

OFFERING MEMORANDUM

4723-4725

AUGUST STREET



**20-Unit Investment Opportunity in Baldwin Village with over 53% Rental Upside
Two Adjacent 10-Unit Buildings with One-Bedrooms, Two-Bedrooms, Three-Bedrooms and Parking**

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EXECUTIVE SUMMARY

4723-4725 August St is a 20-unit gated apartment community located in Baldwin Village just south of Coliseum St between Nicolet Ave and Stevely Ave. The property consists two adjacent ten-unit buildings featuring eight one-bedrooms, eight two-bedrooms, and four three-bedrooms with 12 parking spaces.

This is a true value-add opportunity with the majority of units leased at below-market rents. There is substantial rental upside of over 53% achievable through interior renovations as units turn as well as exterior capital expenditures. At the asking price, the subject property is being offered at a low \$218 PSF with a pro forma CAP rate of 7.35% once stabilized. 4723-4725 August St is separately metered for gas and electric.

The property is in the heart of Los Angeles and within minutes of major entertainment and employment hubs in Culver City, LA World Airport, DTLA and Inglewood. There is a significant affordability gap to home ownership in the 90008-zip code as the median home price in the direct area is approximately \$871,913 and a typical monthly mortgage payment is considerably more than the average renovated rents at 4723-4725 August St. Additionally, the property is located less than one mile from Kaiser Permanente and the Baldwin Hills Shopping Center.



PROPERTY SUMMARY

PROPERTY INFORMATION

ADDRESS:	4723-4725 August St., Los Angeles, CA 90008
NUMBER OF UNITS:	20
APPROX. GROSS SF:	20,680 SF
APPROX. LOT SIZE:	16,200 SF
YEAR BUILT:	1957
PARCEL NUMBER:	5030-004-018, 019
PROPERTY TYPE:	Multi-Family
BUILDINGS:	2
STORIES:	2
ZONING:	R3-1XL

PRICING INFORMATION

SALE PRICE:	\$4,500,000
COST PER LEGAL UNIT:	\$225,000
COST PER BLDG SF:	\$217.60
CURRENT CAP RATE:	4.10%
MARKET CAP RATE:	7.35%
CURRENT GRM:	14.33
MARKET GRM:	9.36





INVESTMENT HIGHLIGHTS

- 4723-4725 August St is a true value-add investment opportunity located in Baldwin Village just south of Coliseum St, one of the most rapidly gentrifying submarkets in all of Los Angeles
- The subject property consists of two adjacent 10-unit buildings featuring a unit mix of eight one-bedrooms, eight two-bedrooms and four three-bedrooms with 12 parking spaces; the units are spacious as the total gross building area totals 20,680 SF
- This is an ideal opportunity for an investor to achieve the 53% rental upside as units turn; at the asking price, the property is being offered at a low \$218 PSF with a pro forma CAP rate of 7.35%
- The building has been well-kept throughout the years but will benefit from interior renovations as well as exterior capital expenditures to rent units at market rates; additionally, the building is separately metered for gas and electric
- The subject property is located less than one mile from both Kaiser Permanente as well as the Baldwin Hills Shopping Center; there are plentiful retail options within walking distance on S La Brea Ave
- The property is in the heart of Los Angeles and within minutes of major entertainment and employment hubs in Culver City, LA World Airport, DTLA and Inglewood

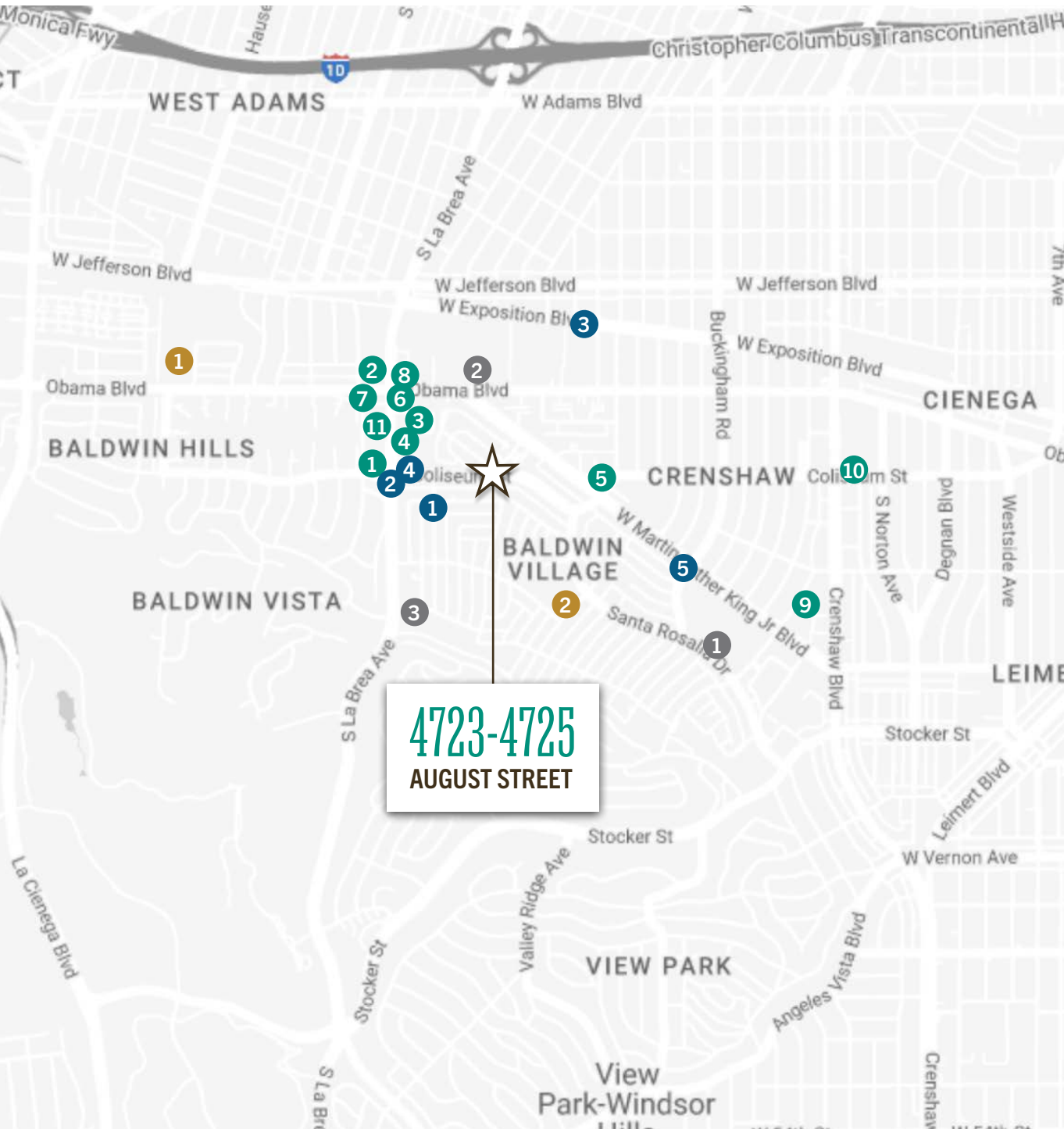


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4723-4725
AUGUST STREET



NEARBY RETAIL & AMENITIES

TRANSPORTATION

- 1 Stevely & August St Bus Stop

- 2 Coliseum Street & South La Brea Avenue

- 3 Farmdale Metro Station

- 4 Chevron Gas Station

- 5 Mobil Gas Station

SCHOOLS

- 1 Baldwin Hills Elementary School

- 2 Hillcrest Drive Elementary School

RETAIL

- 1 Walgreens Pharmacy

- 2 CVS

- 3 Ralphs

- 4 Dollar Tree

- 5 7-Eleven

- 6 McDonald's

- 7 KFC

- 8 Del Taco

- 9 Chipotle Mexican Grill

- 10 Denny's

- 11 Baldwin Hills Shopping Center

MISCELLANEOUS

- 1 Kaiser Permanente Baldwin Hills Crenshaw

- 2 Rancho Cienega Recreation Center

- 3 Jim Gilliam Park

LOCATION OVERVIEW

BALDWIN VILLAGE

In 1988, Baldwin Village became a distinct community in the city's General Plan. It is known by locals because of the tropical trees and foliage such as palms, banana trees and begonias that once thrived among the area's tropical-style postwar apartment buildings. Baldwin Village sits below the affluent Baldwin Hills, a hillside neighborhood with million dollar homes and stunning views of Los Angeles. Baldwin Hills is also home to the Kenneth Hahn State Recreation Area, a state park unit of California in the Baldwin Hills Mountains of Los Angeles. As one of the largest urban parks and regional open spaces in the Greater Los Angeles Area, many have called it "L.A.'s Central Park".

LEIMERT PARK

Leimert Park is a neighborhood in the South Los Angeles region of Los Angeles, CA. Developed in the 1920s as a mainly residential community, it features Spanish Colonial Revival homes and tree-lined streets. Leimert Park was named the 2016 Neighborhood of the Year by CurbedLA.com. The district's main street is Leimert Boulevard, which bisects the neighborhood from northeast to southwest. Leimert Park was one of the first planned communities in Southern California designed for low- and middle-income families, and was considered a model of urban planning for its time.





MLK Blvd Station



Leimert Park Station

CRENSHAW ORANGE METRO LINE

Two new metro stops are currently under construction and planned to open in the summer of 2022. One located at Crenshaw & MLK Blvd and the other at Crenshaw & Leimert Park Blvd. Both stops will serve the Leimert Park community. The Metro Crenshaw/LAX Line will extend from the existing Metro Exposition Line at Crenshaw and Exposition Boulevards. The Line will travel 8.5 miles to the Metro Green Line and will serve the cities of Los Angeles, Inglewood and El Segundo; and portions of unincorporated Los Angeles County.

The new Metro Rail extension will offer an alternative transportation option to congested roadways and provide significant environmental benefits, economic development and employment opportunities throughout Los Angeles County. Riders will be able to make easy connections within the entire Metro Rail system, municipal bus lines and other regional transportation services. In addition to the alternative transportation option to congested roadways, the project will also provide significant environmental benefits, economic development and employment opportunities throughout Los Angeles County. The project began construction in 2014 and anticipates completion in 2021. The Crenshaw/LAX Project is one of 12 transit projects funded by Measure R, the half-cent sales tax approved by Los Angeles County voters in 2008.

LOCATION OVERVIEW



CRENSHAW CROSSING

A two-building project featuring 401 apartments with 40,000 square feet of community-serving retail space, 2,500 square feet of community space, 34,000 square feet of open space, 502 parking spaces, and amenities for the adjacent transit hub. A six-story complex featuring 577 apartments, more than 90,000 square feet of retail space, and 934 parking stalls.



DISTRICT SQUARE

District Square, slated for a vacant property at the intersection of Crenshaw and Obama Boulevards, was approved in June 2019 by the City of Los Angeles. The Charles Company, the West Hollywood-based real estate investment firm which owns the 6.5-acre site, intends to construct a six-story complex featuring 577 apartments, more than 90,000 square feet of retail space, and 934 parking stalls.



METRO @ BUCKINGHAM SENIOR HOUSING

The project, located at 4018-4030 Buckingham Road, consists of a four-story edifice featuring 103 apartments - including 102 one-bedroom units priced for low-income seniors. Other elements of the project include a central lawn, a fitness center, on-site supportive services, and a parking lot for 60 vehicles. The approximately \$38-million project will be priced for households at earning at or below 30 and 60 percent of the Los Angeles area median income.



PROMENADE AT HOWARD HUGHES CENTER

The made-over Howard Hughes Promenade is mixed-use of entertainment, retail and dining destination located the heart of the city. Conveniently located off the 405 freeway, the brand new space will be a haven for foodies, movie lovers, families, shoppers, tourists, and adventure seekers. The new center has exciting brands, restaurants and bars, world-class cinemas, and modern entertainment experiences all set within one amazing, walkable location.

RENT ROLL

UNIT NO.	UNIT TYPE	ACTUAL RENTS	PRO FORMA RENTS	NOTES
4723 - 1	2+1.5	\$1,288	\$ 2,000	
4723 - 2	2+1.5	\$1,060	\$ 2,000	Section 8
4723 - 3	1+1	\$936	\$ 1,650	
4723 - 4	1+1	\$1,650	\$ 1,650	Vacant
4723 - 5	3+1.75	\$2,700	\$ 2,700	Manager
4723 - 6	2+1.5	\$1,091	\$ 2,000	Section 8
4723 - 7	2+1.5	\$1,166	\$ 2,000	Section 8
4723 - 8	1+1	\$1,250	\$ 1,650	Section 8
4723 - 9	1+1	\$936	\$ 1,650	
4723 - 10	3+1.75	\$1,405	\$ 2,700	
4725 - 1	2+1.5	\$1,190	\$ 2,000	
4725 - 2	2+1.5	\$1,103	\$ 2,000	
4725 - 3	1+1	\$1,080	\$ 1,650	
4725 - 4	1+1	\$936	\$ 1,650	
4725 - 5	3+1.75	\$1,660	\$ 2,700	
4725 - 6	2+1.5	\$1,199	\$ 2,000	
4725 - 7	2+1.5	\$1,630	\$ 2,000	Section 8
4725 - 8	1+1	\$907	\$ 1,650	Section 8
4725 - 9	1+1	\$636	\$ 1,650	
4725 - 10	3+1.75	\$2,287	\$ 2,700	Section 8
TOTAL		\$26,110	\$ 40,000	

FINANCIALS

ANNUALIZED OPERATING DATA	CURRENT RENTS	MARKET RENTS
Scheduled Gross Income:	\$313,970	\$480,866
Less Vacancy Rate Reserve:	\$(9,419) 3.0%	\$(24,043) 5.0%
Gross Operating Income:	\$304,551	\$456,823
Less Expenses:	\$(119,919) 38.2%	\$(126,010) 26.2%
Net Operating Income:	\$184,632	\$330,813
Reserves:	\$(4,000)	\$(4,000)
Less Debt Service:	\$(145,490)	\$(145,490)
Pre-Tax Cash Flow:	35,141 2.0%	\$181,323 10.1%
Plus Principal Reduction:	\$52,303	\$52,303
Total Return Before Taxes:	\$87,444 4.9%	\$233,625 13.0%

ESTIMATED ANNUALIZED EXPENSES	CURRENT	MARKET
Taxes: Rate 1.18%	\$53,100	\$53,100
Insurance	\$9,306	\$9,306
Utilities:	\$24,000	\$24,000
Waste Removal	\$3,000	\$3,000
Repairs & Maintenance	\$10,000	\$10,000
Management 4%	\$12,182	\$18,273
Landscaping	\$3,000	\$3,000
Pest Control & Cleaning	\$1,452	\$1,452
License & Fees	\$1,000	\$1,000
Direct Assessment	\$2,879	\$2,879
Total Expenses:	\$119,919	\$126,010
Per Net Sq. Ft.:	\$5.80	\$6.09
Per Unit:	\$5,995.95	\$6,300.50

NO. OF UNITS	UNIT TYPE	CURRENT RENTS		SCHEDULED RENTS	
		AVG MONTHLY RENT/UNIT	MONTHLY INCOME	MONTHLY RENT/UNIT	MONTHLY INCOME
8	1+1	\$1,041	\$8,331	\$1,650	\$13,200
8	2+1.5	\$1,216	\$9,727	\$2,000	\$16,000
4	3+1.75	\$2,013	\$8,052	\$2,700	\$10,800
Total Scheduled Rent:			\$26,110		\$40,000
SCEP			\$ 54		\$ 72
Monthly Scheduled Gross Income:			\$26,164		\$40,072
Annual Scheduled Gross Income:			\$313,970		\$480,866

SUMMARY	
Price:	\$ 4,500,000
Down Payment:	\$ 1,800,000
Number of Units:	20
Cost per Legal Unit:	\$225,000
Current GRM:	14.33
Market GRM:	9.36
Current CAP:	4.10%
Market CAP:	7.35%
Approx. Age:	1957
Approx. Lot Size:	16,200
Approx. Gross SF:	20,680
Cost per Net GSF:	\$217.60

NEW POTENTIAL FINANCING	
New First Loan:	\$ 2,700,000
Interest Rate:	3.50%
Amortization:	30
Monthly Payment:	\$12,124.21
DCR:	1.27

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SALES COMPARABLES



★ 4723 - 4725 AUGUST STREET

Sale Price	\$ 4,500,000
Building SF	20,680 SF
Lot Size	16,200 SF
Price/SF	\$217.60
Price/Unit	\$225,000
Date Sold	N/A
Year Built	1910, 1957
No. of Units	20
Cap Rate	4.10%



1 4808-4816 AUGUST STREET

Sale Price	\$4,275,000
Building SF	15,536 SF
Lot Size	16,117 SF
Price/SF	\$275.17
Price/Unit	\$267,188
Date Sold	11/10/2021
Year Built	1957
No. of Units	16
Cap Rate	3.23%



2 4107 BUCKINGHAM ROAD

Sale Price	\$2,620,862
Building SF	11,974 SF
Lot Size	21,262 SF
Price/SF	\$218.88
Price/Unit	\$218,405
Date Sold	10/12/2021
Year Built	1948
No. of Units	12
Cap Rate	



3 3851 COCO AVENUE

Sale Price	\$5,000,000
Building SF	21,768 SF
Lot Size	21,436 SF
Price/SF	\$229.69
Price/Unit	\$217,391
Date Sold	8/3/2021
Year Built	1956
No. of Units	23
Cap Rate	



4	3923 GIBRALTAR AVENUE
Sale Price	\$3,838,500
Building SF	19,308 SF
Lot Size	13,299 SF
Price/SF	\$198.80
Price/Unit	\$225,794
Date Sold	12/7/2021
Year Built	1958
No. of Units	17
Cap Rate	



5	4024 NICOLET AVENUE
Sale Price	\$4,380,000
Building SF	17,034 SF
Lot Size	15,629 SF
Price/SF	\$257.13
Price/Unit	\$219,000
Date Sold	1/13/2021
Year Built	1958
No. of Units	20
Cap Rate	4.64%



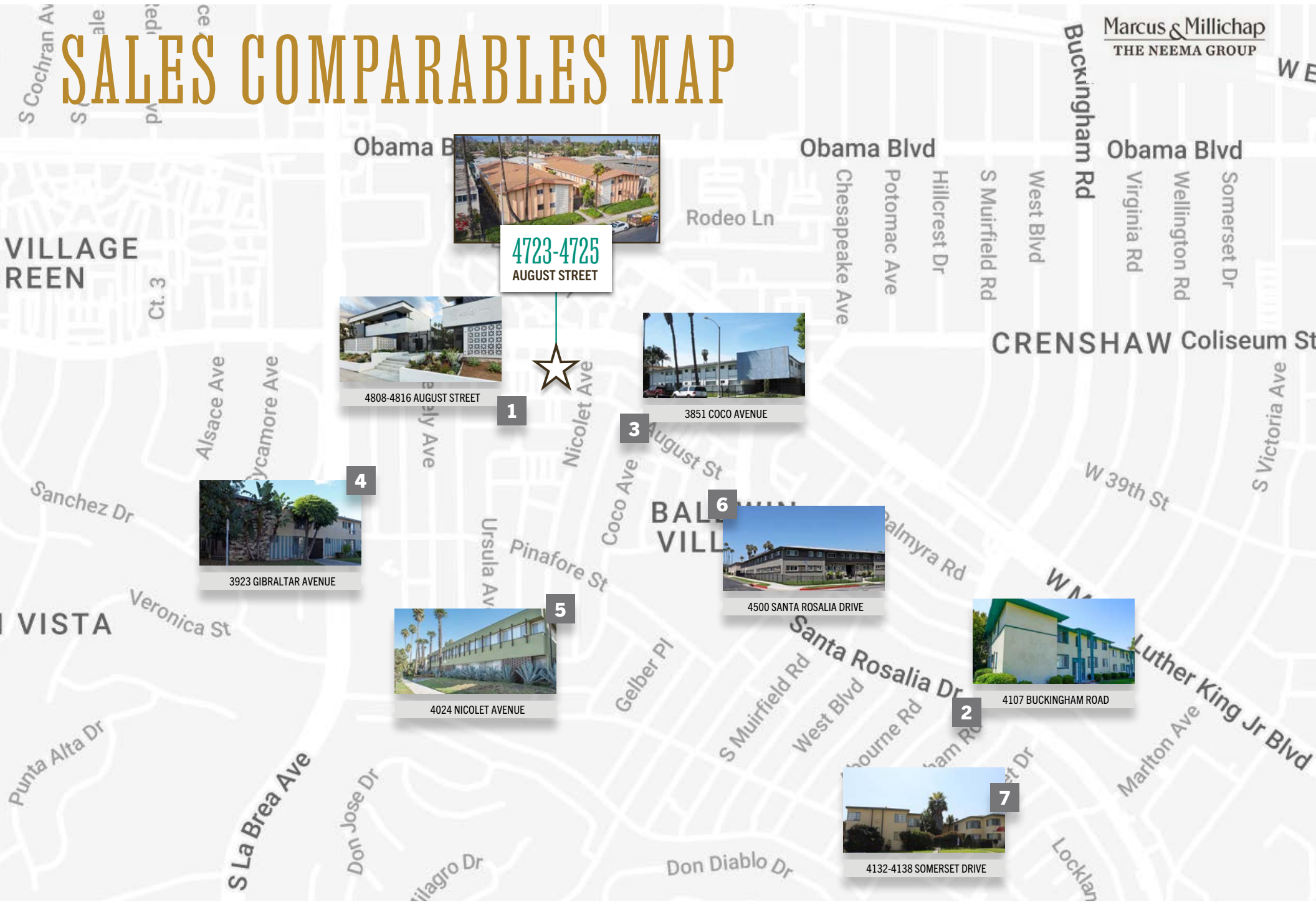
6	4500 SANTA ROSALIA DRIVE
Sale Price	\$5,250,000
Building SF	23,789 SF
Lot Size	25,265 SF
Price/SF	\$220.69
Price/Unit	\$228,261
Date Sold	4/9/2021
Year Built	1956
No. of Units	23
Cap Rate	4.05%



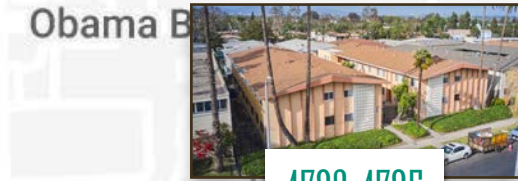
7	4132-4138 SOMERSET DRIVE
Sale Price	\$3,725,000
Building SF	13,664 SF
Lot Size	16,553 SF
Price/SF	\$272.61
Price/Unit	\$232,813
Date Sold	10/31/2021
Year Built	1950
No. of Units	16
Cap Rate	4.38%

SALES COMPARABLES MAP

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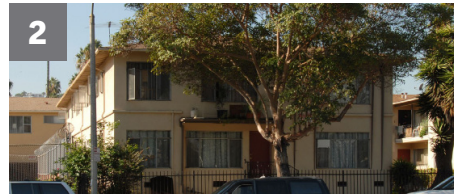
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RENT COMPARABLES

ONE BEDROOM COMPARABLES

	ADDRESS	UNIT TYPE	SF	RENT	RENT PER SF
1	4318 Santo Tomas Dr, Los Angeles, CA 90008	1+1	690	\$ 1,725	\$ 2.50
2	4326 W Martin Luther King Jr Blvd, Los Angeles, CA 90008	1+1	775	\$ 1,675	\$ 2.16
3	4220 Santa Rosalia Dr, Los Angeles, CA 90008	1+1	690	\$ 1,725	\$ 2.50
4	4520 Santa Rosalia Dr, Los Angeles, CA 90008	1+1	750	\$ 1,750	\$ 2.33
★	4723 - 4725 August St, Los Angeles, CA 90008	1+1		\$1,041 (Current Average)	



TWO BEDROOM COMPARABLES

	ADDRESS	UNIT TYPE	SF	RENT	RENT PER SF
1	3907-3909 Gibraltar Ave, Los Angeles, CA 90008	2+2	1075	\$ 2,060	\$ 1.92
2	4828 August St, Los Angeles, CA 90008	2+2	800	\$ 2,100	\$ 2.63
3	4030-4036 Gelber Pl, Los Angeles, CA 90008	2+1.5	1050	\$ 2,150	\$ 2.05
4	4044 Hillcrest Dr, Los Angeles, CA 90008	2+1	900	\$ 2,195	\$ 2.44
5	3851 Coco Ave, Los Angeles, CA 90008	2+1	1000	\$ 2,245	\$ 2.25
★	4723 - 4725 August St, Los Angeles, CA 90008	2+1.5		\$ 1,216 (Current Average)	



THREE BEDROOM COMPARABLES

	ADDRESS	UNIT TYPE	SF	RENT	RENT PER SF
1	3907-3909 Gibraltar Ave, Los Angeles, CA 90008	3+2	1200	\$ 2,530	\$ 2.11
2	2937 S Orange Dr, Los Angeles, CA 90016	3+1.5	950	\$ 2,650	\$ 2.79
3	4525 August St, Los Angeles, CA 90008	3+2	1243	\$ 2,963	\$ 2.38
4	3814 S Bronson Ave, Los Angeles, CA 90008	3+2	1600	\$ 3,200	\$ 2.00
5	3015 Virginia Rd, Los Angeles, CA 90016	3+2	1300	\$ 3,000	\$ 2.31
☆	4723 - 4725 August St, Los Angeles, CA 90008	3+1.75		\$ 2,013 (Current Average)	



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