

**1425 West 7th Street
Los Angeles, Ca 90017**



**Owner User or Investment Opportunity Located in
the Heart of Westlake, Minutes to Downtown Los Angeles
2,300 SF Turnkey Office Ideal for a Company to Utilize Office Space
While Collecting Income from 1,150 SF Retail Space & 24 Apartments**

Marcus & Millichap
THE NEEMA GROUP

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NEEMA AHADIAN

Senior Managing Director of Investments

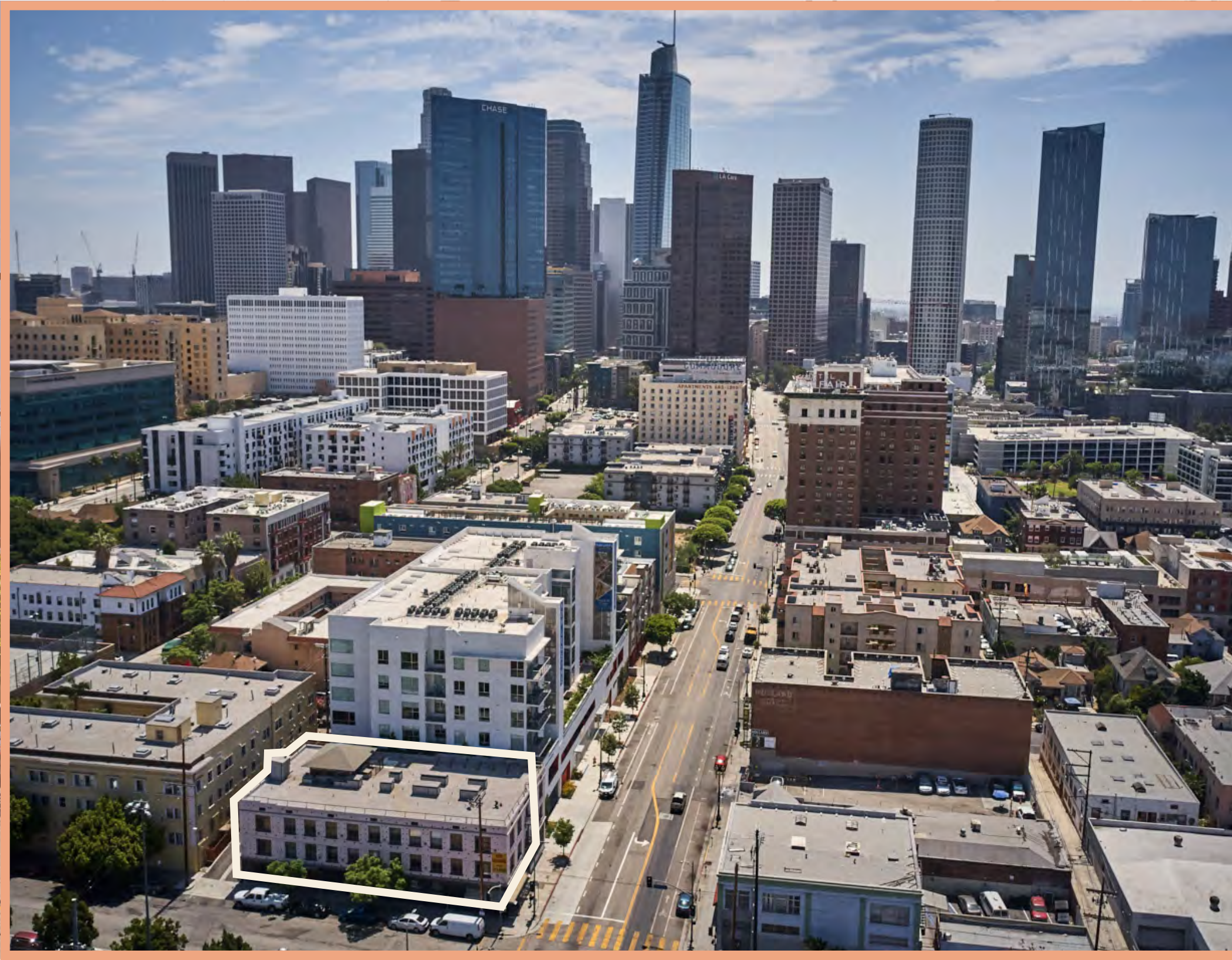
Tel: (310) 909-5444

Fax: (435) 915-3662

neema@marcusmillichap.com

License: CA 01346750

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Executive Summary

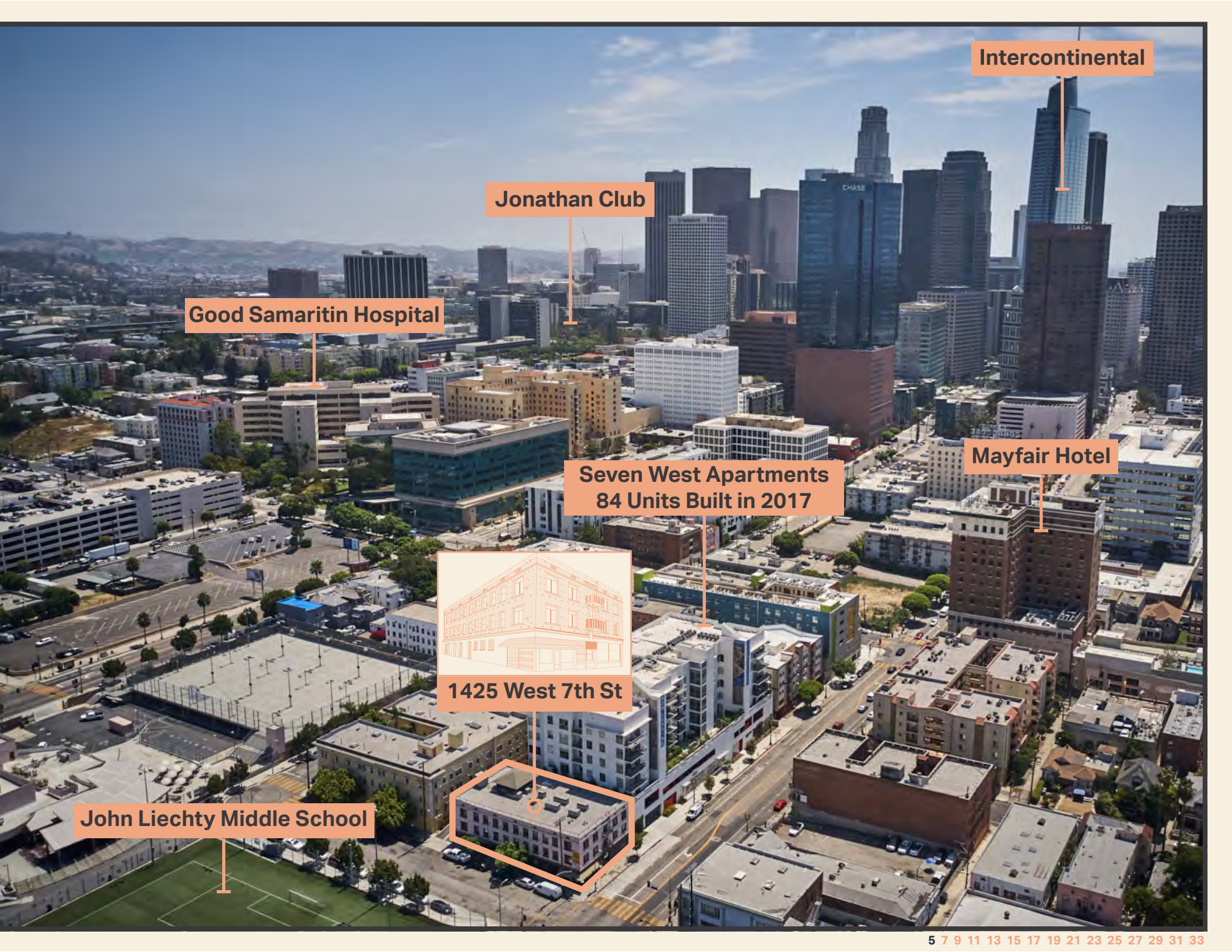
The Neema Group of Marcus & Millichap is pleased to present 1425 W 7th Street, in Los Angeles, CA 90017.

Totaling **19,260 SF**, the subject property includes **24 apartment units**, a retail space and **turnkey office space** located on the northeast corner of 7th & Valencia. This is a unique owner user or investment opportunity to purchase a building that has been meticulously maintained throughout the years with stable cash flow and additional upside in the retail and office rents.

1425 W 7th Street consists of 24 apartment units, a 1,150 SF retail space, and an 2,300 SF turnkey office. The property also features a **700 SF space** that can be converted to additional office space or possible short-term rental unit. **The 2,300 SF office** with access from 7th Street is fully built out and ideal for an owner user to utilize as a turnkey office space. The retail space located on the hard corner of Valencia & 7th is currently leased at below market rent on a month-to-month basis to a convenience store operator. Unit 1425 B has direct, secure access from Valencia St and totals 700 SF. Currently used for storage, the space presents the opportunity to renovate and utilize as office or a short-term rental for additional income. Located on the second and third floors of the building, the 24 apartment units consist of 19 singles and 5 one-Bedrooms. **19 of the 24 units have undergone renovations.** Three units (a single and two one-bedrooms) will be delivered vacant at the close of escrow.

Since 2003, the subject property has had extensive capital expenditures including new copper plumbing, a new sewer drain system, copper wire electrical system, a new flat roof, and windows throughout. Utilities are low as gas and electricity are separately metered. In the basement, there is on-site laundry with three washers and dryers. Trash is located at the rear of the property secured by an enclosure with key access. Rare opportunity to acquire a turnkey asset with ease of management and strong current cash flow in apartment rents. **There is substantial upside of over 68% in the retail and office rents.** The building is ideal for an owner user to operate a business from the office space and collect passive income from the apartment and retail tenants with little renovation needed

The Westlake neighborhood continues to be one of the most densely populated neighborhoods in all of Los Angeles. **With a walk score of 93**, proximity to schools and employment and endless transit options, this location makes it convenient for residents to commute throughout the city even without a vehicle.



Intercontinental

Jonathan Club

Good Samaritan Hospital

**Seven West Apartments
84 Units Built in 2017**

Mayfair Hotel



1425 West 7th St

John Liechty Middle School

Property Summary

Property Information

Address	1425 West 7th Street, Los Angeles, CA 90017
No. Of Residential Units	24 Apartments, 1 Retail, 2 Office Spaces
Approx. Gross Sf	19,260
Approx. Lot Size	6,465
Zoning	LACW
Year Built	1910
API	5143-013-028

\$5,775,000

Sales Price

12.81

Current Grm

4.61%

Current Cap Rate

\$240,625

Cost Per Legal unit

10.78

Market Grm

5.94%

Market Cap Rate





Investment Highlights

- 1425 W 7th Street is a 19,260 SF apartment building with retail & office located in the heart of Westlake, located on the northeast corner of 7th & Valencia directly across the street from John Liechty Middle School; a location less than a mile to Downtown Los Angeles that is surrounded by new developments, employment and education opportunities that contribute to significant rent growth year-over-year in this rapidly gentrifying neighborhood
- Consisting of 24 apartment units, a 1,150 SF retail space, and an 2,300 SF turnkey office, 1425 W 7th Street has been meticulously renovated and maintained throughout the years and presents a perfect owner user or investment opportunity with stabilized cash flow in the apartment rents and additional upside in the office & retail; the property also features a 700 SF space that can be converted to additional office space or possible short term rental unit
- The 2,300 SF office with access from 7th Street has been owner occupied for several years and fully built out to be delivered as a turnkey office space for an owner user; the unit includes a full kitchen with gas stove, oven, refrigerator, cabinetry and dining area; there are two fully renovated bathrooms including showers; the office space includes a conference room, open work space and multiple private offices; there is an additional large basement that can be utilized for storage
- The retail space located on the hard corner of Valencia & 7th is currently leased at below market rent on a month-to-month basis to a convenience store operator
- Unit 1425 B has direct, secure access from Valencia St and totals 700 SF; currently used for storage, the space presents the opportunity to renovate and utilize as office or a short-term rental for additional income that can be utilized for storage





Investment Highlights (continued)

- Since 2003, the subject property has had extensive capital expenditures including new copper plumbing, a new sewer drain system, copper wire electrical system, a new flat roof, and windows throughout
- Utilities are low as gas and electricity are separately metered; in the basement, there is on-site laundry with three washers and dryers; trash is located at the rear of the property secured by an enclosure with key access
- Opportunity to acquire a turnkey asset with ease of management and strong current cash flow in apartment rents; substantial upside of over 68% in the retail and office rents
- Ideal for an owner user to operate a business from the office space and collect passive income from the apartment and retail tenants with little renovation needed
- Westlake is the second-most dense neighborhood in Los Angeles County, according to the Los Angeles Times; its rental market continues to thrive as it is in the center of high-growth neighborhoods such as Pico-Union, Koreatown, Echo Park and Downtown Los Angeles









Market Drivers

- Westlake, located right outside Downtown's employment hub, is a bustling neighborhood with a young professional demographic. Westlake is adjacent to other no-table neighborhoods, including Echo Park, Pico Union, Downtown and Koreatown. The neighborhood is extremely dense, with endless streets lined with small businesses. MacArthur Park, designated as the City of Los Angeles Cultural Monument #100, is located in Westlake and is adjacent to the Metro's Westlake/MacArthur Park Station, which affords access to the Red and Purple lines. Those lines provide public transportation toward Downtown, North Hollywood and toward Koreatown, with West Side extensions projected to be completed in 2027. Westlake has recently seen a flurry of development and public safety initiatives, from mixed-use projects to new crosswalks. M2A Architects was contracted to construct a mixed-use project at the intersection of Olympic and Hoover that will feature 173 dwelling units, nearly 37,000 square feet of ground-floor commercial space and parking for 262 vehicles. Amidi Group, a San Francisco-based developer, is 50% complete with their \$180 million 1027 Wilshire development. The project will span nine stories and feature 376 residential units, approximately 5,000 square feet of ground-floor retail space, and subterranean parking for more than 800 vehicles.



Amidi Group's 1027 Wilshire Development will feature a 37,000-square-foot parking lot, 376 live/work apartments, ground floor commercial space and amenities.



Continental Partners will feature 47-unit apartment complex with under-ground parking.



4Site Real Estate's 1246-1256 Court Street will feature a five-story structure containing 54 apartments and 96 parking spaces.



93 %

Walk Score

51 %

Bike Score

77 %

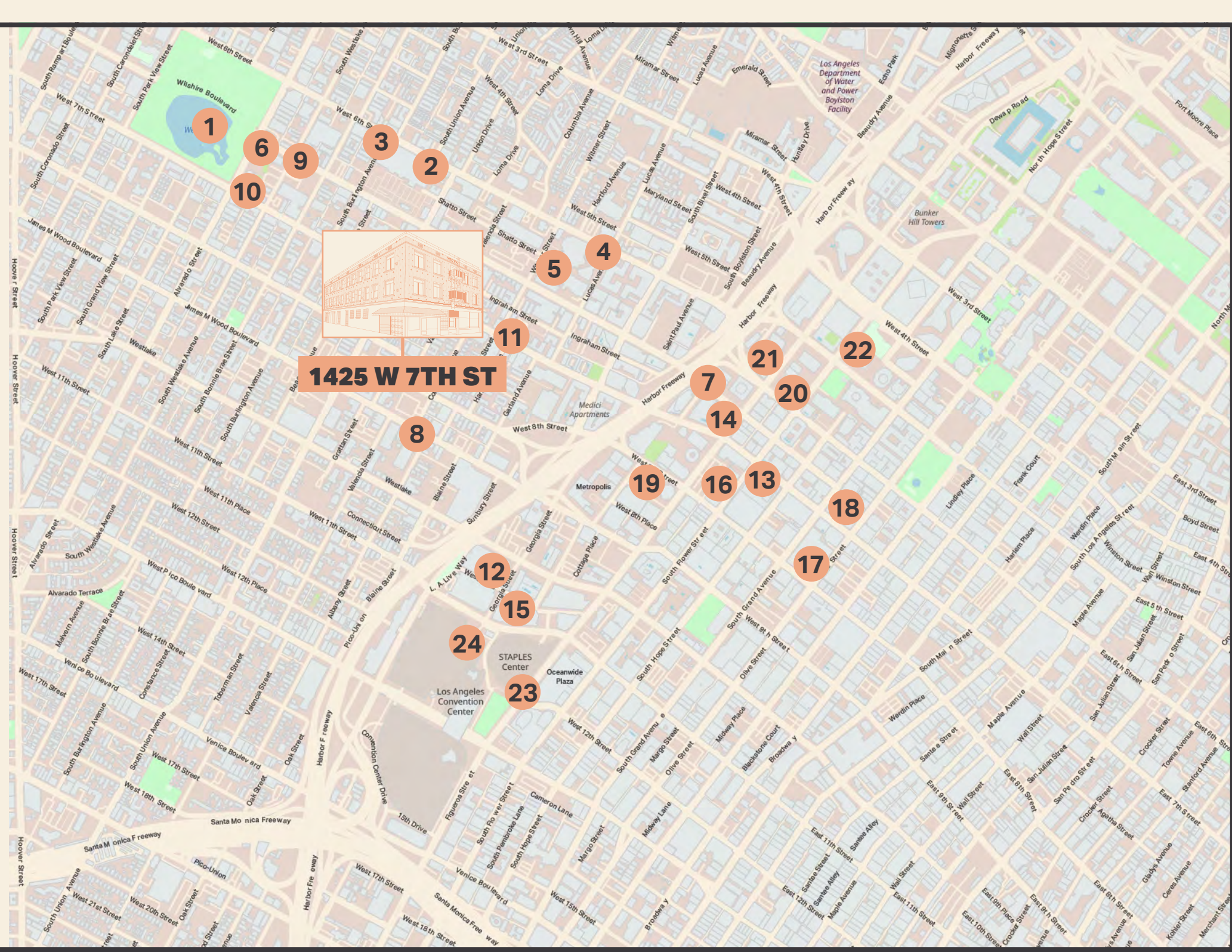
Transit Score

1425 7th Street's central location near Downtown Los Angeles results in excellent walkability and accessibility for its residents. The properties are within walking distance of stops on the Metro Red and Purple lines, one stop away from the Metro Blue and Expo lines, within a block of stops for five bus lines, and at the heart of the Los Angeles freeway system. Historically, properties maintaining high walk scores and high accessibility have appreciated at a more rapid rate than their less walkable suburban counterparts. Given the ratings highlighted below, investors should anticipate strong appreciation over the hold period as well as resilience to any perceived market corrections.

Location Highlights

1. MacArthur Park
2. Home Depot
3. Rite Aid
4. Starbucks
5. PIH Health Good Samaritan Hospital
6. Westlake/MacArthur Park Metro Stop
7. 7th St/Metro Center
8. Loyola Law School, Los Angeles
9. Esperanza Elementary School
10. John Liechty Middle School
11. The Mayfair Hotel
12. JW Marriott Los Angeles LA Live
13. Sheraton Grand Los Angeles
14. Intercontinental Los Angeles Downtown
15. The Ritz-Carlton, LA Live
16. Macys
17. Whole Foods Market
18. Bottega Louie
19. Smart & Final Extra
20. The Standard Downtown LA
21. Jonathan Club
22. Equinox Downtown LA
23. Staples Center
24. Microsoft Theater





1425 W 7TH ST

Rent Comparables



1425 W 7TH ST

Unit Type	Single
SF	405
Price	\$1,275

Unit Type	1+1
SF	550
Price	\$1,585



1

**430 S Union Ave
Los Angeles, CA 90017**

Unit Type	Single
SF	496
\$/SF	\$2.81
Price	\$1,395



6

**407 Loma Dr
Los Angeles, CA 90017**

Unit Type	Single
SF	450
\$/SF	\$3.22
Price	\$1,450



2

**742 S Westlake Ave
Los Angeles, CA 90054**

Unit Type	Single
SF	475
\$/SF	\$3.26
Price	\$1,550



7

**864 S New Hampshire Ave
Los Angeles, CA 90005**

Unit Type	1+1
SF	600
\$/SF	\$2.83
Price	\$1,695



3

807 S Westlake Ave
Los Angeles, CA 90057

Unit Type	Single
SF	450
\$/SF	\$3
Price	\$1,400



4

669 S Union Ave
Los Angeles, CA 90017

Unit Type	Single
SF	450
\$/SF	\$3.28
Price	\$1,475



5

1305 Ingraham St
Los Angeles, CA 90017

Unit Type	Single
SF	400
\$/SF	\$3.50
Price	\$1,399



8

143 S Burlington Ave
Los Angeles, CA 90057

Unit Type	1+1
SF	494
\$/SF	\$3.34
Price	\$1,650



9

1318 Maryland St
Los Angeles, CA 90017

Unit Type	1+1
SF	600
\$/SF	\$2.75
Price	\$1,650



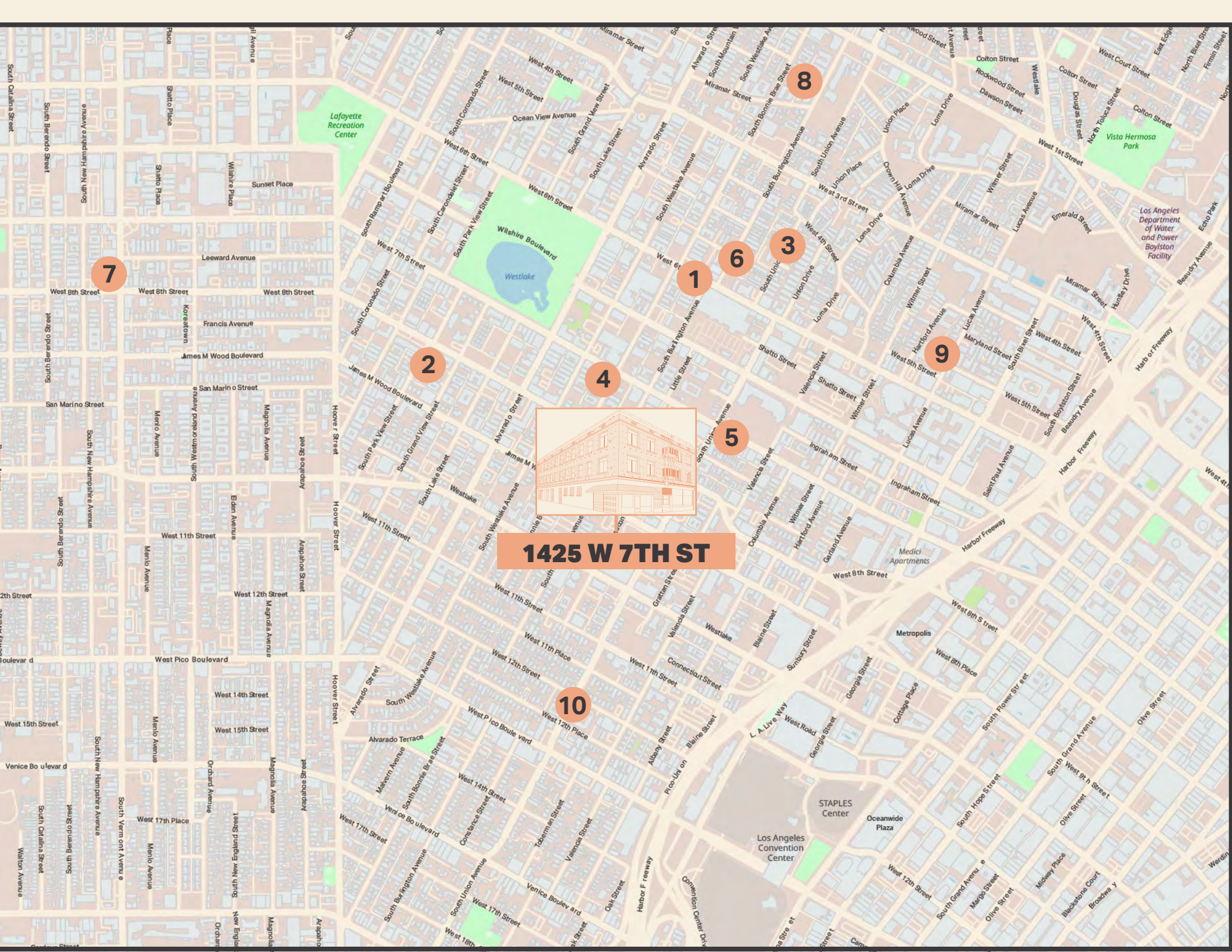
10

1517 W 12th Pl
Los Angeles, CA 90015

Unit Type	1+1
SF	500
\$/SF	\$3.20
Price	\$1,599

Rent Comparables Map

	Address	Unit Type	SF	\$/SF	Price
1	430 S Union Ave, Los Angeles, CA 90017	Single	496	\$2.81	\$1,395
2	742 S Westlake Ave, Los Angeles, CA 90054	Single	475	\$3.26	\$1,550
3	807 S Westlake Ave, Los Angeles, CA 90057	Single	450	\$3	\$1,400
4	669 S Union Ave, Los Angeles, CA 90017	Single	450	\$3.28	\$1,475
5	1305 Ingraham St, Los Angeles, CA 90017	Single	400	\$3.50	\$1,399
6	407 Loma Dr, Los Angeles, CA 90017	Single	450	\$3.22	\$1,450
7	864 S New Hampshire Ave, Los Angeles, CA 90005	1+1	600	\$2.83	\$1,695
8	143 S Burlington Ave, Los Angeles, CA 90057	1+1	494	\$3.34	\$1,650
9	1318 Maryland St, Los Angeles, CA 90017	1+1	600	\$2.75	\$1,650
10	1517 W 12th Pl, Los Angeles, CA 90015	1+1	500	\$3.20	\$1,599



1425 W 7TH ST





Office and Retail Comparables



1425 W 7TH ST

SF	2,300 SF/Office 1,150 SF/Retail
Rent per SF	\$1.48/\$1.83
Rent	\$1,700/ \$4,200
Lease Type	Gross



3

1111 Wilshire Blvd Los Angeles, CA 90017

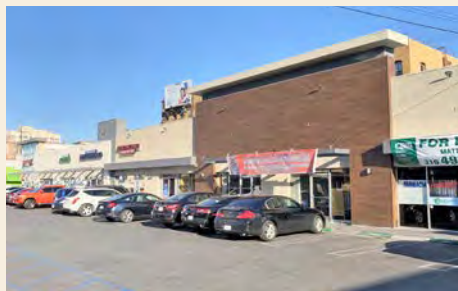
SF	1,803
Rent per SF	\$3.11
Rent	\$5,613
Lease Type	N/A



1

676 S. Westlake Ave Los Angeles, CA 90057

SF	910
Rent per SF	\$3.50
Rent	\$3,185
Lease Type	NNN



4

800-820 S Alvarado St Los Angeles, CA 90057

SF	1,950
Rent per SF	\$3.75
Rent	\$7,313
Lease Type	NNN



2

2025 W 6th St Los Angeles, CA 90057

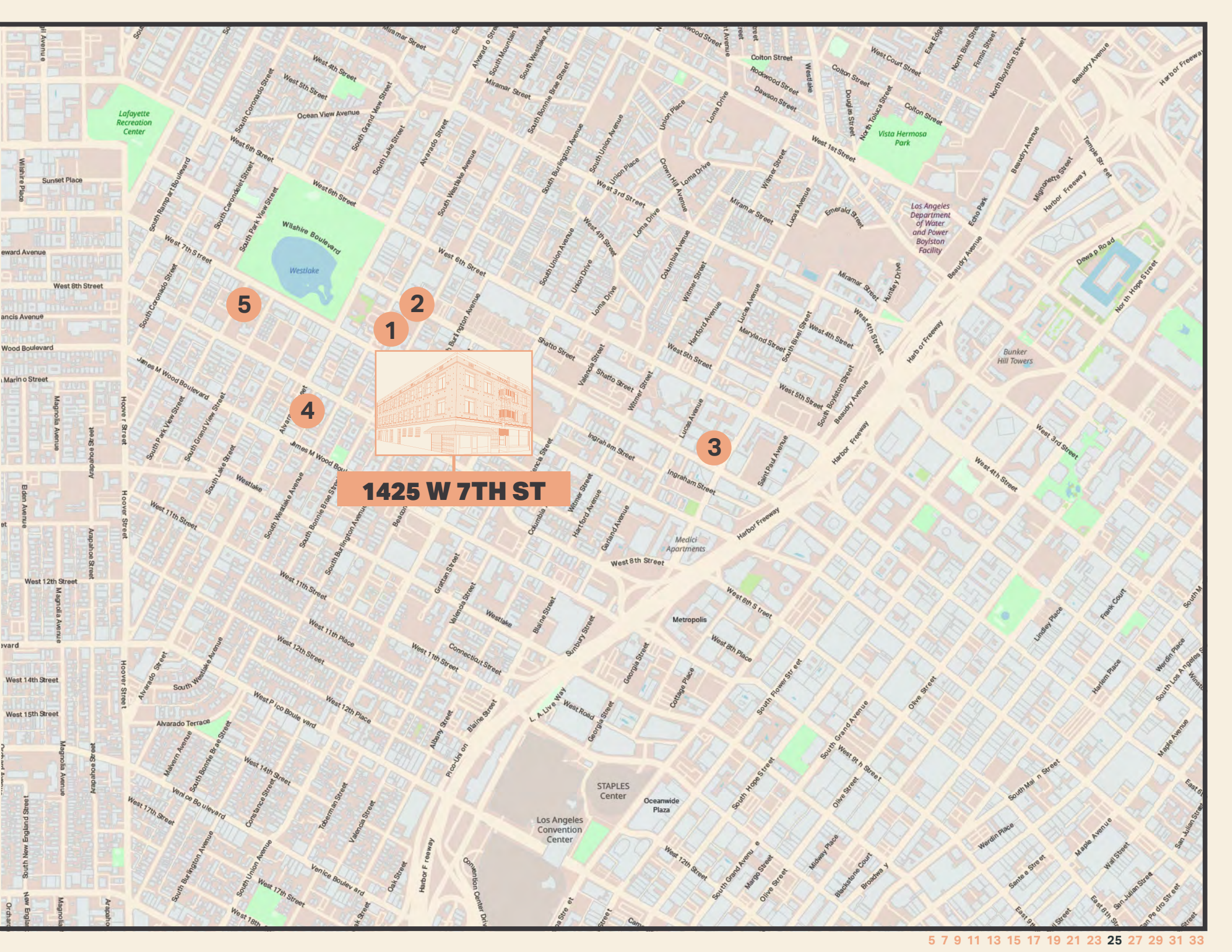
SF	996
Rent per SF	\$3.50
Rent	\$3,486
Lease Type	NNN



5

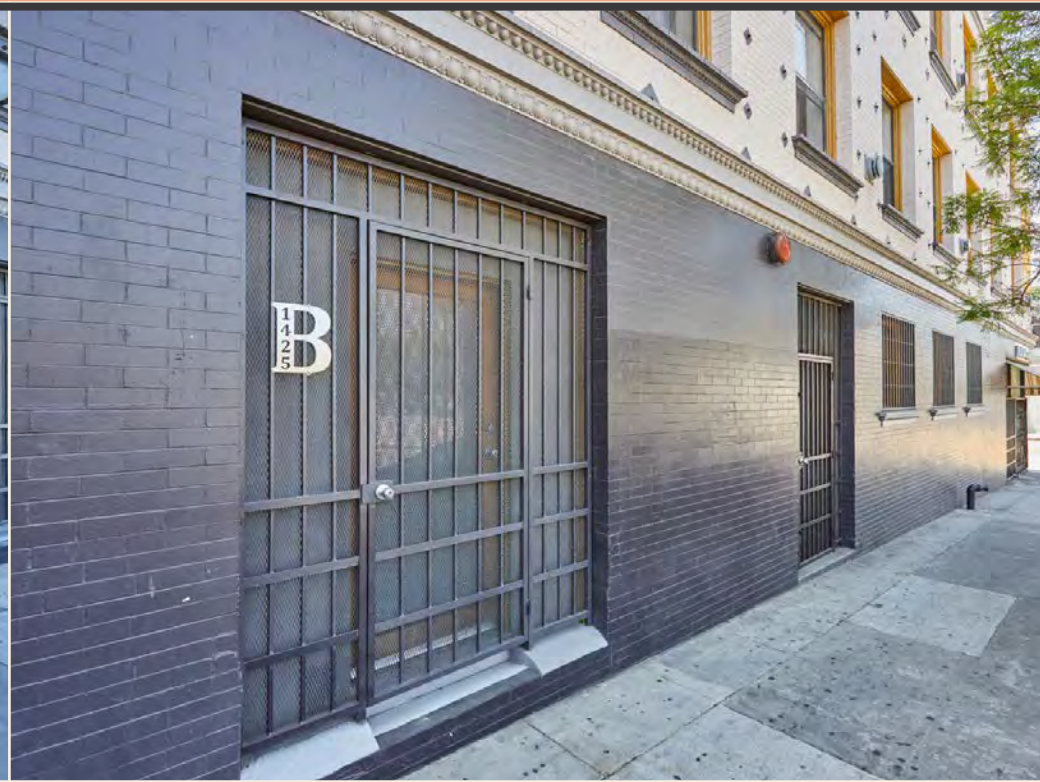
719 S Park View St Los Angeles, CA 90057

SF	2,000
Rent per SF	\$3.00
Rent	\$6,000
Lease Type	NNN



1425 W 7TH ST







Sold Apartment Comparables



1

2975 Leeward Ave, Los Angeles, CA 90005

Price	\$6,550,000
COE	5/28/2019
Price Per Unit	\$142,391
Price Per Sq. Ft.	\$302.19
Unit Mix	44 Studio/2 1Bd+1Bath



2

430 S Union Ave, Los Angeles, CA 90017

Price	\$4,275,000
COE	5/8/2020
Price Per Unit	\$142,500
Price Per Sq. Ft.	\$287.20
Unit Mix	30 Studio



3

412 S Lake St, Los Angeles, CA 90057

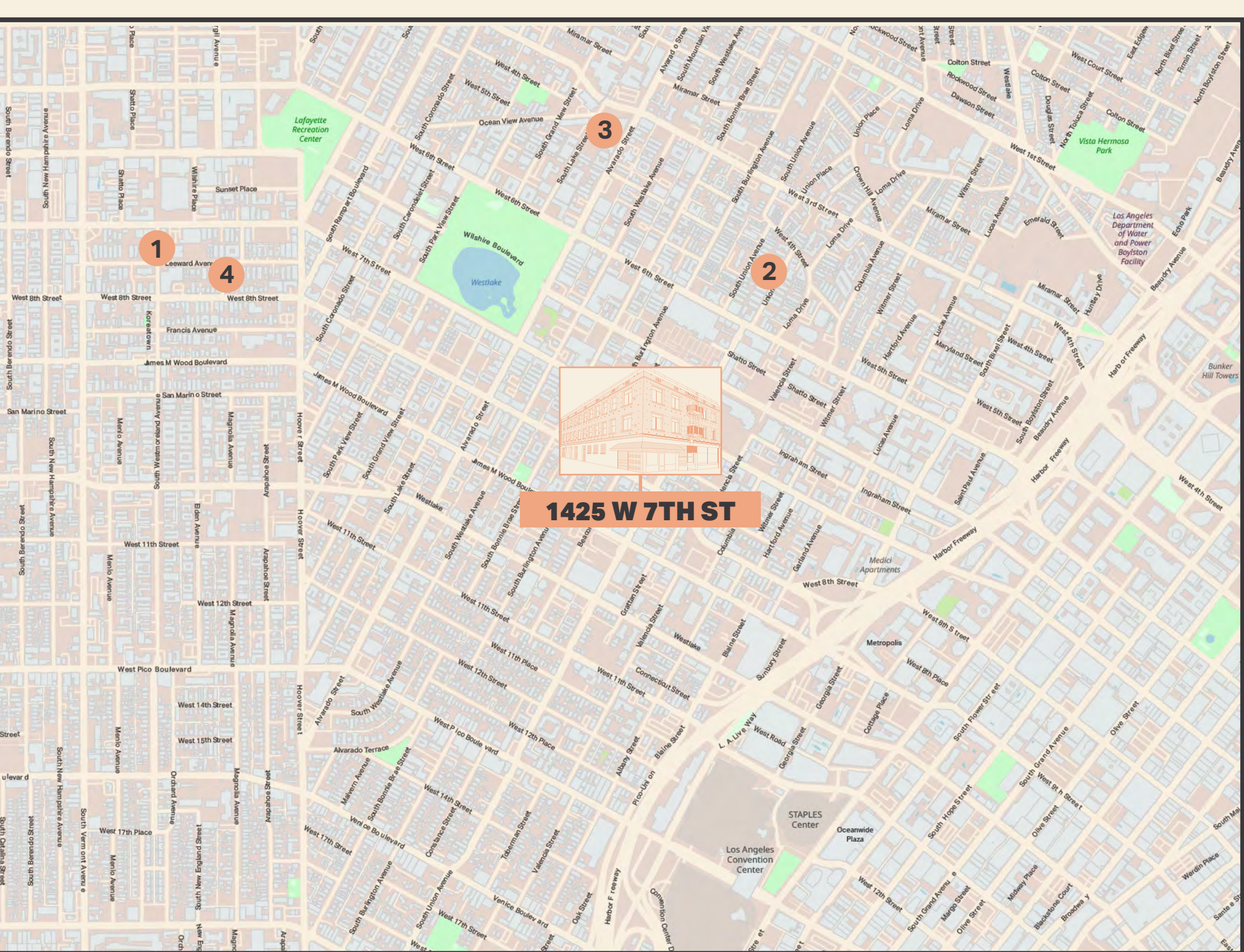
Price	\$8,950,000
COE	10/18/2019
Price Per Unit	\$218,293
Price Per Sq. Ft.	\$406.97
Unit Mix	33 Studio/8 1Bd+1Bath



4

2795 W 8th St, Los Angeles, CA 90005

Price	\$6,000,000
COE	9/27/2019
Price Per Unit	\$166,667
Price Per Sq. Ft.	\$297.03
Unit Mix	28 Studio/8 1Bd+1Bath



1425 W 7TH ST

Sold Retail and Office Comparables



1

1264 W 1st St, Los Angeles, CA 90026

Price	\$1,085,000
COE	1/16/2020
Price Per Sq. Ft.	\$458.58



2

400 W Pico Blvd, Los Angeles, CA 90015

Price	\$3,337,090
COE	5/24/2019
Price Per Sq. Ft.	\$405.87



3

729-737 S Los Angeles St, Los Angeles, CA 90014

Price	\$4,487,000
COE	1/27/2020
Price Per Sq. Ft.	\$433.53



5 7 9 11 13 15 17 19 21 23 25 27 29 **31** 33

Financials



Summary

Price:		\$5,775,000
Down Payment:	40%	\$2,310,000
Number of Units:		24
Cost per Legal Unit:		\$240,625
Current GRM:		12.81
Market GRM:		10.78
Current CAP:		4.61%
Market CAP:		5.94%
Approx. Age:		1910
Approx. Lot Size:		6,465
Approx. Gross SF:		19,260
Cost per Net GSF:		\$300

New Potential Financing

New First Loan:	\$3,465,000
Interest Rate:	3.65%
Amortization:	30
Monthly Payment:	\$15,850.97
DCR:	1.41

**24 Apartments, 1 Retail, 2 Office Spaces
Separately Metered for Gas & Electric**

On-Site Laundry; 3 Washers/3 Dryers



**Majority of the Units have Undergone
Renovations with New Appliances**

Gated Access with Security Cameras

Annualized Operating Data

Current Rents

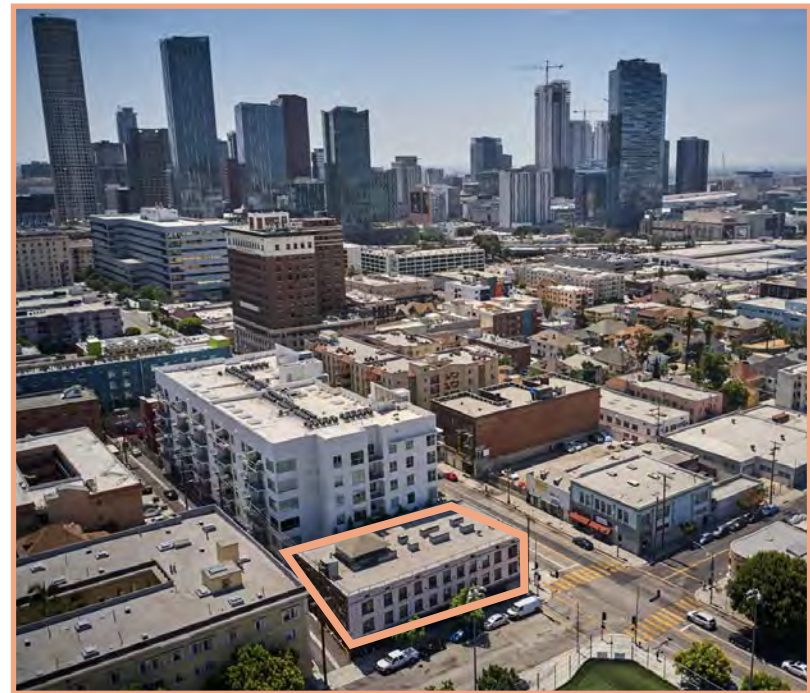
Market Rents

Scheduled Gross Income:	450,804		535,824	
Less Vacancy Rate Reserve:	(22,540)	5.0%	(26,791)	5.0%
Gross Operating Income:	428,264		509,033	
Less Expenses:	(161,795)	35.9%	(165,833)	30.9%
Net Operating Income:	266,469		343,200	
Reserves:	(4,800)		(4,800)	
Less Debt Service:	(190,212)		(190,212)	
Pre-Tax Cash Flow:	71,457	3.1%	148,188	6.4%
Plus Principal Reduction:	65,481		65,481	
Total Return Before Taxes:	136,939	5.9%	213,669	9.2%

**As a percent of the down payment*

Scheduled Income

Number of Units	Unit Type	Approx. Sq. Ft.	Current Avg. Monthly Rent/Unit	Monthly Income	Market Rent Monthly Rent /Unit	Monthly Income
19	Single	405	\$1,150	\$21,850	\$1,275	\$24,225
5	1+1	550	\$1,531	\$7,655	\$1,585	\$7,925
1	AirBNB	700	\$2,000	\$2,000	\$2,450	\$2,450
1	Retail	1,150	\$1,700	\$1,700	\$3,450	\$3,450
1	Office	2,300	\$4,200	\$4,200	\$6,900	\$6,440
Total Scheduled Rent:				\$37,405		\$44,490
SCEP				\$79		\$79
RSO				\$18		\$18
Laundry				\$66		\$66
Monthly Scheduled Gross Income:				\$37,567		\$44,652
Annual Scheduled Gross Income:				\$450,804		\$535,824



Estimated Annualized Expenses			Pro Forma
Taxes: Rate	1.17%	\$67,568	\$67,568
Insurance		\$10,410	\$10,410
Utilities:		\$13,332	\$13,332
Waste Removal		\$9,600	\$9,600
Repairs & Maintenance		\$12,000	\$12,000
Management	5%	\$21,413	\$25,452
On-Site Manager		\$15,300	\$15,300
Cleaning		\$7,200	\$7,200
Pest Control		\$900	\$900
RSO & SCEP Fees		\$1,970	\$1,970
Direct Assessment		\$2,102	\$2,102
Total Expenses:		\$161,795	\$165,833
Per Net Sq. Ft.:		\$8.40	\$8.61
Per Unit:		\$6,741	\$6,910

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Senior Managing Director of Investments
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