



REALTOR REFERRAL PARTNER

Your Investor Clients Deserve a Builder Who Won't Let Them Down.

When you refer an investor client to Morreau Construction Management, you are connecting them with a builder who runs a structured, open-book process from start to finish. The Paducah rental market is short on housing — and a wave of new economic investment is about to make that shortage significantly worse. Your clients are looking for a safe place to put their money. We build the rental properties they need — and we keep them informed every step of the way.

Protects Your Reputation

Every project follows a defined process. Your investor client knows what things cost, what is happening on-site, and what comes next.

Helps Your Deals Close

Realistic budgets and clear timelines keep buyers confident. When the numbers are based on real quotes, deals do not fall apart.

Dedicated Project Management

Your clients work directly with MCM's assigned project manager — one point of contact, one person accountable, start to finish.

THE MARKET OPPORTUNITY — PADUCAH & MCCrackEN COUNTY

Paducah has more renters looking for housing than there are units available. A 4% vacancy rate means landlords are not struggling to find tenants. If you build a rental property in Paducah right now, it will rent.

3,800+

Housing units short in
McCracken County
Kentucky Housing Corporation, 2024

4%

Rental vacancy — well below
national average
HUD Rental Market Data, 2026

+6.7%

Home value growth, trailing 12
months
Zillow Market Report, 2026

7.97%

Typical duplex return rate,
Paducah market
LoopNet Apartment Market Data, 2026

PADUCAH'S NEXT GROWTH CATALYST — AI & NUCLEAR INVESTMENT

\$1.5 Billion Federal & Private Investment Coming to Paducah

The U.S. Department of Energy selected the former Paducah Gaseous Diffusion Plant as one of four national sites to host AI data centers. General Matter is investing **\$1.5 billion** to build a uranium enrichment facility at the same site. Groundwork and site preparations are actively accelerating.

5,000

Construction workers expected during
build phase

140

Permanent jobs from enrichment facility

\$70M+

Annual local economic impact

More workers means more renters. The housing shortage that already exists is about to intensify. Investors who build rental units now are positioning ahead of a demand surge that is federally backed and already in motion. Sources: DOE (energy.gov), WPSD Local 6, WKMS, Kentucky Governor's Office. Verify current status with Greater Paducah Economic Development.



HOW WE WORK — THE MCM PROCESS

Every project managed by MCM follows a four-step process. Most construction problems happen because nobody planned carefully before the first shovel hit the ground. We do all the hard planning work upfront — before a contract is signed.

0
1

PRECONSTRUCTION

Real subcontractor quotes, line-by-line budget, and project schedule — all locked before a contract is signed. Planning fee is credited toward the construction contract if the project moves forward.

4–8
weeks

0
2

CONTRACT & MOBILIZATION

Budget approved, contract signed, permits filed. Investor gets JobTread login — live access to schedule, budget, invoices, and job-site photos from day one.

1–3
weeks

0
3

CONSTRUCTION

MCM's project manager on-site as the single point of contact. Weekly written updates on schedule and budget. Every change order is written, priced, and signed before work proceeds.

8–12
months

0
4

HANDOFF AT CERTIFICATE OF OCCUPANCY

Final walkthrough, warranties, subcontractor docs, and as-built plans delivered. MCM connects investors with vetted Paducah property management. Your listing rights activate.

1–2
weeks

What makes this different?

Most builders skip the planning phase entirely and jump straight to a bid. We spend weeks getting the numbers right before a shovel hits the ground — because that is how you protect the budget, the timeline, and your client's confidence. When the project finishes on time and on budget, your referral looks like the best decision your client made all year.



REALTOR PARTNERSHIP PROGRAM

What You Get When You Refer — More Than a One-Time Commission

We believe the agents who bring us the right investors deserve more than a token payment. When your client signs a construction contract with Morreau Construction Management, **you keep the exclusive right to list and lease the completed units**. On a standard two-unit duplex in a 4% vacancy market, that is two rental listings that fill fast. If the investor decides to sell the property, you are the listing agent.

TIER 01 Exclusive Listing Rights

Written agreement giving you the right to list all completed units for rent when construction is done.

TIER 02 First Right to List on Sale

If the investor decides to sell later, you have first right to be the listing agent. You built the relationship.

TIER 03 Co-Marketing & Visibility

We include your name and brokerage in project updates to the investor throughout the build.

INVESTMENT STRUCTURE & CONTRACT TERMS

Term	Detail
Contract type	Cost-plus with a fixed management fee. All subcontractor and material costs passed through at actual cost — no hidden markups.
Management fee	12% of the documented project cost. Fixed at contract signing; does not go up if material prices rise mid-project.
Timeline	8–12 months from ground-break to certificate of occupancy for a standard two-unit duplex.
Change orders	Written and signed before any work proceeds. No verbal commitments, no surprise charges at the end.
Reporting	Weekly updates via JobTread with schedule, budget, invoices, and job-site photos.
Optional equity	Profit-sharing or partial ownership available on a project-by-project basis when it makes sense for both sides.



Why Realtors Choose MCM

- **Planning before building** — Budget, scope, and timeline are locked before construction begins.
- **Open-book pricing** — Clients see exactly where every dollar goes.
- **Honest timelines** — We do not overpromise. Your client gets a schedule they can plan around.
- **Same-day communication** — If something changes, your client hears about it the same day.
- **One person accountable** — MCM assigns a dedicated project manager to every project. No handoffs, no runaround.
- **5.0-star Google rating** — Verified by past clients. Your reputation is safe.
- **25+ custom homes managed** — Five years of documented project history in the Paducah market.
- **NAHB member, fully licensed & insured** — The credentials your investor clients expect.

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WHAT DOES IT ACTUALLY COST TO BUILD A DUPLEX IN PADUCAH?

All the numbers in this booklet are based on a standard two-unit duplex in Paducah, Kentucky, using current 2026 market pricing. **Hard construction cost runs \$410,000–\$500,000 depending on final specs, site conditions, and finish level set during the planning phase.** These are real numbers from real subcontractor quotes — not a rough estimate based on square footage. The final cost for any specific project is confirmed during the paid planning phase before a contract is signed.

What You Are Paying For	Amount	What You Can Expect to Earn	Amount
Hard construction cost (3BR/2BA new build, 2 units)	\$410,000–\$500,000*	Rent per unit per month (3BR/2BA, new construction)	\$1,500/mo
MCM construction management fee (12%)	\$49,000–\$60,000	Total rent both units, full year	\$36,000
Total project cost to investor	\$460,000–\$560,000	Vacancy allowance (5% empty time)	5%
Land (separate purchase, not included in build cost)	~\$40,000	Operating costs (taxes, insurance, maintenance, mgmt)	30% of collected rent
Amount the IRS lets you write off over time	\$420,000–\$520,000	Net income after expenses (annual)	\$23,940/yr
<i>Final cost confirmed during paid planning phase</i>	<i>Real quotes, not estimates</i>	Estimated rent & value growth per year	2.5%/yr

*Construction cost range reflects standard finishes, slab foundation, and rectangular footprint. Final cost confirmed during paid planning phase from actual subcontractor quotes. **All financial projections are illustrative. Verify all figures with a licensed CPA and real estate attorney before making any investment decision.**



TWO WAYS TO FINANCE IT

How you pay for the project depends on how much cash you have available and what you want to get out of it. Paying cash gives you immediate monthly income and zero debt. Putting 25% down gives you more tax write-offs upfront but means you will carry a negative cash flow for the first several years while the loan gets paid down.

OPTION A · RECOMMENDED		OPTION B · TAX-FOCUSED	
Pay Cash — Own It Free and Clear		25% Down — Finance the Rest	
Cash needed	\$460,000–\$560,000	Down payment (25%)	\$115,000–\$140,000
Year 1 income (after expenses)	\$23,940	Loan payment (7.25%, 25-yr term)	\$32,526/yr
Return on your money, Year 1	~4.3–5.2%	Year 1 cash flow (negative)	~(\$8,586)
Total cash collected over 10 years	~\$268,000	Year you break even on cash flow	Year 14
Estimated property value at Year 10	~\$640,000	Loan paid down over 10 years	~\$78,000
10-year annualized return	~7%	Your equity at Year 10	~\$343,000
Risk level	Lowest	10-year annualized return	~7.5%

Option A: The simplest path to steady income. You collect rent from Day 1, carry no debt, and are not affected by interest rate changes. Best for investors who have the cash available and want dependable monthly income. Option B: This option is about building equity and reducing your tax bill — not collecting monthly income. The early-year shortfall is offset by tax write-offs and the loan getting paid down. Best for high earners with a 7–10 year plan. **Consult a licensed CPA before selecting a financing strategy.**



10-YEAR OUTLOOK — PAY CASH (RECOMMENDED)

Year	Annual Rent	Annual Income	Property Value	Your Equity
Year 1	\$36,000	\$23,940	\$512,000	\$512,000
Year 3	\$37,822	\$25,152	\$538,000	\$538,000
Year 5	\$39,737	\$26,425	\$566,000	\$566,000
Year 7	\$41,749	\$27,763	\$594,000	\$594,000
Year 10	\$44,959	\$29,898	\$640,000	~\$640,000

10-Year Summary — Pay Cash

Money in:	\$460K–\$560K
Property value at Year 10:	~\$640,000
Total rent collected (net):	~\$268,000
Total gain at Year 10:	~\$408,000
Total return on your money:	~1.8x
Annualized return:	~7.0%

Paying cash means no debt, no interest rate risk, and income from Day 1. Over 10 years the property generates roughly \$268,000 in rent while the building itself grows in value.

Rent and value growth modeled at 2.5%/yr. Final cost confirmed during paid planning phase. **All projections are illustrative estimates. Verify all financial assumptions with a licensed CPA and real estate attorney.**

TAX BENEFITS — WHAT THE 2026 TAX LAW MEANS FOR YOU

The One Big Beautiful Bill Act, signed July 2025, permanently restored the ability to write off 100% of certain assets in the first year for qualifying properties placed in service after January 19, 2025. For high-income investors, this can mean a tax savings in Year 1 that approaches or exceeds the original down payment.

Option 1 — Simple Write-Off Over Time (27.5 Years)	Amount	Option 2 — Accelerated Write-Off in Year 1 (Cost Segregation)	Amount
Amount you can write off (building cost, not land)	\$420,000–\$520,000*	Cost of a cost segregation study	\$2,800–\$5,000
Annual write-off (midpoint ÷ 27.5 years)	~\$16,727–\$18,909/yr	Portion of building reclassified as short-life assets	~\$124,000
Annual tax savings — 24% bracket	~\$4,000–\$4,500/yr	Total write-off in Year 1 (accelerated + normal)	~\$136,200
Annual tax savings — 32% bracket	~\$5,400–\$6,000/yr	Year 1 tax savings — 24% bracket	~\$33,000
Annual tax savings — 37% bracket	~\$6,200–\$7,000/yr	Year 1 tax savings — 32% bracket	~\$44,000
10-year total tax savings (37% bracket)	~\$62,000–\$70,000	Year 1 tax savings — 37% bracket (active RE investor)	~\$50,000

*Depreciable amount range reflects the \$460K–\$560K all-in cost range (land excluded). **These are illustrative scenarios only. Tax law is complex and changes frequently. You MUST consult a licensed CPA before making any tax-related investment decision. Active real estate investor status has strict documentation requirements and is audit-sensitive.**



RISK MANAGEMENT — WHAT CAN GO WRONG AND HOW WE HANDLE IT

Risk	How MCM Handles It
Cost overruns	Budget is built from real subcontractor quotes before the contract is signed. All changes are written, priced, and approved before work proceeds. Long-lead materials are ordered early to lock pricing.
Schedule delays	A realistic schedule is set in preconstruction. Progress is tracked weekly through JobTread. We build in realistic buffer time rather than promising an optimistic date we cannot keep.
Quality problems	MCM's project manager is on-site and is the decision-maker. No handoff to a superintendent the investor has never met. A workmanship warranty is included.
Subcontractor problems	Five years of working relationships with Western Kentucky trades. We use a vetted group of preferred subcontractors — not whoever shows up cheapest on a cold bid.
Trouble renting the units	A 4% vacancy rate and a 3,800-unit shortage create strong demand. Conservative rent projections are used in all numbers shown in this booklet.
Interest rate changes	Outside our control. We address it by using conservative assumptions in all financial projections and by keeping the investor's options open to refinance when rates improve.

Example: High-Income Earner (Doctor, Business Owner)

Household income \$500K+. Spouse qualifies as an active real estate investor. Puts 25% down (\$125K), pays \$3,500 for a cost segregation study. **Year 1 federal tax savings: ~\$50,000.** Even after the negative cash flow that year, the investor walks away with a net economic gain of roughly **+\$41,000 in Year 1** when you count the tax savings. The investment pays for itself through tax savings before the building is even rented for a full year. **Consult a CPA to verify eligibility and document active investor status.**

Example: Mid-Career Professional (Dual Income, \$225K)

Neither spouse qualifies as an active real estate investor. Uses the simple 27.5-year write-off (~\$16,727/yr). The \$23,940 in annual net rental income is fully sheltered by the write-off — **rental income is effectively tax-free** for the holding period. Annual tax savings at the 24% bracket: ~\$4,000/yr. The main benefit here is building equity over time and collecting tax-free income while you do it. **Consult a CPA to confirm passive activity rules apply to your situation.**



EXIT STRATEGY — BUILD, STABILIZE, EXCHANGE

Building a rental property is not just a cash flow play. With the right exit strategy, it becomes a tax-deferred compounding machine. The 1031 exchange allows investors to sell a property and roll 100% of the proceeds — including what would have been capital gains taxes — into a larger asset. Done in sequence, this strategy can multiply an investor's portfolio without ever writing a check to the IRS along the way.

Important: A 1031 exchange requires a qualified intermediary (QI). MCM does not serve as a QI. All 1031 exchange strategies must be reviewed with a licensed CPA and real estate attorney before execution.

TRACK 1 — ENTRY POINT

Single Duplex

Test the process before committing to a larger project

01 Build

Duplex constructed over 8–12 months. All-in cost: \$460K–\$560K (no land).

02 Stabilize

Lease both units. Hold 12+ months post-CO to establish investment intent and rental history.

03 Sell

List as income-producing property. Estimated sale value: \$560,000–\$620,000 based on current Paducah market.

04 Exchange

Identify replacement property within 45 days. Close within 180 days. Roll full proceeds into a larger asset — tax deferred.

TRACK 2 — ACCELERATED GROWTH

6-Unit Portfolio Block

Build multiple duplexes, sell as a commercial portfolio

01 Build 3 Duplexes

Build simultaneously or in sequence over 18–24 months. Total all-in cost: \$1.38M–\$1.68M (no land).

02 Stabilize Portfolio

Lease all 6 units. Combined net income: ~\$71,820/yr. Hold 12+ months post-CO on the final unit.

03 Sell as One Asset

6+ units cross into commercial multi-family. Estimated portfolio sale: \$1.2M–\$1.3M at 5.5–6.0% cap rate — 15–25% premium vs. selling individually.

04 Exchange

Roll full proceeds into an apartment complex, commercial property, or the next portfolio build. Tax deferred.

WHY SELL IN BLOCKS — THE PORTFOLIO PREMIUM

3 duplexes sold individually

~\$957K–\$1.1M

Retail buyer pool · Cap rate: 6.5–7.5%

Same 6 units sold as one portfolio

~\$1.2M–\$1.3M

Commercial buyer pool · Cap rate: 5.5–6.0%

Portfolio premium

~\$150K–\$300K

Same income, more value

1031 EXCHANGE — KEY RULES TO KNOW

Rule	Detail
Qualified Intermediary required	You must use a licensed QI to hold proceeds between sale and purchase. MCM does not serve as a QI. Engage a QI before listing the property.
45-day identification window	You must identify the replacement property within 45 calendar days of closing the relinquished property. No extensions.
180-day close deadline	You must close on the replacement property within 180 calendar days of the relinquished property closing. Missing this deadline triggers full capital gains recognition.
Minimum hold period	The IRS does not specify a minimum, but properties held less than 12 months face elevated audit risk for failing the 'held for investment' requirement.



Depreciation recapture	Section 1250 recapture applies at a maximum 25% rate when the property is eventually sold outside a 1031 exchange. This is deferred, not eliminated.
Like-kind requirement	The replacement property must be real property held for investment or business use. Apartment complex, commercial building, and land all qualify.

This page is for informational purposes only and does not constitute tax advice, legal advice, or investment advice. 1031 exchange rules are complex and fact-specific. You must consult a licensed CPA and a licensed real estate attorney before executing any 1031 exchange strategy. Cap rate compression and portfolio premium are market conditions and are not guaranteed.



NEXT STEPS

The most useful conversation we can have is not about a booklet. It is about a specific lot, a specific investor, and a specific timeline. When you are ready, MCM will meet you and your client on-site.

From there, a paid planning engagement produces the actual line-item budget and schedule that either confirms the investment makes sense — or surfaces issues early while the investor still has options. The planning fee is credited toward the construction contract if the project moves forward.

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IMPORTANT DISCLOSURES

All financial figures are illustrative projections based on current Paducah market data and are not a guarantee of future performance. Actual results depend on market conditions, rental performance, interest rates, and tax law. Construction cost ranges shown are based on current Western Kentucky subcontractor pricing and will be confirmed with real quotes during the paid planning phase before any contract is signed. **Morreau Construction Management is not a tax advisor, CPA, financial planner, or licensed real estate broker. All tax scenarios, investment projections, and financial strategies described in this booklet must be reviewed with a qualified CPA and licensed real estate attorney before making any investment decision.** Active real estate investor status has strict documentation requirements and is audit-sensitive. Accelerated depreciation can trigger recapture taxes when the property is sold. A 1031 exchange requires a qualified intermediary (QI); MCM does not serve as a QI. The 45-day identification and 180-day close deadlines are strict with no extensions. Section 1250 depreciation recapture applies at up to 25% when the property is eventually sold outside a 1031 exchange. The 4% vacancy rate and 3,800-unit shortage reflect current conditions and are not permanent. AI data center and nuclear investment projections are based on publicly available government and press announcements and are subject to change. This document is for informational purposes only and does not constitute a securities offering, investment advice, or tax advice. Realtor Partnership Program terms are subject to a written agreement and must comply with Kentucky Real Estate Commission regulations. Consult a licensed Kentucky real estate attorney before executing any referral or listing agreement. Confidential — intended solely for the recipient.