



1186 NORTH NEW HAMPSHIRE AVENUE
LOS ANGELES, CA 90029

A Six Unit Value Add Apartment Community in East Hollywood Delivered 50% Vacant

Offering Memorandum

EXCLUSIVELY LISTED BY

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*All property showings are by appointment only.
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01



EXECUTIVE SUMMARY



THE OFFERING

Marcus & Millichap, as the exclusive listing agent, is pleased to present the opportunity to acquire 1186 North New Hampshire Avenue, a six-unit apartment complex located in East Hollywood. Positioned just west of Vermont Avenue and north of Santa Monica Boulevard, the property is located in a rapidly gentrifying sub-market of Los Angeles within a designated Opportunity Zone which may enable preferential tax treatment. The offering presents an investor a truly unique opportunity to acquire a 50 percent vacant building in East Hollywood.

Originally constructed in 1940, the subject property has architecturally unique curb appeal and is comprised of massive units that average nearly 1,000 square foot each. The subject property is situated on a 7,200 square foot parcel. Residents of New Hampshire Avenue also benefit from the close proximity to multiple bus-lines, the Metro Red-Line, and nearby retail. Due to its 1940 construction, the property is subject to Los Angeles rent control statutes.

1186 North New Hampshire Avenue offers investors the unique opportunity to acquire a well-located East Hollywood asset at a compelling cost per square foot, with the ability for an investor to immediately renovate and re-tenant 50 percent of the property.

Income and Expenses are based entirely off of projections and do not represent the current performance of the property.



INVESTMENT HIGHLIGHTS

- Delivered 50% Vacant at the Close of Escrow Allowing a New Owner the Opportunity to Immediately Begin Interior Renovations
- Located in a Designated Opportunity Zone and May be Eligible for Preferential Tax Treatment
- Located Approximately 0.3 Miles From Los Angeles City College with Current Enrollment of Over 20,000 Students
- Five Units Have Approved Plans to be Converted into Two Bedroom and Three Bedroom Units Enabling Investors to Achieve Rent Premiums Over the Current Unit Mix
- The Property Boasts a Walk Score of 89, “Very Walkable” and a Transit Score of 68, “Good Transit”
- Attractively Priced at \$331 Per SF
- Located Within a Five Minute Walk to the Vermont/Santa Monica Station of the Metro Red Line Providing Residents with Short Commute Times to Downtown Los Angeles and Hollywood



An aerial photograph of a residential street. On the left, a modern, multi-story building with grey and white panels and a white balcony stands next to a traditional yellow house. A line of cars is parked along the left side of the road, including a red car, two blue cars, and two white cars. A silver SUV is driving towards the camera in the center of the road. The street is lined with sidewalks, trees, and greenery. In the background, more residential buildings and a street with parked cars are visible.

THE LOCATION

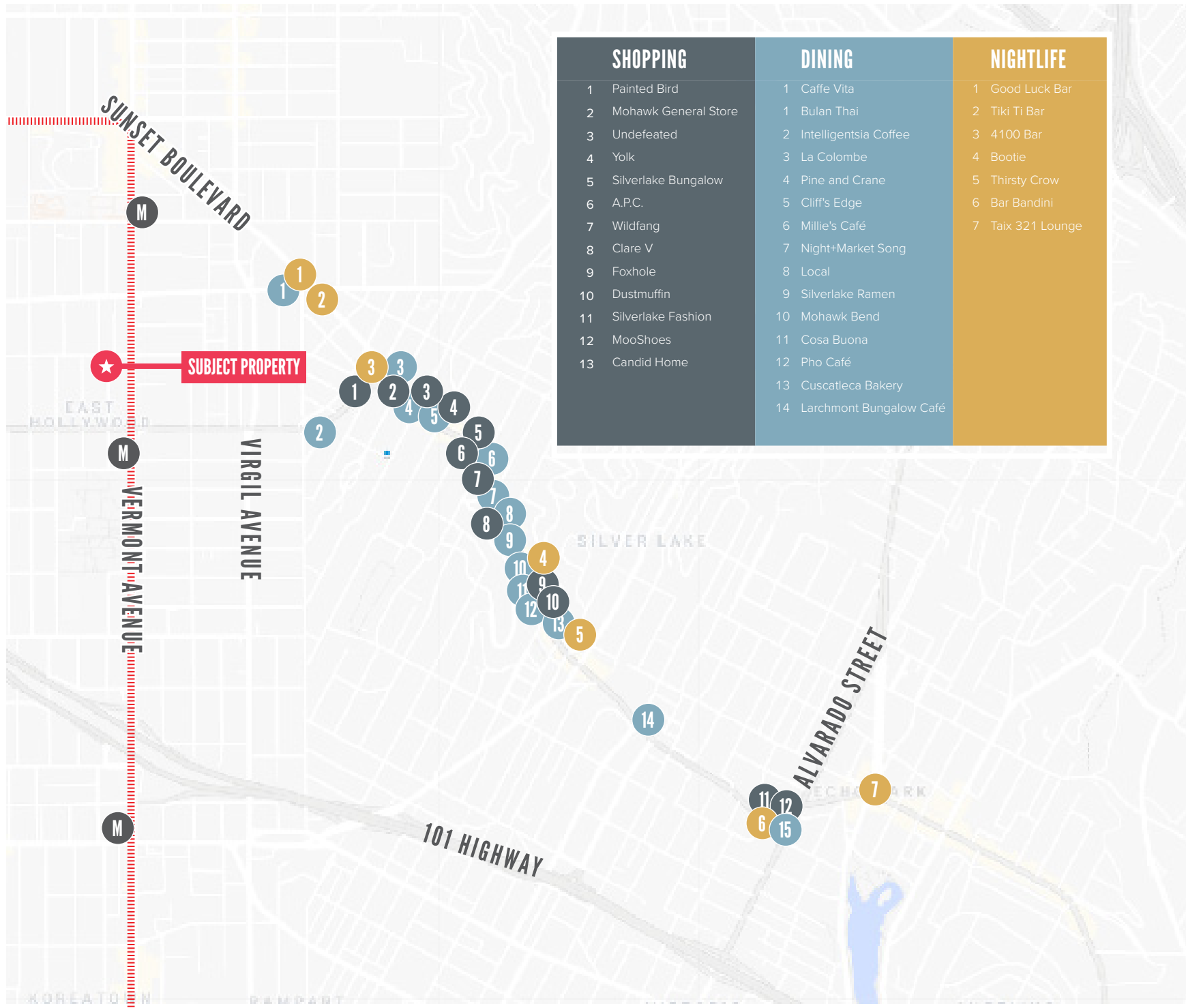
Sunset Boulevard



EASY ACCESSIBILITY &

WALKABILITY







An aerial photograph of a residential neighborhood. The scene shows a street with parked cars, utility poles, and various houses. A prominent white geometric shape, resembling a large arrow pointing downwards, is overlaid on the right side of the image. Inside this white shape, the words "THE OPPORTUNITY" are written in a clean, sans-serif font. "THE" is in a smaller, lighter font, while "OPPORTUNITY" is in a larger, bold, dark font. The background shows a mix of single-story and multi-story buildings, some with red-tiled roofs and others with grey roofs. A yellow building in the lower right foreground has a sign that reads "COIN LAUNDRY LAVANDERIA PARKING".

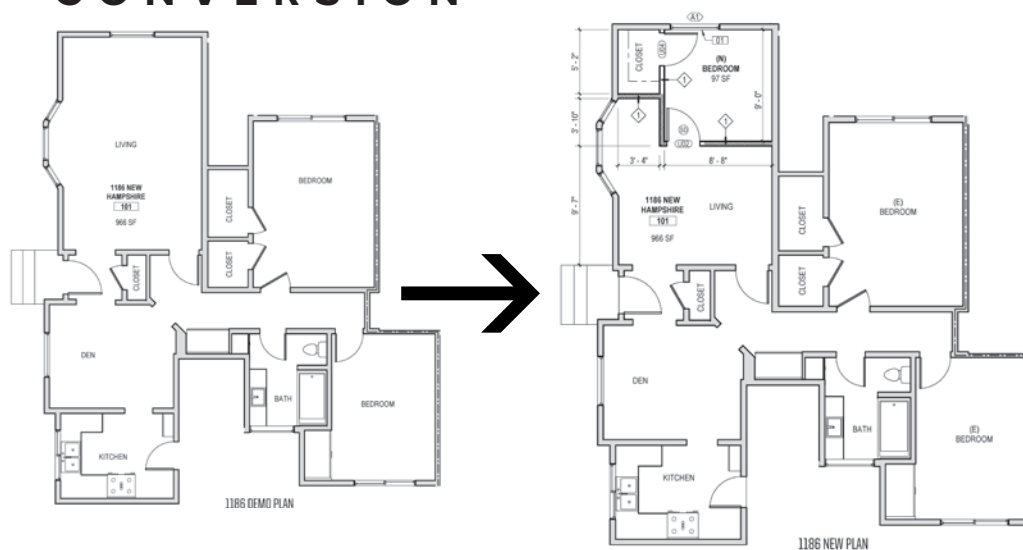
THE OPPORTUNITY

UNIT CONVERSIONS

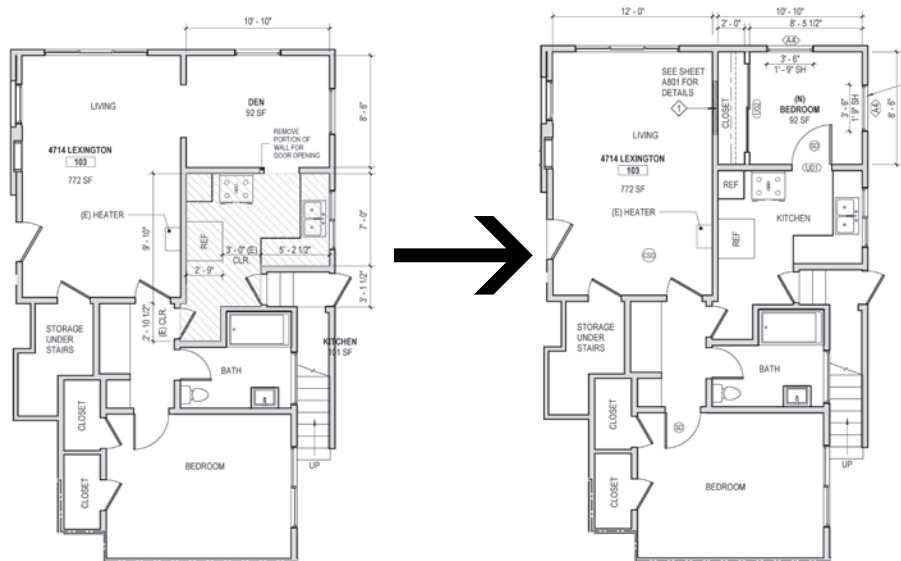
In addition to the **three** vacant units that will allow investors to immediately increase rents through interior renovations, **five** of these units have approved plans that allow a conversion for an additional bedroom.

Illustrated here are current floor plans and the **approved** floor plans post conversion. Current Ownership has all five Ready-To-Issue permits. Please contact Listing Agent for more details.

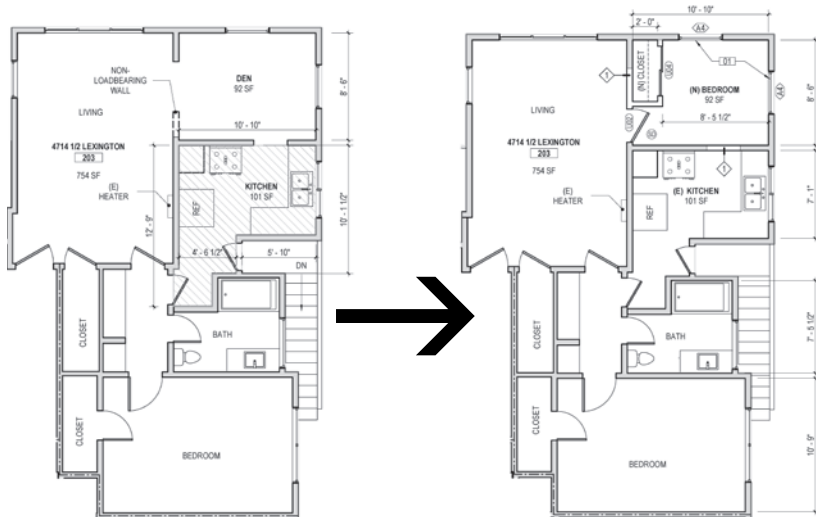
UNIT 1186 CONVERSION



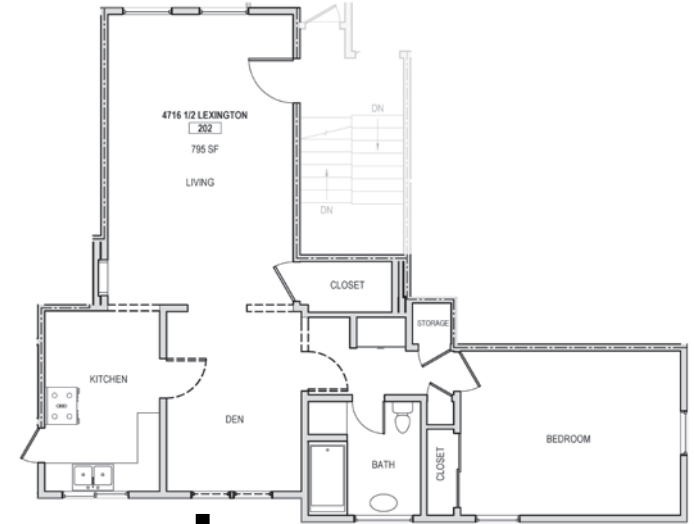
UNIT 4714 CONVERSION



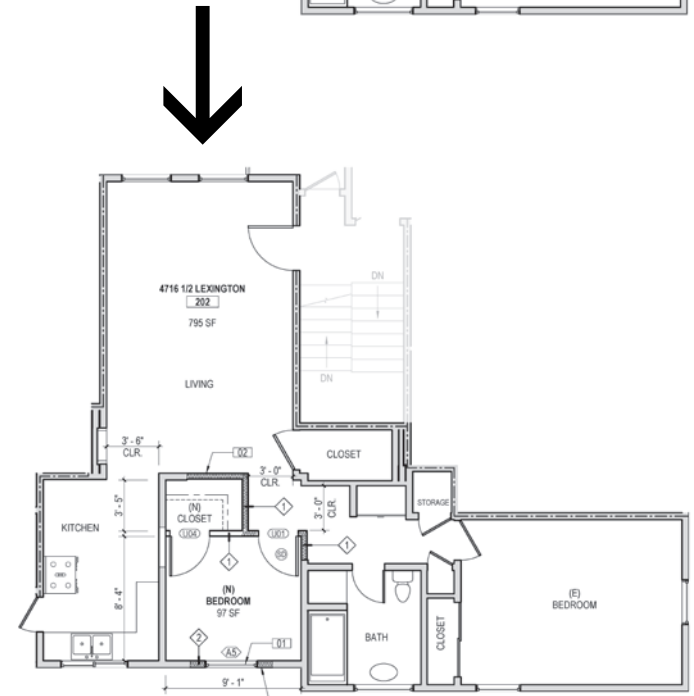
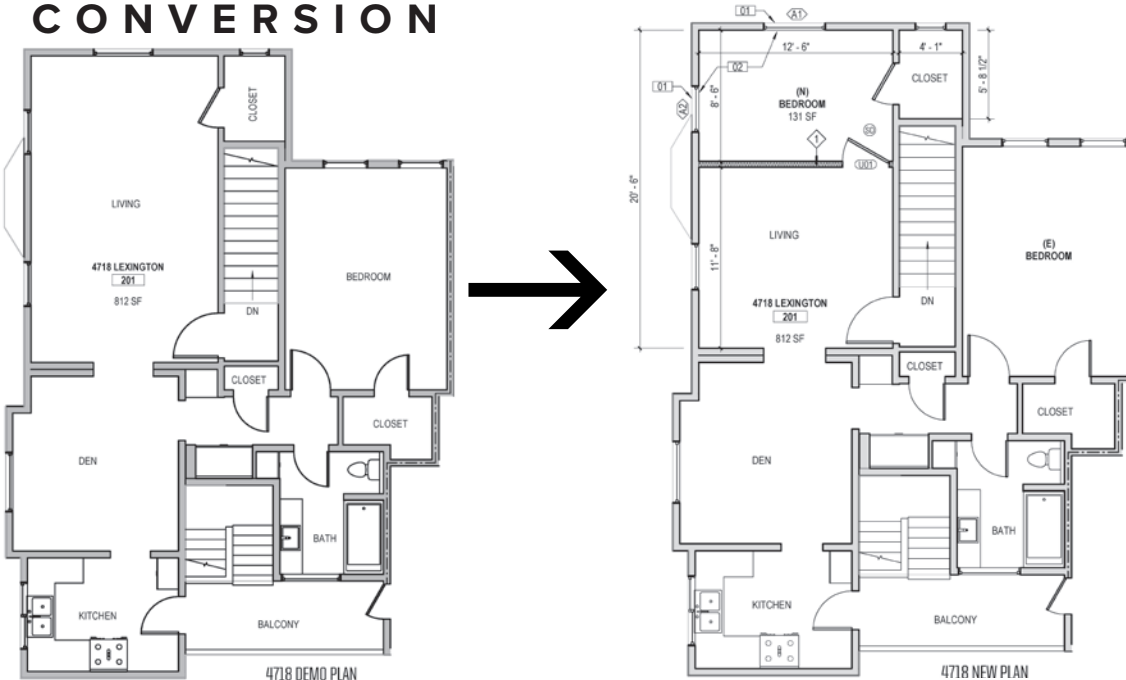
UNIT 4714 1/2 CONVERSION



UNIT 4716 1/2 CONVERSION



UNIT 4718 CONVERSION





02



**PROPERTY
DESCRIPTION**

1186 NORTH NEW HAMPSHIRE AVENUE LOS ANGELES, CA 90029

PROPERTY OVERVIEW

Address:	1186 North New Hampshire Avenue 4714 Lexington Avenue 4714 1/2 Lexington Avenue 4716 Lexington Avenue 4716 1/2 Lexington Avenue 4718 Lexington Avenue
Parcel Number:	5540-019-001
Property Type:	Apartments
Buildings:	One
Stories:	Two
Zoning:	LARD1.5
Year Built:	1940

SITE DESCRIPTION

Units:	6
Gross SF:	5,584
Lot Size:	7,200 SF

UTILITIES

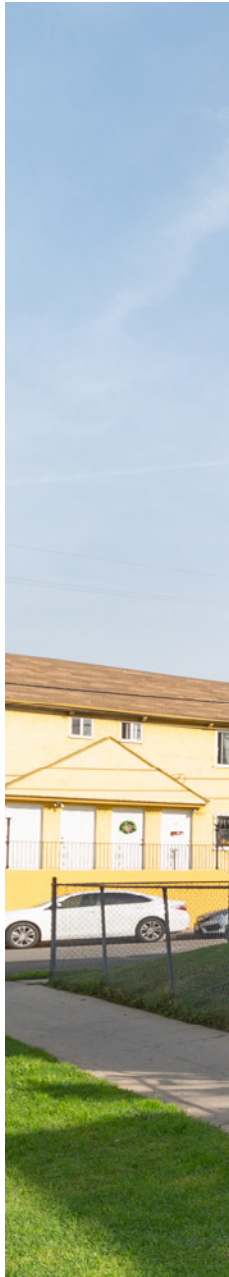
Water:	LADWP
Sewer:	LADWP
Gas:	SoCal Gas

CONSTRUCTION

Exterior:	Stucco
Roof:	Pitched
Parking Surface:	Concrete
Topography:	Flat

MECHANICAL

Water Heaters:	Individual
Laundry:	No
Elevator:	No





OFFERING SUMMARY

INTEREST OFFERED

100 percent fee-simple interest in a six unit community located at 1186 North New Hampshire Avenue, Los Angeles, CA 90029.

TERMS OF THE SALE

Cash to new loan. The property is being offered with new financing.

PROPERTY TOURS

Prospective purchasers are encouraged to visit the property prior to submitting offers. All property tours are by appointment only. Please contact the listing team for more details.

LIST PRICE

\$1,850,000

PRICE PER UNIT

\$308,333

PRICE PER SF

\$331

SCHEDULED CAP RATE

5.02%

MARKET CAP RATE

7.81%

SCHEDULED GRM

13.03

MARKET GRM

9.34

SUMMARY OF TERMS



03



**FINANCIAL
ANALYSIS**

FINANCIAL ANALYSIS

1186 North New Hampshire Avenue

FINANCIAL INDICATORS	
Price	\$1,850,000
Down Payment	20% / \$370,000
Number of Units	6
Price/Unit	\$308,333
Gross Square Feet	5,584
Price/Gross SF	\$331
CAP Rate - Scheduled	5.02%
CAP Rate - Market	7.81%
GRM - Scheduled	13.03
GRM - Market	9.34
Year Built	1940
Lot Size	7,200 SF
Zoning	LARD1.5
Type Ownership	Fee Simple

FIRST TRUST DEED	
Loan Amount	\$1,480,000
Loan Type	Proposed New / Bridge
Interest Rate	7.99%
Amortization	30 Years
IO Period	1 Year(s)

Underwriting Assumptions:

*Real Estate Taxes are based off of Market Pricing. Direct

Assessments are from the Assessor's Office.

- Expenses are Broker Estimated. Buyer to Verify.
- Vacant Units are Underwritten at Market Rental Rate.
- **Income and Expenses are based entirely off of projections and do not represent the current performance of the property.**

INCOME	SCHEDULED	PER UNIT	MARKET	PER UNIT
Market Rent	\$198,000	\$33,000	\$198,000	\$33,000
Loss to Lease	-28% / -\$55,992	\$9,332	0% / \$0,000	\$0
Gross Potential Rent	\$142,008	\$23,668	\$198,000	\$33,000
Less: Vacancy/Collections Allowance (GPR)	3.0% / \$4,260	\$710	3.0% / \$5,940	\$990
Total Rental Income	\$137,748	\$22,958	\$192,060	\$32,010
Effective Gross Income	\$137,748	\$22,958	\$192,060	\$32,010
Less: Expenses	\$44,787	\$7,465	\$47,503	\$7,917
Net Operating Income	\$92,961	\$15,493	\$144,557	\$24,093
Debt Service	\$118,252	\$19,709	\$118,252	\$19,709
Debt Coverage Ratio	0.79		1.22	
Net Cash Flow After Debt Service	-6.8% / (\$25,291)	(\$4,215)	7.1% / \$26,305	\$4,384

EXPENSES	SCHEDULED	PER UNIT	MARKET	PER UNIT
Real Estate Taxes* (1.1743%)	\$21,724	\$3,621	\$21,724	\$3,621
Direct Assessments*	\$1,042	\$174	\$1,042	\$174
Insurance (\$0.40/GSF)	\$2,234	\$372	\$2,234	\$372
Utilities	\$6,000	\$1,000	\$6,000	\$1,000
Contract Services	\$2,100	\$350	\$2,100	\$350
Repairs & Maintenance	\$3,000	\$500	\$3,000	\$500
Management Fee (5.0%)	\$6,887	\$1,148	\$9,603	\$1,601
General & Administrative	\$300	\$50	\$300	\$50
Reserves & Replacements	\$1,500	\$250	\$1,500	\$250
Total Expenses	\$44,787	\$7,465	\$47,503	\$7,917
Expenses Per SF	\$8.02		\$8.51	
% of EGI	32.51%		24.73%	
Net Operating Income	\$92,961	\$15,493	\$144,557	\$24,093

UNIT MIX						SCHEDULE INCOME		MARKET	
NO. UNITS	UNIT TYPE	APPROX. SF	IN-PLACE RENTAL RANGE	AVG. RENT	RENT/SF	MONTHLY INCOME	AVG. RENT	RENT/SF	MONTHLY INCOME
1	1Bdr 1Bath	715	\$2,000	\$2,000 - \$2,000	\$2.80	\$2,000	\$2,000	\$2.80	\$2,000
4	2Bdr 1Bath*	832	\$2,082	\$1,288 - \$2,750	\$2.50	\$8,327	\$2,750	\$3.31	\$11,000
1	3Bdr 1Bath*	1,022	\$1,507	\$1,507 - \$1,507	\$1.47	\$1,507	\$3,500	\$3.42	\$3,500
6	TOTAL/AVG.	844	\$1,972		\$2.34	\$11,834	\$2,750	\$3.26	\$16,500

* Unit Configuration is based off of unit conversion highlighted in the rent roll on page 23.

RENT ROLL

UNIT NO.	CURRENT UNIT TYPE	PERMITS READY TO ISSUE CONVERSION UNIT TYPE	STATUS	UNIT SIZE	CURRENT RENT	RENT/SF	SCHEDULED RENT	RENT/SF	MARKET RENT	RENT/SF	LOSS-TO-LEASE
4714	1Bdr 1Bath	2Bdr 1Bath	Occupied	815	\$1,539	\$1.89	\$1,539	\$1.89	\$2,750	\$3.37	\$1,211
4716	1Bdr 1Bath	1Bdr 1Bath	Vacant	715	\$0	\$0.00	\$2,000	\$2.80	\$2,000	\$2.80	\$0
4718	1Bdr 1Bath	2Bdr 1Bath	Occupied	869	\$1,288	\$1.48	\$1,288	\$1.48	\$2,750	\$3.16	\$1,462
1186	2Bdr 1Bath	3Bdr 1Bath	Occupied	1,022	\$1,507	\$1.47	\$1,507	\$1.47	\$3,500	\$3.42	\$1,993
4714.5	1Bdr 1Bath	2Bdr 1Bath	Vacant	796	\$0	\$0.00	\$2,750	\$3.45	\$2,750	\$3.45	\$0
4716.5*	1Bdr 1Bath	2Bdr 1Bath	Vacant	846	\$0	\$0.00	\$2,750	\$3.25	\$2,750	\$3.25	\$0
6					\$4,334		\$11,834		\$16,500		\$4,666

Buyer to Verify Bedroom Count. Bolded Units have Permits Ready to Issue.

Vacant Units are Underwritten at Market Rental Rate.

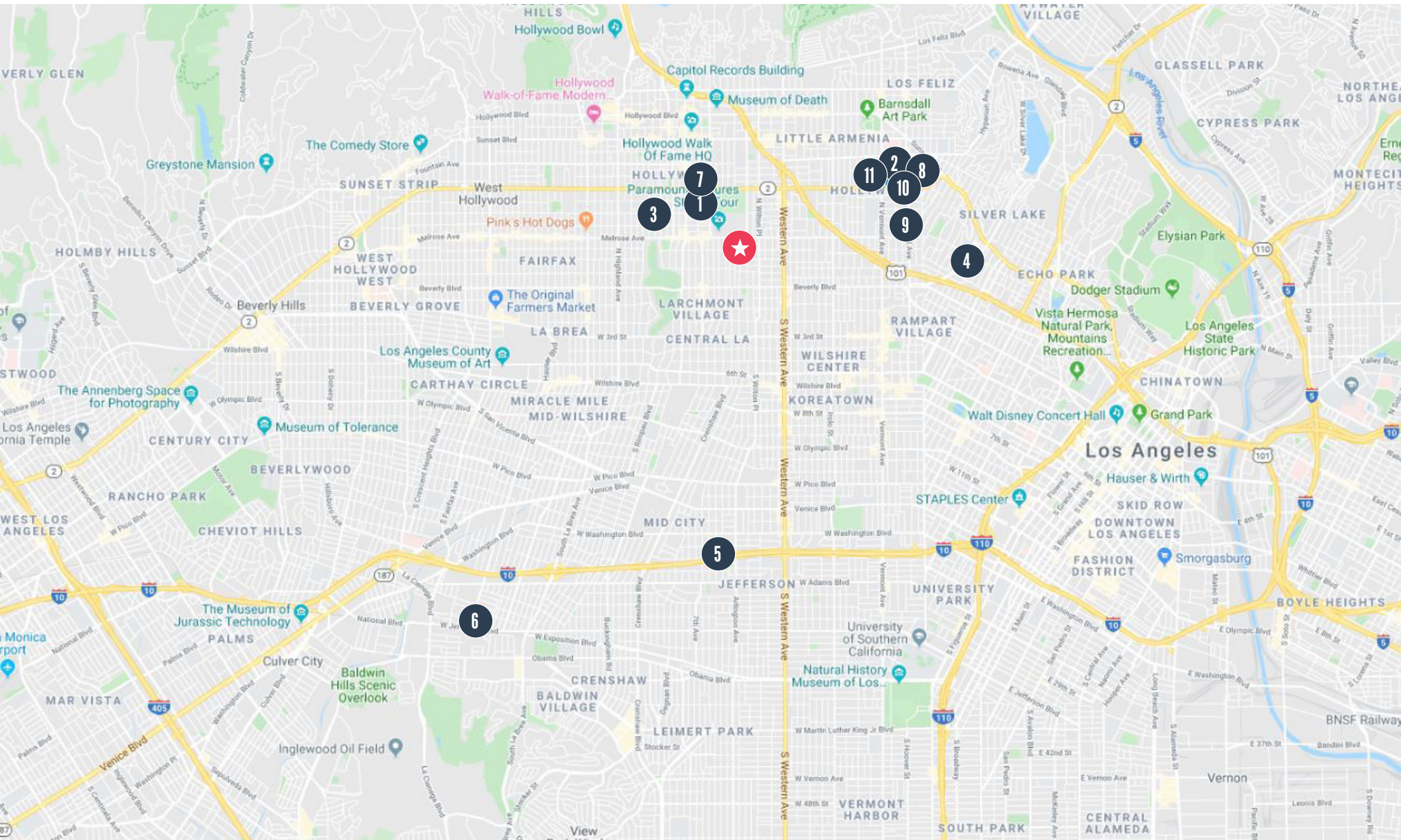
*Current Tenant will be vacating on or before 3/1/2020.



04

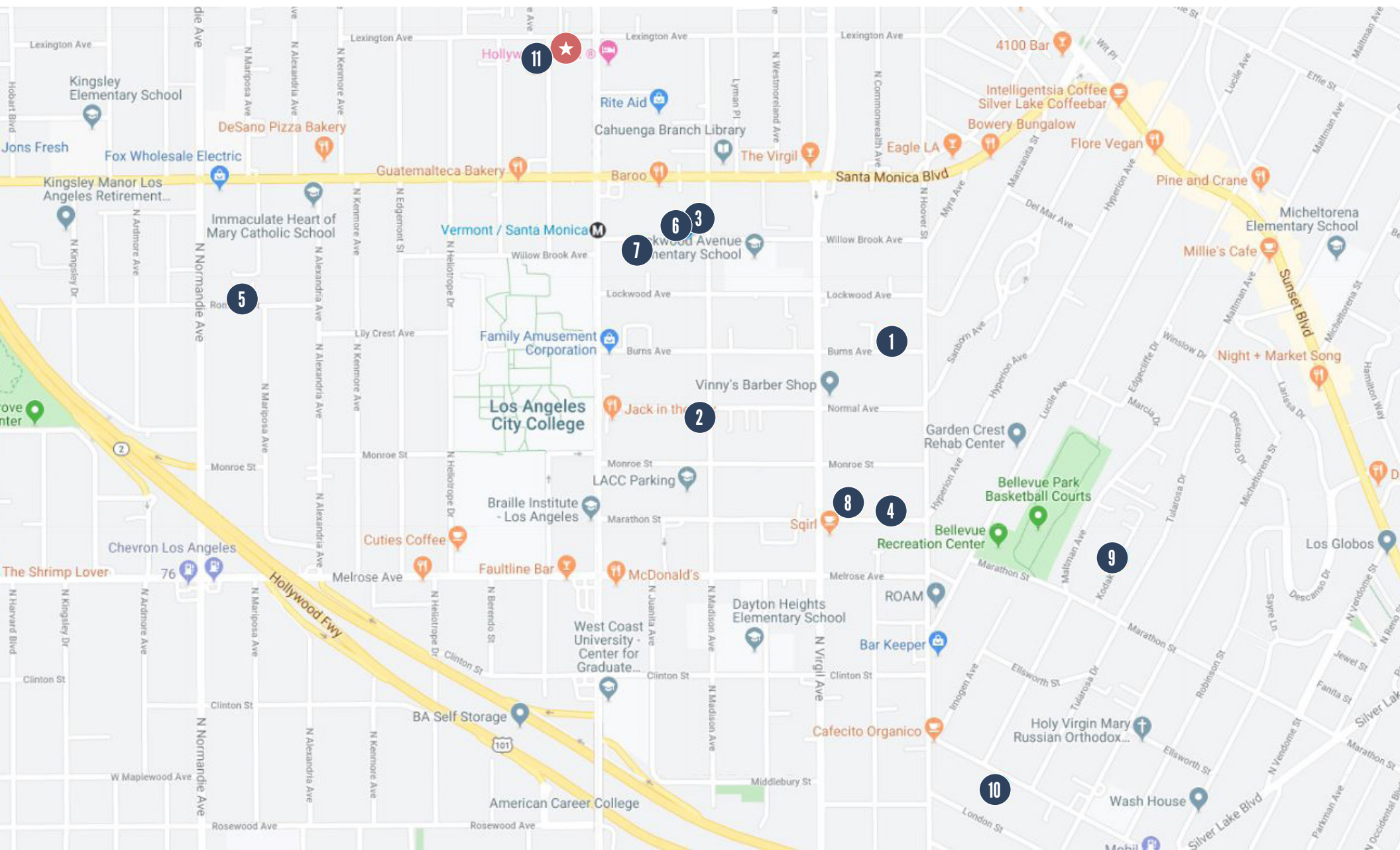


**MARKET
COMPARABLES**



SALES COMPS SUMMARY

	ADDRESS	UNITS	UNIT MIX	COE	YEAR BUILT	SALES PRICE	SALES \$/SF	SALES \$/UNIT	CAP RATE	GRM	NOTES
1	972 North El Centro Avenue	12	8-1B/1B 4-1B/1B Den	10/2/2019	1924	\$3,006,750	\$355	\$250,563	6.33%	10.92	9 Units Vacant / Street Parking
2	1155 North Madison Avenue	16	1-Single 2-1B/1B 3-2B/1B	9/30/2019	1957	\$4,100,000	\$381	\$256,250	N/A	N/A	> 50% Vacant
3	6350 Willoughby Avenue	12	7-1B/1B 5-2B/2B	4/19/2019	1963	\$3,525,000	\$339	\$293,750	4.52%	14.46	2 Units Vacant
4	737 Silver Lake Boulevard	5	4-1B/1B 1-2B/1B	3/15/2019	1965	\$1,565,000	\$441	\$313,000	6.12%	12.02	100% Vacant
5	2203 4th Avenue	8	4- 1B/1B 4-2B/1B	1/30/2019	1938	\$2,175,000	\$268	\$271,875	6.43%	10.69	7 Units Vacant
6	2918-2922 Hauser Boulevard	10	8- 2B/1B 1- 1B/1B 1- Studio	12/12/2018	1958	\$2,625,000	\$430	\$262,500	7.07%	9.97	100% Vacant
7	1131 Lodi Place	9	6- 2B/1B 3- 1B/1B	11/21/2018	1927	\$2,465,000	\$272	\$273,889	4.51%	10.10	2 Units Vacant
8	1181-1185 North Virgil Avenue	8	4- 2B/1B 2- Studio 2-1B/1B	10/31/2018	1928	\$2,500,000	\$452	\$312,500	4.94%	14.17	100% Vacant
9	4124-4126 Monroe Street	7	5-1B/1B 2-2B/1B	10/23/2018	1948	\$1,820,000	\$395	\$260,000	N/A	N/A	Partially Renovated / Bungalow Units
10	1127 North Westmoreland Avenue	7	5- 2B/1B 2- 1B/1B	6/25/2018	1921	\$2,485,000	\$509	\$355,000	5.75%	12.04	100% Vacant
AVERAGES							\$372	\$283,176	5.27%	12.67	
SUBJECT PROPERTY		6			1940	\$1,850,000	\$331	\$308,333	5.02%	13.03	



RENT COMPS SUMMARY

	ADDRESS	UNITS	UNIT MIX	RENTAL RATE	YEAR BUILT	NOTES
1	4221 Burns Avenue	28	1B/1B	\$2,205	1928	In Unit W/D
2	4300 Normal Avenue	4	1B/1B	\$2,299	1928	In Unit W/D
3	4509 Willow Brook Avenue	14	1B/1B	\$1,950	1923	In Unit W/D, No Parking, \$65 for Utilities
4	3921 Marathon Street	8	1B/1B	\$2,275	1945	In Unit W/D
5	4959 Romaine Street	20	1B/1B	\$2,095	1956	In Unit W/D
6	4515-4519 Willow Brooke Avenue	12	1B/1B	\$1,900	1924	In Unit W/D, Parking for \$100
7	4546 Willow Brook Avenue	10	1B/1B	\$1,995	1923/1959	
8	3951 Marathon Street	11	2B/1B	\$2,755	1961	In Unit W/D
9	831 Kodak Drive	4	2B/1B	\$2,900	1928	In Unit W/D, No Parking
10	3518 Bellevue Avenue	7	2B/1B	\$2,950	1960	In Unit W/D
11	1175 North New Hampshire Avenue	4	3B/2B	\$3,150 - \$3,600	1925	In Unit W/D
			3B/2.5B	\$3,500 - \$3,600		
AVERAGES			1B/1B	\$2,100		
			2B/1B	\$2,868		
			3B/2B	\$3,375		
			3B/2.5B	\$3,550		
SUBJECT PROPERTY			1B/1B	CURRENT \$0 MARKET \$2,000		
			2B/1B	CURRENT \$1,414 MARKET \$2,750		
			3B/1B	CURRENT \$1,507 MARKET \$3,500		

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