



Casa Loma

218 W. CLEMMENS LANE
FALLBROOK, CA 92028

48 APARTMENT HOMES
OFFERING MEMORANDUM



Clemmens Ln

Clemmens Lane Park

SUBJECT PROPERTY

Mission Blvd



Casa Loma

218 W. CLEMMENS LANE
FALLBROOK, CA 92028

48 APARTMENT HOMES

04

Overview

Investment Summary
Investment Highlights

06

Property Description

Building Description
Community Amenities
Floor plans

13

Financial Analysis

Financials

14

Rent & Sale Comparables

Rent Comparisons
Sale Comparisons

18

Market Overview

Neighborhood Overview
Regional Overview

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The Offering

Kidder Mathews is pleased to present the opportunity to acquire a 48-unit apartment home community located in beautiful Fallbrook, California. The offering consists of a two-story garden style building with a mix of studio, one and two-bedroom units. Casa Loma is located in a desirable residential neighborhood with proximity to the busy and vibrant town center. Residents are walking distance to abundant retail and neighborhood amenities including Clemmens Lane Park, Rite Aid, Northgate Market, Albertsons and Starbucks to name a few.

While the property is very well maintained, in-place rents are below market. When compared to other similar communities in Fallbrook, the rents at Casa Loma show room for growth to current market rents.

Fallbrook is located in San Diego's North County Inland submarket. It is situated 1/4 mile from the east gate of the Marine Corps base Camp Pendleton. Fallbrook is "life in the country" yet within a 30 minute drive of Vista, Oceanside, Temecula, San Marcos & Escondido.

INVESTMENT SUMMARY

Address	218 W. Clemmens Lane Fallbrook, CA 92028
Number Of Units	48
Year Completed	1975
Price	\$7,200,000
Price/Unit	\$150,000
Price/Sf	\$245
Cap Rate	4.22%
Market Cap Rate	5.34%
GRM	12.2
Market GRM	10.8

Investment Highlights

WELL MAINTAIN PROPERTY

The current owner has meticulously maintained the property as if they were owning the property forever. By touring, a potential investor will be able to easily see the high level of care and maintenance the owner has put into the property especially compared to other listed apartments.

UPSIDE IN RENTS

The current rent structure is below market. An investor could raise rents and increase NOI immediately.

WALKABLE LOCATION

Casa Loma Apartments is conveniently walkable to numerous shops, food and services on S Mission Road. Rite Aid, Northgate Market, Club Paradise Fitness, Jack in the Box, Starbucks to name a few are all a short walk away.

ONE BLOCK TO CLEMMENS LANE PARK

One of the County's news parks, Clemmens Lane County park opened in 2009 and includes amenities such as playgrounds, a synthetic turf practice soccer field and sand volleyball court and picnic area with covered pavilion and barbecues.

CLOSE TO CAMP PENDLETON

Situated ¼ mile from the East Gate of the Marine Corps Base Camp Pendleton. Marine Corps Base Camp Pendleton is the Corps' largest West Coast training facility and encompasses more than 125,000 acres. The base has been the largest employer in North San Diego County for more than 60-years, with a daytime population of 70,000 military and civilian personnel.

CLOSE TO TEMECULA AND SAN DIEGO

Temecula is approximately 30 minutes north of Casa Loma Apartments and north County cities such as Vista, Oceanside, San Marcos and Escondido are less than 30 minutes away. Easy accessibility to these cities allows renters to work in larger cities and reside in Fallbrook.

RURAL SETTING AND SURROUNDED BY NATURAL BEAUTY

Fallbrook has over 2,600 acres of protected land. Most of the preserves are open to the public have trails that offer excellent hikes, bird watching, beautiful scenery and native habitat and wildlife. Los Jilgueros Preserve is less than 2 miles from the property. It consists of 46 acres of preserve with a variety of looping trails totaling over 2 miles field and riparian forest.



Property Description

Property Address	218 W. Clemmens Lane, Fallbrook, CA 92028
Units	48
Year Built	1975
Land Area	1.33 acres (57,934 SF)
APN	104-200-57-00
Gross Building Area	±30,048 SF
Building Configuration	Two 2-story buildings with a center courtyard and community pool.
Construction	Slab foundation with 2-story wood framed building. Stucco exterior and flat roofs

Windows	Aluminum window
Access	Exterior stairs with metal stringer and concrete treads
Roof Construction	Flat roof
Exterior Materials	Stucco and wood siding
Parking	73 total spaces; 32 tuck under and 42 open spaces. Parking ratio of 1.5 parking spaces per unit.
Laundry	Common laundry room with four (4) washers and four (4) dryers. The laundry equipment is leased from WASH.
Zoning	C36 (General Commercial) with a maximum density allowance of 40 dwelling units per acres.





UNIT MIX

DESCRIPTION	COUNT	EST. SF	TOTAL SF
Studio	16	415	6,640
1 bed/ 1 bath	24	630	15,120
2 bed/ 2 bath	8	950	7,600
TOTAL/AVERAGE	48	612	29,360



UTILITY SUMMARY

TYPE	PROVIDER	PAID BY	BILLING METHOD
Water/Sewer	Fallbrook Public Utilities District	Owner	Direct Bill
Trash	Fallbrook Waste & Recycling	Owner	Direct Bill
Electric	SDG&E	Tenant	Direct Bill
Gas (Water Heaters Only)	SDG&E	Owner	Direct Bill
Cable/Phone/Internet	Time Warner	Tenant	Direct Bill

MECHANICAL/ELECTRICAL/PLUMBING

HVAC Electric wall A/C and heating (two units do not have A/C)

COOKING ENERGY Electric

ELECTRIC SERVICE 70 amps to each unit. 2 main 400 amp

WATER HEATING Two (2) 100-gallon water heaters, each 265,000 BTU

METERING Individually metered for electric

JURISDICTION OF TAXES

JURISDICTION San Diego County

TAX ID NUMBER 104-200-57-00

MILLAGE RATE 1.08586

FIXED ASSESSMENTS \$119.88

TAX YEAR July 1, 2017 - June 30, 2018

**Property taxes are reassessed at property sale*



COMMUNITY AMENITIES

Swimming Pool

Lush Landscaping

Common Laundry Room

Barbecue and Picnic Area

Covered Parking

Leasing Office

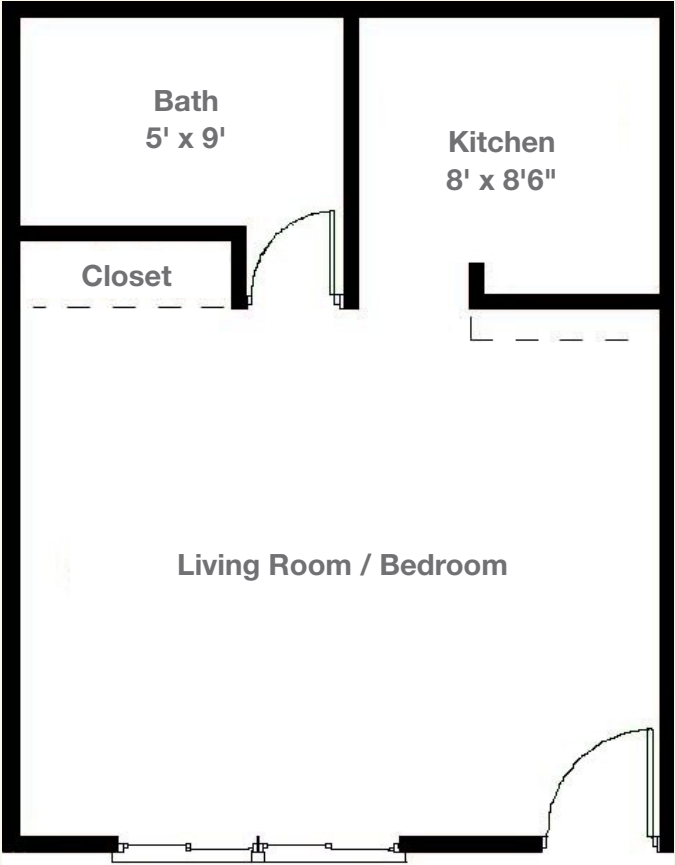
Secured Site



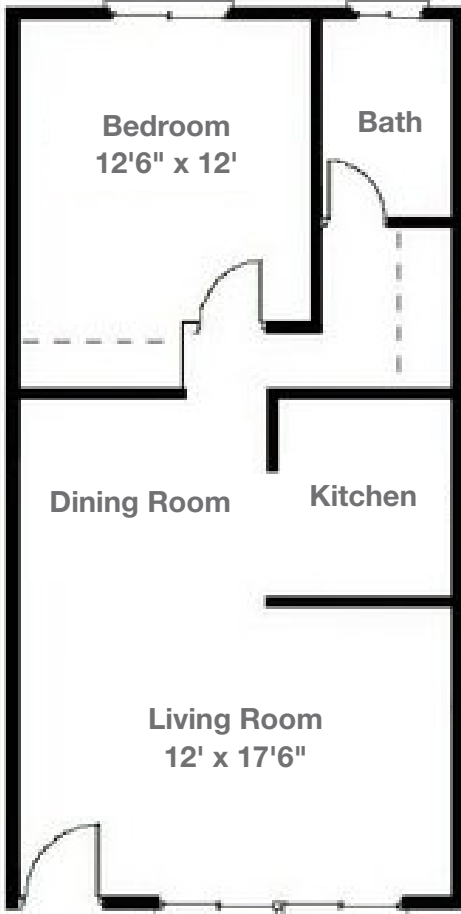


FLOOR PLANS

Studio
415 SF

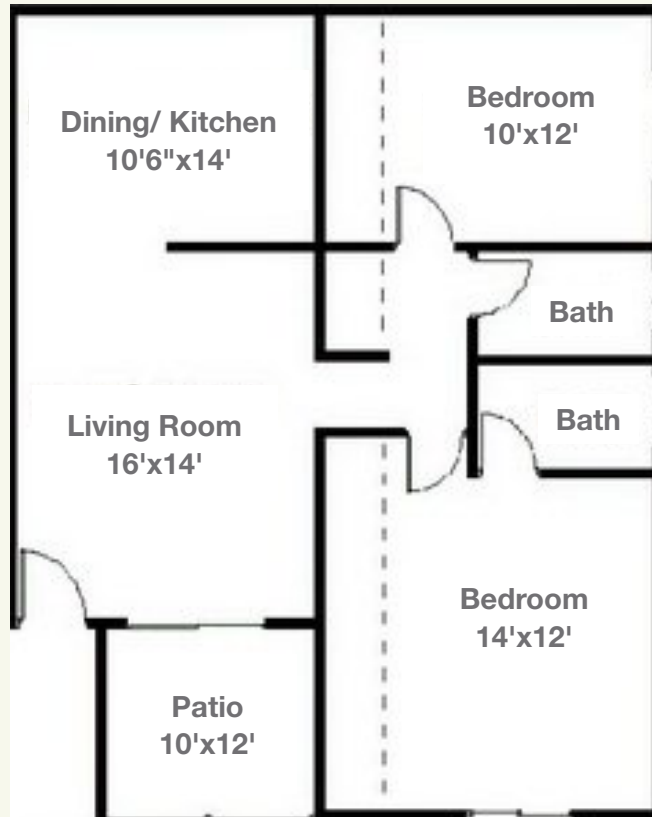


One Bedroom / One bath
630 SF

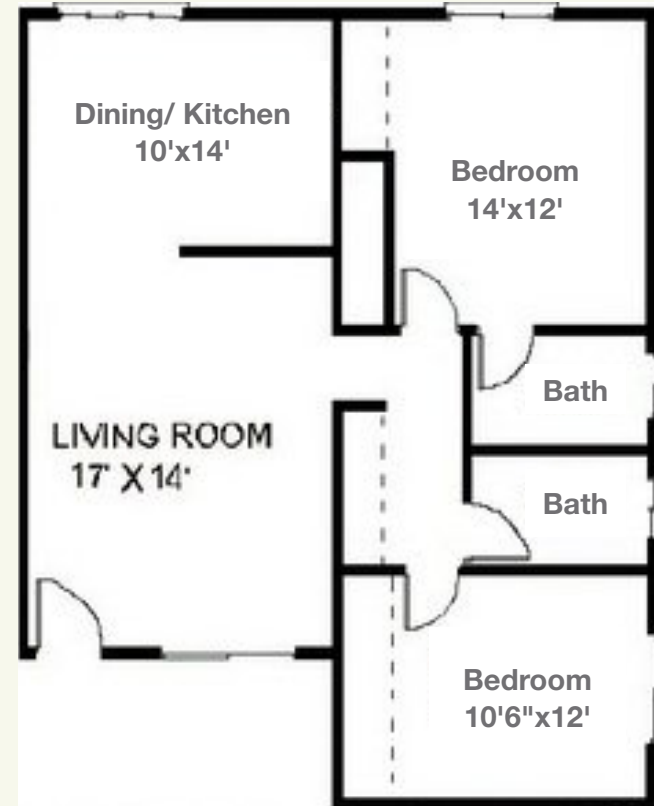


FLOOR PLANS

Two Bedroom / Two bathroom
950 SF
First Floor



Two Bedroom / Two Bathroom
950 SF
Second Floor



Financials

# Units	Unit Type	Sq. Ft.	Total Sq.Ft.	Actual Rent	\$/Sq.Ft.	Total Rent	Market Rent	\$/Sq.Ft.	Total Market Rent
16	STUDIOS	415	6,640	\$912	\$2.20	\$14,590	\$1,035	\$2.49	\$16,560
24	1BD/ 1BA	630	15,120	\$1,005	\$1.59	\$24,110	\$1,145	\$1.82	\$27,480
8	2BD/ 2BA	950	7,600	\$1,295	\$1.36	\$10,360	\$1,465	\$1.54	\$11,720
48	Total/Avg	612	29,360	\$1,022	\$1.67	\$49,060	\$1,162	\$1.90	\$55,760
ANNUALIZED GROSS INCOME						\$588,720	\$669,120		
Vac / Collect 4.00% Mkt Vacancy 4.00%						(\$23,549)	(\$26,765)		
ADJUSTED GROSS INCOME						\$565,171	\$642,355		
Renters Insurance Fee						\$3,659	\$3,659		
RUBS Income						\$31,167	\$34,416		
Laundry Income						\$11,984	\$12,360		
Parking and Storage Income						\$2,438	\$2,438		
Other Income						\$8,382	\$8,382		
EFFECTIVE GROSS INCOME						\$622,801	\$703,610		
						TRAILING 12 MONTH EGI			
						\$602,998			
						T-12 ACTUAL EXPENSES		PROFORMA EXPENSES	
Less Estimated Expenses:						\$/UNIT	\$/YEAR	\$/YEAR	
Property Taxes 1.08586%						\$1,629	\$78,182	\$78,182	
Fixed Assessment						\$3	\$120	\$120	
Insurance						\$189	\$9,051	\$9,051	
Utilities						\$1,208	\$58,004	\$58,400	
Repairs/ Maintenance/ Turnover/ Contracted Services						\$1,317	\$63,224	\$55,820	
Payroll/ Rent Reimbursement						\$1,354	\$64,975	\$64,975	
Administrative						\$1,063	\$51,006	\$15,000	
Off-Site Management 4.00%						\$517	\$24,799	\$22,607	
Replacement Reserves						\$200	\$104,566	\$15,000	
						\$453,927	\$319,155		
Exp./unit:						\$9,457	\$6,649	(\$319,155)	
Exp/psf:						\$15.46	\$10.87		
Exp. % of SGI:						77.1%	54.2%		
NET OPERATING INCOME						\$303,646	\$384,456		
Amortization Rate						30			
Debt Service \$4,200,000 @						4.25%			
CASH FLOW						\$247,938	\$247,938		
						\$55,708	\$136,518		
Cash on Cash Return						1.86%	4.55%		
Principal Loan Reduction						\$69,438	\$69,438		
Total Return						\$125,146	\$205,956		
Return on Equity						4.17%	6.87%		
DCR						1.22	1.55		

INVESTMENT SUMMARY

Price \$7,200,00

Price/Unit \$150,000

Price/SF \$245

Down Payment \$3,000,000
(42%)

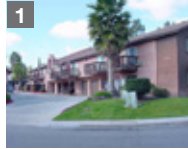
Cap Rate 4.22%

Market Cap Rate 5.34%

GRM 12.2

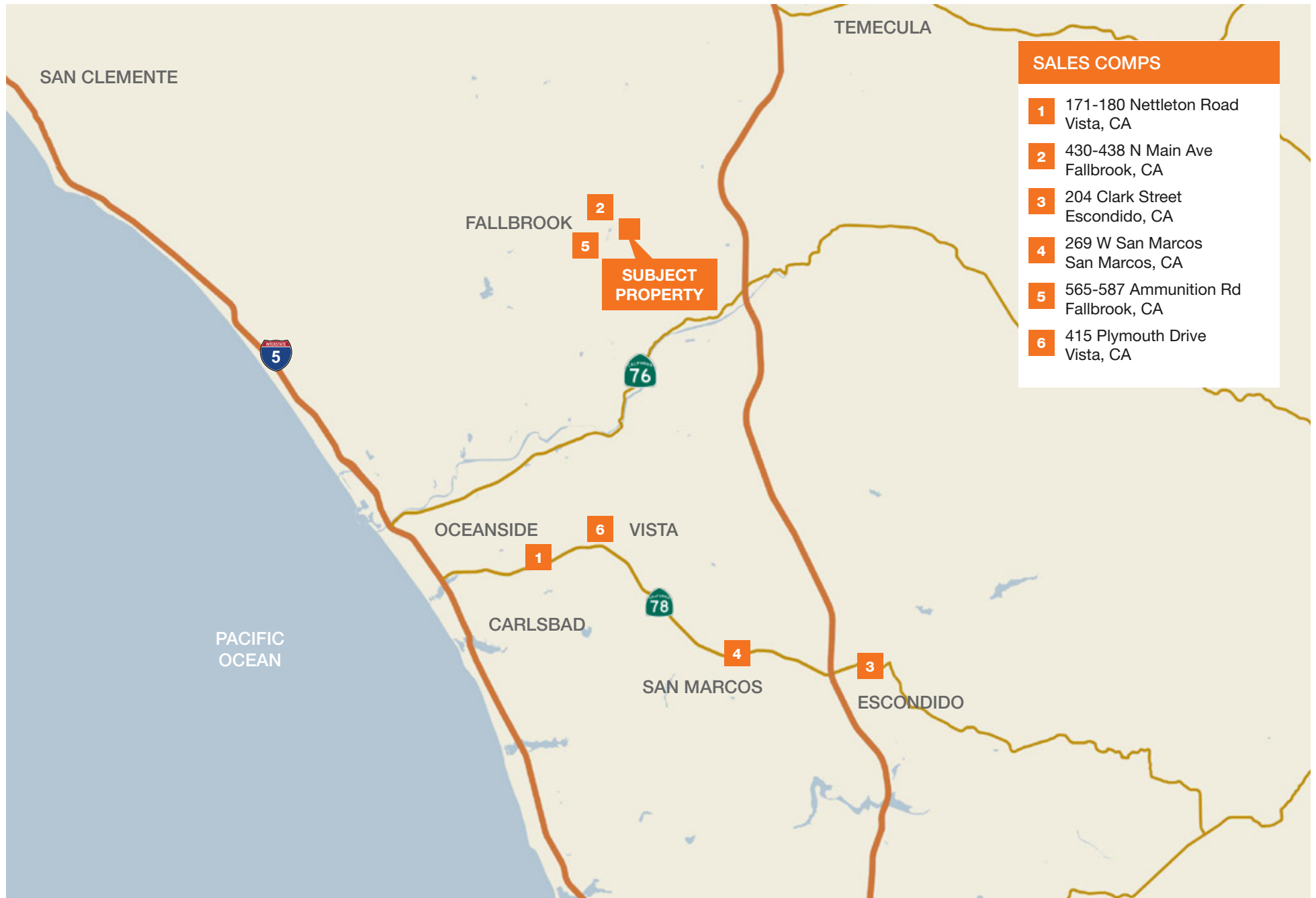
Market GRM 10.8

SALE COMPARABLES

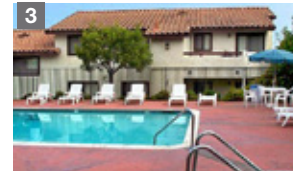


PROPERTY	Casa Loma Apts	Westwind Apts	430-438 N Main Street	Civic Center Villas	Rancho San Marcos Apts	Gateway Apts	Vista Terrace	Avg
ADDRESS	218 W Clemmens Lane Fallbrook, CA 92028	171-180 Nettleton Rd Vista, CA 92083	430-438 N Main Street Fallbrook, CA 92028	204 Clark Street Escondido, CA 92025	269 W San Marcos San Marcos, CA, 92069	565-587 Ammunition Fallbrook, CA 92028	415 Plymouth Drive Vista, CA 92083	
# OF UNITS	48	39	7	20	26	14	32	23
YEAR BUILT	1975	1989	1940	1986	1980	1966	1980	1976
SALE DATE	PROPOSED	PENDING	3/1/2018	2/8/2018	2/28/2018	5/23/2017	1/16/2018	
SALE PRICE	\$7,200,000	\$6,750,000	\$875,000	\$3,960,000	\$5,600,100	\$1,875,000	\$8,595,000	
PRICE PER UNIT	\$150,000	\$173,077	\$125,000	\$198,000	\$215,388	\$133,929	\$268,594	\$173,427
PRICE PER RENTABLE SF	\$245	\$269	\$257	\$226	\$255	\$189	\$266	\$234
CAP RATE (in place)	4.22%	4.36%	NA	3.78%	4.16%	NA	5.12%	4.66%
CAP RATE (Market)	5.34%	5.00%	NA	5.03%	5.32%	NA	5.12%	
GRM (in place)	12.23	12.90	NA	13.10	13.30%	NA	11.89	
GRM (Market)	10.76	11.90	NA	11.60	11.70	NA	11.89	
UNIT MIX	16 - Studios 24 - 1br/1ba 8 - 2br/2ba	11 - Studios 27 - 1br/1ba 1 - 2br/2ba	4 - 1br/1ba 3 - 2br/1ba	4 - 1br/1ba 16 - 2br/2ba	16 - 2bd/1ba 8 - 2bd/1.5ba 2 - 3bd/1ba	4 - 1br/1ba 8 - 2br/1ba 2 - 3br/2ba	32 - 3bd/2ba	

SALE COMPARABLES MAP

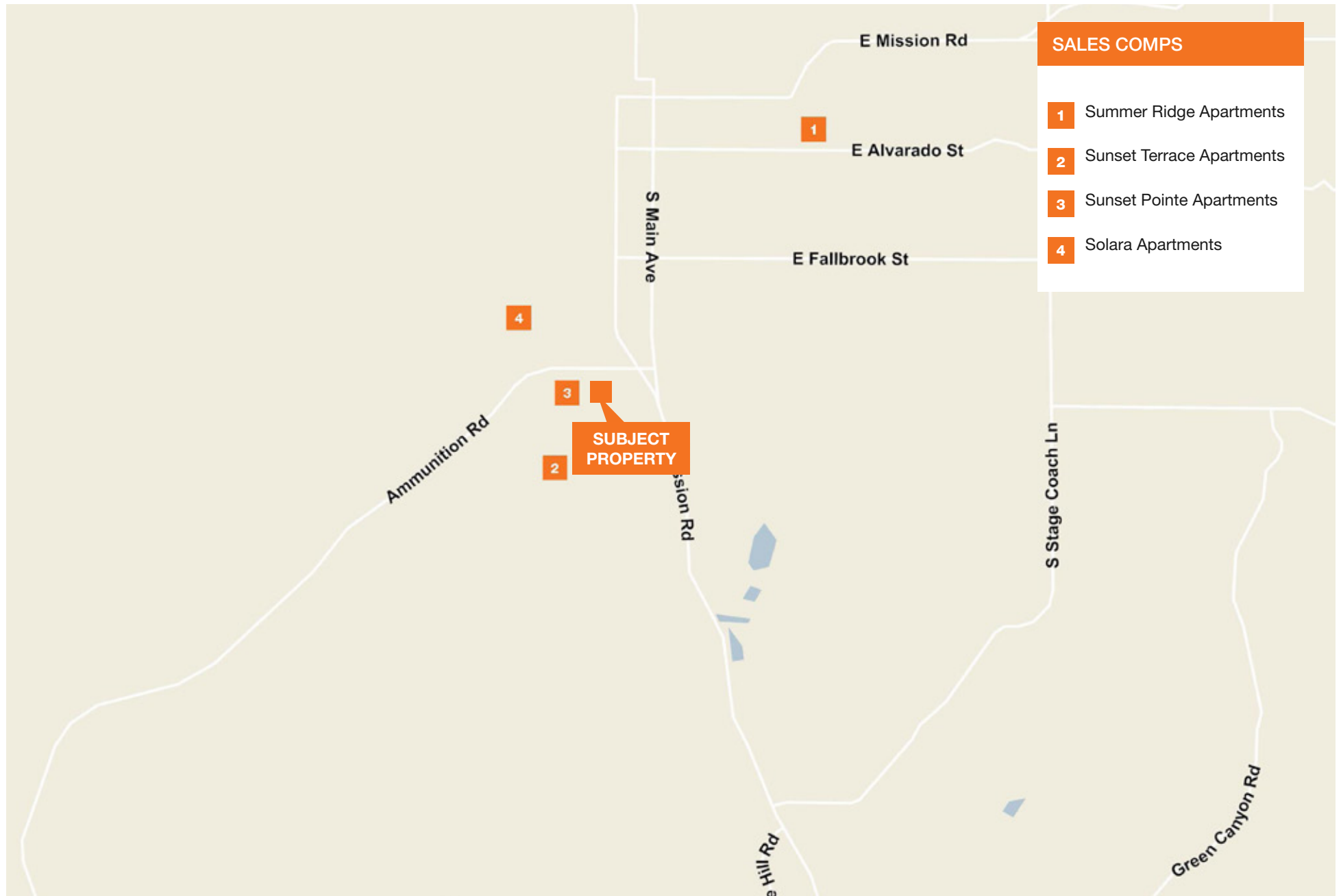


RENT COMPARABLES



PROPERTY	Casa Loma Apts	Summer Ridge Apts	Sunset Terrace Apts	Sunset Pointe Apts	Solara Apts
Address	218 W Clemmens	818 E Alvarado Street	1456 Alturas	465 W Clemmens Ln	725 Alturas Lane
CITY	Fallbrook	Fallbrook	Fallbrook	Fallbrook	Fallbrook
# of Units	48	96	66	76	13
Built	1975	1975	1975	1989	1989
Studio					
Rent	\$1,035	\$1,050	\$1,025		
Square Feet	415	412	412		
Rent/Square Foot	\$2.49	\$2.55	\$2.49		
1BD/ 1BA					
Rent	\$1,145	\$1,300	\$1,240	\$1,190	
Square Feet	630	820	700	800	
Rent/Square Foot	\$1.82	\$1.59	\$1.77	\$1.49	
2BD/ 1 BA					
Rent					
Square Feet					
Rent/Square Foot					
2BD/2BA					
Rent	\$1,465		\$1,400	\$1,463	\$1,525
Square Feet	950		900	1000	900
Rent/Square Foot	\$1.54		\$1.56	\$1.46	\$1.69
Community Amenities	Pool, common laundry facility, leasing office, barbecue and picnic area	Pool, spa, business center, clubhouse, common laundry facility	Pool, spa, common laundry facility	Pool, spa, common laundry facility	Common laundry facility, barbecue and picnic area, pet park

SALE COMPARABLES MAP



Market Overview

Fallbrook is a peaceful rural community of approximately 32,215 people located six miles west of Interstate 15, five miles north of Route 76 and is immediately east of US Marine Corps Camp Pendleton.

Only 12 miles southwest of Temecula, residents have access to all the conveniences and resources of a larger city. This charming community, which once housed a stagecoach stop along the route from Temecula to San Diego, currently holds the title of “Avocado Capital of the Universe” and is home to the annual spring Avocado Festival. Most of the area is characterized by rolling hills covered in avocados and citrus orchards.

Fallbrook has also gained attention recently from some of the Hollywood celebrity set looking for a quiet escape. Home owners include Jason Mraz, Sarah Michelle Gellar and Freddie Prince Jr., Tori Spelling, Dean McDermott and “Weird Al” Yankovic.



DEMOGRAPHICS



There is a population of 32,215 people in 2017. In 2022, population is projected to increase to approximately 33,553 people (0.80% increase).



Average household income in Fallbrook is \$90,287. About 28% of the households make \$100,000+ per year.



51% of the population hold a white collar profession and 26% of the population hold a blue collar occupation.



35.3 is the median age in Fallbrook



23% of the population have a bachelor's degree or higher.



In Fallbrook, there are about 11,328 households. 39% are renter occupied and 53% are owner occupied housing units.

APARTMENT MARKET

ASKING RENTS/UNITS

UNIT TYPE	RENTS
STUDIOS	\$948
1-BEDROOM	\$1,061
2-BEDROOM	\$1,249
3-BEDROOM	\$1,581
VACANCY	2.9%

Source: Costar Analytics



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