

## OFFERING MEMORANDUM

# PRIME MADISON HEIGHTS

642 S. Marengo Avenue, Pasadena CA 91106



BRIDGE | Investment  
Group



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## SECTION 1

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Executive Summary

Amenities

Property Description

Location Maps





## Executive Summary

Property Name	Cottage Court
Address	642 S. Marengo Avenue
City State Zip	Pasadena, CA 91106
APN	5720-027-021
Number of Units	7
Building Size	4,620
Lot Size	18,886
Year Built	1923
Parking	15: 5 carports; 9 open; 1 handicap
Construction	Wood Frame & Stucco
Utilities	Individual Gas & Electric & Hot Water

Bridge Investment Group is pleased to present an opportunity to purchase a 7-unit, bungalow-style apartment complex in a prime Pasadena location. 642 S. Marengo is situated within a short distance to numerous shopping, dining, and entertainment amenities along retail laden Old Pasadena.

Dubbed “Cottage Court”, the subject property was added to the National Register of Historic Places on July 11, 1983. Built in 1923, it consists of seven 2-bed/1-bath detached bungalow apartments surrounding a narrow courtyard. The apartment homes were designed in the Colonial Revival Style featuring gable roofs with wide eaves and recessed porches with supporting columns. There are a total 15 parking spaces: 5 carports, 9 open spaces, and 1 handicap space.



## Amenities

### 7 Freestanding Detached Bungalows

Raised Foundations

Pitched Composition Shingled Roofs

Front & Back Doors

Private Gated Patios (6 of 7)

Covered Front Porches

Individual Gas, Electric, and Hot Water Heaters (Unit # 654 Owner Pays Gas)

Washer/Dryer Hookups in Each Unit

Freestanding Gas Stoves/Ovens

New Hardwood Floors

Ceiling Fans in Each Bedroom

*Two Units (644 & 654) Have Central Air & Heat. The Other 5 Units have Wall A/C and Gas Wall Heating*

*Gated Entrance & Parking. 15 Parking Spaces: 5 Carports; 9 Open Spaces; 1 Handicap Space*

*There is a Non-conforming Unit (Studio/1 Bath) in the Back with a Private Patio. Brand new kitchen, flooring, lighting. Tenant pays electric, owner pays gas.*

*The property is listed on the "National Register of Historic Places", buyer may apply for property tax credits.*

\* The City of Pasadena Historic Property Contract Program was established by ordinance in October 2002 under the authority of a State enabled program known as the Mills Act. Under this act, local governments may enter into historic property contracts with owners of qualifying privately owned historic properties who agree to rehabilitate, restore and/or maintain their property according to the Secretary of Interior Standards. For more information visit: [www.cityofpasadena.net](http://www.cityofpasadena.net)











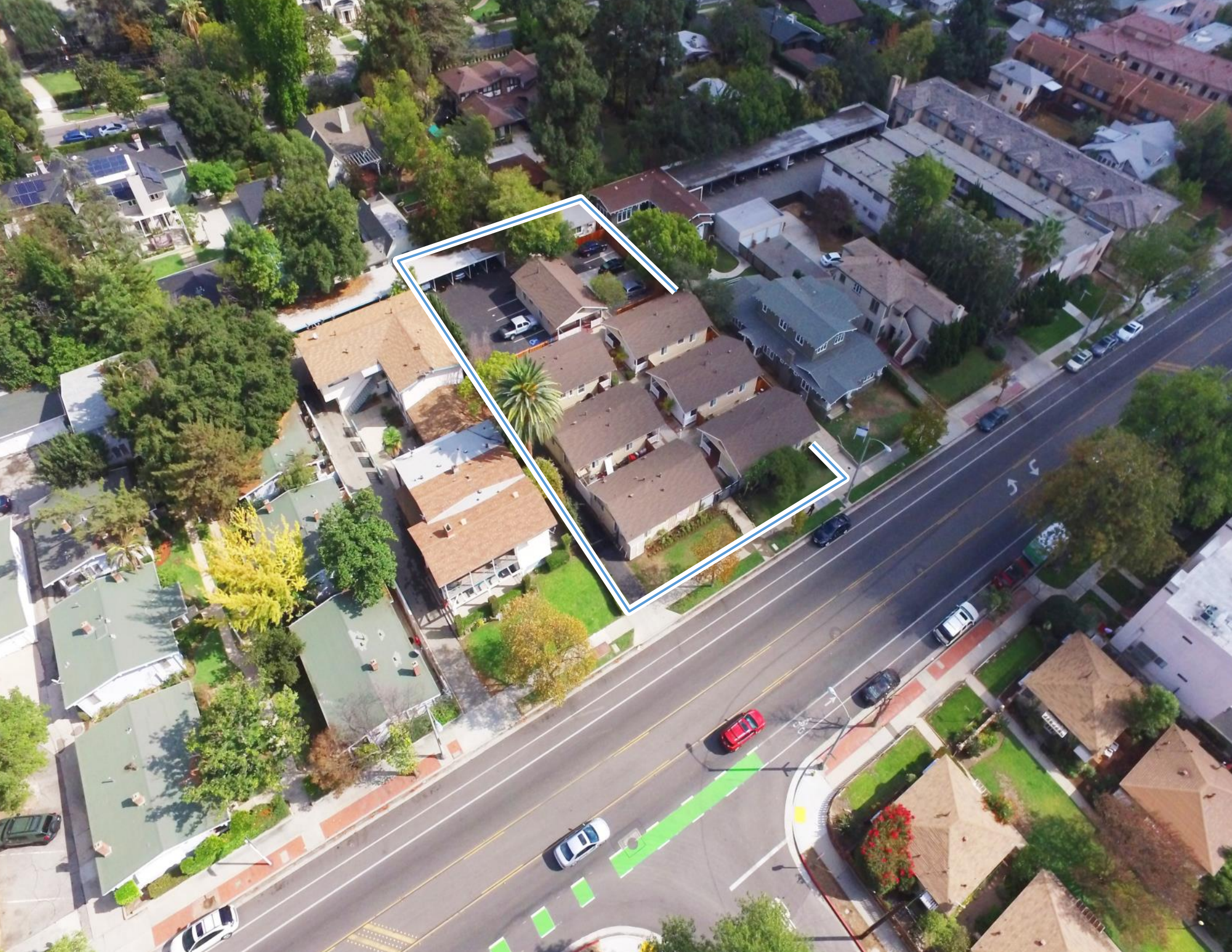




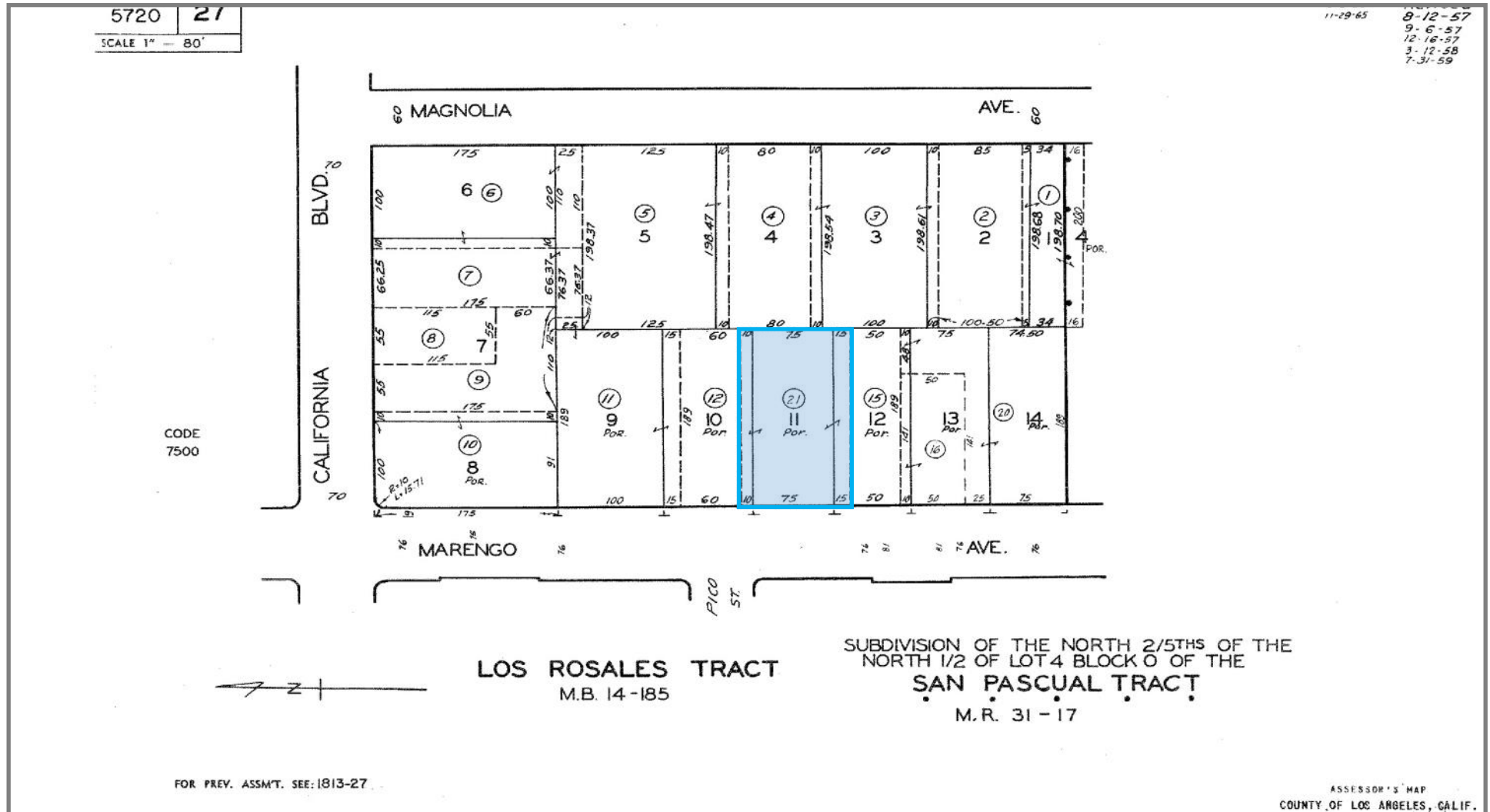
















## THE CITY OF PASADENA

Located in the foothills of the picturesque San Gabriel Mountains, 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





## the real downtown. OLD PASADENA™

Old Town Pasadena is nationally recognized for its vibrant main street revitalization and preserved historic charm. The historic streets and alleyways, rustic brick façades and architectural accents of Pasadena's original business district have come to create a unique and lively entertainment focal point for residents and tourists alike. Physically bound by Walnut Street to the north, Pasadena Avenue to the west, Del Mar Boulevard to the south and Arroyo Parkway to the east, Old Town Pasadena encompasses twenty-two blocks providing access to over 120 restaurants, shops, and entertainment venues, 35 specialty retail stores, a Courtyard by Marriott Hotel and several other leading attractions. Old Town Pasadena offers an extraordinary opportunity to live, work and play in an exciting, urban setting featuring an authentic downtown experience.



## SECTION 2

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Investment Summary

Financial Analysis

Rent Roll

Unit #	Type	Estimated SF	Current Rent	Current Rent/SF	Market Rent	Market Rent/SF	Occupied	Comments
642	2/1	635	\$2,200	\$3.46	\$2,500	\$3.94	Yes	
644	2/1	635	\$2,200	\$3.46	\$2,500	\$3.94	Yes	Central A/C
646	2/1	635	\$2,200	\$3.46	\$2,500	\$3.94	Yes	
648	2/1	635	\$2,200	\$3.46	\$2,500	\$3.94	Yes	
650	2/1	635	\$2,500	\$3.94	\$2,500	\$3.94	Yes	
652	2/1	635	\$2,200	\$3.46	\$2,500	\$3.94	Yes	
654	2/1	635	\$2,500	\$3.94	\$2,500	\$3.94	Yes	Central A/C, front porch only, no gated patio. Owner pays for gas.
Total Monthly Rent			\$16,000		\$17,500			
Non-Conforming Unit			\$1,300 (1)		\$1,500 (2)			
Total Monthly Income			\$17,300		\$19,000			
Scheduled Gross Income			\$207,600		\$228,000			

Units	Type	Unit SF	Avg Current Rent	Current Rent/SF	Avg Market Rent	Market Rent/SF	Total Units	Occupied Units	Occupancy %
7	2/1	635	\$2,286	\$3.60	\$2,500	\$3.94	7	7	100%

(1) Non-conforming unit, studio/1 bath. Tenant pays for electricity, owner pays for gas.  
 (2) Estimated market rent for non-conforming unit.

All information furnished regarding property for sale, rental or financing is from sources deemed reliable, but no warranty or representation is made to the accuracy thereof and same is submitted subject to errors, omissions, change of price, rental or other conditions, prior sale, lease or financing or withdrawal without notice. No liability of any kind is to be imposed on the broker herein.





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Pricing	Price	\$/Unit	\$/SF	GRM	CAP	Market GRM	Market CAP
	<b>\$3,200,000</b>	<b>\$457,143</b>	<b>\$692.64</b>	<b>15.41</b>	<b>4.21%</b>	<b>14.04</b>	<b>4.78%</b>

Financing	Down Payment	Loan to Value	Amort Years	Interest	Payments
	<b>\$1,525,000</b>	<b>48%</b>	<b>\$1,675,000</b>	<b>52%</b>	<b>30</b>
				<b>4.25%</b>	<b>(\$8,240)</b>

Units	Type	Estimated Unit SF	Avg Current Rent	Current Rent/SF	Total Rent	Market Rent	Total Market Rent
7	2/1	635	\$2,286	\$3.60	\$16,000	\$2,500	\$17,500

<b>Scheduled Monthly Rent</b>	<b>\$16,000</b>	<b>\$17,500</b>
Non-Conforming Unit	\$1,300	\$1,500
<b>Total Monthly Scheduled Income</b>	<b>\$17,300</b>	<b>\$19,000</b>
<b>Scheduled Gross Income</b>	<b>\$207,600</b>	<b>\$228,000</b>
Less Vacancy	3%	\$6,228
<b>Gross Operating Income</b>	<b>\$201,372</b>	<b>\$221,160</b>

Expenses	Current	Market
Real Estate Taxes	1.123901%	\$35,965
Direct Assessments		\$1,285
Insurance	(Abernathy Insurance Quote)	\$2,667
Utilities	(Estimated)	\$4,800
Trash	(Estimated)	\$2,100
Maintenance & Repairs	(Estimated) 8% SGI	\$16,608
Reserves	\$200 /unit/year	\$1,400
Landscaping	(Estimated)	\$1,800
<b>Total</b>	<b>% of SGI</b>	<b>Total</b>
	32%	\$66,625
	<b>\$14.42</b>	<b>\$9,518</b>
		<b>\$68,257</b>

Return	Current NOI	Mkt NOI	Less Debt	Cash Flow	Mkt Cash Flow	Cash/Cash	Mkt Cash/Cash
	<b>\$134,747</b>	<b>\$152,903</b>	<b>(\$98,880)</b>	<b>\$35,867</b>	<b>\$54,023</b>	<b>2.35%</b>	<b>3.54%</b>

642 S Marengo Ave, Pasadena 91106

## Summary



Units: 7  
Year Built: 1923  
Gross SF: 4,620  
Land SF: 18,886  
Parcel #: 5720-027-021  
Const.: Wood Frame & Stucco  
Metering: Individual Gas & Electric & Hot Water  
Parking: 15: 5 carports; 9 open; 1 handicap



## SECTION 3

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### Sales Comparables

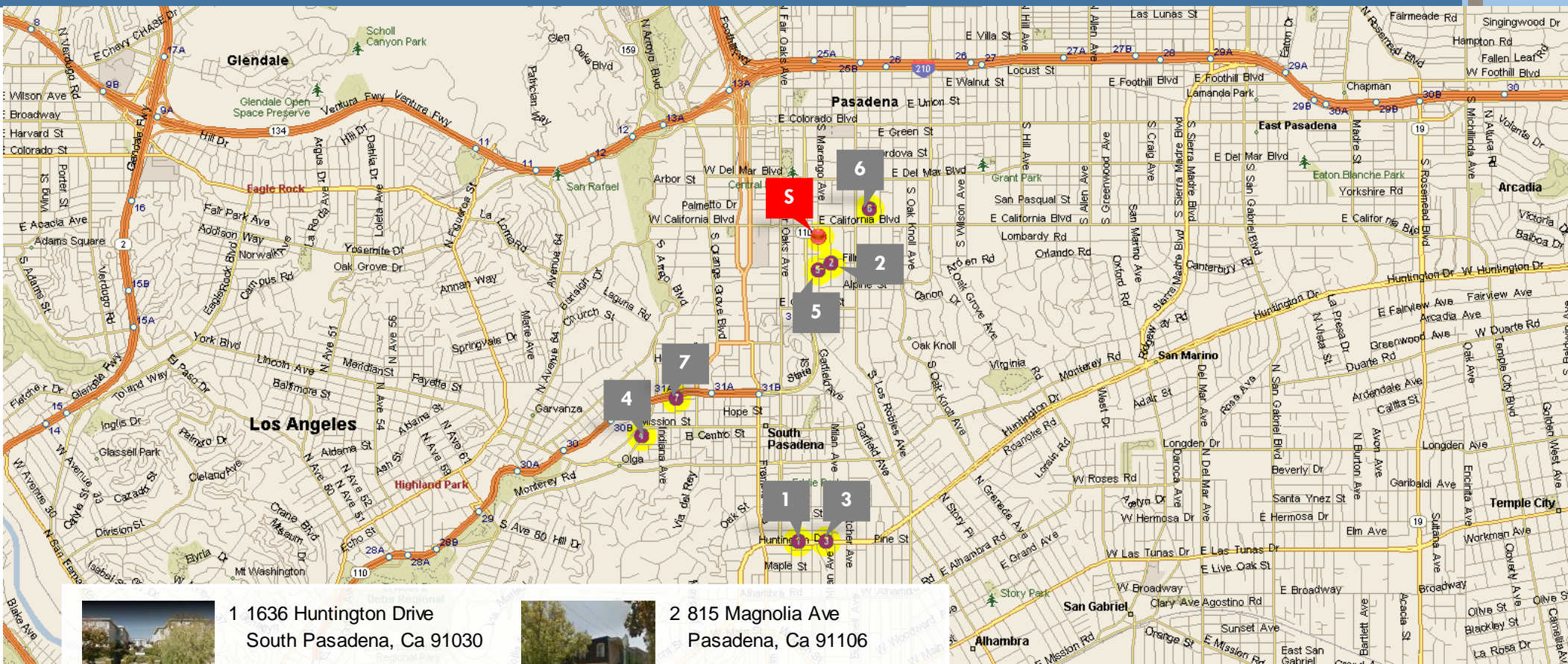


Address & Total Units	Unit Mix	Built	Sale Date	Price	Price/Unit	Price/SF	Cap Rate	GRM
1 1636 Huntington Drive South Pasadena, Ca 91030 Total Units 12	8 - 1/1 4 - 2/1	1950	07/21/16	\$4,225,000	\$352,083	\$382.15	2.77%	20.83
2 815 Magnolia Ave Pasadena, Ca 91106 Total Units 6	1 - 2/2 5 - 3/2	1968	07/20/16	\$2,500,000	\$416,667	\$385.56	2.67%	20.24
3 1744-1750 Huntington Dr South Pasadena, Ca 91030 Total Units 5	3 - 1/1 2 - 2/1	1940	04/14/16	\$1,700,000	\$340,000	\$389.46	2.48%	20.33
4 350 Pasadena Ave South Pasadena, Ca 91030 Total Units 10	3 - 1/1 7 - 2/1	1954	02/12/16	\$3,530,000	\$353,000	\$339.39	2.78%	20.78
5 844 S Marengo Ave Pasadena, Ca 91106 Total Units 7	3 - 1/1 1 - 2/1 2 - 2/1.5 1 - 3/1.5	1966	12/21/15	\$2,125,000	\$303,571	\$333.28	N/A	N/A
6 491-497 S. Oakland Ave Pasadena, Ca 91101 Total Units 9	5 - 1/1 2 - 2/1 1 - 2/1.5 1 - 2/2	1941	12/15/15	\$3,200,000	\$355,556	\$323.43	3.00%	18.47
7 617 Charter Oak St South Pasadena, Ca 91030 Total Units 6	5 - 2/1 1 - 3/2	1914	12/04/15	\$2,678,000	\$446,333	\$410.86	3.17%	18.05
<b>Total/Averages</b>					<b>\$366,744</b>	<b>\$366.30</b>	<b>2.81%</b>	<b>19.78</b>
<b>S Cottage Court</b> 642 S Marengo Ave Pasadena, Ca 91106	7 - 2/1	1923	List Price	\$3,200,000	\$457,143	\$692.64	4.21%	15.41



# SALES COMPARABLES

www.bridgeinvestmentgroup.net



**1** 1636 Huntington Drive  
South Pasadena, Ca 91030



**3** 1744-1750 Huntington Dr  
South Pasadena, Ca 91030



**5** 844 S Marengo Ave  
Pasadena, Ca 91106



**7** 617 Charter Oak St  
South Pasadena, Ca 91030



**2** 815 Magnolia Ave  
Pasadena, Ca 91106



**4** 350 Pasadena Ave  
South Pasadena, Ca 91030



**6** 491-497 S. Oakland Ave  
Pasadena, Ca 91101



**S** Cottage Court  
642 S. Marengo Avenue  
Pasadena, CA 91106



## SECTION 4

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Location Overview

Location Description

Demographics





## Industries

While Pasadena is synonymous with the Tournament of Roses Parade and the Rose Bowl game, it is also home to dozens of renowned technology companies, including NASA's Jet Propulsion Laboratory, which is managed by the California Institute of Technology.

Moreover, Pasadena possesses a broad and dynamic economic base that includes noted cultural, scientific, and educational institutions, and popular shopping and dining establishments that attract visitors from throughout the Los Angeles region.

Home to a mix of public and private research interests, Pasadena has emerged as one of California's most innovative technology areas. In recent years, the City of Pasadena has increased efforts to encourage the growth of local technology companies through tax incentives and waivers and the creation of enterprise zones.

## Amenities

Pasadena is rich with amenities of local, national, and international stature. From the Pasadena Museum of California Art to the Norton Simon, to educational institutions such as Caltech and Art Center College of Design, doing business in the City of Pasadena is rewarding on many levels of commercial traffic in the City. Pasadena is home to more restaurants per capita than New York City, as reported by the Los

## Pasadena, CA

Located approximately ten miles from downtown Los Angeles and 25 miles inland from the Pacific Ocean, the city of Pasadena is the sixth-largest city in Los Angeles County, and serves as the main cultural center of the San Gabriel Valley.

## Location Overview

City Population	137,122
Labor Force	77,800
Median Household Income	70,845
Median Home Sales Price	738,000



## Location Overview

City Population	137,122
Labor Force	77,800
Median Household Income	70,845
Median Home Sales Price	738,000

## Amenities & Landmarks

Amenity	Established
Pasadena Rose Bowl	1922
Norton Simon Museum	1969
Pasadena Museum of History	1924
Pasadena Museum of Californ	2002
Armory Center for the Arts	1989
Huntington Library & Botanical	1919
Kidspace Children's Museum	1979
Old Town Pasadena	1902

## Airports

Airport	Annual Passengers
Bob Hope Airport	3,943,629
Los Angeles International Airp	74,936,256
LA/Ontario International Airpor	4,209,311
Long Beach Airport	2,523,686
John Wayne Airport	10,180,258





★ 642 S. Marengo is located less than 1-mile from the Del Mar Station



Gold Line Phase I began operations in 2003 connecting Pasadena to South Pasadena and Union Station, Downtown Los Angeles. Today's daily ridership of tens of thousands of people use the Gold Line to travel to work, school, entertainment and shopping. The Station at Memorial Park provides riders a convenient 28-minute, traffic free ride to Downtown Los Angeles, which further connects to all major destinations in LA County including Santa Monica through the soon-to-be completed Expo Line Phase II and Beverly Hills through the Purple Line (completion date estimated at 2026). The Foothill Gold Line extension, with initial service from Pasadena to Azusa is expected to commence in early 2016 and will eventually provide rail connectivity through the San Gabriel Valley upon completion of a subsequent phase from Azusa to Montclair.





## The California Institute of Technology

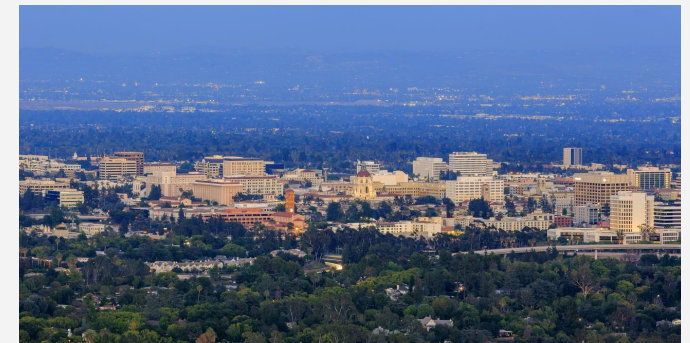
The California Institute of Technology, or Caltech, was founded in 1891 and is a private research university in Pasadena located on a 124 acre campus. Caltech has six academic divisions with strong emphasis on science and engineering, managing \$332 million in 2011 in sponsored research. Caltech is frequently 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.



**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.

## 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.







## Pasadena 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 Projects with Over 100 Units

Total Existing Units	5,841
Number of Units Under Construction	885
Vacancy Rate	2.72%
Average Rent/SF	\$2.72
Number of Units Delivered after 2000	4,025
Number of Units Delivered after 2010	820

### Market Snapshot

Pasadena multifamily rents have risen approximately 27% since 2010.

Pasadena's current multifamily market occupancy is 98%, the highest in the Tri-Cities.

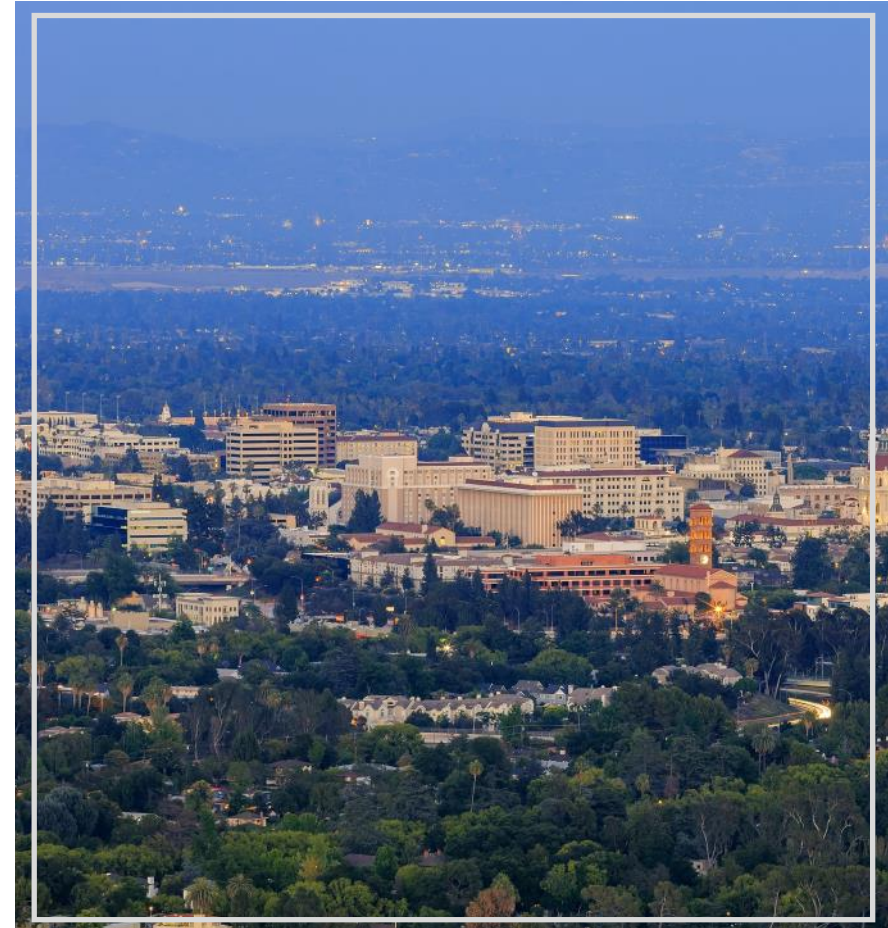
Since 2000, over 4,000 new residential units have been completed and absorbed in Pasadena.

Demographics		1 mile radius	3 mile radius	5 mile radius
Population	Total Population	23,037	214,433	575,436
	Median Age	37.7	37.2	37.5
	Median Age Male	37.8	36.3	36.4
	Median Age Female	37.9	38.0	38.6

		1 mile radius	3 mile radius	5 mile radius
Households	Total Households	11,885	82,580	200,046
	# of Persons per HH	1.9	2.6	2.9
	Average HH Income	\$102,214	\$96,879	\$89,054
	Average House Value	\$736,578	\$735,324	\$652,638

		1 mile radius	3 mile radius	5 mile radius
Diversity	White	67.3%	56.4%	50.0%
	Black	6.4%	7.0%	6.1%
	Asian	19.7%	21.7%	25.9%
	Hawaiian	0.1%	0.2%	0.2%
	Indian	0.4%	0.4%	0.5%
	Other	4.1%	11.1%	14.5%

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PASADENA IS HOME TO SOME OF THE MOST SUCCESSFUL TECHNOLOGY, FINANCE, AND ENGINEERING COMPANIES IN THE WORLD. WITH A HIGHLY EDUCATED WORKFORCE, RETAIL, RESTAURANT, AND CULTURAL VENUES THROUGHOUT, PASADENA OFFERS RESIDENTS THE PERFECT ENVIRONMENT TO LIVE, WORK AND PLAY.



# EMPLOYMENT

Company	Employees
Jet Propulsion Laboratory	5,029
Kaiser Permanente	4,760
California Institute of Technology	3,900
Huntington Hospital	3,200
Pasadena Unified School District	3,000
AT&T	2,525
City of Pasadena	2,179
Pasadena City College	1,500
Bank of America	1,300
Pacific Clinics	1,100

Since 2010 Pasadena has made significant employment gains, primarily in the medical engineering, technology and financial fields. As of the second quarter 2015 Pasadena's unemployment rate stood at 6.5%, one of the lowest in Los Angeles County. Historically Pasadena has outpaced the County significantly, and over the last two decades has maintained an average unemployment rate of under 6.0%

