

**MATTHEWS**<sup>TM</sup>  
REAL ESTATE INVESTMENT SERVICES



Offering Memorandum

**3906 Montclair St**

LOS ANGELES, CA 90018

## Listed By

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## The Expo Walk

Located in the heart of Los Angeles, Expo Walk is bringing for-sale housing to one of Downtown Los Angeles' most exciting commuter communities. Built by The Olson Company, 78 new contemporary townhomes feature up to 3 bedrooms, 3.5 bathrooms, and direct access 2-car garages, starting at just \$700,000. With its convenient location you can grab the Metro, hop on a bike, and yeah, even walk to shops, restaurants, fashion, and furniture.

Centrally located and steps from the Expo/Crenshaw Metro Station, all of L.A. is your personal playground—from Downtown's Arts District to the design and interiors showrooms of Culver City to Santa Monica's famed Pier and Third Street Promenade. A cool and connected home base for the city's creative class, Leimert Park's convenient location makes it fast and easy to get to many of LA's top studios, production houses, professional firms, and startups. Closer to home, Exposition Park is LA's ultimate cultural crossroads. Spend your weekends exploring this world-famous collection of museums, educational and sports facilities and entertainment venues just 10 minutes from Expo Walk. Within the 160-acre campus, catch exhibits and live events at the California African American Museum, explore natural and cultural worlds at the Natural History Museum of Los Angeles County, relax in the splendor of the City of Los Angeles Rose Garden, or cheer for the home team at Banc of California Stadium and the LA Memorial Coliseum.



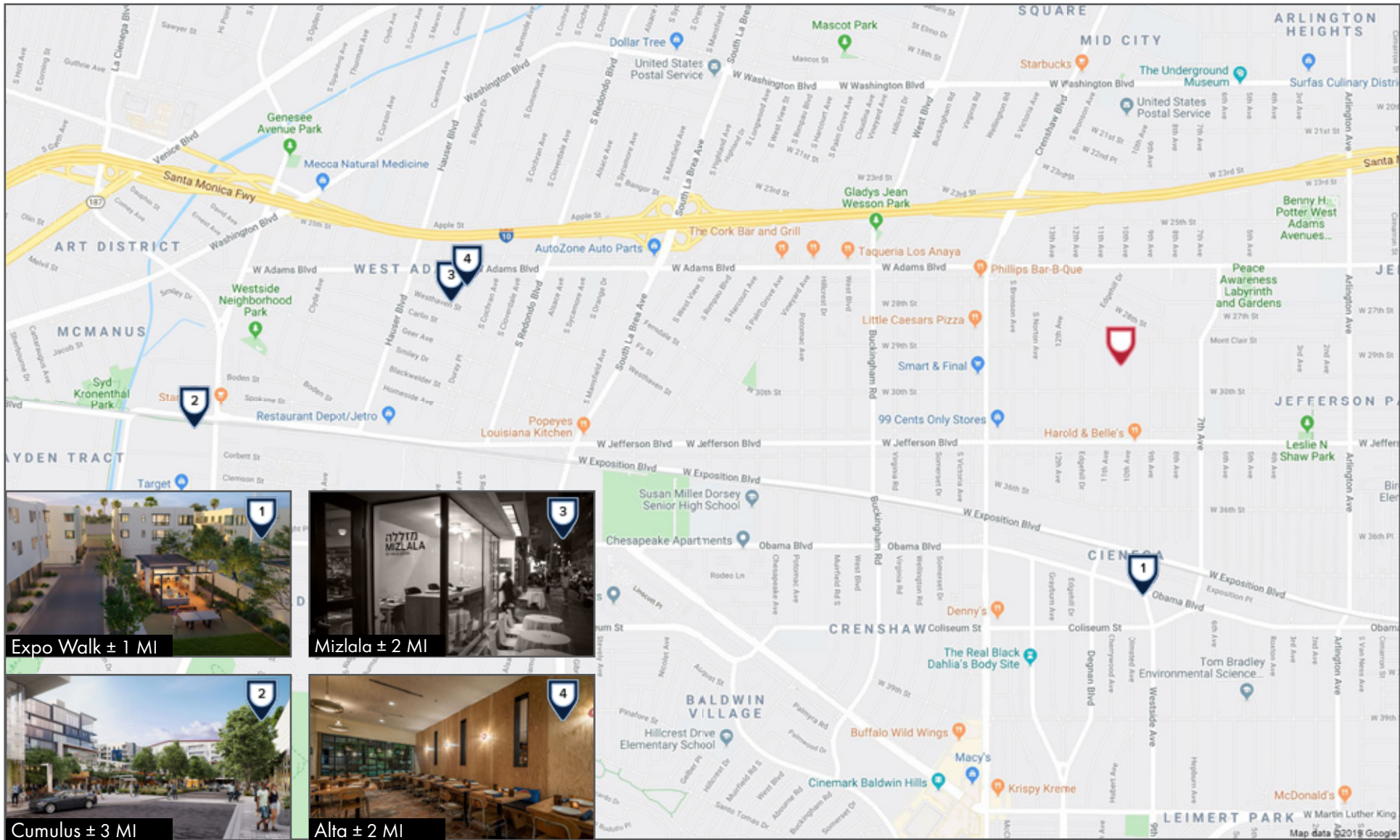
## Cumulus Development

Cumulus is a West Los Angeles living and retail destination in West Adams, offering an array of lifestyle choices with state-of-the-art amenities and amazing views. Located right next to the Expo line, Cumulus allows easy access to downtown and the beach. The project is comprised of one seven-story podium building and a 30-story high rise, as well as 100,000 square feet of retail, half of which has already been leased by Whole Foods. A majority of the project's residential units will be housed in the mid-rise structure. The building includes 910 apartments, residential amenities, and ground-floor retail and restaurant space. The 320-foot-tall tower on the northeast corner of the site will include the remaining 300 apartments.

Cumulus will open in phases beginning in late 2020, and will be complete in 2022. The Whole Foods is scheduled to open in 2021.



# Local Attractions



# 05

## PROPERTY OVERVIEW

# Opportunity

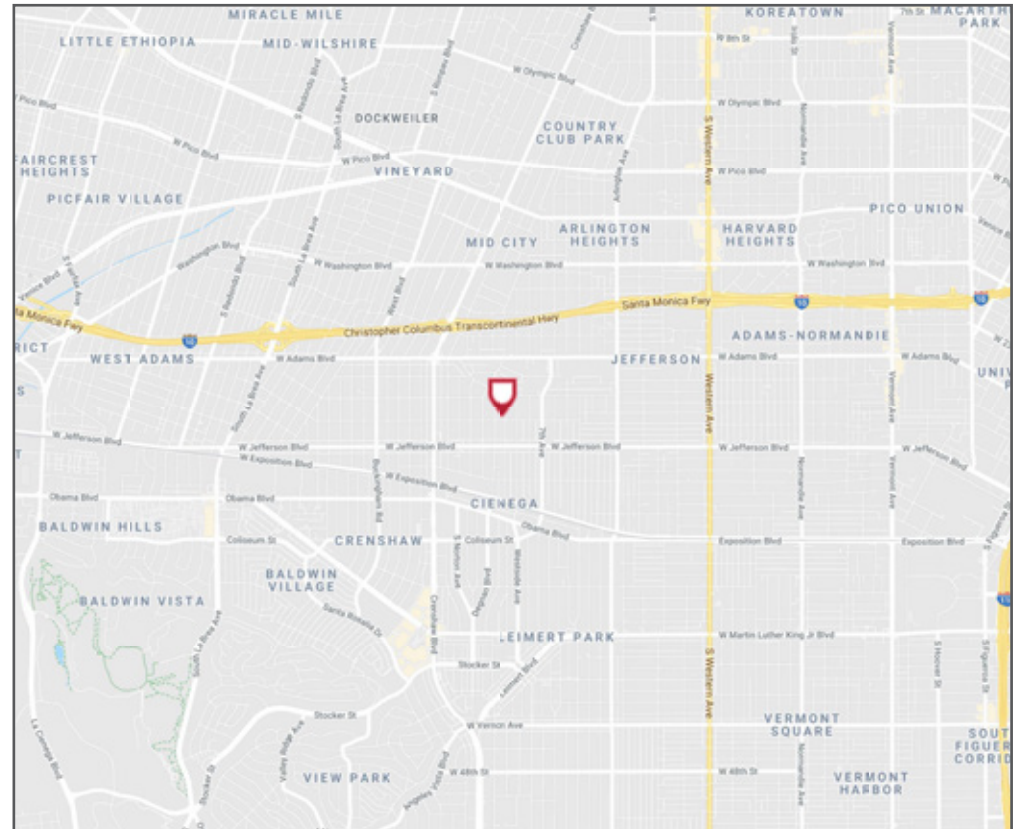
Montclair Apartments offer an investor the opportunity to acquire a property at nearly a 5% cap rate, and still have 46% Rental Upside potential. This property is located on a quiet street in the booming Jefferson Park sub-market of Los Angeles. Sitting just blocks away from Expo/Crenshaw Station, retail and office space have exploded in the area as developers are catching up to the demand of companies like Apple Music who are moving their headquarters to Jefferson Park. Future tenants will be business professionals that will be drawn to the charming neighborhood, public transportation, job opportunities and incredible food scene.

With low current rents in a rent-controlled property, an owner must be skilled in working with tenants and the City of Los Angeles to achieve the 46% Rental Upside that exists in the property. At a going in cap rate above 4%, this is a rare mix of stable income and upside in a quickly gentrifying neighborhood.

# Property Description

- 10 Units Built in 1925
- Five (5) Structures Totaling 5,088 Square Feet
- Ten (10) One-Bedroom Units
- One-Bedroom Units are Approximately 500 Square Feet on Average
- 46% Rental Upside Potential
- Charming Courtyard, Bungalow Style Units
- No Parking On-Site
- Subject to Rent Control
- Not Subject to Soft-Story Retrofit

# Local Map



An aerial photograph of a city skyline, likely Los Angeles, with a large white '07' overlaid in the center. The city is densely packed with buildings and trees, and the sky is a clear, light blue. The '07' is a large, white, serif font, positioned centrally over the city skyline. The background shows a dense urban landscape with various building heights and colors, extending to the horizon under a clear sky.

# 07

## LOCATION OVERVIEW

## Location Description



Located just south of the Santa Monica Freeway, Jefferson Park is home to a melting pot of residents. West Adams Boulevard and West Jefferson Boulevard are the main thoroughfares through the neighborhood and provide direct access to West Los Angeles and the downtown area. Its central location combined with ample apartments for rent make Jefferson Park great for those who want to live in South L.A. on a budget.

## Demographics

	1 MILE	3 MILE	5 MILE
<b>POPULATION</b>			
2024 Projection	49,370	481,808	1,378,544
2019 Estimate	47,951	469,304	1,337,120
2010 Census	46,178	454,106	1,276,085
<b>POPULATION GROWTH</b>			
Growth 2019-2024	2.96%	2.66%	3.10%
Growth 2010-2019	3.84%	3.35%	4.78%
<b>HOUSEHOLDS</b>			
2024 Projection	16,628	168,892	511,210
2019 Estimate	16,151	164,276	494,782
2010 Census	15,563	158,567	468,910
<b>INCOME</b>			
2019 Avg Household Income	\$68,311	\$69,611	\$78,254
2019 Med Household Income	\$46,207	\$44,223	\$47,965





## MSA

Downtown LA's re-emergence has been stimulated by an influx of new residents, restaurants and major league sports. Crowds flock to the sports and entertainment combination of the Staples Center, home to both the Lakers (NBA) and the Kings (NHL), and LA LIVE, which has become a local hotspot. The now Los Angeles Rams (NFL) play a few miles down the road at the Los Angeles Memorial Coliseum, just across the street from the University of Southern California campus. Dodger Stadium, on the other hand, is farther up north towards Echo Park and is home to the Los Angeles Dodgers (MLB).

Hollywood, Beverly Hills, and Santa Monica have all influenced Los Angeles' claim to fame. Visitors explore the TCL Chinese Theatre and the Hollywood Walk of Fame with the hope of encountering their favorite celebrities' stars. Beverly Hills boasts the famous Rodeo Drive full of high-end shopping and world-class restaurants. The Santa Monica Pier and beach draw vacationers from all over the world year-round, and especially during the summer months.

The county coastline offers 75-miles of some of the world's greatest beaches. Each seaside town is unique, offering charm and sophistication. From its near-perfect weather to some of the world's most iconic landmarks and attractions, Los Angeles holds many distinctions. It is one of the few cities in the world where it's possible to ski in the morning and surf in the afternoon.

## Top Employers




## Economy

Los Angeles is the largest manufacturing center in the western United States due to its geographic location. The contiguous ports of Los Angeles and Long Beach together comprise the fifth-busiest port in the world and the most significant port in the Western Hemisphere: It is vital to trade within the Pacific Rim.

Home to the Fortune 500 companies Occidental Petroleum, Health Net, Reliance Steel & Aluminum, and AECOM Los Angeles is teeming with career opportunities. The city is on the leading edge of several growth industries and is emerging as a leader in the expanding tech industry.





# 1

## FINANCIAL OVERVIEW

## Investment Summary

Offering Price	\$1,800,000	Number of Units:	10
Property Address:	3906 Montclair St Los Angeles, CA 90018	Year Built:	1925
Price Per Unit:	\$180,000	APN:	5051-023-018
Price Per S.F.:	\$353.77	Gross Sq. Ft.:	5,088
Cap (current / market):	4.77% / 8.19%	Lot Size:	7,500
GRM (current / market):	12.51 / 8.57	Zoning:	LAR3



## Unit Mix

Total Units	Unit Mix	Unit Mix %	Current Avg Rent	Current Monthly Rent	Market Rent	Market Monthly Rent
10	1+1	100%	\$1,199	\$11,986	\$1,750	\$17,500
<b>Scheduled Monthly Rent:</b>				<b>\$11,986</b>		<b>\$17,500</b>
<b>Scheduled Yearly Rent:</b>				<b>\$143,835</b>		<b>\$210,000</b>



# Annualized Operating Summary

		Current		Market	
Scheduled Gross Income:		\$143,835		\$210,000	46% Upside
Less Vacancy Reserve:	3.0%	\$4,315	3.0%	\$6,300	*
Gross Operating Income:		\$139,520		\$203,700	
Expenses:	37.3%	\$53,699	26.8%	\$56,267	*
<b>Net Operating Income:</b>		<b>\$85,821</b>		<b>\$147,433</b>	
Loan Payments:		\$68,633		\$68,633	
Cash-on-Cash Return:	2.9%	\$17,187	13.1%	\$78,800	**
Plus Principal Reduction:		\$21,097		\$21,097	
Total Return Before Taxes:	6.4%	\$38,285	16.6%	\$99,897	**

\* As a percent of Scheduled Gross Income

\*\* As a percent of Down Payment

# Proforma Annual Operating Expenses

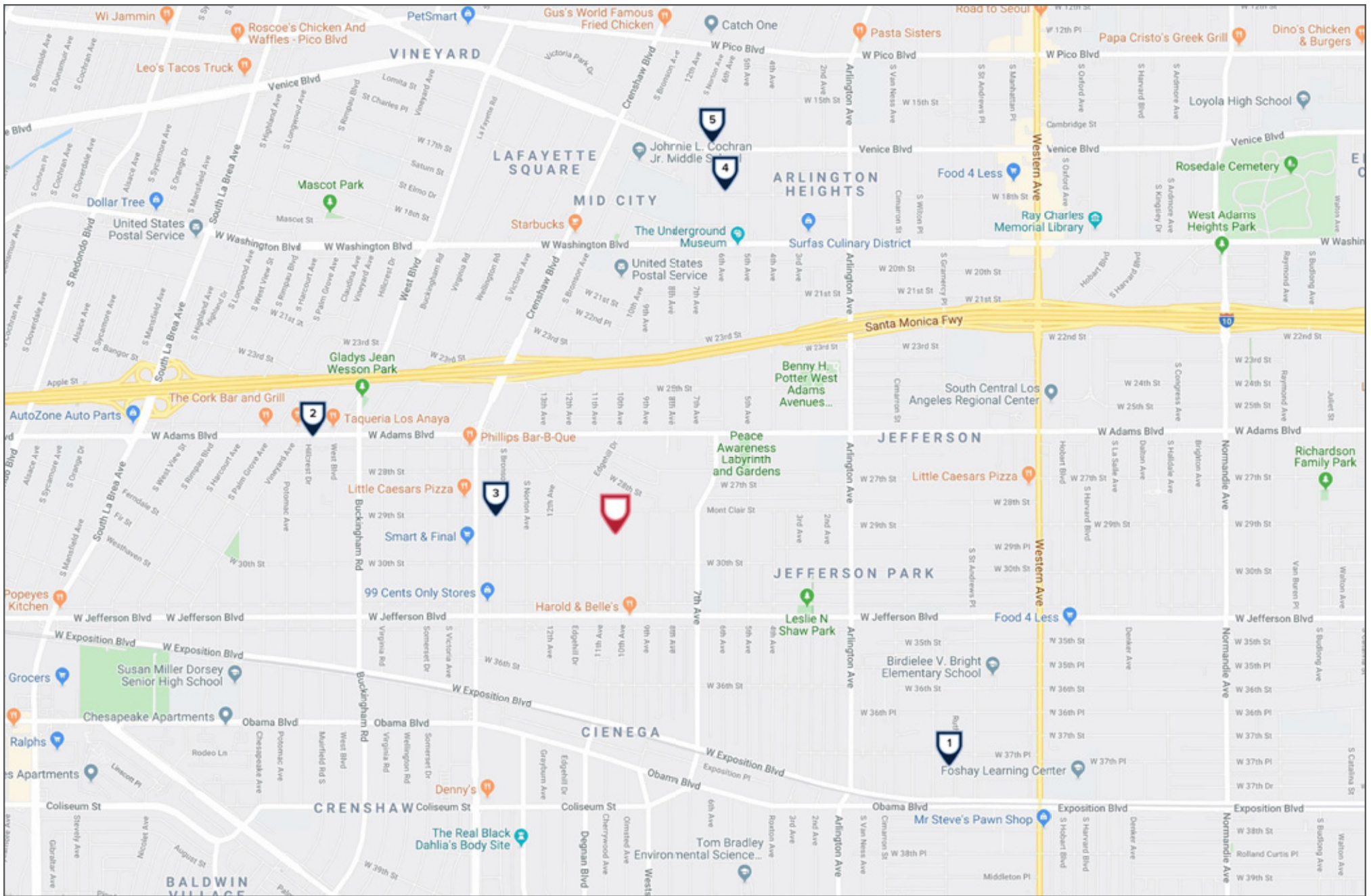
			Current	Per Unit	% of SGI
*Taxes	1.250%	x Sale Price	\$22,500	\$2,250	16%
*Insurance	\$0.35	x GSF	\$1,781	\$178	1%
Off-Site Management	4.0%	x GOI	\$5,581	\$558	4%
Repairs & Maintenance	\$500	x Units	\$5,000	\$500	3%
Contract Services	\$400	x Units	\$4,000	\$400	3%
Utilities	Annualized	2019	\$12,338	\$1,234	9%
General Administration	\$250	x Units	\$2,500	\$250	1.74%
<b>Total Expenses</b>			<b>\$53,699</b>	<b>\$5,370</b>	<b>37.3%</b>
			<b>Current</b>	<b>Per Unit</b>	<b>% of SGI</b>
Non-controllable expenses: Taxes, Ins., Reserves:			\$24,281	\$2,428	16.9%
Total Expense without Taxes			\$31,199	\$3,120	21.69%

# Financing







Loan Amount:		\$1,198,000	Terms:	30
Down Payment:	33%	\$602,000	Interest:	4.00%
Yearly Payment:		\$68,633	Monthly Payment:	\$5,719
Debt Coverage		1.25		

# Rent Roll

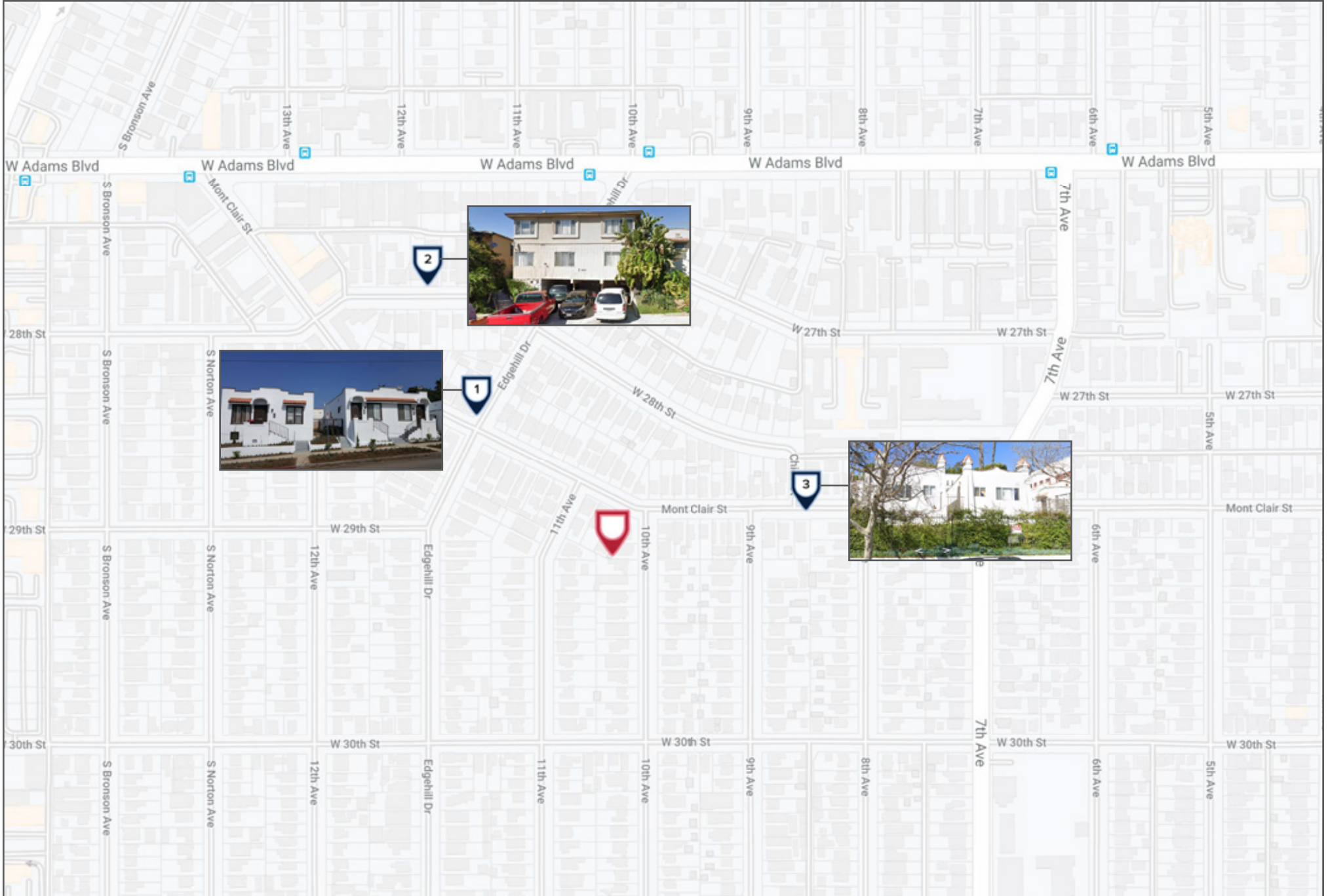
#	Unit	Mix	Rent	Notes
1	3906	1+1	\$984.42	
2	3908	1+1	\$1,042.00	Section 8
3	3906 1/2	1+1	\$1,470.00	Section 8
4	3906 1/4	1+1	\$1,045.39	
5	3906 3/4	1+1	\$1,522.00	
6	3906 7/8	1+1	\$1,561.00	Section 8
7	3908 1/2	1+1	\$998.07	Section 8
8	3908 1/4	1+1	\$1,261.00	Section 8
9	3908 3/4	1+1	\$1,117.00	Section 8
10	3908 7/8	1+1	\$985.38	
<b>Totals</b>			<b>\$11,986.26</b>	
		<b>10</b>		
<b>Averages</b>			<b>\$1,199</b>	







# Sales Comparables

	Address	Units	Yr Built	Sq Ft	Price	Per Unit	Per Foot	Cap Rate	GRM	Sold Date	Unit Mix
	3906 Montclair Street	10	1925	5,088	\$1,800,000	\$180,000	\$353.77	4.77%	12.51	None	(10) - 1/1
	3721 Ruthelen Street	6	1924	3,428	\$1,100,000	\$183,333	\$320.89	4.20%	15.40	12/7/2018	(4) - 1/1, (2) - Singles   5 parking spaces, 2 garage, 3 surface. Bungalow style units
	2531 Hillcrest Drive	7	1925	3,122	\$1,193,000	\$170,429	\$382.13	5.18%	13.95	3/21/2019	(6) - 1/1, (1) - Single   Bungalow style units, 3 surface parking spaces
	2837 S Bronson Avenue	8	1928	6,842	\$1,590,000	\$198,750	\$232.39	2.70%	15.68	7/2/2019	(7) - 1/1, (1) - 2/1   Victorian style building, 5 garage parking spaces
	1632 6th Avenue	8	1921	6,880	\$1,625,000	\$203,125	\$236.19	3.56%	15.62	5/11/2019	(8) - 1/1   Bungalow style units, no Parking
	1533 6th Avenue	11	1922	9,145	\$2,247,500	\$204,318	\$245.76	N/A	N/A	1/16/2019	(6) - 2/1, (5) - 1/1   Bungalow style units, 5 surface parking spaces
	<b>Averages</b>	<b>8</b>	<b>1924</b>	<b>5,883</b>	<b>\$1,551,100</b>	<b>\$191,991</b>	<b>\$283.47</b>	<b>3.91%</b>	<b>15.16</b>		





## Rent Comparables

	Address	Bedrooms	Baths	Rent	Date
	<b>3906 Montclair St</b> Los Angeles, CA <b>90018</b>	-	-	<b>\$1,199</b>	-
	2831 Edgehill Drive Los Angeles, CA 90018	1	1	\$1,695	10/3/2019
	4037 W 28th Street Los Angeles, CA 90018	1	1	\$1,795	10/1/2019
	3811 Montclair Street Los Angeles, CA 90018	1	1	\$1,495	9/15/2019

# Confidentiality Agreement & Disclaimer

This Offering Memorandum contains select information pertaining to the business and affairs of **3906 Monclair St, Los Angeles, CA 90018** ("Property"). It has been prepared by Matthews Real Estate Investment Services. This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews Real Estate Investment Services. The material is based in part upon information supplied by the Seller and in part upon financial information obtained from sources it deems reliable. Owner, nor their officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Owner and Matthews Real Estate Investment Services expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Matthews Real Estate Investment Services or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.

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