

AVISON
YOUNG

150 Cress Street
Laguna Beach, CA

\$6,495,000

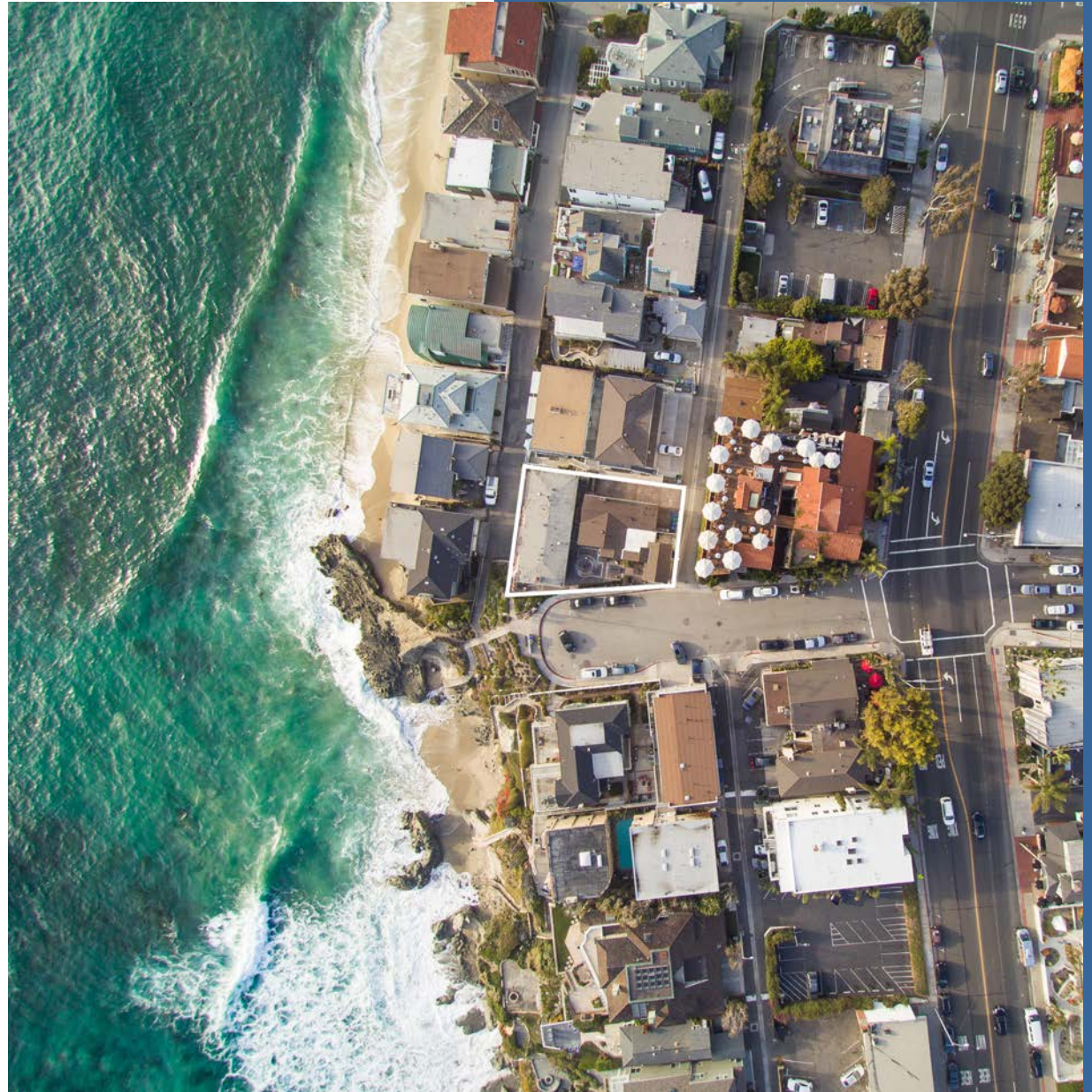


THE LOCATION

150 Cress Street is located just steps to the sand in Laguna Beach, the premier coastal destination in beautiful Southern California. Laguna Beach's resident population enjoys the atmosphere provided by the sandy beaches, canyons, and seaside hills. Several million visitors are drawn to Laguna Beach for its world-class beaches, art festivals and fine dining.

There are approximately 2,500 licensed businesses in Laguna Beach, with the largest employer being South Coast Medical Center which employs roughly 700 workers. Other major employers include the Montage Resort and Spa, Surf and Sand Hotel, and Las Brisas Restaurant. More than 1,180 businesses are located in zip code 92651, employing approximately 8,750 people. Major Shopping Centers are located within 9 miles of 150 Cress Street and include the Laguna Hills Mall featuring over 100 stores; The Shops at Mission Viejo with over 150 shopping and dining options; and Fashion Island Mall – boasting fine dining, and upscale retailers such as Neiman Marcus, Nordstrom, Bloomingdale's, and Macy's.

Nearby colleges include The University of California-Irvine California State University Fullerton / Irvine campus, Orange Coast College, Concordia University at Irvine, and Vanguard University. Local air travel for residents and visitors is provided by John Wayne International Airport, conveniently located just 14 miles north.



Property Highlights

- Rare opportunity to own irreplaceable beachside real estate in Laguna Beach.
- One of the very few properties in Laguna with an active conditional use permit allowing vacation rentals
- World-class interior renovation
- Property located on a very large beachside lot with ample parking, featuring two garages
- Potential ability to renovate and add over 1,800 square feet of living area.
- Established vacation rental clientele with some booking multiple times a year.
- Average daily rate works out to \$420. \$70 per person per day at maximum occupancy, much lower than any hotel option in Laguna Beach.



Vacation Rental Statistics

- Millennials are predicted to spend \$1.4 trillion on travel each year by 2020. Millennials are also more likely to choose short-term rentals instead of hotels for their stays.
- 71% of travelers with children said access to cooking their own meals was a major reason they chose a vacation rental.
- 1 in 4 Americans report engaging with short-term rental platforms (23%), up 277% in recent years
- Over 74% of vacation renters prefer to spend their vacations on the coast, making the beach the most sought after vacation destination
- Over 700,000 companies use Airbnb for work
- \$2,000,000+ people stay in an Airbnb vacation rental on any given night
- Airbnb has over \$150M users worldwide
- 45% increase in United States bookings year-to-year

\$57+ billion

projected vacation rental revenue for 2019

*The market's growth rate is 6.9%

297+ million

total vacation rental users

Sources: Forbes, Businesswire, Reuters, VRBO, Airbnb

PROFORMA | VALUATION

Units	Type	Unit SF	Total SF	Current Rent Avg	Market Rent	Current Rent/SF	Market Rent/SF
1	2 Bed / 1 Bath	900	900	\$11,500	\$12,000	\$12.78	\$13.33
1	3 Bed / 2 Bath	1,000	1,000	\$12,880	\$13,250	\$12.88	\$13.25
1	3 Bed / 2.5 Bath	1,400	1,400	\$14,000	\$15,000	\$10.00	\$10.71
3		1,100	3,300	\$12,793	\$13,417	\$11.63	\$12.20

Income		Current Pro Forma	Market Pro Forma
Scheduled Market Rent		\$460,560	\$483,000
Less: Vacancy	23.00%	(\$105,929)	(\$111,090)
Net Rental Income		\$354,631	\$371,910
Plus: Cleaning Fee		\$25,000	\$25,000
Plus: Bed Tax		\$49,648	\$53,148
Total Operating Income (EGI)		\$429,279	\$450,058

Expenses	Per Unit	Current Pro Forma	Market Pro Forma
Administrative	\$333	\$1,000	\$1,000
Advertising & Promotion	\$600	\$1,800	\$1,800
City Bed Tax	\$16,549	\$49,648	\$49,648
Repairs & Maintenance/Turnover Management Fee	3.00%	\$8,333	\$25,000
Management Fee	\$4,293	\$12,878	\$13,502
Utilities	\$3,120	\$9,360	\$9,360
Contracted Services	\$400	\$1,200	\$1,200
Real Estate Taxes	1.0162%	\$22,000	\$66,000
Special Assessments	\$755	\$2,266	\$2,266
Insurance	\$933	\$2,800	\$2,800
Replacement Reserve	\$200	\$4,000	\$4,000
Total Expenses		\$175,952	\$176,575
	Per Unit:	\$58,651	\$58,858
	Per SF:	\$53.32	\$53.51

Net Operating Income	Current Pro Forma	Market Pro Forma
	\$253,327	\$273,483
Less: Debt Service	(\$112,239)	(\$112,239)
Projected Net Cash Flow	\$141,088	\$161,244
Cash-on-Cash Return	5.93%	6.78%

Cap Rate Analysis	Price	\$/Unit	\$/Foot	Cap Rate	Cap Rate
List Price	\$6,495,000	\$2,165,000	\$1,968.18	3.90%	4.21%

All Financing	Total Loan Amount	Down Payment	LTV	Mo. Payment	Debt Constant
	\$4,157,000	\$2,379,570	64%	(\$9,353)	2.7%

New First Mortgage (to be originated at purchase)						
LTV for this loan	Amount	Interest Rate	Payment	Fees	/O Term (yrs)	
64%	\$4,157,000	2.70%	(\$9,353)	1.00%	10	

IMPORTANT INFORMATION & DISCLAIMER: The information contained herein is assumed to be correct and market-supported. Output produced from this model should not be considered an appraisal. Projections are forecasts and are not to be considered fact. The information contained in this file is privileged and confidential; it is intended only for use by Avison Young and their clients. This file may not be reproduced physically or in electronic format without the expressed written consent of Avison Young. CAUTION: Security codes have been included into this file and unauthorized use may render this file useless. Avison Young Employees, affiliates, and contractors are instructed to hard-code this model for reproduction and distribution. Not responsible for errors and omissions. COPYRIGHT 2020, All Rights Reserved. DRAFT REPORT: Privileged & Confidential, For Discussion Purposes Only.

MARKET POSITIONING - Sales Comparables



**SUBJECT: 150 CRESS STREET
LAGUNA BEACH, CA**

Built	1955/2015
List Price	\$6,495,000
Price/Unit	\$2,165,000
Price/SF	\$1,968.18
Cap Rate	3.90%



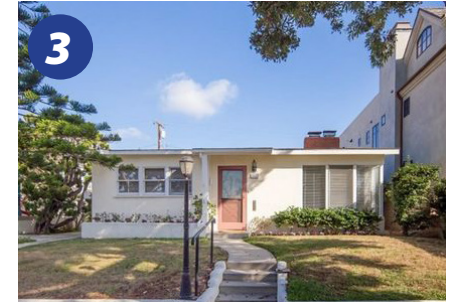
**603 N BAY FRONT
NEWPORT BEACH, CA**

Built	1972
List Price	\$5,350,000
Price/Unit	\$2,675,000
Price/SF	\$1,556.59
Cap Rate	2.51%



**7409 SEASHORE DRIVE
NEWPORT BEACH, CA**

Built	1972
List Price	\$3,700,000
Price/Unit	\$1,850,000
Price/SF	\$1,174.60
Cap Rate	3.45%



**304 JASMINE AVENUE
CORONA DEL MAR, CA**

Built	1950
List Price	\$3,350,000
Price/Unit	\$1,675,000
Price/SF	\$1,603.64
Cap Rate	3.25%



**2308 W OCEANFRONT
NEWPORT BEACH, CA**

Built	1965
List Price	\$3,450,000
Price/Unit	\$1,725,000
Price/SF	\$1,408.69
Cap Rate	3.61%



**1616 W OCEANFRONT
NEWPORT BEACH, CA**

Built	1972
List Price	\$6,100,000
Price/Unit	\$2,033,333
Price/SF	\$1,711.56
Cap Rate	3.06%



**1295 OCEAN FRONT
LAGUNA BEACH, CA**

Built	1955
List Price	\$6,400,000
Price/Unit	\$3,200,000
Price/SF	\$2,560.00
Cap Rate	2.53%

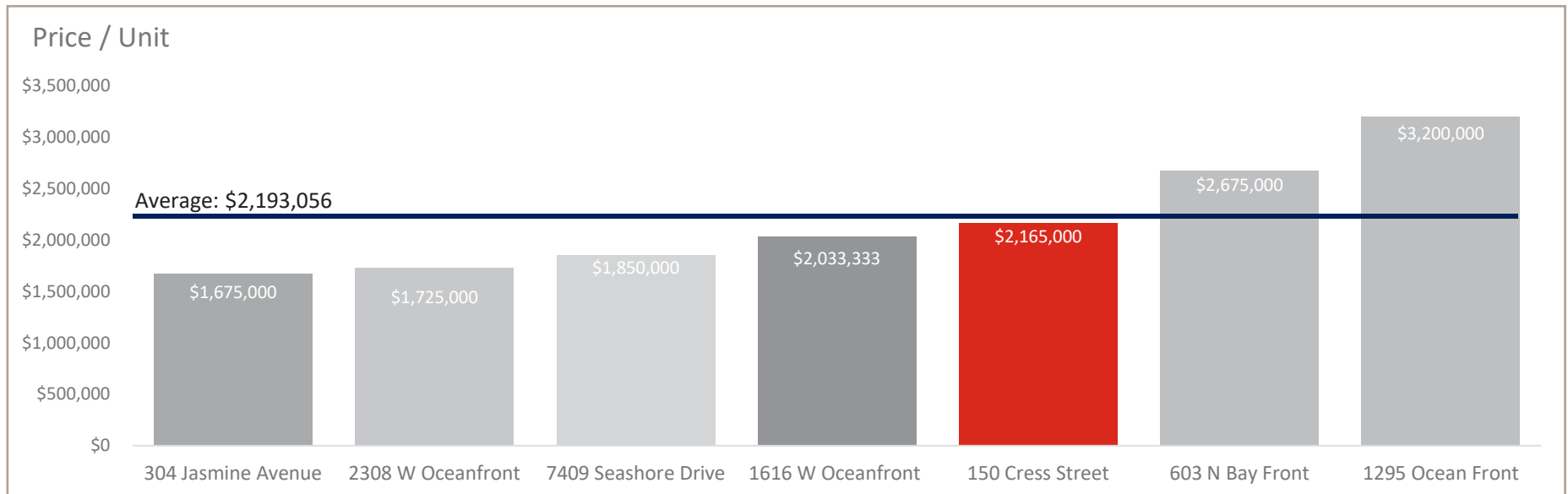
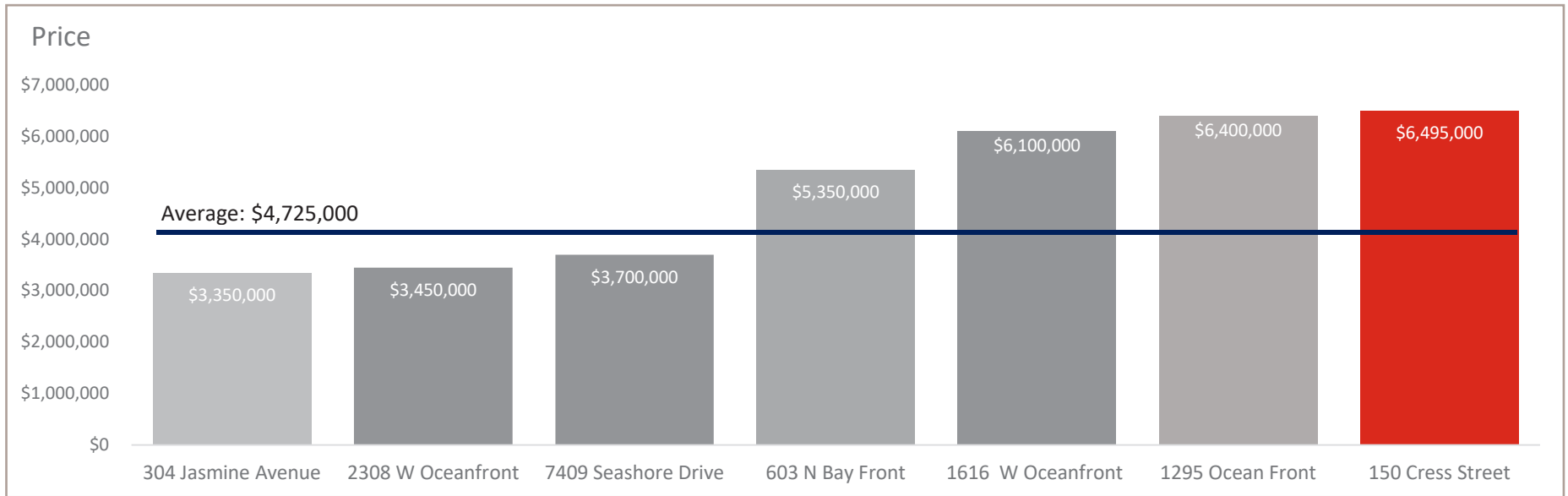
MARKET POSITIONING - Sales Comparables

Address	City	Sale Date	Year Built	Units	Price	Price / Unit	SQFT	Price / SQFT	Cap Rate
603 N Bay Front*	Newport Beach	12/9/2019	1972	2	\$5,350,000	\$2,675,000	3,437	\$1,556.59	2.51%
7409 Seashore Drive*	Newport Beach	10/30/2018	1972	2	\$3,700,000	\$1,850,000	3,150	\$1,174.60	3.45%
304 Jasmine Avenue*	Corona Del Mar	10/21/2019	1950	2	\$3,350,000	\$1,675,000	2,089	\$1,603.64	3.25%
2308 W Oceanfront*	Newport Beach	11/22/2019	1965	2	\$3,450,000	\$1,725,000	2,330	\$1,480.69	3.61%
1616 W Oceanfront *	Newport Beach	10/24/2019	1972	3	\$6,100,000	\$2,033,333	3,564	\$1,711.56	3.06%
1295 Ocean Front**	Laguna Beach	2/17/2020	1955	2	\$6,400,000	\$3,200,000	2,500	\$2,560.00	2.53%
Averages:			1964	2	\$4,725,000	\$2,193,056	3,931	\$1,681.18	3.07%
150 Cress Street	Laguna Beach		1955/2015	3	\$6,495,000	\$2,165,000	3,300	\$1,968.18	3.90%

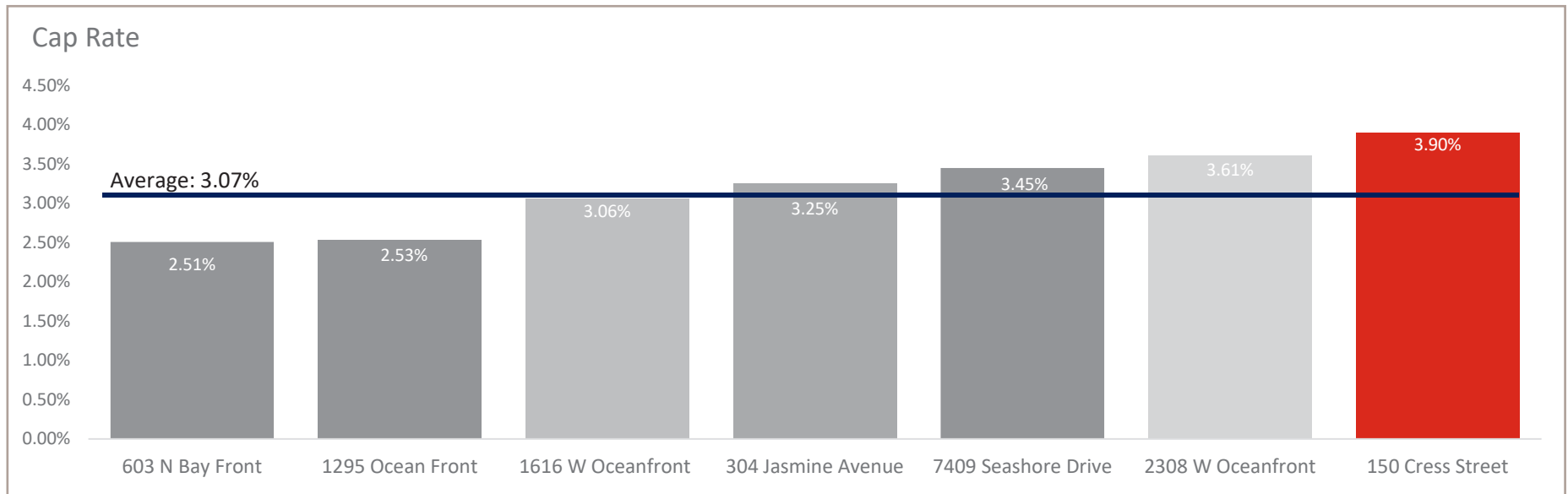
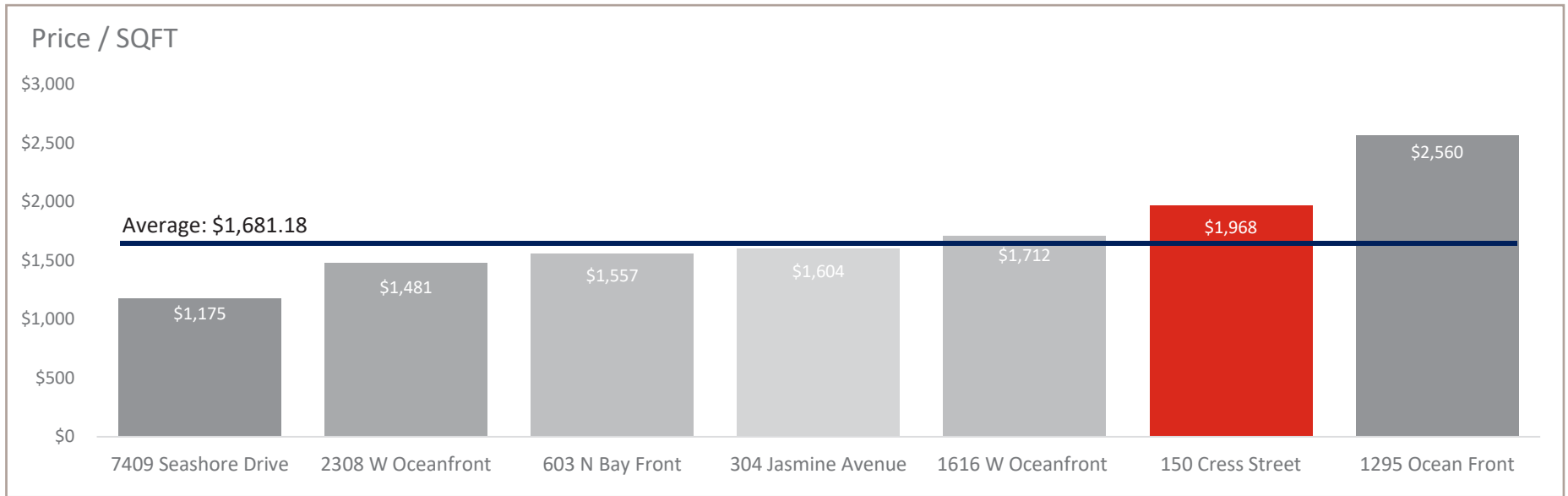
*Avison Young Underwriting

**Directly Adjacent to 150 Cress Street

MARKET POSITIONING - Sales Comparables



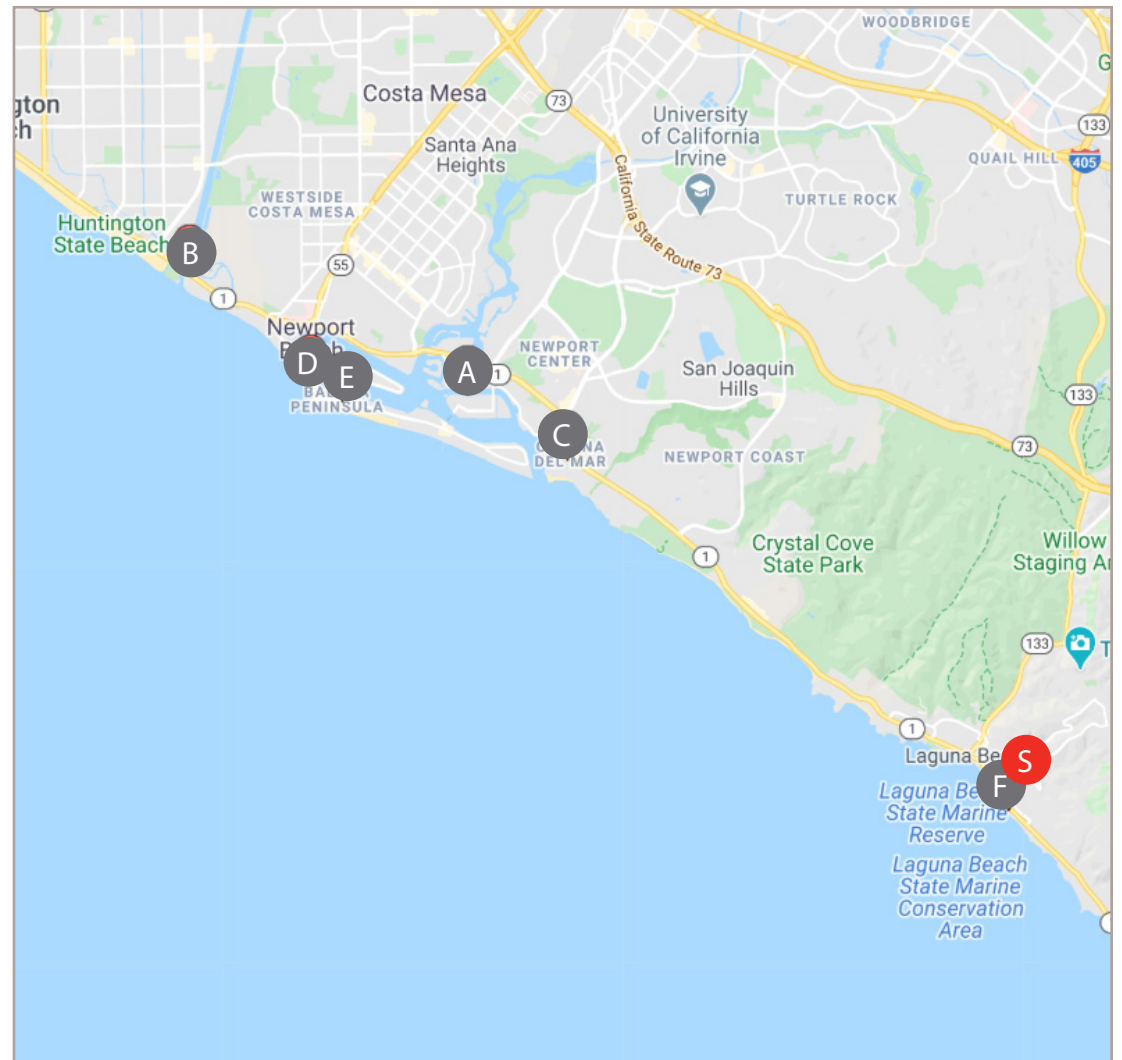
MARKET POSITIONING - Sales Comparables



MARKET POSITIONING - Sales Comparables

SUBJECT PROPERTY **150 Cress Street**
Laguna Beach, CA

- A. 603 N Bay Front Newport Beach
- B. 7409 Seashore Drive Newport Beach
- C. 304 Jasmine Avenue Corona Del Mar
- D. 2308 W Oceanfront Newport Beach
- E. 1616 W Oceanfront Newport Beach
- F. 1295 Ocean Front Laguna Beach

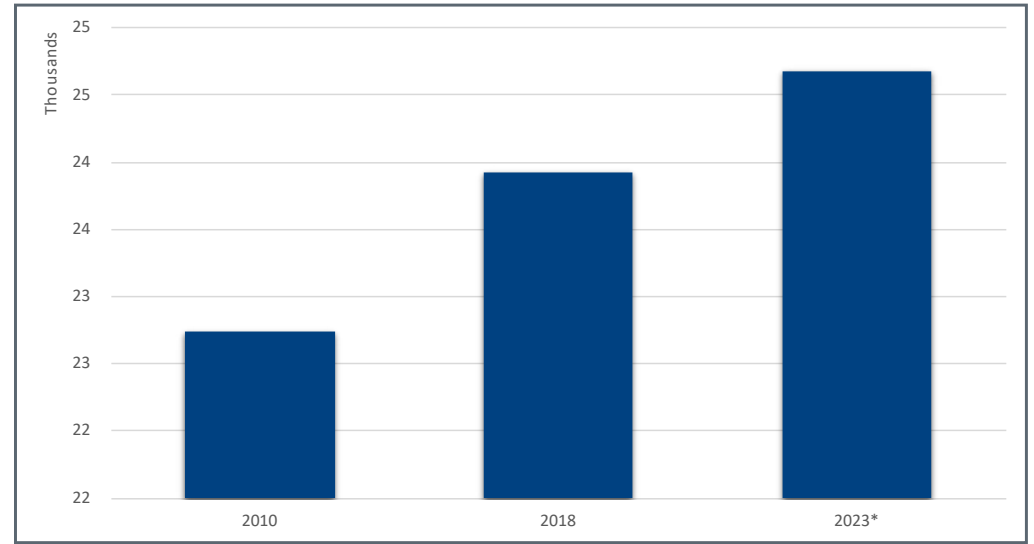


Laguna Beach By The Numbers

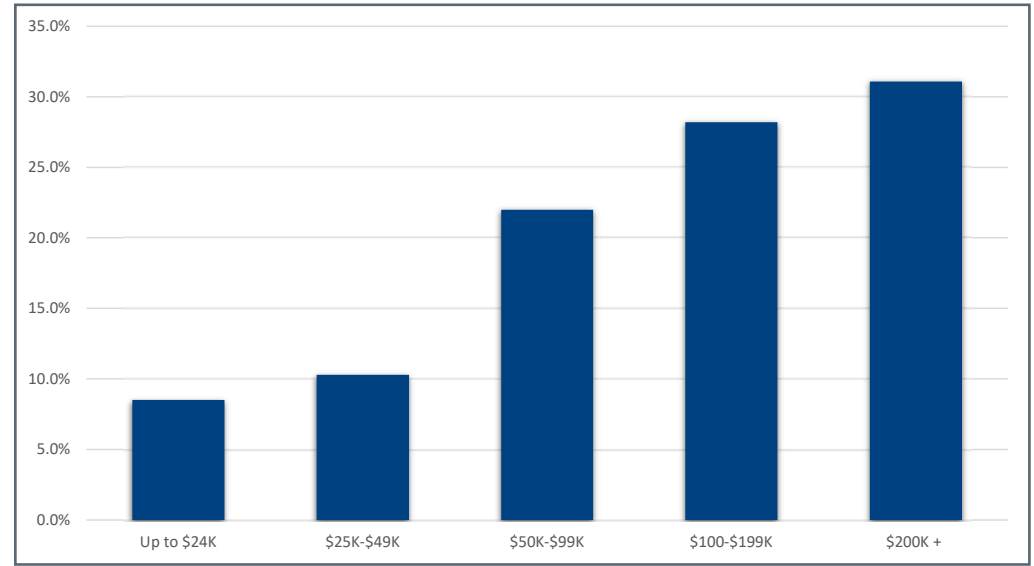
	CURRENT	2023 PROJECTION	GROWTH RATE
Total Population	23,925	24,678	3.15% ↑
Total Households	11,179	11,437	2.31% ↑
Median Household Income	\$122,171	\$145,154	18.81% ↑
Median Home Value	\$1,609,888	\$1,635,745	1.61% ↑



POPULATION TREND



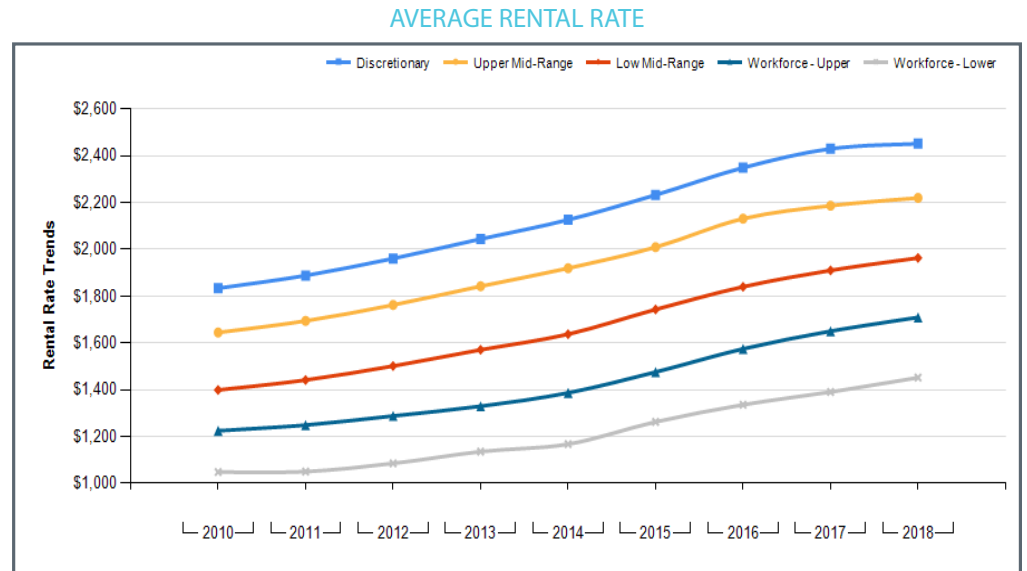
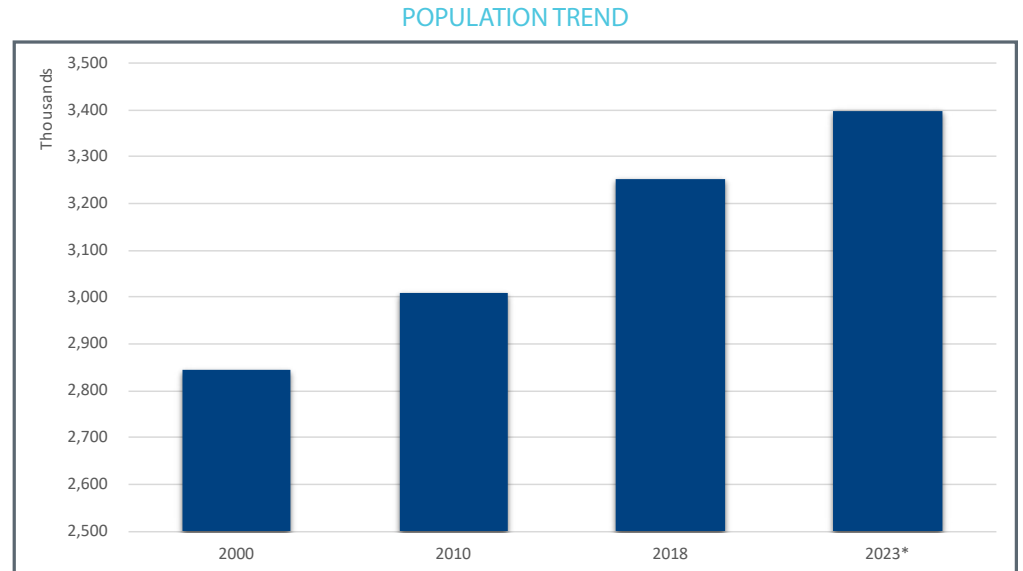
HOUSEHOLD BY INCOME



*Data & Analytics provided by Esri

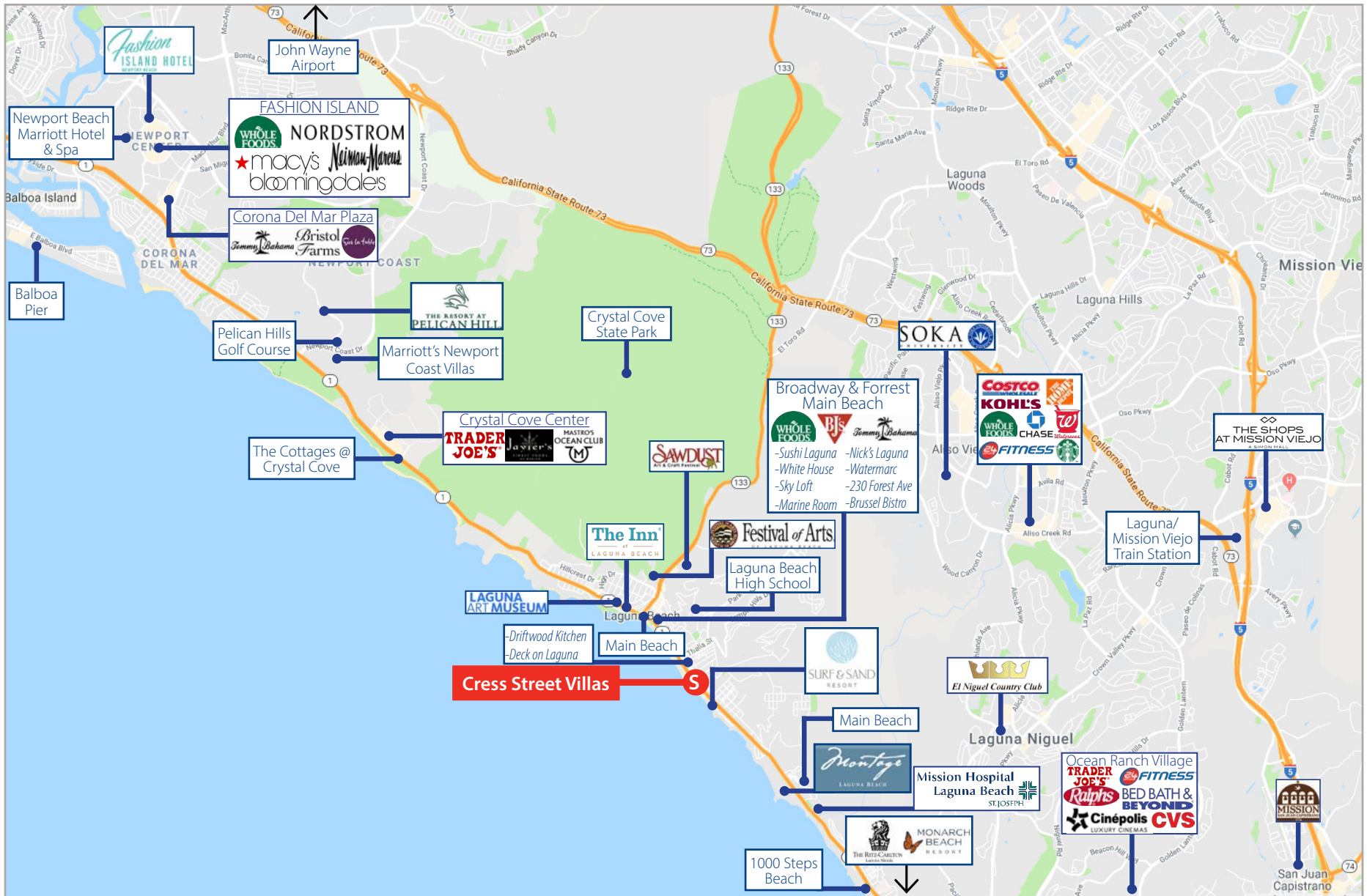
Orange County By The Numbers

	CURRENT	2023 PROJECTION	GROWTH RATE
Total Population	3,253,957	3,396,718	4.39% ↑
Total Households	1,060,963	1,103,268	3.99% ↑
Median Household Income	\$85,323	\$100,017	17.22% ↑
Median Home Value	\$666,984	\$708,248	5.83% ↑



*Data & Analytics provided by Esri

Point of Interest Map





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