

**837 W 42ND PLACE
LOS ANGELES, CA 90037**



**10-UNIT VALUE-ADD INVESTMENT OPPORTUNITY JUST SOUTH OF USC
CONSISTING OF SEVEN 1+1 AND THREE 2+1 APARTMENT UNITS
CURRENT CASH FLOW OF 4.73% WITH 23% RENTAL UPSIDE**

Marcus & Millichap
THE NEEMA GROUP

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EXCLUSIVELY LISTED BY

NEEMA AHADIAN

Senior Managing Director Investments

Tel: (310) 909-5444

Fax: (435) 915-3662

neema@marcusmillichap.com

LEO LATERZA

Senior Associate

Tel: (310) 909-2372

Fax: (435) 915-3662

leo.laterza@marcusmillichap.com

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THE NEEMA GROUP









Executive Summary

The Neema Group of Marcus & Millichap is pleased to present 837 W 42nd Pl, Los Angeles, CA 90037. Built in 1927, this 10-unit property totals 7,706 SF and is located in South Los Angeles between W Vernon Ave & W Martin Luther King Blvd just south of Exposition Park & USC, a location providing easy access to Metro Expo Line, the 110 Freeway, and Downtown Los Angeles nightlife, entertainment, restaurants, and employment opportunities.

This value-add investment presents the investor an opportunity to capture a 18% loss-to-lease, that can achieve a pro forma CAP rate of 6.51% through further renovations when the units turn.

The building features a unit mix of 7 one-bedrooms and 3 two-bedrooms, each of the units have dual entrances. The property is being offered at a 11.70 GRM and 4.73% CAP rate on current income. Ease of management as gas and electric are separately metered.

Vermont Square is a fast growing, vibrant neighborhood, just southwest of Downtown Los Angeles. The subject property is within walking distance to the University of Southern California, Exposition Park, the George Lucas Museum, and the Metro Expo Vermont stop. With a walk score of 82, access to transportation and Downtown Los Angeles, this location attracts both workers and students. The immediate area surrounding the subject-property has a population of over 434,000 in a 3-mile radius.

Property Overview

OFFERING PRICE **\$1,995,000**

Number of Units	10
Zoning	RD2-1
Year Built	1924
Gross Square Feet	7,706 SF
Lot Size	7,050 SF
Ownership	Fee Simple

Financial Overview

Cost per Unit	\$199,500
Price Per SF	\$259
Current GRM	11.70
Market GRM	9.50
Current CAP Rate	4.73%
Market CAP Rate	6.51%

*Buyer to conduct own due diligence and verify legal bedroom count, Marcus & Millichap and the Seller have not made any investigation and makes no warranty or representation with respect to the presented unit count. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable, however the information contained herein is not a substitute for a thorough due diligence investigation.



Investment Highlights

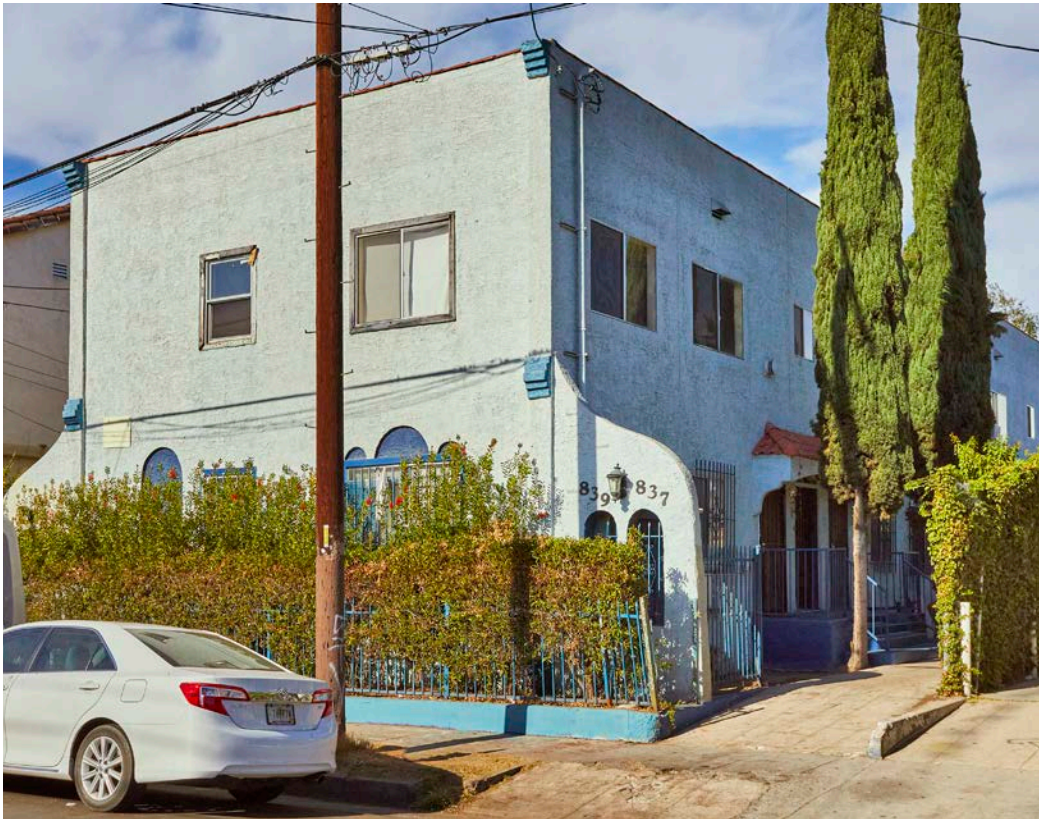
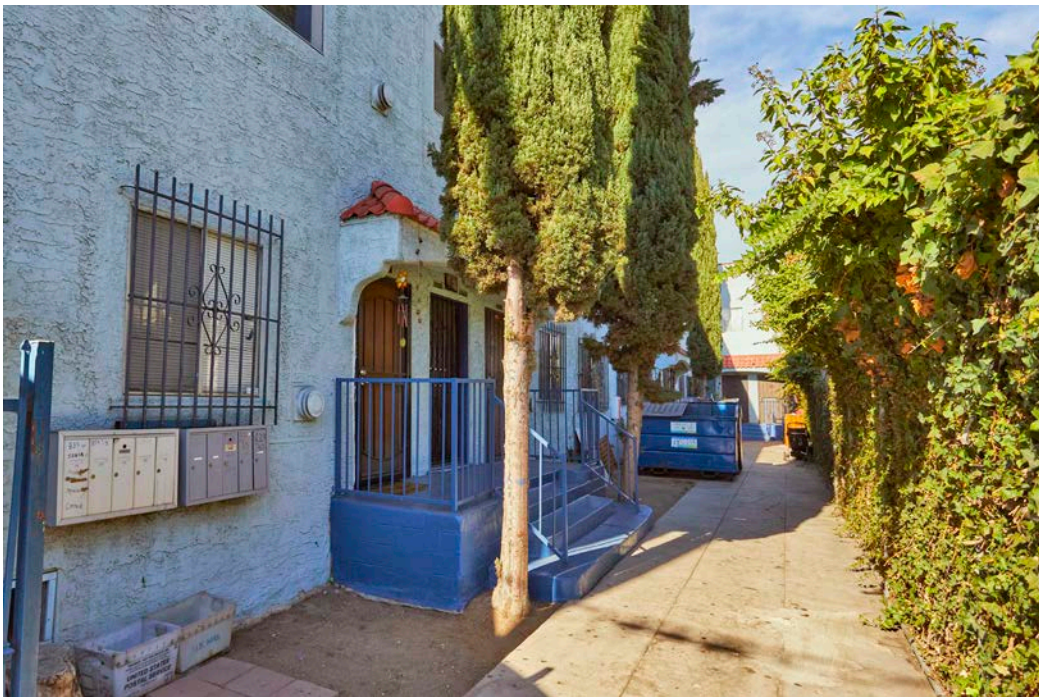
- 837 W 42nd Place is a 10-unit value-add investment opportunity is located in South Los Angeles between W Vernon Ave & W Martin Luther King Blvd just south of Exposition Park & USC, a location providing easy access to Metro Expo Line, the 110 Freeway, and Downtown Los Angeles nightlife, entertainment, restaurants, and employment opportunities.
- The building totals 7,706 features a unit mix of 7 one-bedrooms and 3 two-bedrooms apartment units, each of the units have dual entrances
- Asking 11.70 GRM on current income with a pro forma CAP rate of 6.51% when market rents are achieved.
- The majority of rents are currently under-market, providing a true value-add opportunity to capture the 23% rental upside through an interior renovation program when units turn.
- Ease of management as electric and gas are separately metered.
- High Walk Score of 82, close proximity to USC, employment, and transit options, this location makes it convenient for residents to commute throughout the city even without a vehicle.
- Vermont Square is a fast growing, vibrant neighborhood, just southwest of Downtown Los Angeles. The immediate area surrounding the subject-property has a population of over 434,000 in a 3-mile radius.

11.70
Current GRM

6.51%
Pro Forma CAP

23%
Rental Upside





Property Description

837 W 42ND PLACE

APN	5019-005-014
Number of Units	10
Year Built	1924
Gross SF	7,706 SF
Lot Size	7,050 SF
Type of Ownership	Fee Simple

CONSTRUCTION

Foundation	Concrete
Framing	Wood
Exterior	Stucco
Roof	Flat

UTILITIES

Electricity	Separately Metered
Gas	Separately Metered
Water	Master Metered

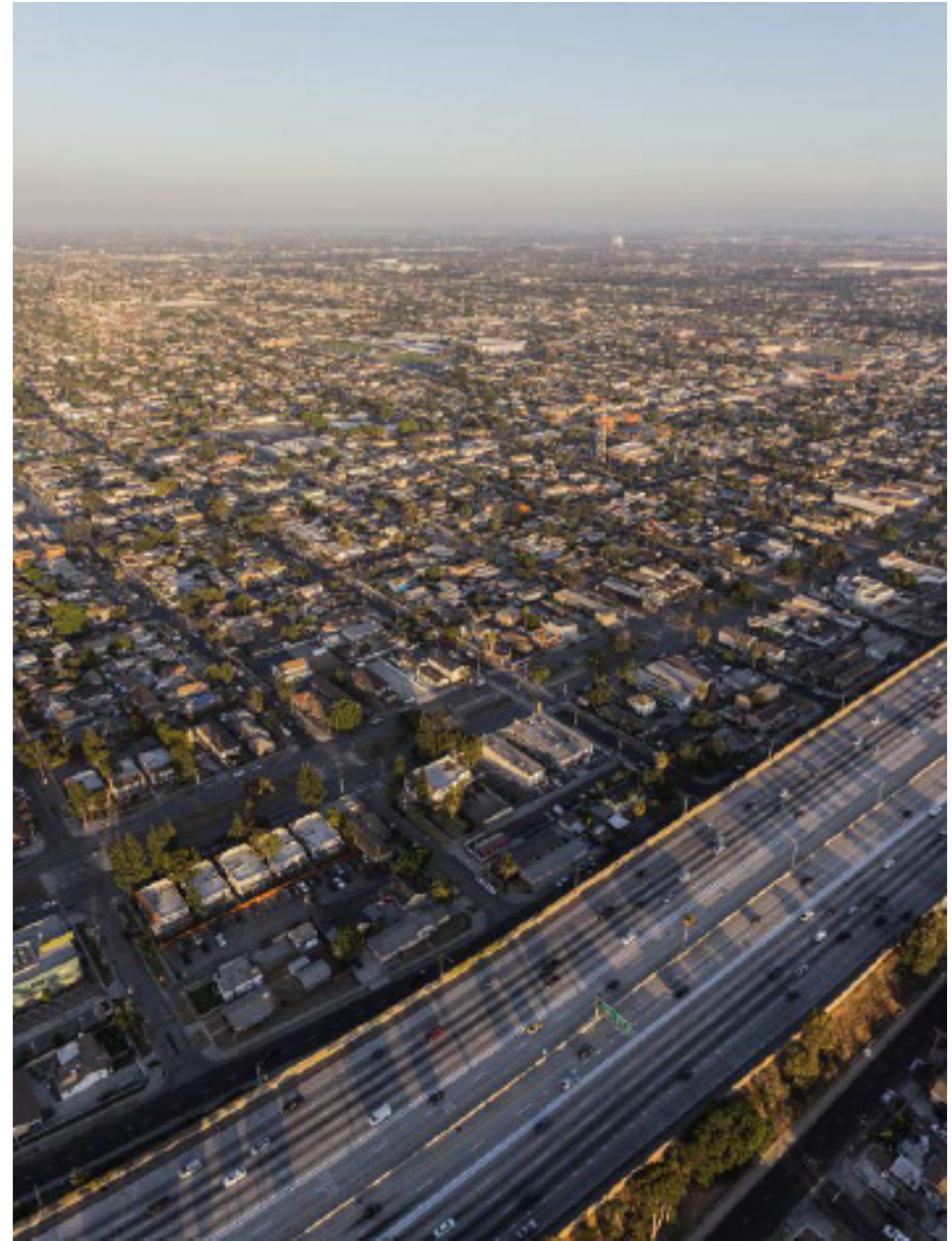
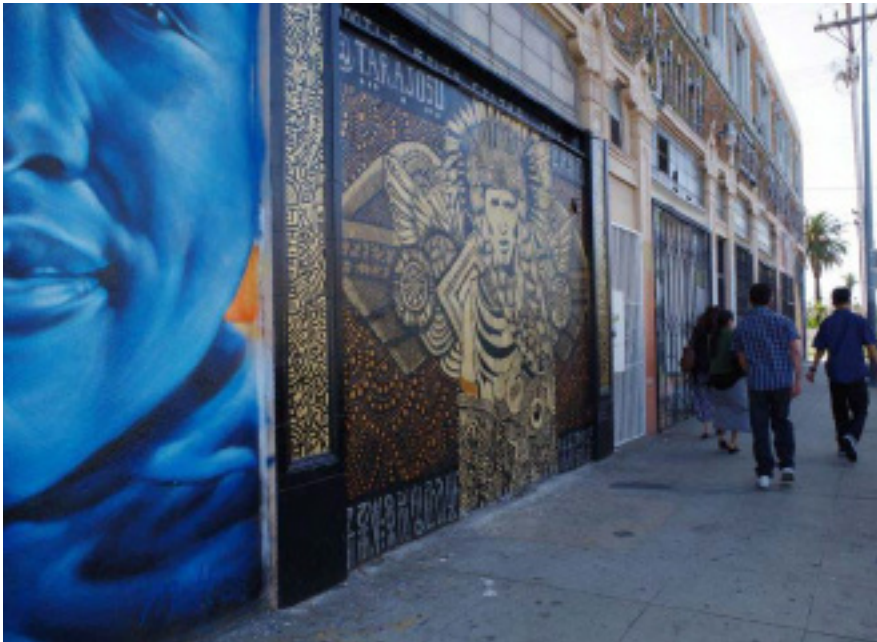




AREA OVERVIEW

VERMONT SQUARE, LOS ANGELES

Vermont Square is a neighborhood in southeast Los Angeles just south of USC and Exposition Park. The neighborhood's street boundaries are Martin Luther King Jr. Boulevard on the north, the Harbor Freeway on the east, West 54th Street on the south and South Van Ness Avenue on the west. As the USC outgrew its original boundaries and began to spread out in an orderly north-south grid pattern, trolley lines began to ply the broad new boulevards and avenues, serving the new suburban tracts southeast of downtown. Close to downtown, USC and Exposition Park, and convenient to the Blue and Expo Lines, Vermont Square is in the heart of the revitalizing central city.



NEW LAFC STADIUM IN SOUTH LOS ANGELES

The Los Angeles Football Club ownership group announced its intent to build a new 22,000-seat stadium in South Los Angeles, at the site of the Los Angeles Sports Arena, located next to the LA Memorial Coliseum.

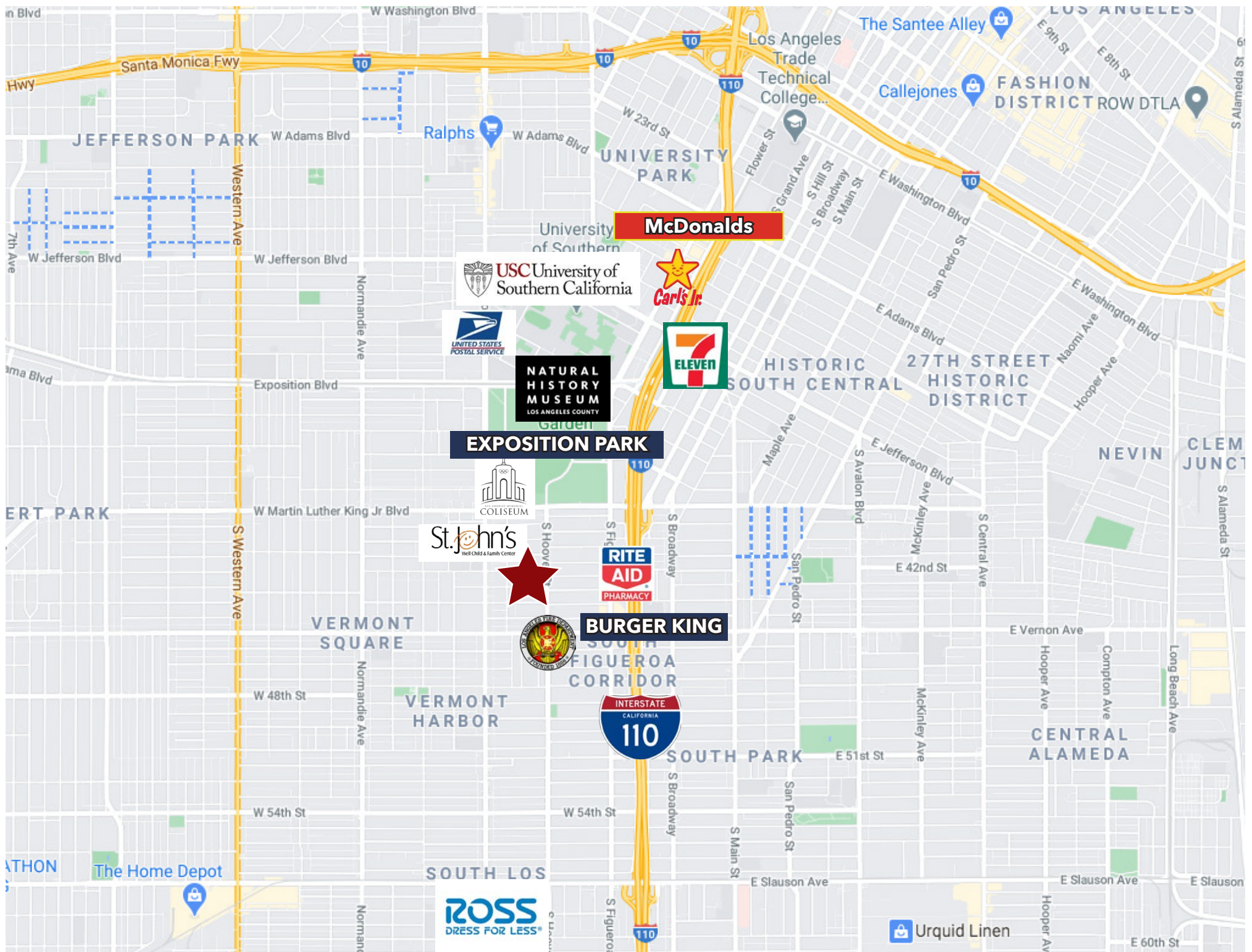
The entire development, which the club says will bring \$250 million in private investments to South Los Angeles, has been designed by LA-based architectural firm Gensler and will also include restaurants, office space, a conference center, and a soccer museum.

"We are not only committed to creating a dynamic soccer experience for our fans, but are equally excited about the impact our stadium and facilities will have in reshaping and revitalizing South Los Angeles," Johnson said.

The construction of the new stadium in the underdeveloped South Los Angeles area is expected to produce a one-time economic activity of more than \$275 million and over 1,200 new union and non-union jobs. Additionally, once open, the new stadium is estimated to generate more than \$129 million in new economic activity, create more than 1,800 full-time jobs, and produce \$2.5 million in annual tax revenue.



- The first new open-air stadium built in the city of Los Angeles since Dodgers Stadium in 1962
- The stadium is accessible from the expanded LA Expo line
- The stadium will be an LEED Silver certified building
- 125,000 sq ft of walkways and plazas will be open to the public
- The roof will be covered with 190,000 sq ft of ETFE film
- The pitch will be 86,000 sq ft of improved natural bermuda grass adapted for Southern California





RENT ROLL

	UNIT #	UNIT TYPE	ACTUAL RENT	PROFORMA RENT	NOTES
1	837	2+1	\$1,287	\$2,100	Section 8
2	837 1/5	2+1	\$2,000	\$2,100	
3	837 2/5	1+1	\$1,600	\$1,600	Will be Vacant; Current Eviction
4	837 3/5	1+1	\$1,500	\$1,600	Section 8
5	837 4/5	1+1	\$898	\$1,600	
6	839	1+1	\$898	\$1,600	
7	839 1/5	1+1	\$1,628	\$1,600	
8	839 2/5	1+1	\$1,600	\$1,600	Brilliant Corners
9	839 3/5	1+1	\$1,366	\$1,600	
10	839 4/5	2+1	\$1,432	\$2,100	

# UNITS	UNIT TYPE	APPROX SF	CURRENT AVG. MONTHLY RENT	CURRENT MONTHLY INCOME	MARKET MONTHLY RENT	MARKET MONTHLY INCOME
7	1+1		\$1,356	\$9,490	\$1,600	\$11,200
3	2+1		\$1,573	\$4,719	\$2,100	\$6,300
				\$14,209	\$17,500	

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FINANCIAL ANALYSIS

	CURRENT RENTS		MARKET RENTS	
Scheduled Gross Income:	\$170,508		\$210,000	
Less Vacancy Rate Reserve:	\$(8,525)	5.0%	\$(10,500)	5.0%
Gross Operating Income:	\$161,983		\$199,500	
Less Expenses:	\$(67,717)	39.7%	\$(69,593)	33.1%
Net Operating Income:	\$94,265		\$129,907	
Reserves:	\$(2,000)		\$(2,000)	
Less Debt Service:	\$(64,501)		\$(64,501)	
Pre-Tax Cash Flow:	\$27,765	3.5%	\$63,406	7.9%
Plus Principal Reduction:	\$23,187		\$23,187	
Total Return Before Taxes:	\$50,952	6.4%	\$86,594	10.9%

EXPENSES & PRICING

EXPENSES	%	CURRENT	PROFORMA
Taxes: Rate	1.20%	\$23,940	\$23,940
Insurance		\$5,440	\$5,440
Utilities:		\$16,334	\$16,334
Waste Removal		\$5,579	\$5,579
Repairs & Maintenance		\$5,000	\$5,000
Management	5%	\$8,099	\$9,975
Pest Control		\$220	\$220
Landscaping		\$1,265	\$1,265
License & Fees		\$611	\$611
Direct Assessment		\$1,229	\$1,229
Total Expenses:		\$67,717	\$69,593
Per Net Sq. Ft.:		\$8.79	\$9.03
Per Unit:		\$6,772	\$6,959

PRICING		
Price:		\$1,995,000
Down Payment:	40%	\$798,000
Number of Units:		10
Cost per Legal Unit:		\$199,500
Current GRM:		11.70
Market GRM:		9.50
Current CAP:		4.73%
Market CAP:		6.51%
Approx. Age:		1924
Approx. Lot Size:		7,050
Approx. Gross SF:		7,706
Cost per Net GSF:		\$259

NEW POTENTIAL FINANCING

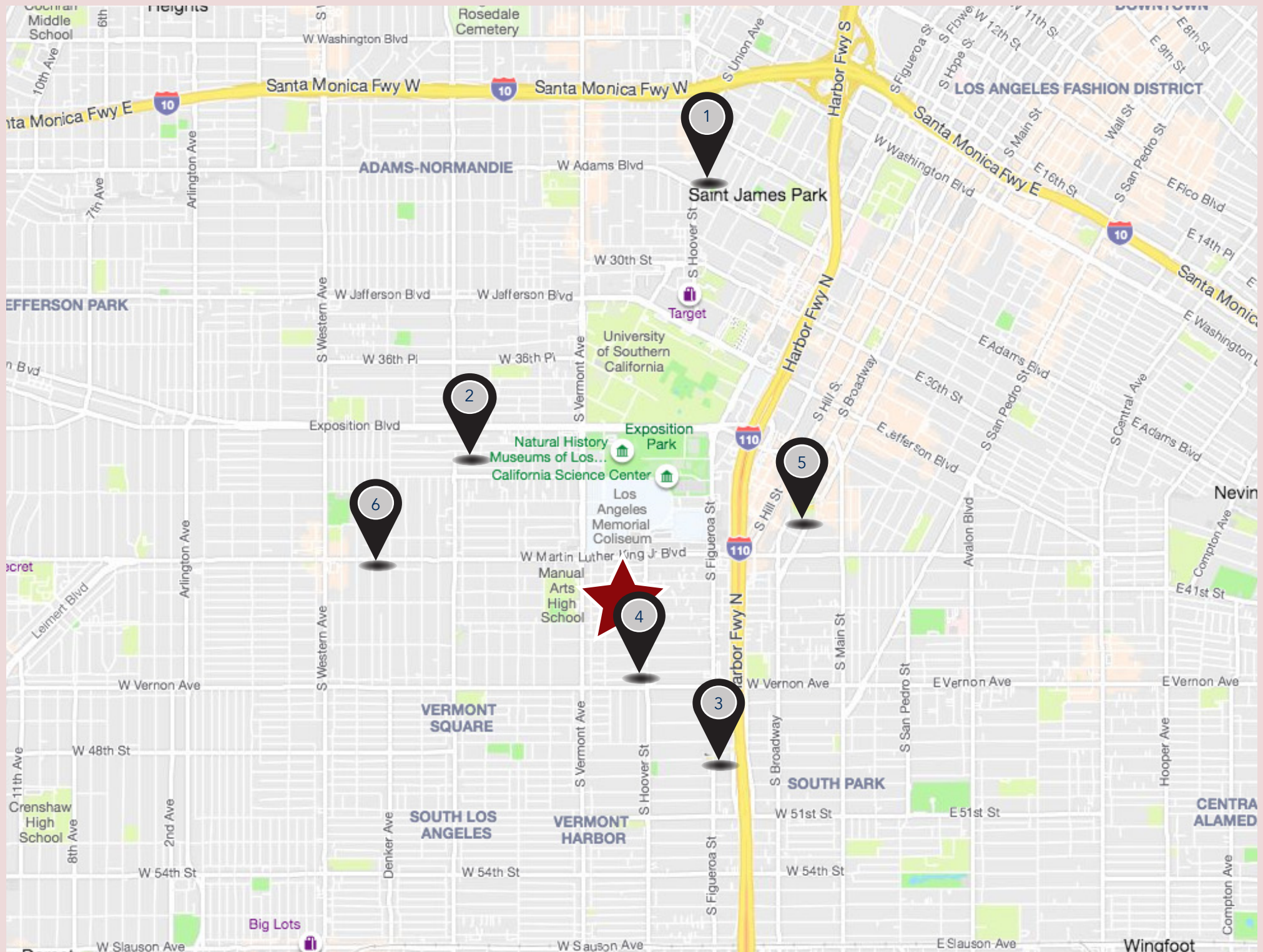
New First Loan:	\$1,197,000
Interest Rate:	3.50%
Amortization:	30
Monthly Payment:	\$5,375
DCR:	1.46



MARKET COMPARABLES

	PROPERTY NAME	SALES PRICE	YEAR BUILT	PRICE/UNIT	PRICE/SF	CURRENT CAP	CURRENT GRM	CLOSING DATE
	837 W 42nd Pl, Los Angeles, CA 90037	\$1,995,000	1924	\$199,500	\$259	4.73%	11.70	N/A
1	1017 W 25th St, Los Angeles, CA 90007	\$1,365,000	1903	\$170,625	\$309	3.66%	14.72	10/20/20
2	1257 W 38th St, Los Angeles, CA 90037	\$1,050,000	1930	\$210,000	\$360	5.40%	14.01	2/11/20
3	4716 S Figueroa St, Los Angeles, CA 90037	\$1,545,000	1925	\$309,000	\$345	N/A	N/A	12/13/19
4	807 43rd St, Los Angeles, CA 90037	\$1,815,000	1925	\$226,875	\$214	5.96%	11.00	11/5/19
5	1345 W 38th St, Los Angeles, CA 90062	\$1,330,000	1925	\$221,667	\$278	N/A	N/A	7/26/19
6	3978 La Salle Ave, Los Angeles, CA 90062	\$1,408,000	1928	\$176,000	\$295	5.27%	13.92	7/2/19







837 W 42nd Pl,
Los Angeles, CA 900037

SUBJECT PROPERTY



Offering Price	\$1,995,000	Price per Unit	\$199,500	# Units	Unit Type
Number of Units	10	Price per SF	\$259	7	1+1
Year Built	1924	CAP Rate	4.73%	3	2+1
GRM	11.70				

Sales Comparables | 837 W 42nd Place



1 1017 W 25th St,
Los Angeles, CA 90007

Sales Price	\$1,365,000
Number of Units	8
Year Built	1903
Price per Unit	\$170,625
Price per SF	\$309
CAP Rate	3.66%
GRM	14.72
Date Sold	10/20/20
# Units	Unit Type
5	Single
2	1+1
1	2+2



2 1257 W 38th St
Los Angeles, CA 90037

Sales Price	\$1,050,000
Number of Units	5
Year Built	1930
Price per Unit	\$210,000
Price per SF	\$360
CAP Rate	5.40%
GRM	14.01
Date Sold	2/11/20
# Units	Unit Type
4	1+1
1	2+1



3 4716 S Figueroa St
Los Angeles, CA 90037

Sales Price	\$1,545,000
Number of Units	5
Year Built	1925
Price per Unit	\$309,000
Price per SF	\$346
CAP Rate	N/A
GRM	N/A
Date Sold	12/13/19
# Units	Unit Type
1	1+1
2	2+1
2	4+2

Sales Comparables | 837 W 42nd Place



4 807 43rd St
Los Angeles, CA 90037

Sales Price	\$1,815,000
Number of Units	8
Year Built	1925
Price per Unit	\$226,875
Price per SF	\$214
CAP Rate	5.96%
GRM	11.00
Date Sold	11/5/19
# Units	Unit Type
8	3+1



5 1345 W 38th St
Los Angeles, CA 90062

Sales Price	\$1,330,000
Number of Units	6
Year Built	1925
Price per Unit	\$221,667
Price per SF	\$278
CAP Rate	N/A
GRM	N/A
Date Sold	7/26/19
# Units	Unit Type
6	2+1



6 3978 La Salle Ave
Los Angeles, CA 90062

Sales Price	\$1,408,000
Number of Units	8
Year Built	1928
Price per Unit	\$176,000
Price per SF	\$295
CAP Rate	5.27%
GRM	13.92
Date Sold	7/2/19
# Units	Unit Type
8	Singles

SPECIAL COVID-19 NOTICE

All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.)

RENT DISCLAIMER

Any rent or income information in this offering memorandum, with the exception of actual, historical rent collections, represent good faith projections of potential future rent only, and Marcus & Millichap makes no representations as to whether such rent may actually be attainable. Local, state, and federal laws regarding restrictions on rent increases may make these projections impossible, and Buyer and its advisors should conduct their own investigation to determine whether such rent increases are legally permitted and reasonably attainable.

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NEEMA AHADIAN

Senior Managing Director Investments
Tel: (310) 909-5444
Fax: (435) 915-3662
neema@marcusmillichap.com
License: CA 01346750

LEO LATERZA

Senior Associate
Tel: (310) 909-2372
Fax: (435) 915-3662
llaterza@marcusmillichap.com
License: CA 01861324

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