

# EXCLUSIVE MULTIFAMILY OFFERING

837 S. NORMANDIE AVENUE, LOS ANGELES CA 90005

Offering Price: \$3,700,000

[www.837NormandieAve.com](http://www.837NormandieAve.com)



In Association with KW Commercial Santa Monica



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837 S. Normandie Avenue, Los Angeles CA 90005



OFFERING MEMORANDUM

**837 S. Normandie Ave, Los Angeles CA 90005**

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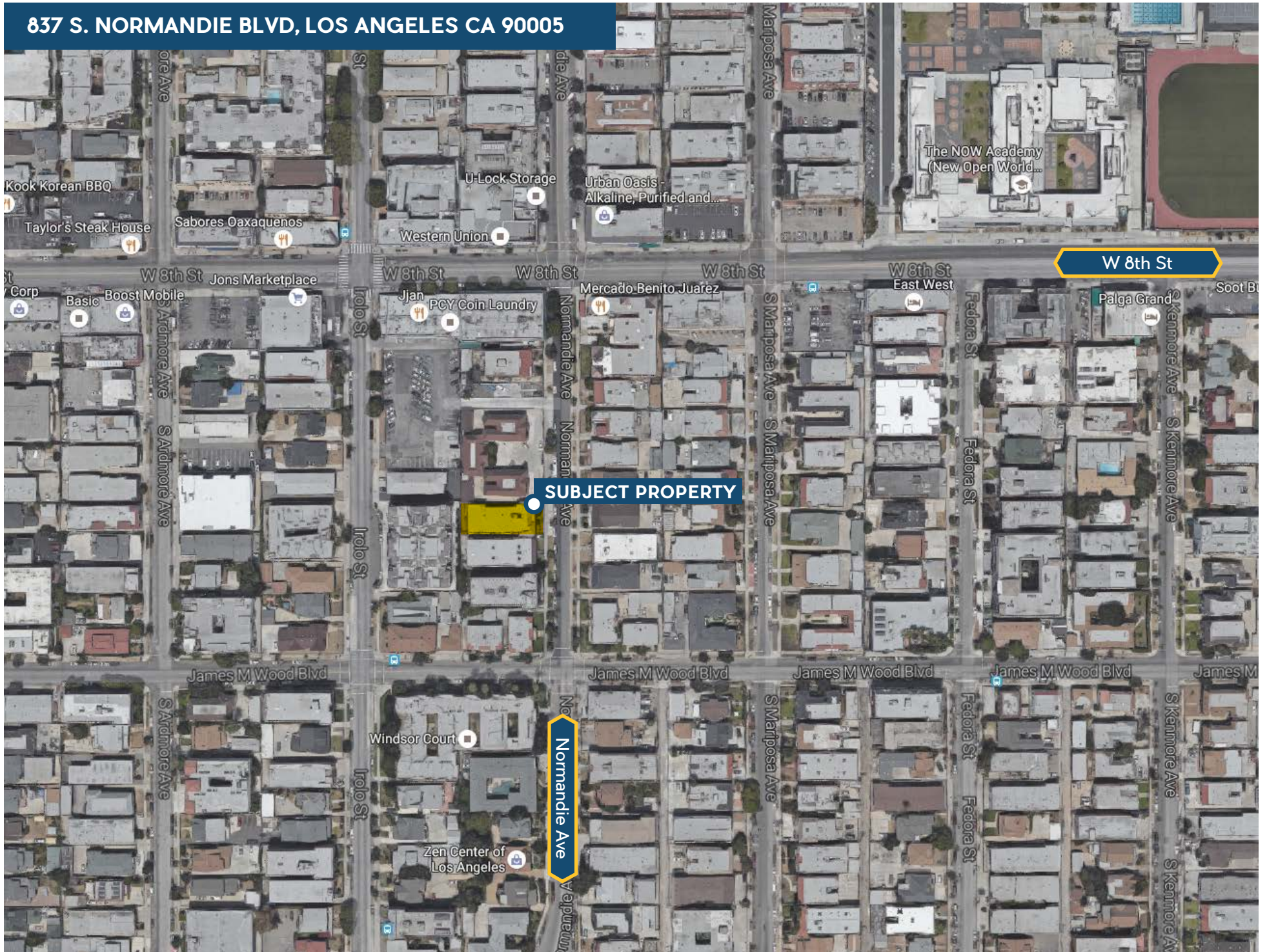
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837 S. NORMANDIE BLVD, LOS ANGELES CA 90005



## EXECUTIVE SUMMARY

### THE OFFERING

SUBJECT PROPERTY :

837 S. Normandie Ave, Los Angeles CA 90005

MVP Commercial Investment Real Estate is pleased to present the Normandie Apartments located at 837 S Normandie Ave. The subject property is a sixteen (16) unit multifamily investment opportunity located in Koreatown, a high rental demand sub-market in the city of Los Angeles. This two story, wood frame stucco building was constructed in 1925 and consists of 10,252 SF of living area. The property features sixteen (16) spacious one bedroom/one bath units and is situated on a 7,445 SF lot zoned R-4.

The owners of 837 S Normandie Ave have been meticulous over their renovations to the interior and exterior of the property. Over half of the units have been extensively remodeled with new high gloss laminate flooring, quartz counter tops, glass backsplash, new stainless steel appliances, new paint, recessed lighting, new fixtures, energy efficient LED lighting, and modern cabinets in the kitchens and bathrooms. The property's common areas were modernized with new tile flooring, new paint, recessed LED lighting, and new paint and fixtures. The property exterior was also updated with a new roof, new paint, and attractive landscaping. The new landscaping is designed with a new drought tolerant design allowing the owner to cut utility expenses and receive tax deductions. Further the property is separately metered for electricity and master metered for gas and features on-site laundry that is currently leased by the owner.

837 S Normandie Avenue presents the opportunity for a new investor to purchase a strong cash flow property with remaining upside in rental income in the very strong rental pocket of Koreatown. Since the majority of the exterior and interior renovations have been completed, a new investor will be able to capture higher market rents while saving on additional renovation costs.



### INVESTMENT HIGHLIGHTS

- Prime Koreatown Location
- 4.24% CAP Rate on Actual Expenses
- 9 of 16 Units Extensively Renovated
- Modernized Common Areas - new flooring, new paint and recessed lighting
- New Roof, New Stainless Steel Appliances, Modern Kitchen Cabinets, Quartz Counter Tops, Glass Backsplash, High-Gloss Laminate Flooring, Ceramic Tiles in Kitchen and Bathrooms, New Paint and Drywall and Energy Efficient LED Recessed Lighting
- New Drought Tolerant Landscaping
- Individually Metered for Electricity

### LOCATION HIGHLIGHTS

- The Subject Property is a Walker's Paradise as it scored a 93 on [www.walkscore.com](http://www.walkscore.com)
- The property is located on S. Normandie Ave. Just north of James M. Wood Blvd and south of W. 8th St
- Few minutes from entertainment venues, restaurants, LA Live, the Wilshire/Western Metro Station, Downtown Los Angeles and the multiple Los Angeles freeways
- Major Development Hub of Los Angeles
- Highly Sought after Investment Location for Local and Foreign Investors

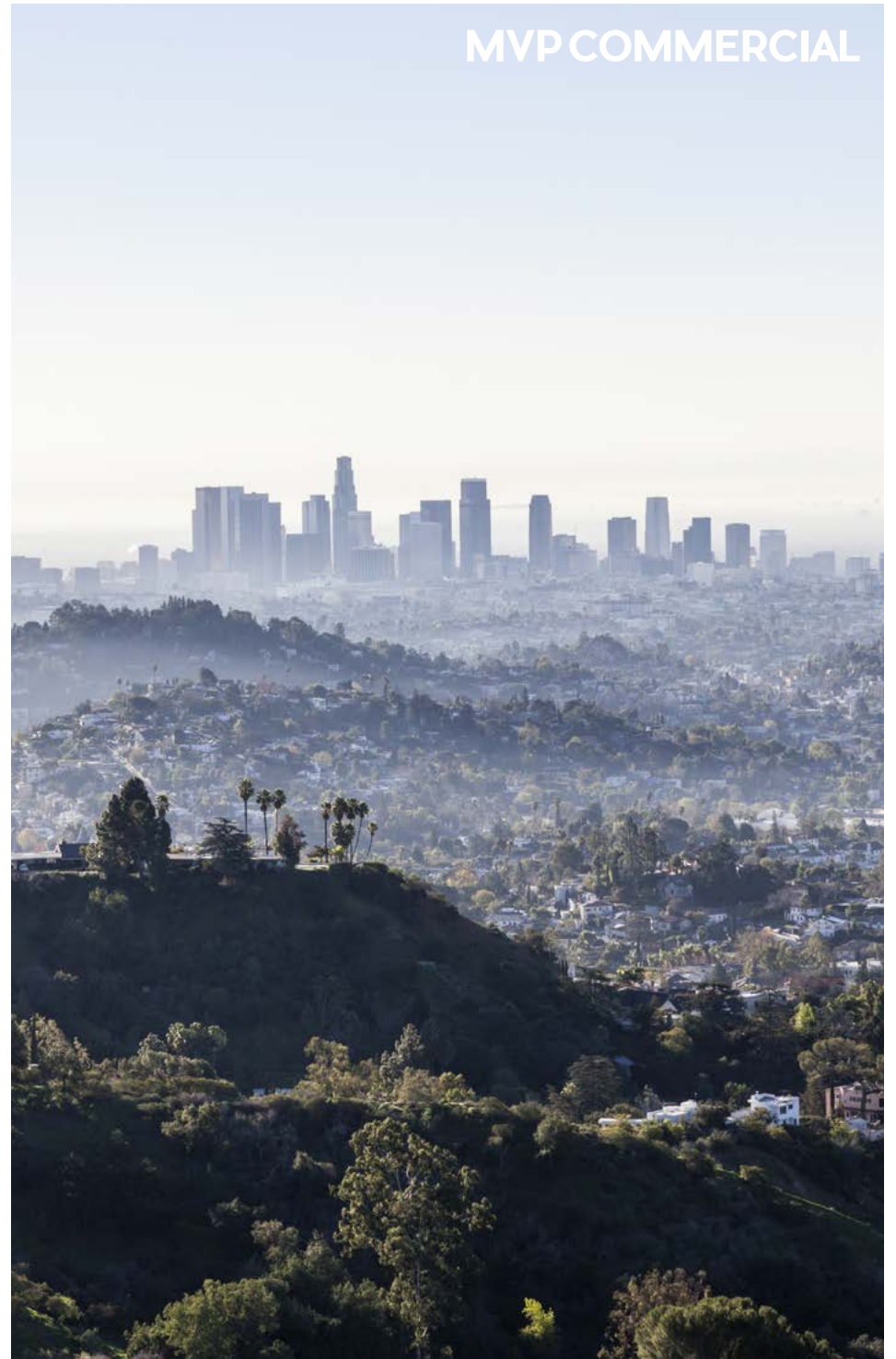


## SUMMARY OF TERMS

837 S. Normandie Avenue, Los Angeles CA 90005

APN: 5094-019-008

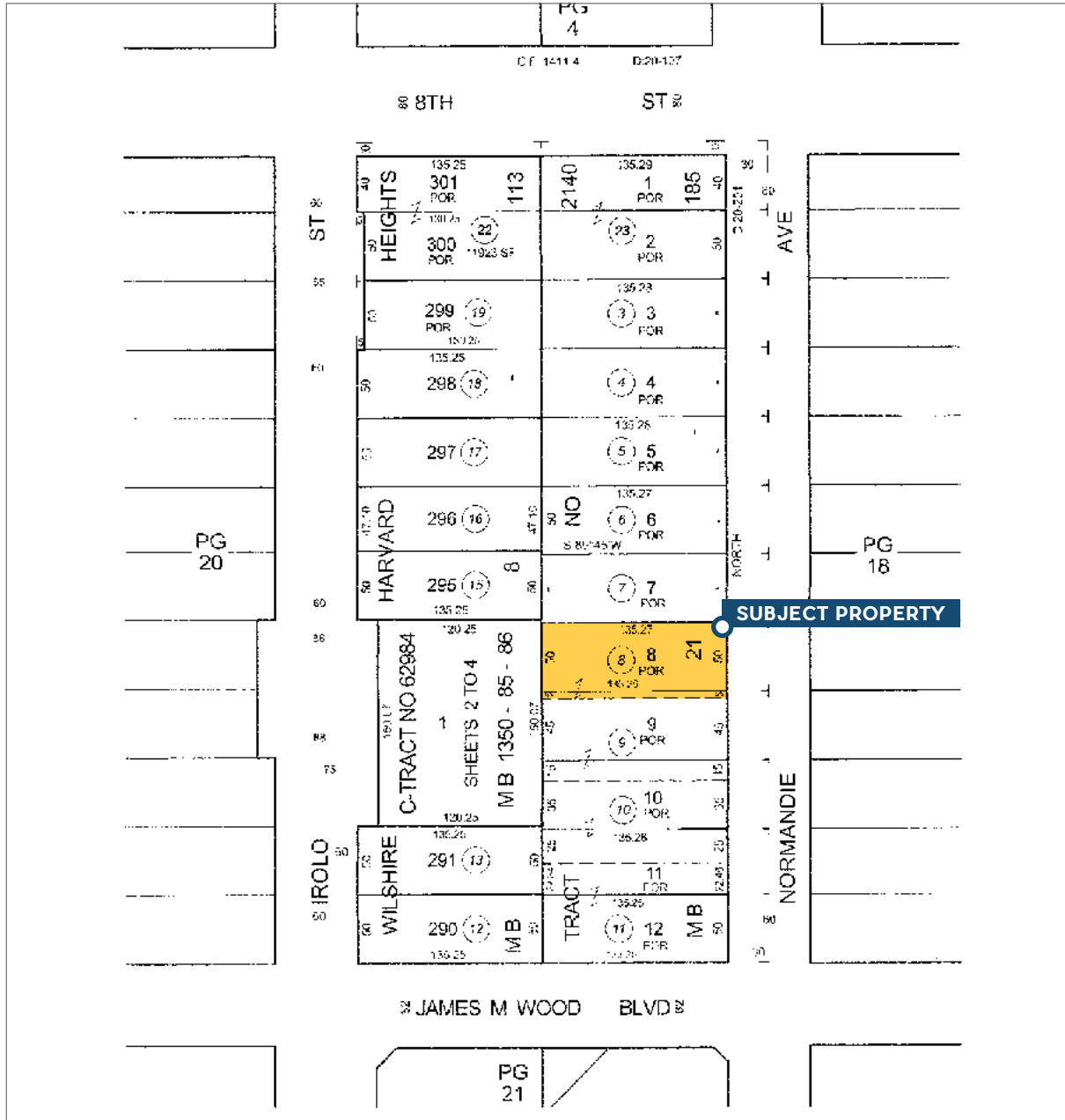
Price	\$3,700,000
Current CAP	4.24%
Market CAP	4.95%
Price/Unit	\$231,250
Price/Gross SF	\$360.91
Current GRM	14.38
Market GRM	13.00
Units	16
Number of Stories	2
Year Built	1925
Building Size	10,252 SF
Lot Size	7,445 SF
Zoning	R4-2
Parking Spaces	Street





# THE PROPERTY

## PARCEL MAP



837 S. Normandie Ave is located just south of Wilshire Blvd and north of James M. Wood Blvd.



## PRICING

Price		\$3,700,000
Down Payment	35%	\$1,295,000
Number of Units		16
Cost per Legal Unit		\$231,250
Current GRM		14.38
Market GRM		13.00
Current CAP		4.24%
Market CAP		4.95%
Approximate Age		1925
Approximate Lot Size	0.17 Acres	7,445
Approximate Building Sqft		10,252
Cost per Net GSF		\$360.91

## PROPOSED FINANCING

New First Loan	\$2,405,000
Interest Rate	3.50%
Amortization	30
Monthly Payment	\$10,800
DCR	1.21
LTV	65%

## ANNUALIZED OPERATING DATA

	Current Rents		Market Rents	
Scheduled Gross Income	\$257,365		\$284,700	
Less Vacancy Rate Reserve	\$(7,532)	3.0%	\$(8,352)	3.0%
Gross Operating Income	\$249,833		\$276,348	
Less Expenses	\$(93,064)	36.2%	\$(93,064)	32.7%
Net Operating Income	\$156,769		\$183,284	
Less Loan Payments	\$(129,594)		\$(129,594)	
Pre-Tax Cash Flow	\$27,174	2.1%*	\$53,689	4.1%*
Plus Principal Reduction	\$46,588		\$46,588	
Total Return Before Taxes	\$73,762	5.7%*	\$100,277	7.7%*

## ESTIMATED ANNUALIZED EXPENSES

*Taxes	1.25%	\$46,250
**Insurance		\$4,613
**Utilities		\$12,600
**Maintenance/Repair		\$6,400
**Trash		\$1,980
**Off-Site Mgmt	3.00%	\$7,721
**On-Site Mgmt		\$10,200
**Gardening/Janitorial		\$2,400
**Pest Control		\$900

\*Estimated Expenses\*

\*\*Seller Stated Expenses\*\*

Total Expenses	\$93,064
Per Net Sqft	\$9.08
Per Unit	\$5,816.53

## SCHEDULED INCOME

No. of Units	Bed/Bath	Approx. Sqft	Monthly Current Rents		Monthly Market Rents	
			Rent/Unit	Income	Rent/Unit	Income
16	1+1		\$1,308	\$20,922	\$1,450	\$23,200

Average Rent/Gr. Sqft	\$2.09	\$2.31
Total Scheduled Rent	\$20,922	\$23,200
Landry Income	\$50	\$50
*RUBs	\$475	\$475
Monthly Schedule Gross Income	\$21,447	\$23,725
Annual Scheduled Gross Income	\$257,365	\$284,700
Utilities Paid by Tenant		Electricity

<b>UNIT NO.</b>	<b>MIX</b>	<b>CURRENT</b>	<b>NOTES</b>	<b>PROFORMA</b>
101	1+1	\$1,395.00	Renovated/Dishwasher	\$1,450
102	1+1	\$1,395.00	Renovated/Dishwasher	\$1,450
103	1+1	\$1,116.00	Section 8	\$1,450
104	1+1	\$1,400.00	Renovated	\$1,450
105	1+1	\$1,350.00	Renovated/Dishwasher	\$1,450
106	1+1	\$1,450.00	Renovated/Dishwasher	\$1,450
107	1+1	\$1,224.08	Section 8	\$1,450
108	1+1	\$1,096.00	Section 8	\$1,450
201	1+1	\$1,400.00	Renovated	\$1,450
202	1+1	\$1,450.00	Manager - Pays \$600/Month/Dishwshr	\$1,450
203	1+1	\$1,105.00	Section 8	\$1,450
204	1+1	\$1,395.00	Renovated	\$1,450
205	1+1	\$1,450.00	Renovated/Dishwasher	\$1,450
206	1+1	\$1,450.00	Vacant/Partially Renovated	\$1,450
207	1+1	\$1,138.00	Section 8	\$1,450
208	1+1	\$1,108.00	Section 8	\$1,450

\*\*\*Brokers do not represent the accuracy of any of this information. Buyer to conduct own investigation of all information provided.\*\*\*

Monthly Rent	\$20,922	\$23,200
Laundry Income	\$50	\$50
·RUBS	\$475	\$475
Yearly Gross Income	\$257,365	\$284,700

The Plus (+) Symbol denotes an Estimation RUBs charges include water, sewer and trash.

## SALES COMPARABLES

### SUBJECT PROPERTY:

837 S. Normandie Avenue, Los Angeles CA 90005

Sale Price: \$3,700,000

- 16U | \$231,250/Unit | YB 1925
- \$360.91/SF | 10,252 SF
- 14.38 GRM | 4.24% CAP



## SALES COMPARABLE PROPERTIES



### 836 S. Catalina St

SOLD 9/24/2015 - \$1,700,000  
 - 8U | \$212,500/Unit | YB 1922  
 - \$319.43/SF | 5,322 SF  
 - 16.89 GRM | 3.55% CAP



### 701 Gramercy Dr

SOLD 11/13/2015 - \$13,400,000  
 - 87U | \$154,022/Unit | YB 1926  
 - \$274.29/SF | 48,852 SF  
 - 12.00 GRM | 5.0% CAP



### 335 N. Alexandria Ave

SOLD 4/12/2016 - \$1,560,000  
 - 8U | \$195,000/Unit | YB 1923  
 - \$282./SF | 5,514 SF  
 - 15.18 GRM | 3.64% CAP



### 527 S. Hobart St

SOLD 5/13/2016 - \$9,300,000  
 - 50U | \$186,000/Unit | YB 1930  
 - 285.98/SF | 32,520 SF  
 - 14.43 GRM | 4.1% CAP

## PENDING & ACTIVE COMPARABLE PROPERTIES



### 314 S. Alexandria Ave

PENDING - \$11,000,000  
 - 60U | \$183,333/Unit | YB 1926  
 - \$284.59/SF | 38,651 SF  
 - 14.60 GRM | 3.70% CAP



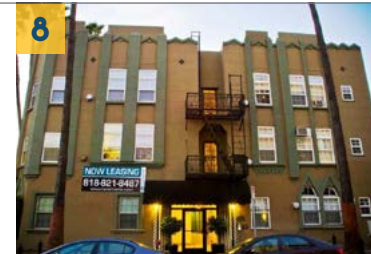
### 756 S. Normandie Ave

PENDING - \$4,895,000  
 - 30U | \$163,166/Unit | YB 1925  
 - \$291.79/SF | 16,776 SF  
 - 13.95 GRM | 4.30% CAP



### 818 S. Mariposa Ave

ON MARKET - \$4,500,000  
 - 32U | \$140,625/Unit | YB 1940  
 - \$370.61/SF | 12,142  
 - 13.64 GRM | 4.18% CAP



### 861 Fedora St

ON MARKET - \$8,000,000  
 - 39U | \$205,128/Unit | YB 1930  
 - \$332.71/SF | 24,045 SF  
 - 12.91 GRM | 4.85% CAP

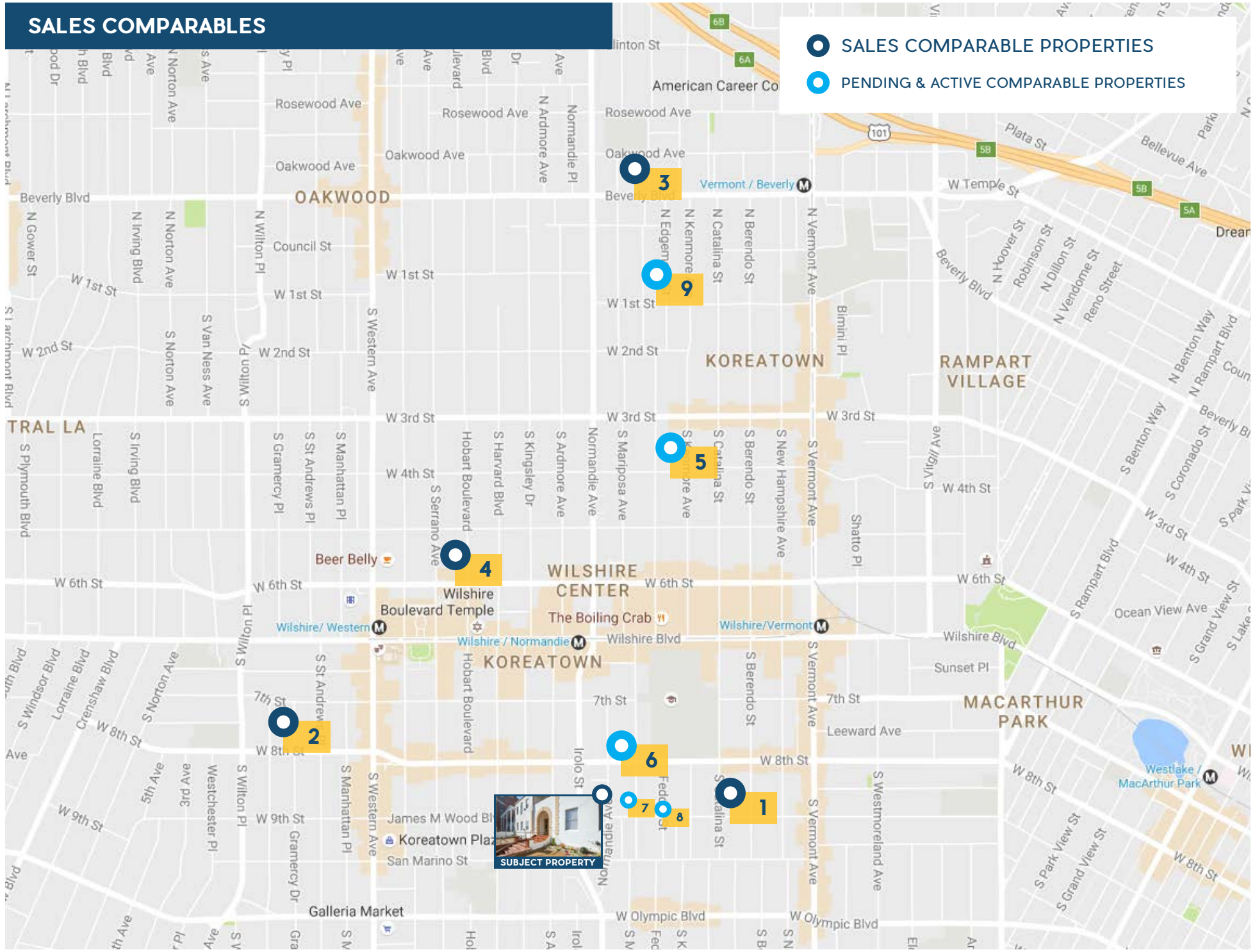


### 127 N. Edgemont St

ON MARKET - \$2,100,000  
 - 12U | \$175,000/Unit | YB 1927  
 - \$278.37/SF | 7,544 SF  
 - 14.68 GRM | 4.09% CAP

# SALES COMPARABLES

- SALES COMPARABLE PROPERTIES
- PENDING & ACTIVE COMPARABLE PROPERTIES



# CITY OF LOS ANGELES



Los Angeles, the second largest city in the United States, is located in southern California and is situated in the county of Los Angeles. This city is known for its sunny climate, sprawling city life, and considered to be the center of the entertainment capital of the world.

The city of Los Angeles leads its counterparts in several major growth industries. LA county has more than 87,000 jobs in the fashion industry surpassing New York city. In addition, Los Angeles houses 700,000 jobs in health services/biomedical field and 190,000 jobs in the aero-space and technology field.

## Location Highlights

- In 2015, leisure and hospitality is the leading industry with 488,100 jobs in Los Angeles. In the same year, this sector added 21,500 jobs which represents 4.6% job growth year after year.
- The largest number of manufacturing jobs of any county in the country.
- Other major industries include health care, education, and business services.
- L.A.'s coastal regions boast some of the best surf spots, amazing oceanfront dining and trendy shops.
- Los Angeles has more museums and theatres than any other city in the United States. Los Angeles has 105 museums and 225 theatres making it the mecca of arts and culture.
- With its rich cultural diversity, Los Angeles has the most dynamic dining experiences a city has to offer. Each region of Los Angeles offers a variety of dining options without ever leaving the general area.

*Source: [www.discoverlosangeles.com](http://www.discoverlosangeles.com)*

## LOCATION OVERVIEW

### GEOGRAPHY

The city of Los Angeles, surrounded by the San Gabriel Mountain range and divided by the Santa Monica Mountains, is primarily a desert basin. This city has 75 miles of coastline and altitudes ranging from 9 feet below sea level at Wilmington to 10,080 feet above sea level at Mt. San Antonio. Los Angeles rivers include Rio Hondo, San Gabriel, Santa Clara and Los Angeles rivers.

City of Los Angeles:	472 square miles
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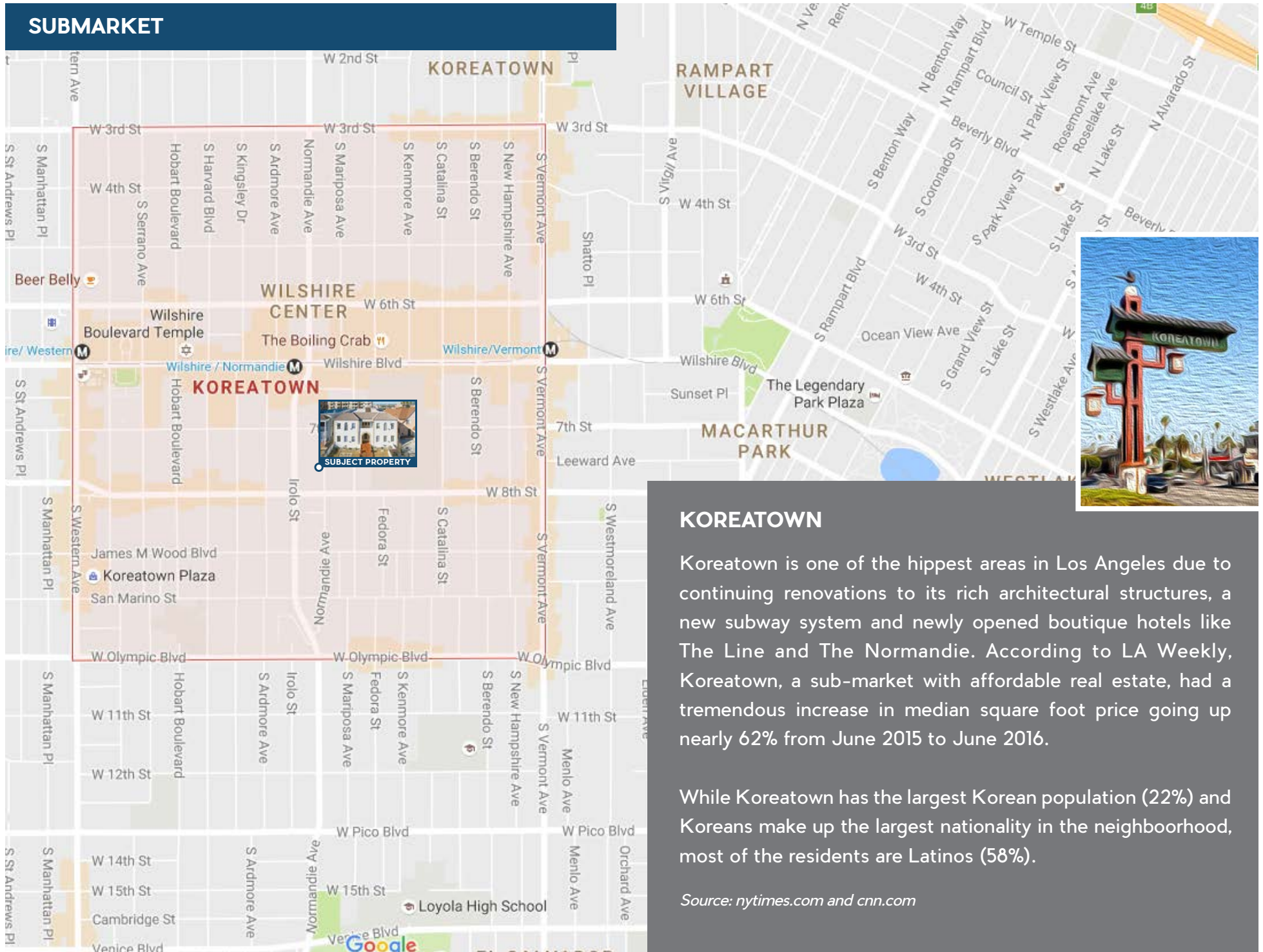
County of Los Angeles:	4,084 square miles
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Los Angeles Five-County Area:	34,135 square miles
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Source: [LACity.org](http://LACity.org), [LACounty.org](http://LACounty.org), [California State Association of Counties](http://California State Association of Counties) [counties.org](http://counties.org)



## SUBMARKET



## KOREATOWN

Koreatown is one of the hippest areas in Los Angeles due to continuing renovations to its rich architectural structures, a new subway system and newly opened boutique hotels like The Line and The Normandie. According to LA Weekly, Koreatown, a sub-market with affordable real estate, had a tremendous increase in median square foot price going up nearly 62% from June 2015 to June 2016.

While Koreatown has the largest Korean population (22%) and Koreans make up the largest nationality in the neighborhood, most of the residents are Latinos (58%).

*Source: nytimes.com and cnn.com*



# KOREATOWN RETAIL CENTERS



Madang Plaza Shopping Mall, 621 S. Western Ave, Los Angeles CA 90005



Chapman Plaza, 3465 W. 6th St, Los Angeles CA 90005



City Center on 6th, 3500 W. 6th St, Los Angeles CA 90020



Vermont Galleria, 440 S Vermont Ave, Los Angeles CA 90020

## KOREATOWN LUXURY HIGH-RISE



### **THE VERMONT, 464 Apartments and Retail Spaces**

The Vermont, located at the intersection of Wilshire Boulevard and Vermont Avenue, is one of the largest residential projects built in Los Angeles.

# THE GREATER LOS ANGELES AREA

## DOWNTOWN LOS ANGELES



Downtown Los Angeles, a large city with an abundance of historic architecture and cultural attractions, offers incredible restaurants, hotels with amazing views and a thriving nightlife. In the South Park District of Downtown Los Angeles is L.A. Live, an entertainment complex, that host popular attractions like the GRAMMY Museum, Lucky Strick Lanes and Regal Cinemas. In addition, STAPLES Center, adjacent to the L.A. Live, is home to the Los Angeles Lakers, Clippers, Kings and Sparks.

## HOLLYWOOD



Known for its glitz and glam, Hollywood is home to film, television and music industries. Although most studios have moved to neighboring cities, Hollywood still attracts millions of visitors each year. Hollywood and Highland Center, in the heart of Hollywood, is one of the hottest entertainment centers in Los Angeles. Hollywood is ethnically diverse, heavily populated and offers delicious multicultural cuisines.

## SANTA MONICA



Renowned for its sunny skies and beaches, Santa Monica attracts more than 7 million visitors a year. This one of a kind city averages more than 300 days of sunshine a year and has some of the best sunsets on the west coast. Santa Monica has become a walkable and bike-friendly town allowing easy access to shopping, restaurants and attractions such as the Santa Monica Pier and Third Street Promenade.

## DEMOGRAPHICS

### POPULATION (2015)

City of Los Angeles: 4.0 Million

County of Los Angeles: 10.1 Million

Los Angeles Five-County Area: 18.6 Million

Source: California Department of Finance, Demographic Research Visit

### INCOME

Median household income: \$48,610

Mean household income: \$76,557

Median family income: \$53,008

Mean family income: \$83,965

Median non-family income: \$38,227

Mean non-family income: \$61,155

Source: 2006-2008 American Community Survey



### ETHNICITY

Hispanic or Latino (of any race) 47.9%

Non-Hispanic Whites: 27.5%

Asian/Pacific Islander: 13.7%

African-American: 8.1%

American Indian/Others: 2.8%

“The diverse, multiethnic population of Los Angeles today distinguishes the city as the cultural hub of the Pacific Rim. People from more than 180 countries, speaking 140 different identified languages, currently call Los Angeles home. Los Angeles does not have a majority population.”

- [www.discoverlosangeles.com](http://www.discoverlosangeles.com)

Source: U.S. Census Bureau - 2013 American Community Survey

## MAJOR EMPLOYERS

### TOP 10 EMPLOYERS IN LOS ANGELES

County of Los Angeles	96,500
Los Angeles Unified School District	59,600
City of Los Angeles (including DWP)	46,900
University of California, Los Angeles	46,900
Federal Government (non-Defense Dept.)	43,400
Kaiser Permanente	36,000
State of California (non-education)	29,200
Northrop Grumman Corp.	17,000
Target Corp.	15,000
Providence Health & Services	15,000

Source: California Employment Development Department, The Los Angeles Business Journal, and Almanac research



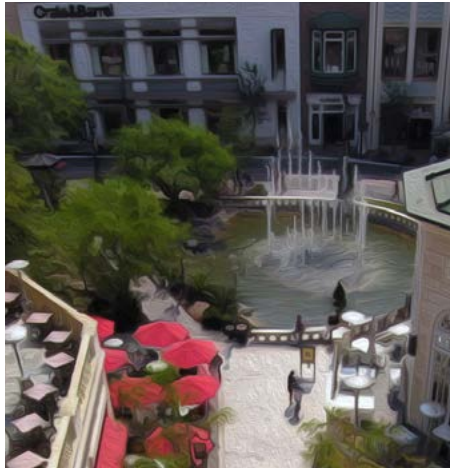
# RETAIL CENTERS IN THE GREATER LOS ANGELES AREA

## RODEO DRIVE



Rodeo Drive is in the center of the Golden Triangle. Some of the most luxurious hotels, shopping and dining in the world occupy this distinguished corridor. The most prestigious and recognizable brands in fashion such as Valentino, Saint Laurent, Tiffany & Co., Cartier, Rolex, Chanel and Salvatore Ferragamo are situated on Rodeo Drive.

## THE GROVE



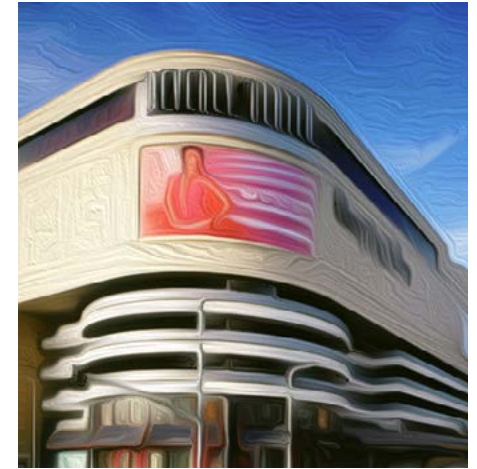
The Grove, an entertainment complex in Los Angeles, features brand name stores, chain and local restaurants, a large center park with an animated fountain and Pacific Theatres. Visitors can take a free ride to The Grove Trolley which travels along First Street between The Grove and Farmer's Market.

## MELROSE AVE



Melrose Avenue is famous for its underground and new wave retail stores which became popular in the 1980's. This destination attracts visitors from all over the world for its unique shopping experience, spectacular dining, and entertainment.

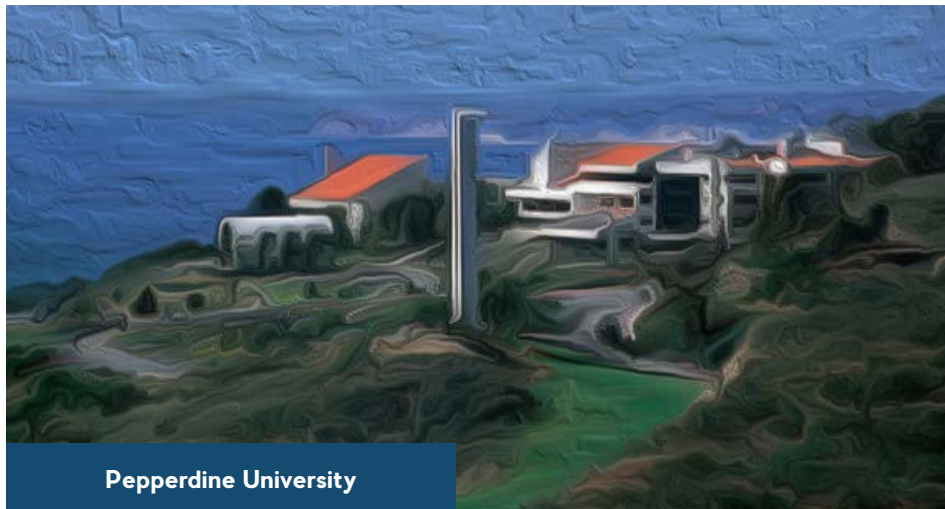
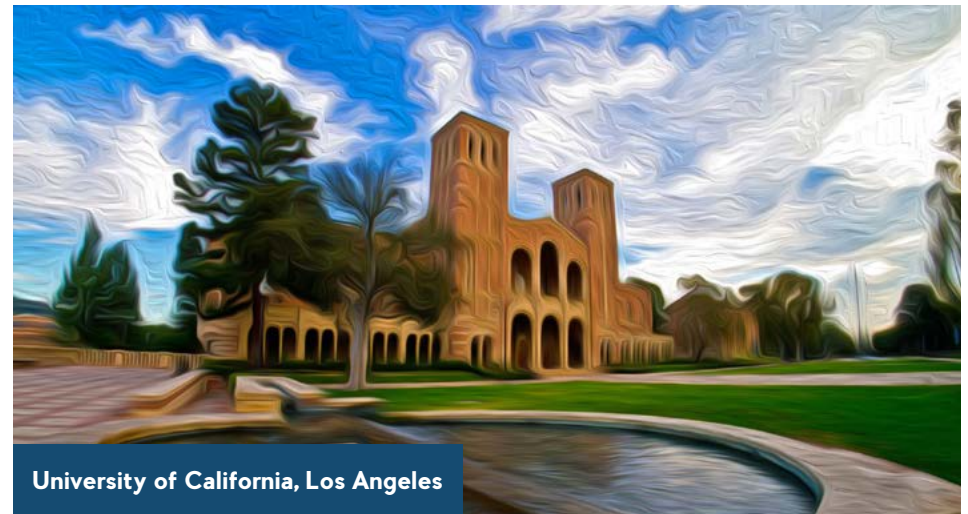
## BEVERLY CENTER



Beverly Center, eight-story shopping mall located at the edge of Beverly Hills and West Hollywood, provides a shopping experience unlike its counterparts in the local area. With over 100 specialty retail stores, shoppers are able to get everything they need in one location. Recently, the owners have unveiled their plans to spend \$500 million to renovate the Beverly Center.

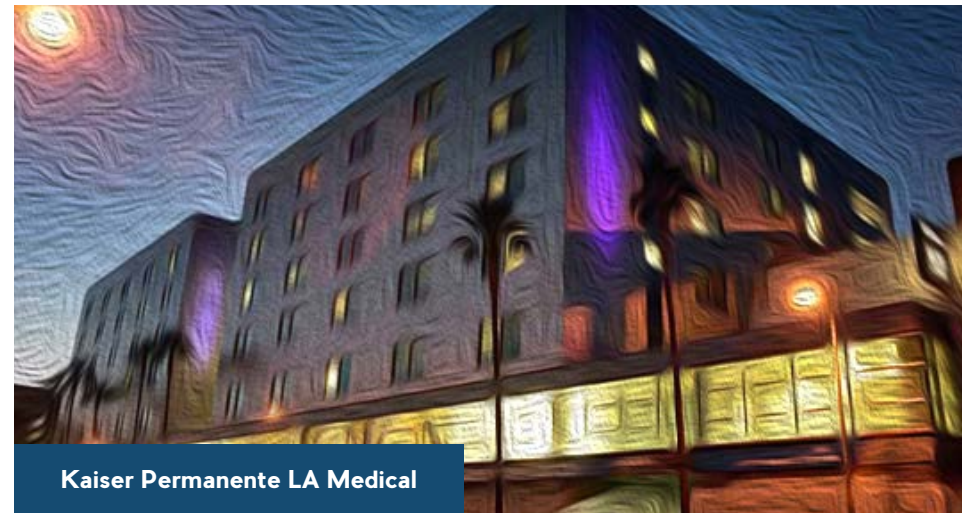
Los Angeles County is home to 113 accredited colleges and universities, including such prestigious institutions as the University of Southern California (USC), UCLA, Pepperdine University, Occidental College, Loyola Marymount University and the Art Center College of Design.

Source: LAEDC



## HEALTH CARE CENTERS

According to U.S. News, UCLA Medical Center, Cedars-Sinai Medical Center, Keck Medical Center of USC and Kaiser Permanente Los Angeles Medical Center are ranked in the top 20 hospitals in California.





Griffith Observatory



Spanning an impressive 4,210 acres, it's easy to get lost in LA's largest public green space, much of which remains unchanged from the days when Native Americans settled here.

Kenneth Hahn State Recreation Area



Kenneth Hahn is impressive in both size and topography for a park in the middle of the Westside.

Hancock Park La Brea



Explore the La Brea Tar Pits, which for over 100 years has unearthed prehistoric fossils, and enjoy the Urban Light sculptures from LACMA which is within a stone's throw.

Lake Hollywood Park



Unlike the touristy turnout just up the road, this park stays quiet throughout the day. The whole family can enjoy the playground, shaded picnic benches and one of the most fantastic views of the Hollywood Sign.



## CONFIDENTIAL DISCLAIMER

This Confidential Memorandum has been prepared by MVP Commercial Investment Real Estate (“MVP”) and is being furnished to you solely for the purpose of your review of the commercial property located at 837 S. Normandie Avenue, Los Angeles CA 90005. The material contained in this Offering Memorandum shall be used for the purposes of evaluating the Property for acquisition and shall not be used for any purpose or made available to any other person without the express written consent of MVP Commercial Investment Real Estate and KW Commercial Santa Monica (“Broker”).

By accepting the Confidential Memorandum, you acknowledge and agree that: (1) all of the information contained herein and any other information you will be receiving in connection with this transaction, whether oral, written or in any other form (collectively, the “Materials”), is confidential; (2) you will not reproduce the Confidential Memorandum in whole or in part; (3) if you do not wish to pursue this matter, you will return this Confidential Memorandum to MVP as soon as practicable together with all other materials relating to the Property which you may have received from MVP; and (4) any proposed actions by you which are inconsistent in any manner with the foregoing agreements will require the prior written consent of MVP.

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# MVP COMMERCIAL

INVESTMENT REAL ESTATE

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