

# | 5425 |

## SANTA MONICA BLVD



**Prime Hollywood Mixed-Use Investment Opportunity Made Up of 30 Apartment Units, 6,500 SF of Commercial Space and Unique Signage Income**  
CAP Rate of 5.49% and 11.92 GRM on Current Income

Marcus & Millichap



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**Marcus & Millichap**





GOLD & SILVER BUYERS  
Compramos Oro y Plata

DIRECT WIRELESS  
CENTERS &  
(323) 960-...

5429

5427 1/2

5427

SMB

5425 SMB APTS

GOODY

SALE OF NEW & USED CLOTHES  
ELECTRIC APPLIANCES, HOUSE WARE,  
TELEPHONES, COSMETICS, SHOES  
323.363-2456



# EXECUTIVE SUMMARY

**Marcus & Millichap** is pleased to present 5425 Santa Monica Boulevard in Los Angeles, CA 90029. Built in 1925, this prime mixed-use investment opportunity consists of 30 apartment units and 6,500 SF of commercial space located in the Hollywood Studio District of Los Angeles. This four-story building features 24 singles, 6 one-bedrooms, and 4 retail or office spaces.

This offering presents the investor the opportunity to purchase a well-maintained property with stable cash flow of 5.49% on current income. The apartment units offer over 14% rental upside as units turn along with rental increases throughout the leases of the commercial tenants. Additionally, an investor will have the opportunity to increase cash flow with the addition of signage on the east side of the property.

The Hollywood market remains one of the most desirable submarkets for living and working. With over 100,000 people living within one-mile and an average home value of over \$840,000 within a three-mile radius, the demand for apartment units continues to increase year-over-year. The subject property has a walk score of 92 and offers direct access to the 101 Freeway and a quick walk to both the Western/Hollywood Blvd Station and the Vermont/Santa Monica Blvd Station.







PANTAGES  
THEATRE

SUNSETBRONSON  
STUDIOS

COLOUMBIA  
SQUARE

FONDATHEATRE

VIACOM

NETFLIX

BERSTEIN HIGH  
SCHOOL

HOME DEPOT

TARGET

FOOD 4 LESS

STARBUCKS

KING  
BUFFET

NETFLIX

LA DESCARGA

US 101  
HOLLYWOODFWY

| 5425 |  
SANTA MONICA BLVD

AVENUE

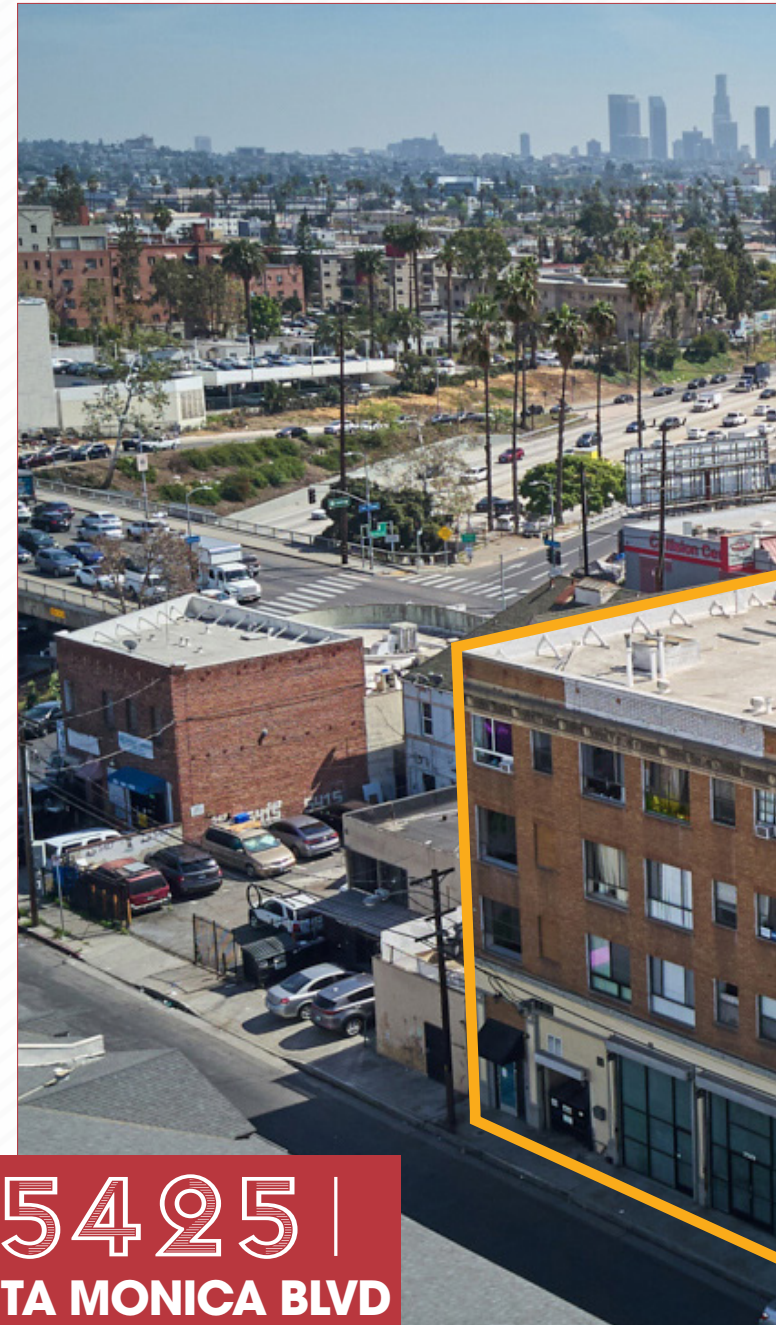


## PROPERTY INFORMATION

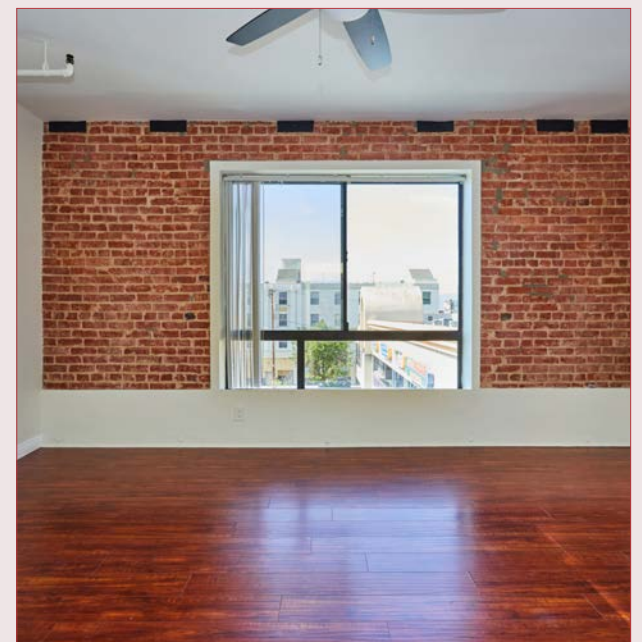
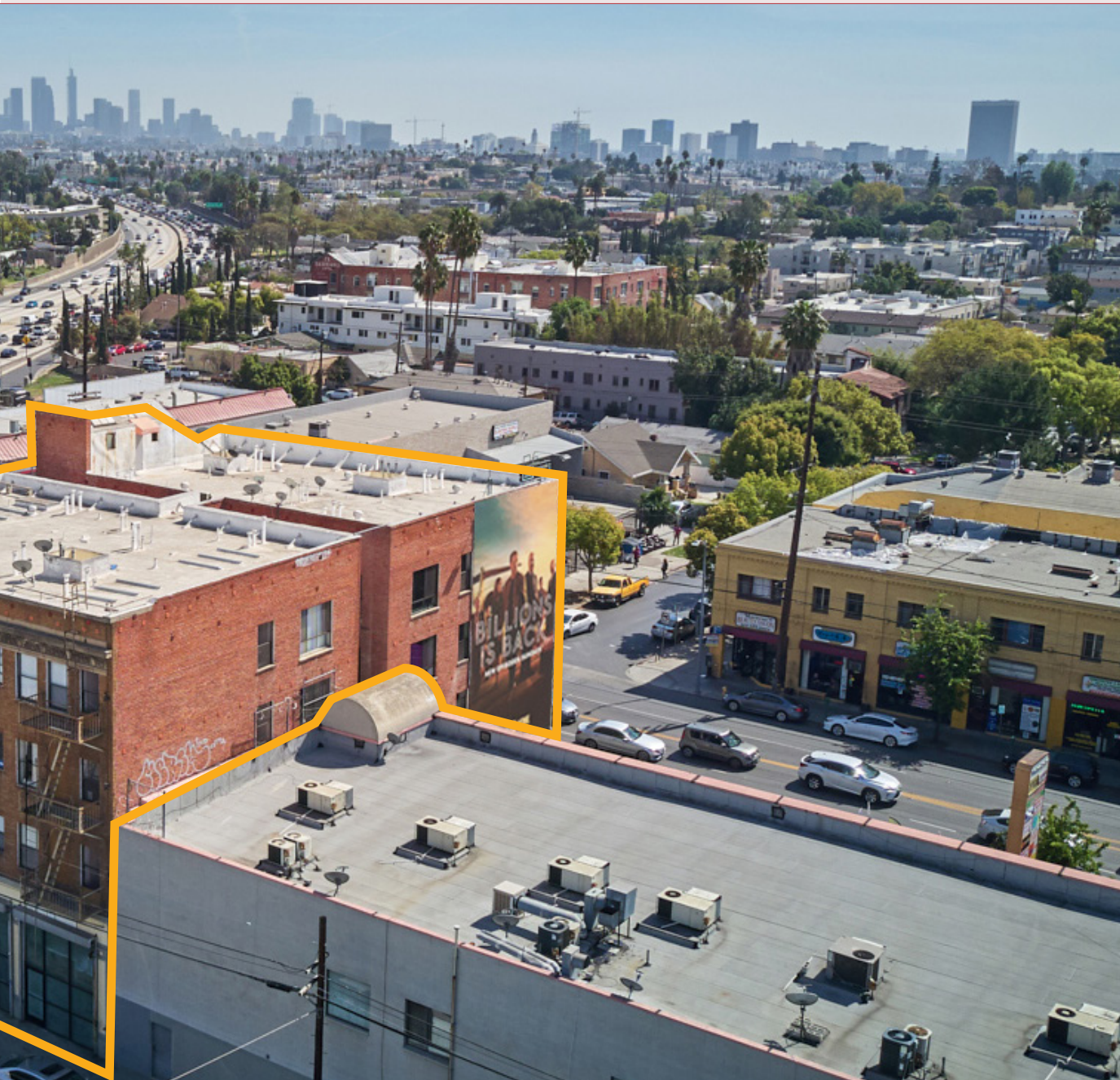
ADDRESS	5425 Santa Monica Boulevard, Los Angeles, CA 90029
NO. OF RESIDENTIAL UNITS	30 units
APPROX. GROSS SF	27,192 SF
APPROX. LOT SIZE	6,931 SF
YEAR BUILT	1925
APN	5536-010-020
ZONING	C4-1VL

## PRICING INFORMATION

SALES PRICE	\$8,300,000
COST PER BLDG SF	\$305
CURRENT GRM	11.92
MARKET GRM	10.25
CURRENT CAP RATE	5.49%
MARKET CAP RATE	6.71%









# INVESTMENT HIGHLIGHTS

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- 5425 Santa Monica Boulevard is a mixed-use investment opportunity consisting of 30 apartment units and four commercial spaces located in the Hollywood Studio District between Western Avenue and Normandie Avenue, a centralized location surrounded by transportation options for residents to easily commute throughout Los Angeles without the need for a vehicle
- The subject property features 24 singles and 6 one-bedrooms; the units are well-maintained and provide an investor with strong in-place cash flow with an additional 14% rental upside to be achieved as units turn; many of the units on the third and fourth floors of the building offer residents unparalleled views of the Hollywood Sign and Griffith Observatory
- The first floor consists of four commercial spaces, ranging from 925-2,705 SF; minimal landlord responsibilities as electricity is paid for by the tenants; the spaces have high ceilings with a clear height between 14-15'; unit 5427.5 has a lease expiration of August 31, 2022 and the three others have fixed rent increases built into the option periods
- The subject property also features signage on both the east and west sides of the building allowing an investor to collect additional income; current west side is leased for \$3,670 per month with rent increases to \$5,000 in 2022 and \$7,000 in 2027; the east side is currently vacant; there is a rare permanent injunction in place with the City of Los Angeles giving the owner the uncontested right to have wall signage, saving a considerable amount of time bypassing the permit process.
- Located within a newly established Qualified Opportunity Zone for investment, established by the Tax Cuts and Jobs Act, Section 1400Z. The new section 1400Z allows any taxpayer to defer paying tax on capital gains from the sale of property if those gains are timely invested in a Qualified Opportunity Fund (QOF) which, in turn, must invest 90 percent of its assets in business located or property used in designated zones



30

APT UNITS

4

COMMERCIAL WALK SCORE  
UNITS

92

- 5425 Santa Monica Boulevard offers residents a very high walk score of 92 and is located within walking distance to many of Hollywood's premier retail, dining and nightlife attractions; direct access to the 101 Freeway allowing for a quick commute to Downtown Los Angeles and the San Fernando Valley
- Ideal location for a retail or office commercial tenant with great street and foot traffic with such close proximity to the intersection of Santa Monica Boulevard and Western Avenue
- Rare opportunity to acquire a well-located, mixed-use asset with strong in-place cash flow in the prominent market of Hollywood, one of the most densely populated rental submarkets in all of Los Angeles that continues to show increasing rents year over year

**LOCATED WITHIN A NEWLY ESTABLISHED  
QUALIFIED OPPORTUNITY ZONE FOR  
INVESTMENT, ESTABLISHED BY THE TAX  
CUTS AND JOBS ACT, SECTION 1400Z**





GRIFFITH  
OBSERVATORY

THAI TOWN

LOS FELIZ

KAISER  
PERMANENTE

US 101  
HOLLYWOOD FWY

| 5425 |  
SANTA MONICA BLVD

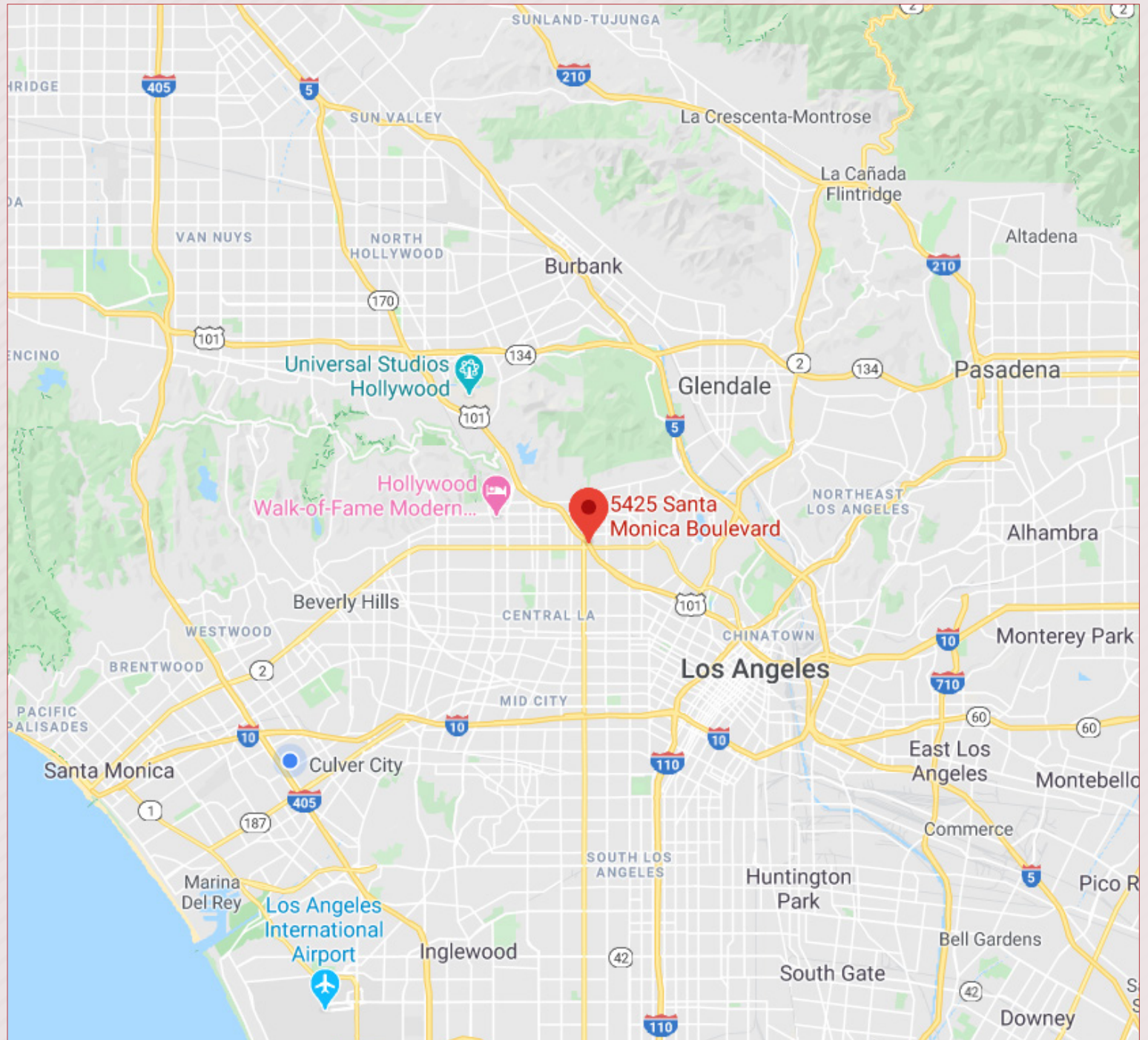
SANTA MONICA BOULEVARD





CHILDREN'S  
HOSPITAL LA

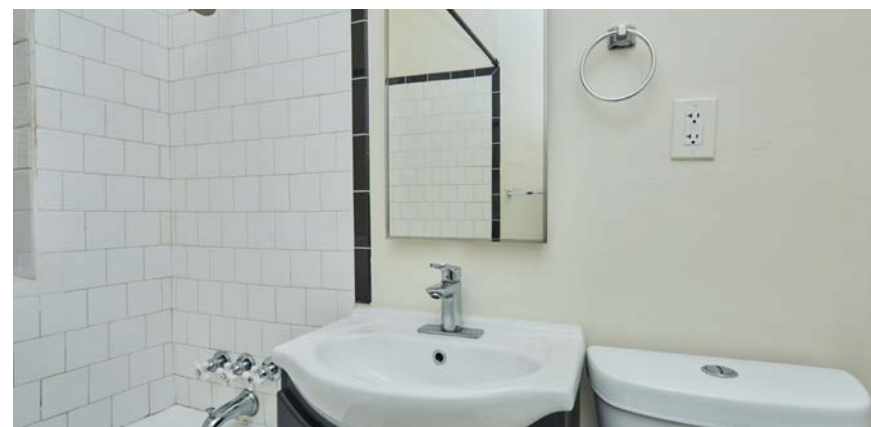
JON'S FRESH















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GOODY

SMB

SALE OF NEW & USED CLOTHES  
ELECTRIC APPLIANCE, HOUSE WARE  
FELPHONES, COSMETICS, SHOES  
323 363-2456

5425 SMB APTS

5429

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# RENT ROLL

UNIT #	UNIT TYPE	SF	ACTUAL RENT RENTS	PROFORMA RENT	NOTES
201	Single		\$1,295	\$1,450	
202	Single		\$1,250	\$1,450	
203	Single		\$1,395	\$1,450	
204	Single		\$1,295	\$1,450	
205	Single		\$1,250	\$1,450	
206	Single		\$1,193	\$1,450	
207	Single		\$1,347	\$1,450	
208	Single		\$1,450	\$1,450	Vacant
209	Single		\$1,395	\$1,450	
210	1+1		\$1,350	\$1,830	
301	1+1		\$1,650	\$1,765	
302	Single		\$1,465	\$1,465	Vacant
303	Single		\$1,595	\$1,465	7-month lease
304	Single		\$1,295	\$1,465	
305	Single		\$1,395	\$1,465	
306	Single		\$1,250	\$1,465	
307	Single		\$866	\$1,465	
308	Single		\$1,295	\$1,465	
309	Single		\$1,395	\$1,465	
310	1+1		\$1,595	\$1,765	
401	1+1		\$1,550	\$1,780	Rent Includes Parking Space
402	Single		\$1,048	\$1,480	
403	Single		\$1,451	\$1,480	
404	Single		\$1,480	\$1,480	Will be Vacant; Buyout Agreement
405	Single		\$1,350	\$1,480	
406	Single		\$1,208	\$1,480	
407	Single		\$1,124	\$1,480	On-Site Manager (Previous Tenant)
408	Single		\$879	\$1,480	
409	1+1		\$1,695	\$1,780	
410	1+1		\$1,550	\$1,780	
5427 JMP Visuals	Commercial	1300	\$2,900	\$3,100	Currently in first option period, one one-year option (at same rent) and one two-year option remaining (rent increases to \$3,150)
5427.5 The Cantrap Candles	Commercial	1600	\$3,500	\$3,840	Lease until 8/31/2022
5429 Joshua Tsarok	Commercial	925	\$2,175	\$2,500	Two one-year options remaining (rent increases to \$2,230 for option 1 and \$2,295 for option 2)
5424-28 Jens Jacob	Commercial	2705	\$4,600	\$5,004	Two one-year options
<b>Total</b>			<b>\$53,531</b>	<b>\$60,274</b>	

\*On-Site Manager gets a credit of \$500 per month for rent plus \$1,200 per month in salary for hours worked



# FINANCIALS

## ANNUALIZED OPERATING DATA

## CURRENT RENTS

## PROFORMA RENTS

Scheduled Gross Income:	\$696,280		\$806,359	
Less Vacancy Rate Reserve:	(\$27,851)	4.0%	(\$32,254)	4.0%
Gross Operating Income:	\$668,429		\$774,105	
Less Expenses:	(\$212,977)	30.6%	(\$217,204)	26.9%
<b>Net Operating Income:</b>	<b>\$455,452</b>		<b>\$556,900</b>	
Less Reserves:	(\$6,000)		(\$6,000)	
Less Debt Service:	(\$299,821)		(\$299,821)	
<b>Pre-Tax Cash Flow:</b>	<b>\$149,631</b>	<b>5.2%</b>	<b>\$251,079</b>	<b>8.6%</b>
Plus Principal Reduction:	\$100,280		\$100,280	
<b>Total Return Before Taxes:</b>	<b>\$249,911</b>	<b>8.6%</b>	<b>\$351,360</b>	<b>12.1%</b>

## TOTAL SCHEDULED RENT

## CURRENT RENT

## PROFORMA RENTS

Total Scheduled Rent:	\$53,531		\$60,274	
Signage*	\$3,670		\$5,170	
Electric - Units 5427 & 5427.5	\$425		\$425	
SCEP	\$127		\$127	
Laundry	\$170		\$200	
East Wall Signage			\$900	
Parking	\$100		\$100	
<b>Monthly Scheduled Gross Income:</b>	<b>\$58,023</b>		<b>\$67,197</b>	
<b>Annual Scheduled Gross Income:</b>	<b>\$696,280</b>		<b>\$806,359</b>	

\*Signage is leased for 15 years, rent will increase to \$5,000 on 8/1/2022, and \$7,000 on 8/1/2027



EXPENSES	%	CURRENT	PRO FORMA
Taxes: Rate	1.20%	\$99,600	\$99,600
Insurance		\$9,549	\$9,549
Utilities:		\$20,261	\$20,261
Waste		\$6,298	\$6,298
Maintenance		\$15,679	\$15,679
Pest Control		\$1,320	\$1,320
Janitorial Services		\$2,400	\$2,400
Management	4.0%	\$26,737	\$30,964
On-Site Manager		\$14,448	\$14,448
Unit Turn Over		\$3,600	\$3,600
Admin Fees		\$5,874	\$5,874
Telephone		\$1,676	\$1,676
Parking		\$1,200	\$1,200
Direct Assessment		\$2,300	\$2,300
SCEP		\$2,035	\$2,035
<b>Total Expenses:</b>		<b>\$212,977</b>	<b>\$217,204</b>
Per Net Sq. Ft.		\$7.83	\$7.99
Per Unit		\$7,099.24	\$7,240.14

## PRICING

<b>Price:</b>	<b>\$8,300,000</b>
Down Payment: 35%	\$2,905,000
Number of Residential Units:	30
Current GRM:	11.92
Market GRM:	10.29
Current CAP:	5.49%
Market CAP:	6.71%
Approx. Age:	1925
Approx. Lot Size:	6,931
Approx. Gross SF:	27,192
Cost per Net GSF:	\$305.24

## FINANCING

<b>New First Loan:</b>	<b>\$5,395,000</b>
Interest Rate:	3.75%
Amortization:	30
Monthly Payment:	\$24,985.09
DCR:	1.50



# SALES COMPARABLES

## SUBJECT PROPERTY



ADDRESS	5425 Santa Monica Boulevard, Los Angeles, CA 90029
SALES PRICE	\$8,300,000
BLDG SF	27,192
LOT SIZE	6,931
PRICE/SF	\$305
CAP RATE	5.49%
DATE SOLD	-
YEAR BUILT	1925
UNIT MIX	24 Singles Six 1+1 Four Commercial

## 01



ADDRESS	5870 Franklin Ave Los Angeles, CA 90028
SALES PRICE	\$8,800,000
BLDG SF	29,440
LOT SIZE	9,148
PRICE/SF	\$299.00
CAP RATE	3.40%
DATE SOLD	On Market
YEAR BUILT	1928
UNIT MIX	19 Singles 19 1+1

## 02



ADDRESS	1522 N Mariposa Ave Los Angeles, CA 90027
SALES PRICE	\$2,962,500
BLDG SF	8,160
LOT SIZE	6,970
PRICE/SF	\$363
CAP RATE	NA
DATE SOLD	7/30/21
YEAR BUILT	1928
UNIT MIX	16 Singles



# 03



ADDRESS	260 S Mariposa Ave Los Angeles, CA 90004
SALES PRICE	\$7,750,000
BLDG SF	21,640
LOT SIZE	7,501
PRICE/SF	\$358
CAP RATE	3.63%
DATE SOLD	4/29/21
YEAR BUILT	1927
UNIT MIX	32 Singles Eight 1+1

# 04



ADDRESS	3715 W 1st St Los Angeles, CA 90004
SALES PRICE	\$11,000,000
BLDG SF	40,183
LOT SIZE	11,252
PRICE/SF	\$274
CAP RATE	4.52%
DATE SOLD	4/29/21
YEAR BUILT	1926
UNIT MIX	34 Singles 21 1+1

# 05



ADDRESS	4848 Lexington Ave Los Angeles, CA 90029
SALES PRICE	\$5,900,000
BLDG SF	20,874
LOT SIZE	7,797
PRICE/SF	\$283
CAP RATE	5.01%
DATE SOLD	2/9/21
YEAR BUILT	1928
UNIT MIX	22 Singles Eight 1+1















# SALES COMPARABLES MAP



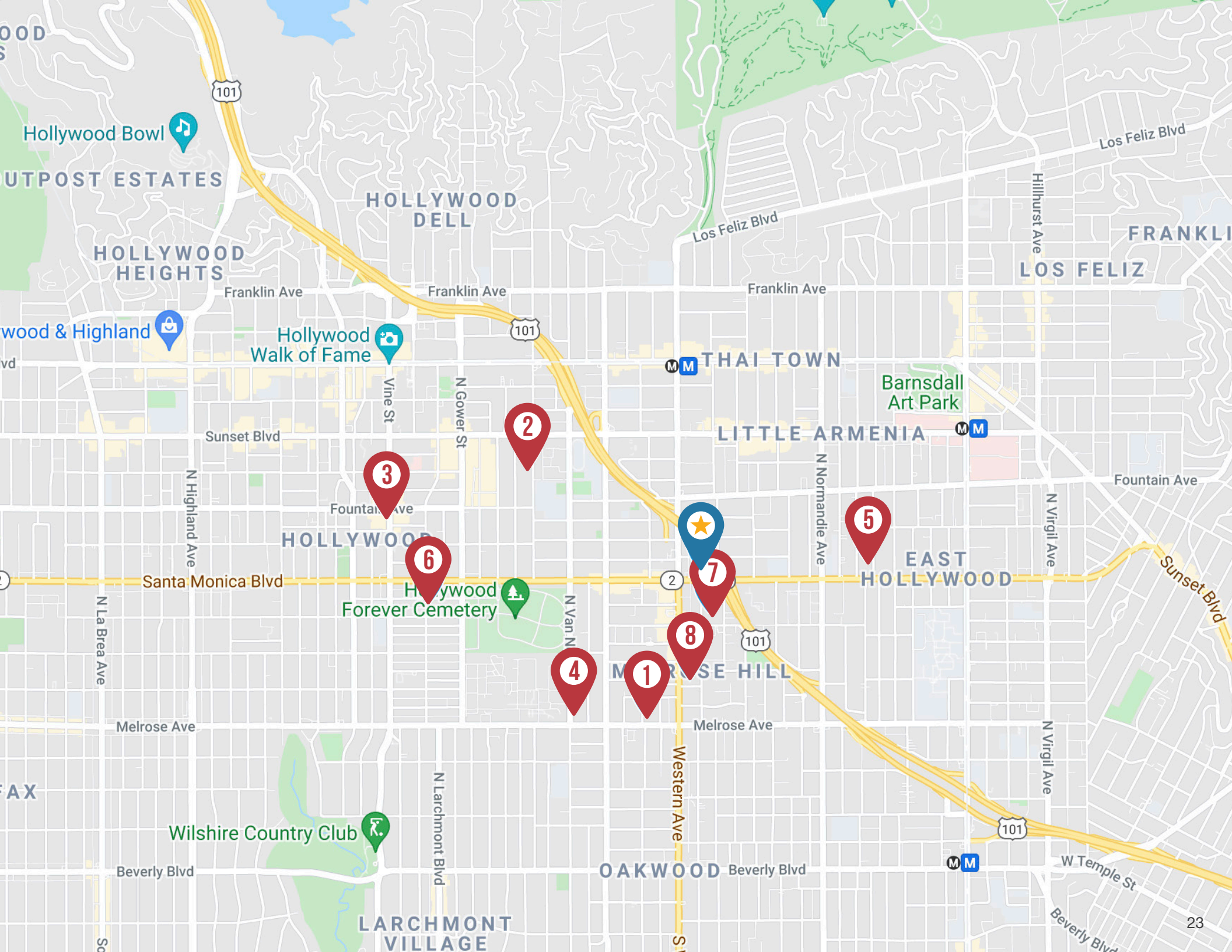


# RENT COMPARABLES (APARTMENTS)

#	ADDRESS	UNIT TYPE	SQ. FT.	\$/PER SF	RENT
 1	706 N St Andrews Pl, Los Angeles, CA 90038	Single	450	\$3.32	\$1,495
 2	1417 N Bronson Ave, Los Angeles, CA 90028	Single	531	\$3.06	\$1,625
 3	1245 Vine St, Los Angeles, CA 90038	Single	450	\$3.43	\$1,542
 4	726 N Van Ness Ave, Los Angeles, CA 90038	Single	420	\$3.45	\$1,450
 5	1121 N Kenmore Ave, Los Angeles, CA 90029	Single	450	\$3.43	\$1,545





#	ADDRESS	UNIT TYPE	SQ. FT.	\$/PER SF	RENT
 6	1018 N El Centro Ave, Los Angeles, CA 90038	1+1	800	\$2.24	\$1,795
 7	1014 N Oxford Ave, Los Angeles, CA 90029	1+1	650	\$2.92	\$1,895
 8	5017 Institute Pl, Los Angeles, CA 90029	1+1	950	\$1.89	\$1,795



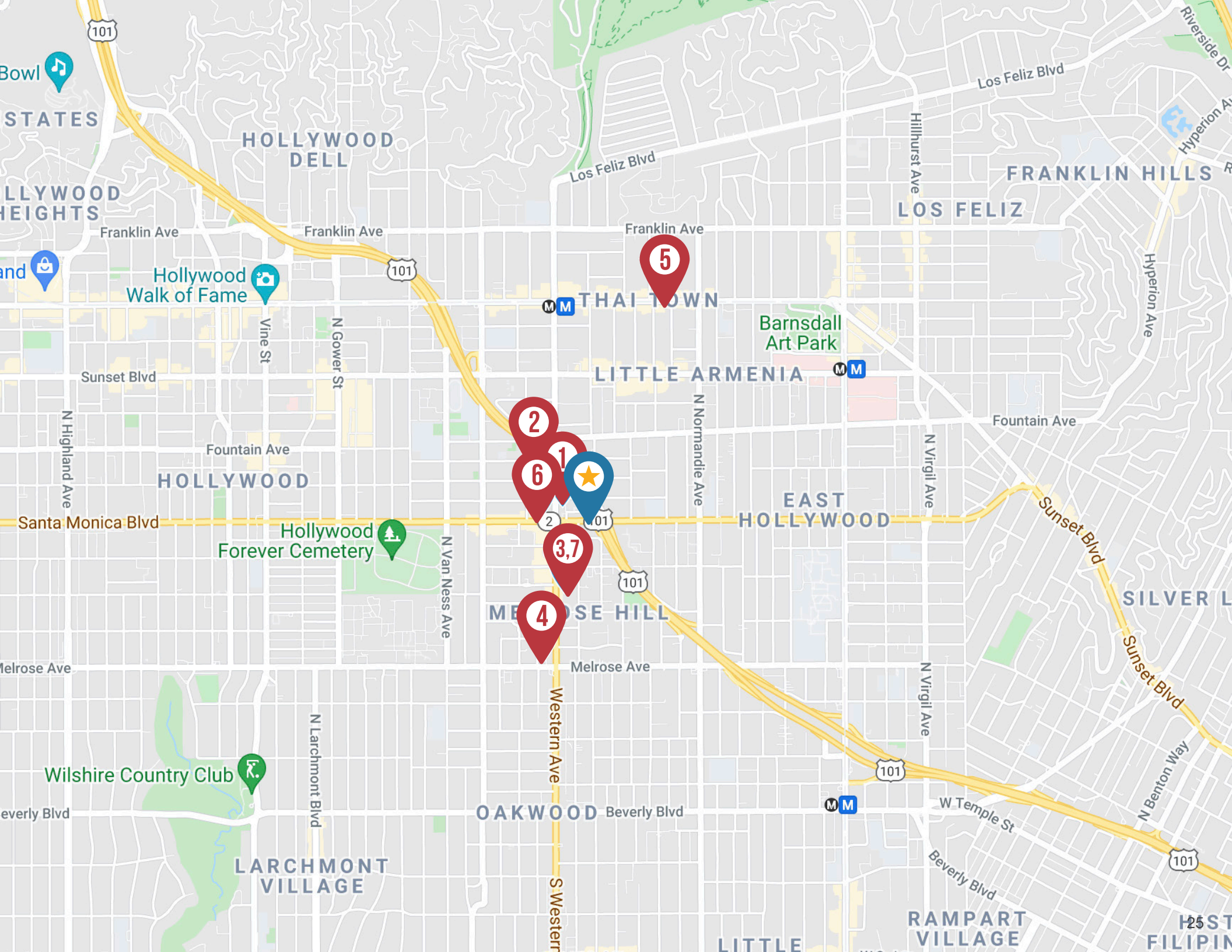




# RENT COMPARABLES (RETAIL)

	#	ADDRESS	UNIT TYPE	SQ. FT.	\$/PER SF
	1	1110 N Western Ave, Los Angeles, CA 90029	Retail	800	\$3.13
	2	1119 N Western Ave, Los Angeles, CA 90029	Retail	970	\$2.85
	3	928 N Western Ave, Los Angeles, CA 90029	Retail	900	\$2.75
	4	5025 Melrose Ave, Los Angeles, CA 90038	Retail	1,519	\$2.65
	5	5156 Hollywood Blvd, Los Angeles, CA 90027	Retail	1,300	\$2.85
	6	5523-5525 Santa Monica Blvd, Los Angeles, CA 90038	Retail	3,000	\$2.50
	7	928 N Western Ave, Los Angeles, CA 90029	Retail	2,000	\$2.75





2

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1

3,7

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5



# AREA OVERVIEW

## UNPARALLELED LOCATION

Hollywood is world renowned as the “entertainment capital of the world.” This iconic neighborhood is one of the most prestigious in the world, populated with many successful lawyers, studio executives, and celebrities. The surrounding area is filled with world-class shopping, dining, tourist attractions and hiking trails, including Runyon Canyon, one of the most popular trails in Los Angeles. In recent years developers have transformed the area into a mixed-use community for people to live, work, and play.

## ENTERTAINMENT CAPITAL OF THE WORLD

The history of movie production in Hollywood dates back to the early 1900s, exemplified by landmarks such as the Egyptian and Chinese theaters. While many studios have relocated to neighboring communities such as Studio City and Burbank, the neighborhood remains a primary location for pre- and post-production processes. Today, Hollywood is renowned for its tourist attractions, which draw more than 25 million visitors annually.

The famed Sunset and Hollywood boulevards offer visitors an endless array of entertainment and historic destinations, including the Hollywood and Highland complex, El Capitan Theatre, the Pantages Theatre, the Hollywood Walk of Fame, and a variety of trendy restaurants and night-clubs. Other attractions in the area feature the Hollywood Bowl, Runyon Canyon, and the Griffith Observatory.





## ECONOMY

Most recently, companies specializing in streaming media, virtual reality, and website development have been flocking to Hollywood to occupy the large swaths of class “A” commercial space being introduced to the market.

The most notable example is Netflix’s lease of Icon (323,000 SF) and Cue (92,000 SF) office buildings at Sunset Bronson Studios. As the company has approximately \$16 billion in obligations committed to streaming content, “the Netflix Effect” is creating even more economic momentum in the submarket by attracting new employers and more high-paying jobs to Hollywood.

This momentum will have a rising tide effect on real estate values in Hollywood, and in particular, the properties located near the intersection of Vine Street and Sunset Boulevard which is fast becoming the economic center of Hollywood.



## NEARBY AMENITIES

### NIGHTLIFE

- The Library Bar
- Club DV8 & OHM Nightclub
- Sound Nightclub
- Playhouse Hollywood
- Boulevard3
- The Room Hollywood
- Lure Nightclub
- The Argyle
- Good Times at Davey Wayne's
- Avalon Hollywood

### RETAIL

- Ralph's
- Ross Dress for Less
- Off Broadway Shoe Warehouse
- Ralphs
- Target, Best Buy, GameStop
- Staples
- Urban Outfitters
- Walgreens
- Bed Bath & Beyond
- Trader Joe's

### ENTERTAINMENT

- Runyon Canyon Park
- TCL Chinese Theatre
- El Capitan Theatre
- Hollywood Bowl
- Ripley's Believe It or Not
- Hollywood Wax Museum
- Guinness World Records Museum
- Egyptian Theatre
- ArcLight Hollywood
- Hollywood Palladium



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