



MYRTLE AVENUE APARTMENTS

1650 Myrtle Avenue
Hillcrest | San Diego | 8 units

Offering Memorandum

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1650
MYRTLE AVE

TOW AWAY
ANYONE WHOSE VEHICLE IS
TOWED AWAY FROM THIS PROPERTY
IS RESPONSIBLE FOR THE COSTS OF
REMOVAL AND STORAGE.



The Offering

1650 Myrtle Avenue, San Diego, Ca 92103

Price	\$2,975,000
\$/Unit	\$371,875
\$/SF	\$466
Down Payment	\$1,041,250
% Down	35%
Cap Rate	3.68%
Market Cap Rate	4.58%
GRM	16.4
Market GRM	14.2

Kidder Mathews is pleased to present the opportunity to acquire an 8-unit apartment building located on the north end of Balboa Park, within the Hillcrest neighborhood of San Diego. This value add property was built in 1960 and features a solid unit mix of seven 2-bedroom, 1-bath units and one 1-bedroom, 1-bath unit. The property was partially renovated in 2007/2008 with a new roof, exterior stucco and paint, new dual pane windows and washer/dryers installed in each unit. While the units are clean and well maintained, there is still significant rental upside through additional interior renovations.

The property is located in the Marston Hills neighborhood, which is a perfect balance of urban activity and quiet neighborhood charm. The mostly residential neighborhood includes beautifully restored historic homes, wide streets and mature trees. The property's location is enhanced by its proximity to Balboa Park, the largest urban park in North America and includes the world famous San Diego Zoo and a wide variety of museums, theaters, gardens and restaurants. Residents are walking distance to University Avenue and the Uptown District Shopping Center, anchored by Trader Joe's, Ralph's and several other shops, restaurants and bars. Myrtle Apartments is walking distance to several bus lines, including the new Rapid Bus Transit, which offers high-speed, limited stop service between San Diego State University and downtown San Diego. Hillcrest is served by the region's highest level of bus service. The property has easy access to Interstate 8 and the 163 Freeway.

Investment Highlights

Value Add Opportunity

The property has undergone renovations to the exterior and interior units, but there is still significant rental upside through additional property renovations. Possible interior renovations could include upgrading flooring to more modern wood-look vinyl plank flooring, replacing speckled granite with quartz or square edge granite, upgrading lighting and replacing select fixtures.

Recent Capital Improvements

The owner completed extensive capital improvements to the property in 2007/2008, which included a new roof, stucco and exterior paint. The interiors were upgraded with new double pane vinyl retrofit windows, remodeled kitchens and bathrooms, and washer and dryers installed in each unit.

Opportunity to Implement RUBS

Current ownership has not implemented a RUBs utility bill back method for water, sewer and trash. There is value-add potential for additional income by implementing a RUBs program.

Walkable to Retail, Restaurants and Shopping

The property is just a few blocks south of the Uptown District Center, which recently underwent a \$3 million revitalization project and is anchored by Ralph's, Trader Joe's and Starbucks. The shopping center and surrounding blocks along University Avenue contain dozens of retail shops, trendy restaurants and convenient services including Ace Hardware, CorePower Yoga, Uptown Tavern, Baja Betty's, Tacos Libertad and Aladdin to name a few.

Walkable to Weekly Farmer's Market

Residents are a short walk or bike ride away from Hillcrest's weekly Sunday Farmer's Market. The Hillcrest Farmer's Market currently consists of about 175 vendors offering a wide variety of locally grown in-season fruit, produce, gifts, arts and crafts, and flowers.

Direct Access to Hip, Urban Neighborhoods

Residents have direct access to North Park along Upas Street, less than 1 mile to the east. South Park and Golden Hill is easily accessed down Florida Canyon on Pershing Drive or Florida Drive. SANDAG is expected to begin construction the Pershing Bikeway project in 2018, which will provide an enhanced 2.6-mile bikeway along Pershing Drive with a dedicated bikeway and pedestrian facilities in North Park, Golden Hill, Downtown and Balboa Park.

Park Location

The property is located at the northern border of Balboa Park, less than a block from Park Boulevard, the park's main north-south thoroughfare. Residents of 1650 Myrtle can enjoy their extended back yard in Balboa Park for activities such as a morning run through the park, a day of exploring at the zoo, an afternoon cocktail at an outdoor restaurant, or an evening show at the Old Globe Theater.

Abundant Nearby Employment

Myrtle Avenue Apartments is centrally located and is within close proximity to most of San Diego's largest employment hubs including Downtown San Diego and Mission Valley. Downtown San Diego located two miles away is home to more than 5,000 businesses and 85,000 employees and 9.5 million square feet of office space. Employment opportunities in the Hillcrest Area include Scripps Mercy Hospital, UCSD Medical Center and abundant retail opportunities.

Convenient Transportation Network

The property has easy access to 163 freeway which connects to other major San Diego freeways. The property is walking distance to 10 bus lines, including the new Rapid Bus Transit, which offers high-speed, limited stop Service between San Diego State University and Downtown. Additionally, the Lunch Loop Shuttle Service offers free rides through Hillcrest during lunch hours. The nearest location is just two blocks from Myrtle Avenue Apartments.



Property Description

Building Details

Address:	1650 Myrtle Avenue, San Diego, California 92103
Units:	8
Built:	1960
APN:	452-363-39
Rentable Area:	6,389 SF
Lot Area:	7,421 SF
Building Construction:	One, two-story wood frame building, concrete foundation, stucco exterior walls and pitched composition shingle roofs
Interior Walls:	Drywall
Windows:	Dual pane window
Flooring	Vinyl and carpet
Parking:	11 assigned parking spaces for a ratio of 1.38 per unit
Zoning	RM-2-5; permits one dwelling unit per 1,500 SF of lot area
Laundry	In-unit washer and dryer

Mechanical/Metering

Heating & Air Conditioning:	Wall heaters
Water Heater	Common gas water heater

Utilities

Sewer:	City of San Diego
Water	City of San Diego
Trash Removal	Waste Management
Gas/Electric	SDG&E

Unit Mix

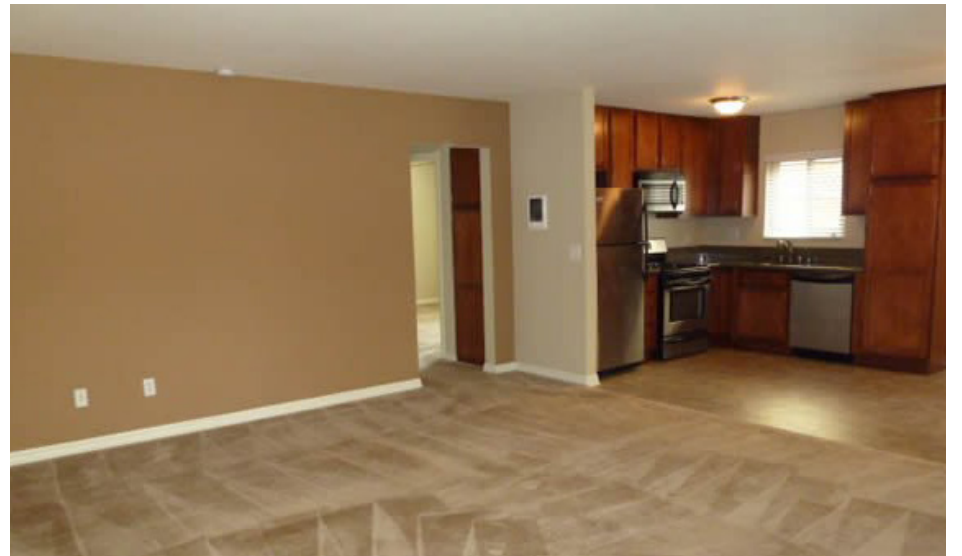
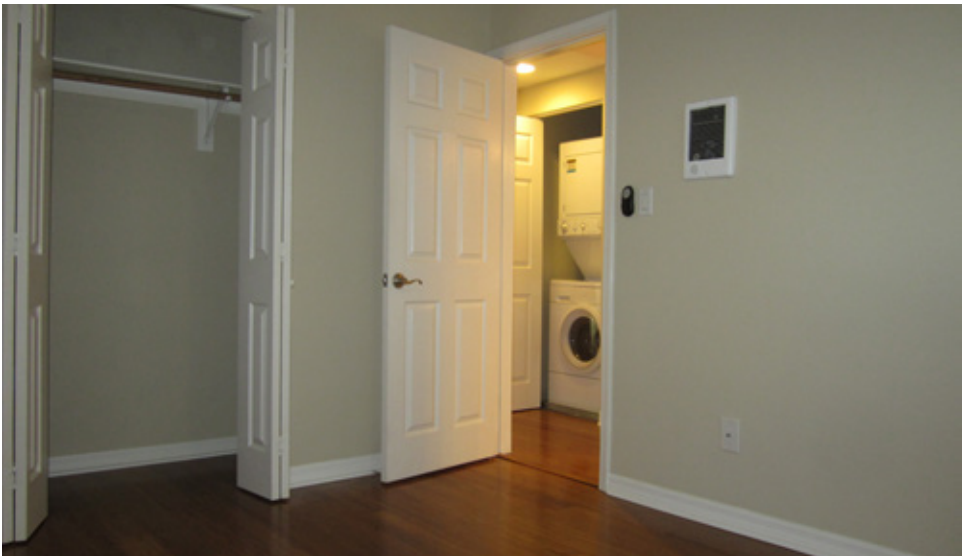
# of Units	Type
1	One-bedroom, One-bathroom
7	Two-bedroom; One-bathroom
8	TOTAL

Jurisdiction of Taxes

Tax ID Number	452-363-39-00
Millage Rate	1.16967%
Fixed Assessments	\$47.12
Tax Year	2017-2018

Unit Interiors





Financials

Price	\$2,975,000
\$/Unit	\$371,875
\$/SF	\$466
Down Payment	\$1,041,250
% Down	35%
Cap Rate	3.68%
Market Cap Rate	4.58%
GRM	16.4
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INCOME SUMMARY

# Units	Unit Type	Sq. Ft.	Total Sq.Ft.	\$ Rent	\$/Sq.Ft.	In Place Rent	Mkt Rent	Total Mkt
1	1bd/1ba	621	621	\$1,575	\$2.54	\$1,575	\$1,895	\$1,895
5	2bd/1ba	800	4,000	\$1,919	\$2.40	\$9,595	\$2,195	\$10,975
2	2bd/1ba	884	1,768	\$1,995	\$2.26	\$3,990	\$2,295	\$4,590
8	Total/Avg	799	6,389	\$1,895	\$2.37	\$15,160	\$2,183	\$17,460

ANNUALIZED GROSS INCOME

Vacancy/Loss to Lease	3.0%	(\$5,458)	(\$6,286)
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ADJUSTED GROSS INCOME

Application/Credit Check	\$100	\$100
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EFFECTIVE GROSS INCOME

	\$/Unit	2017 Anlz	Proforma		
Less Estimated Expenses:	\$/YEAR	\$/YEAR	\$/YEAR		
Property Taxes	\$4,350	\$34,798	\$34,798		
Fixed Assessment	\$6	\$47	\$47		
Insurance - Liability	\$373	\$2,980	\$2,980		
<u>Controllable Expenses</u>					
Administrative	\$41	\$329	\$329		
Payroll & Burden	\$549	\$4,395	\$0		
Utilities	\$1,192	\$9,534	\$9,534		
Repair & Maintenance	\$326	\$2,604	\$8,000		
Contract Services (Landscaping, Pest)	\$159	\$1,272	\$1,272		
Management Fee (proforma 5%)	\$1,680	\$13,443	\$10,167		
TOTAL		\$69,403	\$67,127	(\$67,127)	(\$67,127)
<i>Exp./unit:</i>		\$8,675	\$8,391		
<i>Exp/psf:</i>		\$10.86	\$10.51		

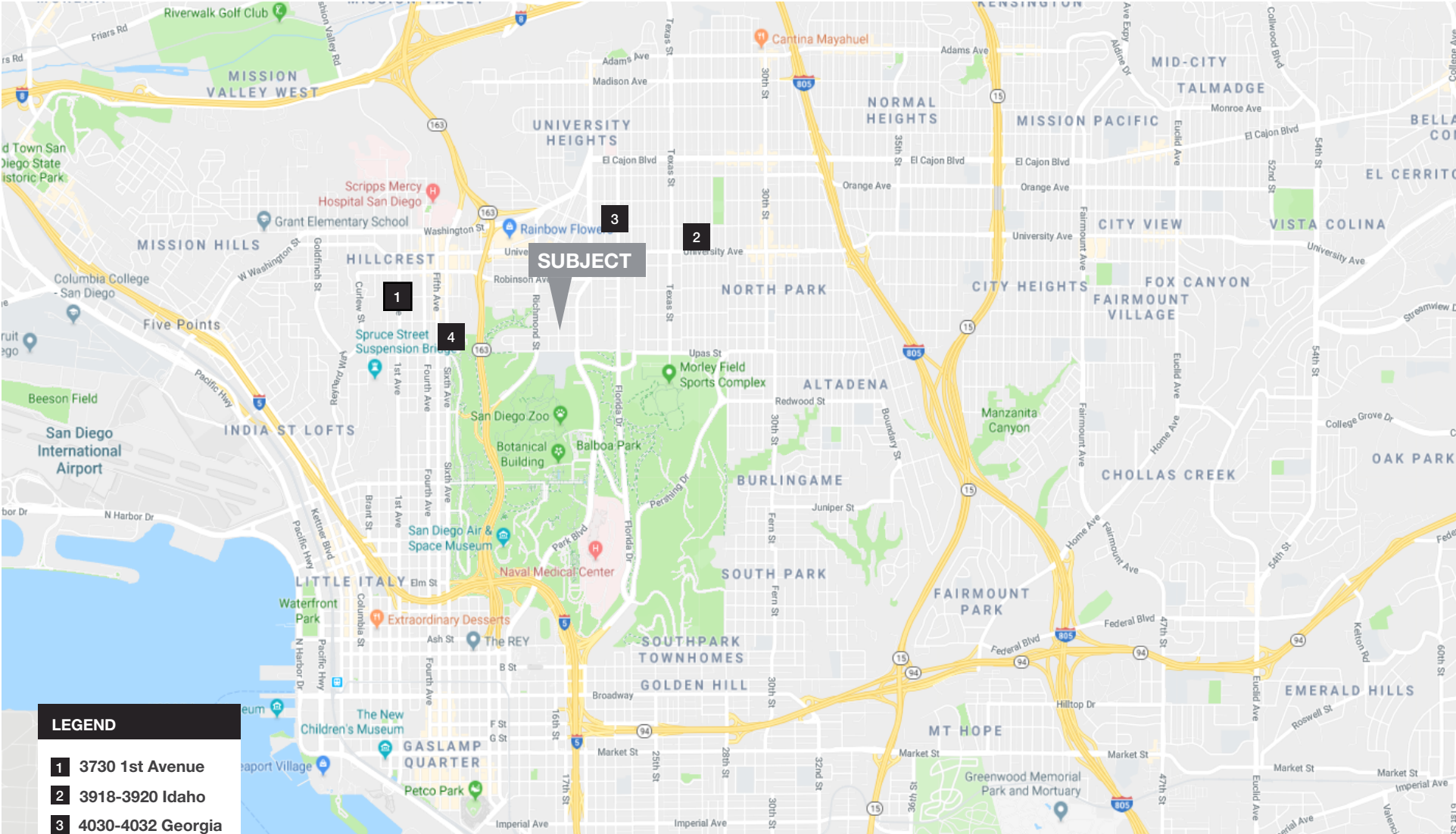
NET OPERATING INCOME

Amortization		30			
Rate	\$1,933,750 @	3.75%			
Debt Service				\$107,466	\$107,466
CASH FLOW			Return on Down Payment	\$1,969	\$28,741

Sale Comparables

	SUBJECT	1	2	3	4
					
ADDRESS	1650 Myrtle Avenue	3730 1st Ave	3918-3920 Idaho St	4030-4032 Georgia St	3657-3661 7th Ave
SUBMARKET	Hillcrest	Hillcrest	North Park	University Heights	Hillcrest
# OF UNITS	8	10	7	6 (plus a bootleg)	5
RENTABLE SF	6,389	5,900	5,682	6,537	4,600
BUILT	1960	1959	1993	1990/2005	1978/1993
CLOSE OF ESCROW	FOR SALE	7/31/17	11/20/17	1/27/2017	1/4/17
SALES PRICE	\$2,975,000	\$2,930,500	\$2,846,040	\$2,525,000	\$2,194,000
PRICE / UNIT	\$371,875	\$293,050	\$406,577	\$420,883	\$438,800
PRICE / BUILDING SF	\$466	\$497	\$501	\$386	\$477
NOI / UNIT (In-Place)	\$13,679	\$10,020	\$19,312	\$10,600	\$14,752
CAP RATE (In-Place)	3.7%	3.4%	4.8%	2.9%	3.36%
CAP RATE (Proforma)	4.6%	4.8%	n/a	5.1%	4.05%
GRM (Proforma)	14.2	14.6	14.6	13.6	16.62
AVERAGE UNIT SIZE / RENT	799 SF / \$1,895 avg rent	590 SF / \$1,361 avg rent	not known	1,090 SF / \$1,735 avg rent	920 SF / \$1,960 avg rent
UNIT MIX	1 - 1bd/1ba 7 - 2bd/1ba	8 - 1bd/1ba (550 SF) 2 - 2bd/1ba (750 SF)	1 - 1bd/1ba 5 - 2bd/2ba 1 - 2bd/2.5ba	5 - 2bd/2ba 1 - 3bd/2ba	2 - 1bd/1ba 2 - 2bd/2ba 1 - 4bd/3.5ba Home
PARKING	11 surface spaces. Ratio of 1.4 spaces/unit	8 surfaces spaces. Ratio of 0.8 spaces/unit.	6 surface space & 6 detached 1-car garages. Ratio of 1.7 spaces/unit	6 detached 1-car garages and surface parking.	2-car garage, 3 carports, 4 open parking spaces Ratio of 1.8 spaces/unit
LAUNDRY	In-unit washer/dryer	Common laundry facility	In-unit washer/dryer.	Common laundry facility. The 3bd unit has a washer/ dryer in-unit.	Common laundry facility. The house has a washer/dryer in-unit.
COMMENTS	Partially renovated in 2007/2008	Units clean, but not renovated	Renovated, turn-key property	There is a 445 SF permitted office/gym connected to the owners unit that is operated as a bootleg 1bd/1ba	Fully remodeled in 2002. Front home is currently being operated as a 3bd/2.5ba unit and a separate studio






Sale Comparables Map



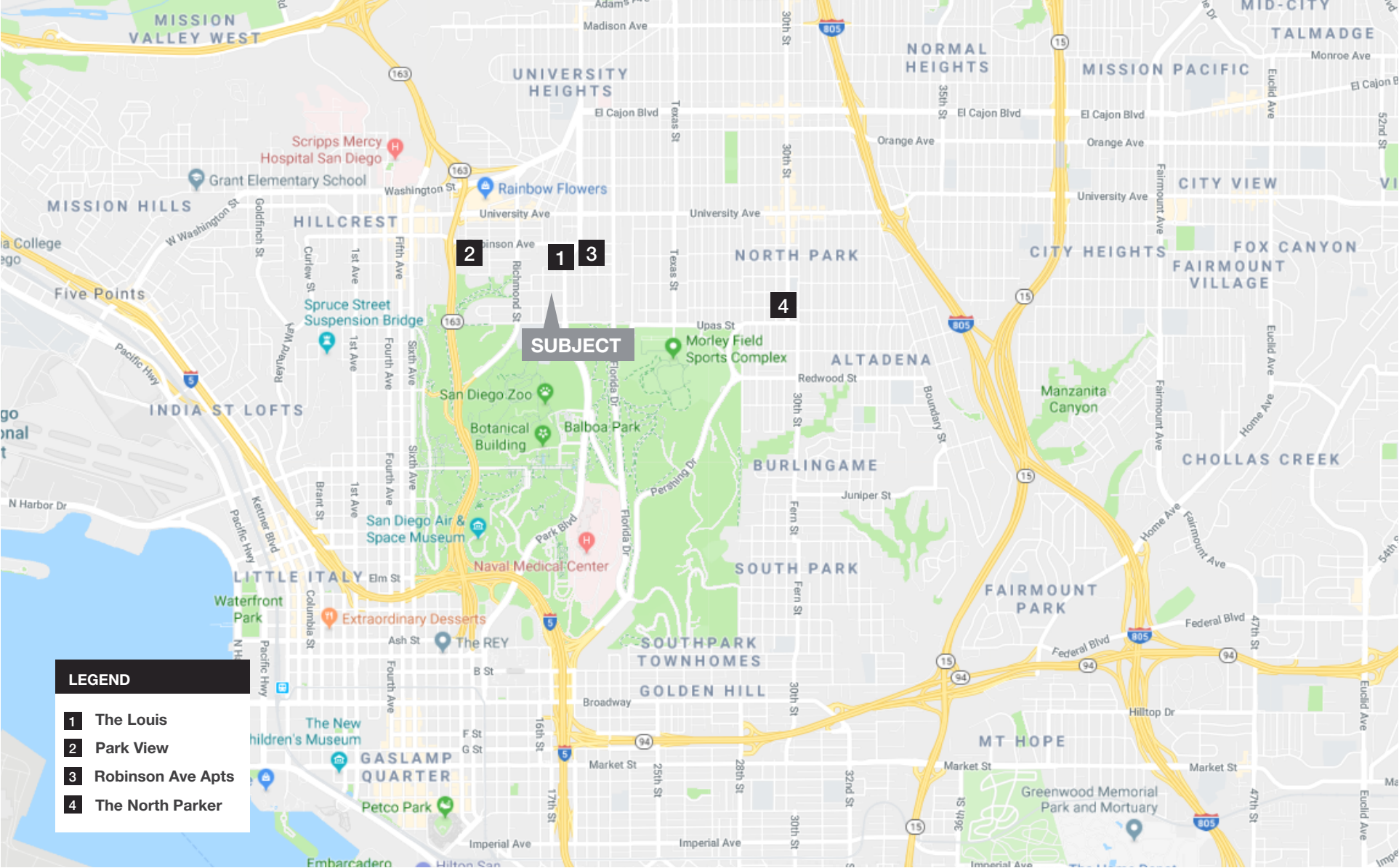
LEGEND

- 1** 3730 1st Avenue
- 2** 3918-3920 Idaho
- 3** 4030-4032 Georgia
- 4** 3657-3661 7th Ave

Rent Comparables

	SUBJECT	1	2	3	4
	1650 Myrtle Avenue 	The Louis 	Park View 	Robinson Ave Apartments 	The North Parker 
Address	1650 Myrtle Avenue	3652 Park Blvd	3700 10th Avenue	1910 Robinson Avenue	3000 Upas Street
City	Hillcrest	Hillcrest	Hillcrest	Hillcrest	North Park
# of Units	8	10	51	13	27
Built	1960	1968 Renovated 2017	1962 Renovated 2016	1937 Renovated 2017	2014
1 Bedroom					
No. of Each	1	4	33	7	
Rent	\$1,695	\$1,995	\$2,000	\$1,995	
SF	605	700	600	692	
Rent/SF	\$2.80	\$2.85	\$3.33	\$2.88	
2 Bedroom					
No. of Each	2x1 5			2x1 2	2x1 27
Rent	\$1,950			\$2,195	\$2,695
SF	800			735	950
Rent/SF	\$2.44			\$2.99	\$2.84
2 Bedroom					
No. of Each	2x1 2	2x2 4	2x2 8		
Rent	\$1,995	\$2,395	\$2,340		
Avg SF	884	975	900		
Rent/SF	\$2.26	\$2.46	\$2.60		
Interior Finishes	Partially renovated	Remodeled with stainless steel appliances, designer cabs, quartz countertops, hardwood floors	Remodeled with plank flooring, quartz countertops, European cabs, stainless steel appliances	Remodeled with stainless steel appliances, gourmet gas stove and quartz counter tops	Loft style units with bamboo flooring, stainless steel appliances, modern fixtures, floor-to-ceiling glass
Community Amenities	Secured entry, courtyard	None	Swimming pool, community room, secured entry	Landscaped grounds	Secured entry, courtyard, large patios
Laundry	In-unit stacked washer/dryer	In-unit stacked washer/dryer	Common laundry	Common laundry	In-unit stacked washer/dryer
Parking	Surface parking	Surface parking	Combination surface & tuck-under	Surface parking and single car garages	Courtyard - partially covered

Rent Comparables Map



Hillcrest Market Overview

Hillcrest is often praised as San Diego's most diverse neighborhood. Situated to the northwest of Balboa Park and just up the hill from Downtown, the community is populated by many artists, intellectuals and free-thinkers. Hillcrest offers charming boutiques, vintage clothing stores, galleries, nationally acclaimed restaurants and coffee shops. The neighborhood's nightlife is booming with venues ranging from local dives to deluxe night-clubs. Few cities can boast a community as rich and distinctive as Hillcrest.



Arts & Cultural Events

Hillcrest Farmers' Market (Sundays)

Considered as San Diego County's best farmer's market, approximately 175 vendors gather on the parking lot of the Department of Vehicle in Hillcrest to showcase and sell their locally grown in-season fruits, produce, gifts, arts, crafts, flowers and much more. Hundreds of people attend each Sunday to shop and enjoy the fun and eclectic atmosphere. A large variety of hot and cold foods are available and live entertainment is offered for the visitors of this farmers market.

Fat Tuesday Celebration (February)

Sponsored by the Hillcrest Business Association, this celebration of Fat Tuesday is one of the largest civic events in the City of San Diego. Fat Tuesday typically features a night time dance party, carnival style performances, Cajun cuisine and much more.

Taste of Hillcrest (April)

Taste of Hillcrest is an annual self-guided culinary walking tour featuring approximately 35 local restaurants and shops. Ticket holders are treated to food and beverage samples from local signature chefs.

San Diego Gay Pride Parade (July)

Attracting over 100,000 cheering spectators and significant media participation, the annual San Diego Pride Parade is among the largest in the United States. The parade begins at the Hillcrest Pride Flag at University Ave and Normal Street and ends at Laurel Street. This parade takes place every year to celebrate diversity within the Hillcrest community.

CityFest - Street Fair (August)

Taking place in the heart of Hillcrest, right under the Hillcrest sign, CityFest is a huge celebration of the community's spirit through music, arts, crafts and food. This festival attracts over 150,000 people each year and takes place in the summer. Over 250 vendors, games, activities and live headliner music all come together to celebrate the community's rich history and spirit.

Aids Walk & Run (September)

The AIDS Walk San Diego is a San Diego's largest one-day HIV/AIDS fundraiser and biggest non-governmental provider of HIV/AIDS in San Diego County. Starting and finishing on Normal and Harvey Milk Streets and going through Balboa Park, this large and popular AIDS walk/run takes place in the heart of Hillcrest. Over 8,000 people participate in the AIDS/ Walk/Run and hundreds of others attend in support for the organization.





Dining

FruitCraft: Fermentary & Distillery

One of Hillcrest’s newest openings, FruitCraft features a tasting room serving fruit wines, ranging from cranberry to pomegranate-cherry and pumpkin spice wines. There’s also a menu of craft cocktails and sangria that combines fruit wines and spirits with fresh-pressed juices and bitters, along with bites and snacks.

BO-Beau + Libertad! Tacos + Cache

Cohn Restaurant recently opened up a trio of projects in Hillcrest. A restaurant (Bo-beau Kitchen) a taco shop (Libertad) and a speakeasy bar, Cahche. Bo-Beau Kitchen is a fourth iteration of the other restaurants in San Diego. T

The buzzworthy element of this eatery is that the eatery has committed to donate a minimum of \$3,000 per month to local charities. Behind the taco shop and only accessed by a refrigerator door is a romantic French-inspired cocktail bar called Cache with live olive trees, large-scale art murals and a vintage feel.

Whistle Duck Tavern

An Asian Gastropub, Whistle Duck Tavern offers 24 craft beers on tap, a great wine and sake selections and Asian street food. The menu ranges from homemade Korean beef jerky to teriyaki duck-topped nachos and house made noodles.

Hillcrest Demographics/ Statistics



78% of the population within 1-mile of Myrtle Avenue Apartments holds a white collar occupation



There is a population of 31,773 within 1-mile radius, 235,840 within 3-mile radius and 547,741 within 5-miles.



58% of the population within 1-mile of the subject property holds a bachelor’s degree or higher.



Average household income within 1-mile of Myrtle Avenue Apartments is \$86,913 and average income within 3-mile radius is \$81,292



55% have never been married.



88% household have only 1 or 2 people.

Employment

Myrtle Avenue Apartments is centrally located near San Diego's major employment hubs.

Hillcrest

Largest employers	# of Employees
UCSD Medical Center – Hillcrest	2,000
Scripps Health	1,650
San Diego Hospice & The Institute	800
San Diego County Law Enforcement	300
Whole Foods Market	220

UTC

Largest employers	# of Employees
Kyocera Communications	3,000
Scripps Memorial Hospital	1,200
UCSD Hospital	1,000
Amylin Pharmaceuticals	800
DLA Piper	700

Kearny Mesa

Largest employers	# of Employees
Sharp Memorial Hospital	14,500
Solar Turbines	4,400
Ashford University	1,001
Cricket Communications Inc	1,000
SDG&E	1,000

Mission Valley

Largest employers	# of Employees
San Diego Union Tribune	1,600
Atlas Hotels Inc	800
San Diego Elder Care Directory	650
Sign On San Diego	600
Booz Allen Hamilton	600

Downtown

Largest employers	# of Employees
Solar Turbines	2,500
San Diego Trolley Inc	2,000
San Diego Bureau-Investigation	1,500
MTS Bus	1,500
Marriott-Marquis/San Diego	1,300





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