

OFFERING MEMORANDUM

14 @ Milton & Penn

7307 Milton Avenue & 7303 Penn Street
Whittier, CA



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PRESENTED BY

Steven C. Brombal
Senior Vice President
sbrombal@kiddermathews.com
949.557.5048
LIC #00972129

Joshua Y. Rhee
First Vice President
jrhee@kiddermathews.com
949.557.5052
LIC #01914094

Kidder Mathews
1 Park Plaza, Suite 500
Irvine, CA 92614

kiddermathews.com



01

Offering Summary

- Property Descriptions
- Investment Highlights
- Property Photos

Offering Summary

PROPERTY DESCRIPTIONS

The exclusive offering of 14 @ Milton & Penn is a rare opportunity for an investor to acquire a property that was custom-built by the Seller. This is the first time that this property has been offered for sale to the marketplace.

This 14-unit community is located in a prime Whittier location and offers a new owner stable workforce housing with attainable rental upside. Many units have been upgraded with granite countertops, new cabinetry, new flooring, two-tone paint, lighting, and plumbing fixtures. Rental rates, including the renovated units, are well below market levels which is very indicative of properties with long-term ownership.

This acquisition affords any new investor a very solid investment consisting of well-constructed buildings with expansive square footage in all floorplans and the opportunity to generate a ~4.5%+ yield within a very reasonable timeframe as most of the units have been renovated.



INVESTMENT HIGHLIGHTS

The 14 units @ Milton & Penn were constructed by the current ownership in 1971 and consist of (2) seven-unit buildings on 7303 Penn Street and 7307 Milton Avenue. Both buildings have 30-year pitched composition roof systems approximately 10 years old, garages, and vinyl windows in most units.

All units have wall A/C heater combination units with fireplaces in eight units. All roof eaves are enclosed and plastered, and both buildings have partial roof guttering. In addition, all deteriorated fascia was replaced when new roofs were installed.

Each building is separately metered and has essentially the same floorplan. **7303 Penn Street** features (1) studio, (2) one-bedroom, one-bath, and (4) two-bedroom, one-bath units. Some of these units are in original condition with very long-term occupants which the Seller will take into consideration at the time of an offer or the physical inspection. **7307 Milton Avenue** consists of (1) studio, (2) one-bedroom, one-bath, (3) two-bedroom, one-bath, and (1) two-bedroom, two-bath units. 7312 Milton Avenue is across the street from the subject property and has smaller two-bedroom, one-bath units with current rents ranging from \$1,695-\$1,795.

All interiors are very spacious with ceiling fans in many of the large bedrooms. Some of the two-bedroom units feature a sink and vanity in the master bedroom. The bathtubs and showers in remodeled units have tiled walls to the ceiling and most have been tiled behind toilets. Many units have been

completely refurbished with granite countertops in kitchens and bathrooms, while others feature white marble-style countertops, microwaves, stainless appliances, new cabinetry with decorative hardware, ceiling fans, and abundant linen closet storage. Eight units have decoratively designed fireplaces offset in the living room with wide hearths to accomodate seating.

Overall units have been well cared for and are light and bright. There is an upstairs one-bedroom unit in the rear of each building with expansive balconies accessible by a slider from the bedroom and spanning the entire length of the unit. All units have electric appliances with residents responsible for their usage. Water, trash, and gas are paid by the owner with gas servicing only the hot water boilers. There is one laundry room with owner-owned equipment and a separate laundry room which is used by the owner for storage.

This is an extremely rare, custom-built property with only one ownership since it was built. 14 @ Milton & Penn represents the first time that this property has ever been offered for sale by the original owner. There is rental upside of 36% and a minimum 4.48% “going forward” market yield with stable occupancy servicing a much-needed tenant base in Whittier.

Property Summary

Units: 14

Metering: Seperate electric, master gas

Average Unit Size: 787 SF

Hot Water: Boiler

Parcel No. : 8141-006-001, -002

Parking: 18 garages, 5 tandem, 1 open

Lot Size: 14,000 SF

Roof: Pitched composition shingle

Year Built: 1971

Total NRSF: 11,013 SF

HVAC: Wall A/C, heater combination



PROPERTY PHOTOS



PROPERTY PHOTOS



PROPERTY PHOTOS



PROPERTY PHOTOS

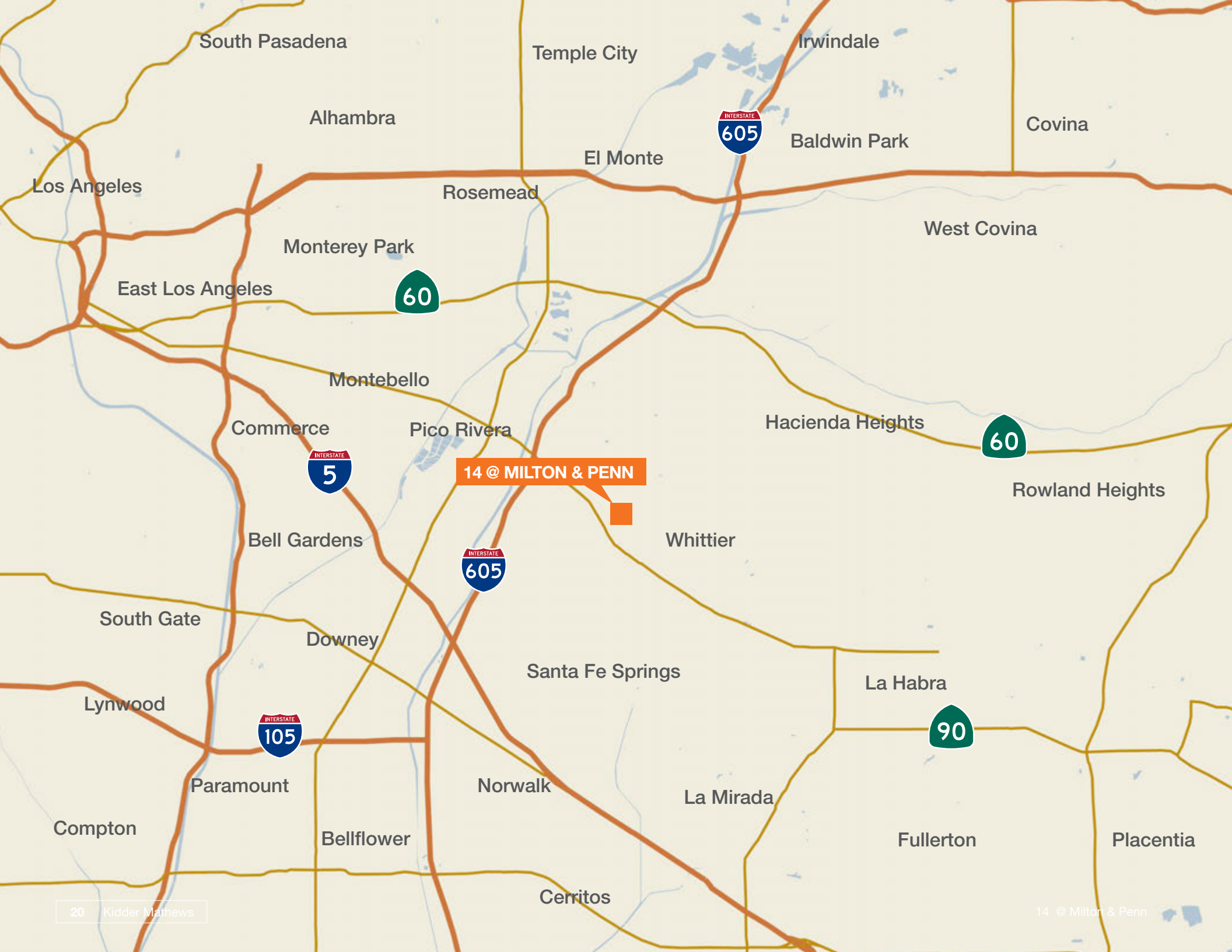


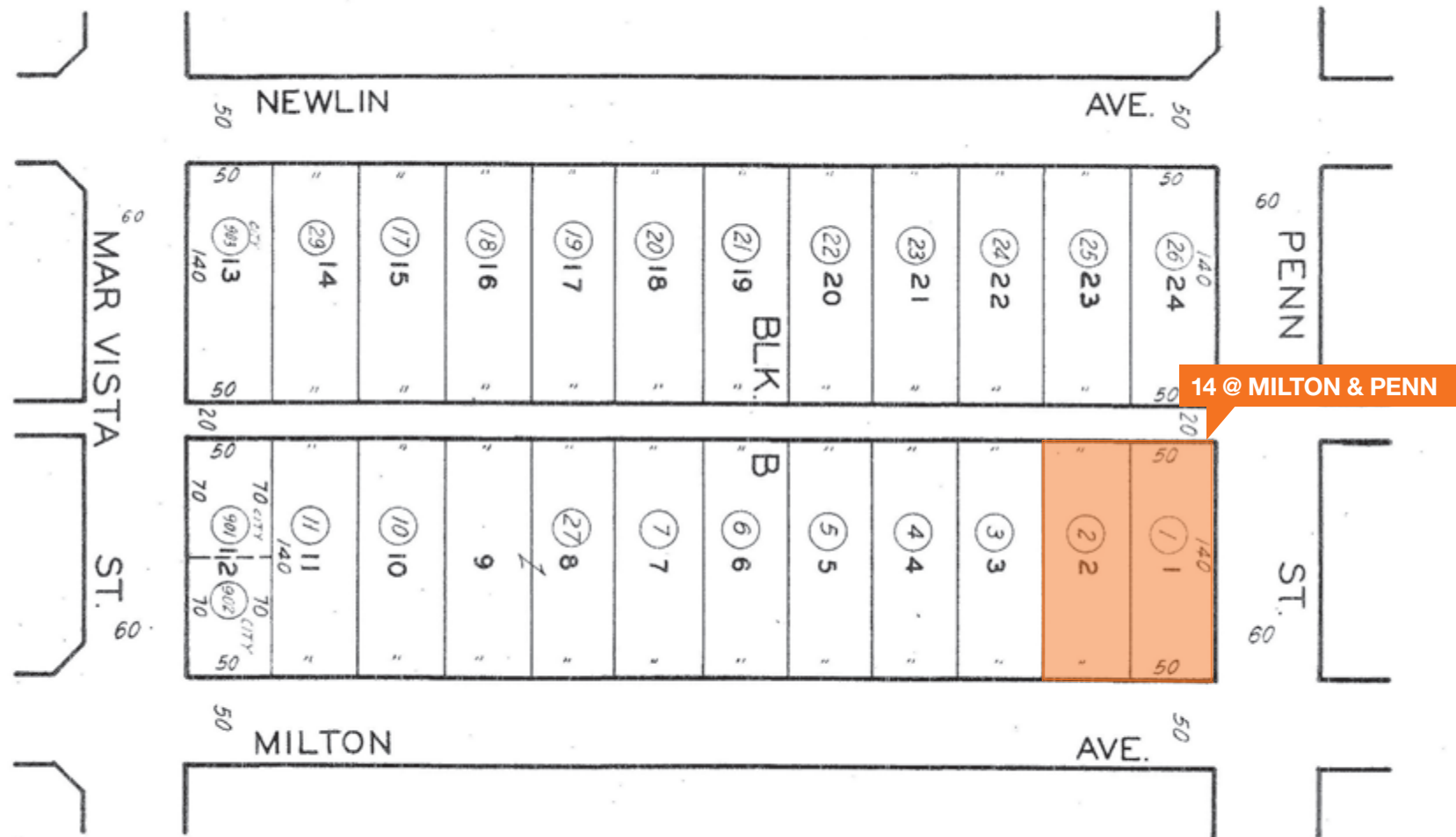


02

Location Overview

- Regional Map
- Aerial
- Plat Map
- Whittier By The Numbers

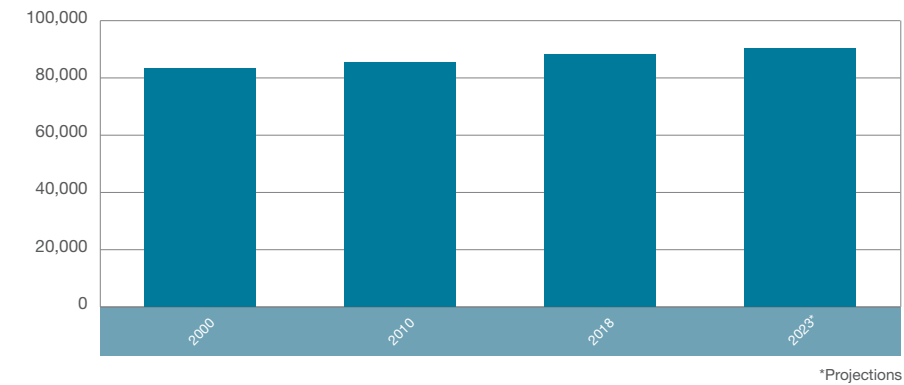




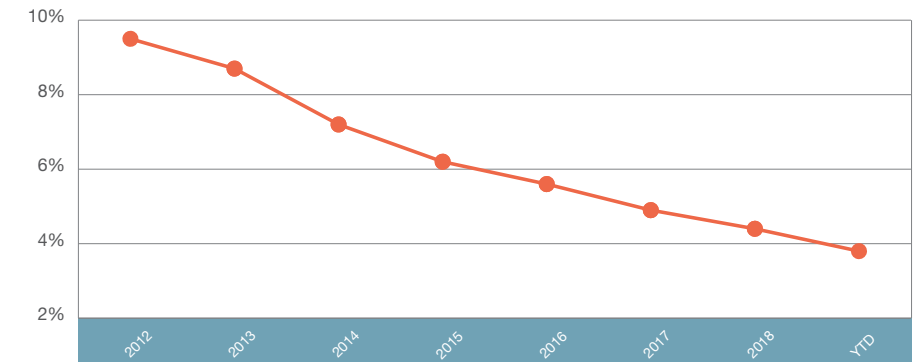
WHITTIER BY THE NUMBERS

	2010	CURRENT	2023 PROJECTION	GROWTH RATE		AVG MORTGAGE PAYMENT**	AVG RENT	DIFFERENCE
Total Population	85,331	88,215	90,165	2.21%	↑	\$2,195	\$1,386	\$809
Total Households	28,273	28,869	29,344	1.65%	↑	**\$536,100(Median Home Price); 30-yr fixed; 20% Down; 4.586% Interest (Taxes/Ins. Not Included) Source: Zillow		
Median Household Income	65,308	\$71,806	\$82,956	15.53%	↑			
Median Age	35.4	36.3	37.4	3.03%	↔			

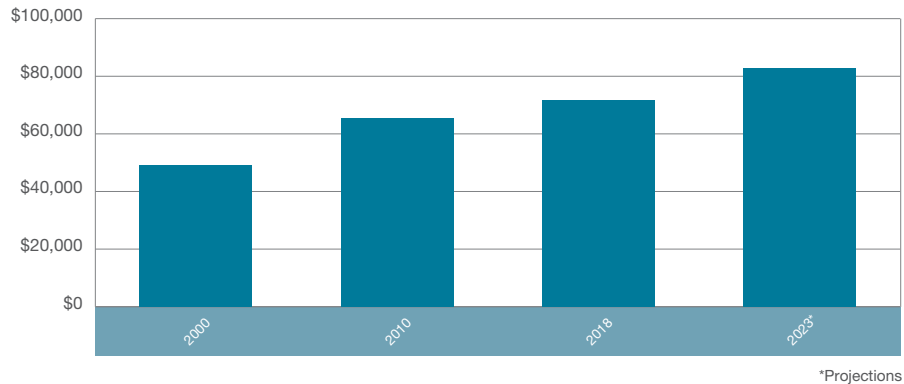
Population Trend



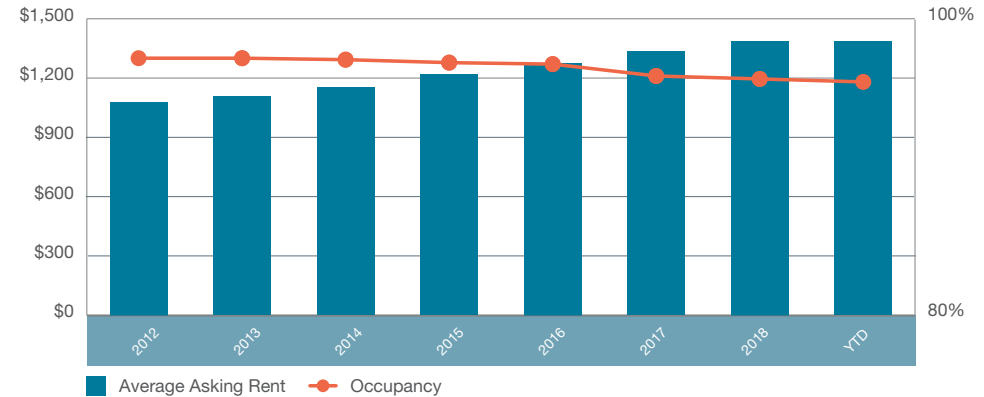
Annual Unemployment Rates



Median Household Income



Average Asking Rent & Occupancy





03

Valuation

Rent Roll and Pro Forma

Valuation

RENT ROLL AND PRO FORMA

ADDRESS	TYPE	UNIT SF	TOTAL SF	CURRENT RENT	MARKET RENT	CURRENT RENT/SF	MARKET RENT/SF
7303 #1	2 Bed / 1 Bath	910	910	\$1,125	\$1,795	\$1.24	\$1.97
7303 #2	2 Bed / 1 Bath	910	910	\$1,450	\$1,795	\$1.59	\$1.97
7303 #3	2 Bed / 1 Bath	910	910	\$1,475	\$1,795	\$1.62	\$1.97
7303 #4	2 Bed / 1 Bath	910	910	\$1,150	\$1,795	\$1.26	\$1.97
7303 #5	0 Bed / 1 Bath	445	445	\$1,000	\$1,300	\$2.25	\$2.92
7303 #6	1 Bed / 1 Bath	700	700	\$950	\$1,450	\$1.36	\$2.07
7303 #7	1 Bed / 1 Bath	700	700	\$1,000	\$1,495	\$1.43	\$2.14
7307 #1	2 Bed / 2 Bath	953	953	\$1,500	\$1,825	\$1.57	\$1.92
7307 #2	2 Bed / 1 Bath	910	910	\$1,450	\$1,795	\$1.59	\$1.97
7307 #3	2 Bed / 1 Bath	910	910	\$1,475	\$1,795	\$1.62	\$1.97
7307 #4	2 Bed / 1 Bath	910	910	\$1,150	\$1,795	\$1.26	\$1.97
7307 #5	0 Bed / 1 Bath	445	445	\$1,000	\$1,300	\$2.25	\$2.92
7307 #6	1 Bed / 1 Bath	700	700	\$1,250	\$1,450	\$1.79	\$2.07
7307 #7	1 Bed / 1 Bath	700	700	\$1,075	\$1,495	\$1.54	\$2.14
14		787	11,013	\$1,218	\$1,634	\$1.55	\$2.08

INCOME	CURRENT PRO FORMA	MARKET PRO FORMA	
Scheduled Market Rent	\$204,600	\$274,560	
Less: Vacancy (4.00%)	(\$8,184)	(\$10,982)	
Net Rental Income	\$196,416	\$263,578	
Plus: Fee & Laundry Income	\$2,520	\$2,520	
Total Operating Income (EGI)	\$198,936	\$266,098	
EXPENSES	PER UNIT	CURRENT PRO FORMA	MARKET PRO FORMA
Administrative	\$86	\$1,200	\$1,200
Payroll	\$429	\$6,000	\$6,000
Repairs & Maintenance/Turnover	\$950	\$13,300	\$13,300
Utilities	\$660	\$9,240	\$9,240
Contracted Services	\$471	\$6,600	\$6,600
Real Estate Taxes (1.1426%)	\$3,040	\$42,562	\$42,562
Special Assessments	\$305	\$4,265	\$4,265
Insurance	\$300	\$4,200	\$4,200
Replacement Reserves	\$200	\$3,500	\$3,500
Total Expenses		\$90,867	\$90,867
	Per Unit:	\$6,490	\$6,490
	Per SF:	\$8.25	\$8.25
Net Operating Income		\$108,069	\$175,231
Less: Debt Service		(\$93,489)	(\$93,489)
Projected Net Cash Flow		\$14,580	\$81,742
Debt Service Coverage		1.16	

	CURRENT	MARKET
Attainable Rental Upside		34%
Ratio of Expenses/GSI	44%	33%



Financing

- Interest Rate: 4.35%
- Down Payment: \$2,175,650
- Total Loan: \$1,565,000
- Loan-to-Value: 42%
- Amortization: 30 years
- Monthly Payment: (\$7,791)
- Fees: 1.00%

Investment Summary

- Price: \$3,725,000
- Price/Unit: \$266,071
- Price/SF: \$338.24
- Cap Rate (current): 2.90%
- Cap Rate (market): 4.70%
- GRM (current): 18.21
- GRM (market): 13.57



04

Market Positioning
Sale Comparables

SALE COMPARABLES



13632 Penn Street
Whittier, CA

Units	12
Year Built	1959
Rentable SF	7,272
Price	\$3,100,000
Price/Unit	\$258,333
Price/SF	\$426.29
Cap Rate	4.00
Sale Date	November 2018



7312 Milton Avenue
Whittier, CA

Units	8
Year Built	1954
Rentable SF	5,705
Price	\$2,050,000
Price/Unit	\$256,250
Price/SF	\$359.33
Cap Rate	4.50%
Sale Date	June 2018

*KM Underwriting, across the street from subject property



11741 Colima Road
Whittier, CA

Units	12
Year Built	1978
Rentable SF	9,896
Price	\$3,570,000
Price/Unit	\$297,500
Price/SF	\$360.75
Cap Rate	3.69%
Sale Date	April 2018

*Notes: KM Underwriting



14 @ Milton & Penn
Whittier, CA

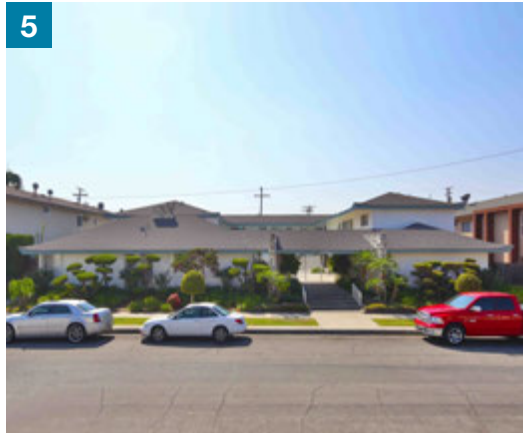
Units	14
Year Built	1971
Rentable SF	11,012
Price	\$3,725,000
Price/Unit	\$266,071
Price/SF	\$338.24
Cap Rate	2.90%



10729 Shire Place
Whittier, CA

Units	7
Year Built	1959
Rentable SF	6,766
Price	\$1,965,000
Price/Unit	\$280,714
Price/SF	\$290.42
Cap Rate	3.58%
Sale Date	October 2018

*Notes: KM Underwriting



15828 Landmark Drive
Whittier, CA

Units	12
Year Built	1963
Rentable SF	11,326
Price	\$3,300,000
Price/Unit	\$275,000
Price/SF	\$291.37
Cap Rate	4.08%
Sale Date	May 2018



8140 Bright Avenue
Whittier, CA

Units	10
Year Built	1973
Rentable SF	7,928
Price	\$2,975,000
Price/Unit	\$297,500
Price/SF	\$375.25
Cap Rate	3.62%
Sale Date	On Market

*Notes: KM Underwriting



13456 Camilla Street
Whittier, CA

Units	12
Year Built	1963
Rentable SF	12,096
Price	\$3,900,000
Price/Unit	\$325,000
Price/SF	\$322.42
Cap Rate	3.55%
Sale Date	August 2018

*KM Underwriting = 4% vacancy and 37% expenses



10733 Orange Grove Avenue
Whittier, CA

Units	8
Year Built	1968
Rentable SF	9,486
Price	\$2,300,000
Price/Unit	\$287,500
Price/SF	\$242.46
Cap Rate	4.83%
Sale Date	April 2018

*Notes: KM Underwriting



13416 Mar Vista Street
Whittier, CA

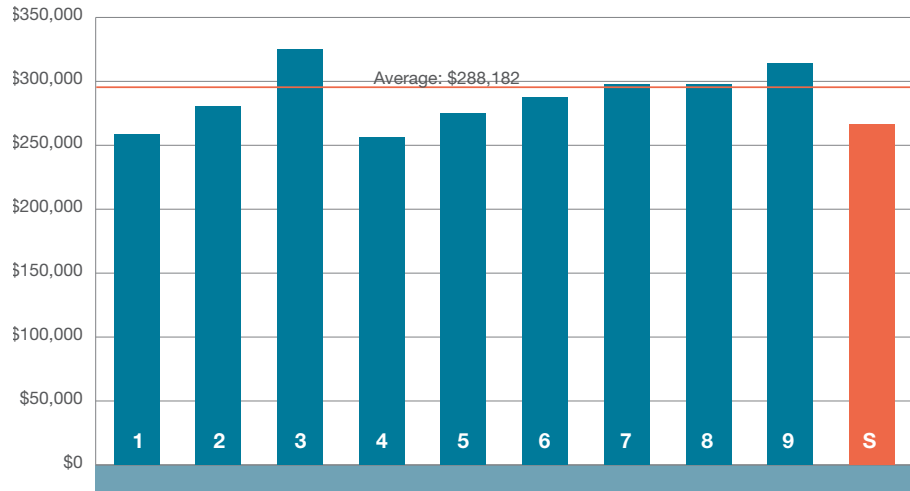
Units	7
Year Built	1987
Rentable SF	7,459
Price	\$2,200,000
Price/Unit	\$314,286
Price/SF	\$294.95
Cap Rate	4.00%
Sale Date	Escrow

*Notes: KM Underwriting, W/D hookups, TH style units

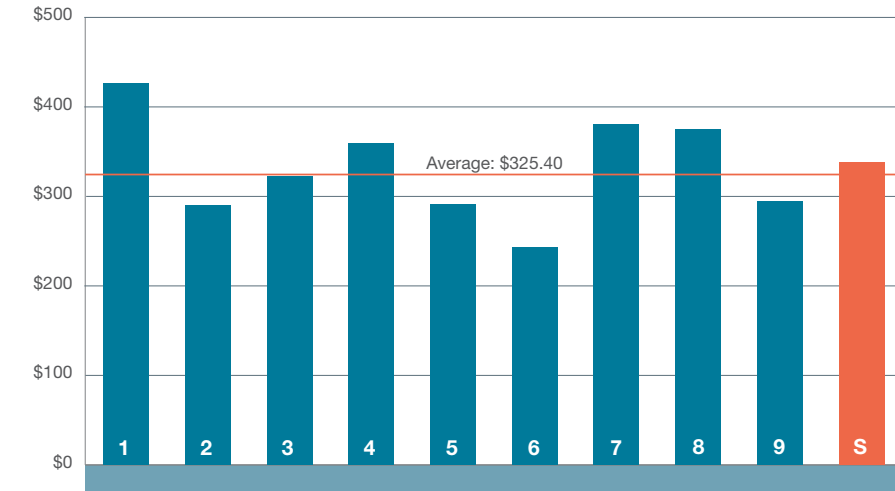


SALE COMPARABLES

Price/Unit

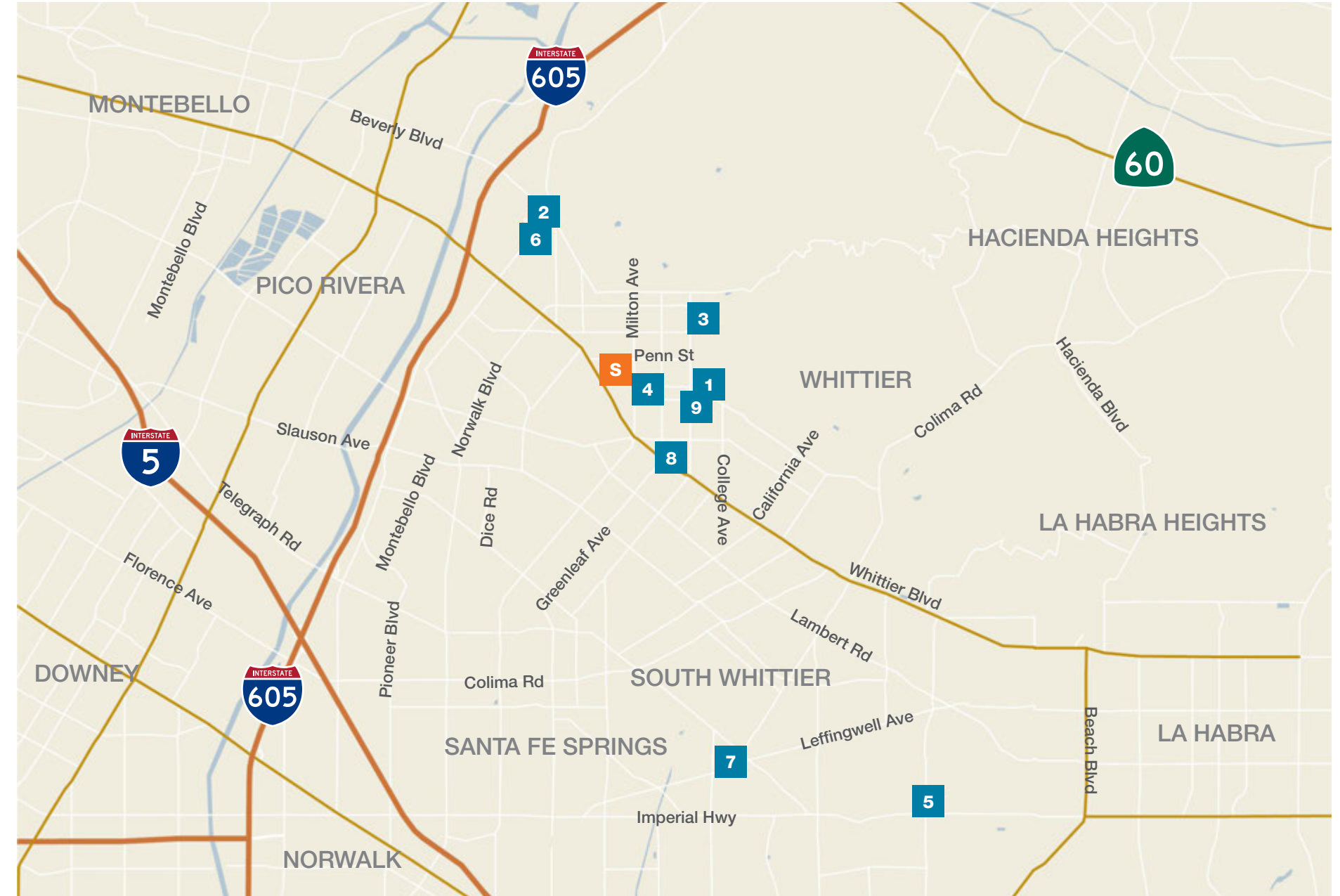
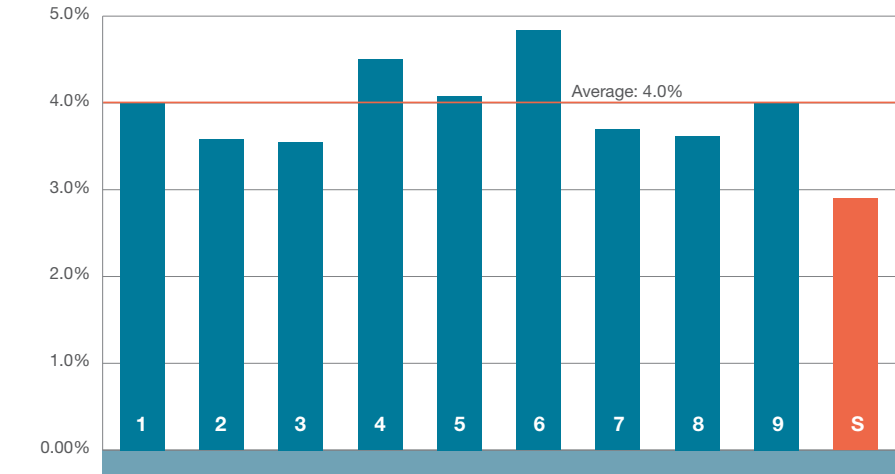


Price/SF



Property	Price/Unit	Price/SF	Cap Rate
1 13632 Penn Street, Whittier	\$258,333	\$426.29	4.00%
2 10729 Shire Place, Whittier	\$280,714	\$290.42	3.58%
3 13456 Camilla Street, Whittier	\$325,000	\$322.42	3.55%
4 7312 Milton Avenue, Whittier	\$256,250	\$359.33	4.50%
5 15828 Landmark Drive, Whittier	\$275,000	\$291.37	4.08%
6 10733 Orange Grove Avenue, Whittier	\$287,500	\$242.48	4.83%
7 11741 Colima Road, Whittier	\$297,500	\$360.75	3.69%
8 8140 Bright Avenue, Whittier	\$297,500	\$375.25	3.62%
9 13416 Mar Vista Street, Whittier	\$314,286	\$294.95	4.00%
S 14 @ Milton & Penn, Whittier	\$266,071	\$338.24	2.90%

Cap Rate



Steven C. Brombal

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

Joshua Y. Rhee

First Vice President
jrhee@kiddermathews.com
949.557.5052
LIC #01914094

Kidder Mathews

1 Park Plaza, Suite 500
Irvine, CA 92614

kiddermathews.com