

HERMOSA BEACH RETAIL OFFERING FOR SALE



1242-1248 HERMOSA AVE

HERMOSA BEACH, CA 90254

RE/MAX
COMMERCIAL®

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1242-1248 HERMOSA AVE
HERMOSA BEACH, CA 90254

PROPERTY SUMMARY

9,551

BUILDING SF

8,004

LOT SF

4

RETAIL UNITS

1924/2013

BUILT/REMODELED

4183-013-067

APN

PRICING

OFFERING PRICE

\$7,400,000

PRICE/SF

\$774.79

CAP RATE

5.16%

Investment Overview



- There is an assumable loan of \$3,300,000 4.50% fixed interest until December 2024. Principal balance is due in December 2026.



- Prime retail building with four tenants located in the heart of downtown Hermosa Beach



- Remodeled in 2013



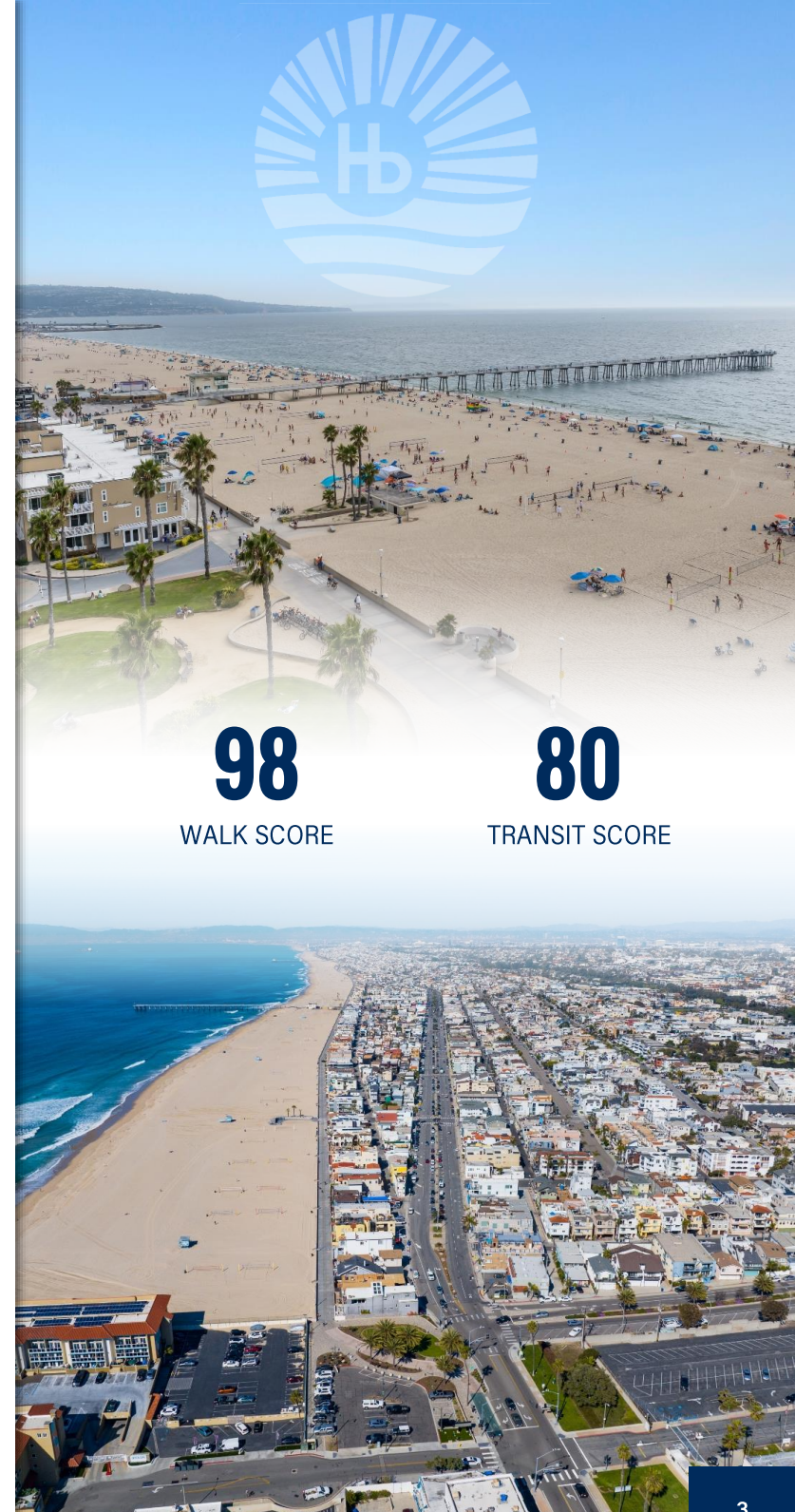
- A+ location, one block from the beach and surrounded by high-end retail, restaurants, Hermosa Beach Pier, and H2O Hermosa hotel



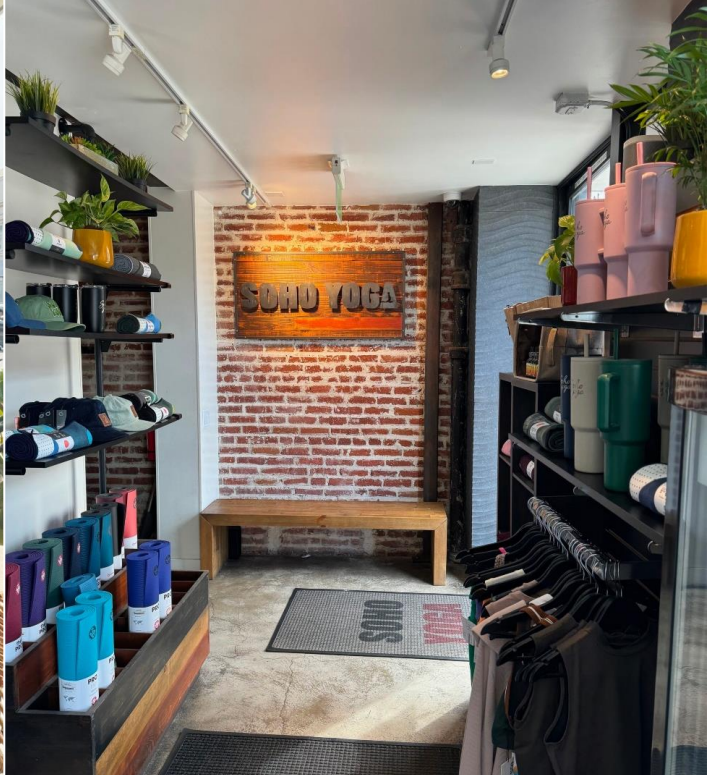
- Excellent frontage with high traffic count of 30,000 VPD (Vehicles Per Day).



- Lots of pedestrian foot traffic with a population of 25,000 within a 1 mile radius, 155,000 within a 3 mile radius with an average annual household income of \$149,500.

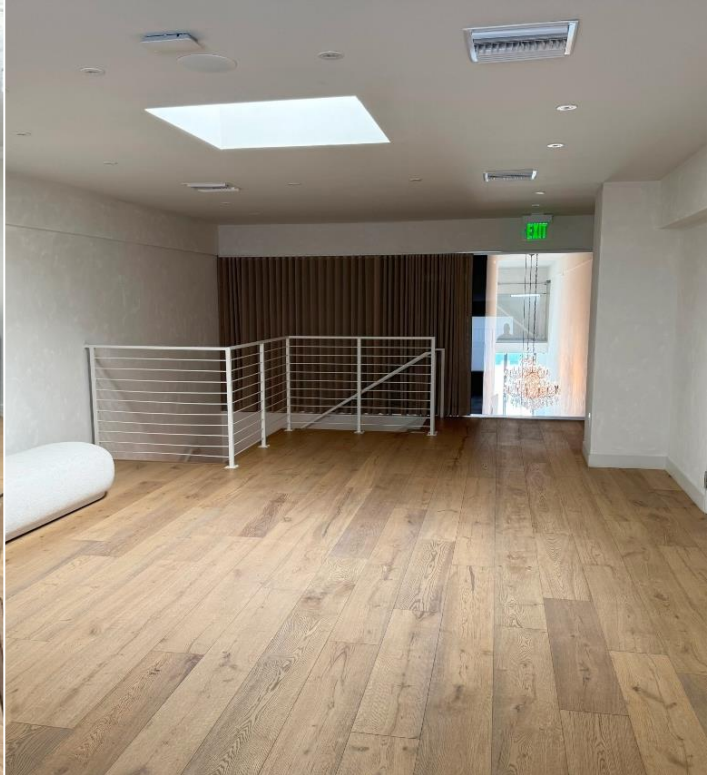


4 Retail Units



4 Retail Units







FINANCIAL ANALYSIS

PRICING

OFFERING PRICE	\$7,400,000
PRICE/SF	\$774.79
CAP RATE	5.16%

THE ASSET

Retail Units	4
Year Built	1924
Gross SF	9,551
Lot SF	8,004
Zoning	HBC2YY

FINANCING

Down	55.4%	\$4,100,000
Loan	44.6%	\$3,300,000
Ammort Years		30
Interest Rate		4.50%
Payments		(\$16,721)

MONTHLY RENT SCHEDULE

# of Units	Type	Current Total
1	Soho Yoga	\$12,647
2	Sev Laser	\$7,200
3	Paradise Bowls	\$5,723
4	Lavendar & Lilac Nail Lounge	\$8,402
Total Scheduled Rent		\$33,973

ANNUALIZED INCOME

	Current
Scheduled Gross Income	\$407,672
Vacancy Rate Reserve	0% \$0
Reimbursements	\$92,407
Gross Operating Income	\$500,079

ANNUALIZED EXPENSES

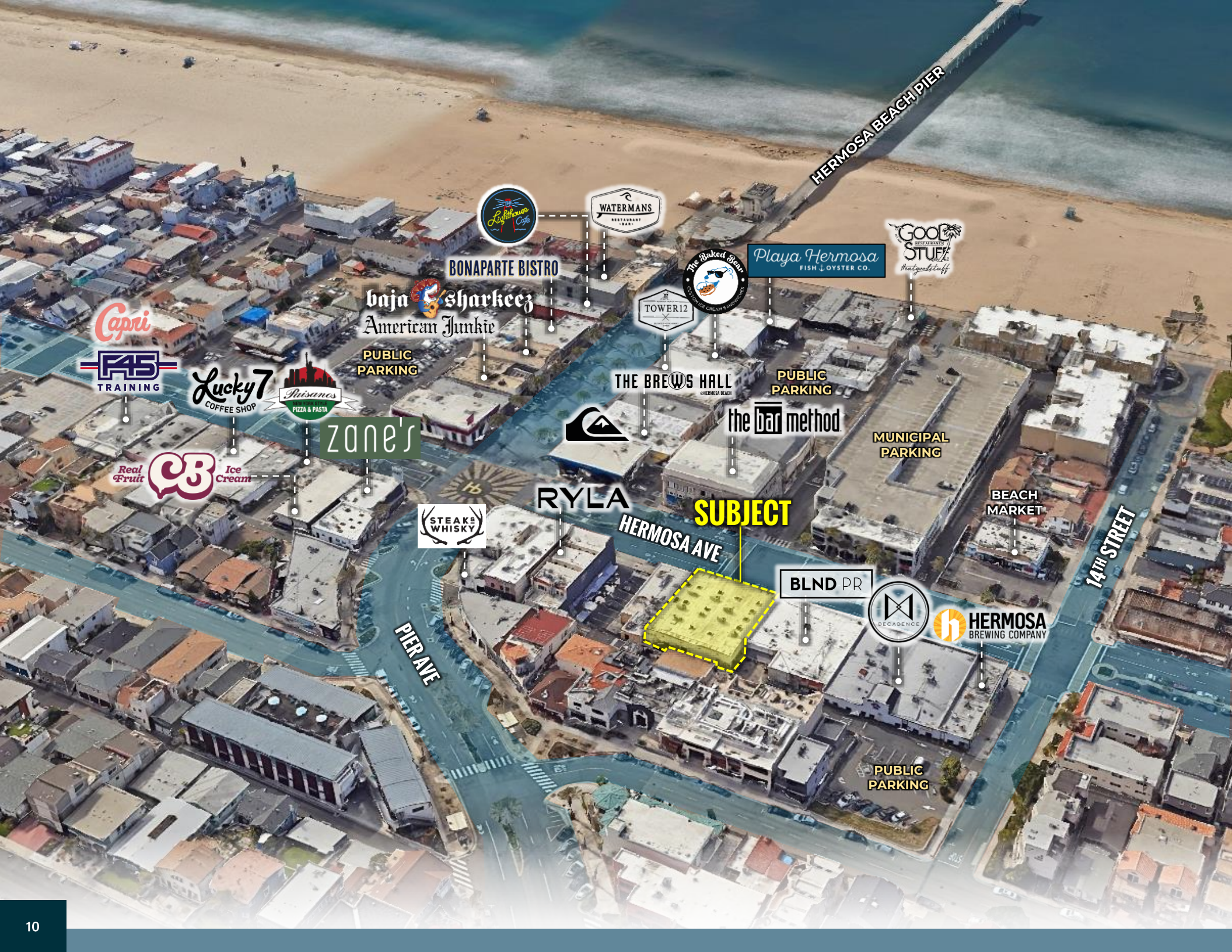
	Current
Property Tax (New 1.06%)	\$78,440
Building Insurance	\$6,426
Utilities	\$11,367
Maintenance & Repairs	\$18,349
Professional & Admin Fees	\$3,435
Total Expenses	\$118,017
Expenses/SF	\$12.36
% of GOI	23.6%

RETURN

	Current
NOI	\$382,062
Less Debt	(\$200,647)
Cashflow	\$181,414
Principal Reduction	\$53,236
Total Return Before Taxes	\$234,650

RENT ROLL

Unit #	Tenant	Unit SF	Start Date	End Date	Base Rent/ Month	Rent/SF	Current Monthly CAM	COL Increase (Annual CPI, Fixed, etc.)	Options
1242	Soho Yoga	3,401	3/1/2014	3/31/2024	\$12,647.12	\$3.72	\$2,849.58	Fixed 3% Annual	A 5-year option was executed for 3/31/2024 to 3/30/2029. One 5-year option remaining.
1244	Sev Laser	3,182	9/1/2021	11/30/2026	\$7,200.00	\$2.26	\$2,991.08	\$500 Annual Increase	2 5-year options. Base rent increases 3% annually for years 6-15.
1246	Paradise Bowls	1,168	3/1/2014	2/28/2034	\$5,723.20	\$4.90	\$992.00	Fixed 3% Annual	None
1248	Lavendar & Lilac Nail Lounge	1,800	3/10/2020	3/31/2025	\$8,402.33	\$4.67	\$868.00	Fixed 3% Annual Due April 1	2-5-year options that increase 3% per year.
Totals:		9,551			\$33,972.65		\$7,700.66		



HERMOSA BEACH PIER



BONAPARTE BISTRO

baja American
sharkeez Junkie



Playa Hermosa
FISH & OYSTER CO.



Capri



Lucky 7
COFFEE SHOP



PUBLIC
PARKING

zone's

Real
Fruit



Ice
Cream



THE BREWS HALL

PUBLIC
PARKING



the bar method

MUNICIPAL
PARKING

RYLA

SUBJECT

BEACH
MARKET



PIER AVE

HERMOSA AVE

BLND PR



HERMOSA
BREWING COMPANY

14TH STREET

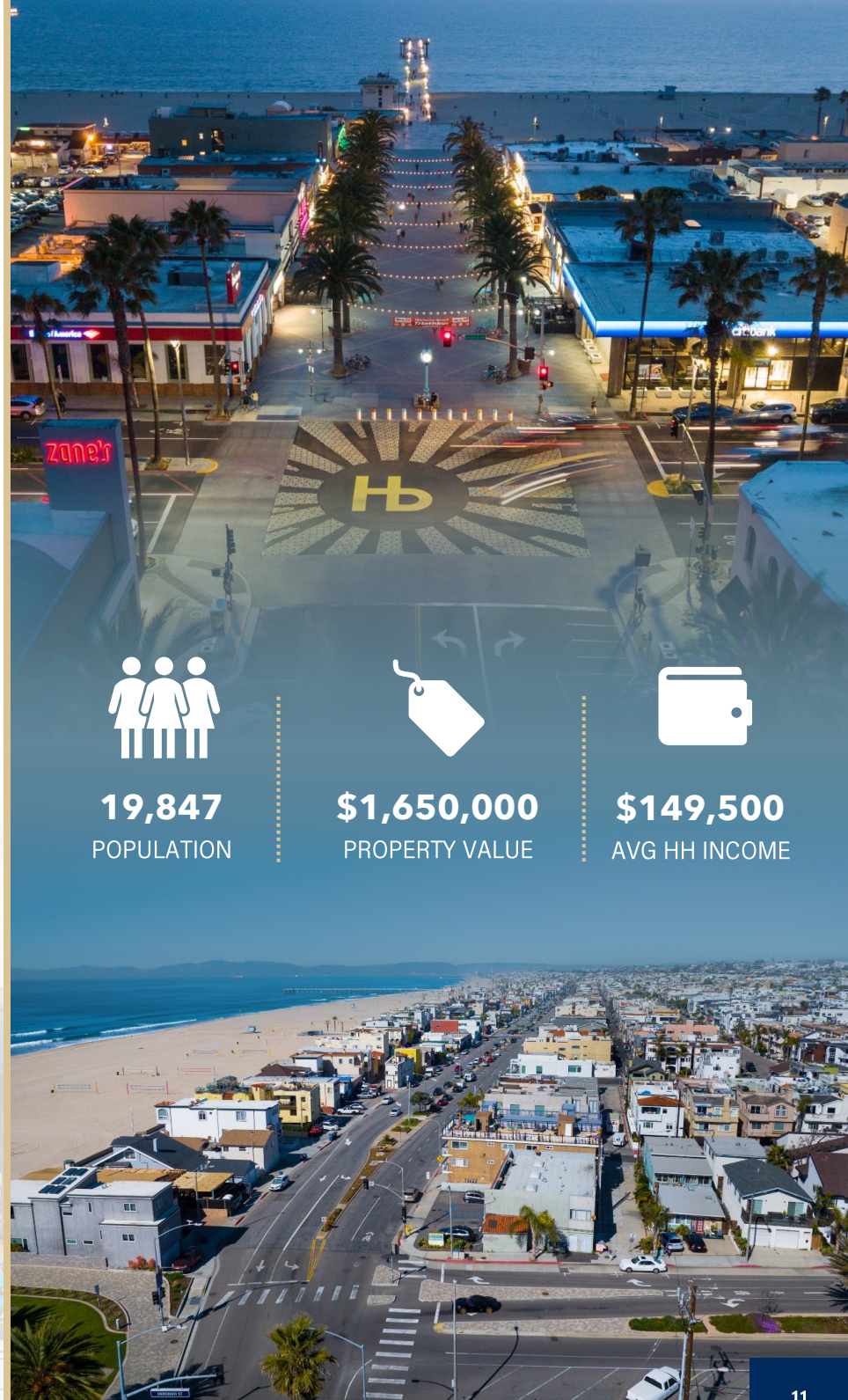
PUBLIC
PARKING



Hermosa Beach

CALIFORNIA

A sunny small beach City of 1.43 square miles, Hermosa Beach sits at the center of Los Angeles County's South Bay coastline, just 6 miles south of Los Angeles International Airport and twenty-one miles from Downtown Los Angeles. A bedroom community with a flourishing downtown, the City of Hermosa Beach serves a stable population of 19,847, according to the State's latest population estimate. However, as a lively beach City and tourist destination, Hermosa experiences a high visitor population. Due to this high visitor population, the City operates in many ways like a larger city. During the 2018–19 fiscal year, beach attendance ranged from a low of 21,700 in February 2019 to a high of 1,282,200 in July 2018, according to the Los Angeles County Fire Department, Lifeguard Division.



19,847
POPULATION



\$1,650,000
PROPERTY VALUE



\$149,500
AVG HH INCOME

Area Lifestyle

The town is the very essence of the Southern California lifestyle, with temperatures ranging on average from highs of 78 degrees in the summer to 65 degrees in winter, and nighttime temperatures that rarely fall below 55 degrees. There are architecturally diverse residences on the Strand, bungalows scattered throughout the town, and multilevel homes in the hills with ocean views. There are a myriad of regular outdoor activities such as volleyball, surfing, skateboarding, and boogie boarding to name a few. Other favorite activities include jogging, skating or biking along the Strand - the paved strip paralleling the beach and connecting Hermosa with the neighboring beach cities. The City has a police department, a robust park system, green belt, and exceptional schools and facilities. Beginning December 30, 2017, the City contracted with the Los Angeles County Fire Department for Fire Services.



AMENITIES

SUBJECT



Hermosa Beach Pier



- ❖ Minutes from the ocean and within walking distance to high-end shopping, dining, hotels, entertainment, outdoor recreation and attractions.
- ❖ Nearby affluent communities include Redondo Beach, Manhattan Beach, and Palos Verdes among other beach communities.
- ❖ Centrally located, the property offers tenants excellent regional access. It has been a preferred resort destination for more than a century.
- ❖ The Hermosa Beach Pier is at the end of Pier Avenue, which is one of the beach community's main shopping, dining and entertainment areas.



HERMOSA BEACH ECONOMY

Hermosa Beach is a “bedroom community” as evidenced by a household count of +10,000 and an in-city business count of under 1,000 (excluding apartments and home occupations). As of the 2019 Assessor’s Report Hermosa Beach had growth of 6.0% in secured and unsecured assessed valuation, as compared to 6.2% for Los Angeles County. The 6.0% growth was the 32nd highest of 88 cities in Los Angeles County. Median home prices in Hermosa Beach as of February 2020 were \$1,576,250, compared to \$620,000 for Los Angeles County. Home values adjacent to the beach increased for the eighth year in a row after declining 2009-2011.

As a beach city, the three highest occupations are management, sales, and administrative support, however residents enjoy access to a much more diverse employment base with the close proximity of all of the other cities in Los Angeles County, as well as many of the largest and best known names in corporate America in such fields as aerospace, high tech, industrial, service and finance. The unemployment rate in Hermosa Beach is 2.1%, compared with 4.5% for Los Angeles County, and 4.1% for California as of June 2019.

TOP AREA EMPLOYERS

27,000 Employees

NORTHROP GRUMMAN

17,700 Employees

LOCKHEED MARTIN

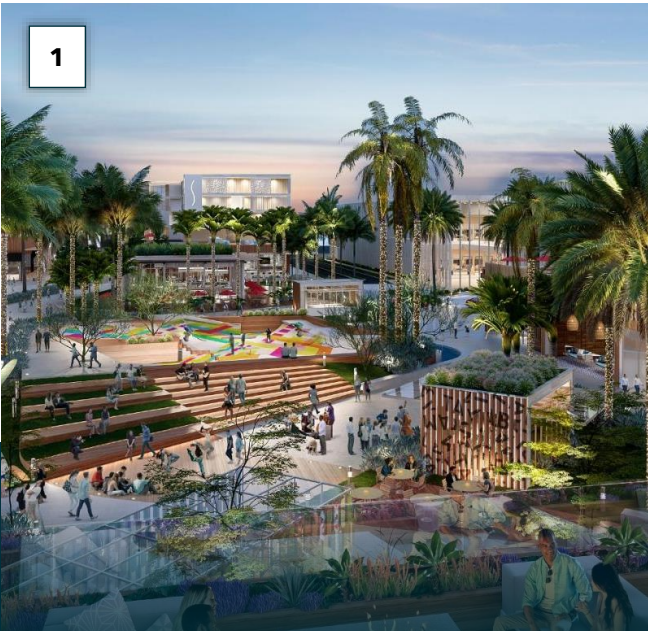
16,768 Employees

BOEING

7,000 Employees

Raytheon

REGIONAL DEVELOPMENTS



1

SOUTHBAY GALLERIA

30-acre property acquired by L Catterton Real Estate (LCRE) in 2021, and will feature a 150-room hotel, 300 apartments, and an additional 217,000 sq ft of office and retail scheduled to break ground in late 2022.



2

DEL AMO FASHION CENTER

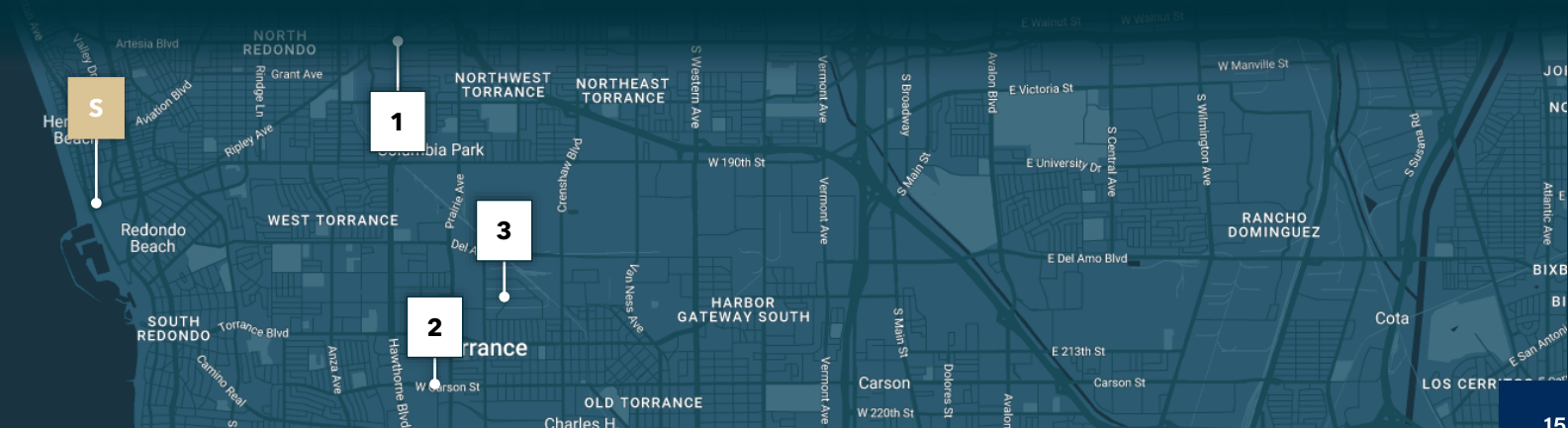
A three-level regional luxury shopping mall and lifestyle center with a GLA of 2,500,000 sq ft, making it the sixth largest shopping mall in the United States.



3

TOYOTA CAMPUS

CalBay Development purchased 5.3 acres of the 110-acre Toyota HQ from Sares-Regis with plans to develop a hotel, health club, retail and restaurants. Rumored that Amazon is considering an office campus here.



SOUTH BAY GALLERIA ■ MIXED-USE MAKEOVER



The enclosed shopping mall, built in 1985 by Forest City, occupies a 30-acre property at the southwest corner of Artesia and Hawthorne Boulevards. QIC, which purchased the mall in 2017, is planning to construct multiple buildings on surrounding parking lots that will feature a 150-room hotel, 300 apartments (including up to 30 affordable units), and an additional 217,000 square feet of retail space - up to 175,000 square feet of which could be used for offices. The existing mall, which features nearly 1 million square feet of rentable space, will be retained and remodeled.

The project, designed by Gensler, will include approximately six acres of landscaped outdoor space opening directly onto a grand staircase entering into the mall. Standalone buildings would be built along the perimeter of the site, with the proposed hotel to rise along Artesia and two apartment buildings along Hawthorne. Plans call for building 1,621 parking spaces to serve the new apartments, commercial space, and hotel - adding to the more than 4,000 vehicle stalls already located next to the Galleria.

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