

Marcus & Millichap
THE NEEMA GROUP

Offering Memorandum

450
WITMER ST.

218-UNIT APARTMENT
DEVELOPMENT PROJECT

24 UNITS IN THE WESTLAKE NEIGHBORHOOD OF LOS ANGELES;
JUST NORTH OF GOOD SAMARITAN HOSPITAL

OVER 38% RENTAL UPSIDE;
LOW PRICE PER UNIT OF \$133,333 AND \$271 PSF AT THE ASKING PRICE

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EXECUTIVE SUMMARY

The Neema Group of Marcus & Millichap is pleased to present 450 Witmer St, a 24-unit value-add apartment building in the Westlake neighborhood of Los Angeles. The property features a unit mix of 24 singles totaling 11,817 gross SF. At the asking price, the property is being offered for a low \$133,333 price per unit and \$270 price per square foot. This is an opportunity for an investor to further increase cashflow and capture an additional 38% in rental income through interior renovation of units.

High Walk Score of 93, close proximity to schools, employment, and transit options, this location makes it convenient for residents to commute throughout the city even without a vehicle. The property is within walking distance to Good Samaritan Hospital. This neighborhood in Westlake is ideally located with a short commute to Downtown and Koreatown. Proximity to MacArthur Park, Echo Park, Doger Stadium, and The Broad Museum provide residents with ample employment and entertainment opportunities.

PROPERTY SUMMARY

PROPERTY INFORMATION

ADDRESS:	450 Witmer St., Los Angeles, CA 90017
NUMBER OF UNITS:	24
APPROX. GROSS SF:	11,817 SF
APPROX. LOT SIZE:	5,571 SF
YEAR BUILT:	1924
PARCEL NUMBER:	5153-024-001
PROPERTY TYPE:	Multi-Family
UNIT MIX:	24 Singles
ZONING:	LACW

PRICING INFORMATION

SALE PRICE:	\$ 3,200,000
COST PER LEGAL UNIT:	\$133,333
COST PER BLDG SF:	\$270.80
CURRENT CAP RATE:	4.34%
CURRENT GRM:	11.78
MARKET CAP RATE:	7.92%
MARKET GRM:	7.92



INVESTMENT HIGHLIGHTS

- ◆ The Neema Group of Marcus & Millichap is pleased to present 450 Witmer St, a 24-unit value-add apartment building in the Westlake neighborhood of Los Angeles, located just north of 6th St within walking distance of Good Samaritan Hospital
- ◆ The property features a unit mix of 24 singles with rental upside over 38%, achievable through further interior renovations as units turn; pro forma CAP rate of 7.92%
- ◆ At the asking price, the property is being offered for a low \$133,333 price per unit and \$271 price per square foot.
- ◆ Well-maintained building with significant roof upgrades completed in recent months as well as the installation of tankless water heaters
- ◆ Located in a rapidly gentrifying area; the subject property is next door to a 218-unit apartment development currently under construction
- ◆ High Walk Score of 93, close proximity to schools, employment, and transit options, this location makes it convenient for residents to commute throughout the city even without a vehicle
- ◆ This neighborhood in Westlake is ideally located with a short commute to Downtown and Koreatown. Proximity to MacArthur Park, Echo Park, Dodger Stadium, and The Broad Museum provide residents with ample entertainment opportunities



450
WITMER ST.

Westlake/
MacArthur Park
Subway Station



450
WITMER ST.

John Liechty Middle School



1

5

2

1

4



NEARBY RETAIL & AMENITIES

TRANSPORTATION

- 1 Westlake/ MacArthur Park Subway Station
- 2 7 th St/ Metro Center Light Rail Station
- 3 6 th St/ Witmer St

SCHOOLS

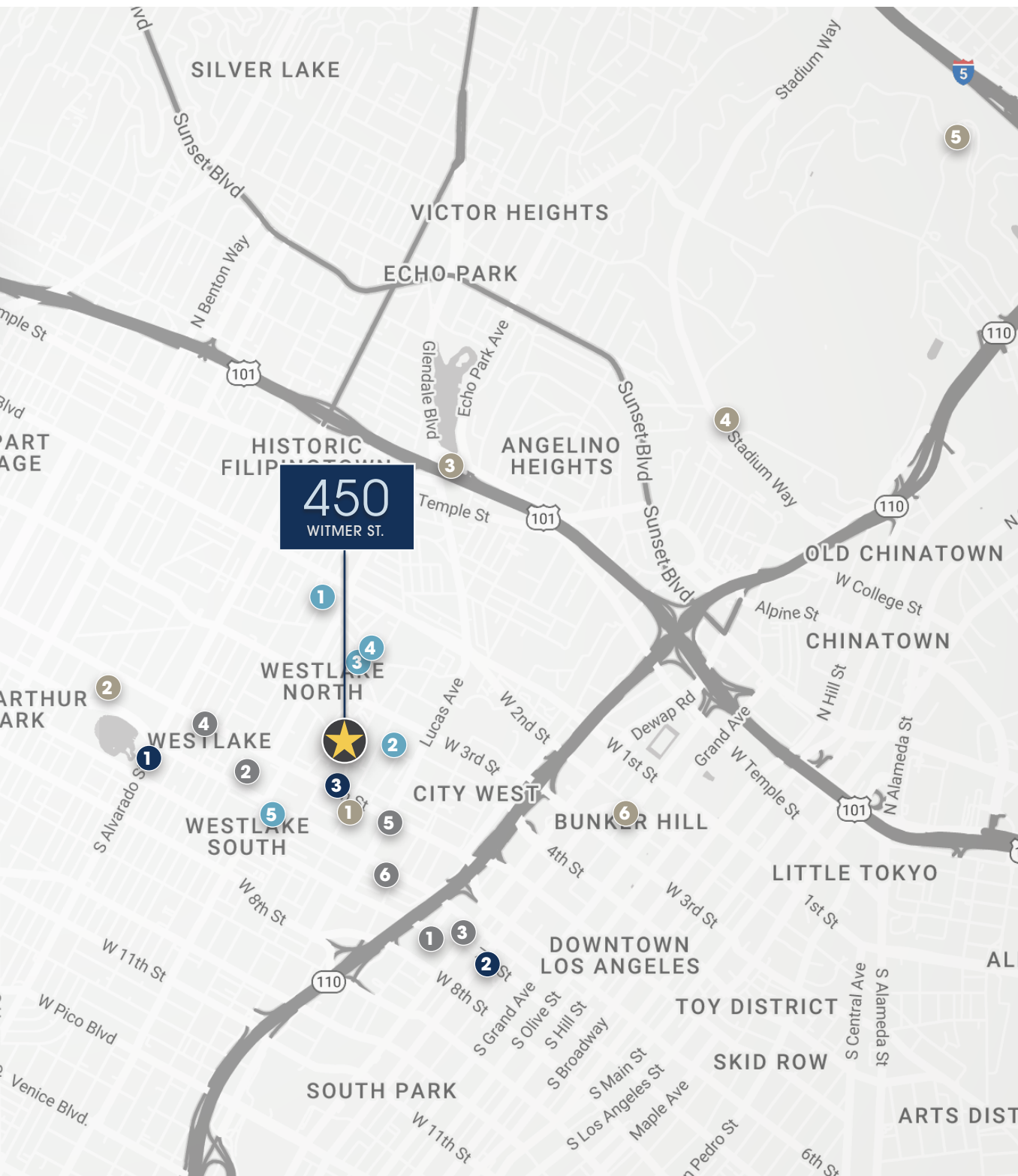
- 1 Union Avenue Elementary School
- 2 Gratts Elementary School
- 3 Belmont High School
- 4 Harris Newmark High School
- 5 John Liechty Middle School

RETAIL

- 1 Figat7th
- 2 The Home Depot
- 3 Chick-fil-A
- 4 Jack in the Box
- 5 Chipotle
- 6 Starbucks

MISCELLANEOUS

- 1 Good Samaritan Hospital
- 2 MacArthur Park
- 3 Echo Park
- 4 Dodger Stadium
- 5 Elysian Park
- 6 The Broad



WESTLAKE

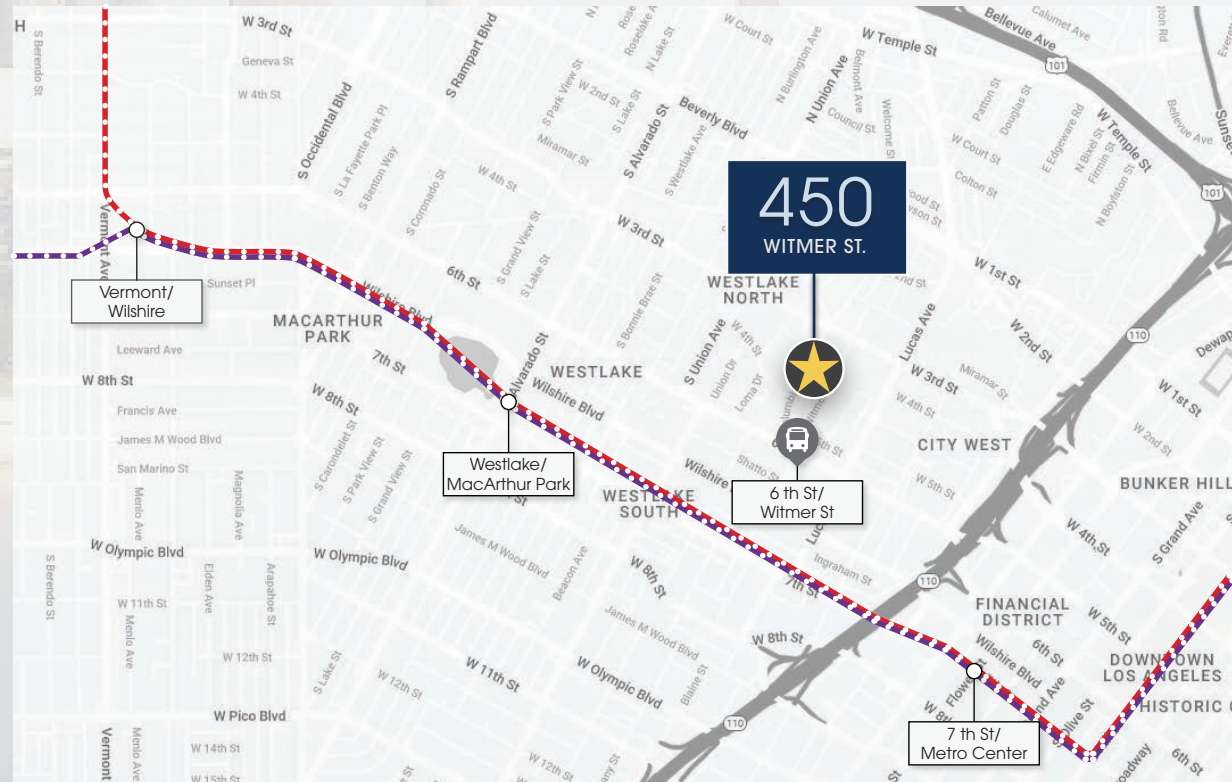
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BRIDGING THE GAP BETWEEN

Downtown LA & Koreatown

Westlake is adjacent to other notable neighborhoods, including Echo Park, Pico Union, Downtown and Koreatown. The neighborhood is extremely dense, with endless streets lined with small businesses. MacArthur Park, designated as the City of Los Angeles Cultural Monument #100, is located in Westlake and is adjacent to the Metro's Westlake/MacArthur Park Station, which affords access to the Red and Purple lines. Those lines provide public transportation toward Downtown, North Hollywood and toward Koreatown, with West Side extensions projected to be completed in 2027.

Westlake has recently seen a flurry of development and public safety initiatives, from mixed-use projects to new crosswalks. M2A Architects was contracted to construct a mixed-use project at the intersection of Olympic and Hoover that will feature 173 dwelling units, nearly 37,000 square feet of ground-floor commercial space and parking for 262 vehicles. Amidi Group, a San Francisco-based developer, is 50% complete with their \$180 million 1027 Wilshire development. The project will span nine stories and feature 376 residential units, approximately 5,000 square feet of groundfloor retail space, and subterranean parking for more than 800 vehicles.



93 Walk score
WALKER'S PARADISE

94 Transit score
RIDER'S PARADISE

The Westlake Collection's central location near Downtown Los Angeles results in excellent walkability and accessibility for its residents. The properties are within walking distance of stops on the Metro Red and Purple lines, one stop away from the Metro Blue and Expo lines, within a block of stops for five bus lines, and at the heart of the Los Angeles freeway system.

Hollywood affords a vibrant mix of activities and entertainment for all types of residents. Highly rated restaurants include Katsuya, Cleo, and Musso & Frank Grill (opened in 1919). For the younger cohort, Hollywood also offers an endless amount of bars, chic lounges, and exclusive dance clubs to enjoy. National retailers and original boutiques that line Hollywood Boulevard offer the latest fashions. On Sundays, The Hollywood Farmers Market provides fresh produce and prepared foods. Runyon Canyon Park offers some of Los Angeles' best views and hikes. Residents have affordable public transportation options provided by the Metro Red Line and several bus lines.

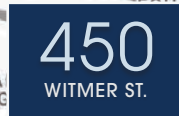
Voted Forbes' Hippest Neighborhood and built around a city reservoir, Silver Lake is well known for its trendy restaurants, nightlife, and avant garde Modernist architecture. Since the end of 1990's the area has also been the center of LA's indie and alternative music scene. Silver Lake has long been a preferred community, but approximately 15 years ago when gentrification began in earnest, home values and rents have sharply increased.



HOLLYWOOD



SILVER LAKE



WESTLAKE



KOREATOWN

Long celebrated for its art deco architectural heritage and immigrant community, today Koreatown has emerged as one of Los Angeles' most fashionable areas. As the densest part of Los Angeles, new residents flock to this neighborhood just west of Downtown to enjoy walkable amenities, fabulous restaurants, and recently opened boutique hotels like the Line and Normandie. The Metro Purple Line traversing Wilshire Boulevard in the heart of Koreatown will further attract new residents. Thanks to Korean and Latino immigrants, the area is dotted with highly rated ethnic eateries.



DOWNTOWN LA

The Downtown submarket of Los Angeles includes its central business district, which contains the nation's third largest employment pool. Additionally, this submarket features many major sports facilities, sightseeing opportunities, skyscrapers, and large multinational corporations. Downtown is also the hub of the city's freeway network and Metro rapid-transit system. LA Live is one of downtown's most innovative developments featuring sports and music venues, nightclubs, restaurants, a bowling alley, a museum, and movie theaters.

RENT ROLL

	UNIT NO.	UNIT TYPE	ACUAL RENTS	PRO FORMA RENTS
1	100	Single	\$ 1,200	\$ 1,400
2	101	Single	\$ 869	\$ 1,400
3	102	Single	\$ 872	\$ 1,400
4	103	Single	\$ 1,300	\$ 1,400
5	104	Single	\$ 839	\$ 1,400
6	105	Single	\$ 904	\$ 1,400
7	106	Single	\$ 812	\$ 1,400
8	107	Single	\$ 852	\$ 1,400
9	200	Single	\$ 904	\$ 1,400
10	201	Single	\$ 554	\$ 1,400
11	202	Single	\$ 1,400	\$ 1,400
12	203	Single	\$ 904	\$ 1,400
13	204	Single	\$ 985	\$ 1,400
14	205	Single	\$ 873	\$ 1,400
15	206	Single	\$ 873	\$ 1,400
16	207	Single	\$ 1,300	\$ 1,400
17	300	Single	\$ 904	\$ 1,400
18	301	Single	\$ 984	\$ 1,400
19	302	Single	\$ 839	\$ 1,400
20	303	Single	\$ 904	\$ 1,400
21	304	Single	\$ 785	\$ 1,400
22	305	Single	\$ 1,200	\$ 1,400
23	306	Single	\$ 655	\$ 1,400
24	307	Single	\$ 839	\$ 1,400
			\$ 22,553	\$ 33,600

FINANCIAL ANALYSIS

ANNUALIZED OPERATING DATA	CURRENT RENTS		MARKET RENTS	
Scheduled Gross Income:	271,596		404,160	
Less Vacancy Rate Reserve:	(8,148)	3.0%	(20,208)	5.0%
Gross Operating Income:	263,448		383,952	
Less Expenses:	(124,566)	45.9%	(130,591)	32.3%
Net Operating Income:	138,882		253,361	
Reserves:	(4,800)		(4,800)	
Less Debt Service:	(110,172)		(110,172)	
Pre-Tax Cash Flow:	23,910	1.7%*	138,389	9.6%
Plus Principal Reduction:	27,649		27,649	
Total Return Before Taxes:	51,558	3.6%*	166,038	11.5%

ESTIMATED ANNUALIZED EXPENSES	CURRENT RENTS		MARKET RENTS	
Taxes Rate 1.18%:	\$ 37,760		\$ 37,760	
Insurance:	\$ 6,661		\$ 6,661	
Utilities:	\$ 25,225		\$ 25,225	
Waste Removal:	\$ 6,338		\$ 6,338	
Repairs & Maintenance:	\$ 12,000		\$ 12,000	
Management 5%:	\$ 13,172		\$ 19,198	
On-Site Manager:	\$ 18,000		\$ 18,000	
Landscaping:	\$ 1,800		\$ 1,800	
Pest Control:	\$ 780		\$ 780	
License and Fees:	\$ 1,200		\$ 1,200	
Direct Assessment:	\$ 1,630		\$ 1,630	
Total Expenses:	\$ 124,566		\$ 130,591	
Per Net Sq. Ft.:	\$10.54		\$11.05	
Per Unit:	\$5,190		\$5,441	

SCHEDULED INCOME			CURRENT RENTS		SCHEDULED RENTS	
NO. OF UNITS	UNIT TYPE	UNIT SF	AVG MONTHLY RENT/UNIT	MONTHLY INCOME	MONTHLY RENT/UNIT	MONTHLY INCOME
24	Single	443	\$ 940	\$ 22,553	\$ 1,400	\$ 33,600
Total Scheduled Rent:				\$ 22,553		\$ 33,600
Storage				\$ 80		\$ 80
Monthly Scheduled Gross Income:				\$ 22,633		\$ 33,680
Annual Scheduled Gross Income:				\$ 271,596		\$ 404,160

SUMMARY	
Price:	\$ 3,200,000
Down Payment:	\$ 1,440,000
Number of Units:	24
Cost per Legal Unit:	\$133,333
Current GRM:	11.78
Market GRM:	7.92
Current CAP:	4.34%
Market CAP:	7.92%
Approx. Age:	1924
Approx. Lot Size:	5,571
Approx. Gross SF:	11,817
Cost per Net GSF:	\$270.80

NEW POTENTIAL FINANCING	
New First Loan:	\$ 1,760,000
Interest Rate:	4.75%
Amortization:	30
Monthly Payment:	\$9,180.99
DCR:	1.26

* As a percent of the down payment

SALES COMPARABLES



450 WITMER STREET

SALE PRICE	\$3,200,000
BUILDING SF	11,817 SF
LOT SIZE	5,571 SF
PRICE/SF	\$270.80
PRICE/UNIT	\$133,333
DATE SOLD	
YEAR BUILT	1924
NO. OF UNITS	24
CAP RATE	4.34%



1

1350 W 4TH STREET

SALE PRICE	\$4,458,750
BUILDING SF	15,954 SF
LOT SIZE	6,386 SF
PRICE/SF	\$279.48
PRICE/UNIT	\$178,350
DATE SOLD	12/1/2021
YEAR BUILT	1915
NO. OF UNITS	25
CAP RATE	4.69%



2

1527 W 4TH STREET

SALE PRICE	\$3,950,000
BUILDING SF	15,481 SF
LOT SIZE	6,486 SF
PRICE/SF	\$255.15
PRICE/UNIT	\$136,207
DATE SOLD	6/13/2022
YEAR BUILT	1923
NO. OF UNITS	29
CAP RATE	4.15%



3

1663 W 11TH PLACE

SALE PRICE	\$3,595,000
BUILDING SF	12,504 SF
LOT SIZE	7,414 SF
PRICE/SF	\$287.51
PRICE/UNIT	\$138,269
DATE SOLD	4/22/2022
YEAR BUILT	1914
NO. OF UNITS	26
CAP RATE	5.27%



4 1247 INGRAHAM STREET

SALE PRICE	\$5,850,000
BUILDING SF	20,588 SF
LOT SIZE	6,887 SF
PRICE/SF	\$284.15
PRICE/UNIT	\$146,250
DATE SOLD	4/6/2022
YEAR BUILT	1929
NO. OF UNITS	40
CAP RATE	5.40%



5 916 S LAKE STREET

SALE PRICE	\$3,300,000
BUILDING SF	10,712 SF
LOT SIZE	7,275 SF
PRICE/SF	\$308.07
PRICE/UNIT	\$137,500
DATE SOLD	5/27/2022
YEAR BUILT	1923
NO. OF UNITS	24
CAP RATE	4.55%



6 416 S WESTLAKE AVENUE

SALE PRICE	\$5,400,000
BUILDING SF	20,478 SF
LOT SIZE	8,703 SF
PRICE/SF	\$263.70
PRICE/UNIT	\$154,286
DATE SOLD	1/25/2022
YEAR BUILT	1923
NO. OF UNITS	35
CAP RATE	4.65%



7 807 S WESTLAKE AVENUE

SALE PRICE	\$6,442,212
BUILDING SF	24,882 SF
LOT SIZE	11,117 SF
PRICE/SF	\$258.91
PRICE/UNIT	\$165,184
DATE SOLD	6/1/2022
YEAR BUILT	1923
NO. OF UNITS	39
CAP RATE	

SALES COMPARABLES MAP

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416 S WESTLAKE AVENUE



1527 W 4TH STREET



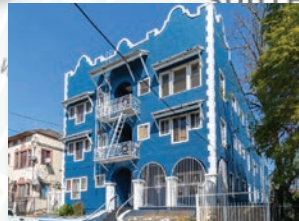
1350 W 4TH STREET



916 S LAKE STREET



807 S WESTLAKE AVENUE



1663 W 11TH PLACE



1247 INGRAHAM STREET

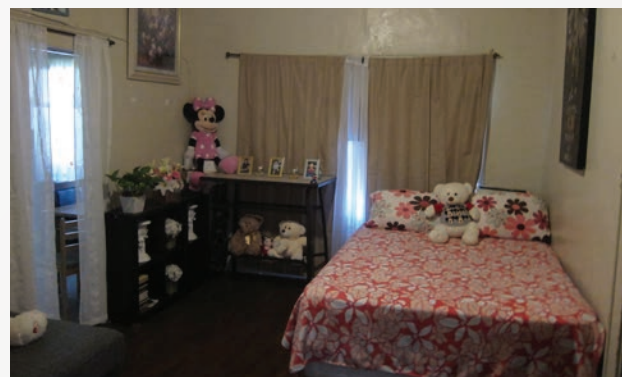
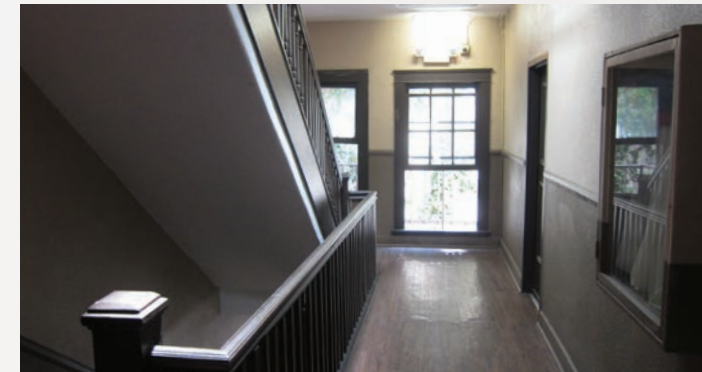


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