



Sale Price:
\$8,285,000

Cap Rate:
6.00%

3291 & 3295 S. Gila Dr.

Flagstaff | Arizona

Specifically designed for those needing high-occupancy luxury accommodations, these two buildings are mirror images of each other, set next door with a common outdoor entertainment space between them; available when the entire property is rented together. Each building has 10 bedrooms and 6 full and 2 half baths. The buildings can also be rented separately and are identified on The Gathering Tree website as noted:

- *Gathering Tree Ultimate Village for both buildings rented together, with a combined total of 20 bedrooms*
- *Aspen Ridge Retreat 10 bedrooms and 6 full and 2 half baths*
- *Spruce Ridge Retreat 10 bedrooms and 6 full and 2 half baths*

Contact Us:

Rob Gerlak

Principal

Phone: 928 440 5450

Rob@KellyandCall.com

Kevin B. Call, CPA

Designated Broker

Principal

Phone: 928 440 5450

Kevin@KellyandCall.com



Confidentiality and Disclaimer

This Offering Memorandum contains select information pertaining to the business and affairs of the properties commonly known as Gathering Tree (hereinafter the "Property"), located at 3291 and 3295 S. Gila Dr., Flagstaff, Arizona 86001.

This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Properties. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Kelly & Call Commercial. The material is based in part upon information supplied by the Seller and in part upon information obtained by Kelly & Call Commercial from sources it deems reliable.

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Short-Term Rental Laws

Why are these short-term rental properties a solid bet for the future?

Arizona is the 8th most visited state in the country. The Grand Canyon is the 2nd most visited National Park in the nation with 4.73 million visitors in 2023 beating out Yellowstone, Yosemite, Joshua Tree etc.

A unique blend of state legislations make Arizona one of the most short-term rental friendly states in the US. Arizona does not impose short-term rental rules and also strictly limits the rights of cities and towns to do so. This was memorialized in 2017 when the State of Arizona passed Senate Bill 1350, which severely restricts the ability of local authorities to regulate and limit the vacation rental industry across Arizona. Strong revenue numbers and legislative protections have fueled widespread growth of vacation rentals in the state. Arizona's Private Property Rights Protection Act, passed by voters in 2006 further protects the owner's rights to the current uses effectively blocking cities and counties from passing future restrictions.

Individual cities have been able to enact their own short-term rental definitions. The City of Flagstaff defines a short-term rental as the rental of part or all of any legally permitted dwelling unit for less than 30 consecutive days, in line with the statewide definition. Flagstaff vacation rental owners must get a TPT License from the Arizona Department of Revenue.

Why there will be limited competition going forward.

The City of Flagstaff created and approved a "High Occupancy Housing" ordinance on November 7, 2020. This ordinance incorporates significant restrictions and additional parking requirements on any future proposed developments that meet the definition of high occupancy housing. This ordinance restricts single family residences to a maximum of six bedrooms and five bathrooms and duplex units are restricted to a maximum of seven bedrooms and four bathrooms per unit. This ordinance will limit future competition to the existing large short-term rental properties in the market because these existing properties cannot be replicated.

The combination of Senate Bill 1350 which protects the rights of short-term rentals in Arizona, Prop 207 which blocks future attempts to regulate, and the City of Flagstaff's High Occupancy Housing ordinance which severely restricts/eliminates the ability to build competing assets, all add up to a unique package of performing properties that are well insulated from future regulation and competition.

Arizona State and City of Flagstaff Short-Term Rental Laws



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3291 and 3295 S. Gila Drive

These two extraordinary homes have been specifically designed for those needing high-occupancy luxury accommodations. The entire property is one rental for up to 62 people and provides a perfect balance of social, private, and outdoor living areas for the ultimate in guest comfort and convenience. Modern upgrades and curated furnishings are the standard. Amenity favorites include game/play-rooms, hot tubs and fire pits. The possibilities are endless for corporate retreats, multi-family ski trips, board meetings, and team building.

Street Level Each Building

Access to the residence is on the middle floor where an impressive social space seamlessly encompasses the home's main living and dining areas. An open kitchen boasts top-of-the-line appliances, a large prep island, lots of storage, and a convenient drop zone for groceries and supplies. Easily serve group meals at the massive dining tables that seat 20–24 and another bar-style table along the back of the sofa seats 3 more. A beautiful brick fireplace and 65" Smart TV are the focal point of the room, and there is access to an elevated deck with seating that is ideal for morning coffee. This floor also has a powder room, 4 queen bedrooms, and 2 full Jack and Jill baths shared

between the rooms. All bedrooms have a private vanity with sink and mirror off the bathroom.

Upper Level Each Building

Up one level from the street is a second social space that includes a cozy seating spot centered around a fireplace and 65" Smart TV. This area also includes shuffleboard, oversized Connect 4, air hockey, foosball, arcade style dart board, and board and card games. There is a large wet bar and beverage fridge to limit trips up and down the stairs, plus access to a private deck with a hot tub, Adirondack seating, and picturesque views of the pines. This level also has a powder room and 4 queen bedrooms that share 2 full Jack and Jill Baths. All bedrooms have a private vanity with sink and mirror off the bathroom, and a full-size washer and dryer is conveniently located on this floor also.

Lower Level Each Building

On the ground floor is an extremely cool bunk room that can sleep up to 15 with three 3-tier twin bunks and two 2-tier twin-over-full bunks. This level also includes a second bunk room/flex space with two additional 2-tier twin-over-full bunks, desk/workstation, a quiet remote meeting space, or study hall for virtual students. Two full bathrooms.

Specifications for Each Unit

- **Square footage:** Single family residence with 6,393 SF rental area
- **Land area:** 8,400 SF for 3291 S. Gila Dr., and 12,902 SF for 3295 S. Gila Dr.
- **Accommodations:** 31 guests
10 bedrooms · 21 beds · 6 full and 2 half baths
- **Property parking:** 4 cars per building, 8 total
- **Zoning:** Single Family Residential
- **APN:**
#105-02-080A for 3291 S. Gila Dr.
#105-02-081A for 3295 S. Gila Dr.
- **Property Taxes:**
\$1,852 (2024) combined
\$10,000 estimated 2025 for both
- **Age:** Construction completed and first open for operations March 2023
- **Frontage:** Approximately 90 ft. frontage on Gila Drive
- **Access:** Private access off of Gila Drive
- **Surrounding use:** Mix of multifamily and single family residences

Highlights

- Gathering Tree's biggest group experience when both houses are rented together
- Large flex space areas for group activities
- Outstanding architectural features and finishes
- Extremely flexible floor plans
- Sound insulated between floors/walls
- Separate HVAC on each level
- Built for no/low maintenance with metal roofs/commercial drywall/exterior finishes.
- Extremely flexible floor plans

Amenities

- A deluxe house wares and specialty appliance package
- Complimentary coffee and teas supplied with sugar and cream, basic spices and oils
- Large locked off supply, mechanical, laundry rooms
- Dishwasher and laundry detergent
- Commercial Speed Queen laundry machines
- Fresh linens, towels, and bath essentials for every guest
- 50/50 ration of walk-in showers and shower/bath combos
- Unlimited Wi-Fi
- Each unit has a hot tub and fire ring

3291 and 3295 S. Gila Drive

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Street level great room seating with comfy sofas, gas fireplace and TV



Open gathering space for large group meetings and activities



Huge kitchen and island for food prep and serving large group meals

3291 and 3295 S. Gila Drive



Each building has eight queen bedrooms

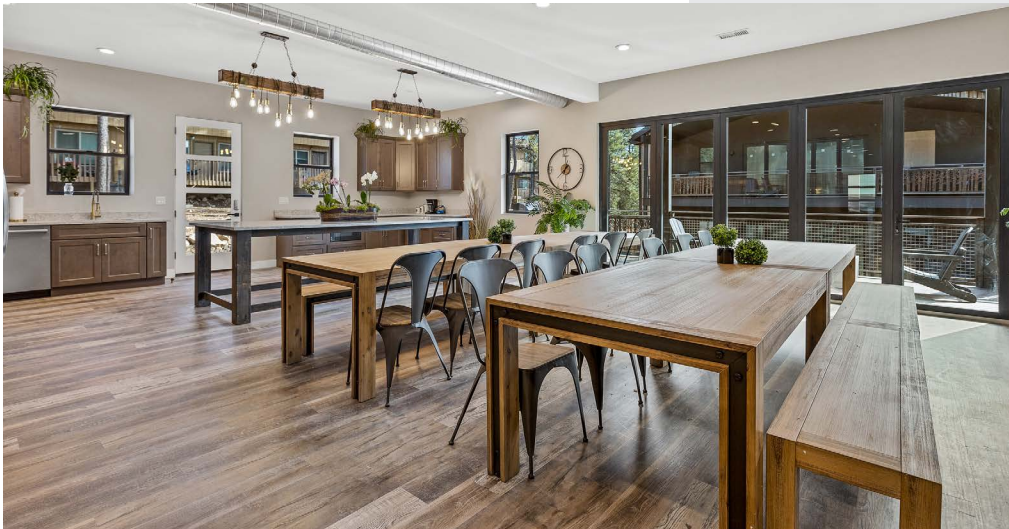


Ensuite private vanity—toilet and shower shared Jack and Jill style

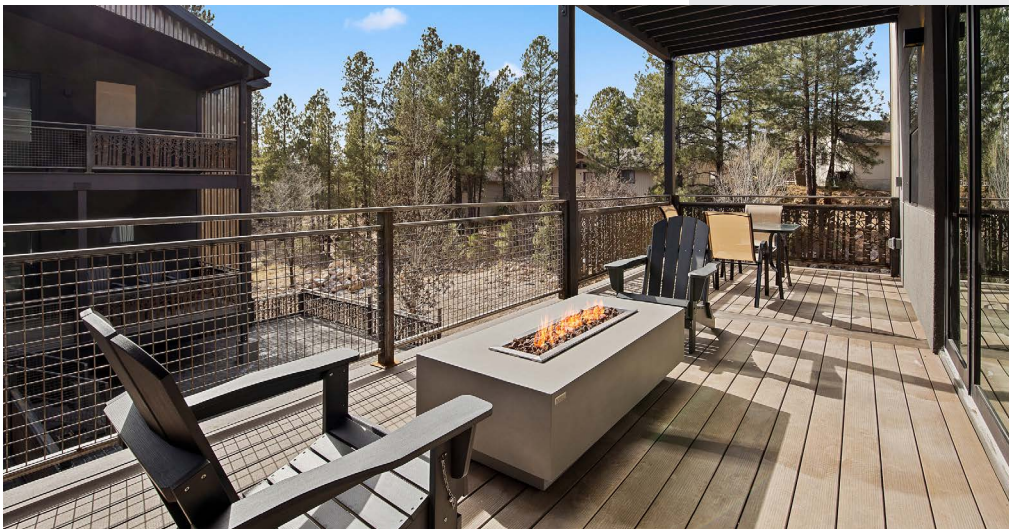


Each building has two bunk rooms with two full bathrooms

3291 and 3295 S. Gila Drive



Large dining area for groups of 20–24 available in each building



Top floor decking with seating, fire pit, and hot tub



Game room with air hockey, foosball, comfortable seating



Flagstaff Market Overview

For most people in the country the perception of anywhere in Arizona is one of arid desert and oppressive heat. They are surprised to learn that the city of Flagstaff is high in the mountains, surrounded by the largest ponderosa pine forest in the world and enjoys classic four-season weather. Flagstaff elevation ranges from 7,000 feet in town to more than 12,000 feet on the San Francisco Peaks. Just two hours away from the desert city of Phoenix, Flagstaff enjoys a cooling escape during the Arizona summer months and access to winter recreational activities with snow play, skiing and snowboarding.

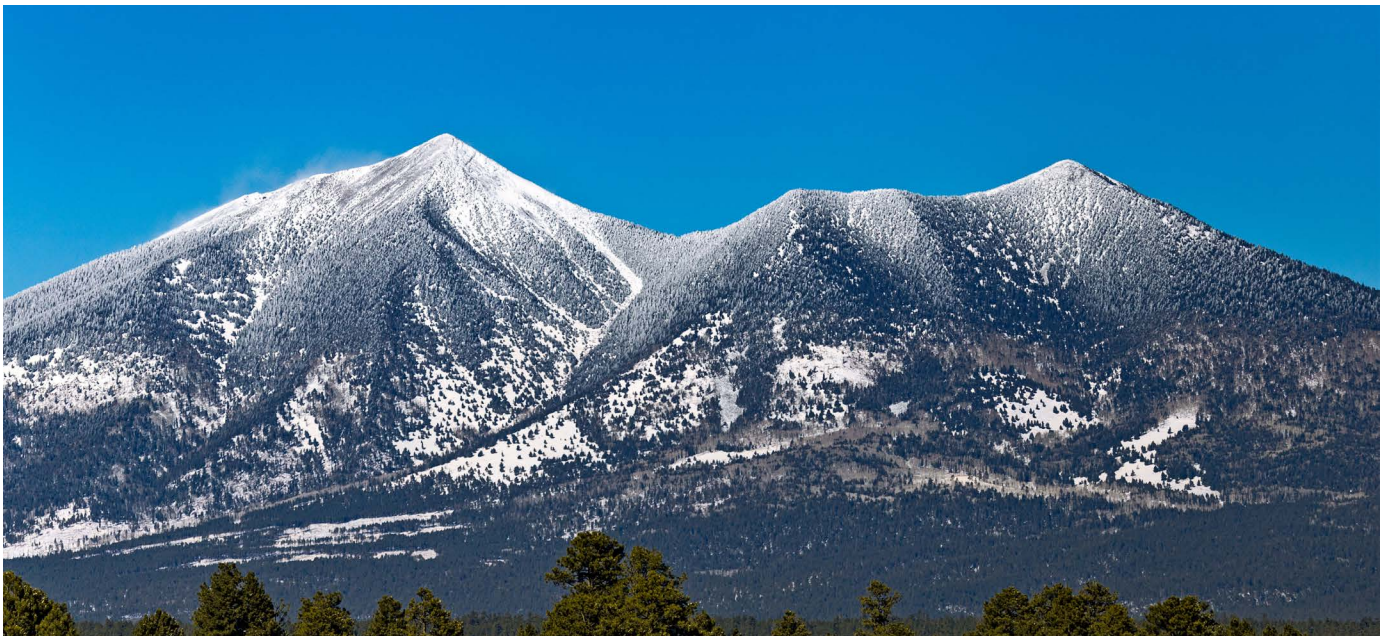
The Flagstaff metro area is located in Coconino County in northern Arizona. The county population consists of approximately 145,000 individuals. In the city of Flagstaff, the total population is 77,000. Northern Arizona University is a major economic driver in Flagstaff with a total enrollment at the Flagstaff campus of more than 23,000 students.

The influence of Northern Arizona University is evident in the level of education achieved among the area's population. Nearly one in three residents have

at least a bachelor's degree compared to one in four statewide. While median incomes in Flagstaff closely track the statewide average, housing prices skew higher with the median-valued owner-occupied home in Flagstaff approximately 20 percent higher than the statewide median.

The primary contributor to Flagstaff's economy is by far the tourism sector. Notably, as a result, Flagstaff has more hotel rooms per capita than Las Vegas. Because of the tourism base, the economy was expected to be strongly impacted for the worse when the Covid pandemic hit. Surprisingly the Flagstaff tourism market was at an advantage because much of it is based on outdoor activity.

In addition to tourism and education, Flagstaff has a strong science sector which includes Flagstaff Medical Center; a regional hospital and level 1 trauma facility, W.L. Gore medical products, and Lowell Observatory; one of the oldest observatories in the United States and famous for the discovery of Pluto. Flagstaff is designated as the world's first Dark Sky City for its work in preservation of the night sky's natural resource.



Flagstaff Tourism Overview

Flagstaff's number one industry is tourism. Supported by proximity to the Grand Canyon and Sedona, Flagstaff draws five million visitors a year, making a strong tourism market for vacation rentals. The economic impact of this sector amounts to \$750 million a year generating more than 8,000 jobs, with demand for both domestic and international tourism.

Located at the junction of I-40 and I-17, Flagstaff is the regional crossroad for Northern Arizona and Grand Canyon National Park. Visitors and a large second homeowner population in Flagstaff are drawn to the city's four seasons, accessible location and fulfilling quality of life. Flagstaff is approximately 90 minutes from the Grand Canyon, 45 minutes from Sedona, two hours away from Phoenix, and approximately four hours from Las Vegas by car. The airport has direct flights to Phoenix and Dallas-Fort Worth on American Airlines.

Flagstaff's strong sense of community celebrates its rich resources for diverse interests and activities. Outdoor recreation is abundant with hundreds of miles of hiking, running and biking trails. Summers are filled with festivals and celebrations including the Museum of Northern Arizona's Heritage Festival with indigenous artists from the Colorado Plateau, the weekly Flagstaff Community Market, Art in the Park, and the Hopi Art and Culture Festival, along with many more events. Autumn brings tourists from lower elevations to view the beautiful fall colors, especially plentiful on the San Francisco Peaks. Winter months invite everyone to enjoy the fun of snow sports with skiing and snowboarding.

Situated on the Colorado Plateau, Flagstaff serves as a base for broader exploration of several nearby national parks and monuments, along with access to cultural experiences on the Navajo Nation and Hopi.



Close Proximity to the Grand Canyon Promotes Tourism



Contact Us:

Rob Gerlak

Principal

Phone: 928 440 5450

Rob@KellyandCall.com

Kevin B. Call, CPA

Designated Broker

Principal

Phone: 928 440 5450

Kevin@KellyandCall.com



KELLY & CALL
COMMERCIAL

Real Estate and Business Brokerage

Kelly & Call Commercial
1600 W. University Avenue
Suite 218
Flagstaff, Arizona 86001