

Silver Creek Village Real Estate Investment Opportunity

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Executive Summary

I believe there is an opportunity to get in early on the new development at Silver Creek Village, Park City. I have researched this development and have recently invested in it myself. This document describes the investment opportunity and includes estimations of potential financial returns.

- Upsides: Location, value, rental flexibility, minimal outlay for the first year, brand-new build, and upkeep costs.
- Down sides: Patience to wait five years for Village completion, views are not as strong as some Park City developments, no golf course or pool, and not in Park City School District (South Summit District).



Investment Description

Why invest now?

- At the time of writing this report, there are only four remaining units with the particular floor plan I am recommending.
- The earnest money down payment is \$10,000, plus 50% of any selected upgrades you opt to add to the finished home. You could enjoy possible property appreciation for the first year, while only having to invest the initial earnest and upgrades money.
- Due to a recent rise in demand in this development, the developer has elected to increase the prices by \$10,000 after selling each two additional units.
- As people move to the mountains to work remotely, the long-term rental market is currently experiencing a massive surge. Some of these current renters will decide to stay and purchase. This is likely to increase demand and prices for homes.
- After Village completion in five years, I anticipate a further increase in appreciation value.

What makes Silver Creek Village a unique development?

- The plan is for the Village to include: a post office, bank, and neighborhood market, in addition to coffee shops, restaurants, and boutique retail shops.
- The Village is zoned for both primary residents and nightly rentals, providing flexibility for your investment.
- It is closer to the ski resorts and Main Street, Park City than many of the area's other new developments.
- Basin Recreation plans to maintain over 60 acres of adjacent open areas, including a bike park, pickleball courts, a splash pad, playgrounds, a dog park, soccer/lacrosse fields, a hiking trail system, picnic pavilions, and community gardens. They therefore anticipate that HOA dues will remain low.
- The Village plans to host farmers markets and concerts at the Village amphitheater. This community will embody a Park City lifestyle!

What makes Garbett Homes an attractive developer within Silver Creek Village?

- Silver Creek Village invited Garbett Homes to build the first group of houses within the Village due to the developer's proven track record of quality and energy-efficient construction.
- The Garbett homes are closest to the Village entrance and farthest from any I80 noise.
- The Home Energy Rating System (HERS) ranked the Garbett homes in Silver Creek Village highly for prioritizing sustainability and low utility costs in their designs. The home designs include pre-wiring for solar panels, optional outlet for electric vehicles, top of the line insulation, and efficient furnaces and appliances.
- Within the Garbett development, I specifically recommend the three-bedroom townhouses for the following reasons:
 - Two-car garage
 - Flexible office (for working remotely) or gear room (for nightly rentals) upon entry.
 - Sufficient closet and storage space
 - No garden to maintain
 - Low-maintenance outdoor space on upper level
 - Open grass median in front

Rental Opportunities

- Silver Creek Village allows both nightly and long-term rentals. Due to the property tax advantages of long-term rentals and their significant shortage in Park City and the surrounding areas, I believe long-term rentals will offer the best return in the coming years.
- After completion of the Village and its extensive amenities, this property could be well situated for short-term rentals.

Financial Projections

- I based the initial townhouse cost on the price I recently paid for my own personal investment.

Rental Income

- I based monthly rental estimations on the current rental rate (\$2800/month) for two-bedroom townhouses in Silver Creek Village. I did not include rent increases over time because vacancy is always a possibility.
- Estimations include annual costs of \$4,500 for HOA dues, property taxes, and insurance. I have not included repairs or utility costs. I based my property tax expenses on the Primary Home Exemption, which requires long-term rentals. Property taxes for short-term nightly rentals are 45% higher.
- Estimations include annual costs of \$17,130 for a loan interest rate of 3% on 100% leverage and no principal payback. Net cost will of course vary depending on how you finance the property. A fixed mortgage is a dependable number while a variable line of credit can start low but rise later.

Examples of Cumulative Net Rental Income Over Five Years (Gross Rent – Expenses)

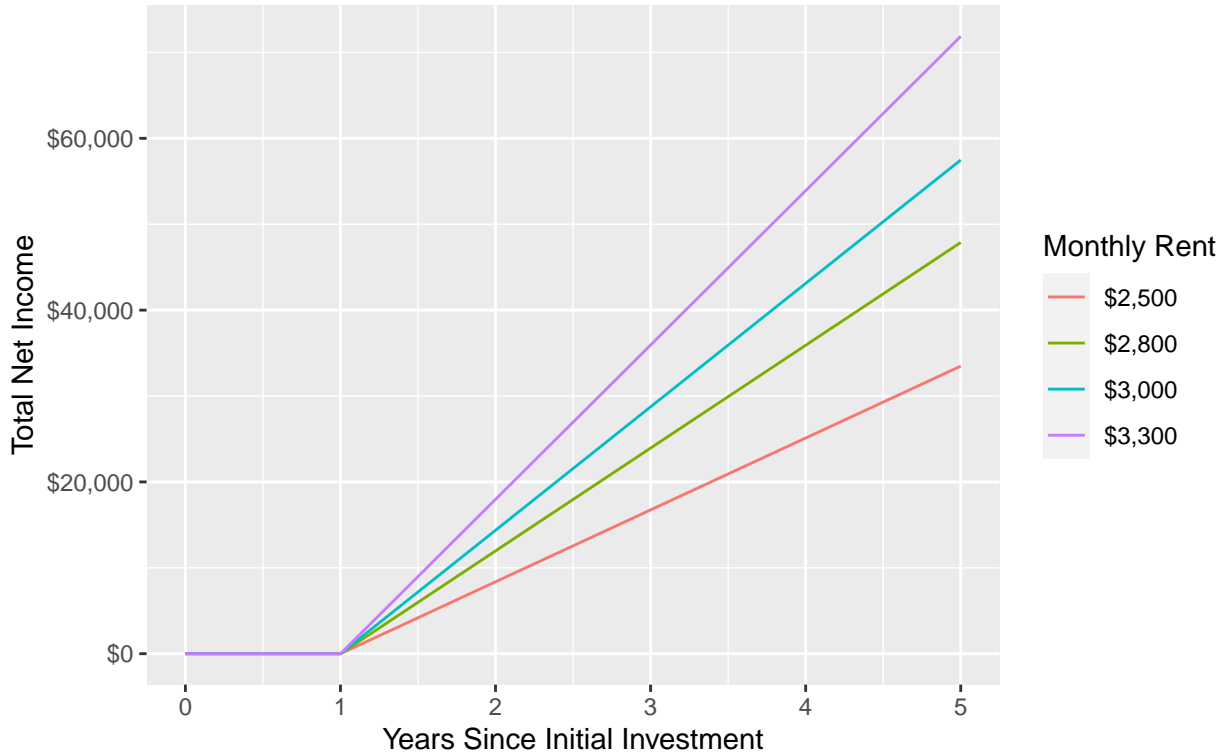


Table 1: Examples of Cumulative Net Rental Income Over Five Years (Gross Rent - Expenses)

Monthly	Years Since Initial Investment				
	One	Two	Three	Four	Five
\$2,500	0	\$8,370	\$16,740	\$25,110	\$33,480
\$2,800	0	\$11,970	\$23,940	\$35,910	\$47,880
\$3,000	0	\$14,370	\$28,740	\$43,110	\$57,480
\$3,300	0	\$17,970	\$35,940	\$53,910	\$71,880

Capital Appreciation

- I have seen a variety of appreciation rates for townhouses in Park City. For example, I recently sold a townhouse that had appreciated 4% annually over a 22 year period. In that same townhouse complex, the other homes have appreciated 10% annually over the past 7 years.
- Due to the shorter term nature of this investment (5 years), I have included appreciation rates with in the above range or lower.
- All rates compounded monthly.

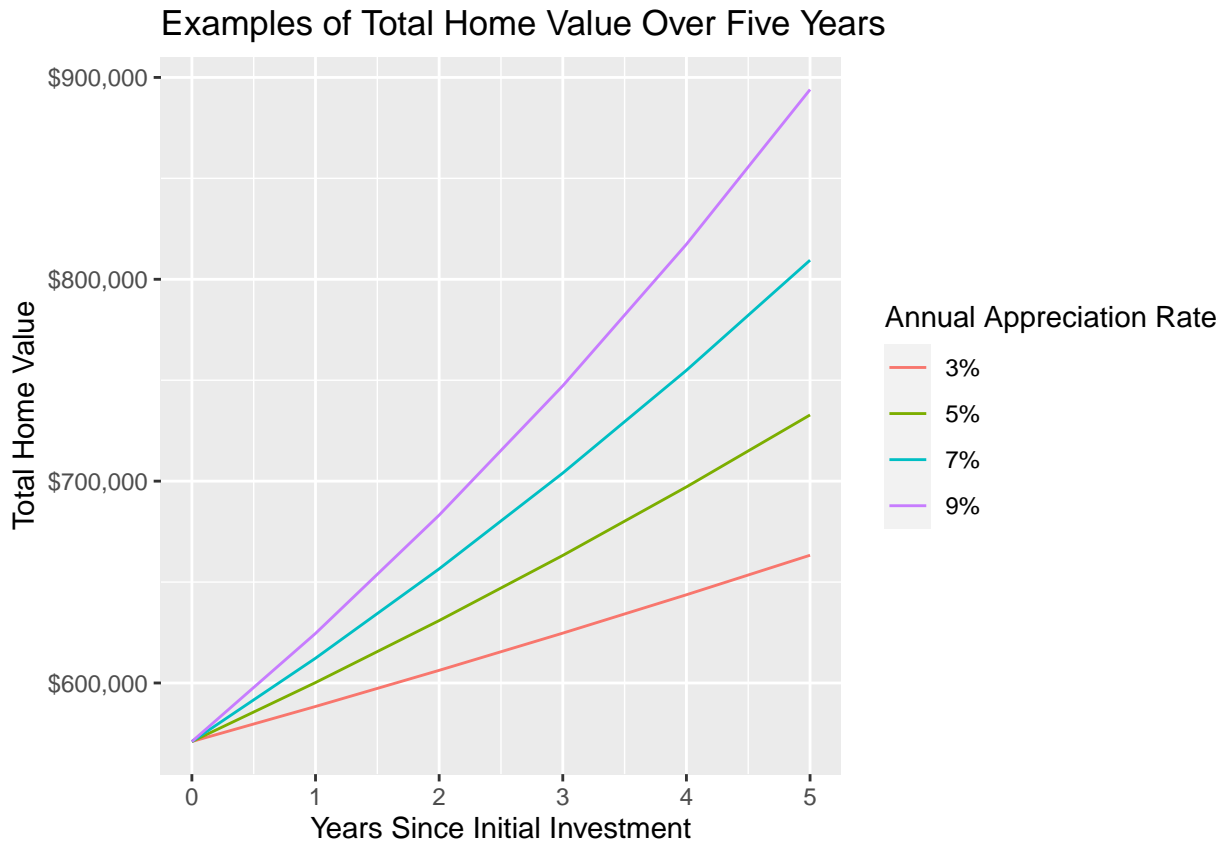


Table 2: Examples of Total Home Value Over Five Years

Rate	Initial	Years Since Initial Investment				
		One	Two	Three	Four	Five
3%	\$571,000	\$588,368	\$606,263	\$624,703	\$643,704	\$663,283
5%	\$571,000	\$600,213	\$630,922	\$663,201	\$697,131	\$732,798
7%	\$571,000	\$612,278	\$656,539	\$704,001	\$754,893	\$809,464
9%	\$571,000	\$624,564	\$683,152	\$747,237	\$817,332	\$894,004

Overall Investment Appreciation

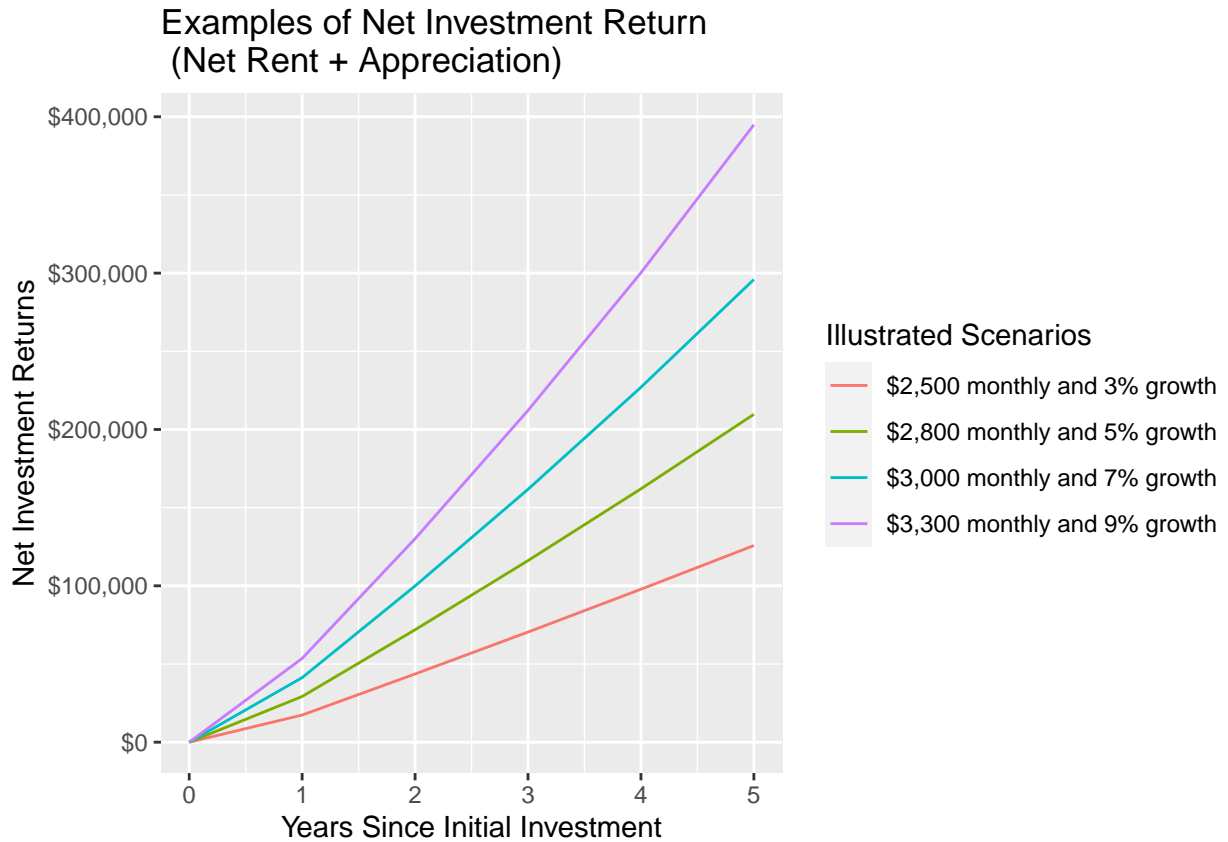


Table 3: Examples of Net Investment Return (Net Rent + Appreciation)

Scenario	Years Since Initial Investment				
	One	Two	Three	Four	Five
\$2,500 monthly and 3% growth	\$17,368	\$43,633	\$70,443	\$97,814	\$125,763
\$2,800 monthly and 5% growth	\$29,213	\$71,892	\$116,141	\$162,041	\$209,678
\$3,000 monthly and 7% growth	\$41,278	\$99,909	\$161,741	\$227,003	\$295,944
\$3,300 monthly and 9% growth	\$53,564	\$130,122	\$212,177	\$300,242	\$394,884

Disclaimer

No Guarantee of Results: This document is meant only to provide information about Illustrated scenarios and cost and revenue variables with respect to the purchase of a Silver Creek Village property (“Property”). The information contained in this document is not intended as a guarantee that the same or similar results can be obtained in every purchase of a Property, and you should not assume that you can obtain a similar result in the purchase or rental of your Property. The information reflects a number of estimates and highly subjective assumptions and judgments concerning anticipated results of owning and renting a Property. These assumptions and judgments may or may not prove to be correct and there can be no assurance that any projected results are attainable or will be realized. Rental revenue and costs can depend on a variety of factors—including owner usage, snow, travel delays, economic conditions and unexpected developments beyond the control of any owner or property manager. I make no representation or warranty to you with respect to (a) any information presented at any presentation conducted in connection with the sale of a Property, or (b) any financial projection or forecast, written or oral, relating to a Property, Garbett Homes, or Silver Creek Village. With respect to any such projection or forecast delivered by me, you acknowledge that (i) there are uncertainties inherent in attempting to make such projections and forecasts, (ii) you are familiar with such uncertainties, (iii) you are taking full responsibility for making your own evaluation of the adequacy and accuracy of all such projections and forecasts so furnished to you, and (iv) you shall have no claim against me with respect thereto. I expressly disclaim any representation or warranty, express or implied, as to the accuracy or completeness of any information contained in this document, and you acknowledge that you have not relied and will not rely on the information contained in this document in connection with your evaluation of the purchase of a Property.