

# Palm Residence Apartments

1349 E Main Street, El Cajon, CA 92021



**OFFERING MEMORANDUM**

**NORTHMARQ SAN DIEGO** 12230 EL CAMINO REAL #200, SAN DIEGO CA 92130





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# Palm Residence Apartments ✨

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# THE ASSET







# The Offering

## *Palm Residence Apartments*

*Palm Residence* is an 11-unit property that consists of one structure totaling 3,514 rentable square feet built in 1951 on a 12,979 square foot lot. There is a 1 Bedroom manager's unit with a full kitchen and 10 studios without kitchens. All units have walk-in closets and large bathrooms. The property features 11 parking spaces, onsite laundry facilities and two large storage sheds. All tenants are month to month and there is 33% upside in rents. There is conditional approval for Single Room Occupancy use and more improvements are required for final approval. Buyer to verify property use, zoning and square footage.



The property is located in a desirable El Cajon area with convenient access to schools and freeways. The nearby I-8 runs towards La Mesa and the SDSU College Area to the West and the I-67 runs north towards Santee and Lakeside. The average household income exceeds \$85,000 in a 3-mile radius with an average family size of 3 members per household. The property is in close proximity to national health and consumer stores including VONS, Rite-Aid, CVS and North Park Produce as well as walkable to numerous quick-service restaurants, 24 Hour Fitness and schools along El Cajon Boulevard.

El Cajon is located in East San Diego County and is bordered by Santee, Spring Valley, and La Mesa. It has the I-8 freeway as its main artery to the coast and downtown San Diego. El Cajon is a strong apartment rental market with low vacancies. El Cajon experienced high growth after World War II and presently growth is more moderate and steadier. Guided by prudent and fiscally responsible civic leadership, the city has weathered its rapid growth period with a balanced economy and a governmental structure that offers full municipal services. In 1976, a new civic center was opened to serve the citizens of El Cajon, lending added luster to the historic corners of Main and Magnolia.

The most recent additions to this area are the new Headquarters Fire Station and the Neighborhood Center on Lexington and Douglas Avenues as well as the new stores and restaurants at the intersection of South Magnolia Avenue and Main Street.

El Cajon, a suburb of San Diego, is nestled in a valley and surrounded by mountainous terrain, the city is nicknamed "The Box" due to its secluded atmosphere. Located 17 miles east of Downtown San Diego, El Cajon is an ideal choice for commuters. Residents have easy access to public bus routes, Interstate 8, and Highways 125 and 52. There are so many shopping, dining, and entertainment options as well. Residents live near Mission Trails Regional Park and Harry Griffin Park, so outdoor adventure is always around the corner. Locals can shop the 170 stores at Parkway Plaza, watch the annual Air Show San Diego event at Gillespie Field, try their luck at the Sycuan Casino, or catch some air at Kennedy Skate Park. Residents appreciate the community events in Downtown El Cajon, such as the weekly Cajun Classic Cruise, the summertime Dinner and a Concert Series, the annual Haunt Fest, America on Main, and the Mother Goose Parade.













# Palm Residence Apartments ✨

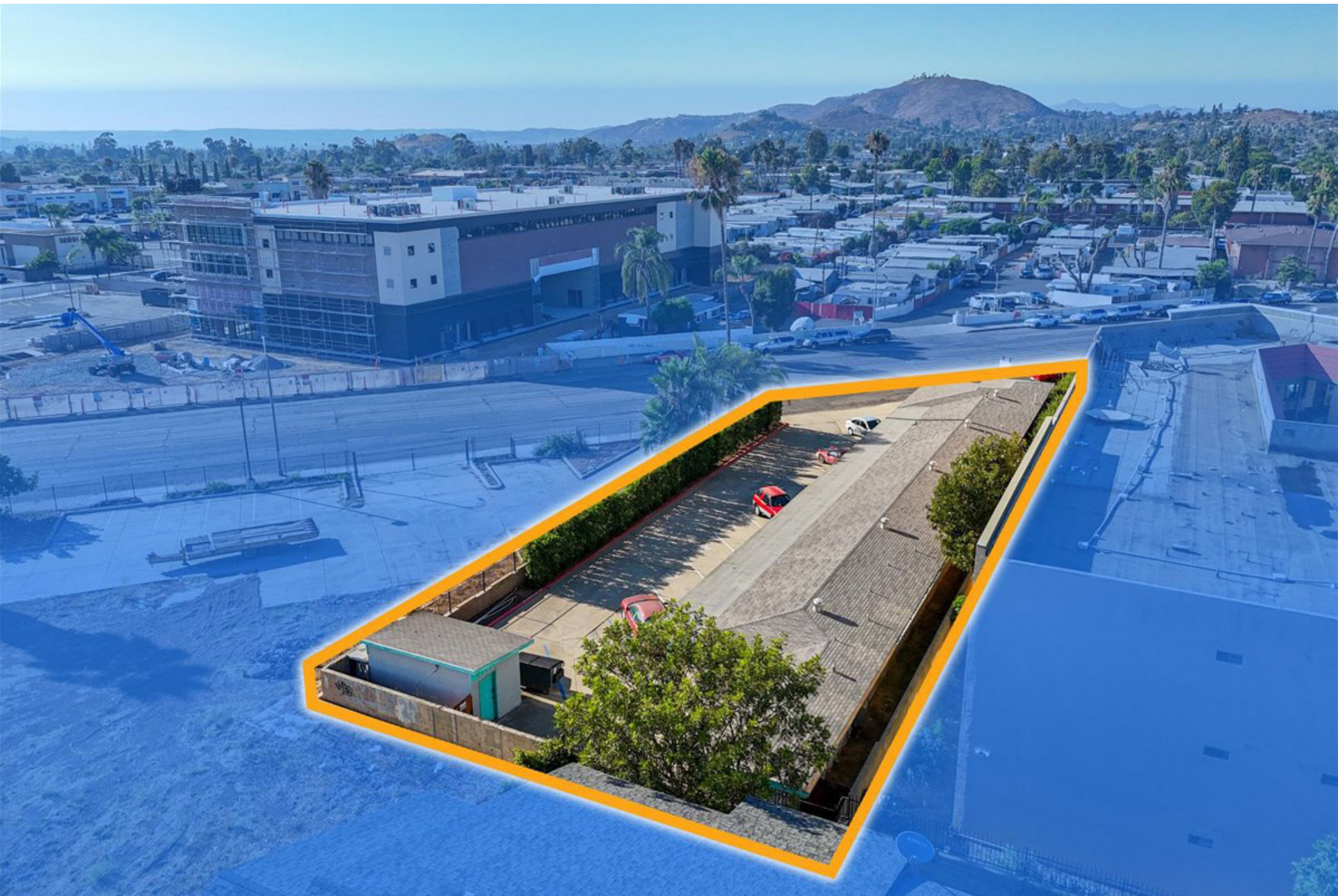
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# FINANCIAL ANALYSIS







UNITS	ADDRESS	CITY	ZIP
11	1349 E Main Street	El Cajon	92021

PRICE	GRM		CAP RATE		\$/UNIT
	CURRENT	MARKET	CURRENT	MARKET	
\$1,600,000	11.1	8.3	4.47%	7.36%	\$145,455

\$/SF (APPROX.)	GROSS SF (APPROX)	PARCEL SIZE (APPROX.)	YEAR BUILT (APPROX.)
\$455.32	3,514	12,979	1959

INCOME DETAIL				
# UNITS	TYPE	RENT	TOTAL	NOTES
<b>Estimated Actual Average Rents</b>				
1	1BR/1BA	\$132	\$132	former manager
10	STUDIOS	\$1,184	\$11,840	
Laundry Income			\$56	
<b>Total Monthly Income</b>			<b>\$12,028</b>	
<b>Estimated Market Rents</b>				
1	1BR/1BA	\$1,700	\$1,700	
10	STUDIOS	\$1,400	\$14,000	
Laundry & Storage Income			\$300	
<b>Total Monthly Income</b>			<b>\$16,000</b>	

ESTIMATED ANNUAL OPERATING EXPENSES			
Advertising	\$0	Management (Off Site)	\$7,217
Cable/Internet	\$5,683	Management (On Site)	\$0
SDGE	\$11,241	Licenses & Fees	\$466
Water	\$2,287	Miscellaneous	\$0
Landscaping	\$1,350	Reserves	\$0
Trash Removal	\$3,654	Sewer Assessment	\$3,711
Pest Control	\$1,034	Insurance	\$9,501
Maintenance	\$3,248	Taxes	\$19,120
<b>Total Annual Operating Expenses (estimated):</b>			<b>\$68,512</b>
<b>Expenses Per:</b>		<b>Unit</b>	<b>\$6,228</b>
		<b>% of Actual GSI</b>	<b>47%</b>

ESTIMATED ANNUAL OPERATING PROFORMA			
		Actual	Market
Gross Scheduled Income		\$144,336	\$192,000
Less: Vacancy Factor	3%	\$4,330	\$5,760
Gross Operating Income		\$140,006	\$186,240
Less: Expenses	47%	\$68,512	\$68,512
Net Operating Income		\$71,494	\$117,728
Less: 1st TD Payments		(\$57,557)	(\$57,557)
Pre-Tax Cash Flow		\$13,937	\$60,171
Cash On Cash Return		1.7%	7.5%
Principal Reduction		\$9,824	\$9,824
Total Potential Return (End of Year One)		3%	9%

FINANCING SUMMARY		
<b>Downpayment:</b>		<b>\$800,000</b>
		<b>50%</b>
<b>Interest Rate:</b>	<b>6.000%</b>	
<b>Amortized over:</b>	<b>30</b>	<b>Years</b>
<b>Proposed Loan Amount:</b>		<b>\$800,000</b>
<b>Debt Coverage Ratio:</b>		
	Current:	1.24
	Market:	2.05

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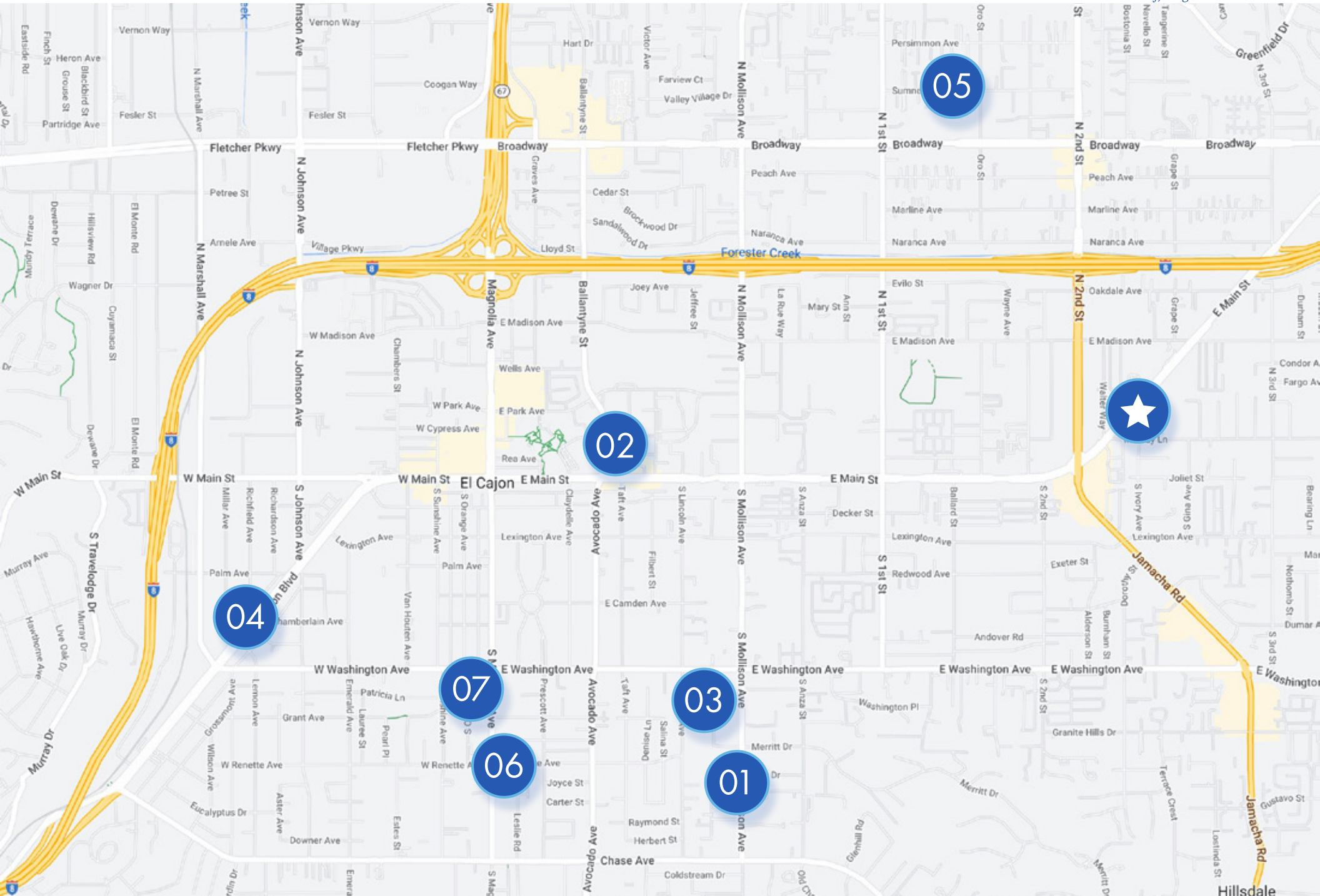
# MARKET COMPARABLES



# Sales Comparables

#	Address	Units	Zip	Built	Sq Ft	Sold Price	\$/Unit	\$/SF	Cap	GRM	COE Date
1	940 S MOLLISON AVE - THE FIESTA APTS	7	92020	1960	7,200 SF	\$1,975,000	\$282,143	\$274.31	5.04%	10.88	06/12/2024
2	181 BALLANTYNE ST - ROCKFORD GARDENS	16	92020	1971	12,298 SF	\$3,520,000	\$220,000	\$286.23	3.73%	13.08	04/20/2024
3	762-776 SCRANTON ST	8	92020	1983	8,192 SF	\$2,162,500	\$270,313	\$263.98	3.50%	-	01/12/2024
4	638 EL CAJON BLVD - THE BOULEVARD	10	92020	1938	3,094 SF	\$1,650,000	\$165,000	\$533.29	6.50%	-	12/27/2023
5	1176-1180 SUMNER AVE	7	92021	-	6,931 SF	\$1,875,000	\$267,857	\$270.52	4.73%	12.60	10/16/2023
6	121 E RENETTE AVE	10	92020	1968	8,508 SF	\$2,730,000	\$273,000	\$320.87	4.02%	-	09/20/2023
7	735 S ORANGE AVE - ORANGE GLEN APARTMENTS	8	92020	1963	6,500 SF	\$1,950,000	\$243,750	\$300.00	2.66%	18.50	08/15/2023
<b>Averages</b>					<b>7,532 SF</b>	<b>\$2,266,071</b>	<b>\$246,009</b>	<b>\$321.31</b>	<b>4.31%</b>	<b>13.77</b>	

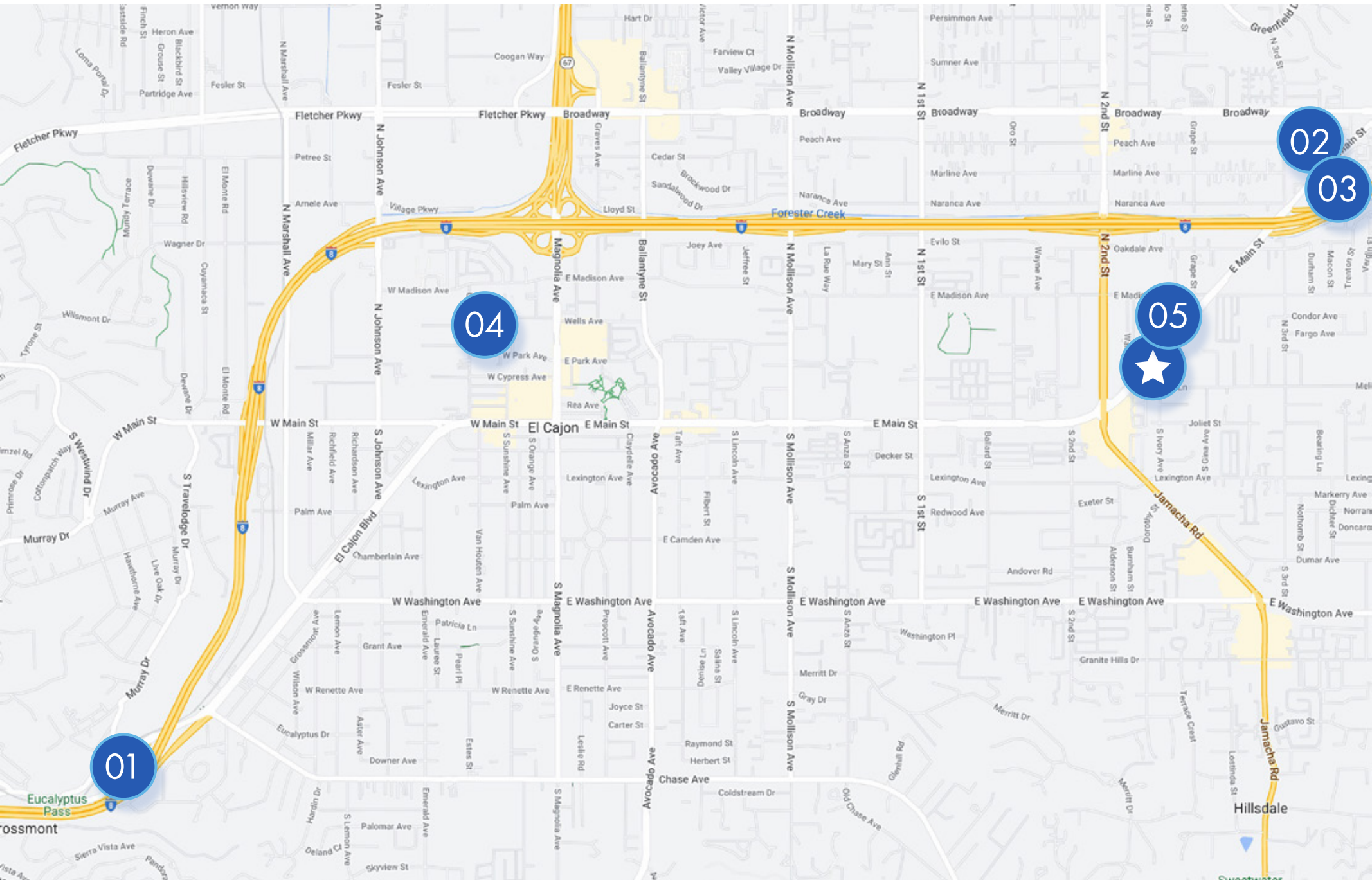




# Rent Comparables

Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	
<b>Name</b>	<b>Palm Residence Apts</b>	<b>Vista Palms</b>	<b>Vista Oaks</b>	<b>Vista Pines</b>	<b>La Palma Apartments</b>	<b>Vista Bella</b>
<b>Address</b>	1349 E Main St El Cajon, CA 920	1250 El Cajon Blvd El Cajon, CA 92020	1556 E Main St El Cajon, CA 92021	1549 E Main St El Cajon, CA 92021	333 Wisconsin Ave El Cajon, CA 92020	1362 E Main St El Cajon, CA 92021
RENT SURVEY INFORMATION						
<b>Rent Type</b>	<b>Market</b>	<b>Market</b>	<b>Market</b>	<b>Market</b>	<b>Market</b>	<b>Market</b>
<b>Rent/Unit Avg.</b>	\$973	\$1,469	\$1,508	\$1,523	\$1,572	\$1,495
<b>Rent/SF Avg.</b>	\$3.26	\$4.21	\$5.89	\$3.85	\$3.05	\$2.66
RENT SURVEY INFORMATION						
<b>Units</b>	11	113	84	75	26	68
<b>Avg. Unit SF</b>	299 SF	349 SF	256 SF	395 SF	515 SF	563 SF
<b>Occupancy</b>	73%	98%	98%	91%	92%	97%
<b>Year Built/Renov.</b>	1950	1980	1972 / 2020	1960 / 2018	1969	1975







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