

For Sale

Multifamily Conversion Opportunity

22,528 SF | \$3,200,000



Offering Memorandum

The Lodge

405 Chickamauga Drive, Dayton, TN 37321



For Sale

Multifamily Conversion Opportunity

22,528 SF | \$3,200,000

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Section 1

Property Information



Executive Summary



SALE PRICE:	\$3,200,000
NUMBER OF UNITS:	26 + Phase 2 Land
CAP RATE:	10.0%
NOI:	\$296,588 - Proforma
LOT SIZE:	2.17 Acres
BUILDING SIZE:	22,528 SF
YEAR BUILT:	2021
ZONING:	Commercial - Hospitality
MARKET:	Dayton
CROSS STREETS:	Rhea County Highway

Property Overview

Presenting an exceptional opportunity for workforce housing investment in Dayton, TN. This 22,528 SF property, originally built in 2021 as a hotel, offers 26 units and is zoned for commercial-hospitality use. Positioned for conversion to multifamily workforce housing, this property presents an ideal prospect for investors seeking to repurpose hotel space. With its efficient layout and design, this property is well-suited for meeting the demand for affordable workforce housing in the Dayton area. The garages offer an additional sense of security and storage for the residents. Investors looking to make a meaningful impact in the community by converting hotel space into workforce housing will find this property a compelling and promising opportunity.

The Seller will credit estimated conversion costs to the Buyer at closing.

The sale price includes an allocation of \$300,000 for the adjacent 1.4-acre parcel and all construction plans for Phase II of the development. If constructed according to plan, it would allow an investor to add 26 units. If desired, plans can be modified to include more units and/or garages.

Property Description



Property Overview

Presenting an exceptional opportunity for workforce housing investment in Dayton, TN. This 22,528 SF property, originally built in 2021 as a hotel, offers 26 units and is zoned for commercial-hospitality use. Positioned for conversion to multifamily workforce housing, this property presents an ideal prospect for investors seeking to repurpose hotel space. With its spacious layout and modern design, this property is well-suited for meeting the demand for affordable workforce housing in the Dayton area. Investors looking to make a meaningful impact in the community through the conversion of hotel space into workforce housing will find this property to be a compelling and promising opportunity.

The sale includes the adjacent 1.4-acre parcel and all construction plans for Phase II of the development. It would allow an investor to add 26 units if constructed according to plan. If desired, plans can be modified to include more units and/or garages.

Location Overview

Situated in the heart of Dayton, TN, the surrounding area of the property offers a delightful mix of natural beauty and modern amenities. Just a short distance from the scenic Chickamauga Lake, residents can enjoy an array of waterside activities, including fishing and boating. The historic downtown district is close by, providing a charming selection of local shops, eateries, and cultural attractions. For workforce housing operators, the property's close proximity to employers, major highways, and transportation centers makes it an ideal location for residential living. With its blend of scenic vistas and urban conveniences, this area presents a compelling opportunity for investment.

Property Details

PROPERTY NAME:	The Lodge
PROPERTY ADDRESS:	405 Chickamauga Drive Dayton, TN 37321
APN:	090P C 008.00 and 090P C 007.00
LOT SIZE:	2.17 Acres
BUILDING SIZE:	22,528 SF
ZONING:	Commercial - Hospitality
CROSS STREETS:	Rhea County Highway
YEAR BUILT:	2021
AVERAGE FLOOR SIZE:	11264
NUMBER OF UNITS:	26



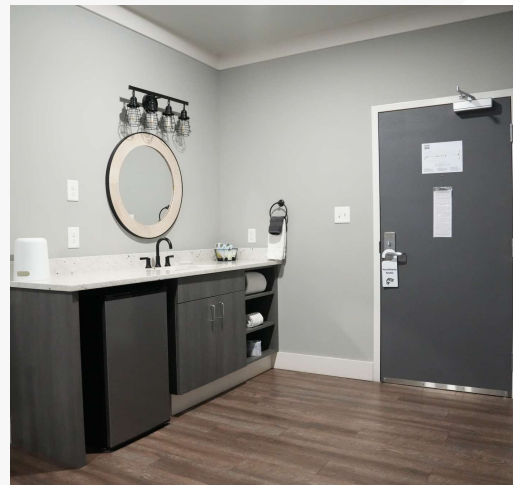
Complete Highlights

Sale Highlights

- 22,528 SF newly built property
- 26 modern units
- Zoned for Commercial - Hospitality use
- Ideal for conversion to workforce housing
- Adjacent parcel zoned and entitled for additional units
- Dayton has a high demand for quality workforce accommodations
- Versatile property for multifamily real estate investors
- Garages allow for secure storage of vehicles, tools, etc.



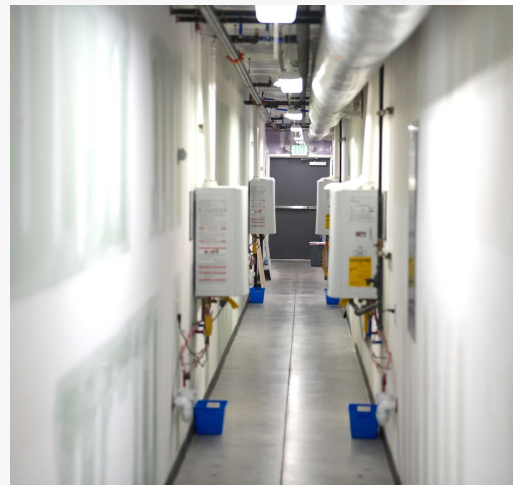
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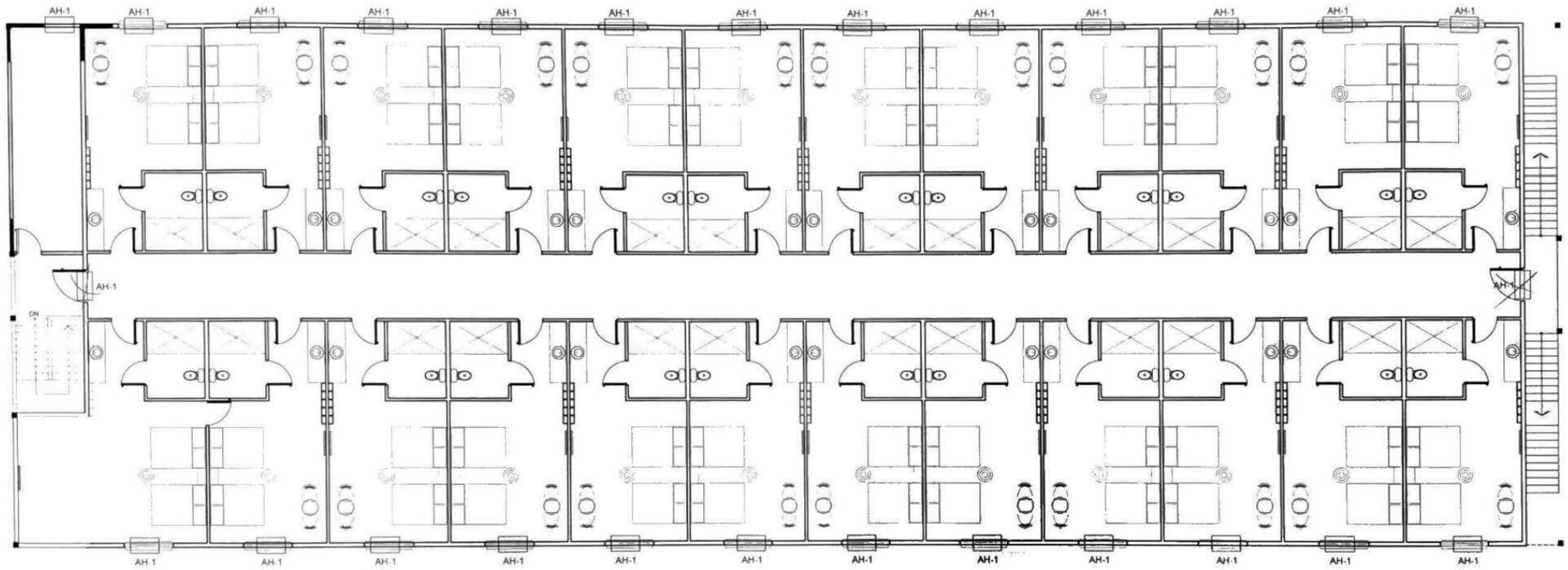
Additional Photos



Additional Photos



Floor Plan



Phase II Site

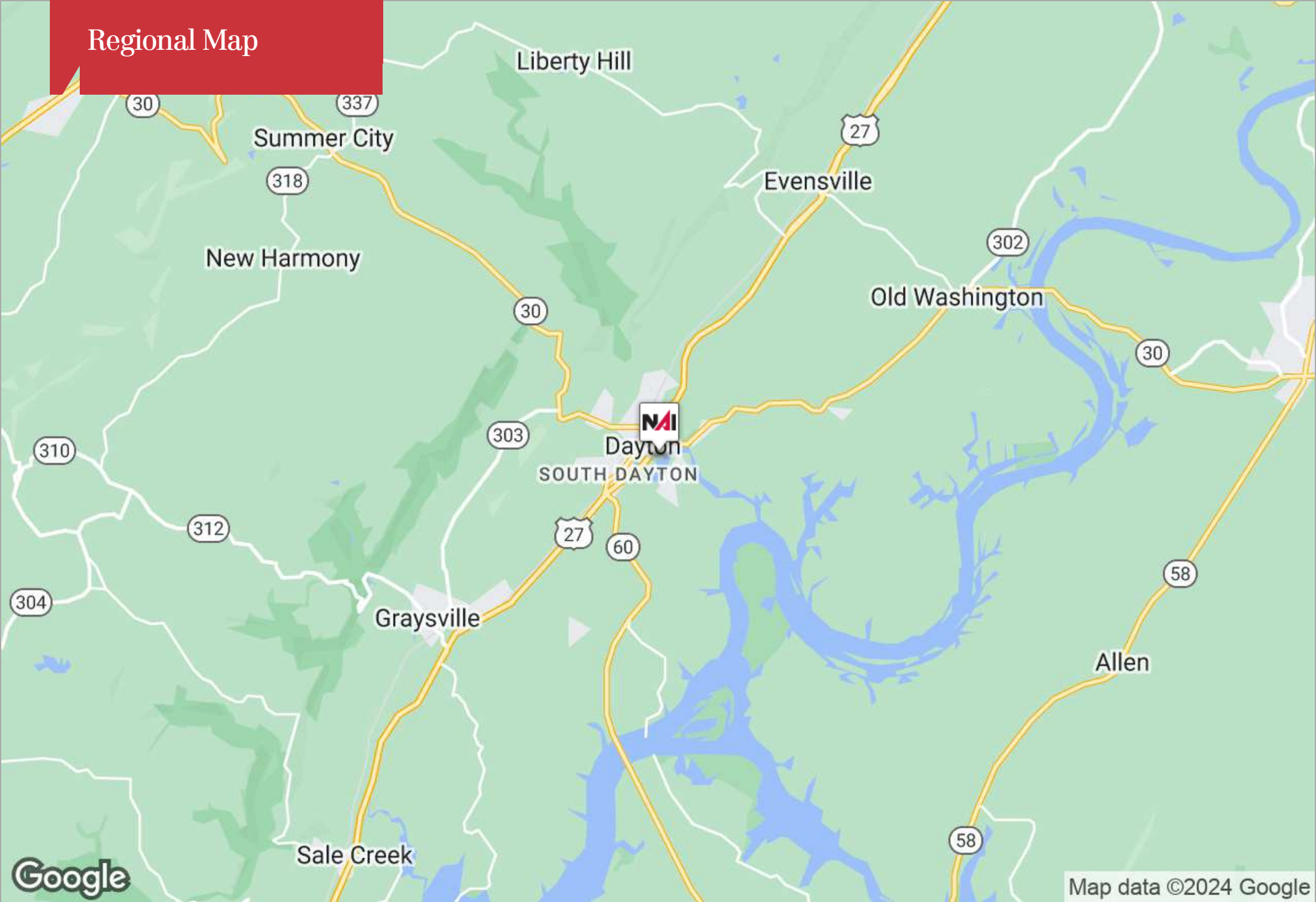


Section 2

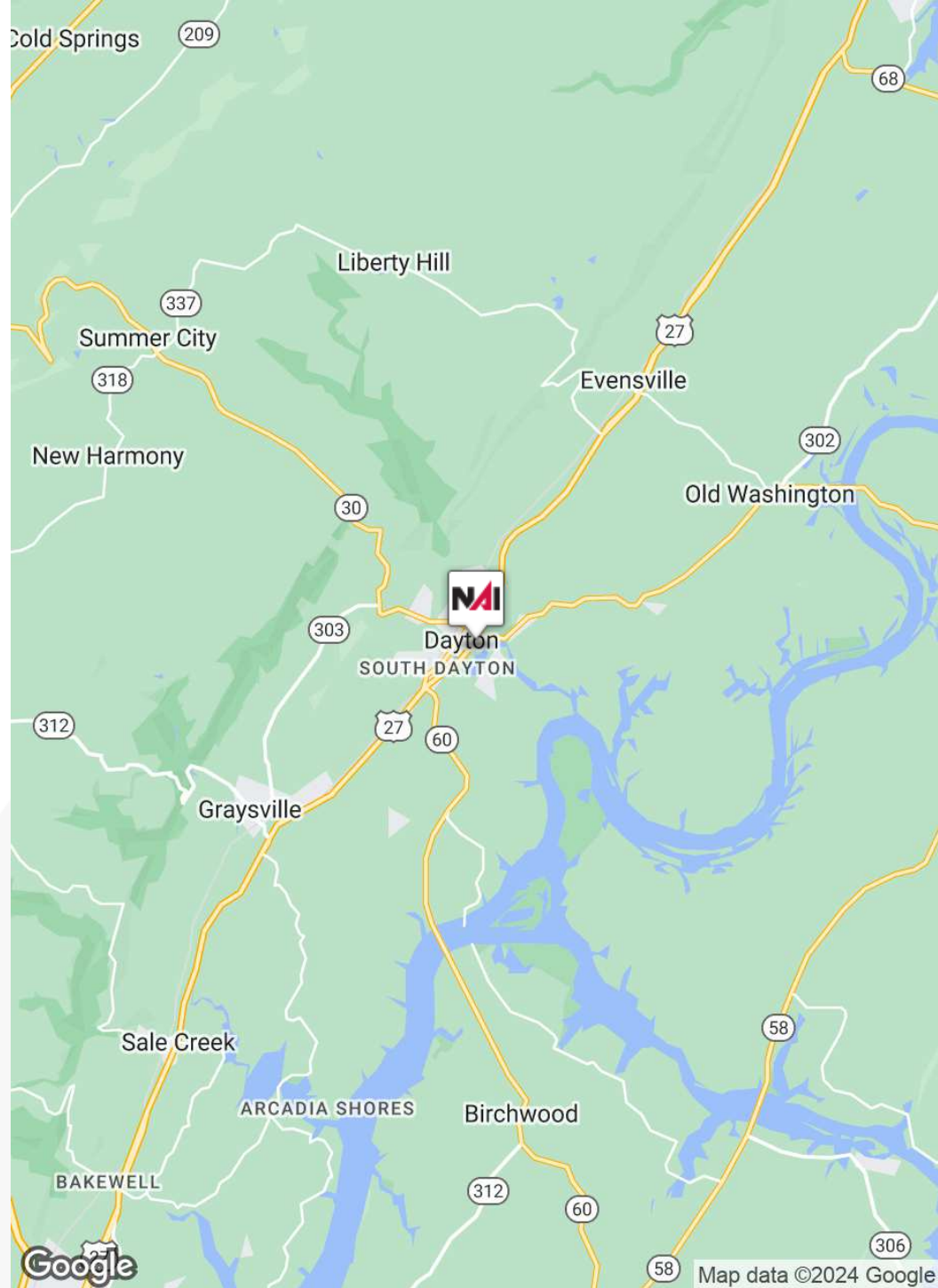
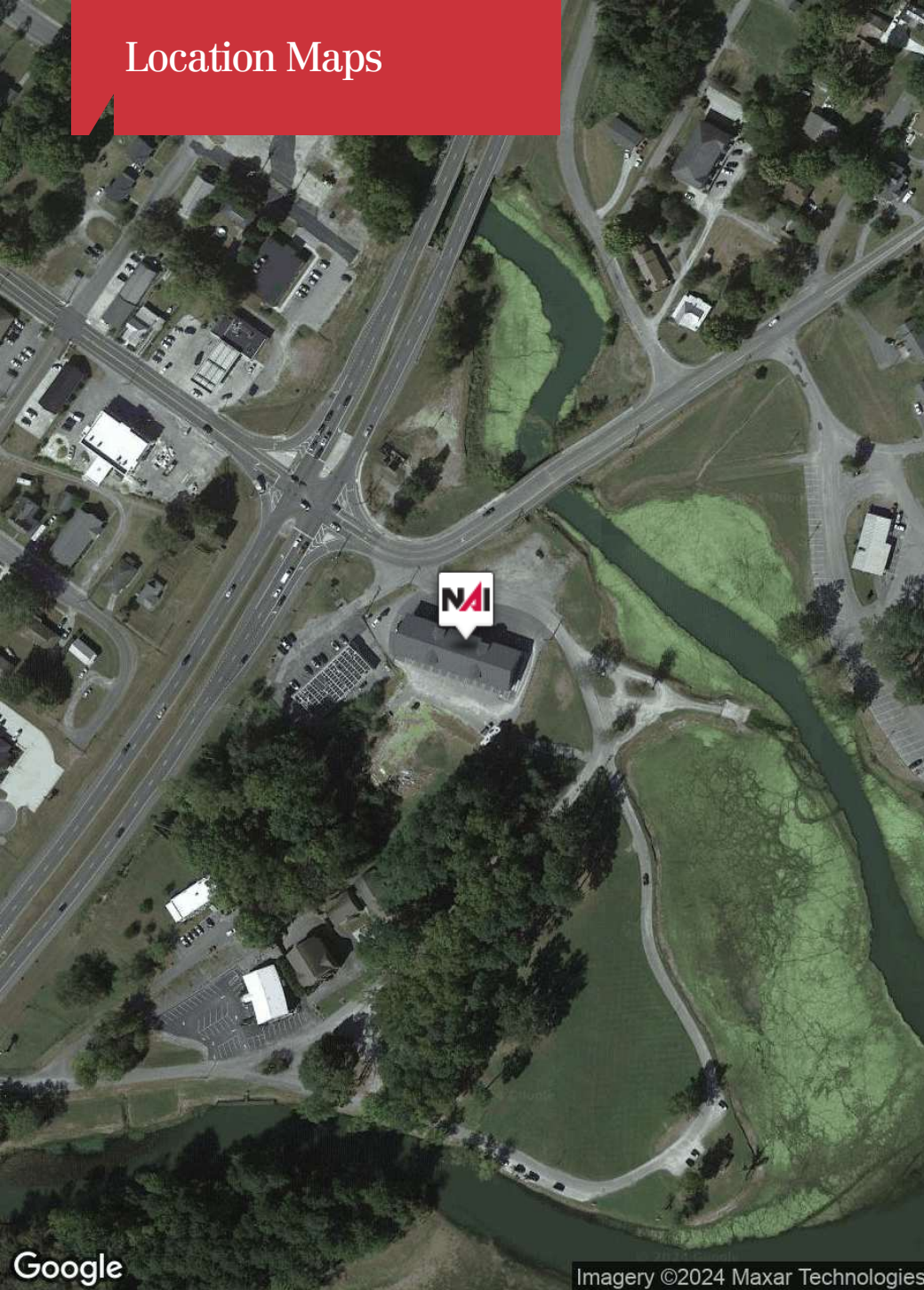
Location Information



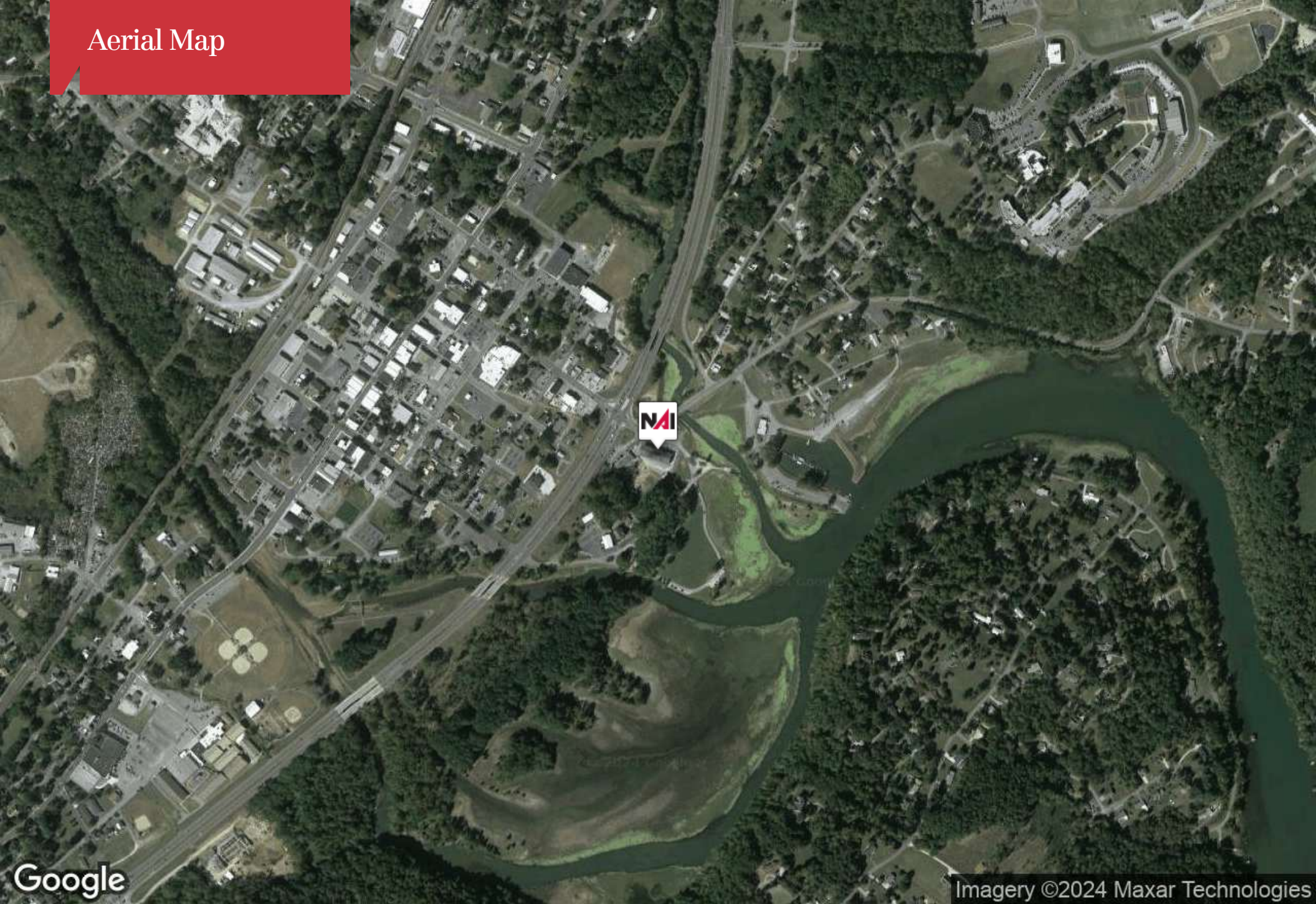
Regional Map



Location Maps



Aerial Map



Google

Imagery ©2024 Maxar Technologies

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in



Dayton, TN

Rhea County provides safe, small-town living near many diverse shopping, dining, cultural, and entertainment opportunities. Dayton is a city in and the county seat of Rhea County. Dayton is conveniently located 30 miles north of Chattanooga, 70 miles south of Knoxville, and 110 miles east of Nashville. Within a 45-minute drive, a million people reside where Rhea County employers draw labor from. Tennessee Department of Transportation reports that over 33,000 people travel to Rhea County daily for work, with average commutes between thirty and forty-five minutes.

With over forty-one industrial and manufacturing employers such as Nokian Tyres, Robinson Manufacturing Company, Woodmack Products, and Dayton Plastics, the demand for workforce housing in Rhea County continues to remain unsatisfied. Very few affordable rentals are available for area employees, which causes employers to draw from surrounding areas, sometimes requiring a 45-minute or greater drive to and from work each day.

City Highlights

- Low Property Taxes
- Low Cost of Living
- Industrial/Manufacturing Based Community
- Convenient Location for both Rail and Highway

Nokian Tyres announces Dayton Factory Expansion, Creation of 75 Additional Jobs

DAYTON, TN — In 2018, Finnish tire company Nokian Tyres announced they would invest \$360 million to build a new manufacturing facility in Dayton, creating 400 new jobs. The 830,000 SF facility was completed and in 2023, Nokian announced the construction of an additional 600,000 SF at its North American production site, as the company aims to double tire capacity at the award-winning facility. This expansion created an additional 75 jobs in the Dayton area. The expansion and warehouse are in line with Nokian Tyres' originally announced investment, which called for the facility to reach full capacity of as many as four million tires. The total value of the 75 new jobs and the originally planned capacity expansion and warehouse is approximately \$174 million.

When Nokian Tyres opened its North American factory in 2019, it committed to bring 400 jobs to Rhea County. As the company adds positions and equipment in pursuit of full capacity approaching four million tires per year, it is partnering with the state and community to raise that total number of employees to 475. Nokian strives to be an employer of choice in Southeast Tennessee, and that has been the focus since day one of operations in Dayton.

The 600,000-tire warehouse connected to the Dayton Factory is in line with the original investment plan. The facility will join the company's nine-warehouse network throughout the U.S. and Canada and will serve the growing volume of customers in the sun belt. The company plans to bring the warehouse online by mid-2024. The factory set production records with existing equipment in 2022, and the company has begun installing additional infrastructure inside the factory to meet its goal of producing up to four million tires per year – a milestone it plans to reach in 2024. The company makes all-season and all-weather tires at the facility, which is the epicenter of its growth plan in North America. The expansion will enable Nokian Tyres to add light truck tires to the Dayton Factory's product mix in 2024.

In its first three years of operations in Dayton, the company has earned recognition for its workplace culture, operations and sustainability. Nokian Tyres was the Chattanooga Regional Manufacturers Association's Company of the Year in 2021, and the company was the first in Rhea County to receive the prestigious Tennessee Governor's Environmental Stewardship Award. The Dayton Factory's production building is the only tire production facility in the world to possess LEED v4 Silver certification, and its LEED v4 Gold-certified administration building is fully powered by energy generated from onsite solar panels.



- Nokian Tyres opened its North American production facility in 2019 and began producing tires there for commercial use in January 2020
- The company currently employs approximately 350 workers at the Dayton Factory, a number it will grow to 475 by the end of 2024
- At full capacity, the Dayton Factory will produce as many as four million all-season and all-weather tires annually for sale in the North American market. The facility is scheduled to reach full capacity by 2024
- The new onsite tire storage warehouse will have capacity of 600,000 tires and will open in mid-2024
- The 830,000 square-foot facility includes a LEED v4 Gold-certified administration building, the only LEED v4 Silver-certified tire production building in the world, and a five-story mixing building where the company formulates rubber compounds for the tires it crafts in Dayton
- The Dayton Factory is part of a global production network that also includes Nokian Tyres' flagship facility in Nokia, Finland.

What is Workforce Housing and how can it help Dayton?

Dayton, Tennessee prides itself on the industrial growth that has fueled the city for decades. Home to the United States Headquarters of Nokian Tyres among other large industrial and manufacturing employers, Dayton has become an employment base for high-skilled workers.

Job growth in the Dayton area has remained consistent; however, the community faces the same critical issue that other similar industrial markets face – an enormous lack of affordable housing that is growing with each passing day.

Closing this gap and getting on track to meet the residential needs of the workforce will require innovation, a shift in development approach and collaboration amongst public/private partnerships. This can be accomplished through a variety of approaches.

What is “workforce housing”? Workforce housing is typically defined as affordable housing for those with incomes that are between 60 and 140% of the area median income. It is also sometimes referred to as middle-income or moderate-income housing. The term “workforce” refers to those that are employed but it does not usually include those who are the target of affordable housing programs.

One solution in Dayton is employer-supported workforce housing. This model involves major employers partnering with developers to build or convert existing buildings specifically for their employees. The employers typically co-invest in exchange for providing affordable workforce housing for their employees, to improve their recruitment and retention.

In addition to employer-supported housing, more traditional multifamily developers have the opportunity to either convert existing facilities or build new facilities that offer smaller, non-traditional housing opportunities for the industrial and manufacturing workforce.

The Lodge, with its existing 26 units and garages and land for Phase II, easily lends itself to a conversion to workforce housing. While it will not satisfy the growing need in Dayton, this opportunity will certainly pave the way for additional projects in the area.



Section 3

Financial Analysis



Conversion Financial Assumptions

The Lodge Multifamily/Workforce Housing Conversion Assumptions

PHASE I			
Income			
20 Units w/Garage (\$1200 per month)	\$	288,000.00	
5 Units w/out Garage (\$1000 per month)	\$	60,000.00	
1 Premium Unit (no garage) (\$1200 per month)	\$	14,400.00	
Utilities Charge (\$200 per month)	\$	60,000.00	
Additional Income (application fees, late fees, laundry, vending, etc.)	\$	5,000.00	
Total Potential Gross Income	\$	427,400.00	
Less 5% Vacancy	\$	(21,370.00)	
Potential Gross Income	\$	406,030.00	
Expenses			
Spectrum	\$	10,776.00	
Utilities	\$	22,200.00	
Pest Control	\$	2,700.00	
RE Taxes	\$	23,303.19	
Fire alarm inspection	\$	1,140.00	
Fire alarm service	\$	600.00	
Fire extinguisher inspection	\$	120.00	
Repairs/Maintenance (5%)	\$	20,301.50	
Management (5%)	\$	20,301.50	
Property Insurance	\$	8,000.00	
Total Estimated Expenses	\$	109,442.19	26.95%
Estimated NOI	\$	296,587.81	*

*Asking price includes \$300,000 for the Phase II lot and plans.

Estimated Phase I Conversion Costs**		Per Unit
Kitchen/Bath	\$	4,000.00
Locks	\$	125.00
Misc.	\$	100.00
Total Cost Per Unit	\$	4,225.00
Total Project Cost	\$	109,850.00

**Seller to provide a credit at closing for estimated conversion costs.

PHASE II (New Construction - with Garages)***			
Income			
22 Units w/Garage (\$1500 per month)	\$	396,000.00	
4 Units without Garage (\$1200 per month)	\$	57,600.00	
Utilities Charge (\$200 per month)	\$	62,400.00	
Additional Income (application fees, late fees, laundry, vending, etc.)	\$	5,000.00	
Total Potential Gross Income	\$	521,000.00	
Less 5% Vacancy	\$	(26,050.00)	
Potential Gross Income	\$	494,950.00	
Expenses			
Spectrum	\$	10,776.00	
Utilities (\$1000 per unit annually)	\$	26,000.00	
Pest Control	\$	2,700.00	
RE Taxes (estimate)	\$	30,000.00	
Fire alarm inspection	\$	1,140.00	
Fire alarm service	\$	600.00	
Fire extinguisher inspection	\$	120.00	
Repairs/Maintenance (5%)	\$	24,747.50	
Management (5%)	\$	24,747.50	
Property Insurance (estimate)	\$	10,000.00	
Total Estimated Expenses	\$	130,831.00	26.43%
Estimated NOI	\$	364,119.00	

***No assumptions have been made regarding the cost of construction for Phase II of the project.

PHASE II (New Construction - No Garages, Additional Units)***			
Income			
48 Units No Garages (\$1200 per month)	\$	691,200.00	
Utilities Charge (\$200 per month)	\$	115,200.00	
Additional Income (application fees, late fees, laundry, vending, etc.)	\$	8,000.00	
Total Potential Gross Income	\$	814,400.00	
Less 5% Vacancy	\$	(40,720.00)	
Potential Gross Income	\$	773,680.00	
Expenses			
Spectrum	\$	18,000.00	
Utilities (\$1,000 per unit annually)	\$	48,000.00	
Pest Control (\$105 per unit annually)	\$	5,040.00	
RE Taxes (estimate)	\$	30,000.00	
Fire alarm inspection	\$	1,140.00	
Fire alarm service	\$	600.00	
Fire extinguisher inspection	\$	250.00	
Repairs/Maintenance (5%)	\$	38,684.00	
Management (5%)	\$	38,684.00	
Property Insurance (estimate)	\$	12,000.00	
Total Estimated Expenses	\$	192,398.00	24.87%
Estimated NOI	\$	581,282.00	

Section 4

Demographics

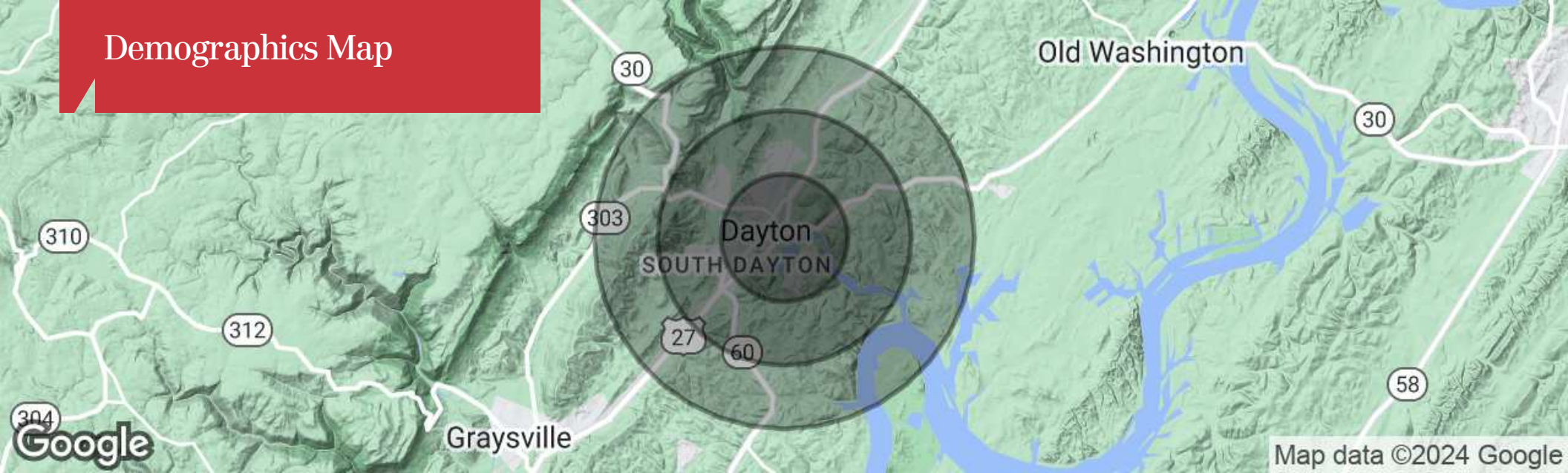


Demographics Report

	1 Mile	2 Miles	3 Miles
Total Households	844	2,181	3,821
Total Persons Per Hh	2.4	2.5	2.5
Average Hh Income	\$37,011	\$44,285	\$46,575
Average House Value	\$95,770	\$112,878	\$121,088
	1 Mile	2 Miles	3 Miles
Total Population	2,029	5,354	9,423
Median Age	39.5	34.7	33.6
Median Age (Male)	33.5	32.9	32.8
Median Age (Female)	43.9	36.3	34.6

** Demographic data derived from 2020 ACS - US Census*

Demographics Map



Population

	1 Mile	2 Miles	3 Miles
Total Population	2,029	5,354	9,423
Median Age	39.5	34.7	33.6
Median Age (Male)	33.5	32.9	32.8
Median Age (Female)	43.9	36.3	34.6

Households & Income

	1 Mile	2 Miles	3 Miles
Total Households	844	2,181	3,821
# of Persons Per HH	2.4	2.5	2.5
Average HH Income	\$37,011	\$44,285	\$46,575
Average House Value	\$95,770	\$112,878	\$121,088

Race

	1 Mile	2 Miles	3 Miles
% White	90.2%	87.3%	87.9%
% Black	1.8%	3.6%	3.8%
% Asian	0.3%	0.9%	1.1%
% Hawaiian	0.0%	0.0%	0.0%
% Indian	0.0%	0.1%	0.1%
% Other	1.3%	2.2%	2.0%

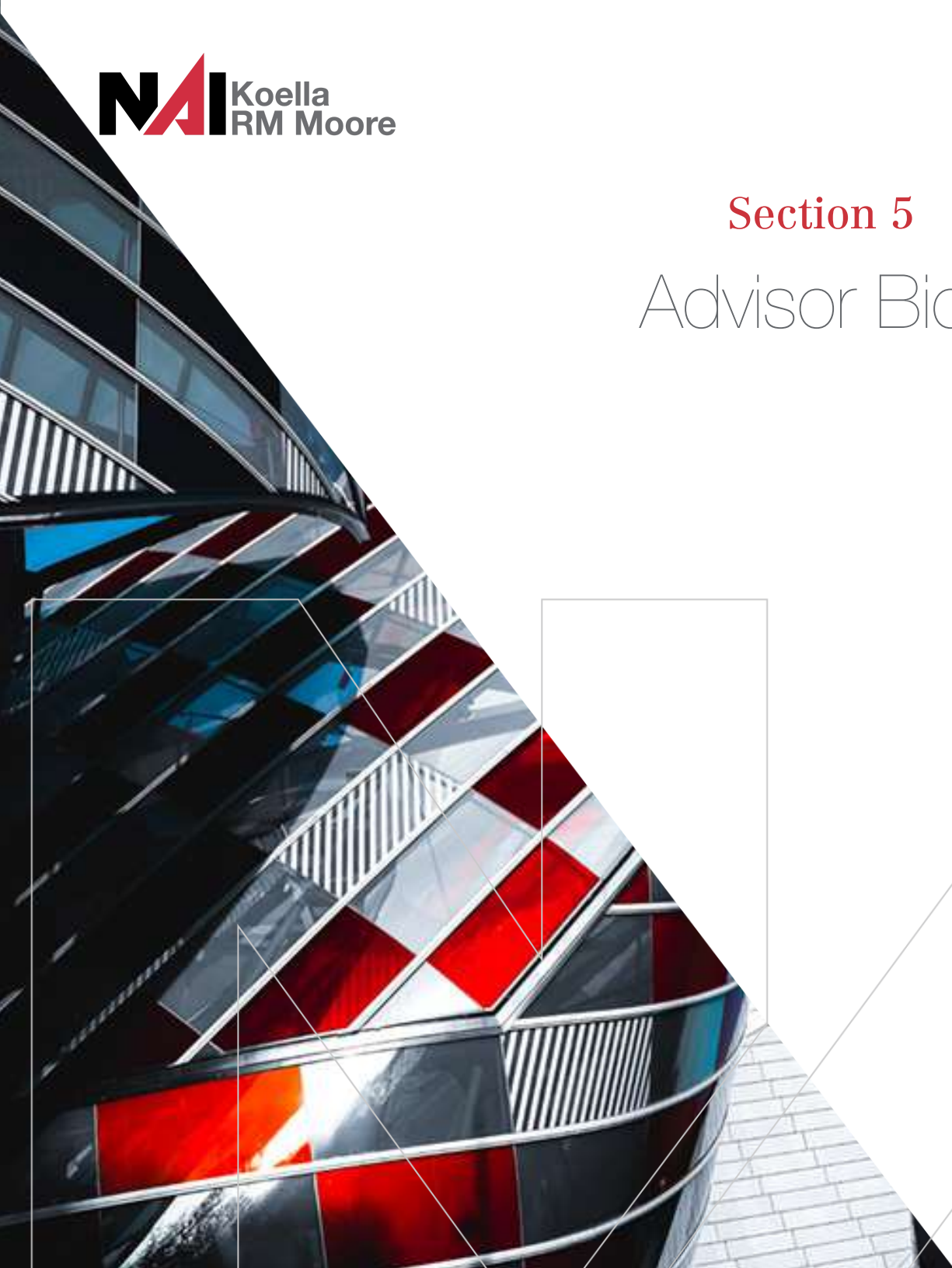
Ethnicity

	1 Mile	2 Miles	3 Miles
% Hispanic	7.4%	8.9%	8.6%

* Demographic data derived from 2020 ACS - US Census

Section 5

Advisor Bios





Heidi Adams

Senior Advisor

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fax

hadams@koellamoore.com

Professional Background

As a Senior Advisor, Heidi brings over three decades of diverse commercial real estate experience to the NAI Investment Group. Having transacted in all major asset classes, she has an innate ability to comprehensively analyze projects and effectively guide owners and investors through detailed steps to reach overall goals. Heidi's diverse experience in development, investment sales, and deal syndication allows her to focus uniquely on every transaction. Her wealth of knowledge has been invaluable in meeting the needs of her clients, guiding the process through marketing, complex contract negotiations, due diligence, and closing.

Before practicing here in Tennessee, Heidi spent over 23 years in the commercial real estate industry in Central Florida. She last served as a Director of Brokerage and Asset Management for Taurus Southern Investments, a German investment firm, where she was responsible for brokerage activities and asset management of over 2.5 million square feet of high-tech office and flex products in Central Florida and Jacksonville. The Taurus team was responsible for the development of the first USGBC LEED Gold Flex Project in Central Florida, and Heidi played an integral part in its success. Additionally, Heidi was tasked with analyzing potential acquisitions and as a member of the Taurus disposition team handled the sale of assets once they had reached the designated hold period for the investor group. During her five years with Taurus, Heidi was directly involved in over \$291 million in real estate transactions. The Florida Real Estate Journal recognized Heidi as a 2008 Top Woman in Commercial Real Estate. Additionally, Heidi was recognized by the Orlando Business Journal as one of Orlando's "40 Under 40" in 2007.

Since joining NAI, Heidi has been consistently ranked among the firm's highest producers. She was named the firm's Top Producer for 2016, 2017, 2018, 2020, 2021, 2022, and 2023, an honor achieved by closing the highest dollar volume of transactions for the year company-wide. Additionally, Heidi was recognized by the East Tennessee CCIM Chapter and the Knoxville Area Association of Realtors as the Top Multifamily Broker and Commercial Broker of the Year for 2018.

Memberships & Affiliations

Licensed in the State of Tennessee and Florida



Ryan McElveen, MBA

Advisor

CalDRE License #01850467
865.531.6400 tel
fax
rmcelveen@koellamoore.com

Professional Background

Ryan started his career in the industry in 2008 as a licensed real estate broker in California shortly after finishing his baccalaureate in Real Estate and Finance at California State University, Northridge.

Ryan incorporated his own real estate brokerage "CredNet Corporation | OwnerCarry.Com" and by 2010 he had a team of 15 to 20 salespersons working out of his offices in Los Angeles, California. Ryan expanded his brokerage into Nevada and Washington and by 2015 he had successfully acquired over a dozen residential properties across Nevada, California, and Arizona by primarily focusing his efforts on acting as a principal in seller-financed real estate transactions.

Ryan joined MGR Real Estate based out of Ontario, California, as a Broker Associate in 2018 to better focus his talents into the commercial real estate sector. During his short tenure with MGR Real Estate before transitioning to Tennessee, Ryan procured more than \$50 million in commercial real estate listings for the firm.

Ryan moved to Tennessee in 2020 to be closer to his father in Kingston and become a part of Celebrate Recovery at Faith Promise in Knoxville. He became an Advisor with NAI Koella | RM Moore in West Knoxville the following year. Ryan became a Senior Associate with NAI Capital in West Los Angeles in August, 2023, to further develop and broaden his scope of work between the Southern California and Eastern Tennessee regions (CA RE Broker License 01850467).

As of September 8, 2023, Ryan has nearly \$12 million under contract with over \$25 million in closed transactions with NAI Koella | RM Moore and an active commercial sale listing inventory of over \$55 million. He is a current CCIM candidate and has been previously licensed as a real estate broker in Nevada and Washington.

Education

M.B.A., Pepperdine University, 2010
B.S.B.A, Real Estate & Finance, California State University, Northridge, 2008