

**PRICE
REDUCED!**

OFFERING MEMORANDUM

WEST END LOFTS · 320 W. 4TH STREET, SANTA ANA, CA



 **LEE &
ASSOCIATES**
COMMERCIAL REAL ESTATE SERVICES

 **PROPERTY GROUP**
MAXIMIZING PROPERTY VALUES™

TABLE OF CONTENTS

Executive Summary	I
Property Overview	II
Area Overview	III
Financial Analysis	IV
Market Overview	V

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This Confidential Offering Memorandum (this "Memorandum") is being delivered subject to the terms of the Confidentiality Agreement signed by you (the "Confidentiality Agreement") and constitutes part of the Evaluation Material (as defined in the Confidentiality Agreement). It is being given to you for the sole purpose of evaluating the possible acquisition of the West End Lofts, and is not to be used for any other purpose or made available to any other party without the prior written consent of the "Owner" or Lee & Associates Commercial Brokerage ("Broker").

This Memorandum was prepared by the Broker based on information supplied by the Owner and the Broker. It contains selected information about the Property and the real estate market but does not contain all the information necessary to evaluate the acquisition of the Property. The financial projections contained herein (or in any other Evaluation Material, including any computer diskettes) are for general reference only. They are based on assumptions relating to the general economy and local competition, among other factors. Accordingly, actual results may vary materially from such projections. Various documents have been summarized herein to facilitate your review; these summaries are not intended to be a comprehensive statement of the terms or a legal analysis of such documents.

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and engineering/environmental experts.

Owner expressly reserves the right, at its sole discretion, to reject any offer to purchase the Property or to terminate any negotiations with any party at any time with or without written notice. Owner shall have no legal commitment or obligations to any prospective purchaser until a written sale agreement has been fully executed, delivered and approved by Owner and any conditions to Owner's obligations hereunder have been satisfied or waived. Owner has retained Broker as its exclusive broker and will be responsible for any commission due to Broker in connection with a sale of the Property pursuant to separate agreement. Broker is not authorized to make any representation or agreement on behalf of Owner. Each prospective purchaser will be responsible for any claims for commissions by any other Broker in connection with a sale of the Property if such claims arise from acts of such prospective purchaser or its Broker. Owner has the property in an option to purchase and Owner has no obligation to exercise option and close on this property.

This Memorandum is the property of Owner and Broker and may be used only by parties approved by Owner and Broker. No portion of this Memorandum may be copied or otherwise reproduced or disclosed to anyone except as permitted under the Confidentiality Agreement.

Exclusively Offered By:

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I. EXECUTIVE SUMMARY

OFFERING SUMMARY

Lee & Associates, Inc. - Irvine as exclusive listing agent, is pleased to offer for sale the West End Lofts development site (the "Site") in Downtown Santa Ana. This offering is for the fee simple interest in a site fully entitled for a 4-story residential/retail development, consisting of approximately 4 residential/work lofts, retail space on ground floor and basement.

* This can be multiple spaces or one space. It can be also used for full service attorney office suites and conference room for short/long term rental. The plug and go concept or a FedEx - UPS mail/notary etc.

PROPERTY DESCRIPTION

The Subject property is located in Downtown Santa Ana's Artist Village neighborhood. The Site is fully entitled for a 4 story, mixed use development comprised of 8 on site parking spaces, 6,798 square feet of residential, 734 square feet rooftop deck, 4,035 square feet retail.

INVESTMENT HIGHLIGHTS

- Rare fully entitled land with plans for mixed-use development plans complete
- Heart of Downtown Santa Ana
- Heavy foot traffic area
- \$143,000 Paid in permit fees
- Basement ideal for Speakeasy or Gastropub
- Residential/retail development opportunity
- ±14,665 gross floor area with ±4,035 sf of retail space
- 4 high-end residential lofts with rooftop amenity



II. PROPERTY OVERVIEW

PROPERTY SPECIFICS

Address: 320 W. 4th Street, Santa Ana, CA

Assessor's Parcel Number: 398-591-02

Location: Downtown Santa Ana

Asking Price: \$725,000 \ \$181.25 PSF

Number of Units: 4 residential/work lofts
1 retail space
1 basement bar/retail space

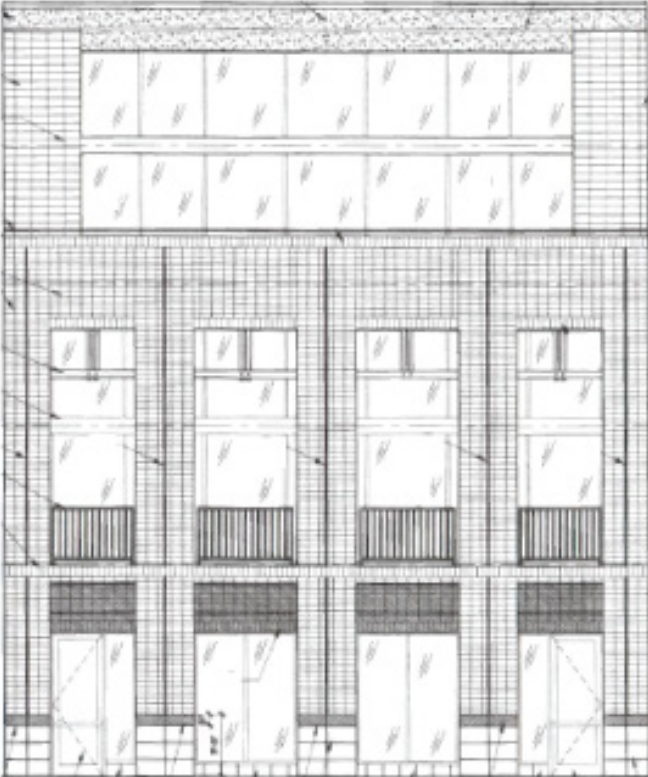
Gross Floor Area: 14,665 Square Feet

Floors: 4

Land Area: 4,080 Square Feet

Parking Spaces: 8 on site

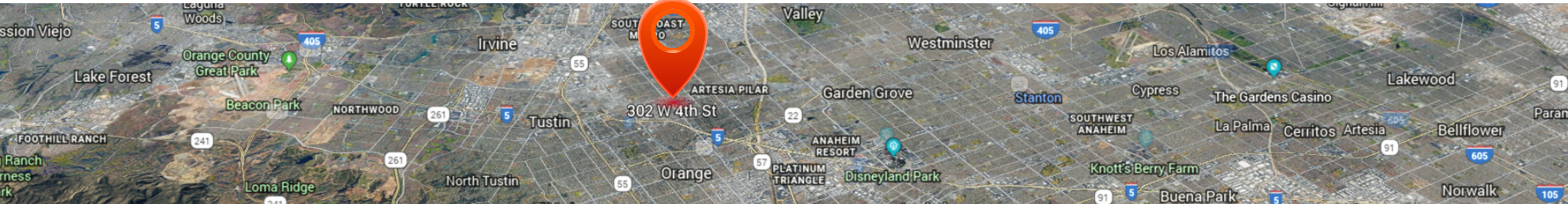
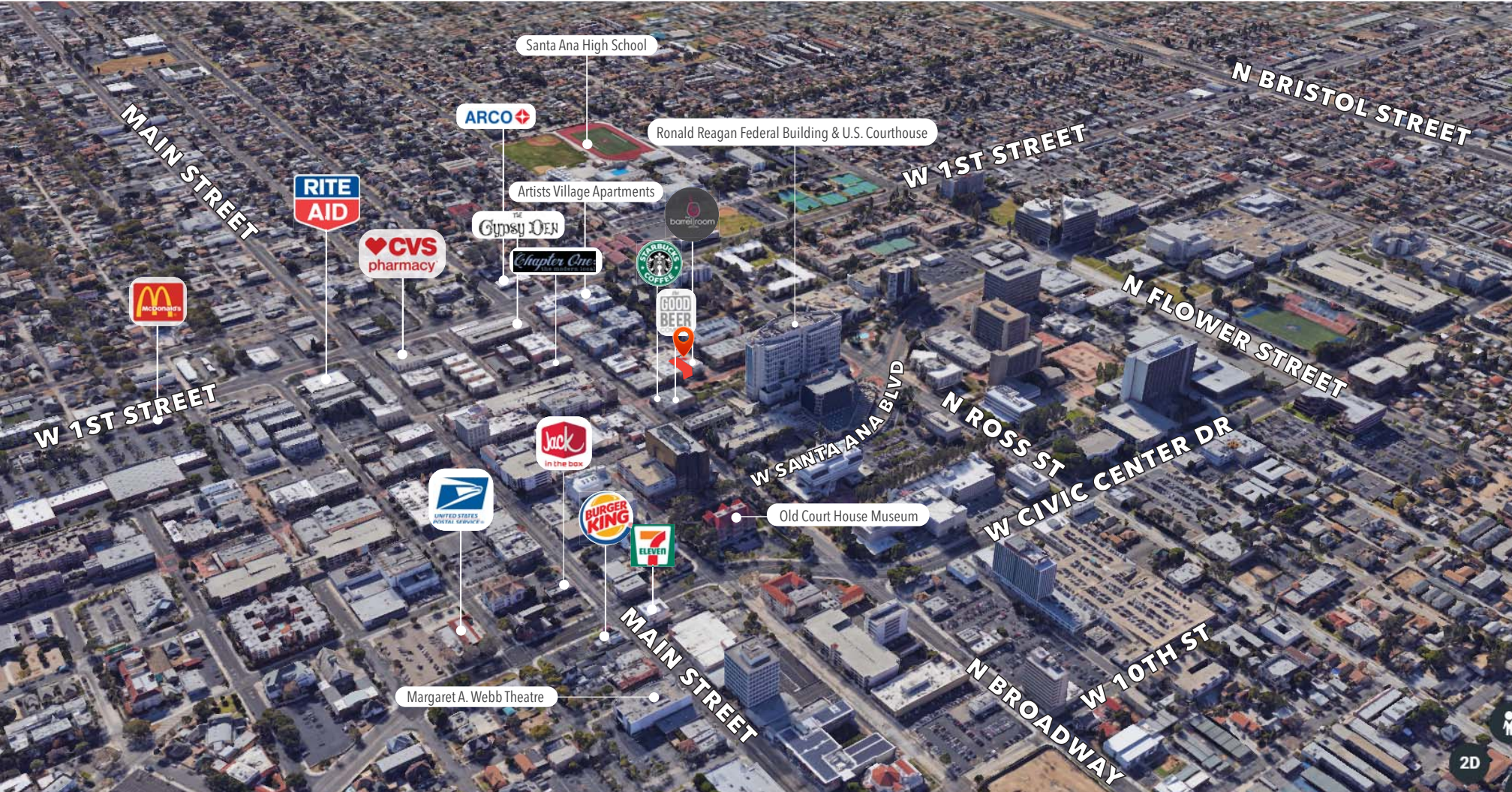
Architect: William Hezmalhach Architects, Inc.



FRONTAL VIEW

UNIT TYPE	SF
Loft 1	1,697
Loft 2	1,753
Loft 3	1,641
Loft 4	1,707
Roof Deck	734
1st Floor Retail	1,271
Basement Retail	2,764

AERIAL



CURRENT STATUS

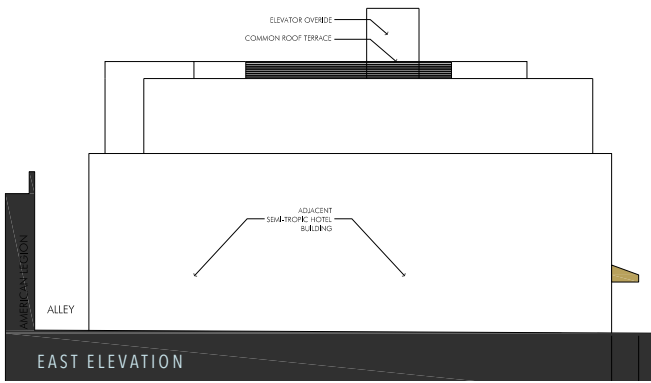
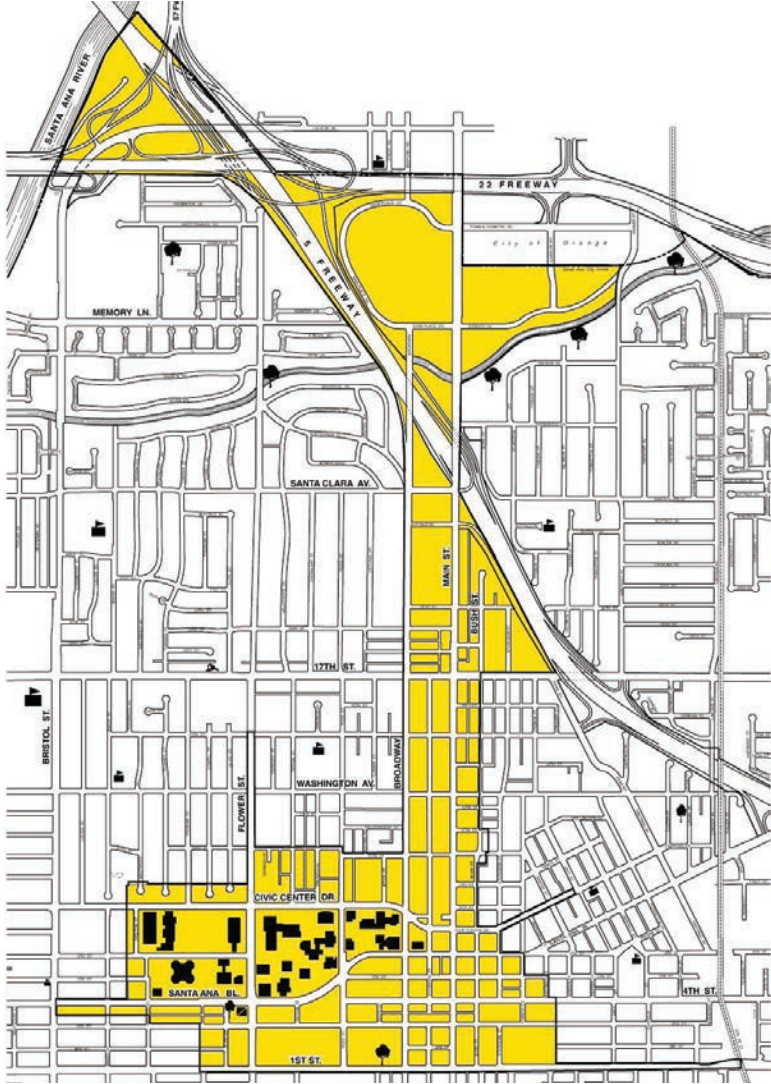
West End Lofts is fully entitled with a specific development permit in the Central City redevelopment area of downtown Santa Ana. Construction documents are complete with contractor bid. The mixed-use housing Site is located in the Downtown Business Improvement District (BID).

ZONING

The Site is in the Transit Zoning area and zoned for a mixture of development and open space for commerce, work place, residences, and civic buildings within walking distance of each other and/or transit. Development is focused on a maximally transit supportive system. The area is set for repair and stabilization of existing buildings, as well as development of new buildings, all to work to define a pedestrian-oriented space and support and strengthen the existing neighborhoods. Downtown Santa Ana is considered very walkable, somewhat "bikeable", and has good public transportation according to WalkScore.com. The Transit Zoning Code focusses on the subtleties of details such as frontage types and building placement.

APPROVALS RECEIVED

The Owner/Permittee shall construct, or cause to be constructed on the site, a 4-story, mixed-use residential development comprised of approximately 4 live/work (residential) lofts, approximately 3,535 square feet of retail space, and 8 parking spaces located within a stacked parking structure.



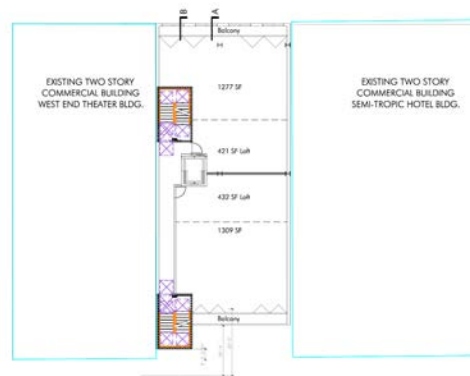
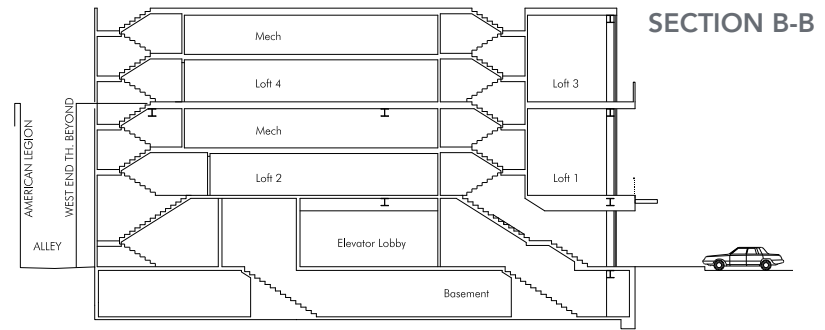
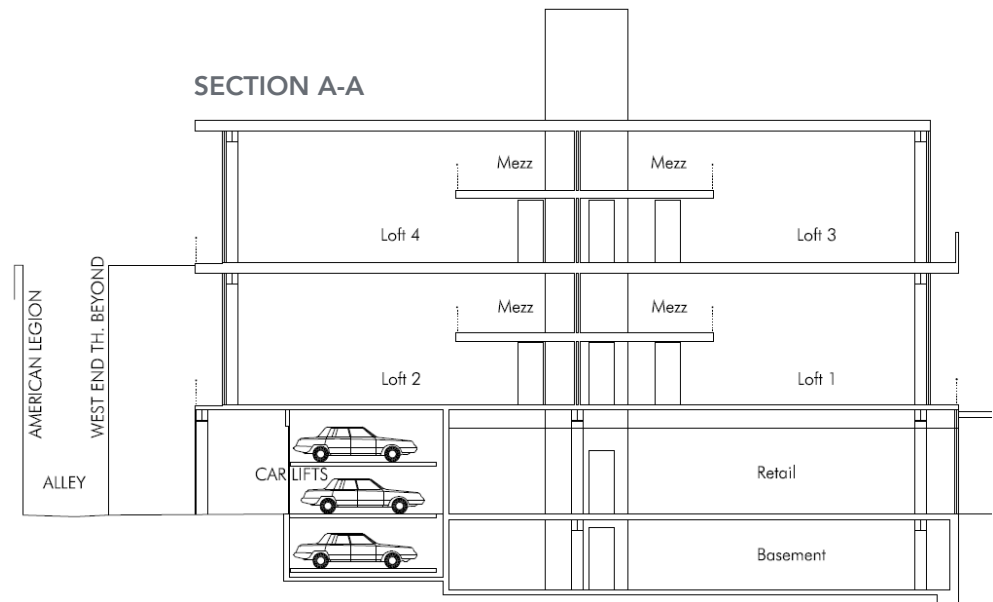
UNIT & PROPERTY AMENITIES

PROPERTY AMENITIES

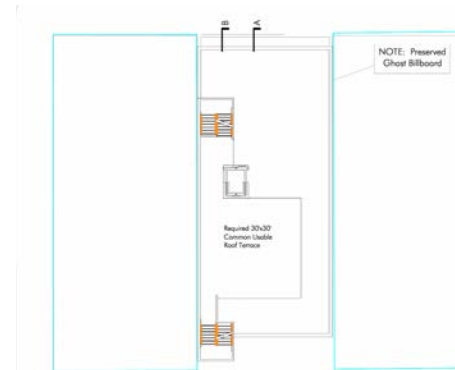
- 3,353 SF of retail space
- Basement retail ideal for Speakeasy, Gastropub or other retail (Office center full service for attorney or suites & conference room)
- 4 residential live/work lofts
- Rooftop terrace
- 8 stacked parking spaces for residents
- Private outdoor terraces

UNIT AMENITIES

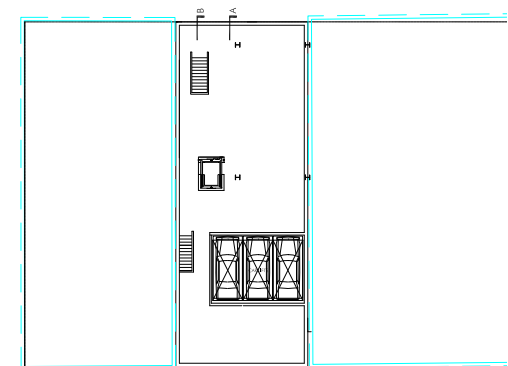
- 4 live/work units (approx. 1,600 sf), each with an spacious bedroom and an office/sleeping loft
- 2 ½ bathrooms office/sleeping loft, 2 ½ baths
- In-unit laundry
- Private balcony
- Large walk-in closets
- Beautiful kitchens with stainless steel appliances, granite counter tops and Island
- 15 foot ceilings



SECOND FLOOR PLAN



ROOF PLAN



BASEMENT

STATE OF THE ART TECHNOLOGY

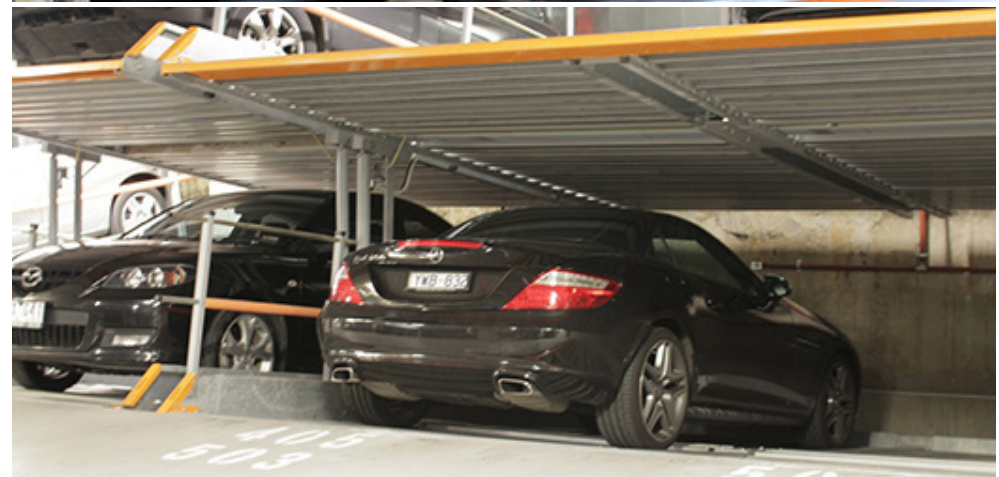
KLAUS PARKING

Downtown Santa Ana is a high-density populous area with numerous metered and structure parking opportunities. Due to residential requirements, West End Lofts will feature the state-of-the-art automatic stacked Klaus Lift Parking P310. Originating in 1964, Klaus Multiparking has been a leading manufacturer of German-made parking systems for over 40 years.* Klaus Parking has been used in other high-end buildings in the area, and will give the building 8 parking spaces for four residential units (two per unit). Klaus Lift Parking P310 is an all UL system featuring infrared remote control operated doors and safety light barriers. Fluorescent lighting will light up use access upon door opening. This technology has been implemented and successful in other markets both locally and across the globe.

ADVANTAGES INCLUDE

- Increased parking efficiency and safety for residents
- Space-saving accommodation for dense parking areas
- Low operation and maintenance costs

* Courtesy of KlausParking.com



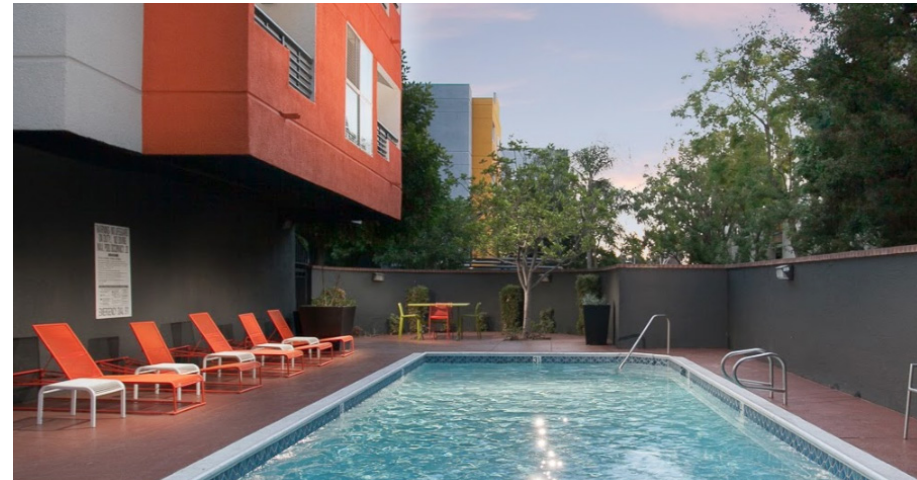
ARTIST'S VILLAGE

West End Lofts is located in Downtown Santa Ana's Artist Village neighborhood. This 10-block submarket has seen a renaissance in recent years with new bars, restaurants, shops and galleries opening in the surrounding area of the West End Lofts. Artist Village has been one of Orange County's most vibrant arts districts for over three decades. Artist Village is filled with historical buildings that have become home to a variety of creative businesses over the past years. Spanning from First Street to Fourth Street and from Bush Street to Birch, Artist Village is in the heart of historic Downtown Santa Ana.

Many historical buildings have been restored, and residents believe in keeping the village's history alive. Artist Village is a community-involvement driven area, setting it apart from other neighborhoods in Southern California. Home to over 40 galleries, Artist Village sets out monthly to open their doors and foster community connection through a monthly art walk.

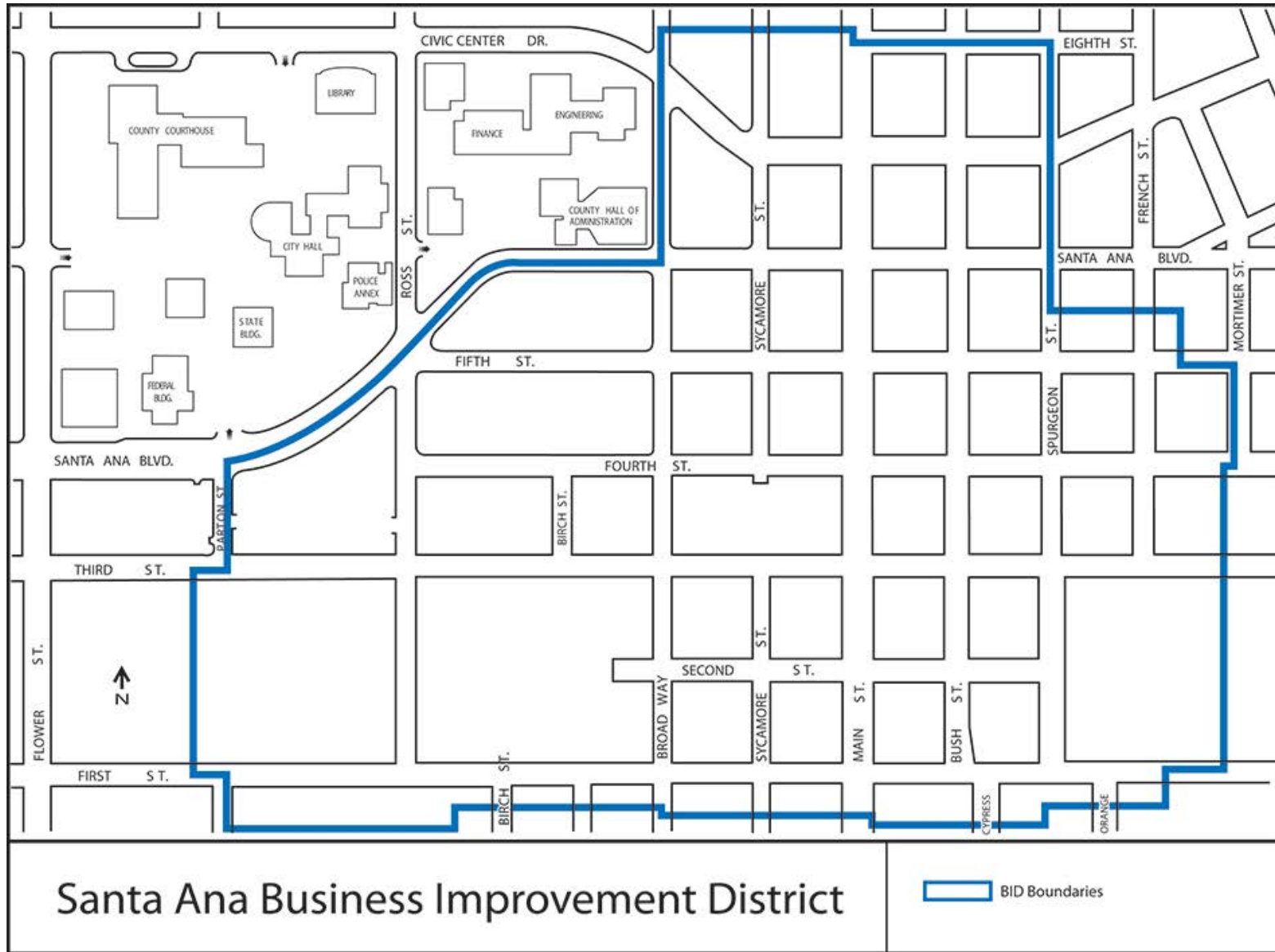
Along with the revitalization and redevelopment of the area, the Artist Village neighborhood already boasts many attractions and amenities. The Grand Central Art Center, a live-work area partnered with California State University Fullerton's graduate students, is a redevelopment project pioneered by Mayor Miguel Pulido in the heart of Artist Village. Artist Village truly brings community and business together.

With much redevelopment underway or planned, the Artist Village neighborhood has already built up a reputation for having an eclectic mix of affordable hotels, restaurants, bars, cafes, boutique shops, galleries, and night spots throughout the area.



III. AREA OVERVIEW

SANTA ANA BUSINESS IMPROVEMENT DISTRICT



* Compliments of <http://www.ci.santa-ana.ca.us/cda/bid.asp>

DOWNTOWN SANTA ANA

West End Lofts and Artist Village are located within downtown submarket of Santa Ana in Orange County. This 24.5-acre area, also known as the Historic Downtown District in Santa Ana, is home to over 99 historic structures. Downtown Santa Ana is the fourth-densest large city in the United States, and has undergone many transitions over its 147-year history. Serving as a central hub for Orange County's business, artistic, and creative classes, Downtown Santa Ana has an extensive diversity of land-use areas – ranging from government buildings to shops to industrial uses.

The award-winning Transit Zoning Code was implemented in an aggressive move towards redeveloping the area for the future of Downtown Santa Ana. The plans have facilitated the design and construction of more than 170 affordable housing units, and a recently adopted adaptive reuse ordinance will facilitate the conversion of unused office and industrial space into residential units.*

Construction of a streetcar system to connect the Civic Center to the Santa Ana Regional Transportation Center (SARTC) began in 2017. The SARTC connects Downtown Santa Ana to the remaining region with services from Amtrak, Metrolink, and a variety of regional bus agencies.

The Downtown Santa Ana Historic District is comprised of six (6) neighborhoods, experiencing growth and new development, is bringing their own culture to the overall landscape of the area. The neighborhoods are The Artists Village, Historic 4th Street, Calle Cuatro Marketplace, East End, The West End, and The Civic Center/Courthouse District.

In 2016, the American Planning Association hand selected Downtown Santa Ana one of the five neighborhoods to be named in their annual 'Great Places in America' list. It was the only city in California to make the list that year.

Santa Ana is home to more than:

- 150,000 workers
- 72,000 households
- Over 40 galleries
- 300,000 residents
- Over 43,000 businesses

* Courtesy of ci.santa-ana.ca.us



IV. FINANCIAL ANALYSIS

CONSTRUCTION BUDGET

Earthwork, clean up grade and surveying	\$55,565
Flat work, curb & Gutter & Fencing	\$24,000
Paving, Striping SWPP/BMP	\$15,000
Site Utilities	\$310,00
Hardscape, landscape, irrigation and site fencing	\$18,872
Foundation	\$341,103
(includes Parking Garage, Caissons & water proofing)	
Structural steel	\$280,000
Stairs	\$15,000
Ornamental steel including stainless steel Railing	\$45,000
Exterior Wall.Includes Venner	\$288,049
Stucco.....	\$27,000
Pedestrian Elevator.....	\$85,000
Parking elevator	\$210,000
Roofing.....	\$18,357
Framing labor.....	\$101,484
Framing lumber	\$175,000
Drywall & Insulation.....	\$61,574
Finish Carpentry.....	\$32,000
Cabinet & Millwork.....	\$40,000
Door (wood, fire rated & roll up).....	\$24,000
Interior doors and Hardware.....	\$22,000
Lighting.....	\$18,000
Windows Includes two store front opening.....	\$32,000
Glass & glazing Bifold sliding doors (6 opening).....	\$12,000

Ceramic Tile	\$25000
Counter Tops.....	\$16000
T Bar Ceilings.....	\$8500
Interior & Exterior Paint.....	\$22,640
Residential Appliances.....	\$20,000
Flooring.....	\$55000
Specialties	\$10,650
Other Equipment	\$70,000
(including the parking conveying system)	
Plumbing.....	\$125,510
Pluming fixtures	\$20,000
Fire protection Systems.....	\$95000
HVAC.....	\$51,840
Electrical.....	\$107,865
Clean Up rough and finish.....	\$15000
General Contractor (incl. site mgmt.)	\$200,000
(10 months)	
General Liability and other insurance.....	\$40,000

Sub total hard costs.	\$2,785,009
5% Contingency.....	\$139250
Total Construction Budget.....	\$2,924259

V. MARKET OVERVIEW

ORANGE COUNTY MULTIFAMILY

Orange County saw an increase of 4% in absorbed units in the past year. With new unit deliveries remaining at peak levels (4,954 units completed by end of 2017 Q3), the average monthly effective rent increased 3.2% from the year prior. Acquisitions remained elevated at \$1.2 billion by 2017 Q3.

Multifamily development completions in Orange County were up by 95.5% from 2016, with 1,323 units completed in Q3 alone. Growth across Class B properties hit a seven-year-high with 4,749 units; Class B units accounted for 32.2% of inventory at the end of 2017 Q3 – up from just 15.2% in 2016.

While acquisitions remained steady, construction reached 28,602 units between 2016-2017. Trends in Orange County mirrored that of the national markets, with a moderate downtrend in constructions.

Multifamily rents averaged around \$1,843 in 2017 Q3, or \$2.15 per square foot. This 3.2% ascent marked seven years of continuous rent appreciation.

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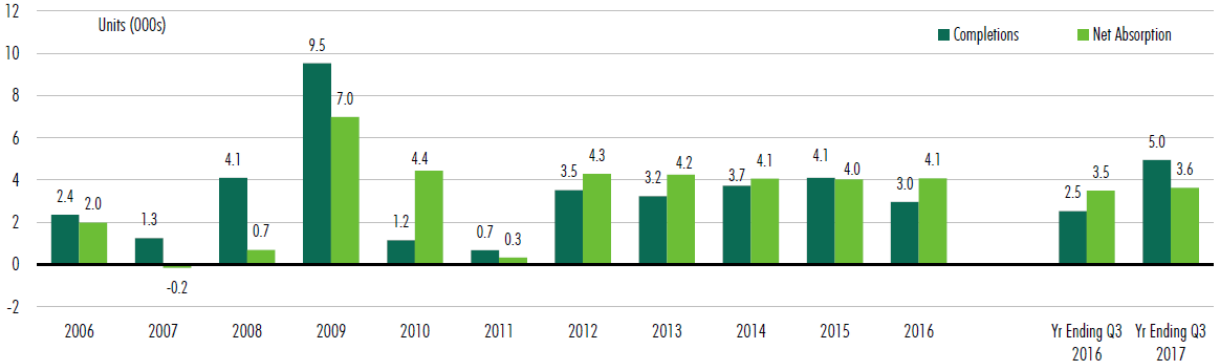
Vacancy Rate
4.4%
- 

Net Absorption*
3,636 Units
- 

Completions*
34,954 Units
- 

Acquisitions Volume*
\$331 Million

DEMAND AT HIGHEST LEVEL IN FOUR YEARS, BUT OUTPACED BY COMPLETIONS



Source: CBRE Research, Q3 2017.

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