



# 5218

LATHAM ST  
LOS ANGELES, CA 90011

OFFERING MEMORANDUM

100% VACANT EIGHT-UNIT BUILDING IN  
SOUTH LOS ANGELES

ALL TWO-BEDROOM UNITS WITH EIGHT  
PARKING SPACES

Marcus & Millichap



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# 5218 LATHAM ST

## LOS ANGELES, CA 90011

The Neema Group of Marcus & Millichap is pleased to present 5218 Latham Street, an eight-unit investment opportunity in the Central Alameda neighborhood of Los Angeles. This is a centrally located property in South Los Angeles with close proximity and transportation options to commute to Downtown Los Angeles and neighboring cities of Huntington Park and Vernon.

The subject property offers an investor the rare opportunity to purchase a 100% vacant building, allowing an investor to renovate and achieve market rents immediately upon the close of escrow. The building consists of eight two-bedroom one-bathroom units with no buyouts or relocation required. At the projected market rents, once stabilized the building is being offered at a projected 6.65%-7.58% CAP rate. There are eight total parking spaces with no seismic retrofit work required. Gas and electricity are separately metered and trash removal is handled by the city with no expense to the ownership.

The subject property is located two blocks from Hooper Avenue Elementary School and has a walk score of 75. Residents have many transportation options available as the property is in close proximity to the Metro A Rail Line as well as multiple Metro bus lines along Hooper Avenue and Compton Avenue. 5218 Latham Street is ideally located for residents to commute to employment opportunities in Downtown Los Angeles as well as the neighboring industrial cities of Vernon and Huntington Park with plentiful warehouse and manufacturing employment.







SUBJECT PROPERTY

LATHAM STREET



## INVESTMENT HIGHLIGHTS

# 5218 LATHAM ST

LOS ANGELES, CA 90011



- 5218 Latham Street is an eight-unit investment opportunity in the Central Alameda neighborhood of Los Angeles located just east of Hooper Avenue between East Vernon Avenue and East Slauson Avenue, a location in a densely populated, rapidly gentrifying neighborhood
- The subject property features a unit mix of eight two-bedroom one-bathroom units; unique opportunity as all units will be delivered vacant at the close of escrow, allowing an investor to renovate the interiors and achieve market rents immediately
- After the renovation and lease-up period, the subject property at the asking price is projected to achieve a CAP rate of 6.65%-7.58%; opportunity to fully stabilize the building immediately with no buyouts or relocation required
- 5218 Latham Street has eight total parking spaces along the side and rear of the property with no seismic retrofit required
- Utilities are low as gas and electricity are separately metered; city trash with no waste removal expense for the ownership; electrical panels were upgraded with permits in 2010
- The subject property is located two blocks from Hooper Avenue Elementary School and has a walk score of 75; residents have many transportation options available as the property is in close proximity to the Metro A Rail Line as well as multiple Metro bus lines along Hooper Avenue and Compton Avenue
- 5218 Latham Street is ideally located for residents to commute to employment opportunities in Downtown Los Angeles as well as the neighboring industrial cities of Vernon and Huntington Park with plentiful warehouse and manufacturing employment



# INVESTMENT OVERVIEW

## PROPERTY INFORMATION

Address:	5218 Latham Street Los Angeles, CA 90011
Number of Units:	8
Approx. Gross SF:	4,800 SF
Approx. Lot Size:	7,500 SF
Year Built:	1949
APN	5104-006-026
Zoning	LAR2

## PRICING INFORMATION

Sales Price:	\$ 1,875,000
Down Payment (35%):	\$ 656,250
Cost per Legal Unit:	\$234,375
Cost per Bldg SF:	\$391
Current GRM:	10.28
Market GRM:	9.30
Current CAP:	6.65%
Market CAP:	7.58%



## NEW POTENTIAL FINANCING

New First Loan	\$ 1,218,750
Interest Rate	3.50%
Amortization	30
Monthly Payment	\$5,472.73
DCR	1.90

\*All units are currently vacant, pricing metrics are projections when leased at market rents.



## AREA OVERVIEW

### CENTRAL-ALAMEDA

Central-Alameda is a densely populated, historic, and diverse neighborhood in South Los Angeles bordered by Historic South-Central to the west, the city of Vernon to the east, and Downtown LA to the north. The area is one of LA County's most densely populated and features one of the county's youngest populations with a median age of 22. The area has a diverse cultural history that is still present today.

With convenient access to I-110 and Downtown Los Angeles, Central-Alameda continues to expand with new residential housing developments including 127 units at 41st Street and Compton Avenue, 127 units at 4020 S. Compton Avenue, and 57 units just south of the intersection of 21st Street and Central Avenue.





# AMENITIES MAP



**SOUTH CENTRAL  
FAMILY HEALTH  
CENTER**

**LOS ANGELES CITY  
FIRE STATION 21**

**HOOPER AVENUE  
ELEMENTARY  
SCHOOL**

**5128  
LATHAM  
STREET**

**SLAUSON  
MULTIPURPOSE  
CENTER**

**AUGUSTUS F.  
HAWKINS NATURE  
PARK**



**CVS pharmacy** **CHASE**

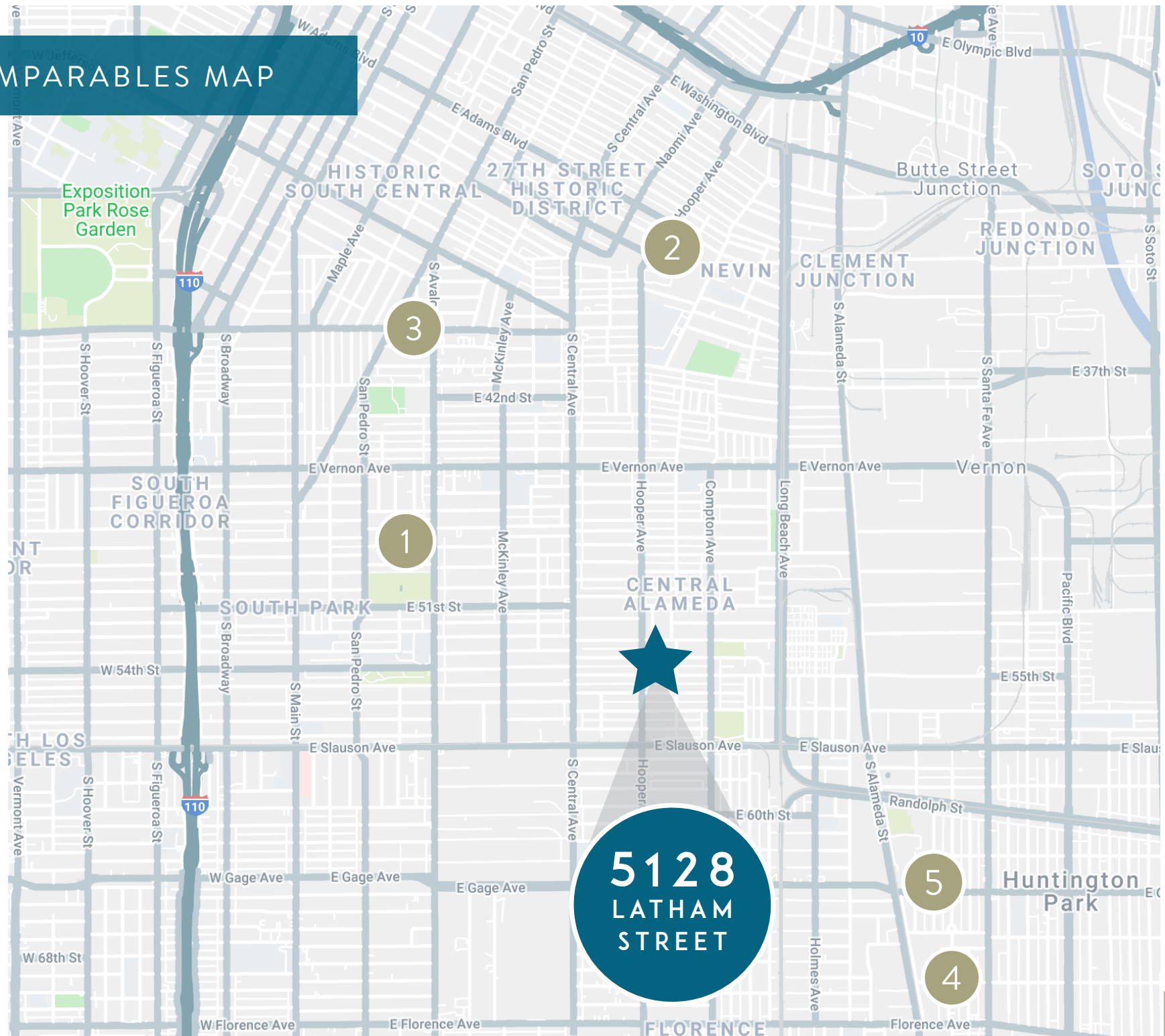


**CVS pharmacy**





# COMPARABLES MAP



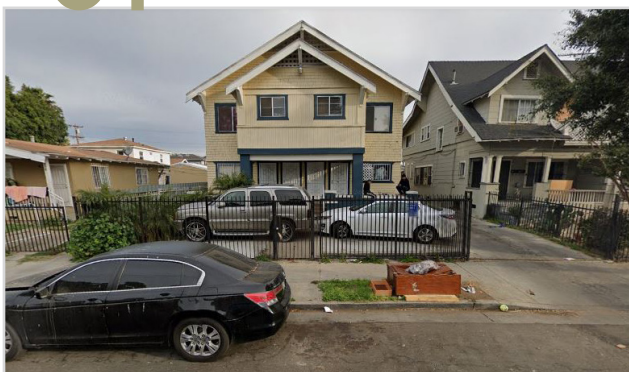




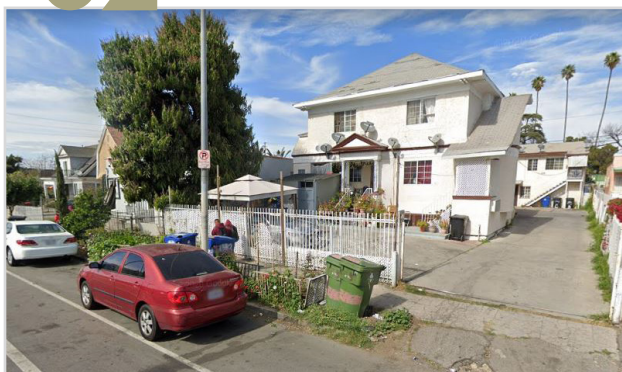
## SUBJECT PROPERTY

ADDRESS	5218 Latham St Los Angeles CA	BUILDING SIZE	4,800 SF
SALES PRICE	\$ 1,875,000	PRICE / SF	\$391

01



02



03



ADDRESS	479 E 49th St Los Angeles, CA 90011
SALES PRICE	\$1,050,000
BUILDING SF	4,312 SF
PRICE / SF	\$243
GRM	16.50
DATE SOLD	10/6/2020
UNIT MIX	4/67% (2 + 1) 2/33% (3 + 2)

ADDRESS	1329 E Adams Blvd Los Angeles, CA 90011
SALES PRICE	\$1,204,000
BUILDING SF	3,816 SF
PRICE / SF	\$315
DATE SOLD	4/21/2020
UNIT MIX	6/86% (1 + 1) 1/14% (3 + 1)

ADDRESS	731 E Jefferson Blvd Los Angeles, CA 90011
SALES PRICE	\$1,195,000
BUILDING SF	3,200 SF
PRICE / SF	\$373
CAP RATE	5.2%
GRM	12.71
DAYS ON MARKET	84 days

## SALES COMPARABLES



## SALES COMPARABLES

04



ADDRESS	6816 Malabar St Huntington Park, CA 90255
SALES PRICE	\$1,050,000
BUILDING SF	4,320 SF
PRICE / SF	\$379
CAP RATE	4.86%
DATE SOLD	3/10/2020
UNIT MIX	2/22% (0 + 1) 6/67% (1 + 1) 1/11% (2 + 1)

05







ADDRESS	1329 E Adams Blvd Los Angeles, CA 90011
SALES PRICE	\$1,625,000
BUILDING SF	8,276 SF
PRICE / SF	\$196
CAP RATE	4.48%
GRM	13.05
DATE SOLD	1/3/2020
UNIT MIX	8/100% (1 + 1)



SUBJECT PROPERTY

ADDRESS	5218 Latham St Los Angeles CA	UNIT TYPE	2 BR + 1 BTH
SALES PRICE	\$ 1,875,000	PROJECTED RENTS	\$1,900-\$2,100

RENT COMPARABLES

	ADDRESS	UNIT TYPE	SQ. FT.	RENT
	1225 E 47th St, Los Angeles, CA 90011	2 BR + 1 BTH	N/A	\$1,995
	4119 Trinity St, Los Angeles, CA 90011	2 BR + 1 BTH	N/A	\$2,200
	204 E 28th St, Los Angeles, CA 90011	2 BR + 1 BTH	N/A	\$1,900
	1028 E 33rd St, Los Angeles, CA 90011	2 BR + 1 BTH	N/A	\$2,263
	3425 Maple Ave, Los Angeles, CA 90011	2 BR + 1 BTH	1,232	\$2,195
	812 E 28th St, Los Angeles, CA 90011	2 BR + 1 BTH	N/A	\$2,145
			AVG	\$2,116



# FINANCIALS

ANNUALIZED OPERATING DATA		PROJECTED RENTS - LOW		PROJECTED RENTS - HIGH
Scheduled Gross Income:		\$182,400		\$201,600
Less Vacancy Rate Reserve:	5.0%	(\$9,120)	5.0%	(\$10,080)
Gross Operating Income:		\$173,280		\$191,520
Less Expenses:	26.6%	(\$48,503)	24.5%	(\$49,415)
Net Operating Income:		\$124,777		\$142,105
Reserves:		(\$1,600)		(\$1,600)
Less Debt Service:		(\$65,673)		(\$65,673)
Pre-Tax Cash Flow:	8.8%	\$57,504	11.4%	\$74,832
Plus Principal Reduction:		\$23,609		\$23,609
Total Return Before Taxes:	12.4%	\$81,113	15.0%	\$98,441

OPERATING EXPENSES	CURRENT	MARKET
Taxes (1.20%)	\$ 22,500	\$ 22,500
Insurance	\$ 2,400	\$ 2,400
Utilities	\$ 8,160	\$ 8,160
Repairs & Maintenance	\$ 4,000	\$ 4,000
Management (5%)	\$ 8,664	\$ 9,576
Landscaping	\$ 900	\$ 900
Pest Control	\$ 420	\$ 420
License & Fees	\$ 400	\$ 400
Direct Assesment	\$ 1,059	\$ 1,059
Total Expenses	\$ 48,503	\$ 49,415
Per Net Sq. Ft	\$10.10	\$ 10.29
Per Unit	\$6,062.88	\$757.86

\*All units are currently vacant, financials are projections when leased at market rents.



## RENT ROLL

UNIT #	UNIT TYPE	PROJECTED RENTS - LOW		PROJECTED RENTS - HIGH	NOTES
1	2+1	\$ 1,900	\$ 2,100	\$2,000	Vacant
2	2+1	\$ 1,900	\$ 2,100	\$2,000	Vacant
3	2+1	\$ 1,900	\$ 2,100	\$2,000	Vacant
4	2+1	\$ 1,900	\$ 2,100	\$2,000	Vacant
5	2+1	\$ 1,900	\$ 2,100	\$2,000	Vacant
6	2+1	\$ 1,900	\$ 2,100	\$2,000	Vacant
7	2+1	\$ 1,900	\$ 2,100	\$2,000	Vacant
8	2+1	\$ 1,900	\$ 2,100	\$2,000	Vacant
Monthly Scheduled Gross Income:		\$ 15,200		\$ 16,800	
Annual Scheduled Gross Income:		\$182,400		\$201,600	

\*All units are currently vacant, all rental amounts are projections.





## 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.)





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