

# The Madison Apartments

3681 FAIRMOUNT AVENUE, SAN DIEGO, CA 92105



OFFERING MEMORANDUM

# The Madison Apartments

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SAN DIEGO 12230 EL CAMINO REAL #220, SAN DIEGO CA 92130

## LISTED BY

### *Investment Sales*

ERIK ANDERSON

*Senior Vice President*

C 858.395.6935 E eanderson@northmarq.com

CA BRE LICENSE #01991182

BENN VOGELSANG

*Senior Vice President*

C 858.675.7869 E bvogelsang@northmarq.com

CA DRE #01883437

### *Debt & Equity*

CONOR FREEMAN

*Vice President*

C 858.675.7661 E cfreeman@northmarq.com

CA DRE #02047832

WYATT CAMPBELL

*Vice President*

C 858.675.7860 E wcampbell@northmarq.com

CA DRE #01996524

# Northmarq

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The background features a light blue architectural wireframe of a building with a complex, angular structure. A white grid is overlaid on the wireframe, with four white plus signs (+) positioned at the intersections of the grid lines. The overall aesthetic is clean and modern.

# The Madison Apartments

3681 FAIRMOUNT AVENUE, SAN DIEGO, CA 92105



# THE ASSET

# Property Description


The Madison Apartments located at 3681 Fairmount Avenue consist of ten spacious 1 Bedroom / 1 Bathroom units built in 1985.

The property is gated and features common laundry facilities. The two-story stucco structure contains 5,248 square feet and lies on a 5,985 square foot lot. There are 5 on-site parking spaces and 10 additional spaces available in a parking structure in Fairmount Village. There is over 70% upside in the existing rents. Re-development is also an option with CUPD-CU-3-6 zoning in the Complete Communities Housing Solutions Tier 3 Zone Overlay with 6.5 FAR Parking Standard Transit Priority Overlay. The property is nearly across the street from the City Heights Recreation Center, Library and Park. The Police Station is a few hundred feet away as well as the shopping and retail of Fairmount Village including Starbucks, Jamba Juice and El Super.

**Two units to be delivered vacant at Close of Escrow.**

**SALE PRICE: \$2,100,000**

  
ABOVE MARKET  
**POTENTIAL**  
CASH FLOW

  
**3.99% / 7.45%**  
CAP RATE BASED ON IN PLACE  
AND PROFORMA INCOME

  
**10 UNITS**  
WITH TOTAL MONTHLY  
INCOME OF \$12,773

  
**GREAT**  
RENTAL LOCATION

## GUIDELINES & LIMITING CONDITIONS

The Madison Apartments (the "Property") is currently the subject of a Partition proceeding in the San Diego County Superior Court (the "Court"), Case No. 37-2023-00038391-CU-OR-CTL. The Property, located at 3681 Fairmount Avenue, San Diego, CA 92105, is being sold subject to Court approval by and through Douglas Wilson, solely in its representative capacity as court-appointed Partition Referee (the "Referee"). The Referee has hired Northmarq as the exclusive marketing agent for the Property (the "Broker").

## ADDITIONAL CONDITIONS

Any sale of the Property must be approved by the Court, which approval shall be a precondition to closing. The sale will be subject to overbid by other qualified bidders in accordance with overbid procedures established by the Referee and approved by the Court. The Referee in its sole and absolute discretion may consider any other criteria it deems relevant as to whether a bid is a Qualified Bid. Further, the Referee may at any time and for any reason accept, reject, or counter any offer. The Referee, in its sole discretion, may at any time and for any reason, elect not to sell the Property.



## PROPERTY SUMMARY

UNITS	10
LOCATION	San Diego
SQUARE FEET	5,248
YEAR BUILT	1985
PARKING	5 On-Site in addition to 10 deeded parking spaces in the parking garage off of University Avenue

**Priced to sell at 13.7 GRM and  
\$210,000 per unit.**

## LOCATION DESCRIPTION

# San Diego & Surrounding Submarkets

The property is located just South of University Avenue in the retail and cultural hub of the City Heights Neighborhood in San Diego, California. City Heights is a high demand rental market and is a diverse and vibrant community.

Socially and economically, City Heights has a high concentration of businesses and households. City Heights is located next to many of the major highways with close access to the coast, beaches, business districts, downtown, and Mexico.

City Heights is also at the forefront of neighborhood and community re-development thanks in large part to Price Charities who spearheaded the neighborhood revitalization in the early 2000s. Notable projects include the recently completed MTS Centerline Transit Line Plaza, Central Avenue Skate Plaza, and the new Copley-Price Family YMCA.

*City Heights is a high demand rental market and is a diverse and vibrant community.*

## CITY HEIGHTS NEIGHBORHOOD QUICK FACTS



**141K**  
POPULATION  
WITHIN 2 MILES



**61%**  
RENTER-OCCUPIED HOUSING  
UNITS WITHIN 5 MILES



**\$480K**  
MEDIAN HOUSING UNIT  
VALUE WITHIN 2 MILES



## CENTRALLY LOCATED WITH EASY ACCESS TO MAIN THOROUGHFARES

Major thoroughfares include Imperial Avenue and Ocean View Boulevard. The property is located East of the I-15 and I-805 and North of the 94 freeway.



**46K**  
HOUSEHOLDS  
WITHIN 2 MILES



**\$52K**  
MEDIAN HOUSEHOLD  
INCOME WITHIN 2 MILES



**3.5%\***  
CITY UNEMPLOYMENT RATE  
\*PRELIMINARY FOR JUNE 2023

### NEIGHBORHOOD SHOPPING | FASHION VALLEY

**7.6MILES**  
FROM THE PROPERTY

**LUXURY**  
SHOPS & DINING

**200+**  
TOTAL STORES

APPLE | NORDSTROM | LULULEMON

### NEIGHBORHOOD CONVENIENCES



WITHIN A FIVE TO TEN-MINUTE DRIVE FROM THE PROPERTY



### PRIMARY EDUCATION

**98K**  
STUDENTS SERVED

**200+**  
SCHOOLS & CENTERS

**15K**  
JOBS SUPPORTED

JOHN MARSHALL ELEMENTARY | HORACE MANN MIDDLE SCHOOL | WILL C. CRAWFORD HIGH

### DEMAND DRIVERS



**3.7MILES**  
FROM THE PROPERTY

**6K+**  
JOBS SUPPORTED

**400K+**  
STUDENTS



**9.4MILES**  
FROM THE PROPERTY

**10K+**  
JOBS SUPPORTED

**500+**  
FLIGHTS/DAY

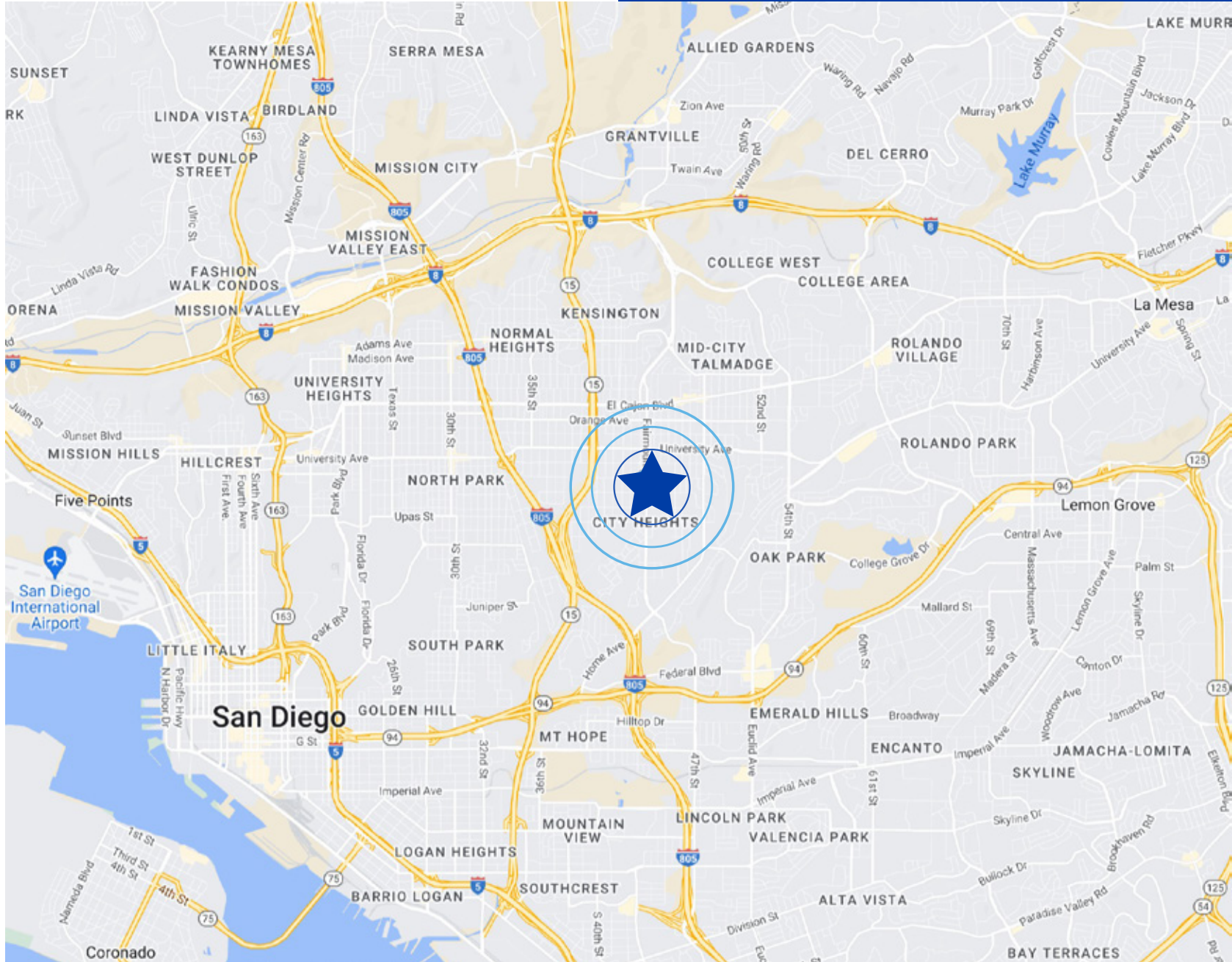


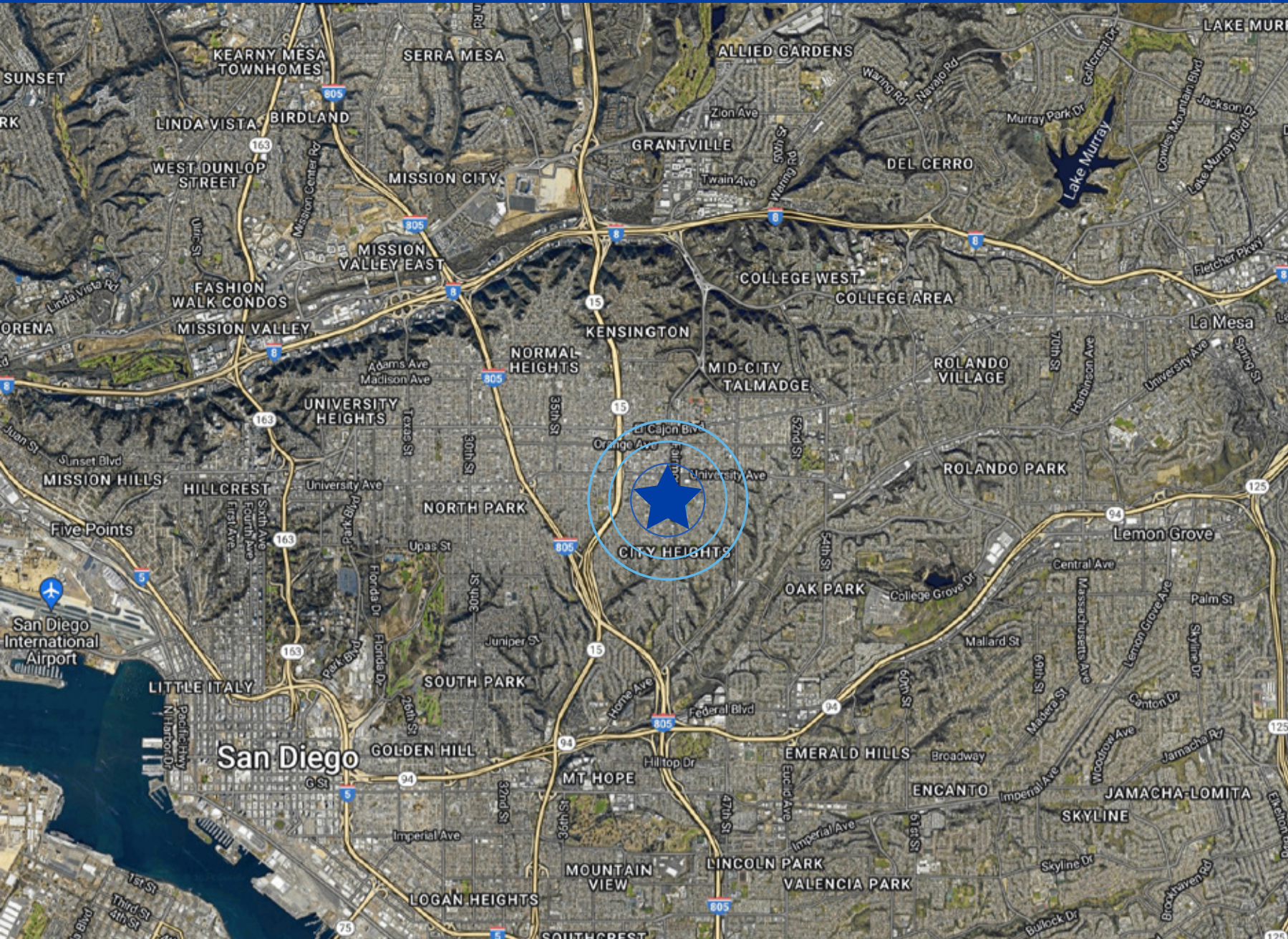
**4.5MILES**  
FROM THE PROPERTY

**100+**  
JOBS SUPPORTED

**8K**  
SF OF SPACE

# LOCATION MAPS







# The Madison Apartments ✨

3681 FAIRMOUNT AVENUE, SAN DIEGO, CA 92105



# FINANCIAL ANALYSIS



UNITS	ADDRESS	CITY	ZIP
10	3681 Fairmount Avenue	San Diego	92105

PRICE	GRM		CAP RATE		\$/UNIT
	CURRENT	MARKET	CURRENT	MARKET	
\$2,100,000	13.7	9.2	3.99%	7.45%	\$210,000

\$/SF (APPROX.)	GROSS SF (APPROX)	PARCEL SIZE (APPROX.)	YEAR BUILT (APPROX.)
\$400.15	5,248	5,985	1985

INCOME DETAIL			
# UNITS	TYPE	RENT	TOTAL
<b>Estimated Actual Average Rents</b>			
10	1BR/1BA	\$1,265	\$12,650
	Laundry Income		\$123
	<b>Total Monthly Income</b>		<b>\$12,773</b>
<b>Estimated Market Rents</b>			
10	1BR/1BA	\$1,895	\$18,950
	Laundry Income		\$123
	<b>Total Monthly Income</b>		<b>\$19,073</b>

ESTIMATED ANNUAL OPERATING EXPENSES			
Advertising	\$0	Management (Off Site)	\$7,664
Elevator	\$0	Management (On Site)	\$0
SDGE	\$2,645	Licenses & Fees	\$100
Water & Sewer	\$9,512	Miscellaneous	\$0
Landscaping/Cleaning	\$1,900	Reserves	\$0
Trash Removal	\$2,753	Pool	\$0
Pest Control	\$698	Insurance	\$5,489
Maintenance	\$6,683	Taxes	\$25,830
<b>Total Annual Operating Expenses (estimated):</b>			<b>\$63,274</b>
<b>Expenses Per:</b>		<b>Unit</b>	<b>\$6,327</b>
		<b>% of Actual GSI</b>	<b>41%</b>

ESTIMATED ANNUAL OPERATING PROFORMA			
		Actual	Market
Gross Scheduled Income		\$153,276	\$228,876
Less: Vacancy Factor	4%	\$6,131	\$9,155
Gross Operating Income		\$147,145	\$219,721
Less: Expenses	41%	\$63,274	\$63,274
Net Operating Income		\$83,871	\$156,447
Less: 1st TD Payments		(\$67,236)	(\$67,236)
Pre-Tax Cash Flow		\$16,635	\$89,211
Cash On Cash Return		1.4%	7.5%
Principal Reduction		\$10,663	\$10,663
Total Potential Return (End of Year One)		2%	8%

FINANCING SUMMARY		
<b>Downpayment:</b>		<b>\$1,190,000</b>
		<b>57%</b>
<b>Interest Rate:</b>	<b>6.250%</b>	
<b>Amortized over:</b>	<b>30</b>	<b>Years</b>
<b>Proposed Loan Amount:</b>		<b>\$910,000</b>
<b>Debt Coverage Ratio:</b>		
Current:	1.25	
Market:	2.33	

**Underwriting assumes the two currently vacant units are leased at market rents. The property will be delivered with two units vacant and no leases will be signed during marketing/escrow.**

The background is a solid blue color. Overlaid on this is a white wireframe architectural drawing of a building with a complex, angular roof structure. The drawing shows various beams, columns, and floor slabs. In the upper right corner, there are silhouettes of palm trees. Four small white plus signs are arranged in a horizontal line near the top of the image. A small, light blue four-pointed starburst icon is positioned to the right of the main title.

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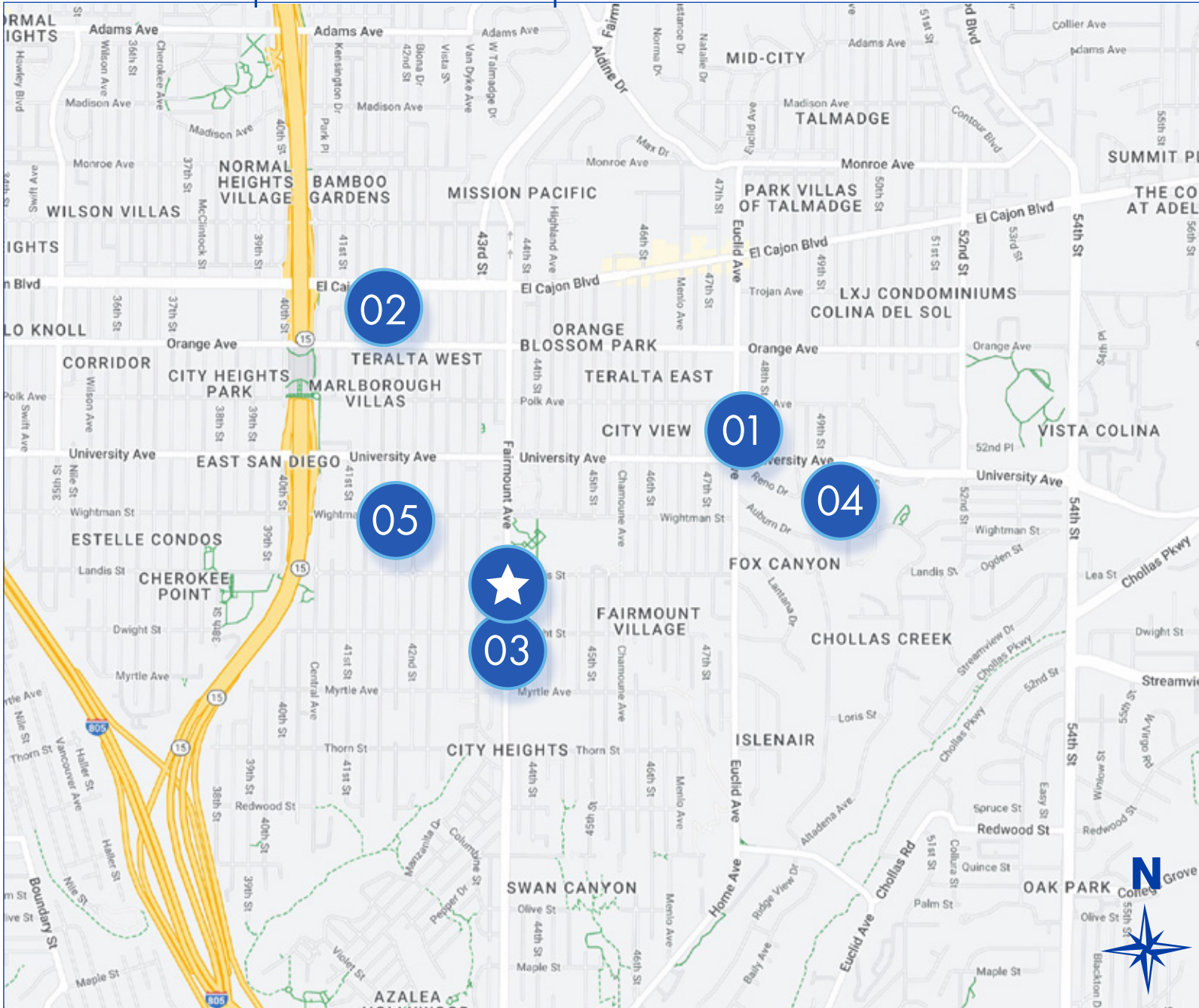


# MARKET COMPARABLES

# Sales Comparables

#	Address	Zip	Units	Price	\$/Unit	\$/SF	CAP	GRM	SF	Built
1	4051-4061 EUCLID AVENUE	92105	20	\$4,330,000	\$216,500	\$316.89	5.00%	11.90	13,664 SF	1970
2	4264 42ND ST	92105	7	\$1,775,000	\$253,571	\$353.87	4.51%	15.00	5,016 SF	1969
3	3565-3579 FAIRMOUNT AVE	92105	6	\$1,495,000	\$249,167	\$362.34	4.90%	13.60	4,126 SF	1927
4	3826 WINONA AVE	92105	6	\$1,670,000	\$278,333	\$648.29	5.10%	12.10	2,576 SF	1961
5	3791 MARLBOROUGH AVE	92105	5	\$1,285,000	\$257,000	\$204.49	2.82%	21.70	6,284 SF	1948
			<b>AVERAGES</b>	<b>\$2,111,000</b>	<b>\$250,914</b>	<b>\$377.18</b>	<b>4.47%</b>	<b>14.86</b>	<b>6,333 SF</b>	<b>1955</b>

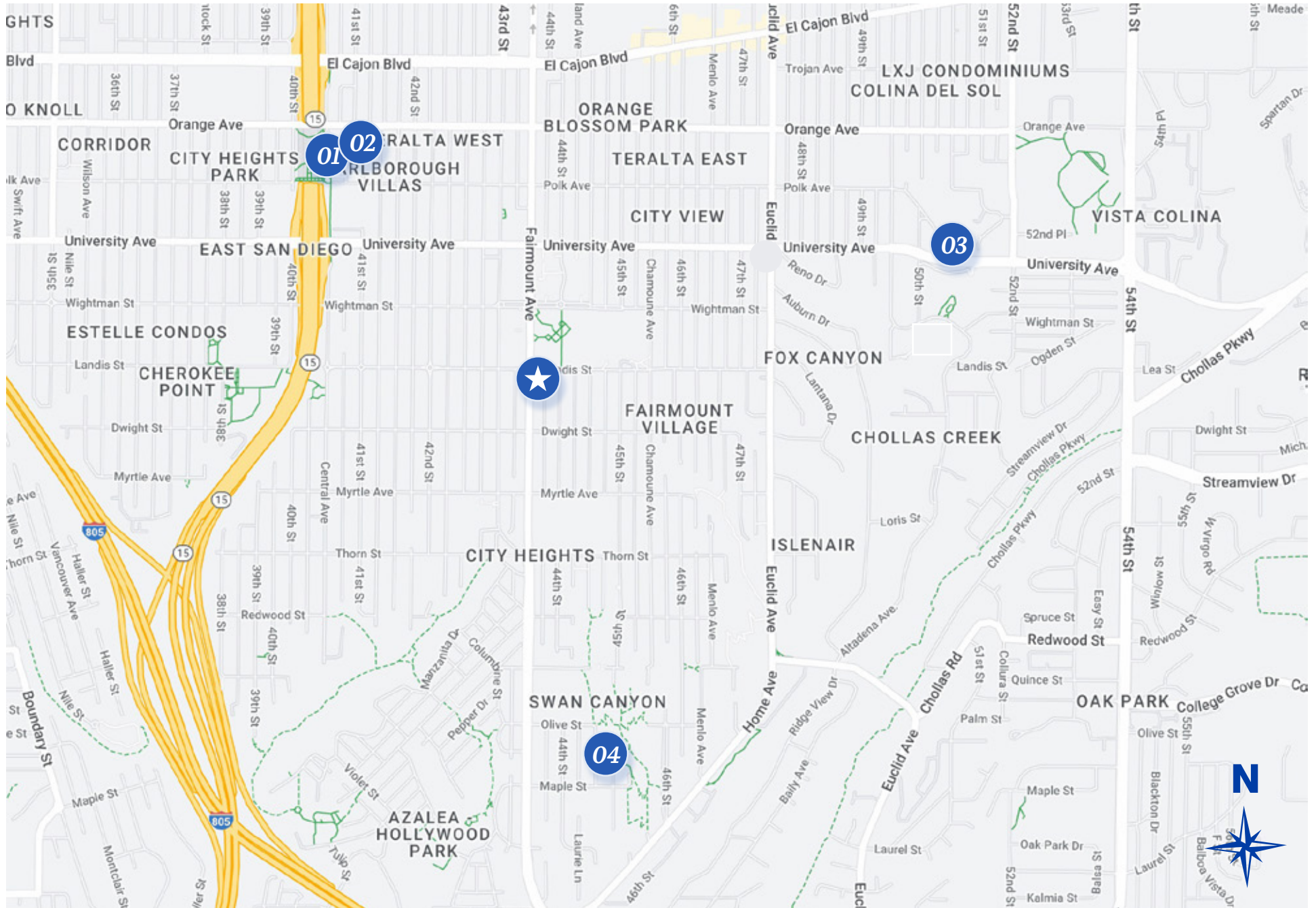
# Sales Comparables Map



# Rent Comparables



#	ADDRESS	SUBMARKET	UNITS	YEAR BUILT	STUDIO	1 BEDROOM	2/1
5	THE MADISON APARTMENTS 3681 Fairmount Ave San Diego, CA 92105	City Heights	10	1985	-	\$1,265	-
1	CENTRAL CHALET 4141-49 Central Ave San Diego, CA 92105	City Heights	17	1969	\$1,699	\$1,899	\$2,199
2	4150 41ST STREET San Diego, CA 92105	Teralta West	14	1970	-	\$1,995	\$2,095
3	PACIFIC COVE 4025 Oakcrest Drive San Diego, CA 92105	Colina Del Sol	81	1988	\$1,550	\$1,824	\$2,299
4	HIGHLAND APARTMENTS 2707 Highland Ave San Diego, CA 92105	Swan Canyon	24	1985	-	\$1,799	-
<i>Averages</i>					<b>\$1,625</b>	<b>\$1,879</b>	<b>\$2,198</b>





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12230 EL CAMINO REAL #200  
SAN DIEGO CA 92130