

DEAL SNAPSHOT

Property	Williamson Street Multifamily Development
Location	826 Williamson Street, Madison, WI
Units	188
GRA (SF)	191,093
Deal Type	Development
Hold Period	5 Years
Total Project Cost	\$51,578,623
Total Equity	\$18,200,000
Total Debt	\$33,378,623
Interest Rate	7.0%
I/O Period	3 Years

RETURN SUMMARY

12.4% Levered IRR	1.89x Equity Multiple
11.5% LP IRR	1.73x LP Multiple

Exit NOI	\$3,546,852
Exit Value	\$67,559,093
Going-in Cap	—
Yield-on-Cost	6.6%
Dev Spread	130 bps X
Min DSCR (Stab.)	1.30x
CoC (Stabilized)	18.6%
LP Total	\$31,387,452
LP Profit	\$13,187,452
GP Promote	\$1,271,484

ANNUAL NOI PROJECTION

	Year 1	Year 2	Year 3	Year 4	Year 5
NOI	\$1,046,157	\$2,531,026	\$3,377,171	\$3,460,970	\$3,546,852

KEY VALUE DRIVERS

- ✓ The 130 bps development spread provides meaningful return cushion above the exit cap, validating the development premium over stabilized acquisitions.
- The minimum DSCR of 0.45x signals significant construction/lease-up period debt service vulnerability, representing the deal's most critical execution risk.
- ✓ Aggressive vacancy assumptions of 2.0% and steady 2.5% rent growth must be sustained to protect the 1.89x equity multiple, leaving limited downside buffer in a softening market.

STRESS TEST SCENARIOS

Scenario	Rent Growth	Exit Cap	Levered IRR
Base Case	2.5%	5.25%	12.4%
Rent -10%	1.5%	5.25%	11.6%
Exit Cap +50bps	2.5%	5.75%	8.4%
Rent -10% + Cap +50bps	1.5%	5.75%	7.4%

UNIT MIX

Type	Units	Avg SF	OM Rent/Mo	Annual Revenue
Micro	9	357	\$1,197	\$129,276
Studio	37	557	\$1,867	\$828,948
1 Bedroom	74	764	\$2,331	\$2,069,928
1 Bedroom + Den	24	922	\$2,684	\$772,992
2 Bedroom	44	1,161	\$3,273	\$1,728,144
TOTAL	188	—	—	\$5,529,288

ASSUMPTIONS & DECISION CRITERIA

ASSUMPTION	VALUE	CRITERIA	RESULT
Rent Growth	2.5%	IRR > 12%	✓ PASS
Vacancy	2.0%	EM > 1.75x	✓ PASS
Opex Ratio	40.0%	LP IRR > 10%	✓ PASS
Exit Cap	5.2%	DSCR >= 1.20x (stabilized)	✓ PASS
Interest Rate	7.0%	Dev spread >= 150bps	✗ MISS
Hold Years	5		

FINANCING SUMMARY

\$51,578,623 Total Project Cost	\$18,200,000 Total Equity	\$33,378,623 Total Debt	7.0% Interest Rate
3 Years I/O Period	6.6% Yield-on-Cost	130 bps ✗ Dev Spread	1.30x Min DSCR (Stab.)

MARKET OVERVIEW

MARKET CONDITIONS	VALUE
Market Vacancy	7.1%
Vacancy Trend	Rising
Market Rent/Unit	\$1,667/mo
Eff. Rent/Unit	\$1,640/mo
Rent Growth (12mo)	1.3%
Rent Growth (Fwd)	2.5%
Studio Avg	\$1,270/mo
1BR Avg	\$1,498/mo
2BR Avg	\$1,834/mo

CAP RATES & SUPPLY	VALUE
Market Cap Rate	6.32%
Cap Rate Low	5.50%
Cap Rate High	7.50%
Cap Trend	Stable
Price/Unit (Mkt)	\$188,997
Inventory Units	82,005
Under Const.	4,721 units
Pipeline %	5.7% of stock
Absorption 12mo	2,209 units

MARKET INTELLIGENCE

- Exit cap (5.25%) is 107 bps below market (6.32%) — optimistic, exit value may be overstated. Market range: 5.50%–7.50%.
- Deal rents (\$2,270/unit avg) are 36% above market avg (\$1,667/unit) — verify with local comps.
- Market vacancy is trending UP (currently 7.1%) — elevated lease-up risk for new delivery.
- Supply pipeline elevated at 5.7% of existing inventory — expect concession pressure during lease-up.

MARKET CONTEXT

Madison multifamily: elevated 7.1% vacancy from supply wave — 4,721 units under construction (5.7% of stock). Rent growth slowed to 1.3%. UW demand and strong employment provide durable long-term support. Cap rates 6.3% reflect university market premium. Development deals require conservative lease-up (18-24 months) given current supply.

Market data: CoStar Analytics Q2 2026 QTD · Updated 2026-05-05