



\$6,700,000

Offering
price

3.5%

Interest only
Seller Financing offered

784 SF

Average unit
size

18%

Attainable rental
upside

Investment Highlights

Rarely available 16 units in
Eastside Costa Mesa

Seller Financing offered

First time ever on market

Walking distance to retail
& entertainment

Prime Eastside Costa Mesa location

Pristine condition

Contact Information

Steven C. Brombal

Senior Vice President
949.557.5048 | LIC #00972129
sbrombal@kiddermathews.com

Joshua Y. Rhee

Associate Vice President
949.557.5052 | LIC #01914094
jrhee@kiddermathews.com

kiddermathews.com

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Property Description

This offering represents the first time Casa Del Mar has ever been on the market for sale. The current ownership acquired the property directly from the original developer and has had continual ownership of the building since that time.

Interest only Seller Financing is offered making Casa Del Mar a unique investment opportunity located in the strong and very desirable rental submarket market of Eastside Costa Mesa.

Throughout the ownership of the property there have been painstaking efforts to maintain the interiors and exterior in the highest fashion. The building and improvements are in absolute immaculate condition. The property has been expertly maintained to the original standards where interiors appear as new, like constructed; however there have not been renovations to the current “market” templates seen in neighboring buildings.

Located just yards from Newport Boulevard and the vibrant heart of Costa Mesa including the 17th Street retail corridor, Casa Del Mar is truly walkable and is ideally and conveniently situated for all resident needs and entertainment.

The average asking rent in Costa Mesa is currently \$1913 which is a 7.3% increase from the fourth quarter of 2015 with strong occupancy throughout the City especially in assets under 50 units in size. The rents at Casa Del Mar average only \$1659 allowing new ownership to reposition the unit interiors and raise rents to market levels which are projected to be \$1962 on average for the property.

Costa Mesa’s southernmost border is only one mile from the Pacific Ocean and the city is surrounded by Newport Beach, Huntington Beach, Irvine, and Santa Ana. This thriving community is home to upscale shopping at South Coast Plaza which has the highest annual sales volume of any mall in the United States and strong business centers which are factors that continue to draw new residents into the rental pool and the area in general. Five Fortune 500 companies have headquarters in Orange County including Ingram Micro, Western Digital, Broadcom, Pacific Life, and First American. Costa Mesa’s median household income is projected to reach \$79,962 by 2022 up 14.3% from 2017. The City of Costa Mesa enjoys convenient access to major freeway routes which links it to all of Orange County as well as the greater Los Angeles area and beyond. These freeways include the 55, 405, 22, 91 and Interstate 5 freeways. John Wayne airport is an important air transportation hub and located just six miles from Costa Mesa. The Newport–Mesa Unified School District services all Costa Mesa residents.



Investment Highlights

Competitively priced interest only Seller Financing offered to facilitate this sale makes Casa Del Mar truly an exceptional opportunity for an investor in a 1031 exchange or seeking long-term hold with immediate cash flow, steady appreciation, and rental growth.

The owner will carry, with standard credit approval of the buyer, a \$3,500,000 First TD and note interest only at 3.5% payable monthly, yielding an approximately \$107,184 projected net cash flow at market rents. Interested investors are encouraged to submit all offers with terms of Seller Financing to be negotiated.

The long-term original ownership of this property takes meticulous care to maintain the entire building in like new condition which is quickly evident throughout upon touring the community. As an example, the entire property has had termite correction work completed, the motor court is consistently slurry coated, the building has new exterior paint and decks resurfaced, a new roof has been installed with a special heat retardant surfacing, new windows have been retrofitted throughout the building, approximately 200 feet of sewer line has been replaced, and gas lines to each unit have been replaced.

The property has a desirable unit mix with (3) two-bedroom, one and three-quarter bathroom units; (3) two-bedroom, one-bathroom units, and (10) one-bedroom, one-bathroom units. The interiors feature gas ovens and range tops, eating area, Moen kitchen faucets, hallway linen storage, and spacious interiors. All two-bedroom

units have forced air heat and the one-bedroom unit feature wall heaters. There is a private courtyard at the rear of the property and a large common grass area located behind the building in the back of the site. There is a central laundry facility which is on a month-to-month contract. There are 16 covered, tuck-under parking spaces and one enclosed garage. All large locked storage closets are currently used by the owner and not offered to residents. At one time the property featured a swimming pool and there is a community bathroom with a shower adjacent to the laundry facility. There is additional storage where pool equipment was once housed.

Overall the property and improvements are in pride of ownership condition. Rents have always been significantly under market and the building has not in the past several years been managed for occupancy. Historically there have been multiple vacant units (which are in almost new as constructed condition) for long periods of time which is entirely inconsistent with Eastside Costa Mesa occupancy rates. There is a readily attainable upside of 6+% with more aggressive management and rents could be moved to market matching directly adjacent properties of similar size with some interiors updating.

It is easy to represent that Casa Del Mar is one of the cleanest owner-managed properties in Costa Mesa.



Income & Expenses

Unit Mix and Rent Schedule

UNITS	TYPE	UNIT SF	TOTAL	CURRENT RENT AVG	MARKET RENT	CURRENT RENT/SF	MARKET RENT/SF
10	1 Bed / 1 Bath	625	6,250	\$1,570	\$1,850	\$2.51	\$2.96
3	2 Bed / 1 Bath	1,025	3,075	\$1,850	\$2,100	\$1.80	\$2.05
3	2 Bed / 1.75 Bath	1,075	3,225	\$1,767	\$2,195	\$1.64	\$2.04
16		784	12,550	\$1,659	\$1,962	\$2.12	\$2.50

*Note: With full occupancy

Pro Forma Income & Expenses

INCOME			
		CURRENT	PRO FORMA
Scheduled Market Rent		\$318,612	\$376,620
Less: Vacancy (4%)		(\$12,744)	(\$15,065)
Net Rental Income		\$305,868	\$361,555
Plus: Other Income		\$1,800	\$1,800
Plus: RUBS Income		\$0	\$6,720
Total Operating Income (EGI)		\$307,668	\$370,075

EXPENSES			
	PER UNIT	CURRENT	PRO FORMA
Administrative	\$94	\$1,500	\$1,500
Payroll	\$563	\$9,000	\$9,000
Repairs & Maintenance / Turnover	\$870	\$13,925	\$13,925
Management Fee (4%)	\$769	\$12,307	\$14,803
Utilities	\$420	\$6,721	\$6,721
Contracted Services	\$724	\$11,580	\$11,580
Real Estate Taxes	\$4,395	\$70,323	\$70,323
Special Assessments	\$284	\$4,539	\$4,539
Insurance	\$300	\$4,800	\$4,800
Replacement Reserve	\$200	\$3,200	\$3,200
Total Expenses		\$137,895	\$140,391
Per Unit		\$8,618	\$8,774
Per SF		\$10.99	\$11.19
Net Operating Income		\$169,773	\$229,684

INVESTMENT SUMMARY

Listing Price	\$6,700,000
Price per Unit	\$418,750
Price per SF	\$533.86
Cap Rate (Current)	2.53%
Cap Rate (Market)	3.43%

PROPERTY SUMMARY

Units	16
Parcel No.	425-415-22
Year Built	1962
Metering	Individual Electric & Gas; Master Water
Parking	16 Covered; 1 Single-Car Garage
Total NRSF	12,550 SF
Average Unit Size	784 SF
Lot Size	19,650 SF
Type of Building	Two-Story, Garden Style
HVAC	Forced Air Heat in Two- Bedrooms; Wall Heater in One-Bedrooms
Hot Water	New Central Boiler
Roof	New Flat Built-Up
Exterior	Frame and Stucco

SELLER FINANCING OFFERED*

Amount	\$3,500,000
Intrest Rate	3.50%
Intrest Only Term	5 Years
Annual Payments	\$122,500

*No prepayment penalty

Casa Del Mar

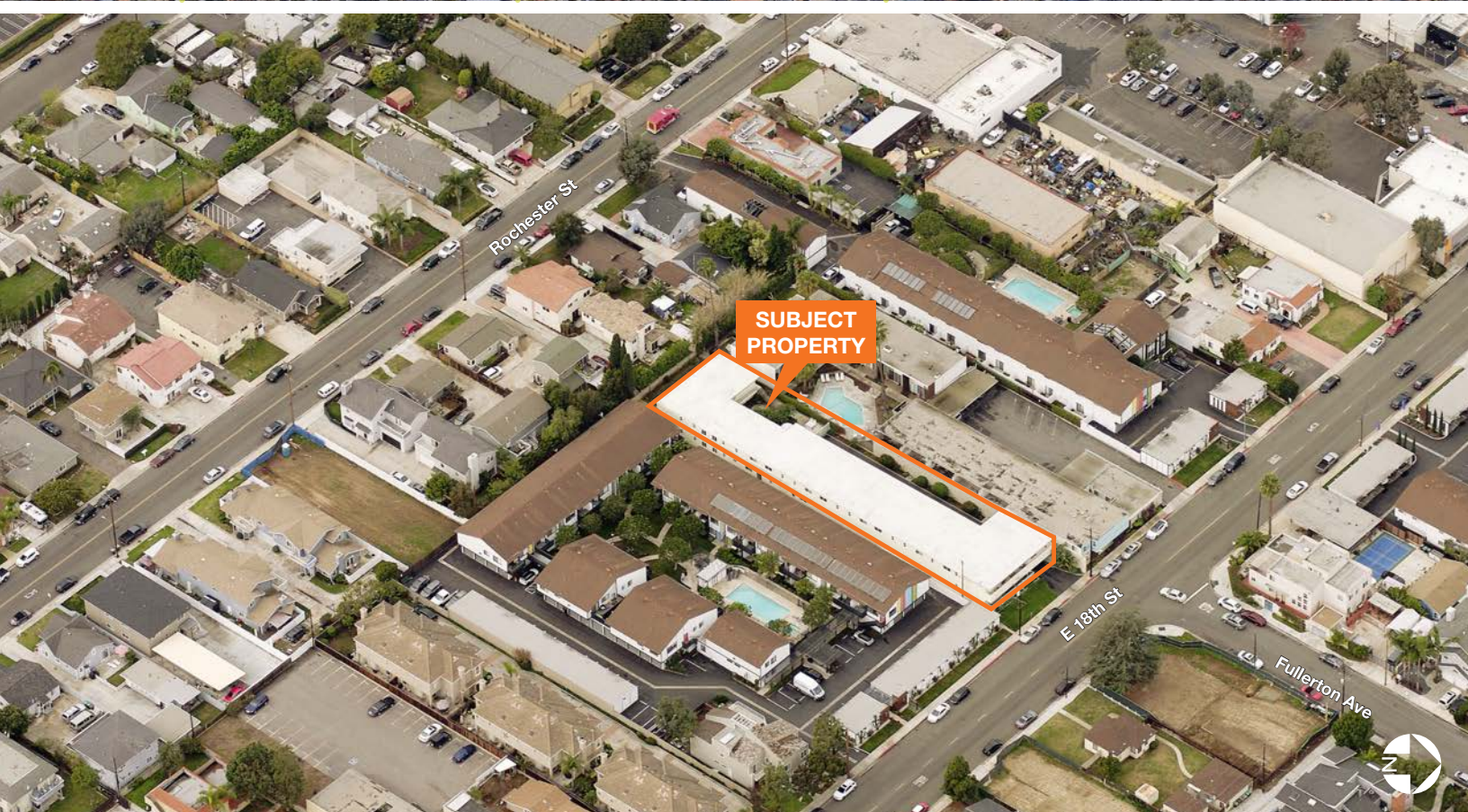
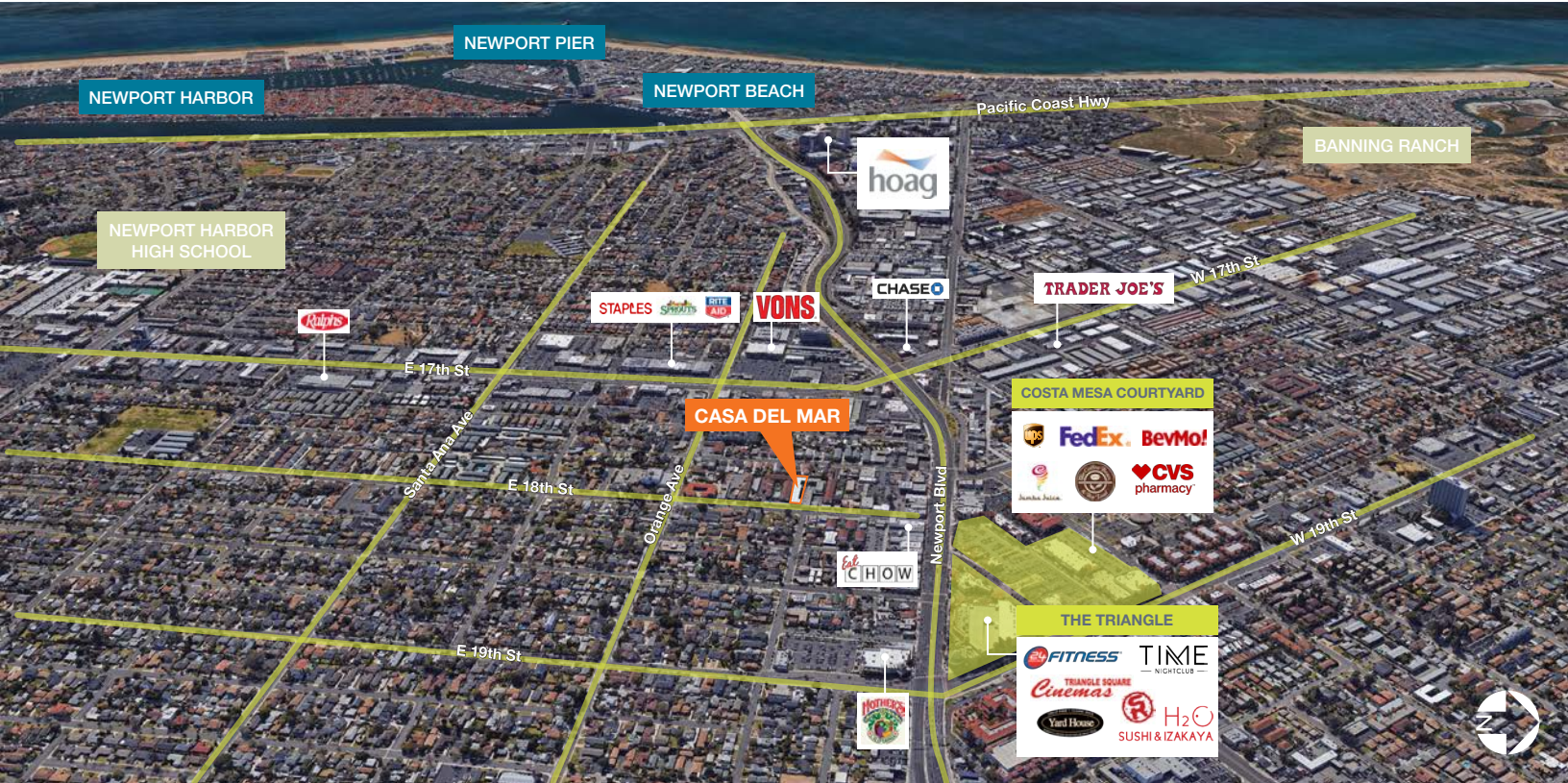
147 East 18th Street
Costa Mesa, CA



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