

OFFERING MEMORANDUM



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SIERRA MADRE APARTMENTS WEST

357 S. SIERRA MADRE BOULEVARD
PASADENA, CA 91107



FIRST TIME ON MARKET IN 40 YEARS

CONFIDENTIALITY AGREEMENT

357 S. SIERRA MADRE BOULEVARD, PASADENA, CA 91107

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LOCATION

Walk Score 



78 BIKE SCORE
Very Bikeable



METRO GOLD LINE
1.1 Mile Station 804



Sierra Madre Apartments West

SIERRA MADRE BOULEVARD



SIERRA MADRE BOULEVARD

SIERRA MADRE BOULEVARD

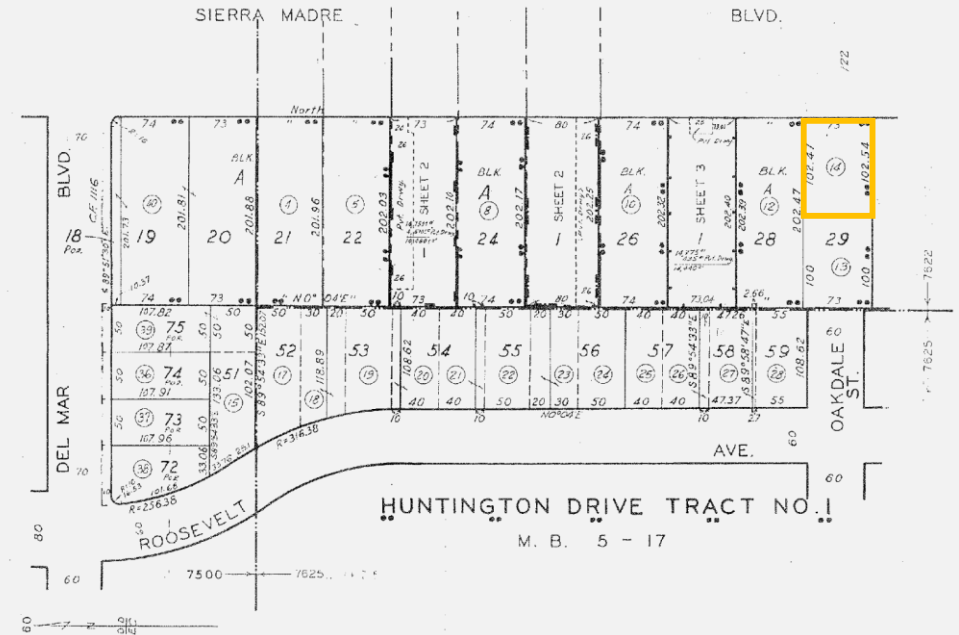
SECTION 1

357 S. SIERRA MADRE BOULEVARD, PASADENA, CA 91107

Executive Summary

Address	357 S. Sierra Madre Boulevard, Pasadena CA 91107
APN	5330-006-014
Number of Units	8 + 1 Non-Conforming Studio/1Bath Unit
Building Size	4,932 SF
Lot Size	7,376 SF
Year Built	1947
Unit Mix	8 One-Bed / One-Bath
Construction	Wood Frame & Stucco
Metering	Individual Gas & Electric (Except Non-Conforming Unit)
Parking	6 Open Spaces

Property is subject to L.A. County Rent Freeze Effective 9/11/18



EXECUTIVE SUMMARY





THE OPPORTUNITY

357 S. SIERRA MADRE BOULEVARD, PASADENA, CA 91107



ASSET IN COUNTY AREA OF
PASADENA



22% RENTAL UPSIDE



ALL UNITS UPGRADED



6 OPEN PARKING SPACES



SAN MARINO ADJACENT

Subject to L.A. County Rent Freeze Effective 9/11/18



DESCRIPTION

357 S. SIERRA MADRE BOULEVARD, PASADENA, CA 91107

Sierra Madre West is an 8 unit (plus one non-conforming unit) apartment building located in the unincorporated area of Pasadena, just north of the city of San Marino.

The unit mix is comprised of:

- 2 1 Bed / 1 Bath 585 SF (Approx.) No Parking
- 6 1 Bed / 1 Bath 585 SF (Approx.)

Built in 1947, the property has two buildings one two story garden-style walk up building with a raised foundation and a pitched composition shingle roof. 1 one-story building with a pitched composition shingle roof which has a laundry room with one washer plus one dryer leased from Web and the studio one bath non-conforming unit. There are six uncovered parking spaces and a blacktop driveway. There is also street parking, no permit needed, since the property is in unincorporated Los Angeles County.

On September 11th 2018, unincorporated Los Angeles County Apartments became subject to a 6-month rent freeze. It is expected that after the temporary rent freeze, the county will implement a form of rent control. Please inquire for more details.

Utilities: Individual gas & electric (except the non-conforming studio unit; owner pays all utilities for this unit). Owner pays hot water, water, and trash. There is one, newer, 100-gallon hot water heater.

UNIT AMENITIES

- ALL UNITS HAVE BEEN UPGRADED INSIDE
- ALL UNITS HAVE WOOD-STYLE PLANK FLOORING IN THE LIVING ROOMS AND CARPET IN THE HALLS & BEDROOMS
- UPGRADED CABINETS, COUNTERS AND FIXTURE
- KITCHENS HAVE GAS STOVES/OVENS. ALL UNITS HAVE GAS WALL HEATING AND WALL A/C

PROPERTY PHOTOS

357 S. SIERRA MADRE BOULEVARD, PASADENA, CA 91107



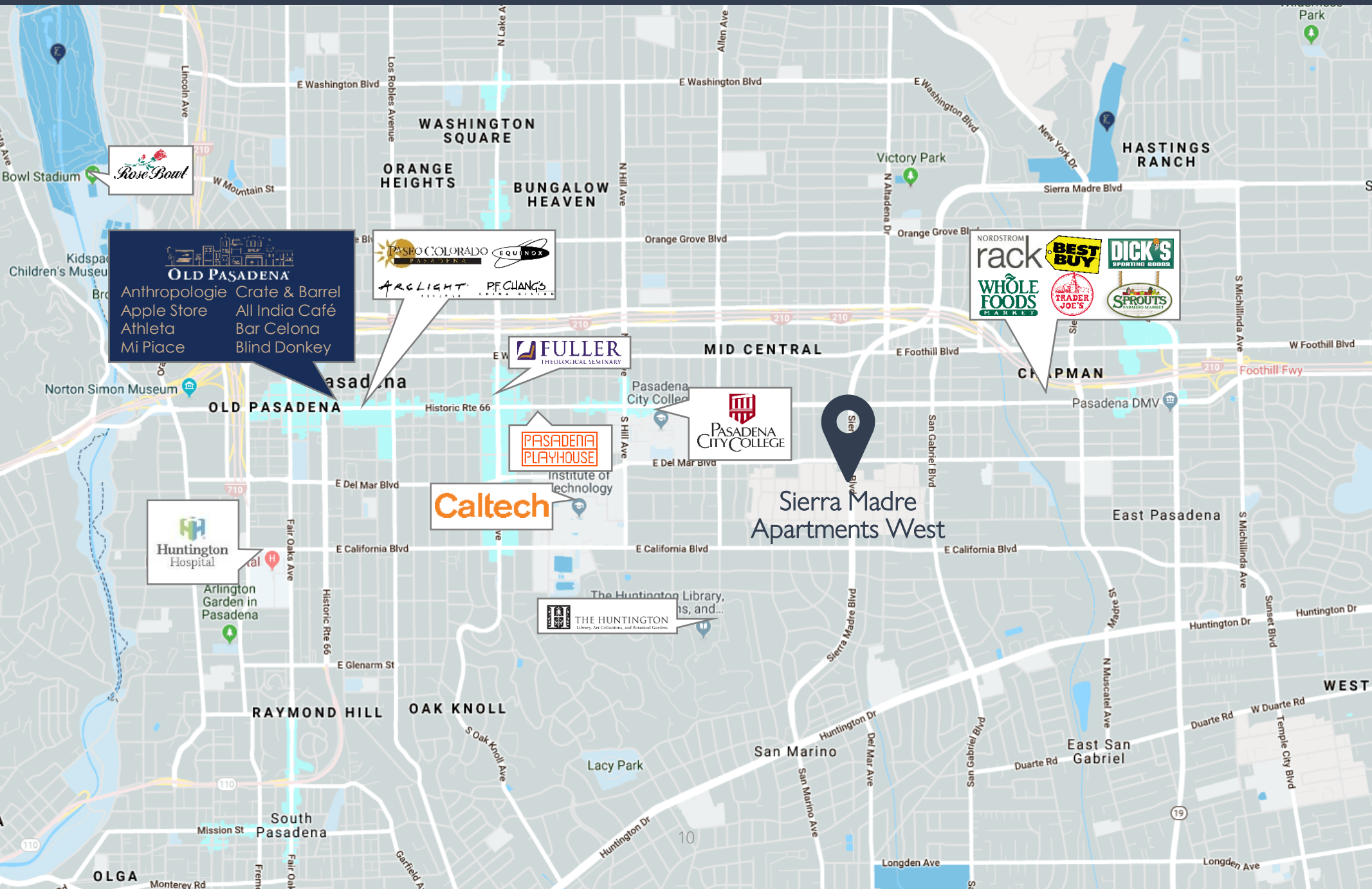
LOCATION MAP

357 S. SIERRA MADRE BOULEVARD, PASADENA, CA 91107



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SECTION 2

357 S. SIERRA MADRE BOULEVARD, PASADENA, CA 91107

Financial Analysis

RENT ROLL

357 S. SIERRA MADRE BOULEVARD, PASADENA, CA 91107

Unit #	Type	Estimated SF	Current Rent	Current Rent/SF	Market Rent	Market Rent/SF	Occupied	Comments
1	1/1	585	\$1,425	\$2.44	\$1,800	\$3.08	Yes	
2	1/1	585	\$1,505	\$2.57	\$1,800	\$3.08	Yes	
3	1/1	585	\$1,415	\$2.42	\$1,800	\$3.08	Yes	
4	1/1	585	\$1,505	\$2.57	\$1,800	\$3.08	Yes	
5	1/1	585	\$1,445	\$2.47	\$1,800	\$3.08	Yes	
6	1/1	585	\$1,465	\$2.50	\$1,800	\$3.08	Yes	
7	1/1	585	\$1,465	\$2.50	\$1,750	\$2.99	Yes	No parking (2)
8	1/1	585	\$1,465	\$2.50	\$1,750	\$2.99	Yes	No parking (2)
Total Monthly Rent			\$11,690		\$14,300			
Laundry Income			\$87		\$87			
Non-Conforming Unit (1)			\$460		\$1,000			
Total Monthly Income			\$12,237		\$15,387			
Scheduled Gross Income			\$146,844		\$184,644			

Units	Type	Unit SF	Avg Current Rent	Current Rent/SF	Avg Market Rent	Market Rent/SF	Total Units	Occupied Units	Occupancy %
2	1/1	585	\$1,465	\$2.50	\$1,750	\$2.99	8	8	100%
6	1/1	585	\$1,460	\$2.50	\$1,800	\$3.08			

(1) Non-conforming unit is a Studio/1-Bath. Owner pays all utilities.

(2) Currently tenants do not have assigned parking. Parking is first come, first served. Market rents are estimated as if these units do not get parking.

FINANCIAL ANALYSIS

357 S. SIERRA MADRE BOULEVARD, PASADENA, CA 91107

PRICING	
Price	\$2,100,000
Price/Unit	\$262,500
Price/SF	\$425.79

	Current	Market
Cap	4.63%	6.27%
GRM	14.30	11.37

FINANCING	
Down Payment	50% \$1,050,000
Loan to Value	50% \$1,050,000
Amort Years	30
Interest Rate	4.50%
Payments	(\$5,320)

EXPENSES	Current	Market
Total	\$45,235	\$47,503
Total/Unit	\$5,654	\$5,937.86
Total/SF	\$9.17	\$9.63

RETURN	Current	Market
NOI	\$97,204	\$131,602
Less Debt	(63,842)	(63,842)
Cash Flow	\$33,361	\$67,759
Cash/Cash	3.18%	6.45%

Units	Type	Estimated Unit SF	Avg Current Rent	Current Rent/SF	Total Rent	Market Rent	Total Market Rent
2	1/1	585	\$1,465	\$2.50	\$2,930	\$1,750	\$3,500
6	1/1	585	\$1,460	\$2.50	\$8,760	\$1,800	\$10,800

Scheduled Monthly Rent	\$11,690	\$14,300
Laundry	\$87	\$87
Non-Conforming Unit (Studio/1 Bath)	\$460	\$1,000
Total Monthly Scheduled Income	\$12,237	\$15,387
Scheduled Gross Income	\$146,844	\$184,644
Less Vacancy 3%	\$4,405	\$5,539
Gross Operating Income	\$142,439	\$179,105

Expenses		Current	Market
Real Estate Taxes	1.117155%	\$23,460	\$23,460
Direct Assessments	(Actual)	\$2,198 (1)	\$2,198(1)
Gardener	(Actual)	\$960	\$960
Insurance	(Actual)	\$2,057	\$2,057
Gas	(Actual)	\$935	\$935
Electric	(Actual)	\$1,050	\$1,050
Water/Sewer	(Actual)	\$1,638	\$1,638
Trash	(Actual)	\$2,540	\$2,540
Maintenance & Repairs (Estimated)	6%	\$8,811	\$11,079
Replacements & Reserves	\$175 /unit	\$1,400	\$1,400
License & Permits		\$186	\$186
Total	% of SGI	Total	Total
	31%	\$45,235	\$47,503

(1) The current direct assessments are \$4,588 annually. This includes a sewer bond assessment allocated to the property 18 years ago of \$2,398 annually to connect the property to the sewer lines. This assessment is on the 2018/2019 tax bill and will be on the 2019/2020 tax bill. After that, this assessment will no longer exist.

SECTION 3

357 S. SIERRA MADRE BOULEVARD, PASADENA, CA 91107

Location Overview



PASADENA, CA

As one of the premier markets in Los Angeles County, Pasadena, including South Pasadena, boasts one of the strongest demographic profiles providing historically low unemployment, a highly educated workforce and access to an abundance of recently constructed multi-family residential housing and affluent executive housing in the adjacent communities of San Marino, Arcadia, South Pasadena and La Canada.

With the recent growth of the engineering, technology and healthcare sectors, Pasadena has seen an urban renaissance drawing a younger, more dynamic population to its core with the greatest concentration of residents between the ages of 25 to 34 years old. Renowned institutions such as Caltech and JPL, convenient access to the expanded Gold Line.

TRANSPORTATION: Rail System, Old Town Pasadena and South Lake Avenue restaurants and amenities add to Pasadena's attraction to regional tenants and investors.

Pasadena attracts \$1.9 billion in federal R&D funds annually, \$25 billion since 2001. That's over \$14,000 per capita more than any other innovation hub in the U.S. Nearly 1 in 6 jobs in Pasadena are in professional or creative fields, beating out Seattle, San Jose, Austin, and Portland.

Between Caltech/JPL and IdeaLab, more than 311 new companies have been created, leading to 40 successful IPOs and acquisitions. Pasadena sits in the heart of a region that files the most patents in the U.S. outside of the Silicon Valley.

MULTIFAMILY HOUSING

MULTIFAMILY MARKET

Pasadena is one of the strongest residential markets in Los Angeles, rivaling only the beach communities as the choice region for millennials, executives and young families. The Pasadena multifamily market experiences some of the lowest vacancies and highest rental rates in the City, driven by the limited new supply, rapidly improving demographics and improving access to mass transit.

There are 30 market rate multifamily communities with over 100 units located in Pasadena. Pasadena is an extremely supply constrained market, largely the result of the City's restrictive zoning and limited available development sites. As a result, only 14% of the existing multifamily inventory was delivered after 2010. The newer inventory in Pasadena achieves a significant premium in achievable rent compared to the overall market, upwards of 25%. The General Plan was approved in August 2015 and increased the allowable rental units and refocused the City's residential development around Transit Villages, near the Metro Gold Line stations.

- Pasadena multifamily rents have risen approximately 27% since 2010.
- Pasadena's current multifamily market occupancy is 98%, the highest in the Tri-Cities.
- Since 2000, over 4,000 new residential units have been completed and absorbed in Pasadena.



LOCAL ECONOMY



ECONOMY

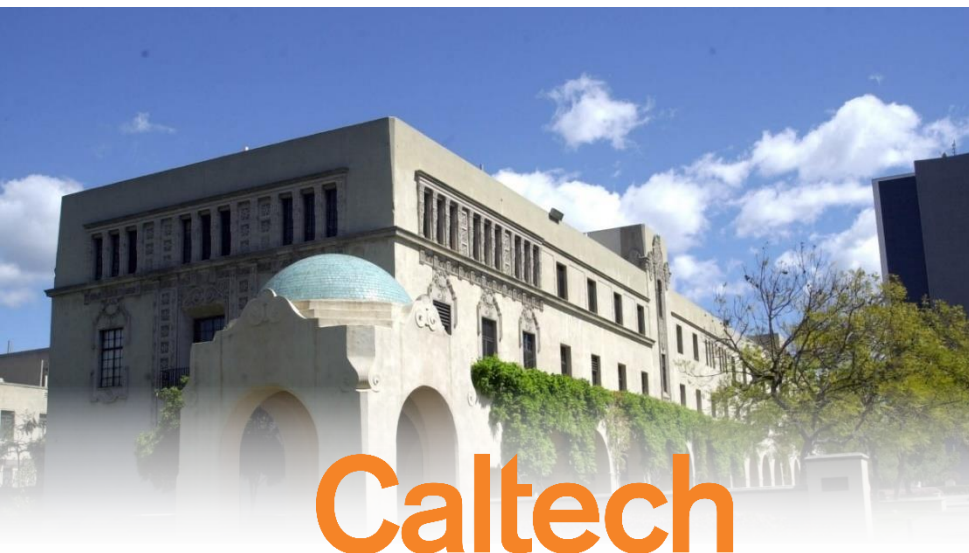
Pasadena has a population of nearly 140,000 people and benefits from a unique combination of sophisticated charm, culture, and historical ambiance. Pasadena's pro-business tax benefits, no city business taxes, parking taxes or utility taxes, coupled with its central location and excellent freeway and public transportation access offers local businesses the ability to draw from an enormous and diverse labor base while providing local residents easy access to amenities in Downtown Los Angeles and the surrounding markets. Initially one of Los Angeles' first suburbs, Pasadena has become a thriving 24/7 urban center where residents can live, work and play in one of the most dynamic markets in Southern California. Since 2010 Pasadena has made significant employment gains, primarily in the medical engineering, technology and financial fields.

#	PASADENA TOP EMPLOYERS	# OF EMPLOYEES
1	Jet Propulsion Laboratory	5,029
2	Kaiser Permanente	4,760
3	California Institute of Technology	3,900
4	Huntington Hospital	3,200
5	Pasadena Unified School District	3,000
6	AT&T	2,525
7	City of Pasadena	2,179
8	Pasadena City College	1,500

ACADEMIC PROFILE

ACADEMIC PROFILE

THE CALIFORNIA INSTITUTE OF TECHNOLOGY: The California Institute of Technology, or Caltech, was founded in 1891 and is a private research university in Pasadena located on a 124 acre campus. Caltech has six academic divisions with strong emphasis on science and engineering, managing \$332 million in 2011 in sponsored research. Caltech is frequently cited as one of the world's best universities. 33 Caltech alumni and faculty have won a total of 34 Nobel Prizes (Linus Pauling being the only individual in history to win two unshared prizes) and 71 have won the United States National Medal of Science or Technology. Given its Los Angeles area location, the grounds of the Institute are often host to short scenes in movies and television. The Athenaeum dining club appears in the Beverly Hills Cop series, The X-Files, True Romance, and The West Wing.



PASADENA EDUCATION: Pasadena has a multifaceted inventory of world class educational and research institutions such as the California Institute of Technology (2,255 students), Art Center College of Design (2,042 students), Fuller Theological Seminary (4,052 students), Pasadena City College (29,536 students), Pacific Oaks College (482 students) and other private schools. Each institution complements current and emerging economic trends to produce a rich source of skilled labor capable of pursuing highly specialized occupations and business ventures. A healthy economic environment that supports these institutions will continue to elevate Pasadena's advantage over other cities in the region.

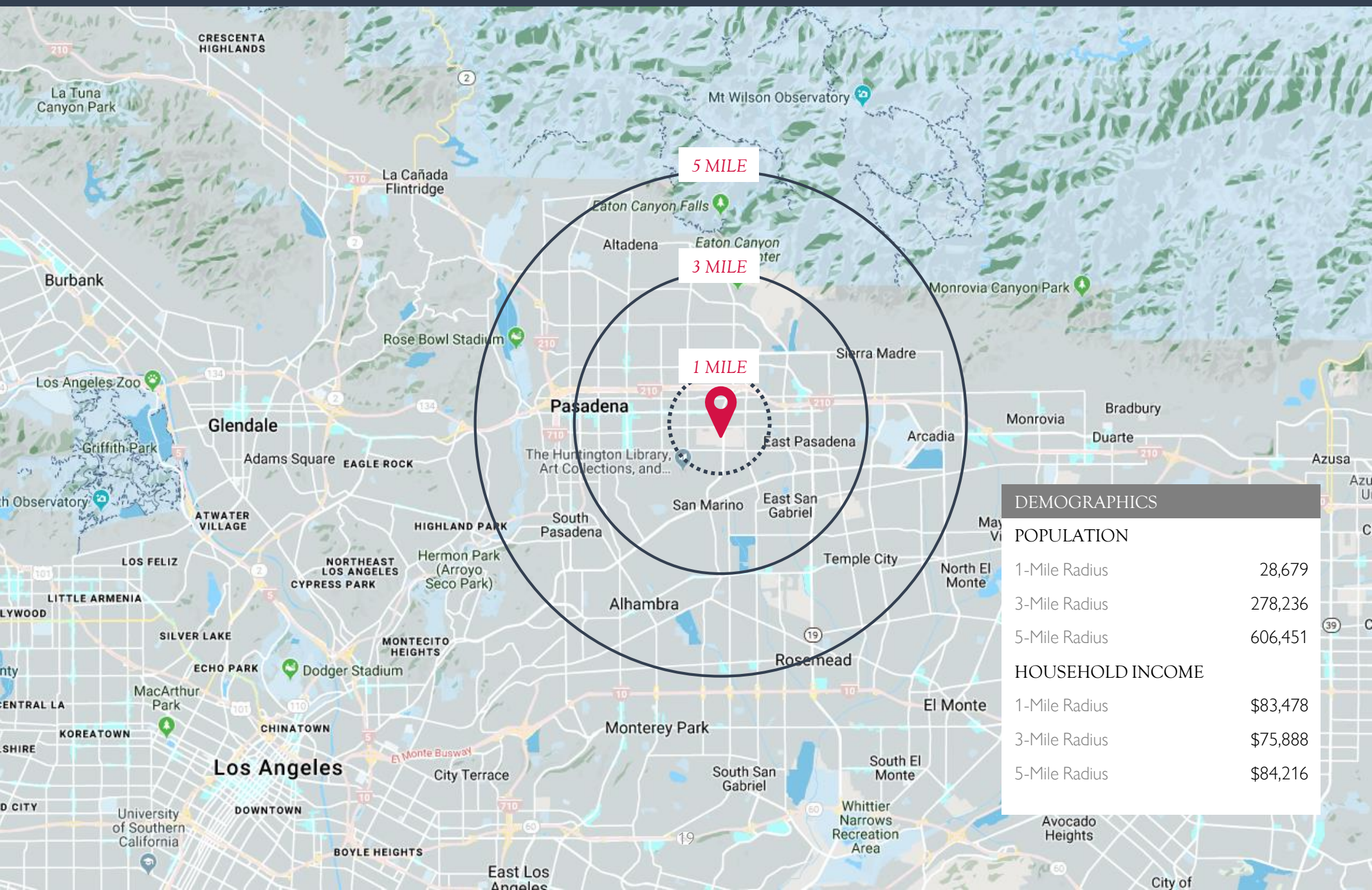
ART CENTER COLLEGE OF DESIGN: Located in the San Rafael Hills and overlooking the Rose Bowl, the internationally recognized Art Center College of Design is a leader in exploring the digital and new-media frontier. An independent, nonprofit four-year college, Art Center offers degrees in Advertising, Graphic Design, Illustration, Photography, Product Design, Transportation Design, Fine Art, Design, New Media and Critical Theory. The college was founded in 1930 and has an enrollment of 1,200 full-time students.

DEMOGRAPHICS



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DEMOGRAPHICS

POPULATION

1-Mile Radius	28,679
3-Mile Radius	278,236
5-Mile Radius	606,451

HOUSEHOLD INCOME

1-Mile Radius	\$83,478
3-Mile Radius	\$75,888
5-Mile Radius	\$84,216

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