

VALUE-ADD INVESTMENT OPPORTUNITY IN LOS ANGELES LOCATED LESS THAN ONE MILE FROM THE UNIVERSITY OF SOUTHERN CALIFORNIA

8 UNITS, ALL TWO-BEDROOMS; SUBSTANTIAL RENTAL UPSIDE OF 67%, PRO FORMA CAP RATE OF 8.44%

# 4505

## S HOOVER ST

LOS ANGELES, CA 90037

OFFERING MEMORANDUM

Marcus & Millichap  
THE NEEMA GROUP



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# 4505 S HOOVER STREET

## LOS ANGELES, CA 90037

The Neema Group of Marcus & Millichap is pleased to present 4505 S Hoover St, an 8-unit value-add opportunity in South Los Angeles. Located just south of Vernon Ave between Vermont Ave & Figueroa St, this opportunity allows an investor to purchase an asset less than 1 mile away from the University of Southern California and a couple miles from Downtown Los Angeles. The building features an ideal unit mix of 8 spacious two-bedroom units.

The units are currently leased at below market rents, offering an investor significant rental upside over 67% achievable through renovations such as recessed lighting and upgraded kitchens and bathrooms. At the asking price, the pro forma CAP rate is 8.44% when stabilized.

This building has a walk score of 76 which means that a vast majority of errands can be accomplished on foot. Moreover, it has a transit score of 63, being conveniently located to various nearby public transportation options. The property is located right across Marguerite Poindexter LaMotte Elementary School, a 3-min walk from 7-Eleven, and 10-min walk from a Ross.

This neighborhood in Los Angeles is a rapidly gentrifying and densely populated rental market with multiple developments proposed or under construction nearby (836 W 42nd Pl, 4219-4227 S Broadway, and 3800 S Figueroa). Continuing developments underway point to a tremendous opportunity to invest in an area undergoing urban renewal.







SOUTH LOS ANGELES

SUBJECT PROPERTY

SHOOVER ST

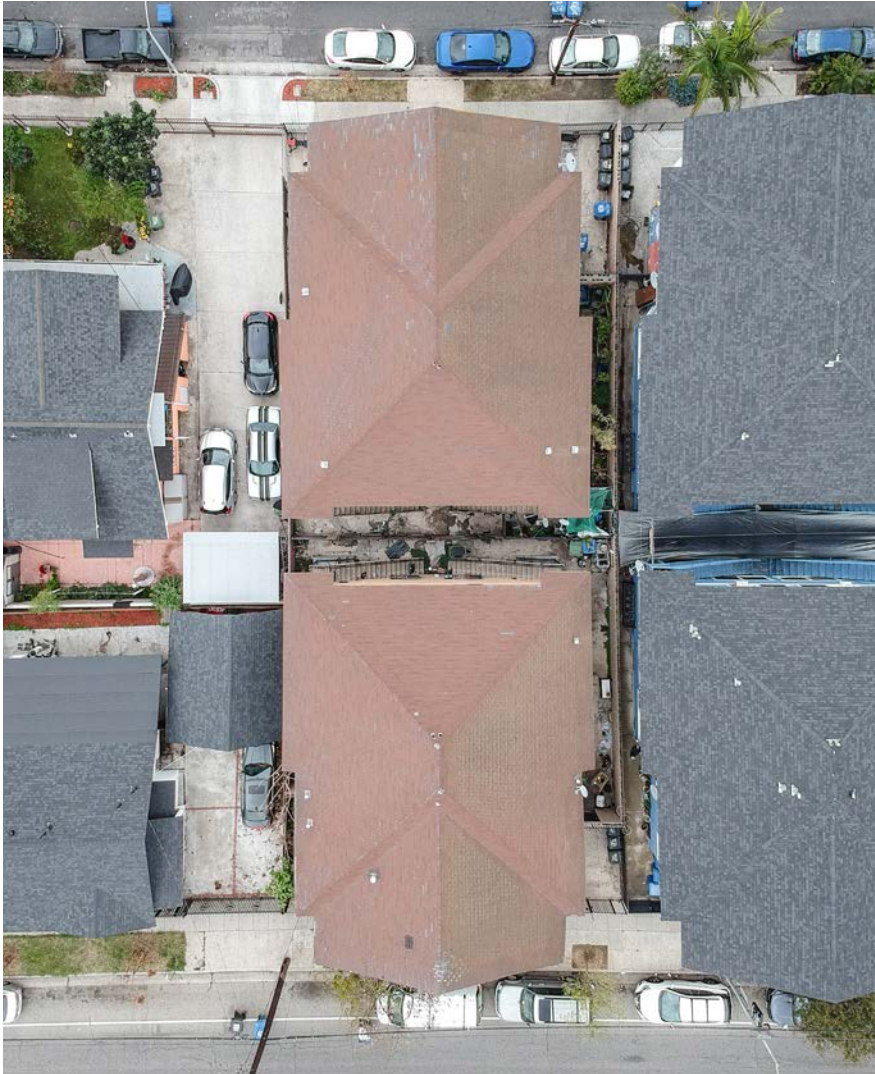
VERMONT AVE



## INVESTMENT HIGHLIGHTS

# 4505 S HOOVER STREET & 4502 WESLEY AVENUE

LOS ANGELES, CA 90037



- The Neema Group of Marcus & Millichap is pleased to present 4505 S Hoover St, an eight-unit value-add investment opportunity in South Los Angeles located just south of Vernon Ave between Vermont Ave and Figueroa St, one mile south of the University of Southern California
- The buildings feature 8 spacious two-bedroom units leased at below market rents, offering an investor over 67% rental upside as units turn through interior renovations; at the asking price, the pro forma CAP rate is 8.44% when stabilized
- The subject property is made up of two structures with two separate entrances, one on Wesley Ave and the other on Hoover St
- Utilities are low as the building is separately metered for gas and electricity
- This subject property has a walk score of 76 and is within walking distance of many retailers on Vermont Ave & Figueroa St; additionally, its access to the 110 Freeway as well as the local metro lines allows for an easy commute to Downtown Los Angeles
- The property is located directly across Marguerite Poindexter LaMotte Elementary School
- This neighborhood in Los Angeles is a rapidly gentrifying and densely populated rental market with multiple developments proposed or under construction nearby (836 W 42nd Pl, 4219-4227 S Broadway, and 3800 S Figueroa).

## INVESTMENT DETAILS

### PROPERTY INFORMATION

Address:	4505 S Hoover Street Los Angeles, CA 90037
Number of Units:	8
Approx. Gross SF:	6,524 SF
Approx. Lot Size:	8,732 SF
Year Built:	1912
APN	5018-001-005
Zoning	LAR3

### PRICING INFORMATION

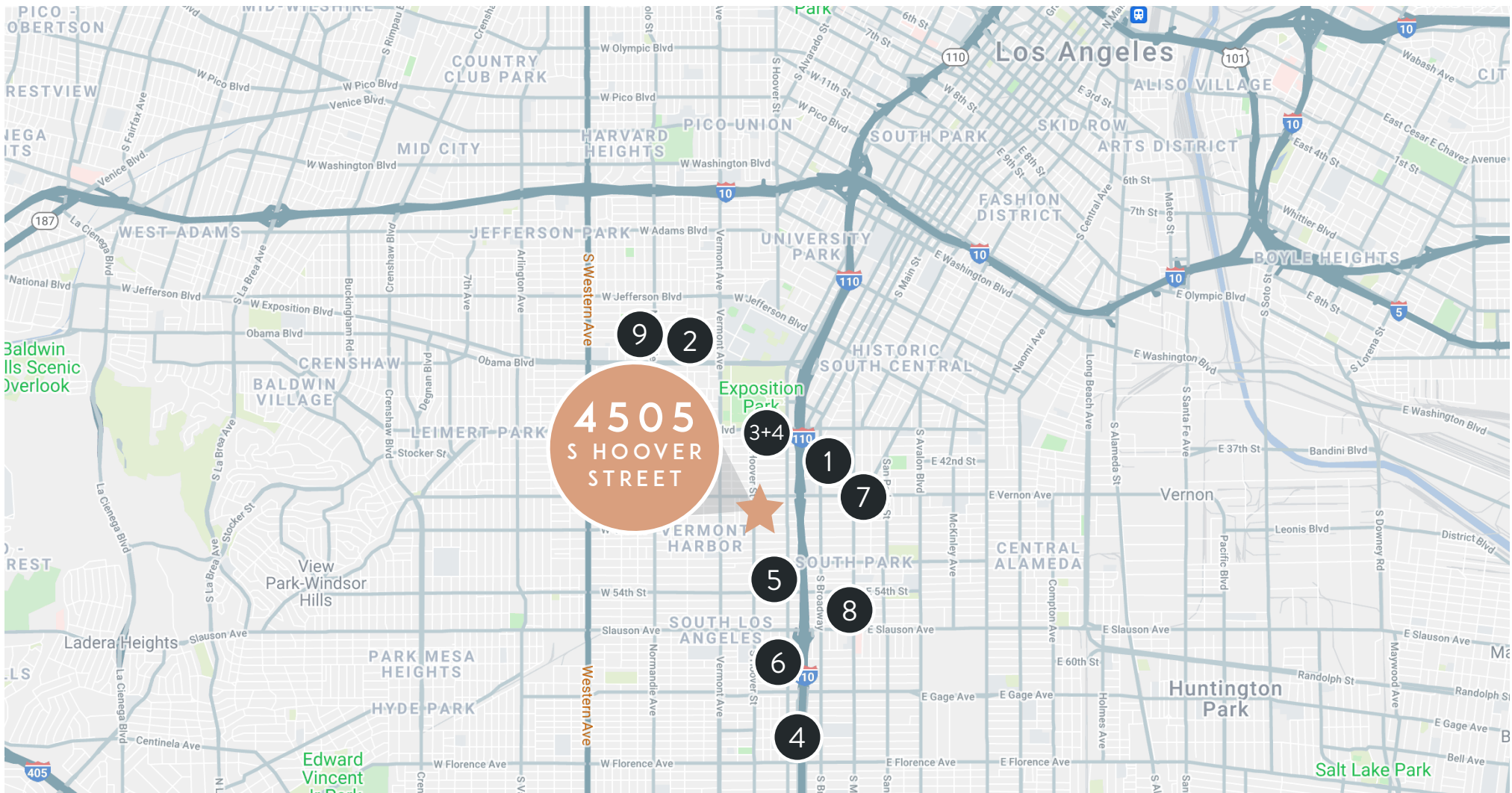
Sales Price:	\$1,680,000
Down Payment: (40%)	\$672,000
Cost per Legal Unit:	\$210,000
Current GRM:	13.88
Market GRM:	8.33
Current CAP:	4.12%
Market CAP:	8.44%



### NEW POTENTIAL FINANCING

New First Loan	\$1,008,000
Interest Rate	3.25%
Amortization	30
Monthly Payment	\$4,386.88
DCR	1.24





## NEARBY DEVELOPMENTS

- |           |   |           |  |
|-----------|---|-----------|--|
| <b>01</b> | <b>4219-4227 S BROADWAY</b><br>87-Unit Apartment Building to be Built by 2025                   | <b>06</b> | <b>6100 S HOOVER ST</b><br>93-Unit Apartment Building to be Built by 2023          |
| <b>02</b> | <b>1069 EXPOSITION BLVD</b><br>53-Unit Apartment Building to be Built by 2023                   | <b>07</b> | <b>4505-4519 S MAIN ST</b><br>64-Unit Apartment Building to be Built by 2023       |
| <b>03</b> | <b>THE HUB ON CAMPUS – 3800 S FIGUEROA ST</b><br>79-Unit Apartment Building to be Built by 2022 | <b>08</b> | <b>5501-5511 S MAIN ST</b><br>30 Residential Units Currently Under Construction    |
| <b>04</b> | <b>EXPOSITION POINT – 3900 S FIGUEROA ST</b><br>330-Unit Apartment Building to be Built by 2025 | <b>09</b> | <b>3760-3764 S NORMANDIE AVE</b><br>57-Unit Apartment Building to be Built by 2023 |
| <b>05</b> | <b>5260 S FIGUEROA ST</b><br>50-Unit Apartment Building to be Built by 2024                     |           |  |





## AREA OVERVIEW

### SOUTH FIGUEROA CORRIDOR

Downtown Los Angeles is anchored to the south by the Figueroa Corridor. The Figueroa Corridor is best known for being home to the University of Southern California, Los Angeles Memorial Coliseum, Exposition Park, and the Shrine Auditorium. Some of the memories that echo through this community include the Olympic Games, the Academy Awards, a Nobel Laureate, and world-class museums. The area is also home to a large number of architectural landmarks, such as the historic Doheny Mansion and the Science Center School, designed by 2005 Pritzker Prize Winner Thom Mayne.





# AMENITIES MAP





## RENT ROLL

	UNIT #	UNIT TYPE	ACTUAL RENT	MARKET RENT	NOTES
1	4502	2+1	\$1,171	\$2,100	
2	4502 1/2	2+1	\$443	\$2,100	
3	4503	2+1	\$1,161	\$2,100	
4	4503 1/2	2+1	\$1,123	\$2,100	
5	4504	2+1	\$1,970	\$2,100	Section 8
6	4504 1/2	2+1	\$1,930	\$2,100	Section 8
7	4505	2+1	\$1,125	\$2,100	
8	4505 1/2	2+1	\$1,167	\$2,100	
Total Scheduled Rent			\$10,090	\$16,800	
Monthly Scheduled Gross Income			\$10,090	\$16,800	
Annual Scheduled Gross Income			\$121,078	\$201,600	



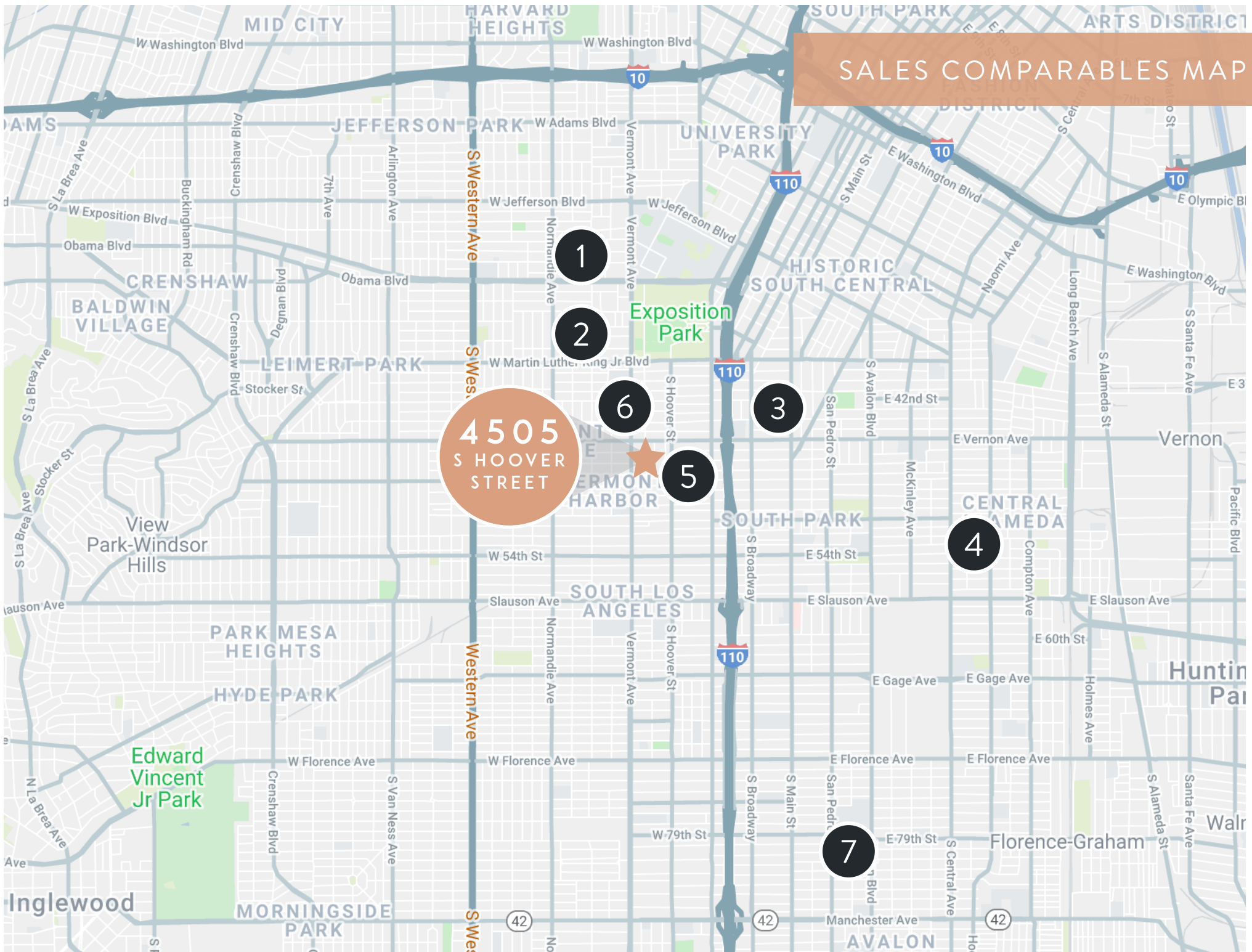
# FINANCIALS

ANNUALIZED OPERATING DATA		CURRENT		MARKET
Scheduled Gross Income		121,078		201,600
Less Vacancy Rate Reserve	5.0%	(6,054)	5.0%	(10,080)
Gross Operating Income		115,024		191,520
Less Expenses	37.9%	(45,844)	24.6%	(49,669)
Net Operating Income		69,180		141,851
Reserves		(1,600)		(1,600)
Less Debt Service		(52,643)		(52,643)
Pre-Tax Cash Flow	2.2%	14,937	13.0%	87,609
Plus Principal Reduction		20,343		20,343
Total Return Before Taxes	5.3%	35,280	16.1%	107,952

ESTIMATED ANNUALIZED EXPENSES		CURRENT		MARKET
Taxes: Rate 1.18%		\$19,824		\$19,824
Insurance		\$4,586		\$4,586
Utilities		\$8,261		\$8,261
Repairs & Maintenance		\$4,000		\$4,000
Management: 5%		\$5,751		\$9,576
Landscaping		\$1,200		\$1,200
Pest Control		\$480		\$480
License & Fees		\$400		\$400
Direct Assessment		\$1,342		\$1,342
Total Expenses		\$45,844		\$49,669
Per Net Sq. Ft		\$5.25		\$5.69
Per Unit		\$5,730.50		\$6,208.60



# SALES COMPARABLES MAP





## SALES COMPARABLES



### SUBJECT PROPERTY



ADDRESS	4505 S Hoover Street Los Angeles CA 90037
SALES PRICE	\$1,680,000
BUILDING SF	8,732 SF
PRICE / SF	\$192
PRICE / UNIT	\$210,000
CAP RATE	4.12%
GRM	13.88
UNIT MIX	2 + 1 (8/100%)

01



ADDRESS	1345 W 38th St Los Angeles, CA 90062
SALES PRICE	\$1,900,000
BUILDING SF	4,780 SF
PRICE / SF	\$398
PRICE / UNIT	\$316,667
CAP RATE	4.50%
DATE SOLD	6/22/2021
UNIT MIX	2+1 (6/100%)

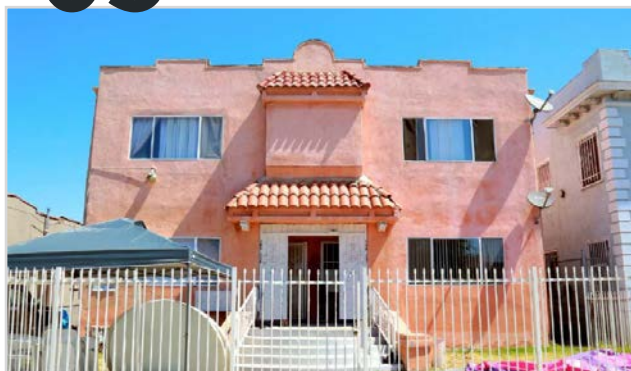
02



ADDRESS	1342-1354 W 39th St Los Angeles, CA 90062
SALES PRICE	\$1,530,000
BUILDING SF	4,218 SF
PRICE / SF	\$363
PRICE / UNIT	\$255,000
CAP RATE	5.57%
GRM	13.34
DATE SOLD	6/4/2021
UNIT MIX	1+1 (6/100%)

## SALES COMPARABLES

03



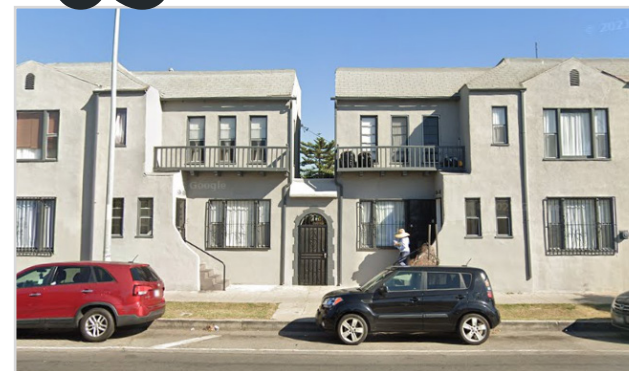
ADDRESS	187 W 41st Pl Los Angeles, CA 90037
SALES PRICE	\$1,400,000
BUILDING SF	5,758 SF
PRICE / SF	\$243
PRICE / UNIT	\$233,333
CAP RATE	4.83%
GRM	12.68
DATE SOLD	9/1/2021
UNIT MIX	1 + 1 (2/33%) 3 + 1 (3/67%)

04



ADDRESS	1182 E 52nd St Los Angeles, CA 90011
SALES PRICE	\$1,800,000
BUILDING SF	4,490 SF
PRICE / SF	\$401
PRICE / UNIT	\$225,000
CAP RATE	5.87%
GRM	11.28
DATE SOLD	7/28/2021
UNIT MIX	1 + 1 (3/38%) 2 + 1 (5/62%)

05



ADDRESS	4504 S Hoover St Los Angeles, CA 90037
SALES PRICE	\$1,995,000
BUILDING SF	6,342 SF
PRICE / SF	\$315
PRICE / UNIT	\$221,667
CAP RATE	4.90%
GRM	13.44
DAYS ON MARKET	81 days
UNIT MIX	Studio (9/100%)



## SALES COMPARABLES

06



ADDRESS	1045 W 42nd Pl Los Angeles, CA 90037
SALES PRICE	\$1,650,000
BUILDING SF	6,000 SF
PRICE / SF	\$275
PRICE / UNIT	\$206,250
DATE SOLD	12/28/2021
UNIT MIX	1 + 1 (8/100%)

07



ADDRESS	305-307 E 76th Pl Los Angeles, CA 90003
LIST PRICE	\$2,800,000
BUILDING SF	8,526 SF
PRICE / SF	\$328
PRICE / UNIT	\$254,545
CAP RATE	4.85%
GRM	12.97
DATE SOLD	11/24/2021
UNIT MIX	1 + 1 (4/36%) 2 + 1 (4/36%) 3 + 2 (3/27%)

## RENT COMPARABLES

CURRENT RENTS

\$1,261

MARKET RENTS

\$2,100

	ADDRESS	UNIT TYPE	SQ. FT.	RENT	RENT PER SF
	4502 S Broadway, Los Angeles, CA 90037	2+1	619	\$2,000	\$3.23
	241 W Gage Ave, Los Angeles, CA 90003	2+1	650	\$2,100	\$3.23
	1042 Leighton Ave, Los Angeles, CA 90037	2+1	855	\$2,295	\$2.68
	1416 W 51st Plz, Los Angeles, CA 90062	2+1	800	\$2,400	\$3.00
	1437 W 55th St, Los Angeles, CA 90062	2+1	784	\$2,050	\$2.61





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