

# *Santa Monica Commercial Portfolio*



913 Pico Boulevard & 718 Kensington Road, Santa Monica, CA 90405

PRESENTED BY:

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# Portfolio Summary

Lee & Associates is pleased to present this rare opportunity to acquire the fee simple interest in a two-property commercial portfolio located in Santa Monica, California. Comprised of a mixed-use retail/multifamily building located at 913 Pico Boulevard, and a 4-unit apartment building located at 718 Kensington Road, the investment opportunity offers compelling upside in a highly desirable coastal community.

**Asking price: \$5,800,000**

## MIXED-USE COMMERCIAL

913 Pico Blvd., Santa Monica, CA 90405

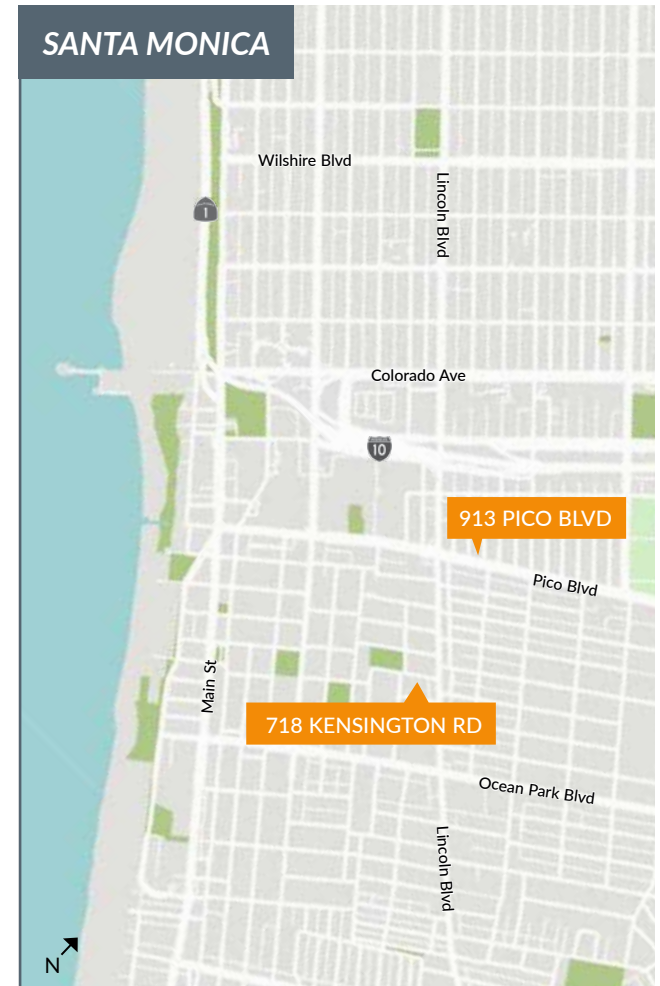
Building Size:	5,083 SF
Land Size:	3,947 SF / 0.09 Ac
Commercial:	2,683 SF*
Apt. Units:	4
Year Built:	1959
Construction:	Masonry
Stories:	2
Building Height:	24'
Parking:	±8 spaces
Zoning:	SMC4
APN:	4283-021-017
Unit Mix:	1 x 0+1 3 x 1+1

\* Rentable commercial space includes built-in garage

## MULTIFAMILY

718 Kensington Rd., Santa Monica, CA 90405

Building Size:	2,850 SF
Land Size:	5,974 SF
Apt. Units:	4
Year Built:	1956
Parking:	8 (4 covered; 4 tandem)
Zoning:	SMOP2
APN:	4287-001-008
Unit Mix:	2 x 1+1 1 x 2+2 1 x 2+1





# 913 Pico Boulevard

Well-located on Pico Boulevard just east of Lincoln and one block south of the I-10 Freeway, this highly visible mixed-use commercial property is 100% leased. Both residential and ground floor retail rents are below market with a projected upside of 14.3%.

The property is near busy national credit tenants such as Walgreens, Starbucks, Fatburger, and Sherwin-Williams Paint as well as popular local brands like Sweet Rose Creamery and Red Rooster Bakery.



**MIXED-USE COMMERCIAL**  
 913 Pico Blvd., Santa Monica, CA 90405

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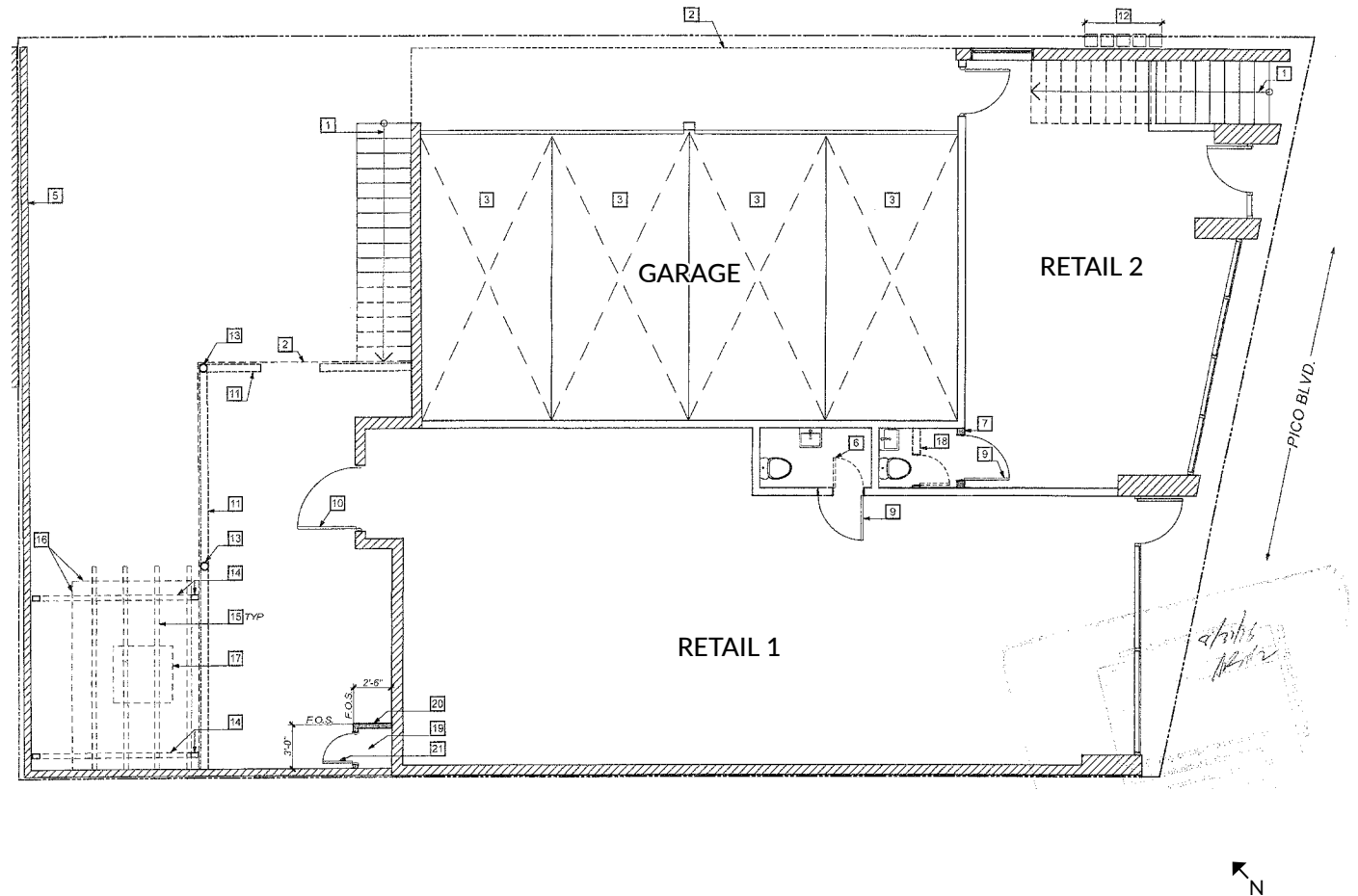
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# 913 Pico Boulevard

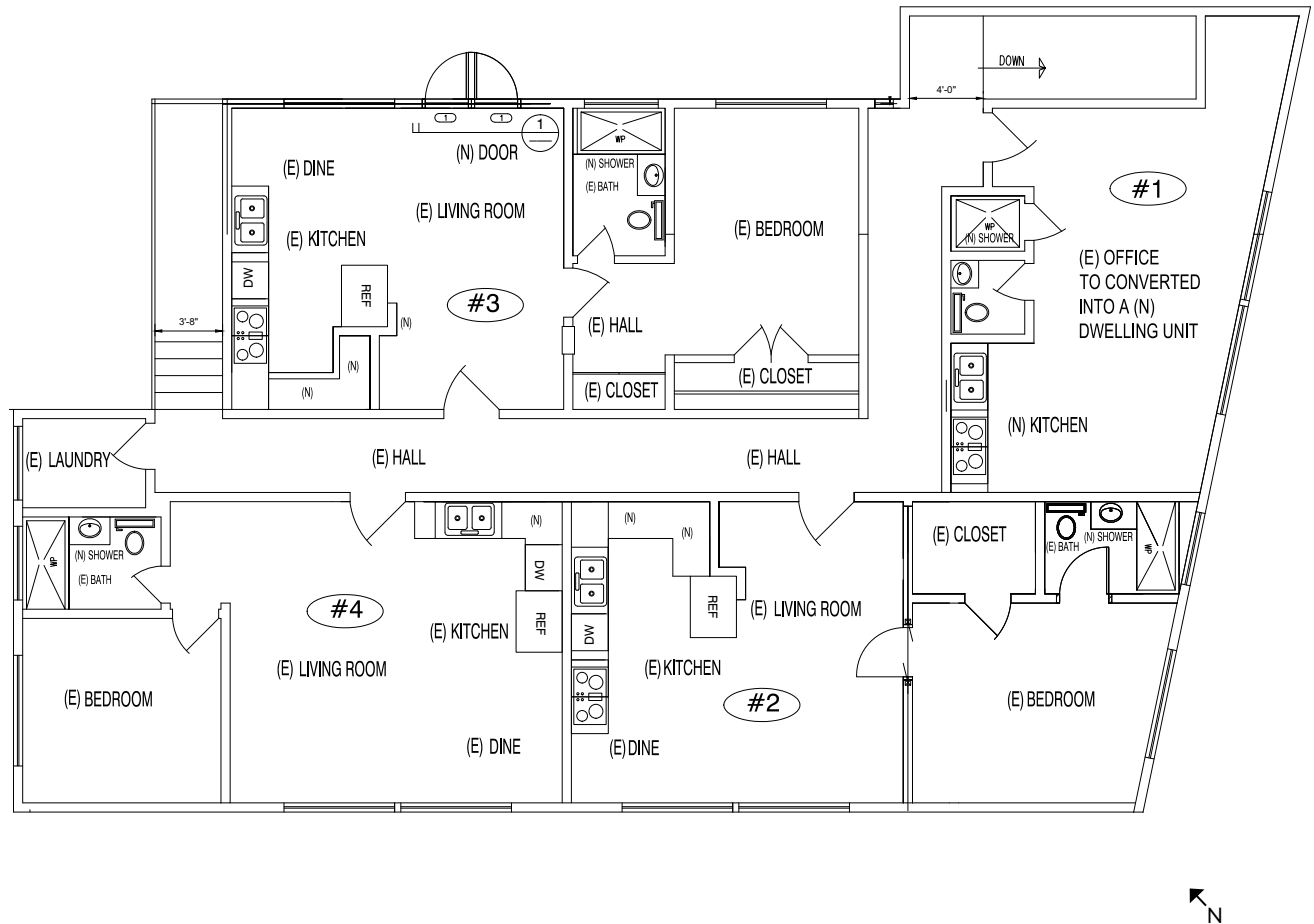
## SITE PLAN: 1ST FLOOR





# 913 Pico Boulevard

## SITE PLAN: 2ND FLOOR





# 913 Pico Boulevard

## RENT ROLL

Unit	Type	Size (SF)	\$/SF	Monthly Rent	Annual Rent
1	0+1Ba	450	\$3.77	\$1,695	\$20,340
2	1Bd+1Ba	650	\$3.23	\$2,100	\$25,200
3	1Bd+1Ba	650	\$3.62	\$2,350	\$28,200
4	1Bd+1Ba	650	\$3.17	\$2,060	\$24,720
911	Retail 1	1,500	\$2.84	\$4,260	\$51,120
913	Retail 2	1,183	\$1.48	\$1,751	\$21,012
Total		5,083		\$14,216	\$170,592
Laundry				\$35.00	\$420.00
Misc Inc.				\$16.67	\$200.04
<b>Total Gross Income</b>				<b>\$14,251</b>	<b>\$171,012</b>

**Note:** Rent roll unit sizes are estimates. Buyers are hereby advised to verify all measurements through their own investigations.





# 913 Pico Boulevard

## INVESTMENT OVERVIEW

<b>Price</b>	<b>\$3,500,000</b>
Price Per Unit	\$583,300
Price Per SF	\$688.57
Cap Rate	3.21%
Pro Forma Cap Rate	3.89%

<b>Property Information</b>			
Building Size	5,083	Parcel	4283-021-017
Lot Size	3,947	Zoning	SMGC
Number of Units	6	Parking	±8
Year Built	1959		

<b>Proposed Financing</b>		
Down Payment	55%	\$1,925,165
Approximate Loan Amount		\$1,575,135
Interest Rate		4.25%
Loan To Value		45.0%
Annual Debt Service		\$92,985
Debt Coverage Ratio		1.21
Pre-Tax Cash Flow	1.01%	\$19,376
Year-1 Principal Reduction		\$26,555
Total Return & Principal Reduction	2.39%	\$45,931
Loan Type	New 7-year fixed loan, 1% loan fee	

### Unit Mix and Rent Schedule

Units	Type	% Mix	Avg. Monthly Rent	Total Rent	Pro Forma Monthly Rent	Projected Upside
1	0+1Ba	16.67%	\$1,695	\$1,695	\$1,900	12.09%
3	1Bd+1Ba	50.00%	\$2,170	\$6,510	\$2,750	26.73%
1	Retail 1	16.67%	\$4,260	\$4,260	\$4,500	5.63%
1	Retail 2	16.67%	\$1,751	\$1,751	\$3,500	99.89%
6		100.00%		\$14,216	\$16,250	14.31%

Income/Expense		Current	Market
<b>Annual Gross Rent</b>	\$14,216 per month	\$170,592	\$195,000
Laundry Income	\$35 per month	\$420	\$420
Other Misc. Income		\$200	\$200
Gross Scheduled Income		\$171,212	\$195,620
Vacancy Factor	2.00%	\$(3,424)	\$(3,912)
Effective Gross Income		\$167,788	\$191,708
<b>Operating Expenses</b>			
New Property Taxes	1.131121%	\$39,589	\$39,589
Direct Assessments		\$938	\$938
Insurance	\$0.52 per SF	\$2,650	\$2,650
Management/Administration	\$165 per month	\$1,978	\$1,978
Registration Fee	\$90 per month	\$1,082	\$1,082
Utilities	\$402 per month	\$4,821	\$4,821
Rubbish	\$275 per quarter	\$1,100	\$1,100
Gardening	\$35 per month	\$418	\$418
Repairs and Maintenance	\$485 per quarter	\$1,938	\$1,938
Reserves and Replacements	\$228 per quarter	\$910	\$910
<b>Total Operating Expenses (32% of GSI)</b>		\$55,424	\$55,424
Expenses Per Unit		\$9,237	\$9,237
Expenses Per SF		\$10.90	\$10.90
<b>Net Operating Income</b>		\$112,364	\$136,284



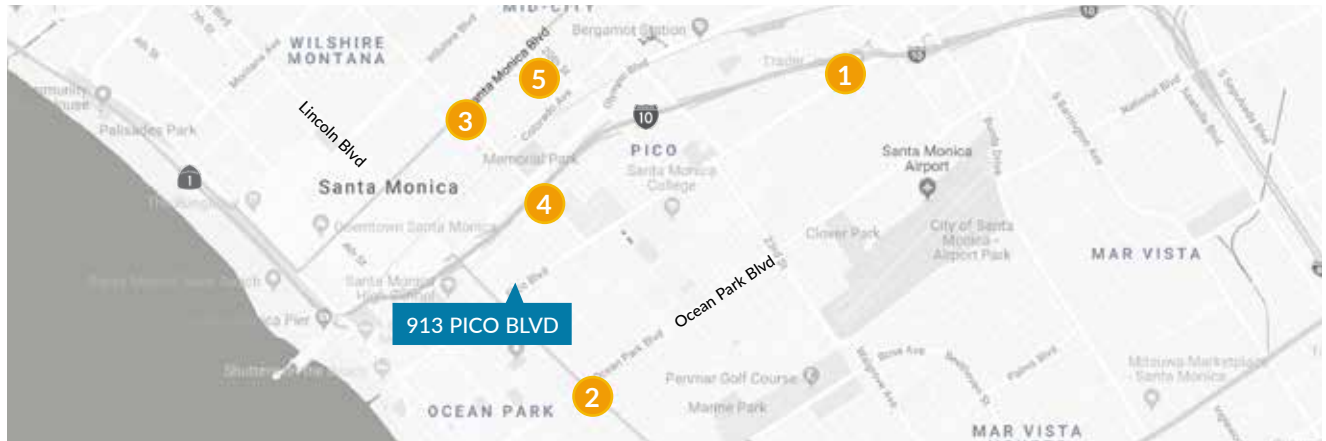


# 913 Pico Boulevard

## SALE COMPARABLES

	SUBJECT	1	2	3	4	5
Address	913 Pico Bl.	3211 Pico Bl.	2632 Lincoln Bl.	1412 14th Street	1762 14th Street	1820 Broadway
Zip	90405	90405	90405	90404	90404	90404
Building Type	Retail/Office	Retail/Office	Retail/Office	Retail/Office	Retail/Auto Repair	Retail/Residential
Stories	2	1	2	1	1	1
Year Built	1959	1959	1979	1969	1952	1954
GBA	5,083	2,500	2,982	3,800	4,520	3,125
Land Area (SF)	3,947	5,227	3,920	7,496	8,995	4,791
Land Area (Ac)	0.09	0.12	0.09	0.17	0.21	0.11
Zoning	SMGC	SMC2	SMC4	SMC4	SMC4	MUBL
Sale Date	TBD	1/18/2019	8/29/2018	8/7/2018	8/1/2018	5/3/2018
Sale Price	\$3,500,000	\$2,259,500	\$2,840,000	\$3,925,000	\$3,676,000	\$2,862,500
Sale Price PSF	\$688.57	\$903.80	\$952.38	\$1,032.89	\$813.27	\$916.00

Comp 1: Owner-user Comp 2: Owner-user Comp 3: Investment Comp 4: Owner-user Comp 5: Owner-user; studio production use. Source: Costar

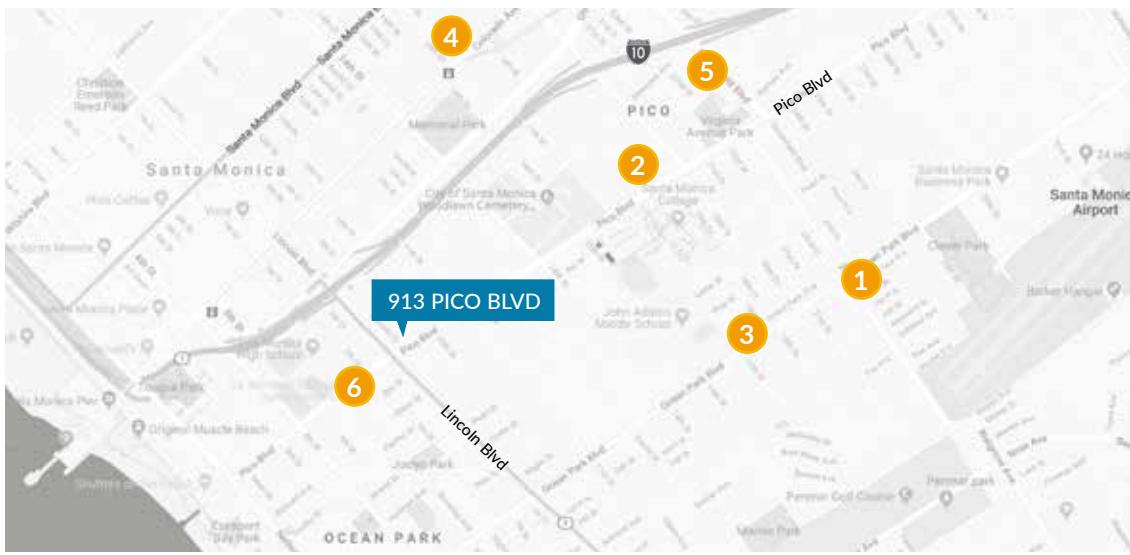




# 913 Pico Boulevard

## MULTIFAMILY RENT SURVEY

	Address	Built	Units	Unit Type	Asking Rent	Size (SF)	\$PSF	Survey Date
1	2310 Ocean Park Boulevard Santa Monica, CA 90405	1952	5	0+1	\$2,095	400	\$5.24	Jan-19
2	2004 19th Street Santa Monica, CA 90404	1954	3	0+1	\$1,695	400	\$4.24	Feb-19
3	1717 Ocean Park Blvd Santa Monica, CA 90404	1954	10	0+1	\$2,325	333	\$6.98	Jan-19
4	1531 17th St Santa Monica, CA 90404	1976	6	1+1	\$2,450	600	\$4.08	Feb-19
5	1940 Cloverfield Boulevard Santa Monica, CA 90404	1948	4	1+1	\$2,695	900	\$2.99	Oct-18
6	1901 6th Street Santa Monica, CA 90405	1969	16	1+1	\$2,845	770	\$3.69	Feb-19

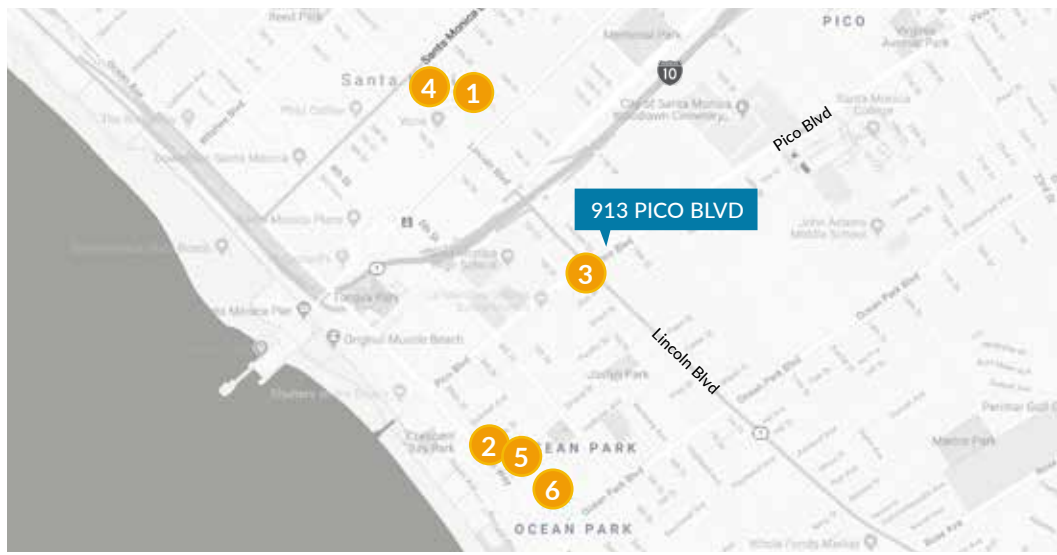




# 913 Pico Boulevard

## RETAIL LEASE COMPARABLES

	1	2	3	4	5	6
Address	902-914 Broadway	2200-2202 Main St.	1900-1916 Lincoln Blvd.	1427 Lincoln Blvd.	2301-2309 Main St.	2428-2436 2nd St.
Year Built	1989	1990	1953	1956	1922	1908/1988
Parking	3/1,000	1.93/1,000	2.28/1,000	1.97/1,000	0.11/1,000	3/1,000
Size	1,055	1,141	1,686	1,126	1,272	1,061
Rent	\$4.25	\$4.75	\$3.50	\$4.25	\$5.07	\$3.75
Signed	Jan-19	Nov-18	Sep-18	Apr-18	Mar-18	Feb-18





# 718 Kensington Road

This 4-unit multifamily building is located in the desirable Ocean Park neighborhood of Santa Monica, just blocks from the beach. The property is near the area's Main Street shopping and dining corridor with easy access to the I-10 Freeway via Lincoln Boulevard. Current rents are below market with a projected upside of 44.5%.



**MULTIFAMILY**  
718 Kensington Rd., Santa Monica, CA 90405

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Building Size:	2,850 SF
Land Size:	5,974 SF
Apt. Units:	4
Year Built:	1956
Parking:	8 (4 covered; 4 tandem)
Zoning:	SMOP2
APN:	4287-001-008
<b>Unit Mix:</b>	
	2 x 1+1
	1 x 2+2
	1 x 2+1



# 718 Kensington Road

## RENT ROLL

Unit	Type	Size (SF)	\$/SF	Monthly Rent	Annual Rent
A	1Bd+1Ba	600	\$1.12	\$670	\$8,040.00
B	1Bd+1Ba	600	\$4.00	\$2,400	\$28,800.00
C	2Bd+2Ba	850	\$4.12	\$3,500	\$42,000.00
D	2Bd+1Ba	800	\$3.03	\$2,425	\$29,100.00
Total		2,800		\$8,995.00	\$107,940.00
Laundry				\$48.00	\$576.00
<b>Total Gross Income</b>				<b>\$9,043.00</b>	<b>\$108,516.00</b>



# 718 Kensington Road

## INVESTMENT OVERVIEW

<b>Price</b>	<b>\$2,300,000</b>
Price Per Unit	\$575,000
Price Per SF	\$807.02
Cap Rate	2.81%
GRM	21.20
Pro Forma Cap Rate	4.86%
Pro Forma GRM	14.69

<b>Property Information</b>			
Building Size	2,850	Parcel	4287-001-008
Lot Size	5,974	Zoning	SMOP2
Number of Units	4	Parking	8
Year Built	1956		

<b>Proposed Financing</b>		
Down Payment	61%	\$1,403,000
Approximate Loan Amount		\$897,000
Interest Rate		4.25%
Loan To Value		39.0%
Annual Debt Service		\$52,952
Debt Coverage Ratio		1.22
Pre-Tax Cash Flow	0.83%	\$11,680
Year-1 Principal Reduction		\$15,122
Total Return & Principal Reduction	1.91%	\$26,802
Loan Type	New 7-year fixed loan, 1% loan fee	

### Unit Mix and Rent Schedule

Units	Type	% Mix	Avg. Monthly Rent	Total Rent	Pro Forma Monthly Rent	Projected Upside
2	1Bd + 1 Ba	50.00%	\$1,535	\$3,070	\$2,750	79.15%
1	2Bd + 2Ba	25.00%	\$3,500	\$3,500	\$4,000	14.29%
1	2Bd + 1Ba	25.00%	\$2,425	\$2,425	\$3,500	44.33%
4		100.00%		\$8,995	\$13,000	44.52%

### Income/Expense

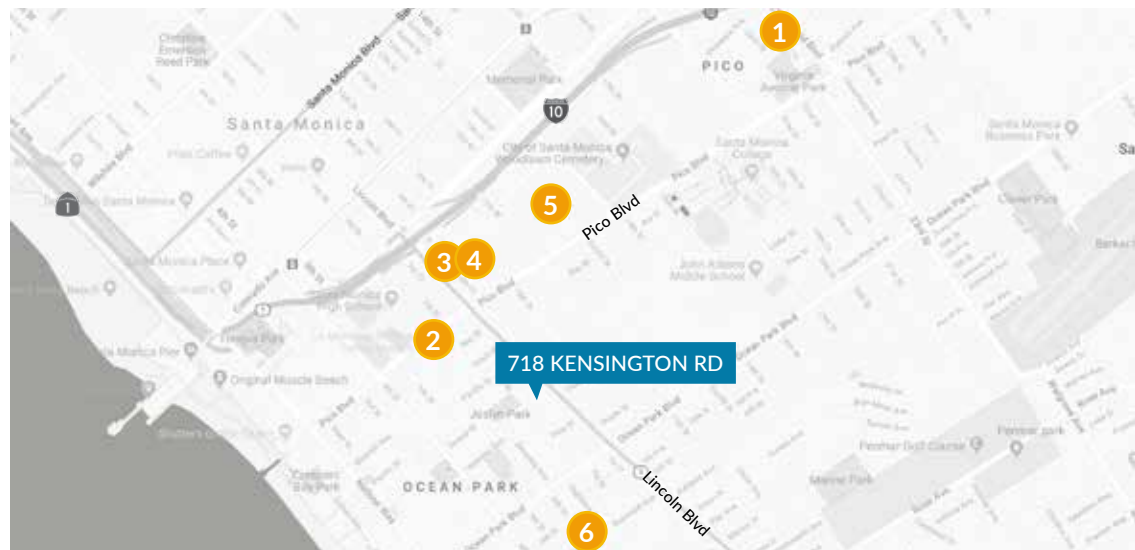
		Current	Market
<b>Annual Gross Rent</b>	\$8,995 per month	\$107,940	\$156,000
Laundry Income	\$48 per month	\$576	\$576
Gross Scheduled Income		\$108,516	\$156,576
Vacancy Factor	2.00%	\$(2,170)	\$(3,132)
Effective Gross Income		\$106,346	\$153,444
<b>Operating Expenses</b>			
New Property Taxes	1.131121%	\$26,016	\$26,016
Direct Assessments		\$1,794	\$1,794
Insurance	\$0.36 per sf	\$990	\$990
Management/Administration	\$271 per month	\$3,255.48	\$3,255
Registration Fee	\$57 per month	\$685	\$685
Utilities	\$177.78 per month	\$2,133	\$2,133
Rubbish	\$260 per quarter	\$1,040	\$1,040
Gardening	\$75 per month	\$900	\$900
Repairs and Maintenance	\$266 per month	\$3,190	\$3,190
Pest Control	\$203 per quarter	\$810	\$810
Reserves and Replacements	\$225 per unit	\$900	\$900
<b>Total Operating Expenses (38% of GSI)</b>		\$41,714	\$41,714
Expenses Per Unit		\$10,428	\$10,428
Expenses Per SF		\$14.64	\$14.64
<b>Net Operating Income</b>		\$64,632	\$111,731



# 718 Kensington Road

## MULTIFAMILY RENT SURVEY

	Address	Built	Units	Unit Type	Asking Rent	Size (SF)	\$PSF	Survey Date
1	1940 Cloverfield Boulevard Santa Monica, CA 90404	1948	4	1+1	\$2,695	900	\$2.99	Oct-18
2	1901 6th Street Santa Monica, CA 90405	1969	16	1+1	\$2,845	770	\$3.69	Feb-19
3	826 Michigan Avenue Santa Monica, CA 90404	1926	3	2+1	\$3,995	800	\$4.99	Nov-18
4	1823 9th Street Santa Monica, CA 90404	1946	4	2+1	\$3,725	675	\$5.52	Feb-19
5	1854 Euclid Street Santa Monica, CA 90404	1997	7	2+2	\$3,795	1,200	\$3.16	Nov-18
6	2727 6th Street Santa Monica, CA 90405	1969	29	2+2	\$4,495	900	\$4.99	Jan-19

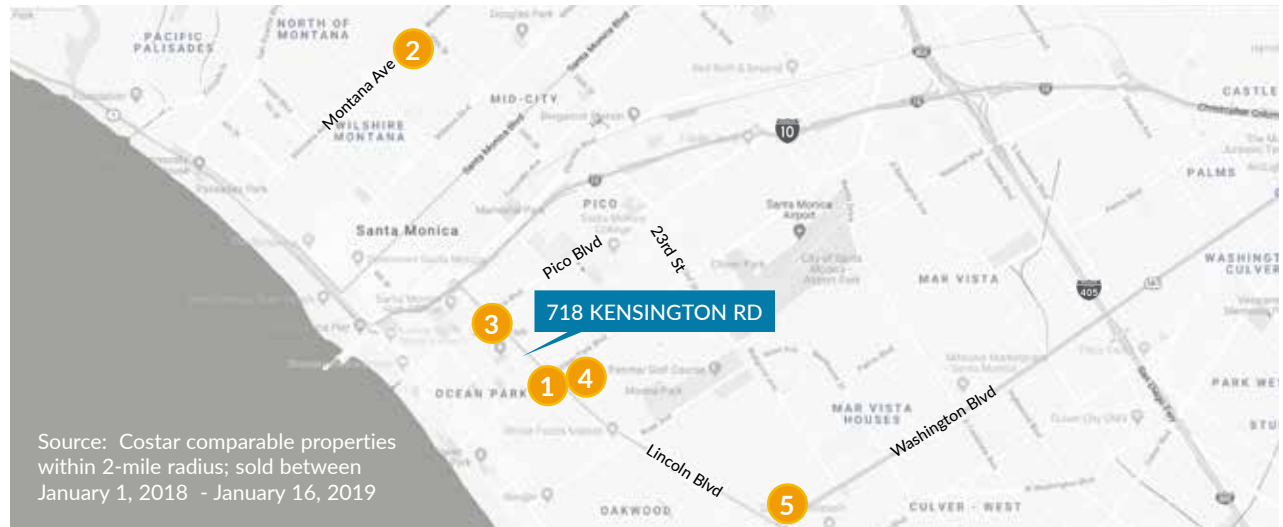




# 718 Kensington Road

## SALE COMPARABLES

	Address	Price	Units	Year Built	Unit Mix	\$/Unit	\$/SF	GRM	Cap Rate	Sale Date
1	2635-43 7th Street Santa Monica, CA 90405	\$2,325,000	4	1963	1-(1+1) 2-(2+1) 1-(3+2)	\$581,250	\$818.66	N/A	N/A	1/17/2018
2	811-13 18th Street Santa Monica, CA 90403	\$2,850,000	4	1949	2-(1+1) 1-(1+1) 1-(3+3)	\$712,500	\$823.22	N/A	4.20%	5/22/2018
3	714 Bay Street Santa Monica, CA 90405	\$2,050,000	4	1970	4-(2+1)	\$512,500	\$632.72	N/A	4.01%	2/20/2018
4	1028 Hill Street Santa Monica, CA 90405	\$2,252,000	4	1963	3-(2+1) 1-(3+2)	\$563,000	\$661.57	N/A	4.60%	9/11/2018
5	2320 Penmar Avenue Venice, CA 90291	\$2,699,000	4	1985	3-(2+2.5) 1-(3+3)	\$674,750	\$565.47	14	5.88%	12/3/2018
<b>Sale Comparable Averages</b>						<b>\$608,800</b>	<b>\$700.33</b>	<b>14.00</b>	<b>4.67%</b>	







# Santa Monica Market Overview



Santa Monica retains its reputation as one of Los Angeles's premier destinations. The city boasts surf and sand and some of the best restaurants, retail options, and nightspots in the metro. It is also one of LA's main employment hubs and the heart of the "Silicon Beach" evolution that has drawn so many major tech companies to LA's Westside.

Because of these advantages, Santa Monica is one of LA's most expensive rental submarkets and the submarket's demographics are particularly appealing for landlords. Nearly 70% of residents rent, while the larger metro is evenly split between renters and homeowners. Santa Monica's median annual household income is around \$80,000, about 25% higher than the LA average. Nearly 40% of households earn more than \$100,000.

As the heart of West LA's "Silicon Beach" tech hub, Santa Monica's status as a prestigious office address is also an effective driver of apartment demand. The City estimates that creative and tech companies employ more than 25,000 people in the submarket, with an annual payroll of around \$3.5 billion. The desirable location and vibrant cultural and entertainment scene are effective recruiting tools for companies looking to land top talent. This is also one of the hottest retail and shopping destinations in all of Los Angeles, if not the country.

*Source: CoStar, Santa Monica Multi-Family Submarket Report*

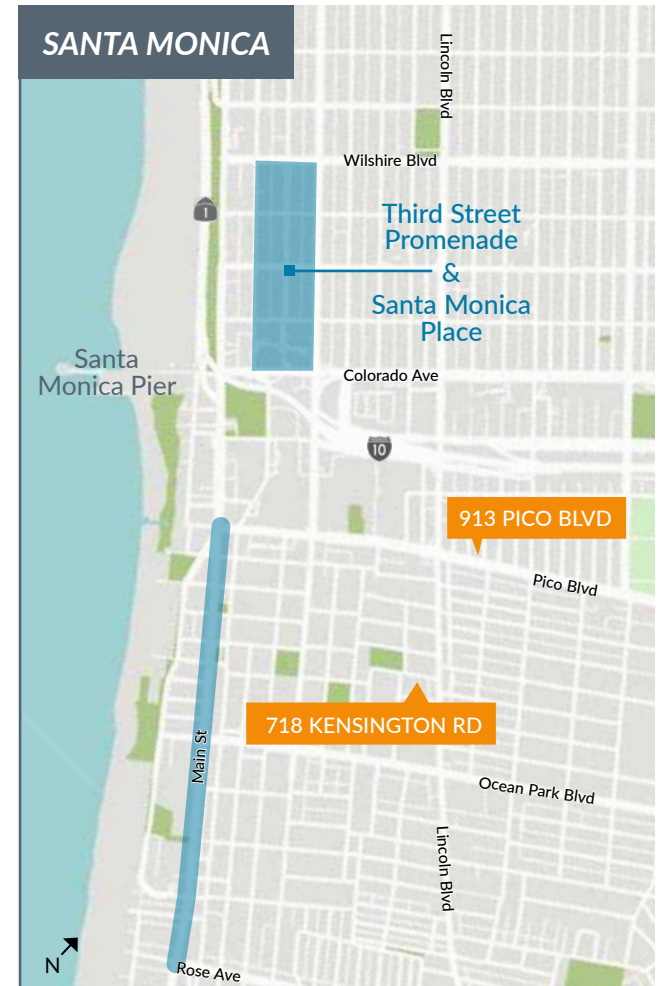




# Santa Monica Amenities

Both properties are located in the heart of Santa Monica between the Downtown/Third Street Promenade shopping district and Main Street. Downtown, visitors can shop at nationally known brands such as Bloomingdale's, Nordstrom, Barneys, Lululemon, Nike and Apple. There are several cinemas along Third Street Promenade as well as popular dining establishments in the area including True Food Kitchen, Sugarfish, BOA Steakhouse, Mercado and North. The Santa Monica Pier also hosts events throughout the year.

Along Santa Monica's walkable Main Street, visitors and locals enjoy one-of-a-kind boutiques, acclaimed local dining, fitness options and personal services.

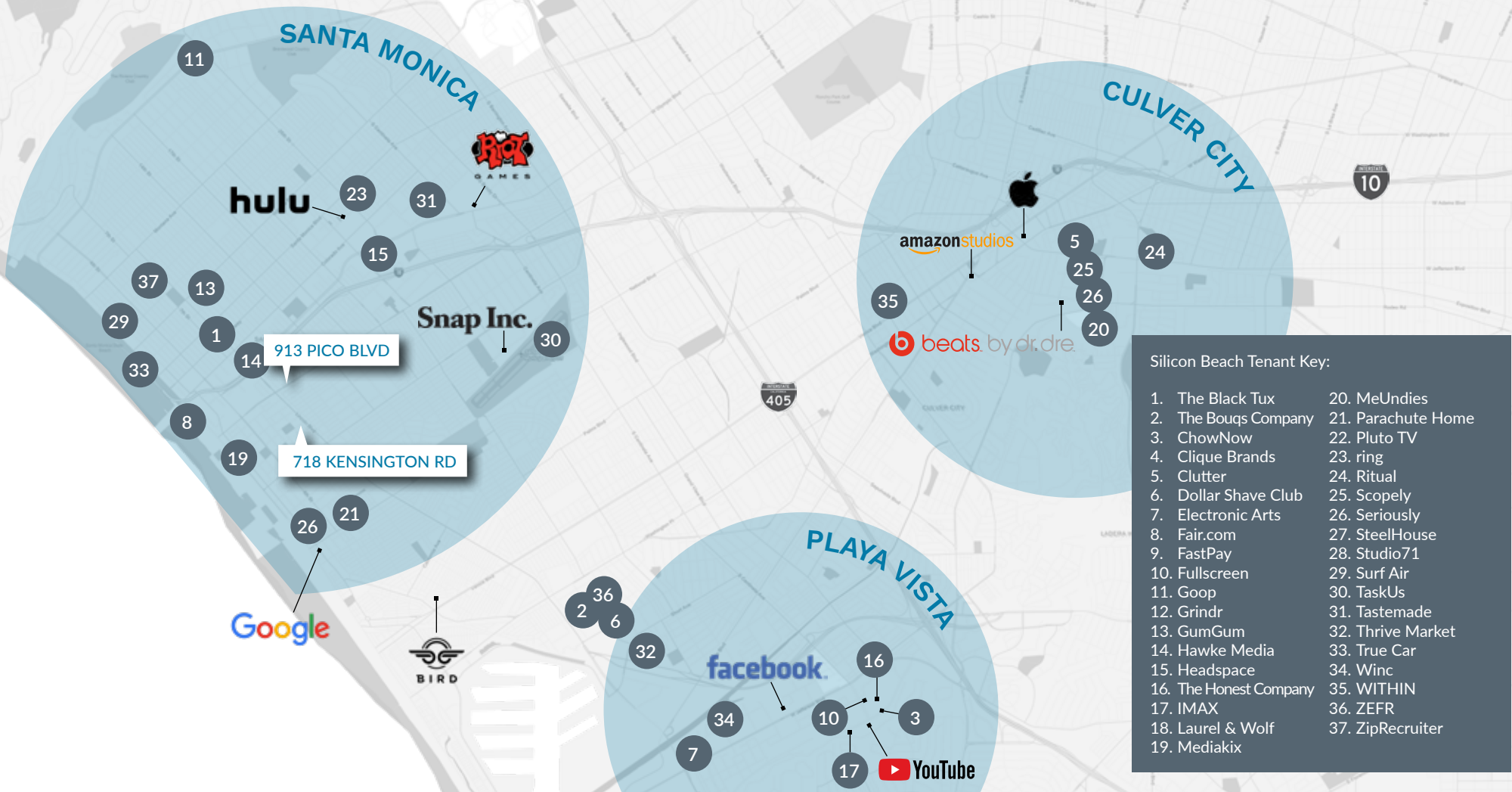


Shoppers at Santa Monica Place



Santa Monica Pier Twilight Concert Series

# Silicon Beach Employers





# Demographics



	1 Mile	2 Mile	3 Miles
<b>POPULATION</b>			
2018 Estimated Population	35,736	112,622	215,838
2023 Projected Population	35,887	113,413	217,137
2018 Median Age	38.4	38.8	38.8
<b>HOUSEHOLDS</b>			
2018 Estimated Households	19,745	60,455	112,680
2023 Projected Households	20,276	62,364	116,255
Projected Annual Growth 2018 to 2023	0.5%	0.6%	0.6%
Historical Annual Growth 2000 to 2018	0.9%	0.6%	0.7%
<b>RACE &amp; ETHNICITY (2018 Estimated)</b>			
White	71.8%	72.8%	70.5%
Black or African American	6.0%	5.2%	4.4%
Asian or Pacific Islander	9.1%	9.9%	12.6%
American Indian or Native Alaskan	0.6%	0.5%	0.5%
Other Races	12.5%	11.6%	12.0%
Hispanic	21.5%	20.3%	19.9%
<b>INCOME (2018 Estimated)</b>			
Average Household Income	\$120,801	\$131,279	\$139,229
Median Household Income	\$84,545	\$93,921	\$98,699
Per Capita Income	\$67,084	\$70,710	\$72,824
<b>EDUCATION (2018 Estimated)</b>			
High School Graduate	10.0%	10.2%	9.8%
Some College	14.6%	14.7%	15.2%
Associates Degree Only	5.6%	5.1%	5.2%
Bachelors Degree Only	38.3%	39.1%	38.3%
Graduate Degree	24.9%	25.1%	25.4%
<b>BUSINESS (2018 Estimated)</b>			
Total Businesses	3,293	11,529	18,839
Total Employees	29,030	101,373	159,306

Source: Regis Online



PRESENTED BY:

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