592	\$4,661	\$4,731
Landscaping	\$1,500	\$1,500	\$1,523	\$1,545	\$1,569	\$1,592	\$1,616	\$1,640	\$1,665	\$1,690
Fire	\$1,320	\$1,320	\$1,340	\$1,360	\$1,380	\$1,401	\$1,422	\$1,443	\$1,465	\$1,487
Licenses	\$1,320	\$1,320	\$1,340	\$1,360	\$1,380	\$1,401	\$1,422	\$1,443	\$1,465	\$1,487
Other Expenses	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Total Operating Expense	\$136,015	\$136,993	\$140,896	\$143,421	\$146,004	\$148,642	\$151,338	\$154,089	\$156,906	\$159,783
Net Operating Income	\$545,669	\$564,241	\$581,376	\$600,519	\$620,254	\$640,604	\$661,585	\$683,222	\$705,524	\$728,520
Annual Debt Service	\$210,093	\$210,093	\$210,093	\$210,093	\$210,093	\$210,093	\$210,093	\$210,093	\$210,093	\$210,093
Cash Flow	\$335,575	\$354,149	\$400,692	\$420,715	\$441,360	\$462,646	\$484,592	\$507,218	\$530,545	\$554,595



04

Demographics

Demographic Details

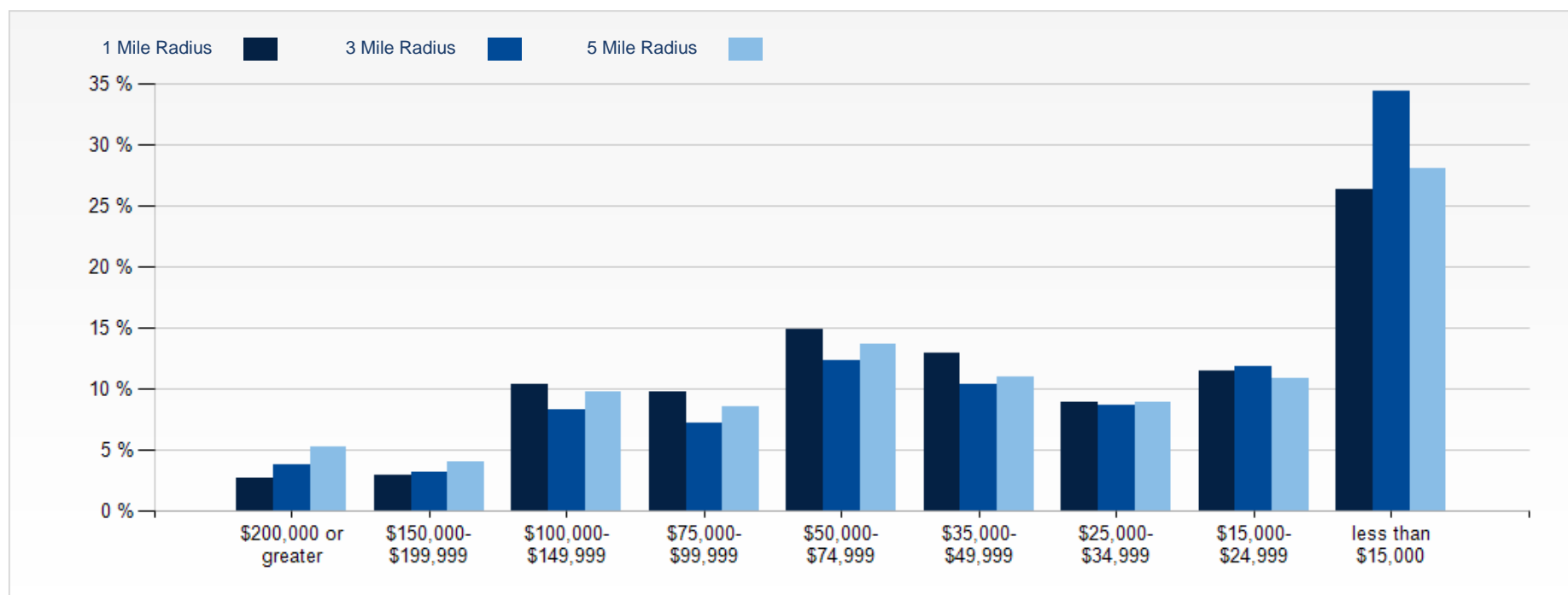
Demographic Charts

2640 E LEHIGH AVE

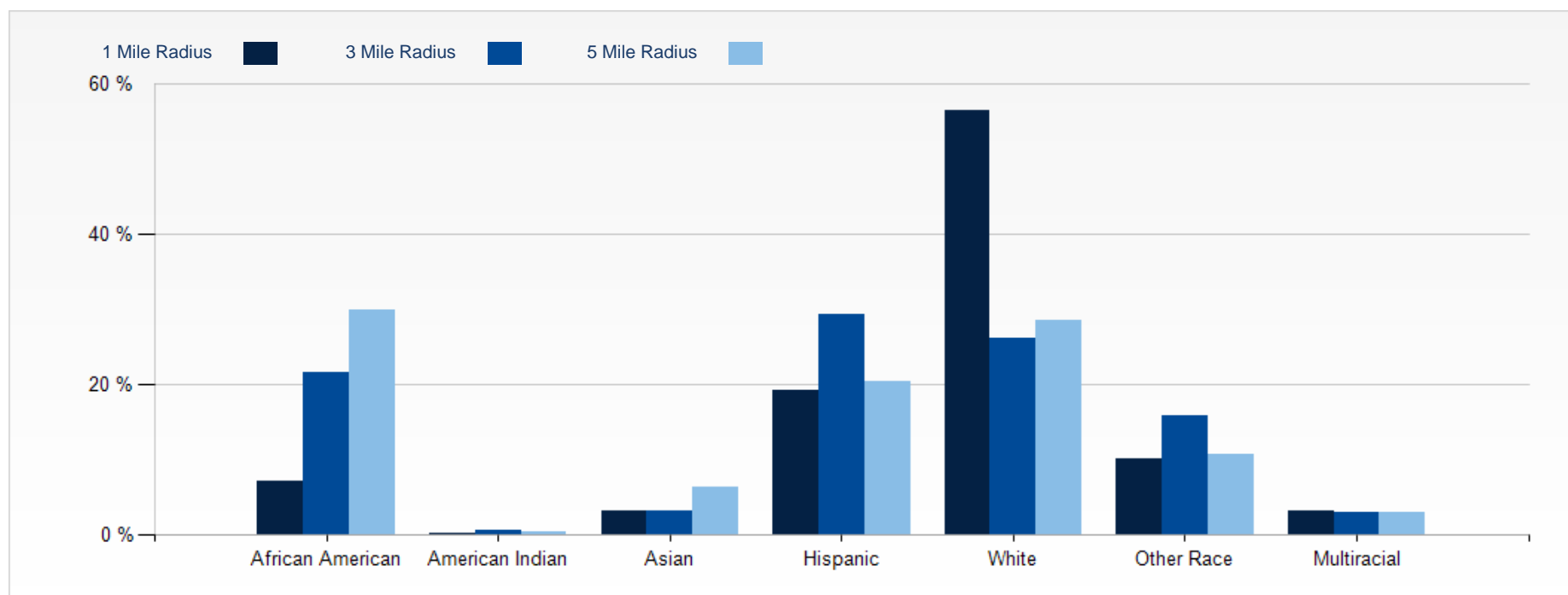
POPULATION	1 MILE	3 MILE	5 MILE
2000 Population	41,103	301,464	905,326
2010 Population	40,972	314,228	921,729
2019 Population	44,868	336,949	974,773
2024 Population	46,538	348,129	1,000,659
2019 African American	4,011	102,786	367,917
2019 American Indian	207	3,550	6,183
2019 Asian	1,808	15,215	78,631
2019 Hispanic	10,737	139,894	252,112
2019 White	31,411	125,272	351,188
2019 Other Race	5,628	75,429	131,795
2019 Multiracial	1,772	14,468	38,387
2019-2024: Population: Growth Rate	3.65 %	3.25 %	2.65 %
2019 HOUSEHOLD INCOME	1 MILE	3 MILE	5 MILE
less than \$15,000	4,593	40,970	104,068
\$15,000-\$24,999	1,994	14,142	40,455
\$25,000-\$34,999	1,540	10,247	32,927
\$35,000-\$49,999	2,251	12,378	40,807
\$50,000-\$74,999	2,589	14,627	50,885
\$75,000-\$99,999	1,691	8,515	31,744
\$100,000-\$149,999	1,802	9,902	36,363
\$150,000-\$199,999	498	3,765	14,902
\$200,000 or greater	471	4,549	19,530
Median HH Income	\$38,067	\$28,714	\$37,417
Average HH Income	\$56,429	\$54,903	\$65,034

HOUSEHOLDS	1 MILE	3 MILE	5 MILE
2000 Total Housing	17,780	123,433	390,403
2010 Total Households	16,032	110,469	350,982
2019 Total Households	17,429	119,094	371,689
2024 Total Households	18,012	123,596	382,196
2019 Average Household Size	2.56	2.69	2.52
2000 Owner Occupied Housing	10,826	56,385	189,546
2000 Renter Occupied Housing	4,483	46,501	149,140
2019 Owner Occupied Housing	9,246	49,792	163,400
2019 Renter Occupied Housing	8,183	69,302	208,290
2019 Vacant Housing	1,779	15,779	46,147
2019 Total Housing	19,208	134,873	417,836
2024 Owner Occupied Housing	9,464	50,480	164,815
2024 Renter Occupied Housing	8,549	73,116	217,381
2024 Vacant Housing	1,666	15,453	45,745
2024 Total Housing	19,678	139,049	427,941
2019-2024: Households: Growth Rate	3.30 %	3.70 %	2.80 %

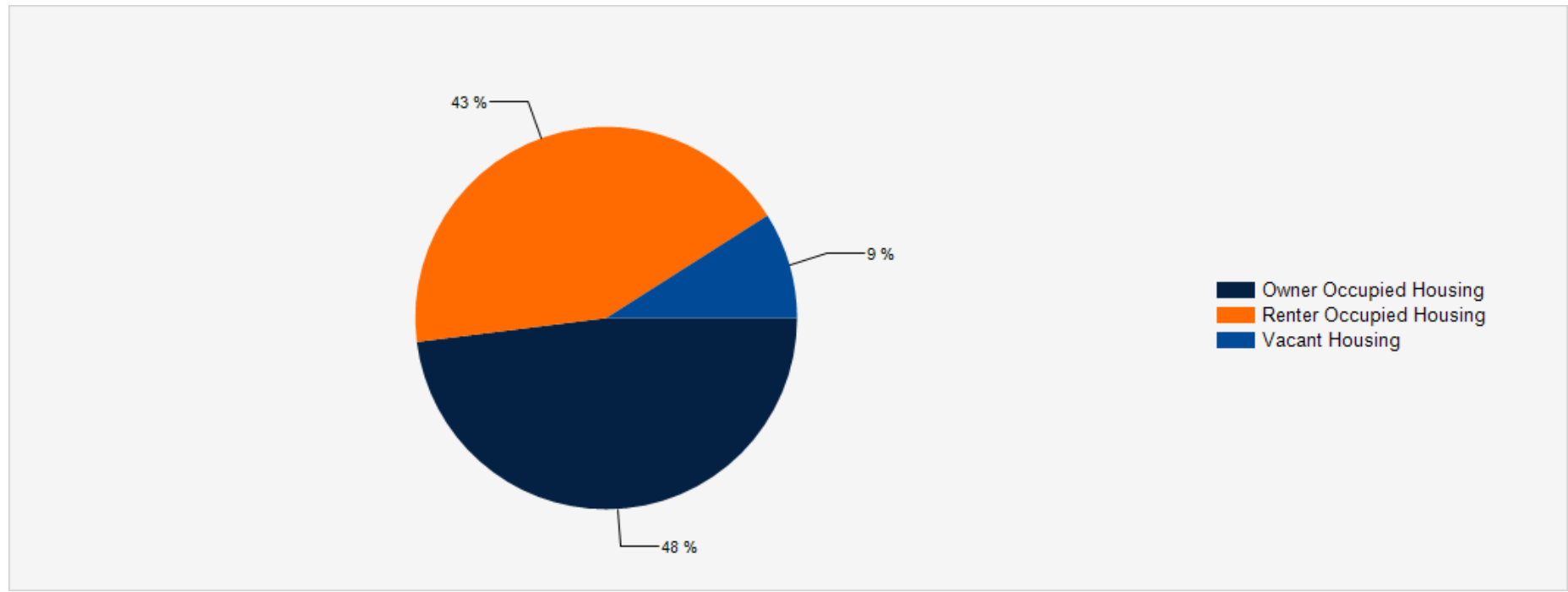
2019 Household Income



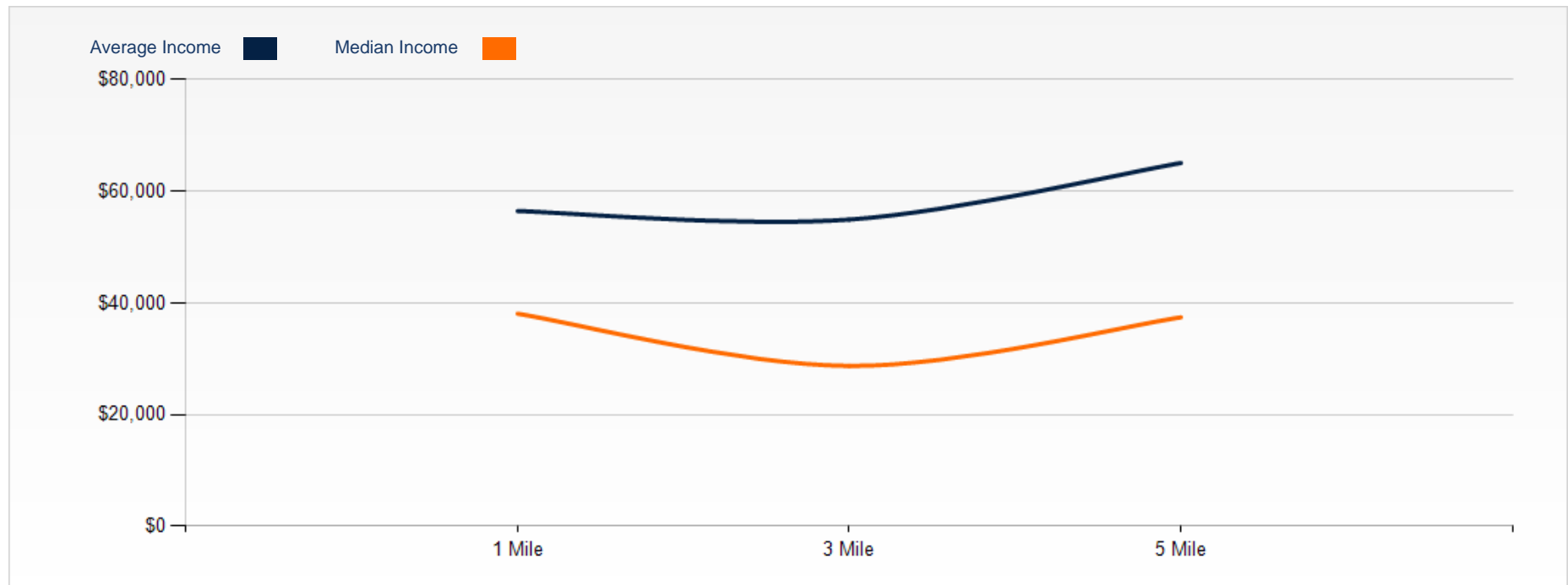
2019 Population by Race



2019 Household Occupancy - 1 Mile Radius



2019 Household Income Average and Median



2640 E Lehigh Ave

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The information contained in this offering memorandum has been obtained from sources we believe reliable; however, CCL Commercial / KW Philly has not verified, and will not verify, any of the information contained herein, nor has CCL Commercial / KW Philly 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. Prospective buyers shall be responsible for their costs and expenses of investigating the subject property.

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