



4968 LONG BRANCH

OFFERING MEMORANDUM

4968 Long Branch Ave

5 Apartment Homes in Coastal San Diego

km Kidder Mathews





OCEAN BEACH PIER

LONG BRANCH BEACH

DOG BEACH

MISSION BEACH

4968 LONG BRANCH AVE



MISSION
BAY

ROB ATHLETIC
FIELD

4968 Long Branch Ave
Ocean Beach, CA

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The Offering

Kidder Mathews is pleased to present a 5-unit, value-add apartment community in coastal San Diego. While the property is well-maintained, the unit interiors and building exterior are mostly in original form. A future investor could complete a renovation and substantially increase rents.

4968 Long Branch is surrounded by abundant enjoyable amenities. The beach is just two-short blocks from the property. Restaurants, coffee shops and unique boutiques are within walking distance from the property. Rob Athletic Field and recreation and dog beach are nearby as well.

4968 LONG BRANCH AVE

Price	\$1,620,000
Price Per Unit	\$324,000
Price Per SF	\$422
Cap Rate	3.09%
Renovated Cap	4.43%
GRM	18.8
Renovated GRM	14.9





INVESTMENT SUMMARY

Exceptional Beach Location

The property is just blocks from the beach. The beach has surfing and swimming areas, white sand and volleyball courts. During peak times, the OB beaches are not as crowded as the more accessible and commercialized beaches of Mission Beach and Pacific Beach, which makes OB beaches a favorite for locals.

Highly Walkable Location

Tenants benefit from being walking distance from the main street of business on Newport Avenue, which has antique stores, restaurants, coffee houses, bars and bike and surf shops. It is walking distance to Ocean Beach Pier, Robb Athletic Field & Park, Dog Park, the US Post Office, Public Library, an independent food supermarket, and many other amenities.

Major Upside in Rents

The properties are in original form giving an investor the opportunity to renovate and substantially increase rents.

Attractive Units and Property Features

The property features large floor plans, new windows and a secured site. The property has pitched roofs and vaulted ceilings on the second story.

Minutes to Major Employment

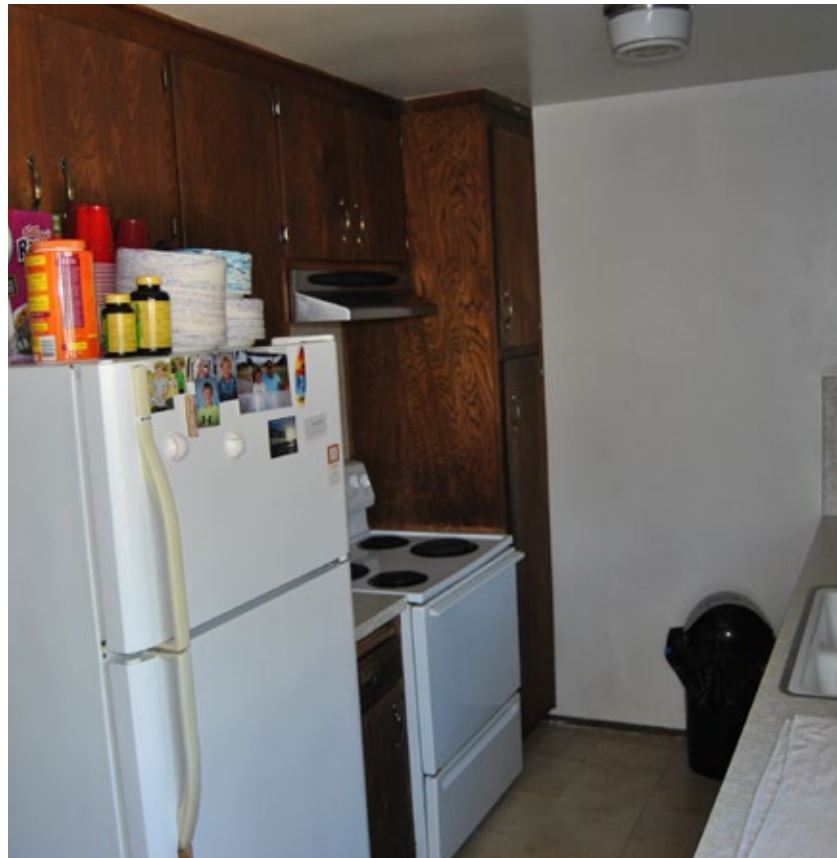
Proximity to employers/businesses including Downtown San Diego (with 5,000 business employing over 85,000 people), the San Diego International Airport (employs ±4,900), Liberty Station (with 1 million SF of office, retail and cultural space), and the Point Loma Marine Corps Recruit Depot (trains over 21,000 recruits annually).

Alternative Use Potential

The property is zoned for multiple dwelling unit development and would permit short term rentals providing occupants reside on the premises for at least 7 consecutive calendar days. There is flexibility of operating one or more units as a vacation rental now or in the future.

PROPERTY OVERVIEW

While this property is well-maintained, the units are mostly in original condition. A full renovation would allow an investor to raise rents substantially



4968 LONG BRANCH AVE, SAN DIEGO, CALIFORNIA 92107

Intersection	Bacon St & Long Branch Ave
County	San Diego
Assessor's Parcel #	448-212-02-00
# of Units	5
Occupancy	100%
# of Buildings	1
# of Stories	2
Unit Mix	4 - 1 Bedroom 1 - 3 Bedroom
Year Built	Est 1950's
Lot Size	4,708 SF
Rentable SF	3,840
Average Unit Size	768 SF
Weighted Avg In-Place	\$1,435
Construction Style	Wood frame
Roof	Pitched
Density	50 Units/ Acre
Parking Spaces	5
Laundry	Common Laundry Facility - 1 washer and 1 dryer (owned)

MECHANICAL/ELECTRIC/PLUMBING

HEATING SOURCE	Gas wall heater
COOKING ENERGY	Electric
WATER HEATING	One (1) 100-gallon water heater
WATER METERING	Master metered

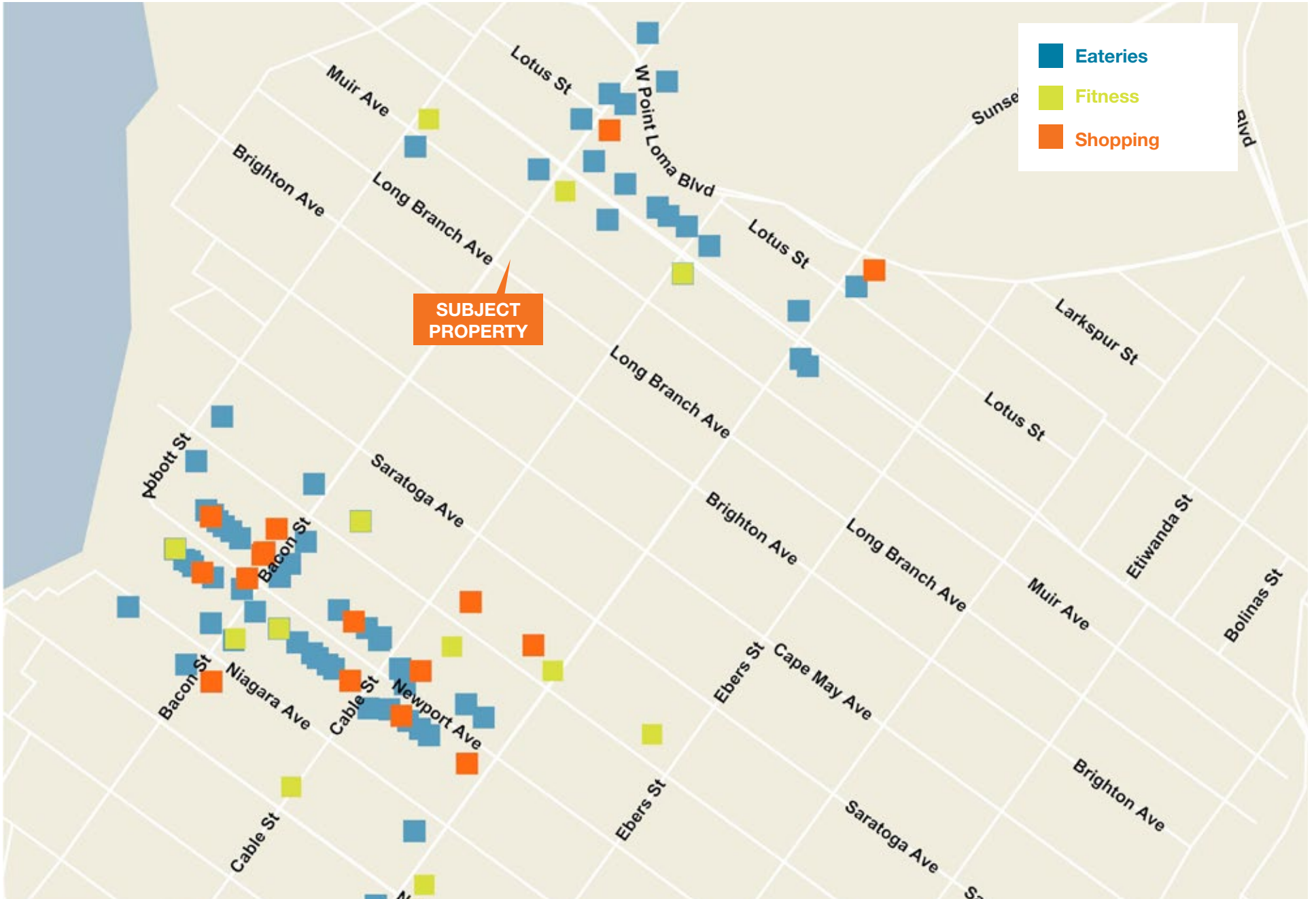
UTILITY SUMMARY

Utility	Service Provider	Paid By
Water	City of San Diego	Paid by Owner
Sewer	City of San Diego	Paid by Owner
Gas & Electric	SDG&E	Paid by Tenant

JURISDICTION OF TAXES

Jurisdiction	Country of San Diego
Tax ID	448-212-02-00
Tax Rate	1.17432%
Fixed Assessment	\$34.50
Tax Year (Fiscal Year)	2016-2017

Nearby Amenities



In addition to the best amenity of all the beach, 4968 Long Branch Avenue is surrounded by abundant restaurants, fitness centers and retail making this property attractive to renters.

Eateries

Azucar
BBQ House
Belching Beaver Brewery
BO-beau Kitchen + Bar
Bravo's Mexican Bistro & Cantina
Cafe Bella
Car's Jars
Cheswick's West
Culture Brewing Co
Day Break island
Daybreak Island Grill
Dee's Newbreak Coffee & Cafe
Eco Caters
Embargo Grill
Espresso Pizza Ristorante
European Cake Gallery
Gaglione Bros Famous Steaks & Subs
Gianni Buonomo Vintners
Helm's Brewing Co.
Hodad's
Hugo's Cocina
Hummus
Hummus Mediterran
Hungry Lu's
It's Raw Poke Shop
Jungle Java
Kaiserhof Restaurant & Biergarten
Kilowatt Brewing
Kona Kai Club

Lazy Hummingbird Coffee & Teahouse
Lighthouse Ice Cream
Liticker's Liquor & Fresh Mexican Grill
Little Chef Chinese To Go
Little Lion Café
Little Miss Brewing
Livingston's Chicken Kitchen & Mexican Grill
Lucy's Tavern
Mad Monk Tea
Margarita's Restaurant
Mike Hess Brewing Co.
Mike's Taco Club
Mother's Saloon
Nati's Mexican Restaurant
Newbreak Coffee & Cafe
Newport Pizza & Ale House
Newport Quik Stop
Nico's Mexican Food
OB Beans Coffee Roasters
OB Brewery
OB Deli
OB Donut
OB Kabob
OB Noodle House
OB Noodle House Bar 1502
OB Smoothie
OB Surf Lodge
OB Sushi Sushi
Ocean Beach Brewing Co.
Ocean Beach People's Organic Food

Ocean Beach Pier Café
Ocean Beach Playhouse & Theater
Old Townhouse Restaurant
Olive Tree Marketplace
Ortega's Cocina
Pacific Shores Cocktail Lounge
Peace Pies
Pepe's Italian Restaurant
Pirates Cove Tiki Port
Pizza Port Brewing Co.
Plant Power Fast Food
Poma's Italian Delicatessen
Raglan Public House
Sapporo Japanese Restaurant
Sessions Public
South Beach Bar & Grill
Starbucks
Subway
Subway Sandwiches & Salads
Sundara Indian Cuisine & Craft Beer
Sunshine Company Saloon
Sunshine Smoothie
Surf Rider Pizza Cafe/Catering
Surf Side Deli and Catering
Fitness

Arc Yoga & Massage
BKS Iyengar Yoga Centers of San Diego
Cross Fit Ocean Beach
Dharma Center
Efficient Working Bodies

Happy-U Namaste Yoga Center
Indie Yoga
Ocean Beach Brazilian Jiu-Jitsu
Ocean Beach Martial Arts
Rob Athletic Field & Recreation
Serrvasana
Showdown Fitness
Spear Shack
The House of Yogi
The Private Gym
TriPower Yoga
Progressive Fitness

Shopping

Baron's Market
7-Eleven
Chris Liquor & Deli
Closet
CVS Pharmacy
Mallory New Furniture
Miss Match Boutique
Noon Designs
Ocean Beach Business Center
Pride Surf & Skate
Rite Aid
San Diego Bay Flower Co
South Coast Surf Shop
South Coast Closeouts
Stump's Market
Sunset Mini Mart
The Black Bead



Financial Analysis

List Price **\$1,620,000**

Price Per Unit **\$324,000**

Price Per SF **\$422**

Down Payment **\$800,000**

Percentage Down **49%**

Cap Rate **3.09%**

GRM **18.8**

Market Cap Rate **3.71%**

Market GRM **16.5**

Renovation Budget **\$100,000**

Renovated Cap Rate **4.43%**

Renovated GRM **14.9**

INCOME SUMMARY

# Units	Unit Type	Sq. Ft.	Total Sq.Ft.	Actual Rent	\$/Sq.Ft.	Total Rent	Market Rent	\$/Sq.Ft.	Total Market Rent	Renovated Rent	\$/Sq.Ft.	Total Rent Renovated
4	1bd/1ba	640	2,560	\$1,244	\$1.94	\$4,975	\$1,450	\$2.27	\$5,800	\$1,700	\$2.66	\$6,800
1	3bd/2ba	1280	1,280	\$2,200	\$1.72	\$2,200	\$2,400	\$1.88	\$2,400	\$2,800	\$2.19	\$2,800
5	Total/Avg	768	3,840	\$1,435	\$1.87	\$7,175	\$1,640	\$2.14	\$8,200	\$1,920	\$2.50	\$9,600

ANNUALIZED GROSS INCOME

Vac / Collect	2.00%	Mkt Vacancy 4.00%										
						(\$1,722)			(\$3,936)			(\$4,608)

ADJUSTED GROSS INCOME

Laundry Income						\$84,378			\$94,464			\$110,592
						\$756			\$756			\$756

EFFECTIVE GROSS INCOME

2016 Actual EGI

\$84,748

\$85,134

\$95,220

\$111,348

Less Estimated Expenses:		\$/UNIT	2016 ACTUAL EXPENSES		PROFORMA EXPENSES	
			\$/YEAR	\$/YEAR	\$/YEAR	
Property Taxes	1.17432%	\$3,805	\$19,024	\$19,024		
Fixed Assessment		\$7	\$34	\$34		
Insurance		\$339	\$1,694	\$1,694		
Utilities		\$757	\$3,784	\$3,784		
Landscaping/ Pest Control		\$228	\$1,140	\$1,140		
Repairs/ Maintenance/ Turnover		\$578	\$2,890	\$2,890		
Administrative		\$42	\$211	\$500		
Off-Site Management	6.00%	\$1,218	\$6,088	\$5,063		
Replacement Reserves		\$200	\$0	\$1,000		

\$34,865

\$35,129

Exp./unit: \$6,973 \$7,026 (\$35,129)

Exp/psf: \$9.08 \$9.15 (\$35,129)

Exp. % of SGI: 40.5% 40.8%

NET OPERATING INCOME

Amortization Rate						30			\$60,091			\$76,219
Debt Service	\$820,000 @					4.00%			\$46,978			\$46,978

CASH FLOW									\$3,028			\$13,114	\$29,242
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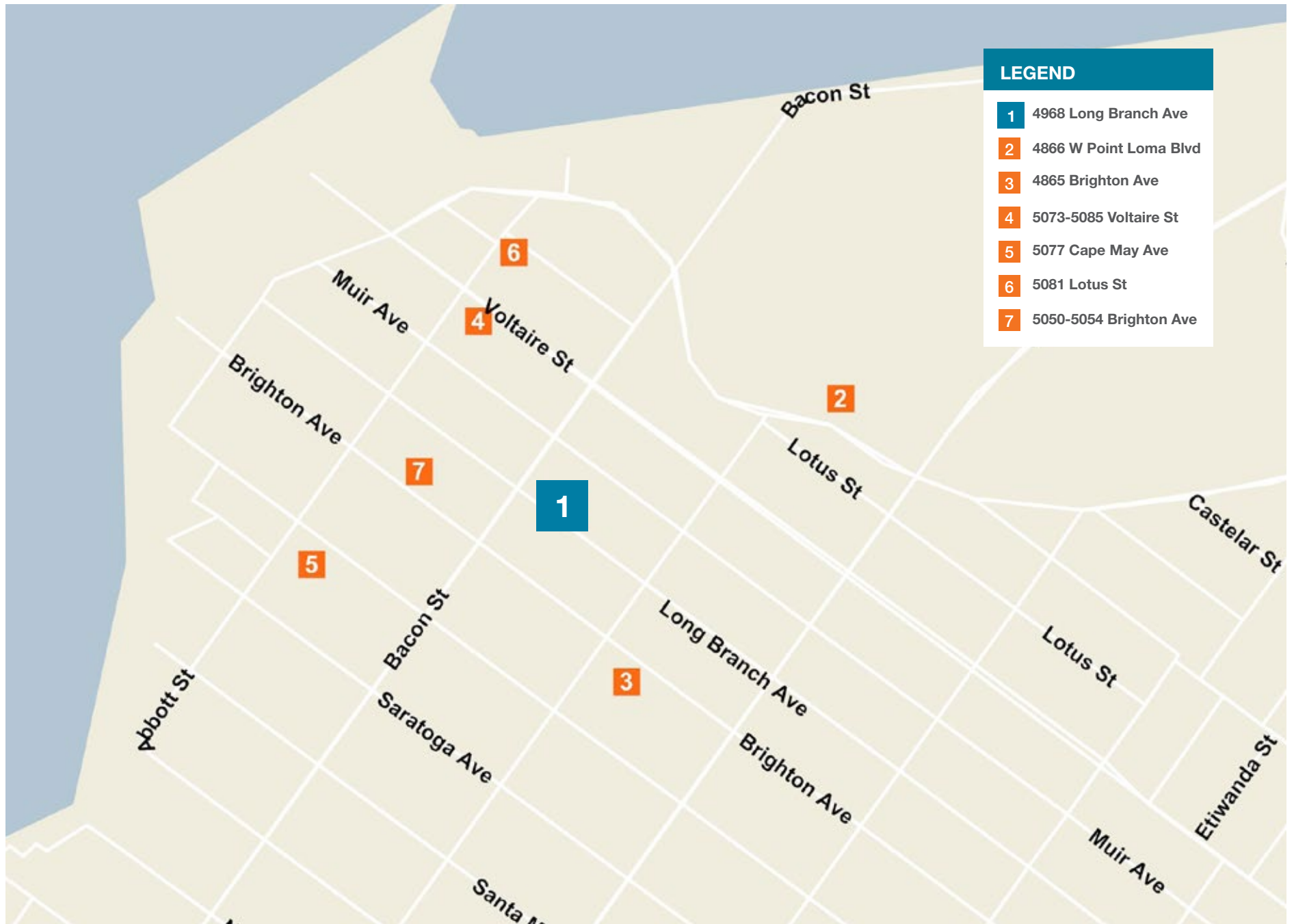
Cash on Cash Return	0.38%	1.64%	3.25%
Principle Loan Reduction	\$14,178	\$14,178	\$14,178
Total Return	\$17,205	\$27,291	\$43,419
Return on Equity	2.15%	3.41%	4.82%
DCR	1.06	1.28	1.62

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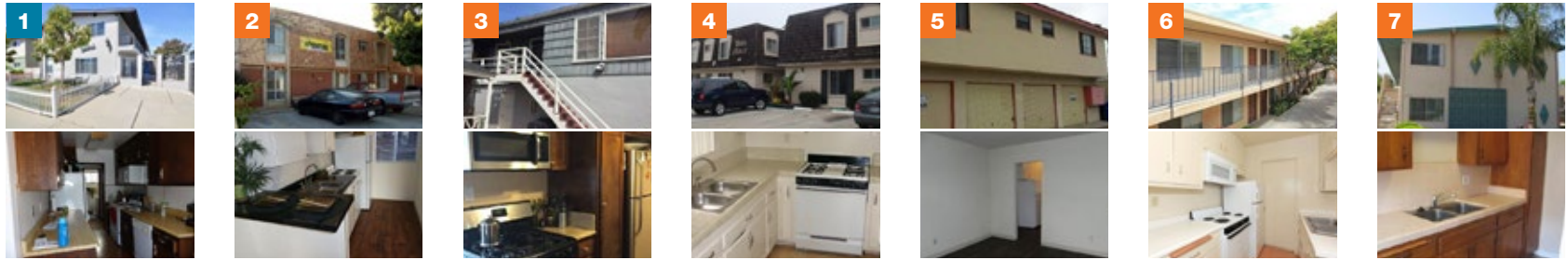
Sale Comparables



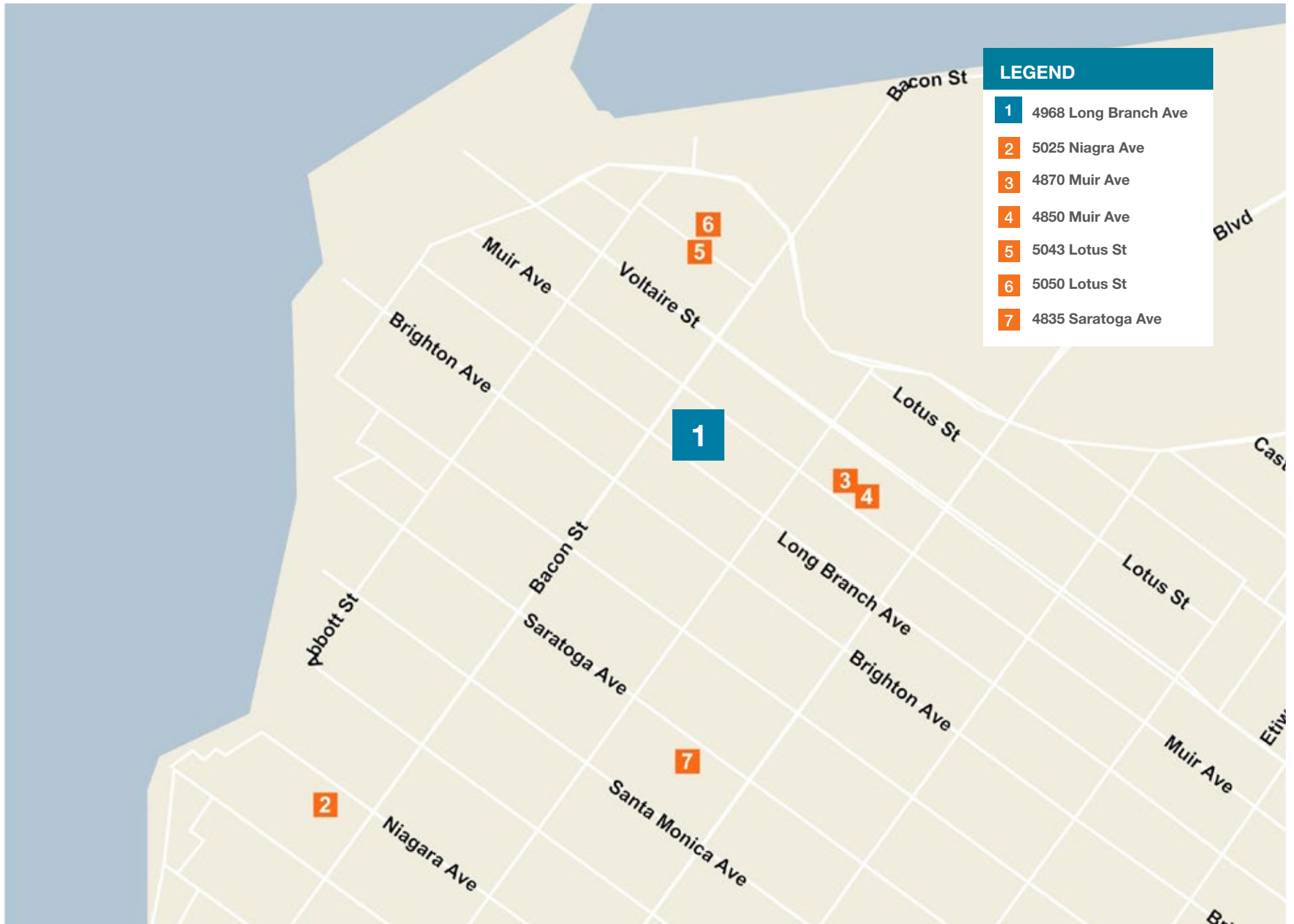
PROPERTY	Long Branch	W Point Loma Blvd	Brighton Ave	Voltaire St	Cape May Ave	Lotus St	Brighton Ave
Address	4968 Long Branch Ave	4866 W Point Loma Blvd	4865 Brighton Ave	5073-5085 Voltaire St	5077 Cape May Ave	5081 Lotus St	5050-5054 Brighton Ave
Number of Units	5	6	8	7	9	8	5
Year Built	Unknown	1945	1968	1936	1973	1952	1953
Sale Date	Proposed	12/13/2016	10/05/2016	07/29/2016	06/09/2016	09/22/2016	12/30/2016
Sale Price	\$1,620,000	\$1,815,000	\$2,450,000	\$1,975,000	\$2,600,000	\$2,100,000	\$1,160,000
Price Per Unit	\$324,000	\$302,500	\$306,250	\$282,143	\$288,889	\$262,500	\$232,000
Price Per SF	\$422	\$420	\$380	\$551	\$392	\$875	\$544
In Place Cap Rate	3.09%	3.07%	4.12%		4.06%	4.10%	4.00%
In Place GRM	18.8	20.2	15.6			16.6	
Unit Mix	4 – 1 BR/1 BA 1 – 3 BR/2 BA	2 – 1 BD/1 BA 4 – 2 BD/1 BA	1 – 1 BD/1 BA 7 – 2 BD/2 BA	7 – 1 BD/1 BA	6 – 1 BD/1 BA 1 – 2 BD/1 BA 2 – 2 BD/2 BA	8 – Studios	5 – 1 BD/1 BA



Rent Comparables



PROPERTY	Long Branch	Ealan Beach Walk	Muir Ave	Muir Place	Lotus St	Secoasts Apts	Saratoga Ave
Address	4968 Long Branch Ave	5025 Niagra Ave	4870 Muir Ave	4850 Muir Ave	5043 Lotus St	5050 Lotus St	4835 Saratoga Ave
# of Units		13		13		36	
Year Built	Unknown	1970		1969		1977	1961
1 BR/1 BA	5	6	2	8		36	10
Rent	\$1,244	\$1,795	\$1,725	\$1,495	\$1,450	\$1,350	\$1,425
SF	640	700		675	580	488	
Rent/SF	\$1.94	\$1.54		\$2.21	\$2.50	\$2.77	
2 BR/1 BA		4		3			
Rent		\$1,995		\$1,825			
SF		850		825			
Rent/SF		\$2.35		\$2.21			
2 BR/2 BA		2					
Rent		\$2,200					
SF		950					
Rent/SF		\$2.32					
3 BR/2 BA	1						
Rent	\$2,200						
SF	1,280						
Rent/SF	\$1.72						
Parking	Surface	Surface		Garage	Garage	Surface	



Market Overview

OCEAN BEACH

4968 Long Branch Avenue is located in San Diego's most eclectic and authentic beach town called Ocean Beach. Seven miles west from Downtown, it is home to the southernmost public beach on the Point Loma peninsula.

Although, many have tried to turn Ocean Beach into a commercial success similar to Pacific and Mission Beach, its geographic location makes it less accessible, and ultimately more popular to locals. With SeaWorld just two miles away there is a lot to love about this charming and funky beach neighborhood.

It's fitting that Ocean Beach, with a primary artery named Voltaire Street, maintains a unique character and independent identity reminiscent of the

French author Voltaire's philosophy. Ocean Beach offers a destination for fine antique and vintage shopping, upscale dining and unique local shops.

Ocean Beach is popular among localists because during peak season Ocean Beach is less crowded and easily accessible than other San Diego beaches.

Long Branch Beach, is a few blocks from the property. The beach is well equipped with several volleyball posts, which is what makes this beach popular. Food, bathrooms, showers are available a short distance from the beach.





Demographics

4968 LONG BRANCH AVENUE

Population	1 Mile	3 Mile
2016 Total Population	20,788	75,524
2021 Population Projection	21,625	1,442,440
Pop Growth 2011-2016	0.68%	0.83%
Pop Growth 2016 - 2021	0.79%	0.72%
Median Age	33.8	33.4

Households	1 Mile	3 Mile
2016 Total Households	13,372	501,979
Growth 2015 - 2020	0.14%	0.62%
Average Household Size	1.95	2.11

Income	1 Mile	3 Mile
2016 Avg. Household Income	\$74,230	\$96,034
2021 Avg. Household Income	\$80,909	\$102,179

Housing	1 Mile	3 Mile
2016 Housing Units	10,442	32,292
2016 Owner Occupied Units	22%	38%
2016 Renter Occupied Units	76%	62%

Source: ESRI Demographic Profile



Ocean Beach/Point Loma Apartment Market

Effective rent decreased 0.8% from \$1,854 in 4Q16 to \$1,840 in 1Q17. The submarket's annual rent growth rate of 8.0% was above the market average of 4.7%. Out of the 15 submarkets in the market, the Ocean Beach/Point Loma Blvd. submarket ranked 14th for quarterly effective rent growth and 1st for annual effective rent growth for 1Q17. Annual effective rent growth is forecast to be 3.7% in 2017, and average 4.0% through 2017 to 2019. The annual effective rent growth has averaged 3.1% per year since 3Q03.

The submarket's occupancy rate decreased from 97.4% in 4Q16 to 95.9% in 1Q17, and was down from 96.7% a year ago. The submarket's occupancy rate was above the market average of 95.8% in 1Q17. For the forecast period, the submarket's occupancy rate is expected to increase to 96.4% in 2017 and average 96.7% from 2017 to 2019. The submarket's occupancy rate has averaged 97.0% since 3Q03.

SUBMARKET SURVEY RESULTS AND FORECAST												
	Sequential		Month									
	2Q16	3Q16	4Q16	1Q17	Mar-17	2014	2015	2016	2017F	2018F	2019F	2020F
Effective Rent Per Unit	\$1,784	\$1,857	\$1,854	\$1,840	\$1,835	\$1,599	\$1,707	\$1,800	\$1,867	\$1,939	\$2,024	\$2,095
Per SF	\$2.11	\$2.19	\$2.19	\$2.17	\$2.17	\$1.89	\$2.02	\$2.13	\$2.21	\$2.29	\$2.39	\$2.48
Effective Rent Growth - Annually	2.9%	5.2%	7.2%	8.0%	10.5%	6.0%	6.8%	5.4%	3.7%	3.9%	4.4%	3.5%
Effective Rent Growth - Quarterly	4.8%	4.1%	-0.1%	-0.8%								
Occupancy Rate	97.6%	97.9%	97.4%	95.9%	96.5%	95.9%	96.6%	97.4%	96.4%	96.7%	97.0%	96.5%
Occupancy Change - Annually	1.2%	1.1%	0.6%	-0.8%	-0.4%	0.0%	0.7%	0.8%	-1.0%	0.4%	0.3%	-0.6%
Occupancy Change - Quarterly	0.9%	0.3%	-0.5%	-1.5%								
Economic Concessions												
Concession Value	\$0.03	\$0.05	\$-2.49	\$0.00	\$0.00	\$-0.23	\$-1.25	\$-0.61				
As a % of Asking Rate	0.0%	0.0%	-0.1%	0.0%	0.0%	0.0%	-0.1%	0.0%				

SUBMARKET PROFILE			
	Submarket	Market	Rank
Effective Rent Per Unit	\$1,860	7,706	1.4%
Effective Rent Growth - Annually	7.20%	7,671	1.4%
Effective Rent Growth - Quarterly	-0.10%	7,624	1.4%
Occupancy Rate	97.1%	7,624	1.4%
Occupancy Change - Annually	0.60%	9,424	1.7%
Occupancy Change - Quarterly	-0.50%	6,371	1.2%
Concession Value	-\$2.49		
Build Average	1982	12,771	2.4%

Source: Axiometrics Market Performance Summary 1Q2017

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