

OFFERING MEMORANDUM

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SIERRA MADRE APARTMENTS EAST

410 S. SIERRA MADRE BOULEVARD
PASADENA, CA 91107



FIRST TIME ON MARKET IN 32 YEARS

CONFIDENTIALITY AGREEMENT

410 S. SIERRA MADRE BOULEVARD, PASADENA, CA 91107

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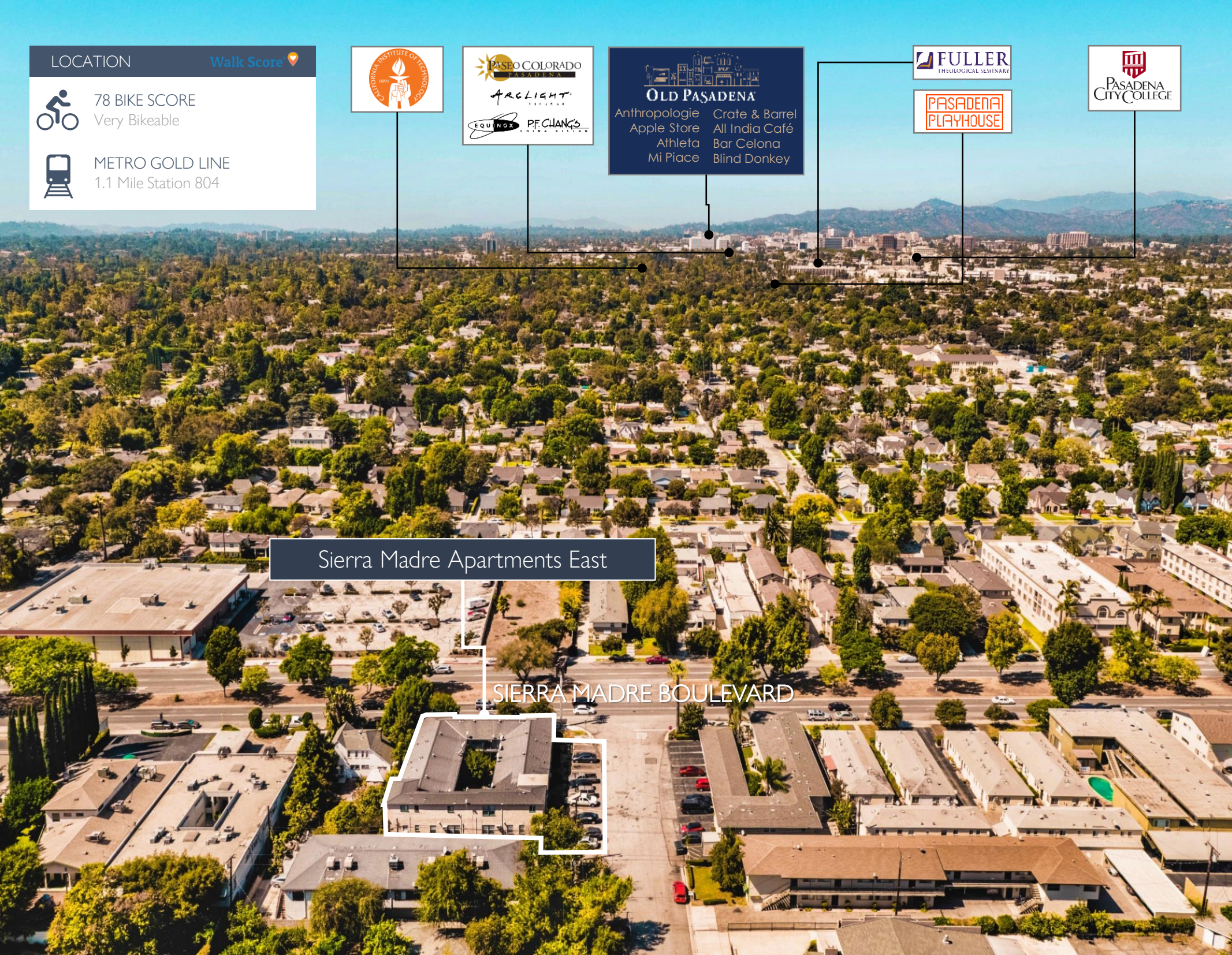
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LOCATION Walk Score 

 78 BIKE SCORE
Very Bikeable

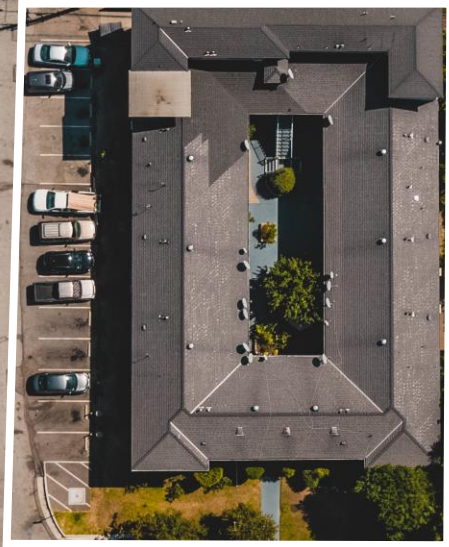
 METRO GOLD LINE
1.1 Mile Station 804



Sierra Madre Apartments East



SIERRA MADRE BOULEVARD



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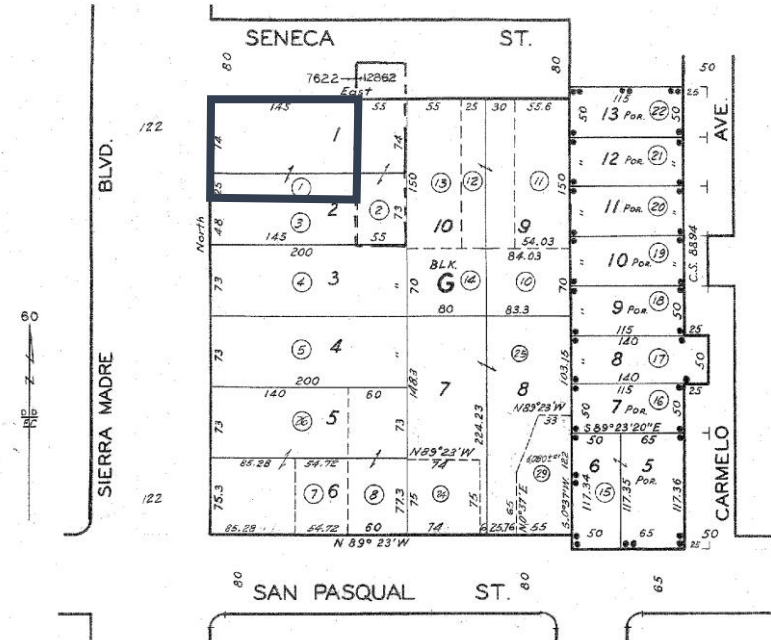
SECTION 1

410 S. SIERRA MADRE BOULEVARD, PASADENA, CA 91107

Executive Summary

Address	410 S. Sierra Madre Boulevard, Pasadena CA 91107
APN	5330-004-001
Number of Units	21 + 1 Non-Conforming 1/1 Unit
Building Size	14,674 SF
Lot Size	14,195 SF
Year Built	1947
Unit Mix	17-1/1 ♦ 4-2/1
Construction	Wood Frame & Stucco
Metering	Individual Gas & Electric (* Except Unit #30 & Non-Conforming Unit)
Parking	15 Open Spaces

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



EXECUTIVE SUMMARY





THE OPPORTUNITY

410 S. SIERRA MADRE BOULEVARD, PASADENA, CA 91107



ASSET IN COUNTY AREA OF
PASADENA



23% RENTAL UPSIDE



20 OF 21 UNITS UPGRADED



15 OPEN PARKING SPACES



SAN MARINO ADJACENT

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



DESCRIPTION

410 S. SIERRA MADRE BOULEVARD, PASADENA, CA 91107

Sierra Madre Apartments East is a very well-maintained 21 unit + 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:

- 6 1 Bed / 1 Bath 615 SF (Approx.) (No Parking)
- 8 1 Bed / 1 Bath 615 SF (Approx.)
- 3 1 Bed /1 Bath 690 SF (Approx.)
- 4 2 Bed /1 Bath 815 SF (Approx.)

The building is a 2-story / 3-story, garden-style walk-up building, with a raised foundation and a pitched composition shingled roof. There is an on-site laundry room with two washers plus two dryers owned by the building. Parking features a total of 15 uncovered parking spaces on the north side of the property. Tenants can also park on the street without permits, since the property is in unincorporated Los Angeles County.

Utilities: Individual gas and electric (except unit #30 and the non-conforming unit, owner pays all utilities for these two units). Owner pays hot water, water, and trash. There is one, newer, 100-gallon hot water heater.

UNIT AMENITIES

- LAMINATE WOOD FLOORING: LIVING ROOMS, HALLWAYS, BEDROOMS
- TILE FLOORING: DINING ROOMS, KITCHENS, AND BATHROOMS
- NEW CABINETS AND GRANITE COUNTERS IN THE KITCHENS AND NEW FIXTURES THROUGHOUT (EXCEPT UNIT #1, WHICH HAS NOT BEEN UPGRADED)
- KITCHENS HAVE GAS STOVE OVENS, BUILT-IN MICROWAVES, STAINLESS STEEL SINKS AND GARBAGE DISPOSALS
- ALL UNITS HAVE GAS WALL HEATING AND WALL AIR CONDITIONING

PROPERTY PHOTOS

410 S. SIERRA MADRE BOULEVARD, PASADENA, CA 91107



PROPERTY PHOTOS

410 S. SIERRA MADRE BOULEVARD, PASADENA, CA 91107









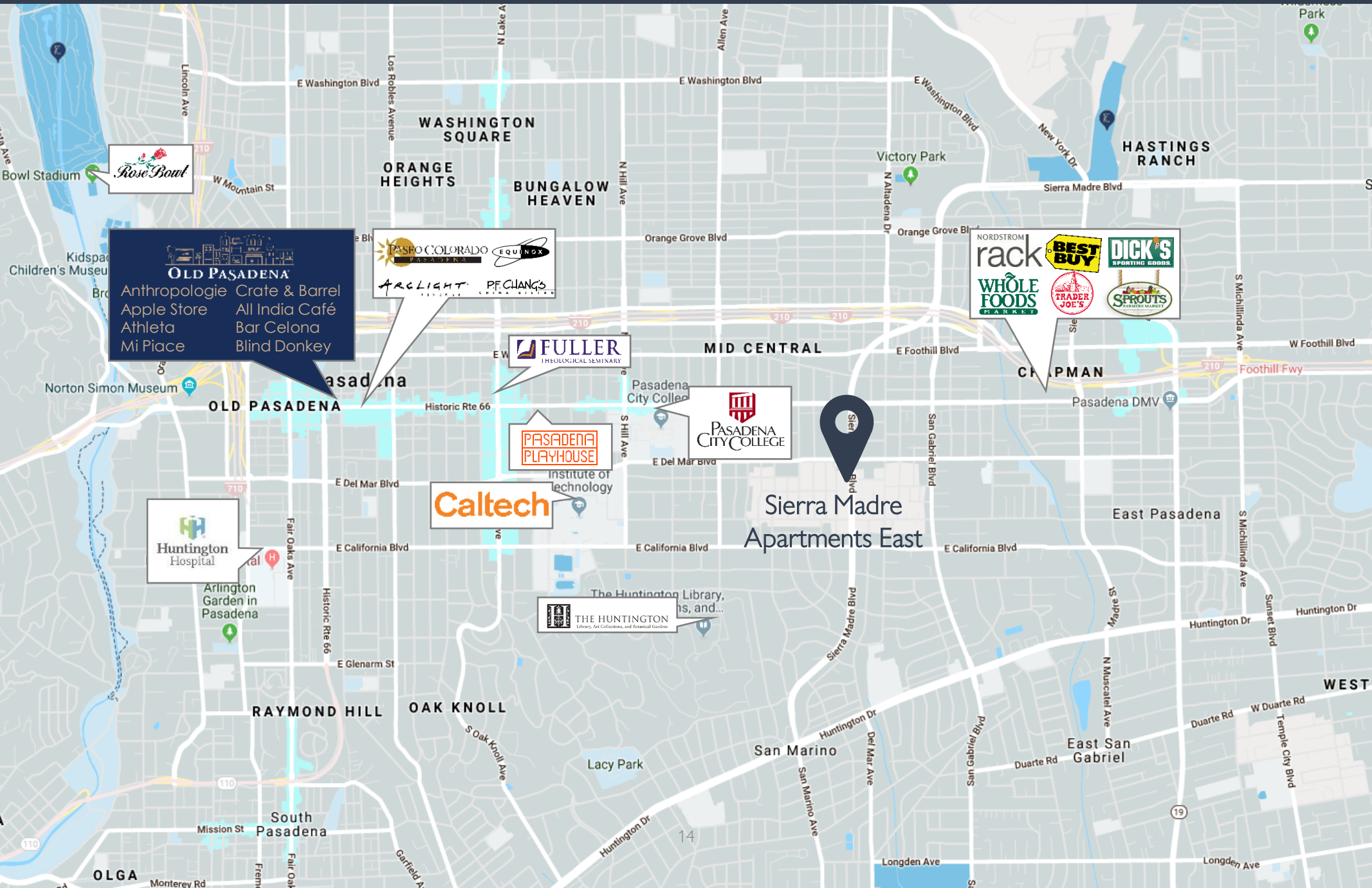
LOCATION MAP

410 S. SIERRA MADRE BOULEVARD, PASADENA, CA 91107



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SECTION 1

410 S. SIERRA MADRE BOULEVARD, PASADENA, CA 91107

Financial Analysis

RENT ROLL

410 S. SIERRA MADRE BOULEVARD, PASADENA, CA 91107

Unit #	Type	Estimated SF	Current Rent	Current Rent/SF	Market Rent	Market Rent/SF	Occupied	Comments
1	2/1	815	\$1,240	\$1.52	\$2,000	\$2.45	Yes	Section 8
2	1/1	615	\$1,440	\$2.34	\$1,800	\$2.93	Yes	
3	1/1	615	\$1,415	\$2.30	\$1,800	\$2.93	Yes	
4	1/1	615	\$1,440	\$2.34	\$1,800	\$2.93	Yes	
5	2/1	815	\$1,600	\$1.96	\$2,000	\$2.45	Yes	
6	1/1	615	\$1,335	\$2.17	\$1,800	\$2.93	Yes	
7	1/1	615	\$1,335	\$2.17	\$1,800	\$2.93	Yes	
8	1/1	615	\$1,800 (1)	\$2.93	\$1,800	\$2.93	Yes	Manager's unit
9	1/1	615	\$1,415	\$2.30	\$1,800	\$2.93	Yes	
10	1/1	690	\$1,505	\$2.18	\$1,850	\$2.68	Yes	
20	2/1	815	\$2,000	\$2.45	\$2,000	\$2.45	No	Vacant
21	1/1	615	\$1,440	\$2.34	\$1,800	\$2.93	Yes	
22	1/1	615	\$1,475	\$2.40	\$1,750	\$2.85	Yes	No parking (3)
23	1/1	615	\$1,435	\$2.33	\$1,750	\$2.85	Yes	No parking (3)
24	2/1	815	\$1,750	\$2.15	\$2,000	\$2.45	Yes	
25	1/1	690	\$1,515	\$2.20	\$1,850	\$2.68	Yes	
26	1/1	615	\$1,475	\$2.40	\$1,750	\$2.85	Yes	No parking (3)
27	1/1	615	\$1,415	\$2.30	\$1,750	\$2.85	Yes	No parking (3)
28	1/1	615	\$1,475	\$2.40	\$1,750	\$2.85	Yes	No parking (3)
29	1/1	690	\$1,550	\$2.25	\$1,850	\$2.68	Yes	
30	1/1	615	\$1,130	\$1.84	\$1,750	\$2.85	Yes	Utilities included. No parking (3)
Total Monthly Rent			\$31,185		\$38,450			
Laundry Income			\$270		\$270			
Non-Conforming Unit (2)			\$1,235		\$1,600			
Total Monthly Income			\$32,690		\$40,320			
Scheduled Gross Income			\$392,280		\$483,840			

Units	Type	Unit SF	Avg Current Rent	Current Rent/SF	Avg Market Rent	Market Rent/SF	Total Units	Occupied Units	Occupancy %
6	1/1	615	\$1,401	\$2.28	\$1,750	\$2.85	20	21	95%
8	1/1	615	\$1,453	\$2.36	\$1,800	\$2.93			
3	1/1	690	\$1,523	\$2.21	\$1,850	\$2.68			
4	2/1	815	\$1,648	\$2.02	\$2,000	\$2.45			

(1) Manager pays \$200/month in rent. The market rent for this unit is \$1800. Manager's compensation is estimated as the difference of \$1600/month or \$19,200/year.

(2) Non-conforming unit is a 1 Bed/1 Bath, Owner Pays all Utilities

(3) 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

410 S. SIERRA MADRE BOULEVARD, PASADENA, CA 91107

PRICING

Price	\$5,200,000
Price/Unit	\$247,619
Price/SF	\$354.37

	Current	Market
Cap	4.61%	6.21%
GRM	13.26	10.75

FINANCING

Down Payment	50%	\$2,600,000
Loan to Value	50%	\$2,600,000
Amort Years		30
Interest Rate		4.50%
Payments		(\$13,174)

EXPENSES	Current	Market
Total	\$140,668	\$146,161
Total/Unit	\$6,698	\$6,960
Total/SF	\$9.59	\$9.96

RETURN	Current	Market
NOI	\$239,844	\$323,163
Less Debt	(158,086)	(158,086)
Cash Flow	\$81,758	\$165,078
Cash/Cash	3.14%	6.35%

Units	Type	Estimated Unit SF	Avg Current Rent	Current Rent/SF	Total Rent	Market Rent	Total Market Rent
6	1/1	615	\$1,401	\$2.28	\$8,405	\$1,750	\$10,500
8	1/1	615	\$1,453	\$2.36	\$11,620	\$1,800	\$14,400
3	1/1	690	\$1,523	\$2.21	\$4,570	\$1,850	\$5,550
4	2/1	815	\$1,648	\$2.02	\$6,590	\$2,000	\$8,000

Scheduled Monthly Rent	\$31,185	\$38,450
Laundry	\$270	\$270
Non-Conforming Unit (1 Bed / 1 Bath)	\$1,235	\$1,600
Total Monthly Scheduled Income	\$32,690	\$40,320
Scheduled Gross Income	\$392,280	\$483,840
Less Vacancy	3%	\$11,768
Gross Operating Income	\$380,512	\$469,325

Expenses		Current	Market
Real Estate Taxes	1.117155%	\$58,092	\$58,092
Direct Assessments	(Actual)	\$4,841 (1)	\$4,841 (1)
Gardener	(Actual)	\$2,400	\$2,400
Insurance	(Actual)	\$8,322	\$8,322
On-Site Manager	(\$1600/mo discounted rent)	\$19,200	\$19,200
Gas	(Actual)	\$4,027	\$4,027
Electric	(Actual)	\$8,322	\$8,322
Water/Sewer	(Actual)	\$4,020	\$4,020
Trash	(Actual)	\$4,008	\$4,008
Maintenance & Repairs (Estimated)	6%	\$23,537	\$29,030
Replacements & Reserves	\$175 /unit	\$3,675	\$3,675
License & Permits		\$224	\$224
Total	% of SGI	Total	Total
	36%	\$140,668	\$146,161

(1) The current direct assessments are \$11,115 annually. This includes a sewer bond assessment allocated to the property 18 years ago of \$6,275 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 1

410 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.

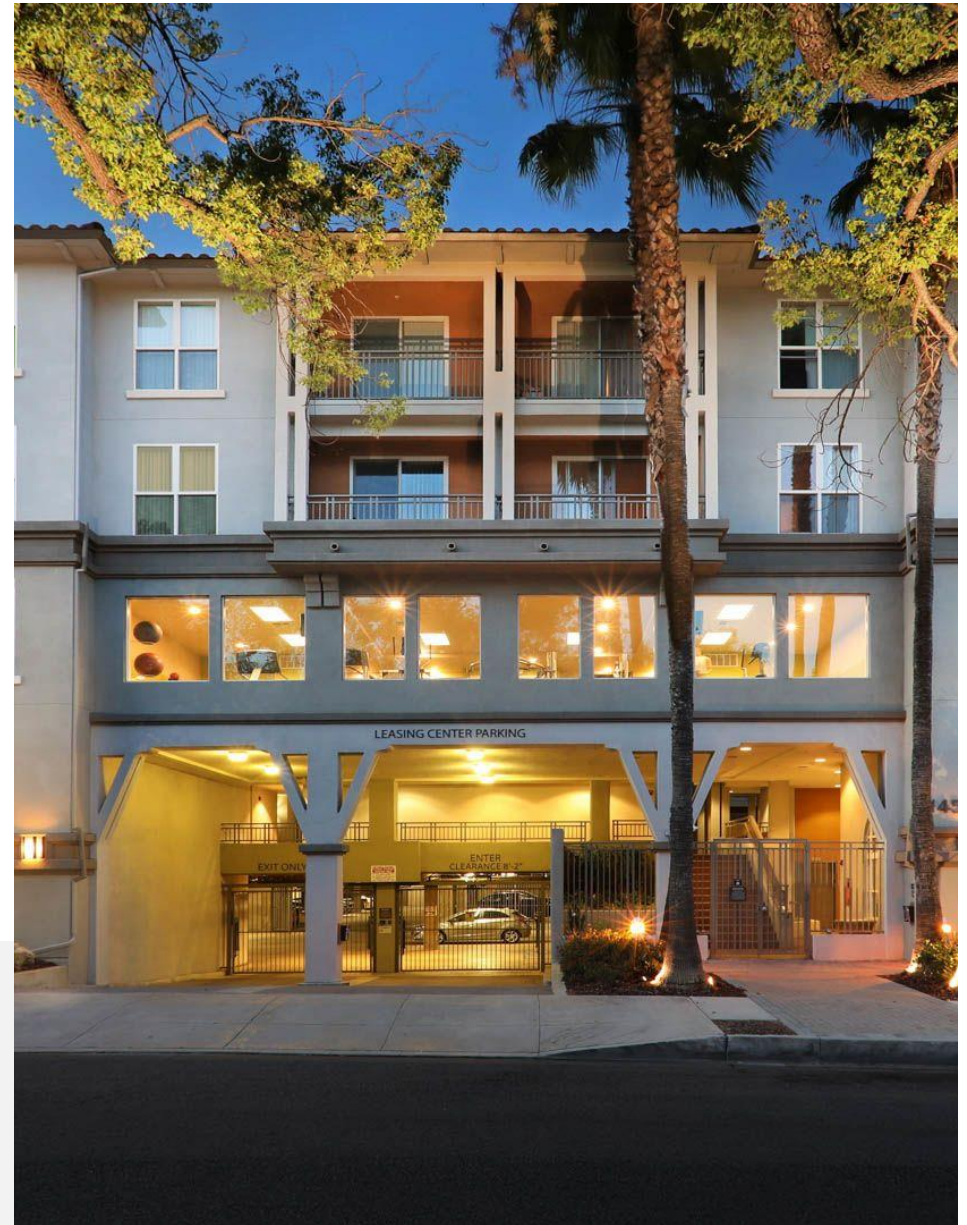
MULTIFAMILY HOUSING

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

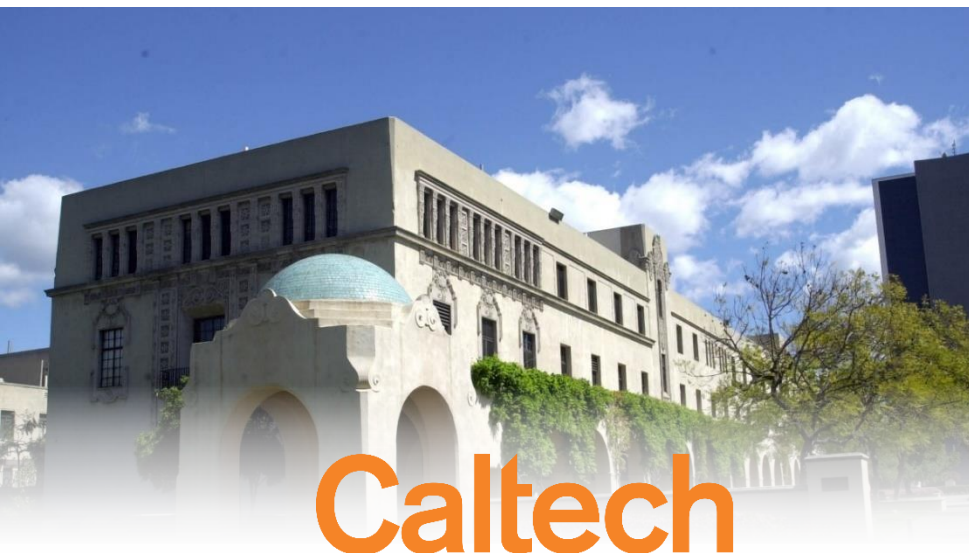
Pasadena has a population of nearly 140,000 people and benefits from a unique combination of sophisticated charm, culture, and historical ambiance. Pasadena's pro-business tax benefits, no city business taxes, parking taxes or utility taxes, coupled with its central location and excellent freeway and 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.

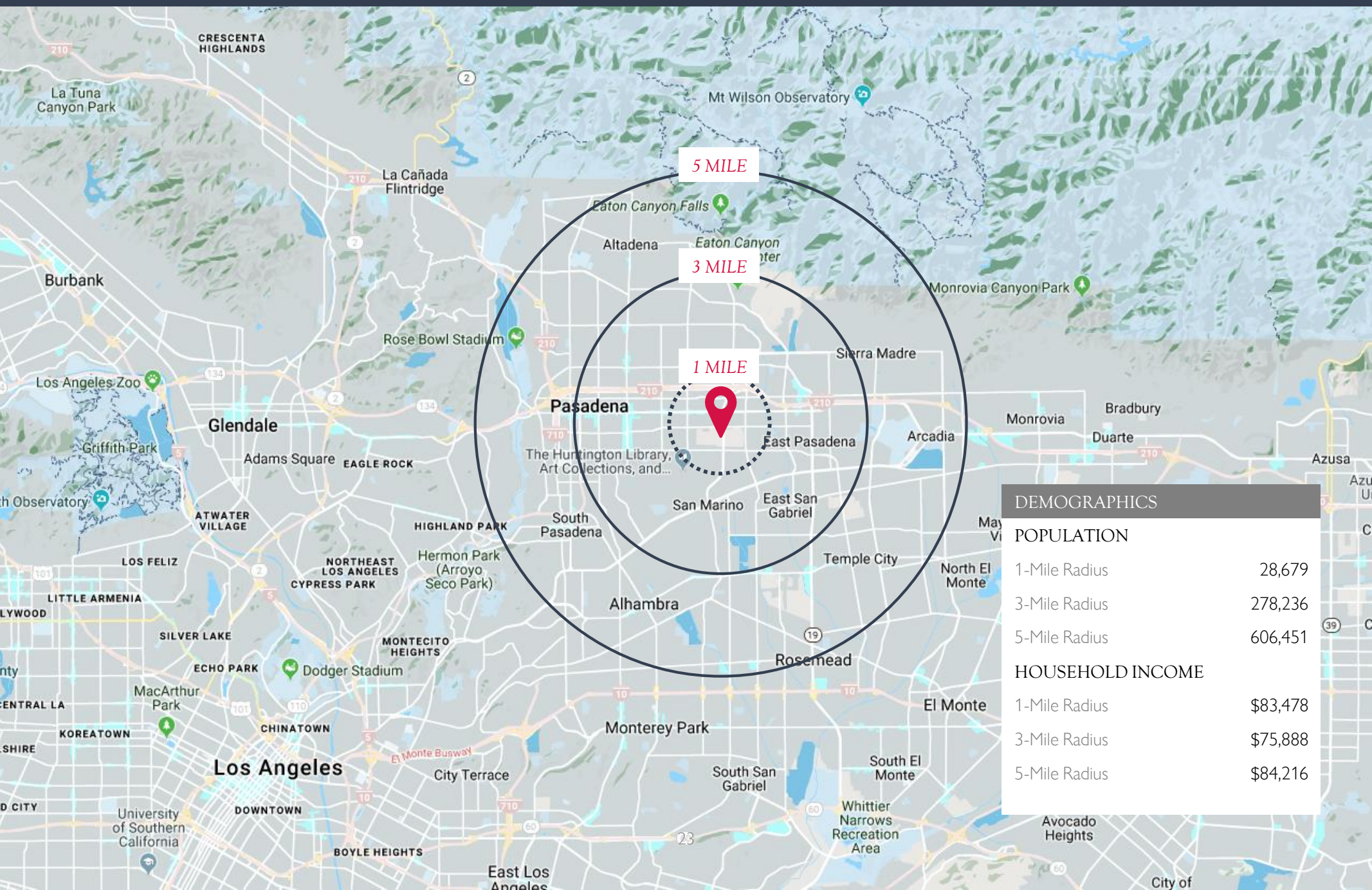
ART CENTER COLLEGE OF DESIGN: Located in the San Rafael Hills and overlooking the Rose Bowl, the internationally recognized Art Center College of Design is a leader in exploring the digital and new-media frontier. An independent, nonprofit four-year college, Art Center offers degrees in Advertising, 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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