



# La Palma

— A P A R T M E N T S —

3939 7th Avenue, San Diego CA 92103

OFFERING MEMORANDUM





# La Palma

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3939 7th Avenue, San Diego CA 92103

## Northmarq

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# The Offering

**LA PALMA APARTMENTS** at 3939 7th Avenue is a rare multifamily offering in the heart of Hillcrest. The unit mix consists of sixteen large 500 square foot studios. All units are renovated and feature faux hardwood floors, brushed nickel fixtures, stainless steel appliances, new cabinets, quartz countertops, spacious floorplans, in-unit laundry, and full closets. The 8,568 square foot building built in 1928 features interior common hallways, rooftop storage, and onsite laundry facilities. There is assumable financing available at 3.89% fixed until December 2026. The growing rents are supplemented by utility billback income and can grow by leveling the current rents to market. The structure is situated on a 5,697 square foot lot across from Whole Foods and just blocks from Scripps Mercy Hospital and the shopping, entertainment, business, and transit on University Avenue.

Hillcrest has blossomed over the past decade into one of the hippest, most happening communities in all of San Diego and is known for its tolerance, youthfulness, culture, and diversity as well as numerous locally-owned businesses, including restaurants, cafés, bars, clubs, trendy thrift-stores, and other independent specialty stores. Hillcrest also has two major hospitals that serve the area and many medical offices. Hillcrest has a high population density compared to many other neighborhoods in San Diego.

Hillcrest is an older neighborhood which has gone through gentrification. Many streets are lined with trees. There are Craftsman homes and Mid-Century modern apartment buildings. The community is considered one of the most desirable submarkets to live and own in San Diego County.

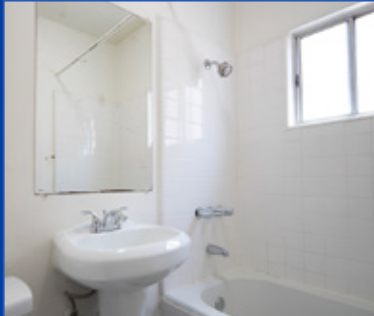
The neighborhood is bound by Mission Hills to the northwest, Bankers Hill and Balboa Park to the south, University Heights to the north, and North Park to the east. A large ridge overlooking San Diego Bay borders the neighborhood to the west. Hillcrest is part of the Uptown community planning area, which consists of the neighborhoods of Mission Hills, Hillcrest, Bankers Hill, Park West, and University Heights.

3939 7TH AVENUE



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# Property Overview



# Property Information

## Offering

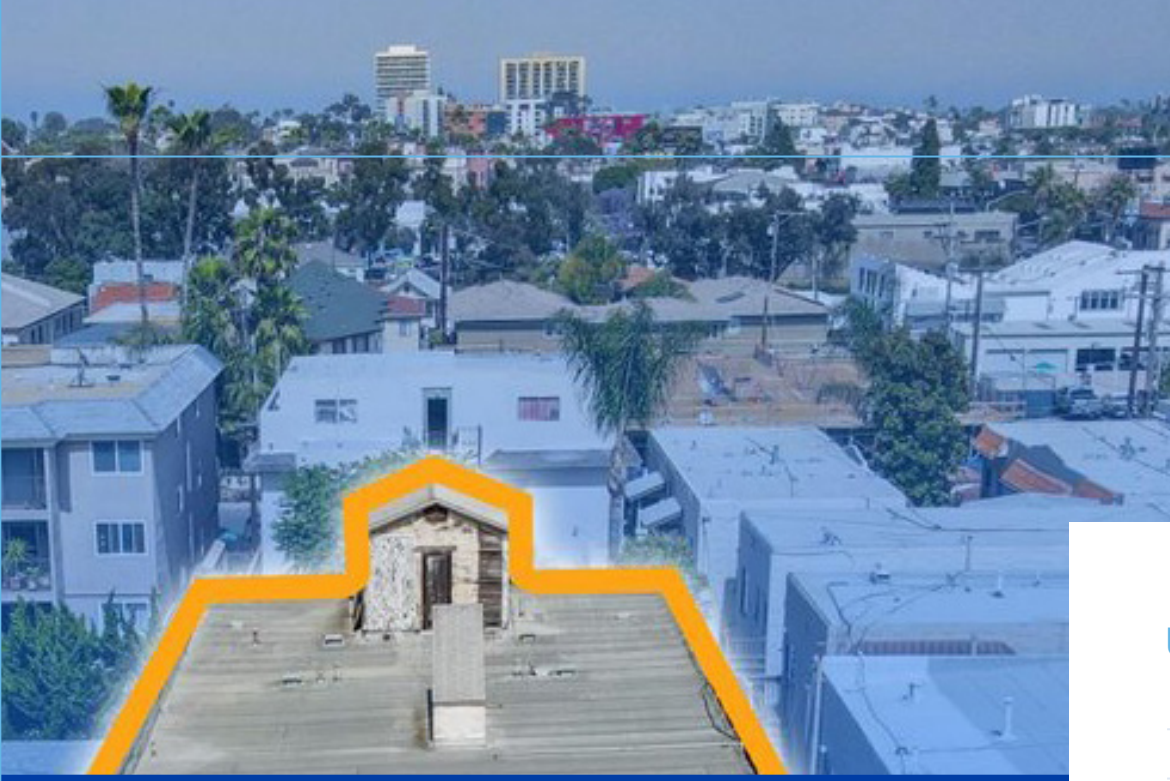
Price	\$5,245,000
Terms	Assumable Financing or Cash-Fee Simple

## Site Description

Apartment Community	La Palma Apartments
Location	3939 7th Avenue San Diego, CA 92103
Total Units	16
Year Built	1928
Building Square Feet	8,568 SF
Number of Buildings	1
Number of Stories	2
Sub-market	Uptown San Diego
Land Size	0.13 Acres







### Utilities

Water	Paid by Tenant
Trash	Paid by Owner
Gas	Paid by Tenant
Electric	Paid by Tenant

### Construction

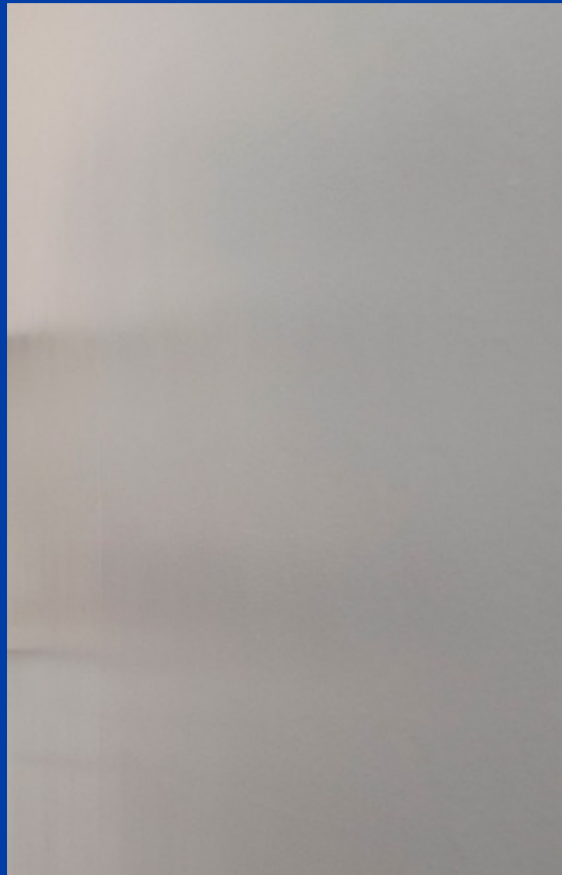
Style	Walk-up
Foundation	Concrete
Framing	Wood
Exterior	Painted Stucco
Roof	Built-Up

### Property Taxes

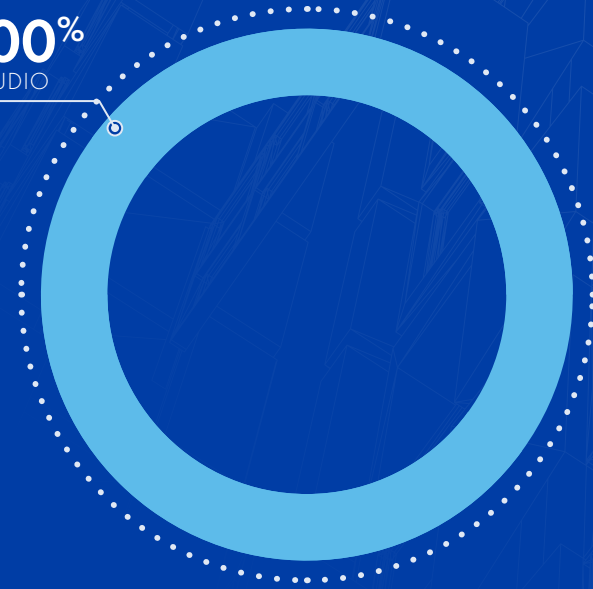
Number of Parcels	1
Tax Parcel Number	444-683-04
2021 Property Tax	\$2,878.15/Unit

# Unit Mix Breakdown





100%  
STUDIO



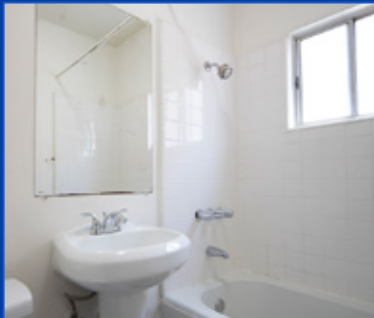
UNIT TYPE	# OF UNITS	UNIT SF	TOTAL SF	IN PLACE RENT	MARKET RENT
STUDIO	16	500	8,568	\$1,894	\$2,085
<b>TOTAL / AVERAGE</b>	<b>16</b>	<b>500</b>	<b>8,568</b>	<b>\$1,894</b>	<b>\$2,085</b>

3939 7TH AVENUE



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# Comparables & Analysis



# Rent Comparables



01



02



03



04



05



06

	PROPERTY	SUBMARKET	UNITS	YEAR BUILT	STUDIO	SIZE (SF)	\$/SF
★	<b>La Palma</b>	<b>Hillcrest</b>	<b>16</b>	<b>1928</b>	<b>\$1,894</b>	<b>500</b>	<b>\$3.79</b>
01	Secoya by The Park	Marston Hills	100	2022	\$2,495	354	\$7.05
02	Park Diplomat	Marston Hills	54	1979	\$2,395	410	\$5.84
03	The Warwick	Hillcrest	80	1986	\$2,350	532	\$4.42
04	Park East Apartments	Hillcrest	56	1973	\$2,100	475	\$4.42
05	Arbor Crest on Fourth	Hillcrest	50	2021	\$2,048	544	\$3.76
06	Park View Hillcrest	Marston Hills	51	1962	\$1,995	400	\$4.99

# Rent Averages

Subject Property Not Included in Averages



**459**

Unit Size SF



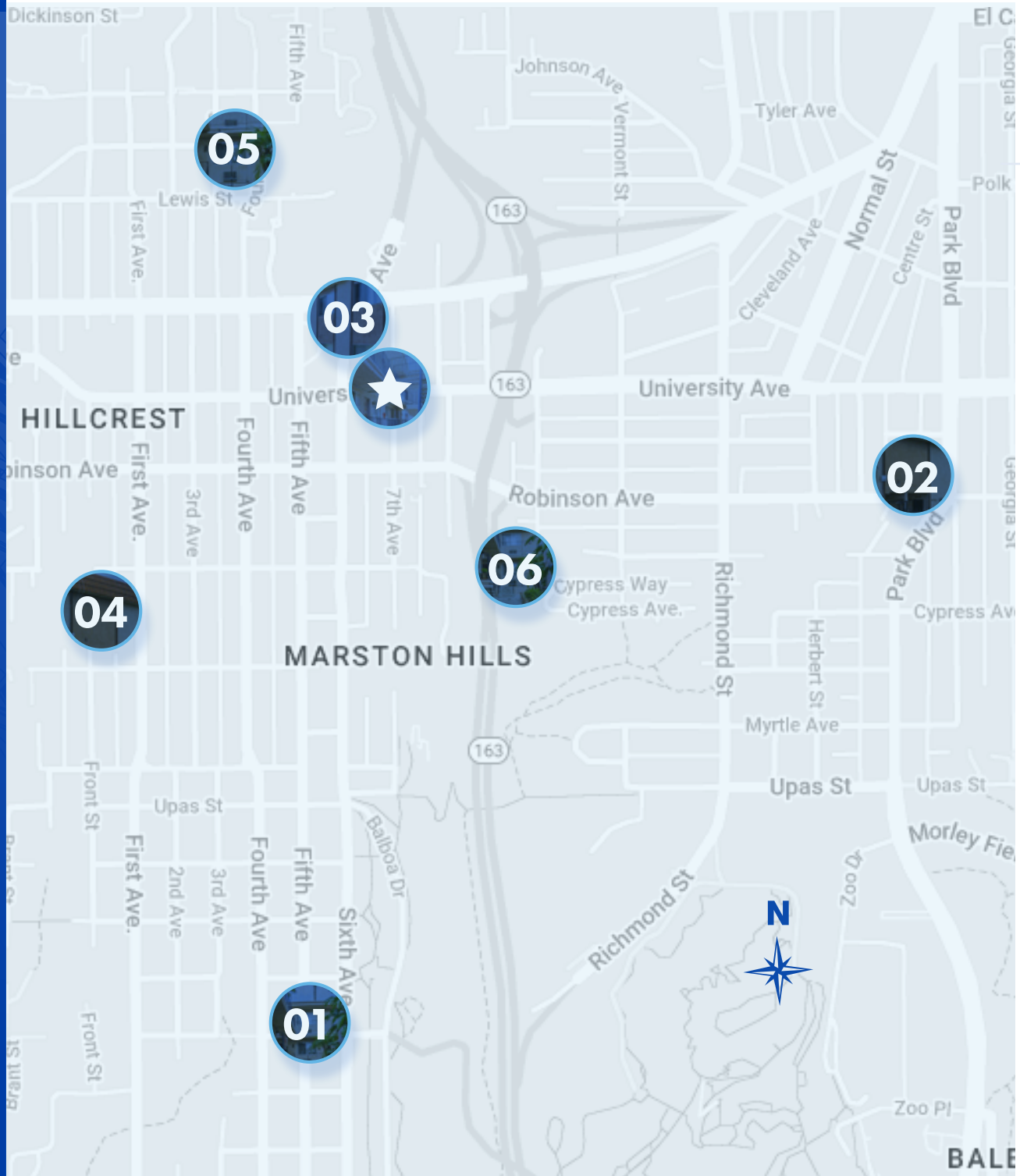
**\$2,211**

Market Rent/Unit



**\$4.95**

Market Rent/SF



# Cash Flow Analysis

16

LA PALMA APARTMENTS

UNITS	ADDRESS	CITY	ZIP
16	3939 7th Avenue	San Diego	92103

PRICE	GRM		CAP RATE		\$/UNIT
	CURRENT	MARKET	CURRENT	MARKET	
\$5,245,000	14.0	12.7	4.88%	5.58%	\$327,813

\$/SF (APPROX.)	GROSS SF (APPROX)	PARCEL SIZE (APPROX.)	YEAR BUILT (APPROX.)
\$612.16	8,568	5,697	1928

INCOME DETAIL			
# UNITS	TYPE	RENT	TOTAL
<b>Estimated Actual Average Rents</b>			
16	STUDIOS	\$1,894	\$30,304
	RUBS/Pet/Misc Income		\$904
	<b>Total Monthly Income</b>		<b>\$31,208</b>
<b>Estimated Market Rents</b>			
16	STUDIOS	\$2,085	\$33,360
	RUBS/Pet/Misc Income		\$1,000
	<b>Total Monthly Income</b>		<b>\$34,360</b>

ESTIMATED ANNUAL OPERATING EXPENSES			
Advertising	\$0	Management (Off Site)	\$14,980
Elevator	\$0	Payroll (On Site)	\$2,220
SDGE	\$3,156	Licenses & Fees	\$150
Water & Sewer	\$5,530	Phone/Entry	\$0
Landscaping	\$1,895	Reserves	\$0
Trash Removal	\$1,650	Pool	\$0
Pest Control	\$726	Insurance	\$4,529
Maintenance	\$8,000	Taxes	\$64,514

**Total Annual Operating Expenses (estimated):** **\$107,349**

**Expenses Per:** **Unit** **\$6,709**  
**% of Actual GSI** **29%**

ESTIMATED ANNUAL OPERATING PROFORMA			
		Actual	Market
Gross Scheduled Income		\$374,496	\$412,320
Less: Vacancy Factor	3%	\$11,235	\$12,370
Gross Operating Income		\$363,261	\$399,950
Less: Expenses	29%	\$107,349	\$107,349
Net Operating Income		\$255,912	\$292,601
Less: 1st TD Payments		(\$171,008)	(\$171,007)
Pre-Tax Cash Flow		\$84,904	\$121,594
Cash On Cash Return		3.5%	5.1%
Principal Reduction		\$51,155	\$51,155
Total Potential Return (End of Year One)		6%	7%

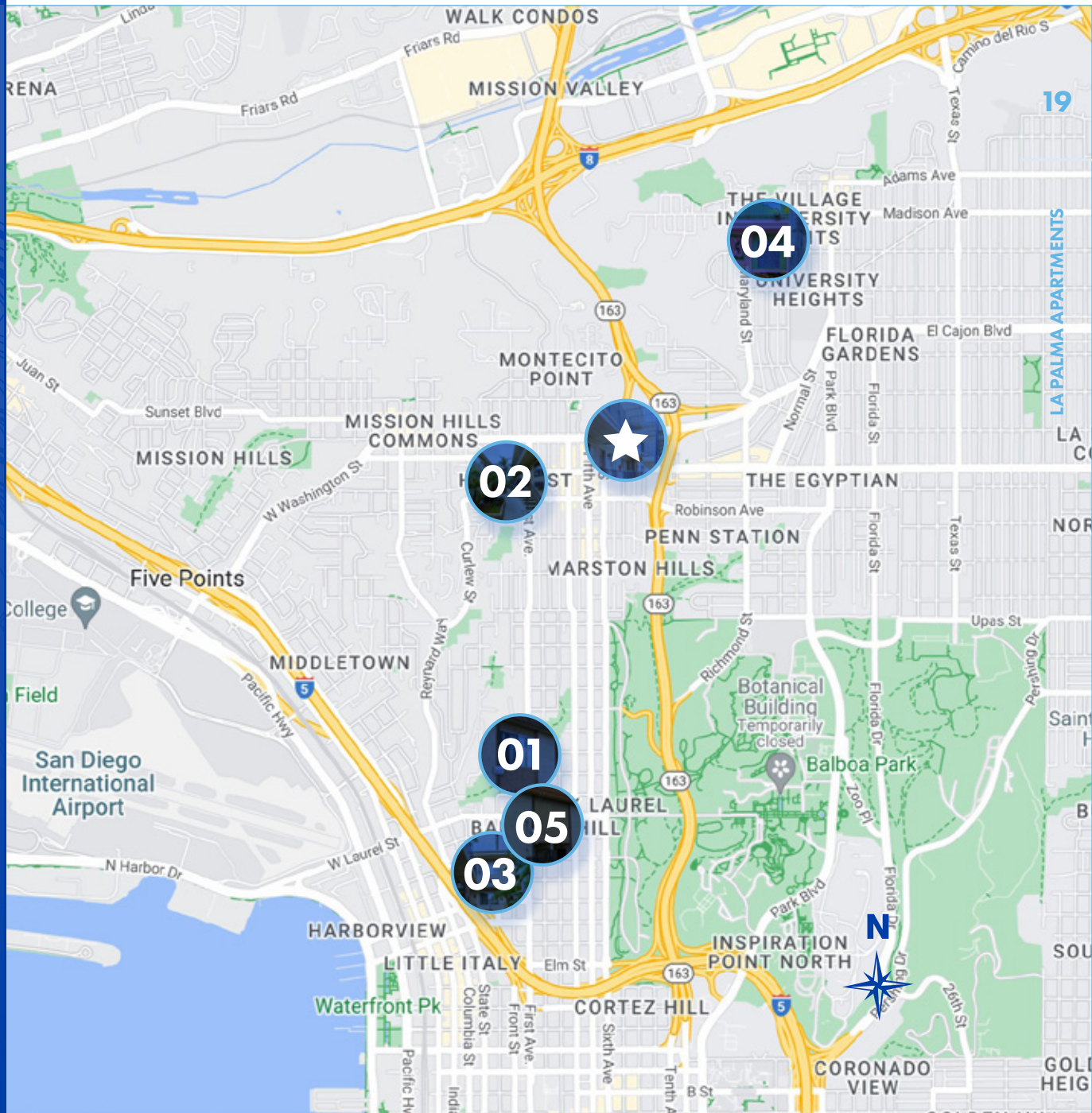
FINANCING SUMMARY			
<b>Downpayment:</b>			<b>\$2,395,000</b>
			<b>46%</b>
<b>Interest Rate:</b>	<b>3.890%</b>		
<b>Amortized over:</b>	<b>30</b>	<b>Years</b>	
<b>Proposed Loan Amount:</b>			<b>\$2,850,000</b>
<b>Debt Coverage Ratio:</b>			
	Current:	1.50	
	Market:	1.71	





# Sales Comparables

#	Address	Built	Units	Price	Pr./Unit	Pr./SF	Cap	Sq. Ft.	Sold
1	2725-2735 1st Ave, San Diego, CA 92103	-	6	\$2,000,000	\$333,333	\$269.69	1.50%	7,416 SF	MAY 2024
2	3833 Front St, San Diego, CA 92103	1967	12	\$4,750,000	\$395,833	\$760.12	4.95%	6,249 SF	JAN 2024
3	2256 Albatross St, San Diego, CA 92101	-	7	\$3,000,000	\$428,571	\$311.79	-	9,622 SF	JUNE 2024
4	4517-4525 Cleveland Ave, San Diego, CA 92116	-	5	\$1,515,000	\$303,000	\$370.42	-	4,090 SF	JUNE 2024
5	128 Kalmia St, San Diego, CA 92101	1922	6	\$2,340,000	\$390,000	\$385.00	4.01%	6,078 SF	MAY 2024
<b>Averages</b>		<b>1945</b>	<b>7</b>	<b>\$2,721,000</b>	<b>\$370,147</b>	<b>\$419.40</b>	<b>3.49%</b>	<b>6691</b>	



3939 7TH AVENUE



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# Location Maps





**CORONADO BRIDGE**

**DOWNTOWN SAN DIEGO**

**University Ave**

**Eighth Ave**

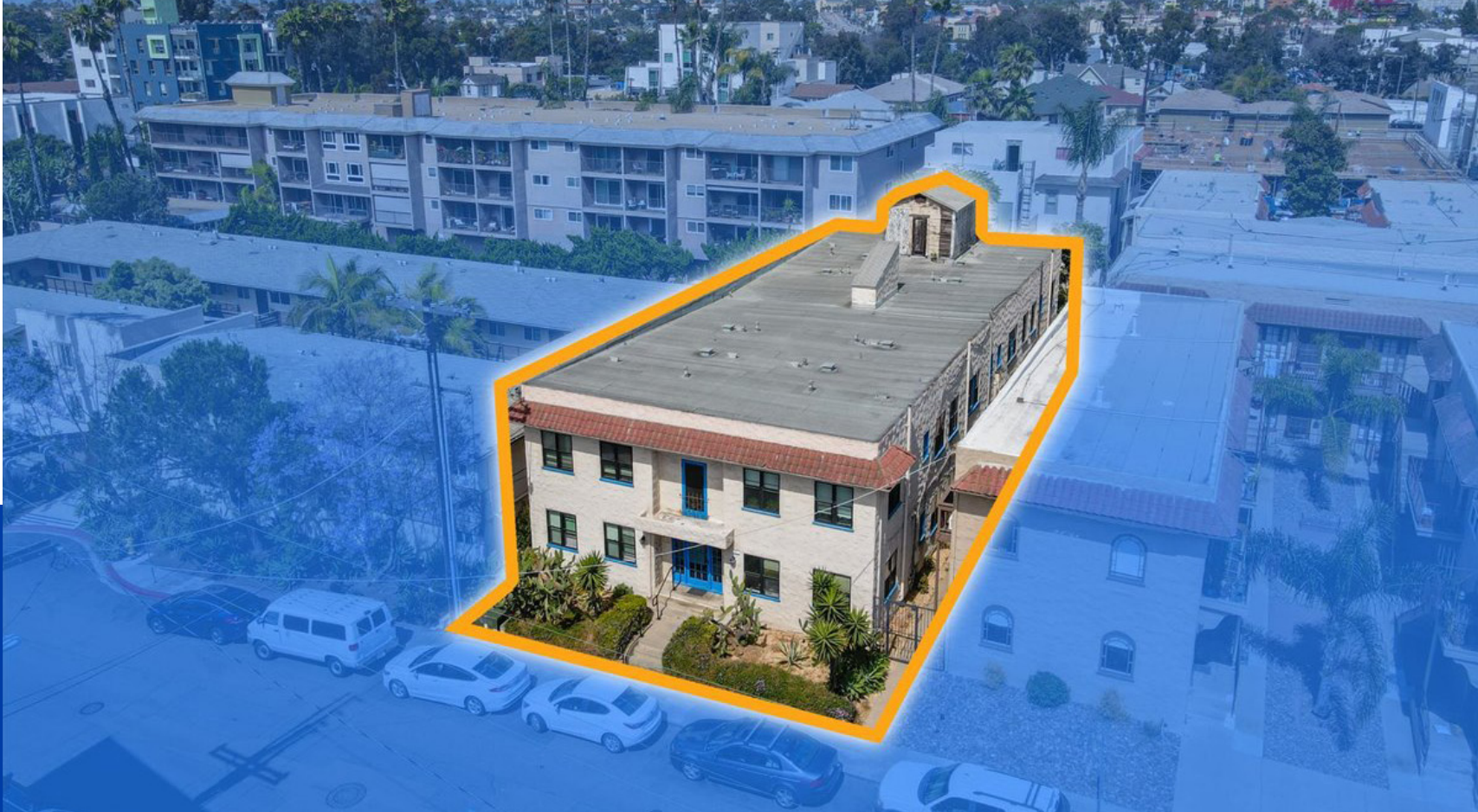
**Seventh Ave**

**Sixth Ave**



# Property Regional & Neighborhood Location





## Investment Sales

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