



# 2635-39 MAGNOLIA AVE

2635-39 MAGNOLIA AVE  
SAN DIEGO, CA 92109

OFFERING MEMORANDUM

Marcus & Millichap

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# THE OPPORTUNITY

Marcus and Millichap is pleased to present 2635-39 Magnolia Avenue, a fully renovated 5-unit complex in the highly popular Pacific Beach neighborhood of San Diego, CA. Resting near the end of a quiet cul-de-sac, Magnolia features a desirable mix of four 2-bedroom /1-bath units and a single studio unit (affordable; 110% AMI). Of the four 2-bedrooms which range from 733 square feet to 750 square feet, one is a 2-story townhome. The studio is approximately 350 square feet. Units include their own in-unit washer/dryers, new vinyl plank flooring, wall-heaters, stainless steel appliances, new ceiling fans, refurbished and new cabinetry along with new kitchens and bathrooms. The complex was built in 1960 and totally restored with additional ADUs added in 2023-2024. The lot is approximately 6,185 square feet zoned RM-3-8 (1du per 800sf) with 3,525 square feet of improvements and four tandem parking spaces.

# PROPERTY HIGHLIGHTS

- Rarely Trading Pacific Beach Location On Cul-De-Sac Blocks From Beach
- Great Mix Of Four 2-Bedroom Units & A Single Studio Unit
- Full Property Remodel With New Kitchens, Baths, Floors, Appliances
- Major Plumbing Improvements, In-Unit Laundry & High-End Exterior Upgrades
- No Owner Utilities; City Trash & Tenants Pay RUBS For Water & Sewer
- Four Tandem Off-Street Parking Spaces (8 Spaces Total)
- Large 6,185 Square Foot Lot; RM-3-8, Or 1 Dwelling Unit Per 800 SF



# THE NEIGHBORHOOD

Pacific Beach presents a unique opportunity due to its prime coastal location, popular restaurants and stores, and vibrant community atmosphere. The area is known for its beautiful beaches, active lifestyle, and a strong tourism market, attracting both locals and visitors year-round. This consistent influx of people creates a robust demand for various investment properties, including multifamily, retail, restaurants, and hospitality, making it a lucrative environment for investment. Additionally, Pacific Beach has seen significant development and revitalization efforts, enhancing its appeal and driving property values upward. Moreover, the strong rental market in Pacific Beach provides investors with the potential for stable cash flow and long-term appreciation. The area's demographics, characterized by a mix of young professionals, college students, families, and retirees, support a diverse range of commercial opportunities. With favorable zoning regulations and a supportive local government focused on sustainable development, investors can benefit from a proactive environment for growth. The combination of a thriving economy, desirable lifestyle, and limited available space makes Pacific Beach a compelling choice for anyone looking to invest in the area.



# CAPITAL IMPROVEMENTS

## CAPITAL EXPENDITURES

### THROUGHOUT PROPERTY:

- ROOF WAS REPLACED IN 2010
- ALL NEW DUAL PANE WINDOWS & PAINT
- DESERT SCAPE LANDSCAPING WITH WEED BARRIER, NO SPRINKLER NEEDED
- CITY TRASH; NO LANDLORD EXPENSE
- CONCRETE FLAT WORK TO ADD PARKING (4 TANDEM SPOTS FOR 8 TOTAL CARS)
- VINYL FENCES & TRASH ENCLOSURE
- WASHER/DRYER IN EVERY UNIT
- VINYL PLANK FLOORING
- NEW PEDESTAL MAILBOX
- NEW BLINDS
- UNIT #2637: NEW TANKLESS WATER HEATER AND NEW KITCHEN: WHITE SHAKER CABINETS, TILE BACK SPLASH, OVER RANGE MICROWAVE, & DISH WASHER

### FRONT BUILDING (2635 UNIT #1-3)

- WATER METER UPGRADE
- NEW BACKFLOW PREVENTER
- MAIN PANEL ELECTRICAL UPGRADE TO 200 AMPS
- RE-WIRED ELECTRICAL
- NEW SUB-PANELS
- ALL NEW ROUGH PLUMBING IN UNIT #1 AND #3
- NEW PLUMBING IN UNIT 2; SHOWER WAS EPOXIED
- NEW KITCHENS WITH WHITE SHAKER CABINETS
- TILE BACKSPLASH, OVER RANGE MICROWAVE, & NEW DISH WASHERS
- AC IN EACH UNIT, UNIT #3 HAS A MINI SPLIT A/C

# PROPERTY DETAILS

PRICE	\$2,490,000
NUMBER OF UNITS	5
PRICE PER UNIT	\$498,000
PRICE PER SF	\$706.38
RENTABLE SF	3,525
LOT SIZE (SF)	6,185
APPROX. YEAR BUILT	1960

DOWN PAYMENT	\$1,090,000
LOAN AMOUNT	\$1,400,000
LOAN TYPE	Proposed New
INTEREST RATE	5.60%
AMORTIZATION	30 Years
TERM	5 Years

	Current	Market	Post-Reno
CAP RATE	4.84%	5.26%	5.26%
GRM	14.47	13.61	13.61
CASH-ON-CASH	2.13%	3.08%	3.08%
DEBT COVERAGE RATIO	1.24	1.35	1.35



# PROPERTY DETAILS

NUMBER OF UNITS	UNIT TYPE	SF/UNIT	AVERAGE CURRENT RENTS	MARKET RENTS	POST RENOVATION
3	2-bedroom / 1-bath	733	\$3,098	\$3,300	\$3,300
1	2-bedroom / 1-bath twhs	750	\$2,995	\$3,300	\$3,300
1	Studio / 1-bath affr	350	\$2,050	\$2,050	\$2,050



# OPERATING STATEMENT

INCOME		CURRENT	MARKET STABILIZED	POST RENOVATION
Gross Scheduled Rent		\$172,080	\$183,000	\$183,000
Less: Vacancy / Deductions	3%	\$5,162	\$5,490	\$5,490
Total Effective Rental Income		\$166,918	\$177,510	\$177,510
RUBS - Water		\$2,278	\$2,278	\$2,278
Pet Rent		\$600	\$1,000	\$1,000
Effective Gross Income		\$169,796	\$180,788	\$180,788
Less: Expenses	29.50%	\$49,234	\$49,784	\$49,784
Net Operating Income		\$120,561	\$131,004	\$131,004
Cash Flow		\$120,561	\$131,004	\$131,004
Debt Service		\$97,394	\$97,394	\$97,394
Net Cash Flow After Debt Service	2.13%	\$23,167	\$33,610	\$33,610
Principal Reduction		\$20,058	\$20,058	\$20,058
Total Return	3.97%	\$43,225	\$53,668	\$53,668
<b>EXPENSES</b>				
Real Estate Tax		\$30,677	\$30,677	\$30,677
Insurance		\$3,500	\$3,500	\$3,500
Water & Sewer		\$2,278	\$2,278	\$2,278
Trash Removal		\$-	\$-	\$-
Repairs & Maintenance		\$3,000	\$3,000	\$3,000
Pest Control		\$390	\$390	\$390
Landscaping		\$900	\$900	\$900
Management Fee	5%	\$8,489.78	\$9,039.40	\$9,039.40
Total Expense		\$49,234	\$49,784	\$49,784
Expense as a % of EGI		29.50%	28.05%	28.05%
Net Operating Income		\$120,561	\$131,004	\$131,004



# RENT ROLL SUMMARY

UNIT TYPE	# OF UNITS	AVERAGE SF	RENTAL RANGE	CURRENT		MARKET STABILIZED		POST RENOVATION	
				AVERAGE RENT	MONTHLY INCOME	AVERAGE RENT	MONTHLY INCOME	AVERAGE RENT	MONTHLY INCOME
2-bedroom / 1-bath	3	733	2995-3150	\$3,098	\$9,295.0	\$3,300	\$9,900	\$3,300	\$9,900
2-bedroom / 1-bath twhs	1	750	\$2,995	\$2,995	\$2,995.0	\$3,300	\$3,300	\$3,300	\$3,300
Studio / 1-bath affr	1	350	\$2,050	\$2,050	\$2,050.0	\$2,050	\$2,050	\$2,050	\$2,050
<b>Totals / Weighted Average</b>	<b>5</b>	<b>3525</b>			<b>\$14,340</b>		<b>\$15,250</b>		<b>\$15,250</b>
<b>Gross Annualized Rents</b>					<b>\$172,080</b>		<b>\$183,000</b>		<b>\$183,000</b>



# RENT ROLL DETAIL

UNIT	UNIT TYPE	SQUARE FEET	CURRENT RENT/MONTH	CURRENT SF/MONTH	MARKET STABILIZED RENT/MONTH	MARKET STABILIZED RENT/SF/MONTH	POST RENOVATION RENT/MONTH	POST RENOVATION RENT/SF/MONTH
2635-1	2-bedroom / 1-bath	625	\$2,995	\$4.79	\$3,300	\$5.28	\$3,300	\$5.28
2635-2	2-bedroom / 1-bath twhs	800	\$2,995	\$3.74	\$3,300	\$4.13	\$3,300	\$4.13
2635-3	Studio / 1-bath affr	400	\$2,050	\$5.13	\$2,050	\$5.13	\$2,050	\$5.13
2637	2-bedroom / 1-bath	850	\$3,150	\$3.71	\$3,300	\$3.88	\$3,300	\$3.88
2639	2-bedroom / 1-bath	850	\$3,150	\$3.71	\$3,300	\$3.88	\$3,300	\$3.88
<b>TOTAL</b>		<b>3,525</b>	<b>\$14,495</b>	<b>\$4.11</b>	<b>\$15,250</b>	<b>\$4.33</b>	<b>\$15,250</b>	<b>\$4.33</b>



# LOAN SUMMARY

**LOAN AMOUNT** \$1,400,000.00

**ANNUAL INTEREST RATE** 5.60%

**LOAN PERIOD IN YEARS** 30

**NUMBER OF PAYMENTS PER YEAR** 1

**START DATE OF LOAN** 1/10/2025

**OPTIONAL EXTRA PAYMENTS** \$0.00

**SCHEDULED PAYMENT** \$97,393.90

**SCHEDULED NUMBER OF PAYMENTS** 30

**ACTUAL NUMBER OF PAYMENTS** 1

**TOTAL EARLY PAYMENTS** \$0.00

**TOTAL INTEREST** \$1,521,817.10

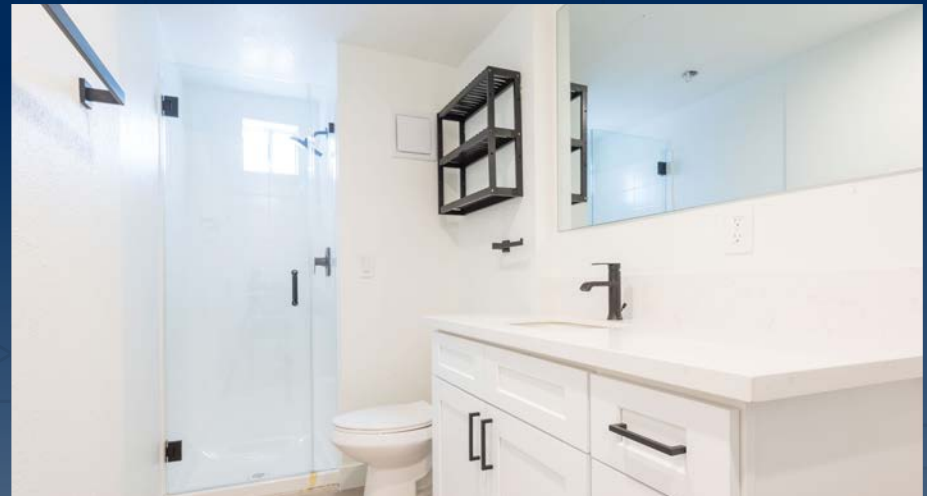
**LENDER NAME** Woodgrove Bank



# PROPERTY EXTERIOR PHOTOS



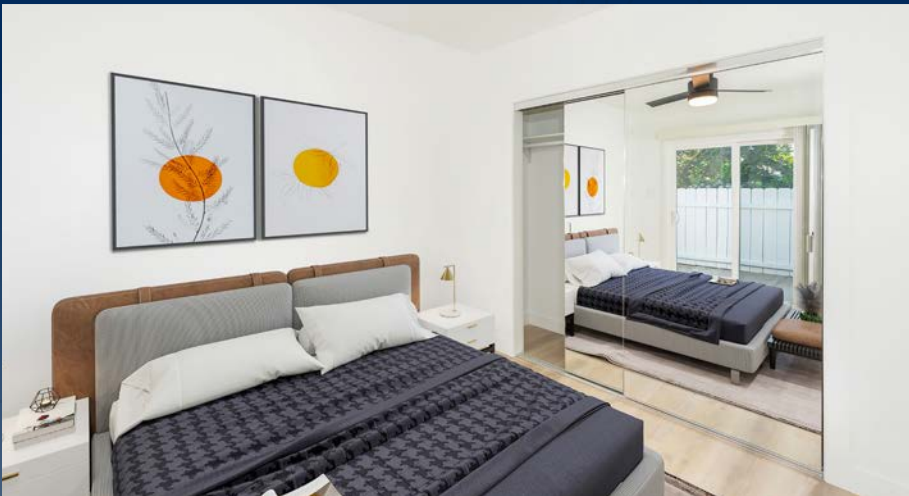
# PROPERTY PHOTOS: STUDIO (2635-3)



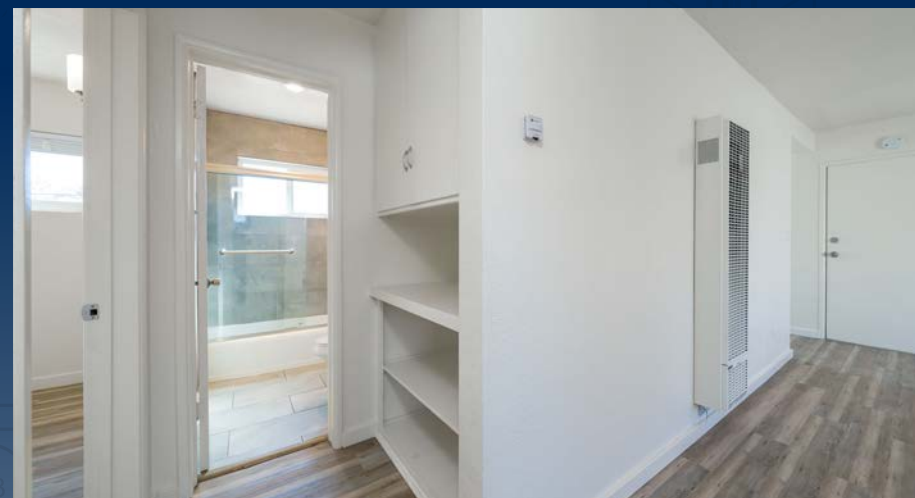
# PROPERTY PHOTOS: 2 BED/1 BATH (2635-1)



# PROPERTY PHOTOS: 2 BED/1 BATH (2635-2)



# PROPERTY PHOTOS: 2 BED/1 BATH (2637)





# PROPERTY PHOTOS: 2 BED/1 BATH (2637)



# SOLD COMPARABLES

1 1023 Loring St, San Diewgo, CA 92109



		Units	Unit Type
Sale Date:	01/12/2024	1	1 Bed/1 Bath
Status:	Sold	4	2 Bed/1 Bath
Sale Price:	\$2,482,000		
Price Per Unit:	\$496,400		
Price Per SF:	\$630.75		
Cap Rate:	3.52%		
GRM:	18.84		
Number of Units:	5		
Year Built:	1945		
Income:	\$131,740		
NOI:	\$87,366		
Expenses:	\$40,422		
Vacancy:	\$3,952		

2 3925 Lamont St, San Diego, CA 92109



		Units	Unit Type
Sale Date:	06/20/2024	3	2 Bed/2 Bath
Status:	Sold	2	3 Bed/2 Bath
Sale Price:	\$2,800,000		
Price Per Unit:	\$560,000		
Price Per SF:	\$710.48		
Cap Rate:	3.54%		
GRM:	17.01		
Number of Units:	5		
Year Built:	1970		
Income:	\$164,640		
NOI:	\$99,199		
Expenses:	\$60,502		
Vacancy:	\$4,939		

3 3938 Lamont St, San Diego, CA 92109



		Units	Unit Type
Sale Date:	03/05/2024	8	2 Bed/1 Bath
Status:	Sold	2	2 Bed/1.75 Bath
Sale Price:	\$4,950,000		
Price Per Unit:	\$495,000		
Price Per SF:	\$634.62		
Cap Rate:	4.09%		
GRM:	15.41		
Number of Units:	10		
Year Built:	1965		
Income:	\$321,240		
NOI:	\$202,280		
Expenses:	\$109,323		
Vacancy:	\$9,637		

# SOLD COMPARABLES

**4** 3314 Mission Blvd, San Diego, CA 92109



		Units	Unit Type
Sale Date:	05/13/2024	1	1 Bed/1 Bath
Status:	Sold	7	2 Bed/1 Bath
Sale Price:	\$5,100,000		
Price Per Unit:	\$637,500		
Price Per SF:	\$1,153.85		
Cap Rate:	3.90%		
GRM:	17.45		
Number of Units:	10		
Year Built:	1965		
Income:	\$292,200		
NOI:	\$198,696		
Expenses:	\$-		
Vacancy:	\$8,766		

**5** 4455 Kendall St, San Diego, CA 92109



		Units	Unit Type
Sale Date:	02/29/2024	6	1 Bed/1 Bath
Status:	Sold	3	2 Bed/ 1 Bath
Sale Price:	\$3,780,000		
Price Per Unit:	\$420,000		
Price Per SF:	\$581.90		
Cap Rate:	4.10%		
GRM:	15.39		
Number of Units:	9		
Year Built:	1960		
Income:	\$245,580		
NOI:	\$154,800		
Expenses:	\$83,413		
Vacancy:	\$7,367		



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