

OFFERING MEMORANDUM

4020

TEN ON 38TH

4020 38TH ST., SAN DIEGO CA 92105

# Ten on 38th

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*Exclusively Marketed by:*

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# TEN ON 38TH

## 01 Executive Summary

Investment Summary

Unit Mix Summary

## OFFERING SUMMARY

ADDRESS	4020 38th St. San Diego CA 92105
COUNTY	San Diego
MARKET	Central San Diego
SUBMARKET	Corridor
BUILDING SF	7,708 SF
LAND SF	7,050 SF
NUMBER OF UNITS	10
YEAR BUILT	1970
YEAR RENOVATED	2024
APN	447-421-18-00
OWNERSHIP TYPE	Fee Simple

## FINANCIAL SUMMARY

PRICE	\$2,750,000
PRICE PSF	\$356.77
PRICE PER UNIT	\$275,000
OCCUPANCY	98.00%
NOI (CURRENT)	\$138,211
NOI (Pro Forma)	\$160,898
CAP RATE (CURRENT)	5.03%
CAP RATE (Pro Forma)	5.85%
CASH ON CASH (CURRENT)	2.42%
CASH ON CASH (Pro Forma)	4.12%
GRM (CURRENT)	12.52
GRM (Pro Forma)	11.33

## PROPOSED FINANCING

Market Loan	
LOAN TYPE	Amortized
DOWN PAYMENT	\$1,335,000
LOAN AMOUNT	\$1,415,000
INTEREST RATE	6.05%
LOAN TERMS	5 year fixed
ANNUAL DEBT SERVICE	\$102,352
LOAN TO VALUE	51%
AMORTIZATION PERIOD	30 Years
NOTES	Chase Bank

DEMOGRAPHICS	1 MILE	3 MILE	5 MILE
2024 Population	50,859	262,000	621,348
2024 Median HH Income	\$69,991	\$82,296	\$83,939
2024 Average HH Income	\$94,685	\$113,494	\$116,949

## Property Overview

- Fantastic opportunity to purchase a stabilized (10) unit building in Central San Diego with immediate rental upside. This property boasts large floor plans, multiple renovated units, on-site parking and coin operated laundry facilities. The building has been well managed and a new buyer will benefit from operational efficiencies that have been put in place over the last 24 months.

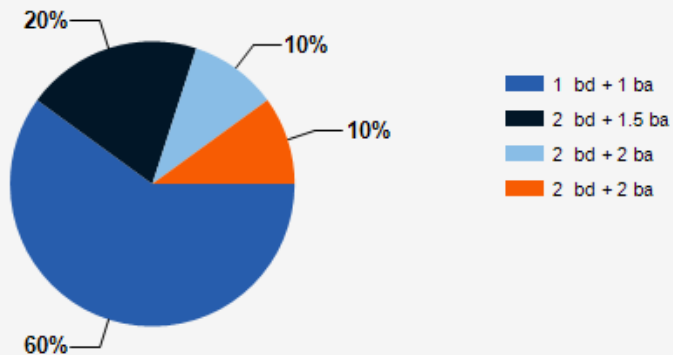
Partially Renovated: 6 of 10 units have been moderately upgraded and boast market rents.

Immediate Rental Upside: 4 of 10 units have the potential to be renovated to increase annual income.

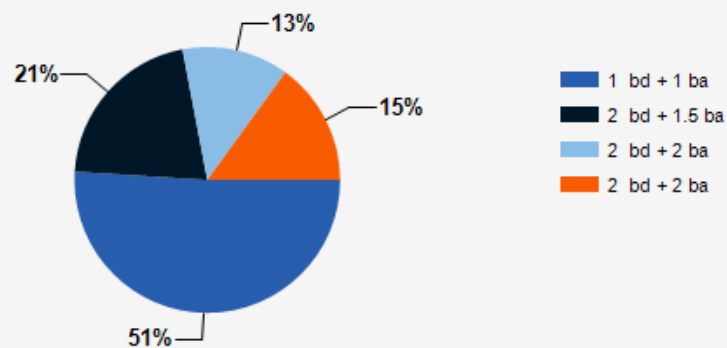
Stable Asset: The property boasts a strong tenant base, strategic interior and exterior improvements, including re-routing the hot water line out of the slab to prevent future slab leaks.

Unit Mix	# Units	Square Feet	Actual			Market		
			Current Rent	Rent PSF	Monthly Income	Market Rent	Market Rent PSF	Market Income
1 bd + 1 ba	6	682	\$1,300 - \$1,695	\$2.20	\$8,985	\$1,695	\$2.49	\$10,170
2 bd + 1.5 ba	2	846	\$1,650 - \$2,195	\$2.27	\$3,845	\$2,195	\$2.59	\$4,390
2 bd + 2 ba	1	1,008	\$2,195	\$2.18	\$2,195	\$2,195	\$2.18	\$2,195
2 bd + 2 ba	1	1,176	\$2,395	\$2.04	\$2,395	\$2,395	\$2.04	\$2,395
<b>Totals/Averages</b>	<b>10</b>	<b>797</b>	<b>\$1,742</b>	<b>\$2.19</b>	<b>\$17,420</b>	<b>\$1,915</b>	<b>\$2.43</b>	<b>\$19,150</b>

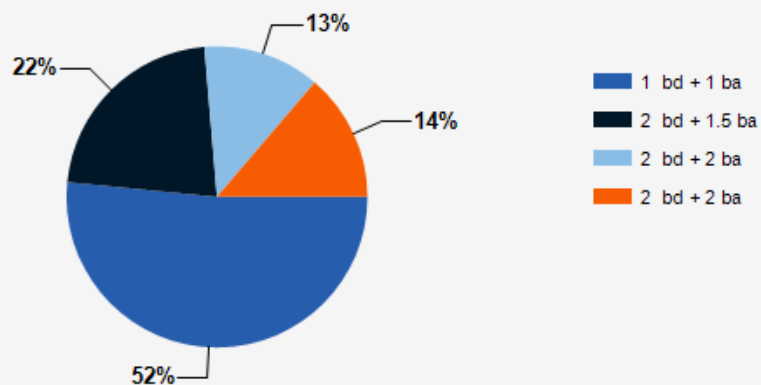
Unit Mix Summary



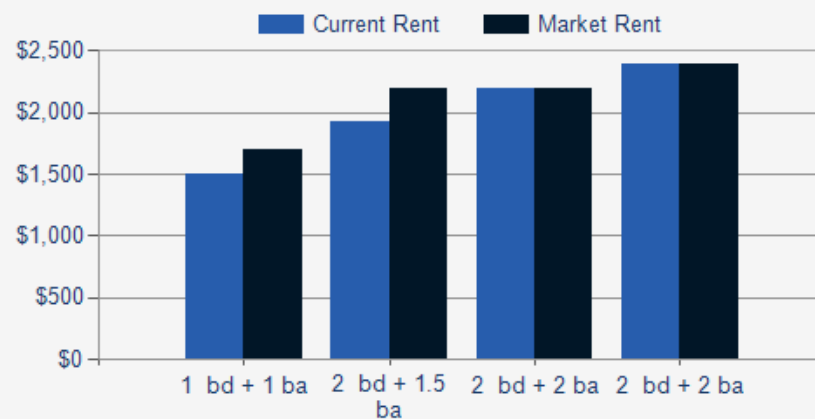
Unit Mix SF



Unit Mix Revenue



Actual vs. Market Revenue



# TEN ON 38TH

## 02 Location

Location Summary

02



# TEN ON 38TH

## 03 Property Description

Property Features

Property Images

03



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## PROPERTY FEATURES

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NUMBER OF UNITS	10
BUILDING SF	7,708
LAND SF	7,050
YEAR BUILT	1970
YEAR RENOVATED	2024
# OF PARCELS	1
ZONING TYPE	Multi-Residential
BUILDING CLASS	C+
TOPOGRAPHY	Flat
LOCATION CLASS	C+
NUMBER OF STORIES	2
NUMBER OF BUILDINGS	1
NUMBER OF PARKING SPACES	10
PARKING RATIO	1:1
POOL / JACUZZI	N/A
WASHER/DRYER	Shared Coin Op

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## FEES & DEPOSITS

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APPLICATION FEE	40
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## MECHANICAL

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HVAC	N/A
FIRE SPRINKLERS	N/A

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## UTILITIES

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WATER	City of San Diego
TRASH	Waste Management
GAS	SDGE
ELECTRIC	SDGE
RUBS	Yes

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## CONSTRUCTION

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FOUNDATION	Slab
FRAMING	Wood
EXTERIOR	Stucco
PARKING SURFACE	Concrete
ROOF	Flat
LANDSCAPING	Drought Tolerant



4020





PRIVATE PARKING  
Residents Only  
UNAUTHORIZED VEHICLES WILL BE  
TOWED AWAY  
BY OWNER & CAPTOR

# TEN ON 38TH

Rent Roll

Rent Roll

04

Unit	Unit Mix	Square Feet	Rent PSF	Current Rent	Market Rent	Move-in Date	Lease End	Notes
1	1 bd + 1 ba	555	\$2.34	\$1,300.00	\$1,650.00	01/01/2015		M2M, Not Renovated
2	2 bd + 1.5 ba	846	\$1.95	\$1,650.00	\$2,195.00	04/01/2015		M2M, Not Renovated
3	1 bd + 1 ba	682	\$2.53	\$1,725.00	\$1,725.00	09/03/2024	09/02/2024	Partial Reno
4	1 bd + 1 ba	682	\$2.53	\$1,725.00	\$1,725.00	09/13/2024	09/12/2025	Renovated
5	2 bd + 2 ba	1,008	\$2.18	\$2,195.00	\$2,195.00	09/15/2024	09/15/2025	Renovated
6	1 bd + 1 ba	555	\$2.34	\$1,300.00	\$1,650.00	03/03/2011		M2M, Not Renovated
7	2 bd + 1.5 ba	846	\$2.59	\$2,195.00	\$2,195.00	07/01/2024	06/30/2025	Partial Reno
8	1 bd + 1 ba	682	\$2.13	\$1,450.00	\$1,650.00	10/01/2019		M2M, Not Renovated
9	1 bd + 1 ba	682	\$2.38	\$1,625.00	\$1,650.00	07/19/2024	07/18/2025	Partial Reno
10	2 bd + 2 ba	1,176	\$2.04	\$2,395.00	\$2,395.00	06/26/2024	06/25/2025	Partial Reno
<b>Totals / Averages</b>		<b>7,714</b>	<b>\$2.30</b>	<b>\$17,560.00</b>	<b>\$19,030.00</b>			

# TEN ON 38TH

## 05 Financial Analysis

Income & Expense Analysis

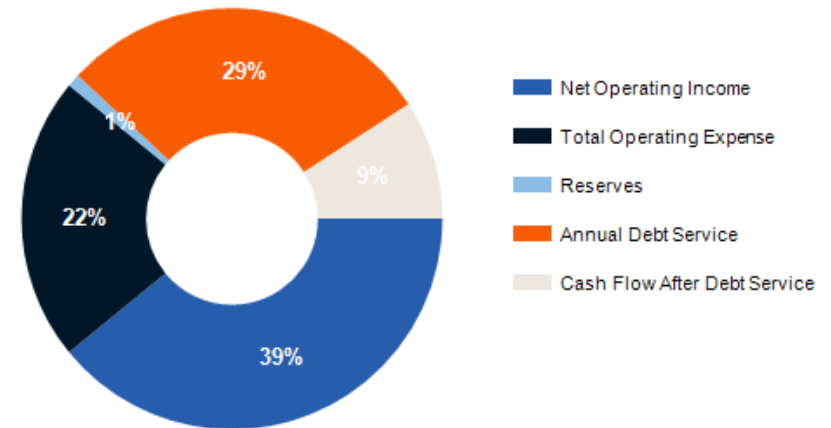
Multi-Year Cash Flow Assumptions

Property Underwriting

## REVENUE ALLOCATION

CURRENT

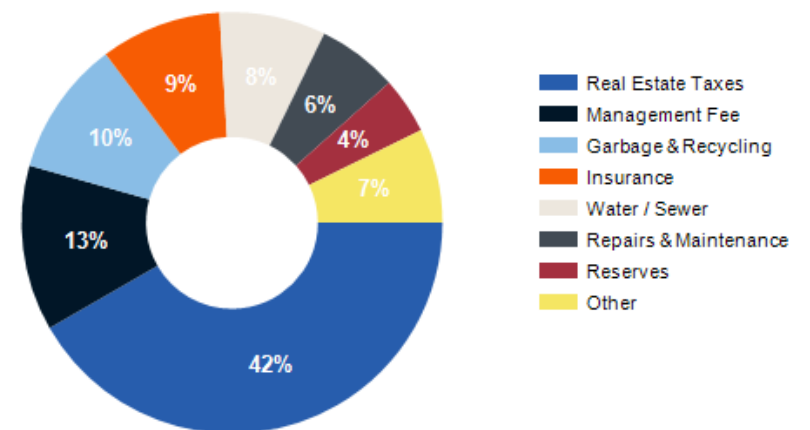
INCOME	CURRENT		PRO FORMA	
Gross Scheduled Rent	\$210,720	95.9%	\$228,360	94.1%
RUBS	\$8,100	3.7%	\$13,500	5.6%
Laundry Income	\$900	0.4%	\$900	0.4%
<b>Gross Potential Income</b>	<b>\$219,720</b>		<b>\$242,760</b>	
General Vacancy	-2.00%		-2.00%	
<b>Effective Gross Income</b>	<b>\$215,506</b>		<b>\$238,193</b>	
Less Expenses	\$77,295	35.86%	\$77,295	32.45%
<b>Net Operating Income</b>	<b>\$138,211</b>		<b>\$160,898</b>	
Annual Debt Service	\$102,352		\$102,352	
<b>Cash flow</b>	<b>\$32,358</b>		<b>\$55,045</b>	
Debt Coverage Ratio	1.35		1.57	



EXPENSES	CURRENT	Per Unit	PRO FORMA	Per Unit
Real Estate Taxes	\$33,673	\$3,367	\$33,673	\$3,367
Insurance	\$7,500	\$750	\$7,500	\$750
Management Fee	\$10,264	\$1,026	\$10,264	\$1,026
Gas & Electric	\$2,400	\$240	\$2,400	\$240
Repairs & Maintenance	\$5,000	\$500	\$5,000	\$500
Water / Sewer	\$6,600	\$660	\$6,600	\$660
Landscaping	\$2,040	\$204	\$2,040	\$204
Administration	\$350	\$35	\$350	\$35
Garbage & Recycling	\$8,400	\$840	\$8,400	\$840
Pest Control	\$1,068	\$107	\$1,068	\$107
<b>Total Operating Expense</b>	<b>\$77,295</b>	<b>\$7,730</b>	<b>\$77,295</b>	<b>\$7,730</b>
Reserves	\$3,500	\$350	\$3,500	\$350
Annual Debt Service	\$102,352		\$102,352	
Expense / SF	\$10.03		\$10.03	
% of EGI	35.86%		32.45%	

## DISTRIBUTION OF EXPENSES

CURRENT





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## GLOBAL

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Price	<b>\$2,750,000</b>
Millage Rate (not a growth rate)	<b>1.22000%</b>

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## PROPOSED FINANCING

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Market Loan	
Loan Type	<b>Amortized</b>
Down Payment	<b>\$1,335,000</b>
Loan Amount	<b>\$1,415,000</b>
Interest Rate	<b>6.05%</b>
Loan Terms	<b>5 year fixed</b>
Annual Debt Service	<b>\$102,352</b>
Loan to Value	<b>51%</b>
Amortization Period	<b>30 Years</b>
Notes	<b>Chase Bank</b>



# The MENDES COMPANY

Assumptions  
Investment Return  
Opportunity

Address: 4020 38th Street  
San Diego, CA 92105 APN: 447-421-18-00

Summary	Current	Market	Financing
<b>Price:</b>	<b>\$2,750,000</b>		<b>Proposed Financing</b>
49%	<b>\$1,335,000</b>		First Loan Amount: \$1,415,000 Chase - 5 year
<b>Number of Units:</b>	<b>10</b>		Terms: 30
Cost per Unit:	\$275,000		Interest rate: 6.05%
<b>Current GRM:</b>	<b>12.52</b>	<b>11.33</b>	Max LTV: 55%
<b>Current CAP:</b>	<b>4.89%</b>	<b>5.71%</b>	Supported LTV: 51%
Approx. Year Built:	1970		
Approx. Lot Size:	7,000		
Approx. Net RSF:	7,714		
Cost per Net RSF:	\$356.49		

Annualized Operating Data	Current Rents	Market Rents
<b>Scheduled Gross Income:</b>	<b>\$219,720</b>	<b>\$242,760</b>
Less Vacancy Rate Reserve:	4,394 2.0% *	4,855 2.0% *
Gross Operating Income:	215,326	237,905
Less Expenses:	80,795 30% *	80,795 34%
<b>Net Operating Income:</b>	<b>\$134,531</b>	<b>\$157,110</b>
Less Loan Payments:	102,350 dcr 1.31	102,350 mdr 1.54
Pre-Tax Cash Flow:	32,181 2.4% **	54,760 4.1% **
Plus Principal Reduction:	16,743	16,743
<b>Total Return Before Taxes:</b>	<b>\$48,924 3.7% **</b>	<b>\$71,503 5.4% **</b>
* As a percent of Scheduled Gross Income.		
** As a percent of Down Payment.		

Scheduled Income	Current Rents	Market Rents	Annualized Expenses
Bdrms/ Units	Monthly Rent/Unit	Monthly Income	Taxes \$33,673
Approx Sq.Ft.	Monthly Rent/Unit	Monthly Income	Insurance \$7,500
1 1bdr/1bth 555	\$1,300	\$1,300	Admin/Misc. \$350
2 2bdr/1.5bth 846	\$1,650	\$1,650	Repairs & Maint. \$5,000
3 1bdr/1bth 682	\$1,725	\$1,725	Reserve Fund \$3,500
4 1bdr/1bth 682	\$1,725	\$1,725	Water/Sewer \$6,600
5 2bdr/2bth 1,008	\$2,195	\$2,195	SDGE (HM) \$2,400
6 1bdr/1bth 555	\$1,300	\$1,300	Pest Control \$1,068
7 2bdr/1.5bth 846	\$2,195	\$2,195	Landscaping \$2,040
8 1bdr/1bth 682	\$1,450	\$1,450	Prop Mgmt. \$10,264
9 1bdr/1bth 682	\$1,625	\$1,625	Garbage \$8,400
10 2bdr/2bth 1,176	\$2,395	\$2,395	
<b>Total Scheduled Rent:</b>		<b>\$17,560</b>	
RUBS		\$675	
Laundry		\$75	
<b>Monthly Scheduled Gross Income:</b>		<b>\$18,310</b>	<b>*Total Expenses: \$80,795</b>
<b>Annual Scheduled Gross Income:</b>		<b>\$219,720</b>	Per Net Sq. Ft.: \$10.47
			Expenses Per Unit: \$8,079.46

# TEN ON 38TH

Demographics

Demographics

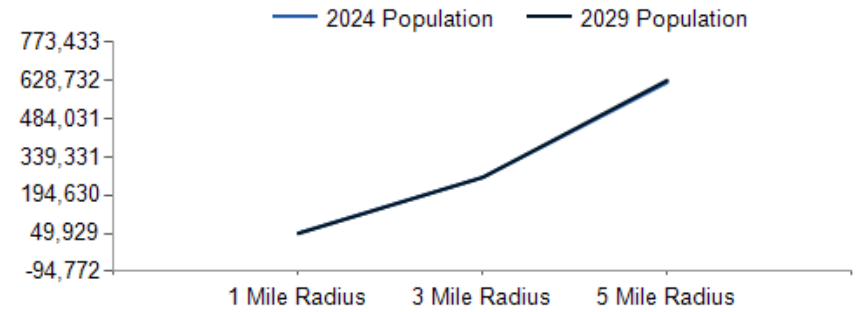
06



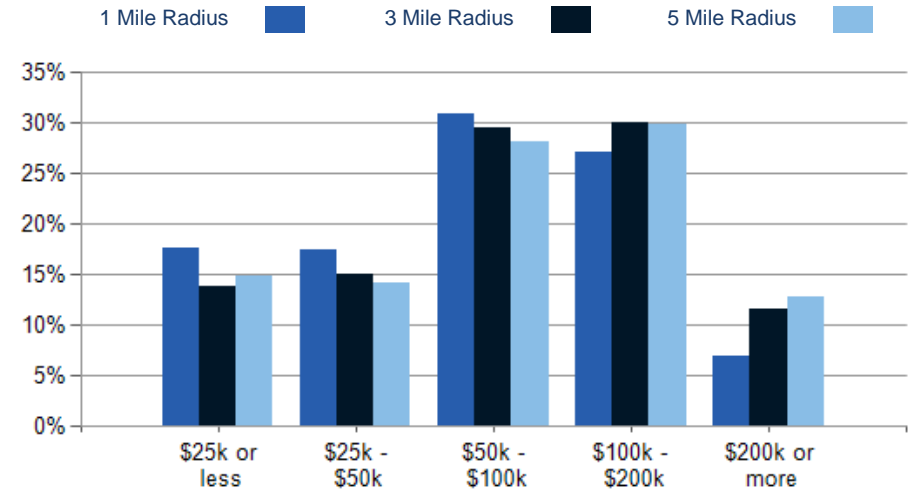
POPULATION	1 MILE	3 MILE	5 MILE
2000 Population	57,986	260,091	570,858
2010 Population	55,050	257,758	586,680
2024 Population	50,859	262,000	621,348
2029 Population	49,929	261,871	628,732
2024-2029: Population: Growth Rate	-1.85%	-0.05%	1.20%

2024 HOUSEHOLD INCOME	1 MILE	3 MILE	5 MILE
less than \$15,000	2,034	8,917	21,785
\$15,000-\$24,999	1,661	6,572	15,000
\$25,000-\$34,999	1,597	7,414	15,385
\$35,000-\$49,999	2,077	9,323	19,486
\$50,000-\$74,999	3,699	18,377	38,497
\$75,000-\$99,999	2,793	14,565	31,162
\$100,000-\$149,999	3,850	22,476	48,122
\$150,000-\$199,999	1,855	10,951	25,375
\$200,000 or greater	1,468	12,895	31,829
Median HH Income	\$69,991	\$82,296	\$83,939
Average HH Income	\$94,685	\$113,494	\$116,949

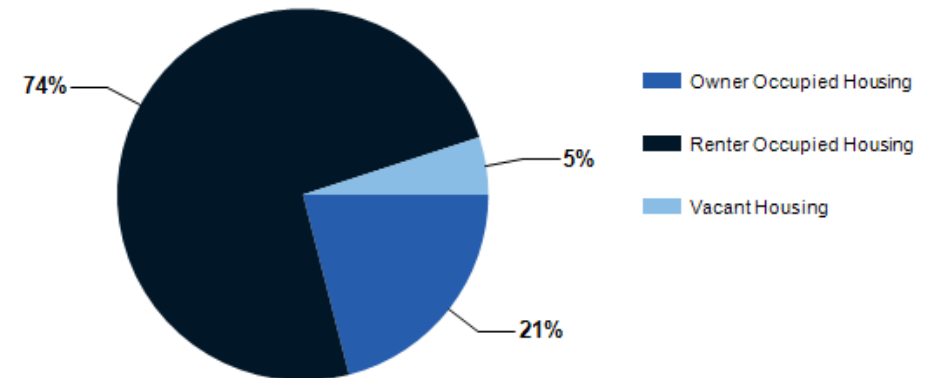
HOUSEHOLDS	1 MILE	3 MILE	5 MILE
2000 Total Housing	21,497	106,593	217,809
2010 Total Households	20,404	104,476	221,371
2024 Total Households	21,035	111,496	246,651
2029 Total Households	21,177	114,050	257,383
2024 Average Household Size	2.40	2.28	2.39
2024-2029: Households: Growth Rate	0.65%	2.25%	4.30%



2024 Household Income

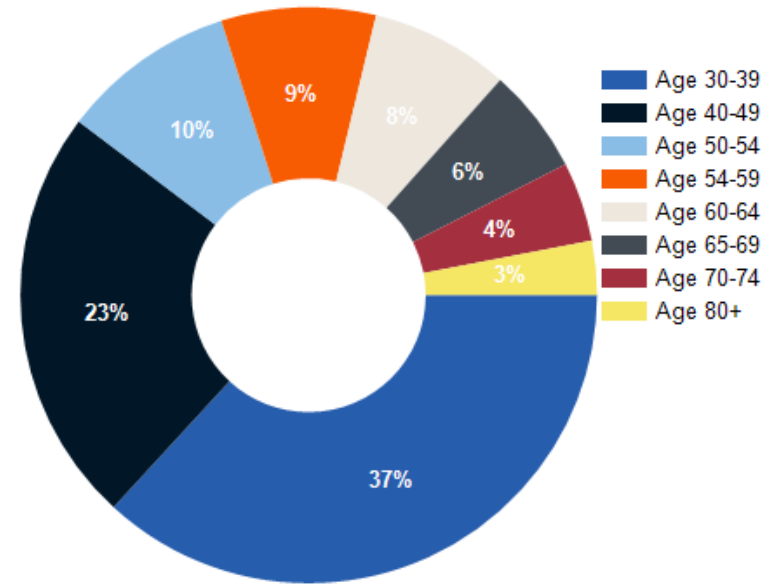


2024 Own vs. Rent - 1 Mile Radius

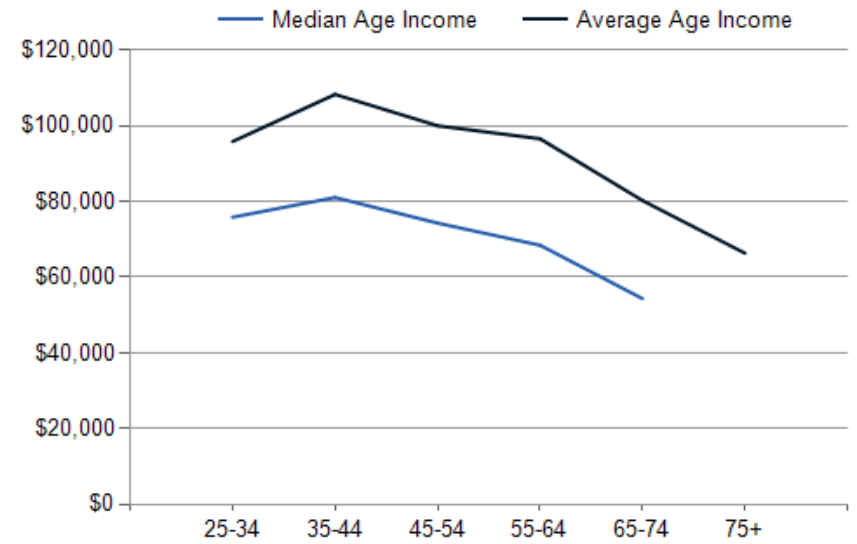


Source: esri

2024 POPULATION BY AGE	1 MILE	3 MILE	5 MILE
2024 Population Age 30-34	6,265	31,472	67,069
2024 Population Age 35-39	4,926	24,642	54,713
2024 Population Age 40-44	3,968	19,717	44,967
2024 Population Age 45-49	3,165	15,500	35,801
2024 Population Age 50-54	2,977	14,587	34,612
2024 Population Age 55-59	2,631	13,425	31,957
2024 Population Age 60-64	2,374	12,490	30,825
2024 Population Age 65-69	1,800	10,128	26,661
2024 Population Age 70-74	1,357	8,018	20,849
2024 Population Age 75-79	924	5,758	15,177
2024 Population Age 80-84	471	3,125	8,751
2024 Population Age 85+	446	3,160	9,525
2024 Population Age 18+	41,571	220,159	514,551
2024 Median Age	35	35	35
2029 Median Age	37	37	37



2024 INCOME BY AGE	1 MILE	3 MILE	5 MILE
Median Household Income 25-34	\$75,842	\$86,002	\$86,385
Average Household Income 25-34	\$95,847	\$110,591	\$112,826
Median Household Income 35-44	\$81,056	\$97,312	\$101,628
Average Household Income 35-44	\$108,307	\$130,117	\$135,413
Median Household Income 45-54	\$74,298	\$98,240	\$102,588
Average Household Income 45-54	\$100,015	\$130,917	\$137,229
Median Household Income 55-64	\$68,448	\$85,259	\$88,547
Average Household Income 55-64	\$96,579	\$121,354	\$125,550
Median Household Income 65-74	\$54,306	\$64,489	\$69,239
Average Household Income 65-74	\$80,248	\$98,503	\$104,864
Average Household Income 75+	\$66,326	\$76,432	\$79,855



# Ten on 38th

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President/Broker

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