

# GILA MOUNTAIN INN

SILVER CITY, NEW MEXICO

Marcus & Millichap



# GILA MOUNTAIN INN

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3420 HIGHWAY 180 EAST  
SILVER CITY, NEW MEXICO

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OFFERING  
MEMORANDUM



# GILA MOUNTAIN INN

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SILVER CITY, NEW MEXICO

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PRESENTED BY

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## CANDACE BARE

Senior Associate  
Marcus & Millichap Las Vegas  
Direct: (702) 215-7125  
[candace.bare@marcusmillichap.com](mailto:candace.bare@marcusmillichap.com)  
License: NV S.0171556

## MARK ROYCE

National Hospitality Group  
Marcus & Millichap Las Vegas  
Direct: (702) 215-7114  
[mark.royce@marcusmillichap.com](mailto:mark.royce@marcusmillichap.com)  
License: NV S.0187878 NY: 10401282321

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Nestled against the 3.3 million-acre Gila National Forest lies Silver City, a cultural gateway town which began as a mining town at the height of the prospecting boom in the 1800's and has survived a long Wild West history. It caters to quiet fly fishing in genuine mountain wilderness, blues music festivals in an historic downtown, mountain biking trails, and off-road motor touring across hundreds of miles of scenic roads. It marries Old West heritage with a distinctive arts and entertainment community.



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# GILA MOUNTAIN INN

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## Property Overview

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# GILA MOUNTAIN INN

3420 HIGHWAY 180 EAST, SILVER CITY, NM 88061



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# PROPERTY DETAILS

3420 Highway 180 East, Silver City, NM 88061

LIST PRICE	\$1,400,000
Number of Floors	2
Number of Units	74
Price Per Unit	\$18,919
Price Per SqFt	\$40.13
Gross Leasable Area (GLA)	34,725 square feet
Lot Size	2.69 Acres
Year Built/Renovated	1965
Occupancy	Minimal
APN:	3-079-102-114-325



Silver City, New Mexico  
“where families travel to get off the grid”









## GILA NATIONAL FOREST

Hikers, cyclists and outdoors enthusiasts flock to explore the scenery of the Gila National Forest. A featured one-mile trail at 6,000 feet altitude requires climbing on even-stone stairs up the equivalent of an 18-story building.





Boasting historical ties with Billy the Kid, the Gila Cliff Dwellings, and Geronimo, as well as the third largest open pit copper mine in the world, Silver City shines in its artistic, culinary, and historical offerings.

Chino Mine (aka “Santa Rita Mine”) is an open-pit copper mining complex.

The historic Chino mine was among the first low-grade, open-pit copper mines in the world. During 2011, mining and milling activities were restarted at the Chino mine.

Located in Grant County, New Mexico, 15 miles east of the historic mining community of Silver City.

#### Processes and facilities

The Chino operation consists of a 36,000 metric ton-per-day concentrator that produces copper and molybdenum concentrate, and a 150 million pound-per-year SX/EW plant that produces copper cathode from solution generated by ROM leaching.

#### Background

Originally mined by Native Americans and later by Spaniards. The open-pit mine began production in 1910. The original concentrator went into operation in 1911, but was replaced by a new facility in 1982.





# MINING IN GRANT COUNTY





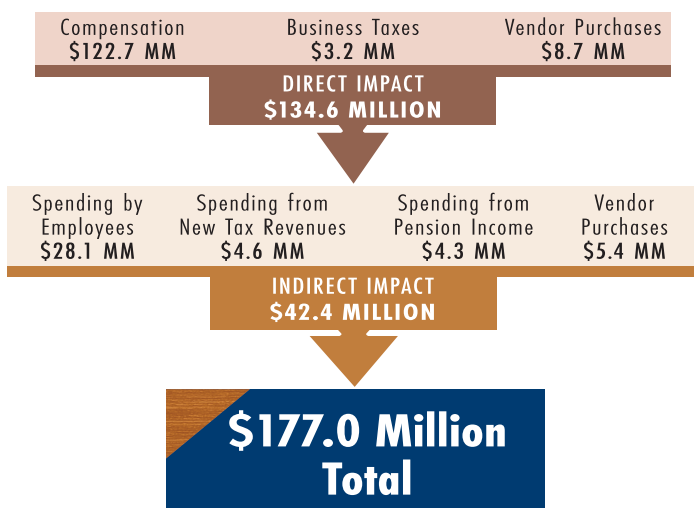


# 2018 NEW MEXICO OPERATIONS ECONOMIC IMPACT

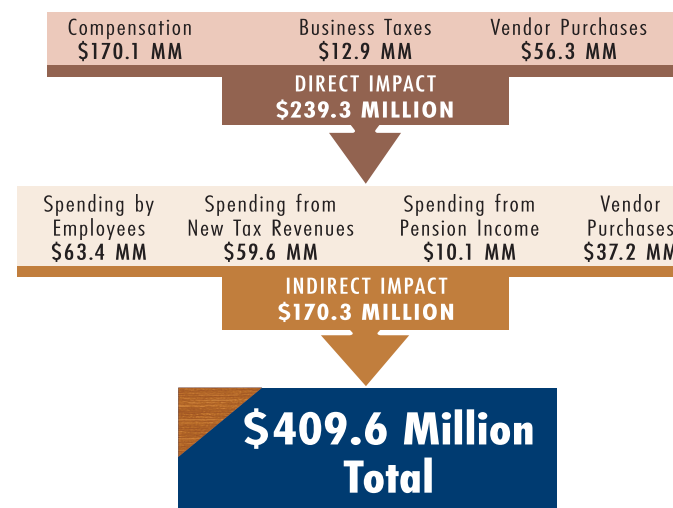


Freeport-McMoRan's New Mexico mine operations generated **\$177 million** in economic benefits for Grant County and nearly **\$410 million** for New Mexico in 2018.

## GRANT COUNTY



## NEW MEXICO



The New Mexico operations **employed almost 1,500** — and the ripple effect of wages and taxes plus services we purchase created another **3,049 jobs** in the state, generating additional economic benefits.

*All economic impact numbers were produced by the  
L. William Seidman Research Institute, Arizona State University.*



**FREEPORT-McMoRAN**

FCX.COM







Western New Mexico University has called Silver City "home" since 1893. More than 3,500 students attend WNMU. Offering more than 70 fields of study, online Masters' and Bachelors' programs, satellite campuses, and the classic on-campus university experience, WNMU is truly an asset to our community.



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3 Miles



Western New Mexico University

Silver City

Boston Hill Open Space

Water Works

Penny Park

S Hudson St

Denny's

Gila Regional Medical Center

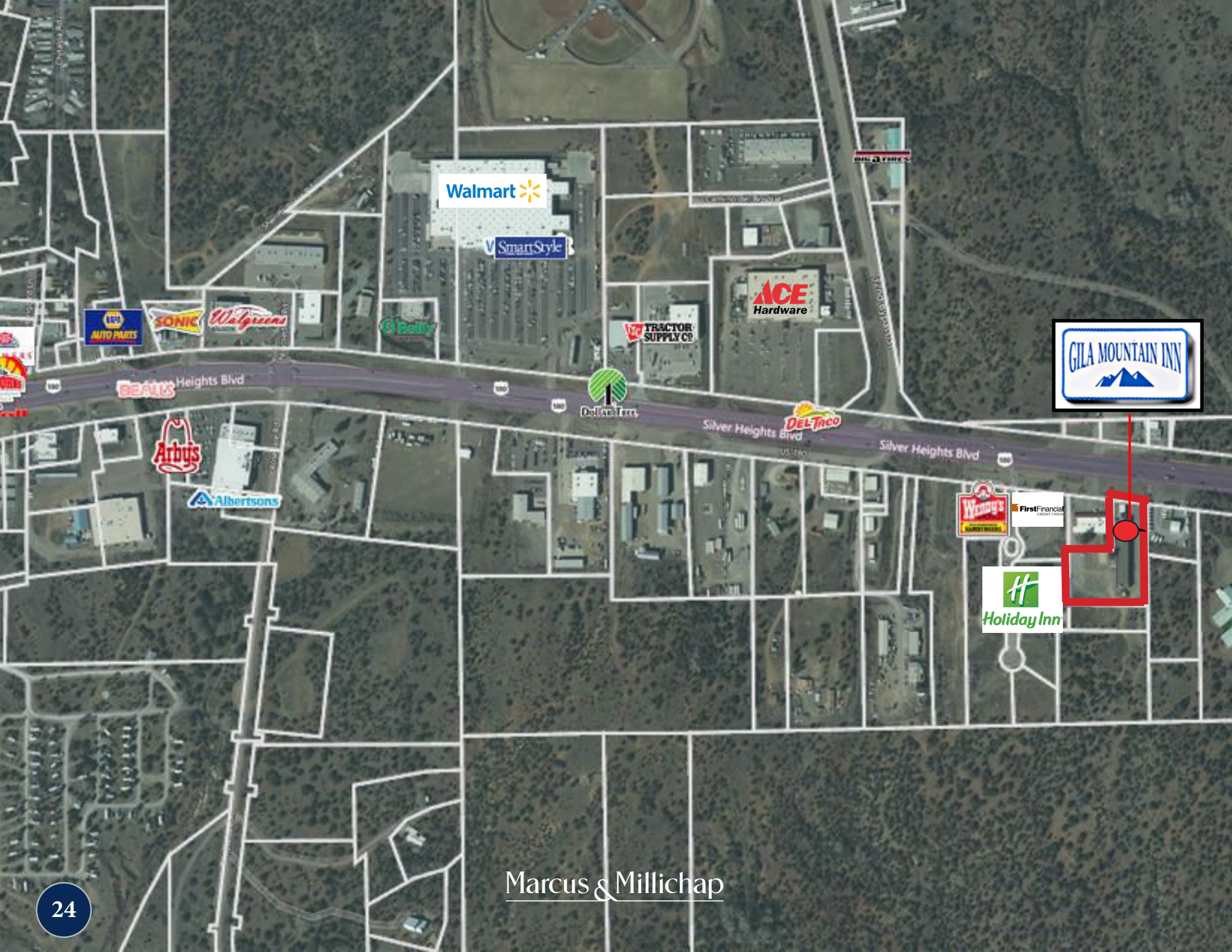
Wrangler's Bar & Grill



Silver Heights Blvd

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Walmart

SmartStyle

ACE  
Hardware

TRACTOR  
SUPPLY CO

Dollar Tree

DEL TACO

Arby's

Albertsons

Wendy's

First Financial  
CREDIT UNION

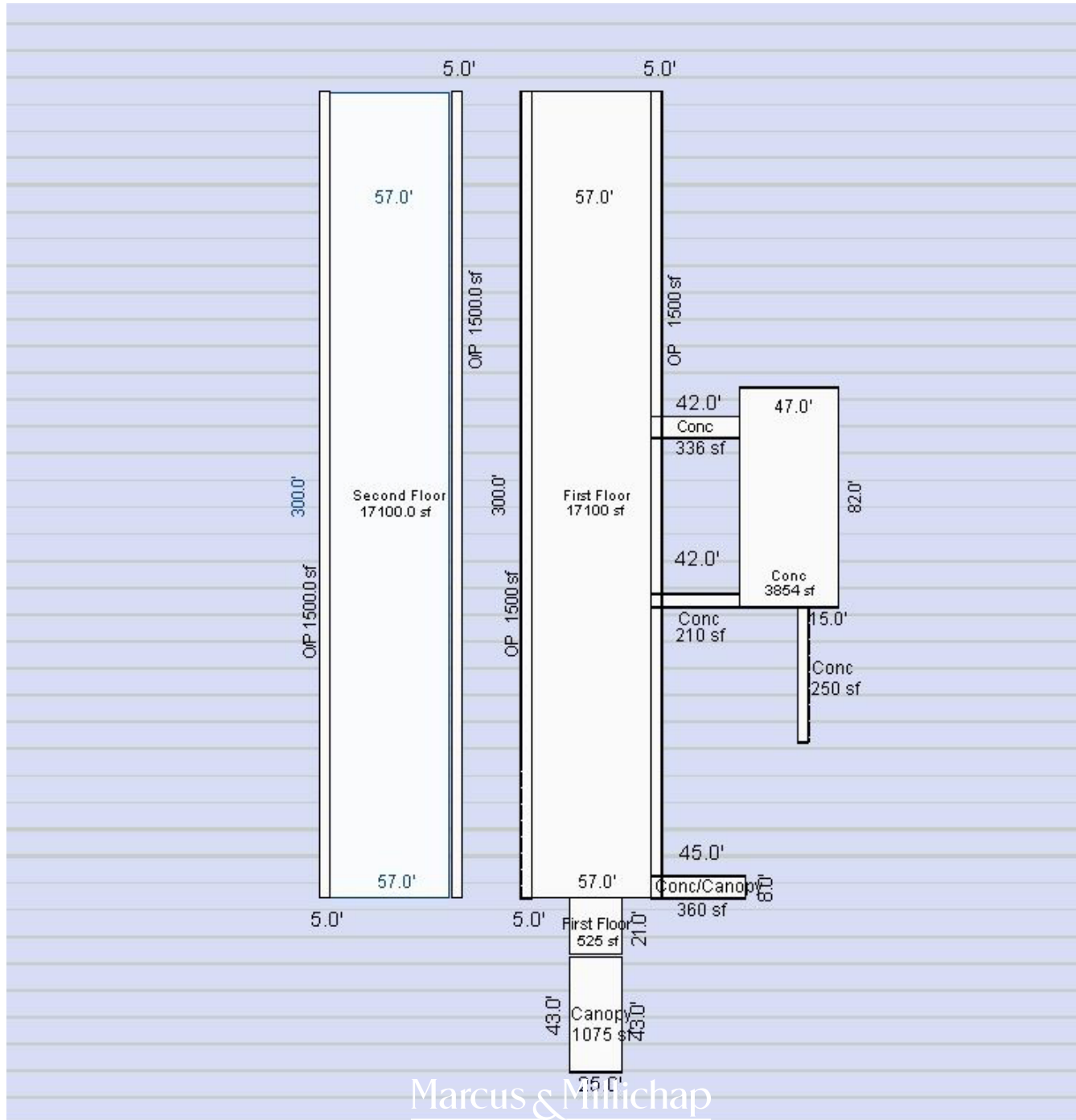
H  
Holiday Inn

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# FLOOR PLAN (SKETCH)







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## Financial Overview

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## 5-YEAR CASH FLOW PRO FORMA // GILA MOUNTAIN INN

Pro Forma	2019 (Actual)		Year 1		Year 2		Year 3		Year 4		Year 5		
Rooms	74		74		74		74		74		74		
Available Rooms	27,010		27,010		27,010		27,010		27,010		27,010		
Rooms Sold	4,862		9,724		14,585		16,044		16,365		16,692		
Occupancy	18.0%		36.0%		54.0%		59.4%		60.6%		61.8%		
ADR	\$52.00		\$52.00		\$58.24		\$59.40		\$60.59		\$61.80		
RevPAR	\$9.36		\$18.72		\$31.45		\$35.29		\$36.71		\$38.20		
Revenue/Room	\$2,065		\$6,833		\$11,479		\$12,880		\$13,400		\$13,941		
Income													
Room Revenue	\$152,363	99.7%	\$505,627	100.0%	\$849,454	100.0%	\$953,087	100.0%	\$991,592	100.0%	\$1,031,652	100.0%	
Other Income	\$473	0.3%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	
Total Revenue	\$152,836	100.0%	\$505,627	100.0%	\$849,454	100.0%	\$953,087	100.0%	\$991,592	100.0%	\$1,031,652	100.0%	
Departmental Expenses													
Rooms	\$50,587	33.1%	\$121,837	24.1%	\$204,706	24.1%	\$229,669	24.1%	\$238,926	24.1%	\$248,629	24.1%	
Total Departmental Expenses	\$50,587	33.1%	\$121,837	24.1%	\$204,706	24.1%	\$229,669	24.1%	\$238,926	24.1%	\$248,629	24.1%	
Gross Operating Income	\$102,249	66.9%	\$383,790	75.9%	\$644,748	75.9%	\$723,418	75.9%	\$752,665	75.9%	\$783,023	75.9%	
Undistributed Operating Expenses													
Administration & General	\$6,999	4.6%	\$24,780	4.9%	\$41,628	4.9%	\$46,704	4.9%	\$48,600	4.9%	\$50,520	4.9%	
Marketing	\$4,810	3.1%	\$5,040	1.0%	\$8,520	1.0%	\$9,516	1.0%	\$9,936	1.0%	\$10,320	1.0%	
Utility Costs	\$43,966	28.8%	\$74,823	14.8%	\$125,726	14.8%	\$141,026	14.8%	\$146,792	14.8%	\$152,733	14.8%	
Property Operations & Maintenance	\$12,845	8.4%	\$22,753	4.5%	\$38,214	4.5%	\$42,918	4.5%	\$44,594	4.5%	\$46,404	4.5%	
Total Undistributed Operating Expenses	\$68,620	44.9%	\$127,396	25.2%	\$214,088	25.2%	\$240,164	25.2%	\$249,923	25.2%	\$259,977	25.2%	
Gross Operating Profit	\$33,629	22.0%	\$256,394	50.7%	\$430,660	50.7%	\$483,254	50.7%	\$502,743	50.7%	\$523,046	50.7%	
Fixed Expenses													
Property Taxes	\$4,204	2.8%	\$4,246	0.8%	\$4,289	0.5%	\$4,332	0.5%	\$4,375	0.4%	\$4,419	0.4%	
Insurance	\$9,542	6.2%	\$9,781	1.9%	\$10,025	1.2%	\$10,276	1.1%	\$10,533	1.1%	\$10,796	1.0%	
Total Fixed Charges	\$13,746	9.0%	\$14,027	2.8%	\$14,314	1.7%	\$14,608	1.5%	\$14,908	1.5%	\$15,215	1.5%	
Total Expenses	\$132,953	87.0%	\$263,260	52.1%	\$433,108	51.0%	\$484,440	50.8%	\$503,757	50.8%	\$523,821	50.8%	
Amount Available for Debt Service	\$19,883	13.0%	\$242,367	47.9%	\$416,346	49.0%	\$468,647	49.2%	\$487,835	49.2%	\$507,831	49.2%	
Capital Replacement Reserve	\$0	0.0%	\$20,225	4.0%	\$33,978	4.0%	\$38,123	4.0%	\$39,664	4.0%	\$41,266	4.0%	
Management Fee	\$0	0.0%	\$15,169	3.0%	\$25,484	3.0%	\$28,593	3.0%	\$29,748	3.0%	\$30,950	3.0%	
Net Operating Income (EBITDA)	\$19,883	13.0%	\$206,973	40.9%	\$356,884	42.0%	\$401,931	42.2%	\$418,424	42.2%	\$435,616	42.2%	

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## 5-YEAR RETURNS (PRO FORMA) // GILA MOUNTAIN INN

Development/Acquisition Costs - Sources/Uses:	Amount	Per Key	% of Total	Cap Rate	RRM
Base Price	\$1,400,000	\$18,919	65.4%	1.42%	9.19
Initial CapEx Estimate (@ \$10,000 per Room)	\$740,000	\$10,000	34.6%		
Initial Franchise Fee Estimate (Not Included With Analysis)	\$0	\$0	0.0%		
Total	\$2,140,000	\$28,919		0.93%	14.05

Operating Cash Flow Summary:	Year Ending	Dec-2021	Dec-2022	Dec-2023	Dec-2024	Dec-2025
	2019	Year 1	Year 2	Year 3	Year 4	Year 5
Net Operating Income	\$19,883	\$206,973	\$356,884	\$401,931	\$418,424	\$435,616
Debt						
Primary Loan (SBA - See Quote Following Page)	\$0	(\$118,273)	(\$118,273)	(\$118,273)	(\$118,273)	\$118,273
Refinancing	\$0	\$0	\$0	\$0	\$0	\$0
Other Financing Costs	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash Flow After Debt Financing	\$19,883	\$88,700	\$238,611	\$283,657	\$300,150	\$317,342
Debt Service Coverage Ratio	0.17	1.75	3.02	3.40	3.54	3.68

Terminal Cap Rate	7.5%
Disposition Cost	5.0%

Overall Project Return Summary	Year Ending	Dec-2020	Dec-2021	Dec-2022	Dec-2023	Dec-2024	Dec-2025
	Current	Year 1	Year 2	Year 3	Year 4	Year 5	
Initial Equity	(\$535,000)						
Cash Flow Before Debt Service		\$206,973	\$356,884	\$401,931	\$418,424		\$435,616
Cash Flow After Debt Service		\$88,700	\$238,611	\$283,657	\$300,150		\$317,342
Gross Selling Price							\$6,046,853
Less: Primary Loan (Balloon)							(\$1,471,126)
Less: Refinanced Loan (Balloon)							\$0
Less: Disposition Cost							(\$302,343)
Unlevered Return	(\$2,140,000)	\$206,973	\$356,884	\$401,931	\$418,424		\$6,180,126
Levered Return*	(\$535,000)	\$88,700	\$238,611	\$283,657	\$300,150		\$4,590,727
Unlevered Annual Cash-on-Cash Return		14.78%	25.49%	28.71%	29.89%		31.12%
Levered Annual Cash-on-Cash Return		16.58%	44.60%	53.02%	56.10%		59.32%
Levered IRR	71.35%						
Unlevered IRR	33.10%						



## PROPOSED FINANCING (SBA) // GILA MOUNTAIN INN

Proposed New Loan\* (Borrower Specific - Must Not Rely Upon Pro Forma Property Cash Flows For Approval)

Loan Name/Type	SBA
Origination Date	January-2021
LTV	75.0%
Loan Balance	\$1,605,000
Interest Rate	5.50%
Term (Years)	5 Years
Maturity Date	December-2025
Amortization Period (Years)	25 Years
Loan Constant	7.37%
Annual Debt Service Payment (P&I only)	(\$118,273)
Equity	\$535,000
Outstanding Loan Balance at Maturity	\$1,432,808
Loan Origination Fee	1.00%

Year Ending	Dec-2021	Dec-2022	Dec-2023	Dec-2024	Dec-2025
SBA					
Interest	\$87,507	\$85,772	\$83,938	\$82,002	\$79,956
Principal	\$30,766	\$32,502	\$34,335	\$36,272	\$38,318
Total Interest	\$87,507	\$85,772	\$83,938	\$82,002	\$79,956
Total Principal	\$30,766	\$32,502	\$34,335	\$36,272	\$38,318
Cash Flow From Financing (Pro Forma)	\$118,273	\$118,273	\$118,273	\$118,273	\$118,273

*Pro Forma information is provided for generic modeling reference only.*

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Capital Corporation

**For Additional Financing Information:**  
**Nick Gray | Vice President, Capital Markets | (702) 215-7144**







POPULATION	5 Miles	10 Miles	15 Miles
■ 2024 Projection			
Total Population	18,429	25,460	25,912
■ 2019 Estimate			
Total Population	18,505	25,420	25,874
■ 2010 Census			
Total Population	18,707	25,468	25,929
■ 2000 Census			
Total Population	19,033	26,484	27,017
■ Daytime Population			
2019 Estimate	20,695	25,600	25,917
HOUSEHOLDS	5 Miles	10 Miles	15 Miles
■ 2024 Projection			
Total Households	7,718	10,585	10,792
■ 2019 Estimate			
Total Households	7,646	10,418	10,622
Average (Mean) Household Size	2.36	2.37	2.37
■ 2010 Census			
Total Households	7,847	10,593	10,802
■ 2000 Census			
Total Households	7,462	10,199	10,411
HOUSING UNITS	5 Miles	10 Miles	15 Miles
■ Occupied Units			
2024 Projection	7,718	10,585	10,792
2019 Estimate	9,011	12,480	12,745

HOUSEHOLDS BY INCOME	5 Miles	10 Miles	15 Miles
■ 2019 Estimate			
\$200,000 or More	0.87%	1.05%	1.07%
\$150,000 - \$199,000	2.43%	2.16%	2.14%
\$100,000 - \$149,000	9.65%	8.91%	8.92%
\$75,000 - \$99,999	10.91%	10.14%	10.12%
\$50,000 - \$74,999	17.23%	17.33%	17.41%
\$35,000 - \$49,999	15.67%	15.91%	15.93%
\$25,000 - \$34,999	11.85%	12.51%	12.53%
\$15,000 - \$24,999	15.44%	16.00%	15.96%
Under \$15,000	15.95%	16.01%	15.92%
Average Household Income	\$53,782	\$52,760	\$52,846
Median Household Income	\$41,863	\$40,559	\$40,672
Per Capita Income	\$22,617	\$21,920	\$21,987
POPULATION PROFILE	5 Miles	10 Miles	15 Miles
■ Population 25+ by Education Level			
2019 Estimate Population Age 25+	12,998	17,907	18,256
Elementary (0-8)	4.45%	5.15%	5.09%
Some High School (9-11)	7.47%	8.22%	8.18%
High School Graduate (12)	24.87%	28.12%	28.14%
Some College (13-15)	25.07%	24.06%	24.15%
Associate Degree Only	8.81%	8.18%	8.18%
Bachelors Degree Only	16.32%	14.83%	14.83%
Graduate Degree	12.21%	10.70%	10.68%



## Population

In 2019, the population in your selected geography is 18,505. The population has changed by -2.77% since 2000. It is estimated that the population in your area will be 18,429.00 five years from now, which represents a change of -0.41% from the current year. The current population is 48.77% male and 51.23% female. The median age of the population in your area is 44.62, compare this to the US average which is 38.08. The population density in your area is 235.64 people per square mile.



## Households

There are currently 7,646 households in your selected geography. The number of households has changed by 2.47% since 2000. It is estimated that the number of households in your area will be 7,718 five years from now, which represents a change of 0.94% from the current year. The average household size in your area is 2.36 persons.



## Income

In 2019, the median household income for your selected geography is \$41,863, compare this to the US average which is currently \$60,811. The median household income for your area has changed by 41.61% since 2000. It is estimated that the median household income in your area will be \$47,981 five years from now, which represents a change of 14.61% from the current year.

The current year per capita income in your area is \$22,617, compare this to the US average, which is \$33,623. The current year average household income in your area is \$53,782, compare this to the US average which is \$87,636.



## Race and Ethnicity

The current year racial makeup of your selected area is as follows: 82.11% White, 1.31% Black, 0.21% Native American and 1.09% Asian/Pacific Islander. Compare these to US averages which are: 70.07% White, 12.87% Black, 0.19% Native American and 5.66% Asian/Pacific Islander. People of Hispanic origin are counted independently of race.

People of Hispanic origin make up 50.90% of the current year population in your selected area. Compare this to the US average of 18.17%.



## Housing

The median housing value in your area was \$129,610 in 2019, compare this to the US average of \$212,058. In 2000, there were 5,305 owner occupied housing units in your area and there were 2,156 renter occupied housing units in your area. The median rent at the time was \$375.



## Employment

In 2019, there are 7,099 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 53.46% of employees are employed in white-collar occupations in this geography, and 45.97% are employed in blue-collar occupations. In 2019, unemployment in this area is 5.11%. In 2000, the average time traveled to work was 15.00 minutes.



# GILA MOUNTAIN INN

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## PRESENTED BY

### CANDACE BARE

Senior Associate  
Marcus & Millichap Las Vegas  
Direct: (702) 215-7125  
candace.bare@marcusmillichap.com  
License: NV S.0171556

### MARK ROYCE

National Hospitality Group  
Marcus & Millichap Las Vegas  
Direct: (702) 215-7114  
mark.royce@marcusmillichap.com  
License: NV S.0187878 NY: 10401282321

## In Association With

### MATTHEW REEVES

Qualifying Broker  
Marcus & Millichap New Mexico  
(505)445-6333  
NM License: 19583

Marcus & Millichap