

STONE BRIDGE APARTMENTS

102 8th Avenue SW · Watertown, South Dakota



Bender
COMMERCIAL

EXCLUSIVE OFFERING MEMORANDUM

\$2,000,000

\$74,074/UNIT



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INVESTMENT HIGHLIGHTS

Price	\$2,000,000
Number of Units	27
Price per Unit	\$74,074
Year Built	1971
Lot Size	1.81 Acres

UNIT TYPE	TOTAL UNITS	SF	CONTRACT RENT	MARKET RENT	150% 2026 FMR / MAX LIHTC RENT
1 Bedroom	24	539-646	\$930-\$961	\$1,100	\$1,237
2 Bedroom	3	872	\$1,138	\$1,300	\$1,503

PROPERTY DETAILS:

- Three-story brick building in Watertown, SD.
- In-wall air conditioning with landlord paying utilities.
- Pantry, walk-in closet, dishwasher, large community room, and storage room lockers.
- Interior and exterior of property is well maintained.
- Property is located right off 9th Avenue SE adjacent to the Family Aquatic Center and near multiple restaurants.
- Contact broker for financials, rent roll, and showing access. Nick Gustafson, CCIM: 605-201-2809, nick@benderco.com

PROPERTY OVERVIEW



PROPERTY INTERIOR



PROJECT-BASED SECTION 8 INFORMATION

- Contract Number SD99M000078
- Option: 1
- Expires: 6/30/2034
- Coverage: 27/27 Units
- REAC Score: 88 April 2024
- See contract for more details.

LIHTC SECTION 42 INFORMATION

- Initial compliance period expired in 2018.
- Extended use period expires in 2033.
- Twelve (12) units are restricted for rent to tenants at 50% or less of AMI.
- Fifteen (15) units are restricted for rent to tenants at 60% or less of AMI.

Project is further restricted as follows:

- Ten (10) 1BR units are restricted for rent to tenants at 50% or less of AMI. In addition, units are limited to 96% of the 50% AMI HTC rent maximum for 1BR units.
- Fourteen (14) 1BR units are restricted for rent to tenants at 60% or less of AMI. Rents are limited to 80% of the 60% AMI HTC rent maximum for 1BR units.
- Two (2) 2BR units are restricted to tenants of 50% AMI or less.
- See LURA for more details.

HOME LOAN RESTRICTIONS

- Expires June 1, 2028.
- Ten (10) 1BR units are restricted to tenants with annual incomes that are 50% AMI. These rents will be LOW HOME rents.
- Two (2) 2BR units are restricted to tenants with annual incomes that are 50% AMI. These rent will be LOW HOME rents.
- See contract for more details.

SECTION 42 INCOME LIMITS

CURRENT INCOME PERCENTAGES

HOUSEHOLD SIZE	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON
20% AMI	\$15,880	\$18,140	\$20,400	\$22,660	\$24,480	\$26,300
30% AMI	\$23,820	\$27,210	\$30,600	\$33,990	\$36,720	\$39,450
40% AMI	\$31,760	\$36,280	\$40,800	\$45,320	\$48,960	\$52,600
50% AMI	\$39,700	\$45,350	\$51,000	\$56,650	\$61,200	\$65,750
60% AMI	\$47,640	\$54,420	\$61,200	\$67,980	\$73,440	\$78,900
70% AMI	\$55,580	\$63,490	\$71,400	\$79,310	\$85,680	\$92,050
80% AMI	\$63,520	\$72,560	\$81,600	\$90,640	\$97,920	\$105,200

**Income guidelines are a percentage of median family income (MFI). Effective 6/01/2025 by the US Department of HUD.*

SALE COMPARABLES

PROPERTY	LOCATION	SALE DATE	TYPE	BUILD DATE	SALE PRICE	UNITS	PRICE PER UNIT	CAP RATE	
Birmingham Townhomes	St. Paul, MN	Oct-22	Section 8	1981	\$1,900,000	21	\$90,476	5.53%	
Southwinds Apartments	Des Moines, IA	Dec-23	Section 8 / LIHTC	1993	\$4,200,000	59	\$71,186	6.65%	
Linderhof Park Apartments	New Ulm, MN	Jun-23	Section 8	1997	\$2,600,000	56	\$46,429	6.93%	
Westview Apartments	Forest Lake, MN	Nov-24	Section 8 / LIHTC	1980	\$5,440,000	64	\$85,000	6.62%	
South Creek Townhomes	Rapid City, SD	Mar-24	LIHTC	2004	\$6,000,000	80	\$75,000	6.00%	
Valley Hi Apartments	Custer, SD	Jan-23	Section 8	1974	\$1,035,000	28	\$36,964	6.30%	
				AVERAGES	1988	\$3,529,167	51	\$67,509	6.34%

Name	Stone Bridge Apartments
Location	Watertown, SD
Property Type	Multi-Family
Date	October 22, 2025
Units	27

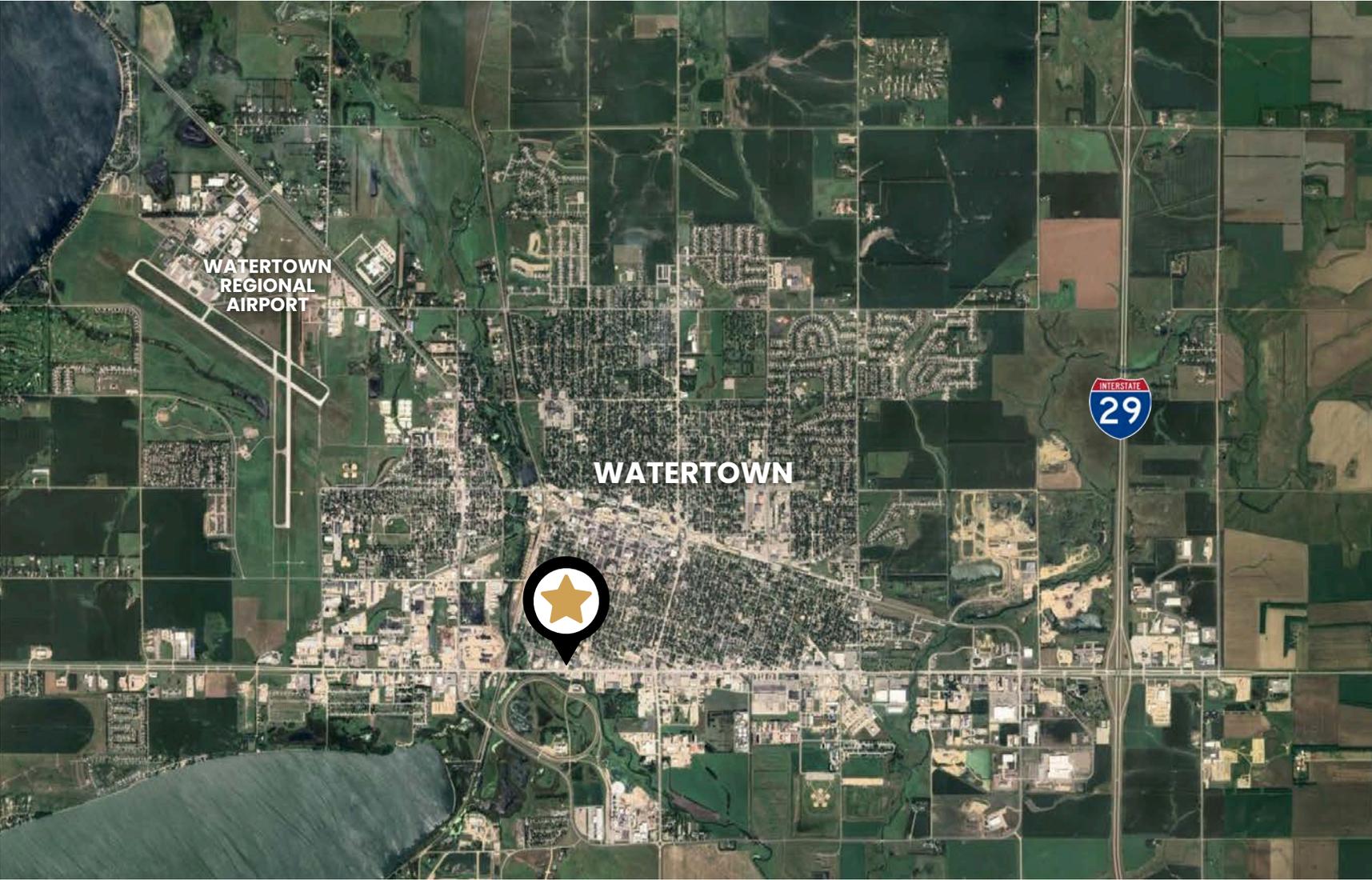
Price	\$2,000,000
-Loans	\$1,400,000
Down Payment	\$600,000
+Acq Costs	0
+Loan Points	0
Investment	\$600,000

Capitalization Rate	6.94%
Gross Income Multiplier	6.45
Cash on Cash	6.70%
Debt Coverage Ratio	1.408
Price/Unit	\$74,074

Contact Broker for Financials, Rent Roll, and Showing Access.

	\$/UNIT	% OF GI	ANNUAL \$
GROSS INCOME			
Tenant Rent		46.60%	\$144,608
Rent Assistance		52.20%	\$161,967
Laundry and Vending		0.50%	\$1,610
Late Charges		0.20%	\$750
Tenant Charges		0.40%	\$1,237
TOTAL GROSS INCOME	\$11,488	100.00%	\$310,172
Vacancy & Credit Loss	\$574	5.00%	\$15,509
EFFECTIVE INCOME	\$10,913	95.00%	\$294,663
Less: Operating Expenses			
Credit Check Expense	\$38	0.30%	\$1,036
Management Fee	\$778	6.80%	\$21,000
Manager Salaries	\$611	5.30%	\$16,500
Compliance Fee	\$42	0.40%	\$1,146
Audit Fee	\$152	1.30%	\$4,098
Electricity	\$478	4.20%	\$12,915
Water	\$300	2.60%	\$8,094
Gas	\$271	2.40%	\$7,311
Sewer	\$461	4.00%	\$12,452
Common Area Expense	\$130	1.10%	\$3,501
Apartment Cleaning	\$47	0.40%	\$1,276
Garbage	\$240	2.10%	\$6,474
Grounds	\$37	0.30%	\$1,000
Repairs	\$556	4.80%	\$15,000
Elevator	\$87	0.80%	\$2,338
Snow	\$140	1.20%	\$3,776
Property Taxes	\$1,056	9.20%	\$28,500
Property Insurance	\$352	3.10%	\$9,500
Total Operating Expenses	\$5,775	50.30%	\$155,917
NET OPERATING INCOME	\$5,139	44.70%	\$138,746
Less: Debt Service			
Loan	\$3,651	31.80%	\$98,575
Total Debt Service	\$3,651	31.80%	\$98,575
NET OPERATING CASH FLOW	\$1,488	13.00%	\$40,172

PROPERTY LOCATION



1 MILE RADIUS DEMOGRAPHICS

KEY FACTS



BUSINESS



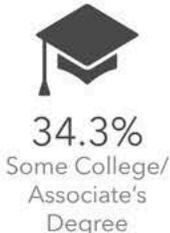
EMPLOYMENT



INCOME



EDUCATION



HOUSING STATS



3 MILE RADIUS DEMOGRAPHICS

KEY FACTS

21,933

Population



Average Household Size

38.6

Median Age

\$61,678

Median Household Income



1,323

Total Businesses



16,679

Total Employees

EMPLOYMENT



White Collar

54.6%



Blue Collar

29.3%



Services

16.1%



1.3%

Unemployment Rate

EDUCATION

7.3%

No High School Diploma



36.6%
High School Graduate



33.9%
Some College/
Associate's Degree



22.2%
Bachelor's/Grad/
Prof Degree

BUSINESS

INCOME



\$61,678
Median Household Income



\$35,912
Per Capita Income



\$119,640
Median Net Worth

HOUSING STATS



\$235,502
Median Home Value



\$8,928
Average Spent on Mortgage & Basics



\$748
Median Contract Rent

5 MILE RADIUS DEMOGRAPHICS

KEY FACTS

24,698
Population



Average
Household Size

39.2

Median Age

\$64,985

Median Household
Income

BUSINESS



1,458

Total Businesses



18,092

Total Employees

EMPLOYMENT



White Collar

55.3%



Blue Collar

28.9%



Services

15.8%



1.2%

Unemployment
Rate

INCOME



\$64,985
Median Household
Income



\$38,002
Per Capita Income



\$147,612
Median Net Worth

EDUCATION



7.0%
No High School
Diploma



36.2%
High School
Graduate



33.5%
Some College/
Associate's
Degree



23.4%
Bachelor's/Grad/
Prof Degree

HOUSING STATS



\$252,060
Median Home
Value



\$9,694
Average Spent on
Mortgage & Basics



\$752
Median Contract
Rent



For more information,
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