

ULTRA VALUE ADD 13 UNIT WITH 5 RTI ADUS

129 N Avenue 64 | Los Angeles,
Offering Memorandum



\$248K COST PER DOOR AND 6.8% CAP RATE WITH CONSTRUCTION OF ADUs*

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GLOBAL
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PROPERTIES

* \$300/foot construction costs conservatively added to the asking price to derive any metrics including ADUs as per the sellers requests.

Ultra Value Add 13 Unit with 5 RTI ADUs

CONTENTS

01 Executive Summary

- Investment Summary
- Unit Mix Summary
- Location Summary

02 Property Description

- Property Features
- Floor Plan

03 Rent Roll

- Rent Roll

04 Financial Analysis

- Income & Expense Analysis

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01

Executive Summary

Investment Summary

Unit Mix Summary

Location Summary

OFFERING SUMMARY

ADDRESS	129 N Avenue 64 Los Angeles 90042
COUNTY	Los Angeles
MARKET	North East Los Angeles
SUBMARKET	Los Angeles Metro
BUILDING SF	10,705 SF
LAND SF	12,545 SF
NUMBER OF UNITS	13
Number of Units w RTI ADUs	18
Gross Square Feet w RTI ADUs	12,640
OWNERSHIP TYPE	Fee Simple
APN	5492-035-026
YEAR BUILT	1962

FINANCIAL SUMMARY

OFFERING PRICE	\$3,895,000
PRICE PSF	\$364
PRICE PER UNIT	\$299,615
OCCUPANCY	97 %
NOI (Current)	\$160,827
NOI (Current with ADUs)	\$304,515
NOI (Pro Forma with ADUs)	\$538,525
CAP RATE (Current)	4.1 %
CAP RATE (Current with ADUs)	6.8%
CAP RATE (Pro Forma with ADUs)*	11.13%
GRM (Current)	16.08
GRM (Current with ADUs)	12.03
GRM (Pro Forma with ADUs)	6.85



Summary

We just improved the pricing by \$100k on this unique ultra value-add opportunity in Highland Park! The offering consists of 13 very large residential units with substantial rental and ADU upside. To further boost the already attractive metrics, the buyer can begin construction on 5 RTI ADUs shortly after closing (currently pending sanitation clearance, but can be delivered RTI), which would boost the unit count by nearly 50% to 18 units. Factoring in construction costs for these ADUs at \$300/SF (\$580k total), the all-in-cost per door comes down significantly under \$250k/door at a very attractive cap rate of 6.8% or 11.13 GRM - virtually unheard of in Highland Park. These are not "pro forma" figures and are not reliant on unit turns, and they take into account the cost of building the ADUs. The seller has priced the asset for the buyer to capture an instant equity spread from the construction of the ADUs.

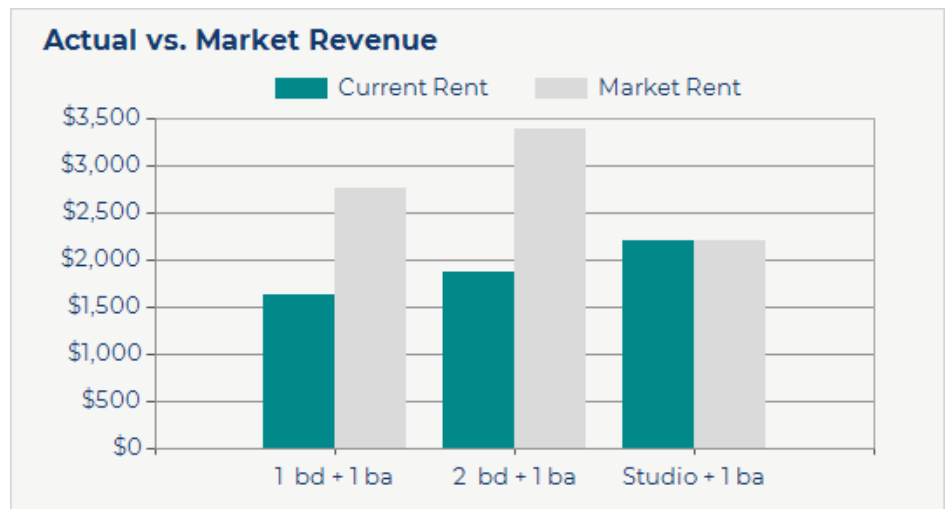
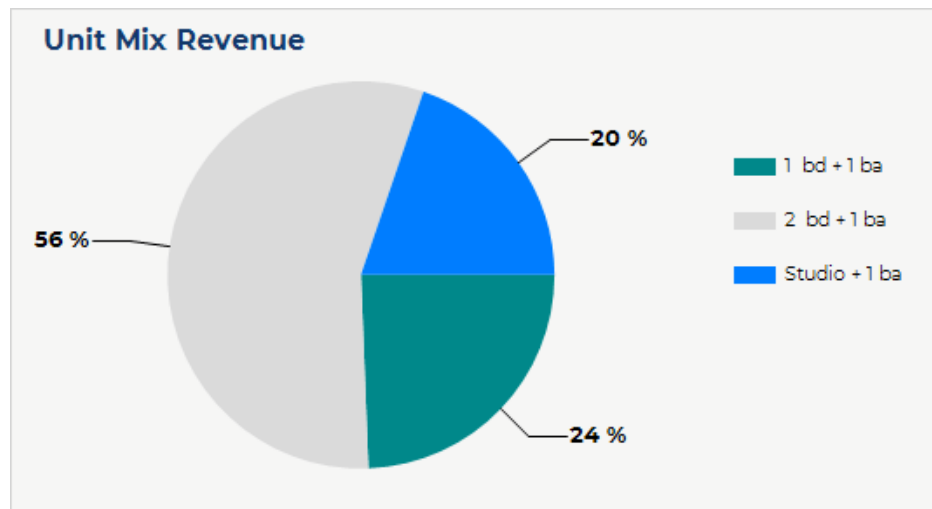
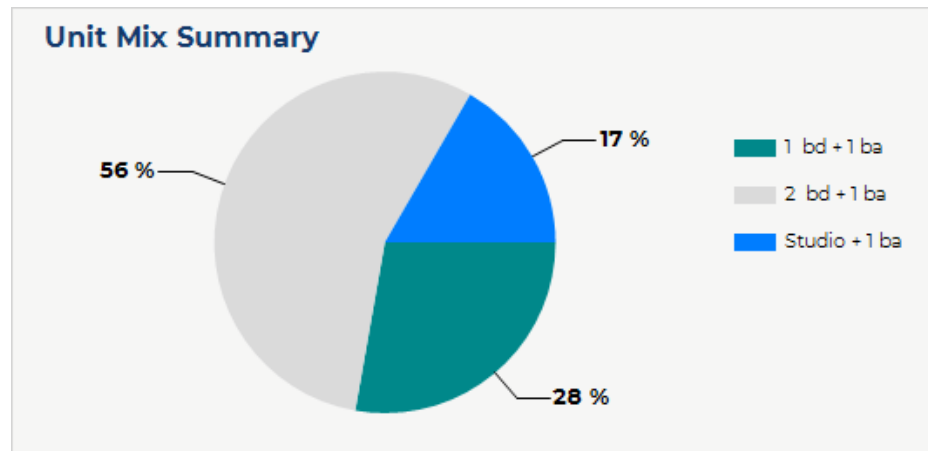
Furthermore, new owners can capture incredible upside potential by raising rents in the existing large units which cover an average area of over 800 square feet each. The size of the units results in quick lease-ups, and the property has the additional upside to an 12.03% cap rate and 6.8 GRM. The property is situated close to the vibrant York Blvd and Figueroa Street. Tenants will enjoy living close to trendy shops, galleries, pubs, and gourmet eateries such as Casa Bianca, Sage Bistro, Scoops, Guisados, Owl Bureau, Highland Park Bakery, and The York, located near the 110 (Arroyo Seco Parkway) and just 10 minutes from Downtown Los Angeles! Close to the Gold Line Lightrail, Metro Bus Stops, and major thoroughfares.

Highlights

- *5 near RTI ADUs allow the buyer to instantly add tremendous value to the property.*
- *Low rents allow a new buyer to turn units and capture additional tremendous upside potential.*
- *Huge units exceeding 800 square feet on average.*
- *Even factoring in \$300/sf estimated construction cost for ADUs for a total of \$580k in construction costs, the all in cost per door would drop down to \$248k/door and 6.8% existing cap rate at asking price*
- *Tremendous further upside with unit turns to 11%+ cap rate (6.8 GRM) at proven market rents.*
- *Pool, and individually metered for gas and electricity*



		Actual		Market	
Unit Mix	# Units	Current Rent	Monthly Income	Market Rent	Market Income
1 bd + 1 ba	5	\$1,625	\$8,125	\$2,750	\$13,750
2 bd + 1 ba	10	\$1,861	\$18,607	\$3,395	\$33,950
Studio + 1 ba	3	\$2,195	\$6,585	\$2,195	\$6,585
Totals/Averages	18	\$1,851	\$33,317	\$3,016	\$54,285



North East LA (NELA)

If you're looking for an up – and – coming neighborhood in Los Angeles that's a prime spot for apartment real estate investment, Highland Park is where it's at. This area has undergone a major revitalization, with new businesses and restaurants popping up all the time to cater to the young creatives flocking here. The arts scene is thriving too, thanks to galleries like Avenue 50 Studio and live music venues like The Hi Hat. But what really makes Highland Park stand out as an apartment investor's paradise is its proximity to downtown LA without the high prices – plus there are plenty of public transportation options if driving isn't your thing. With so much happening in this vibrant community every day, there's no doubt that now is the time to get in on the action by investing in some of Highland Park's sought – after apartments!



North East Los Angeles





02

Property Description

Property Features

Floor Plan

PROPERTY FEATURES

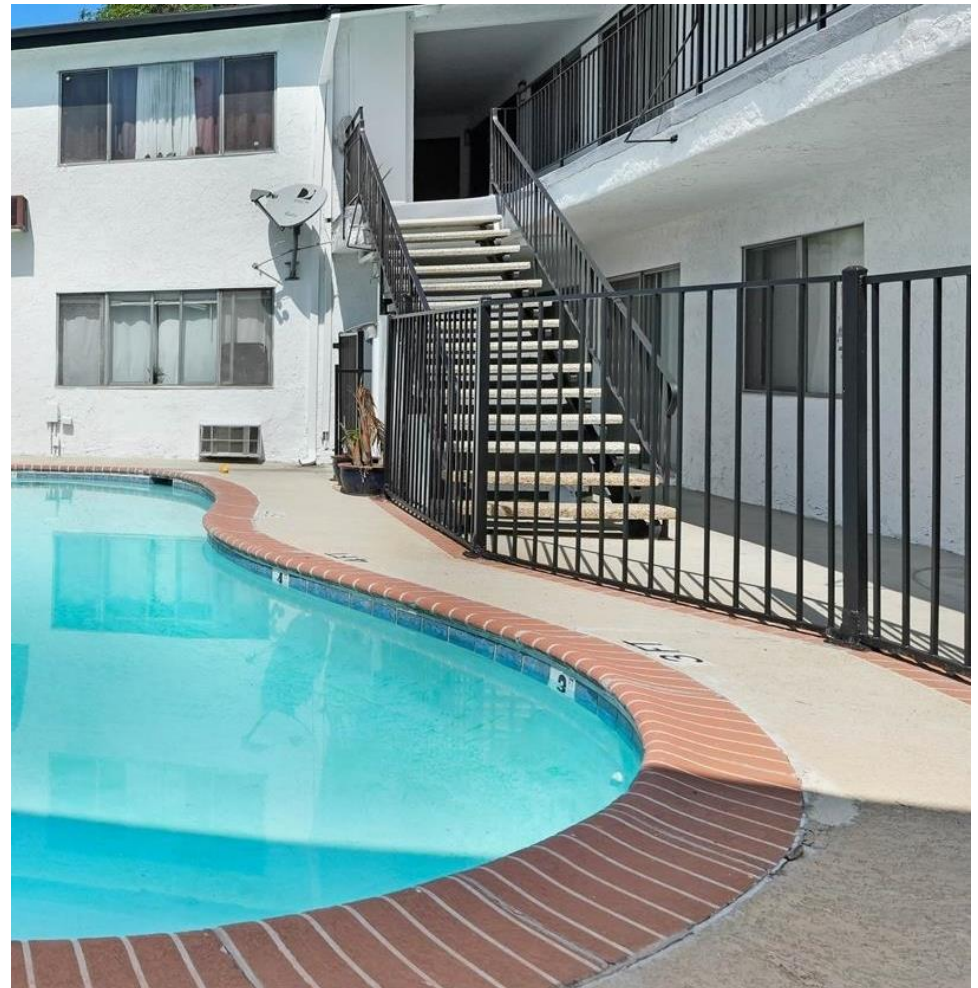
NUMBER OF UNITS	13
BUILDING SF	10,705
LAND SF	12,545
YEAR BUILT	1962
# OF PARCELS	1
ZONING TYPE	RD1.5
TOPOGRAPHY	FLAT
NUMBER OF STORIES	2
NUMBER OF BUILDINGS	1
NUMBER OF PARKING SPACES	13
PARKING RATIO	1:1
POOL / JACUZZI	Pool
WASHER/DRYER	Common Area

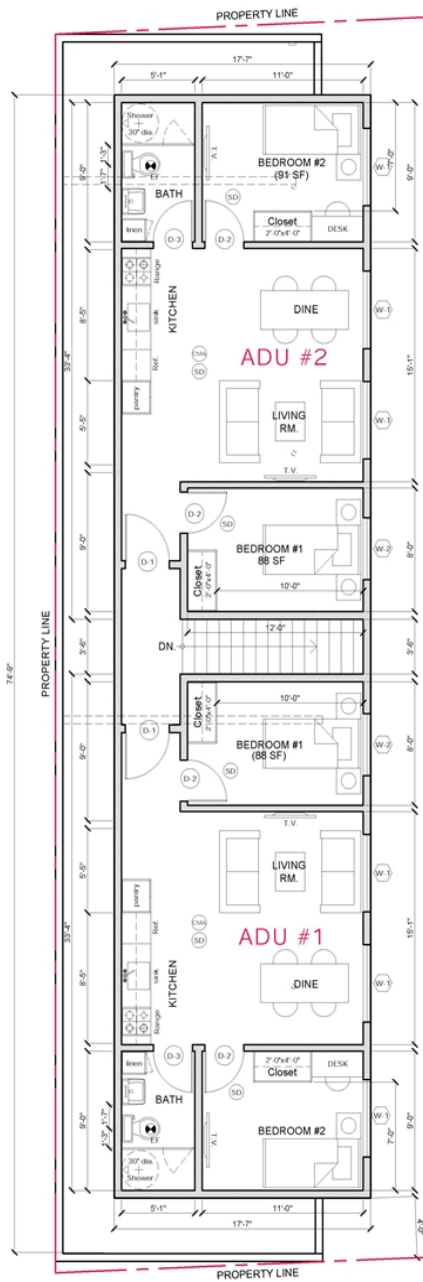
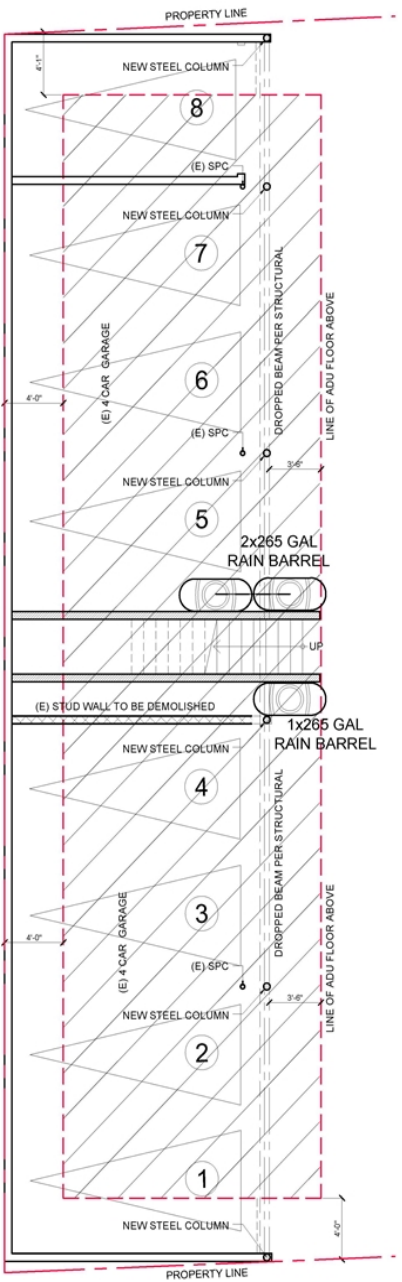
UTILITIES

WATER	Landlord
TRASH	Tenant
GAS	Tenant
ELECTRIC	Tenant
SEWER	Landlord

CONSTRUCTION

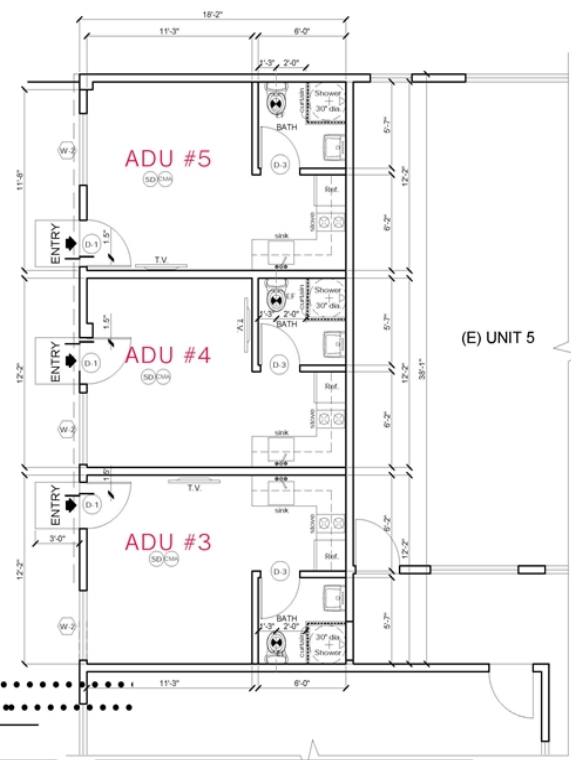
FOUNDATION	Slab
FRAMING	Wood
EXTERIOR	Stucco
PARKING SURFACE	Paved
ROOF	Pitched
STYLE	Traditional
LANDSCAPING	None





LEGEND:

- NEW 2X4 STUD WALLS
- EXISTING WALLS TO REMAIN
- EXISTING WALLS TO BE DEMOLISHED
- 1 HR. FIRE RATED WALLS TYPE "X" GYPSUM BOARD EACH SIDE.
- SMOKE DETECTORS - Hard-wired and Interconnected with battery backup
- CARBON MONOXIDE DETECTORS - Hard-wired and Interconnected with battery backup
- MICRO EXHAUST FAN 5 AIR CHANGES PER HOUR (50 cfm intermittent 23 cfm continuous)
- BATHROOM EXHAUST FANS - Bathroom exhaust fans shall be ENERGY STAR compliant and be ducted to terminate to the outside of the building. Fans must be controlled by a humidistat which shall be readily accessible. Where demand-controlled, backdraft dampers will be provided. Exhaust Fans shall have a maximum sound rating of 3 sones where demand-controlled.
- Showers A shower sub combination shall be provided with individual control valves of the pressure balance or thermostatic mixing valve type, CPC 658.3.
- Water conservation plumbing fixtures are required to be installed per CPC Sec. CPC 658.2, 692.0, 692.0, 692.0 and Cal. Green Standard Code 4.303 for all new plumbing fixtures for kitchen sinks, tubs, bathtubs/showers, and toilet as applicable.
- Maximum Water Usage for Home Construction For Addition and Renovation with Plumbing Fixtures:
 - 1) Tank type toilets shall have a maximum flush of 1.6 gallons
 - 2) Water saving shower heads shall have a maximum flow of 2.0 gallons
 - 3) Water saving lavatory faucets shall have a maximum flow rate of 1.2 gallons
 - 4) Kitchen faucets shall have a maximum flow rate of 1.2 gallons
- Use type "C" copper
- Water Heater Pressure & Temperature relief drain line needs to terminate to the outside of the building.
- Stop Water Heater at upper & lower 1/3 of vertical height. (CPC Sec. 692.2)
- Where static water pressure in water supply piping is exceeding 80 psi, an appropriate pressure-reducing valve provided by an adequate authority shall be installed. (CPC Sec. 692.2)

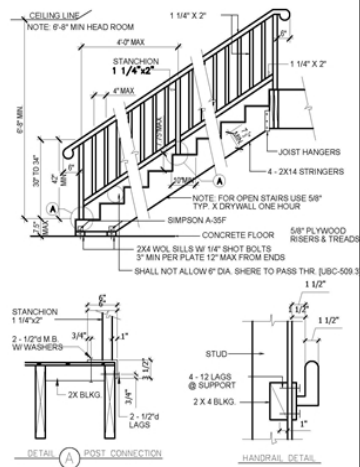
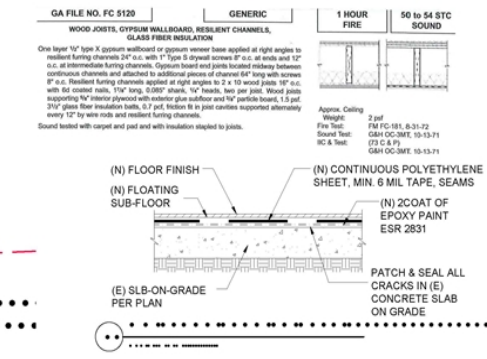


DOOR SCHEDULE

TYPE	SIZE (W x H)	(E)/(N)	NUM.	MATERIAL	REMARKS
D1	3'-0" X 6'-8"	(N)	5	Vinyl	Swing door-Main Entry
D2	2'-8" X 6'-8"	(N)	4	Vinyl	Swing door-Bedroom
D3	2'-8" X 6'-8"	(N)	5	Vinyl	Swing door-Bathroom

WINDOW SCHEDULE

TYPE	NUM.	(E)/(N)	SIZE (W x H)	CONSTR.	GLASS	REMARKS
W1	6	(N)	5'-0" X 4'-0"	VINYL	Dual Glass Clear	Slider
W2	5	(N)	4'-0" X 4'-0"	VINYL	Dual Glass Clear	Slider





03

Rent Roll

Rent Roll

Unit	Unit Mix	Current Rent	Current Rent	Market Rent	Notes
1	1 bd + 1 ba	\$2,750.00	\$2,750.00	\$2,750.00	Vacant and Remodeled
2	2 bd + 1 ba	\$1,097.00	\$1,097.00	\$3,395.00	Includes 7% rent increase effective 2/1
3	2 bd + 1 ba	\$1,423.00	\$1,423.00	\$3,395.00	Includes 7% rent increase effective 2/1
4	2 bd + 1 ba	\$1,819.00	\$1,819.00	\$3,395.00	Includes 7% rent increase effective 2/1
5	1 bd + 1 ba	\$1,374.00	\$1,374.00	\$2,750.00	Includes 7% rent increase effective 2/1
6	2 bd + 1 ba	\$1,425.00	\$1,425.00	\$3,395.00	Includes 7% rent increase effective 2/1
7	1 bd + 1 ba	\$1,022.00	\$1,022.00	\$2,750.00	Includes 7% rent increase effective 2/1
8	2 bd + 1 ba	\$2,895.00	\$2,895.00	\$3,395.00	Includes \$75 for parking
9	2 bd + 1 ba	\$749.00	\$749.00	\$3,395.00	Includes 7% rent increase effective 2/1
10	2 bd + 1 ba	\$1,111.00	\$1,111.00	\$3,395.00	Includes 7% rent increase effective 2/1
11	1 bd + 1 ba	\$1,084.00	\$1,084.00	\$2,750.00	Includes 7% rent increase effective 2/1
12	1 bd + 1 ba	\$1,895.00	\$1,895.00	\$2,750.00	Includes \$75 for parking
13	2 bd + 1 ba	\$1,298.00	\$1,298.00	\$3,395.00	Includes 7% rent increase effective 2/1
ADU 1	Studio + 1 ba		\$2,195.00	\$2,195.00	
ADU 2	Studio + 1 ba		\$2,195.00	\$2,195.00	
ADU 3	Studio + 1 ba		\$2,195.00	\$2,195.00	
ADU 4	2 bd + 1 ba		\$3,395.00	\$3,395.00	
ADU 5	2 bd + 1 ba		\$3,395.00	\$3,395.00	
Totals/Averages		\$20,182	\$33,316.00	\$54,285.00	





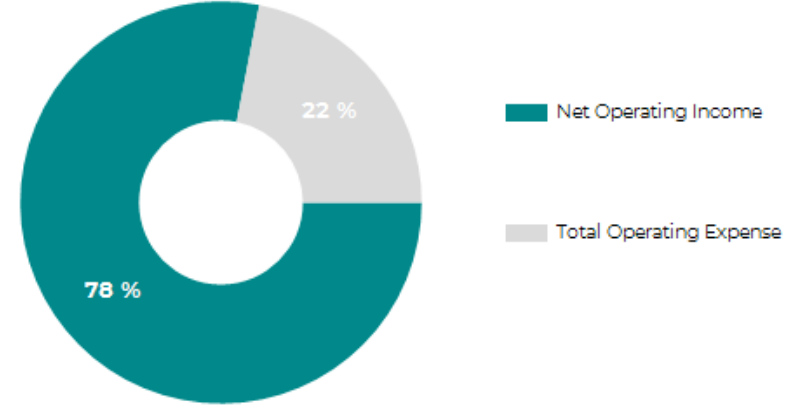
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Financial Analysis

Income & Expense Analysis

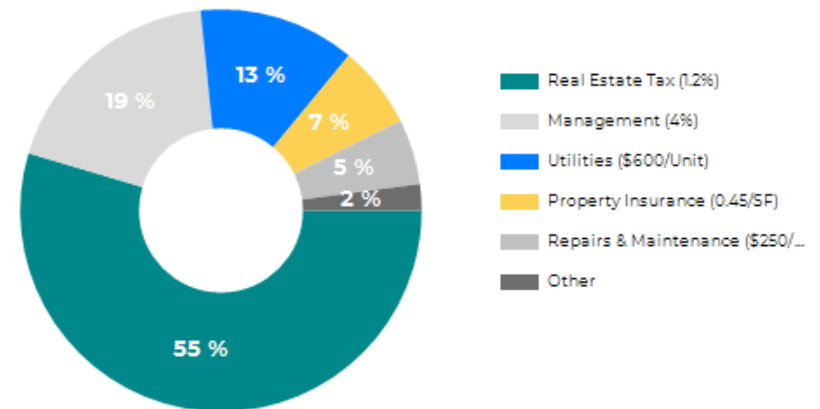
REVENUE ALLOCATION CURRENT

INCOME	Current	Current with ADUs	Pro Forma with ADUs
Gross Scheduled Rent	\$240,387	\$399,804	\$651,420
Laundry	\$1,800	\$2,400	\$2,400
Gross Potential Income	\$242,187	\$402,197	\$653,820
Vacancy/Deductions (GPR) (3%)	-\$7,266	-\$12,065	-\$19,615
Effective Gross Income	\$234,921	\$390,131	\$634,205
Less Expenses	\$74,095	\$85,616	\$95,681
Net Operating Income	\$160,827	\$304,515	\$538,524



EXPENSES	Current	Current with ADUs	Pro Forma with ADUs
Real Estate Tax (1.2%)	\$46,740	\$46,740	\$46,740
Property Insurance (0.45/SF)	\$4,817	\$5,688	\$5,688
Utilities (\$600/Unit)	\$7,800	\$10,800	\$10,800
Pest Control (\$50/Month)	\$600	\$600	\$600
Repairs & Maintenance (\$250/Unit)	\$3,250	\$4,500	\$4,500
Management (4%)	\$9,687	\$16,088	\$26,153
Cleaning & Gardening (\$100/Month)	\$1,200	\$1,200	\$1,200
Total Operating Expense	\$74,095	\$85,616	\$95,681

DISTRIBUTION OF EXPENSES CURRENT



* Expenses are estimated

Ultra Value Add 13 Unit with 5 RTI ADUs

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