

**OFFERING MEMORANDUM**  
**9 UNITS | RARELY TRADED KENSINGTON NEIGHBORHOOD!**



**4342 MARLBOROUGH AVENUE | SAN DIEGO, CA 92105**

**858.360.3000 ■ caacre.com**



## OFFERING MEMORANDUM

4342 MARLBOROUGH AVENUE | SAN DIEGO, CA 92105

Please direct all inquiries and communications related to this offering to:

### MAXWELL BROWN

Senior Vice President

DRE#02127395

Mbrown@caacre.com

Cell: 925.872.6746

Direct: 858.836.6988

### BRIAN JENKINS

Principal

DRE#02127395

Brian@caacre.com

858.360.3000 ■ caacre.com



## Confidentiality & Agency Agreement

Seller has retained Commercial Asset Advisors as exclusive advisor for the sale of the above referenced property. The Investment Offering Memorandum and/or financial materials hereinafter referred to as “marketing materials” has been prepared by Commercial Asset Advisors for use by a limited number of parties and does not purport to provide a necessarily accurate summary of the property or any of the documents related hereto, nor does it purport to be all inclusive or to contain all of the information which perspective investors may need or desire. All projections have been developed by Seller, Commercial Asset Advisors, and designated sources and are based upon assumptions relating to the general economy, competition, and other forces beyond the control of the Seller and are therefore subject to variation.

The information listed in the marketing materials has been obtained from sources we believe to be reliable, however, no representation is made by Seller or Commercial Asset Advisors as to the accuracy or the completeness of the information contained herein and nothing contained herein is, or shall be relied on as, a promise or representation as to the future performance of the Property. Seller and its employees, disclaim any responsibility for inaccuracies and expect prospective purchasers to exercise independent due diligence in verifying all such information. Further, Seller, Commercial Asset Advisors, and their employees disclaim any and all liability for representations and warranties, expressed and implied, contained in, or for omission from, the Investment Offering Memorandum, or any other written or oral communication transmitted or made available to the recipient. Analysis and verification of the information contained in the Investment Offering Memorandum is solely the responsibility of the prospective purchaser.

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The Investment Offering Memorandum and the contents, except such information which is a matter of public record or is provided in sources available to the public, are of a confidential nature. By accepting the Investment Offering Memorandum, you agree that you will hold and treat it in the strictest of confidence, that you will not photocopy or duplicate it, that you will not disclose the Investment Offering Memorandum or any of the contents to any other entity (except to outside advisors retained by you if necessary, for your determination of whether or not to make a proposal and from whom you have obtained the agreement of confidentiality) without prior written authorization of Seller and Commercial Asset Advisors and that you will not use the Investment Offering Memorandum or any of the contents in any fashion or manner detrimental to the interest of the Seller, Seller’s tenants, or Commercial Asset Advisors.

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# 1

## EXECUTIVE SUMMARY

## THE OFFERING

4342 MARLBOROUGH AVENUE | SAN DIEGO, CA 92105

Commercial Asset Advisors is pleased to present the opportunity to acquire a 9 unit fully renovated multifamily asset situated on the southern border of the highly coveted Kensington neighborhood. The asset consists of an ideal unit mix of (2) Studios, (3) One Bed units, (2) 2 Bed / 1 Bath units, & (2) 2 Bed / 2 Bath units.

Existing ownership has spent over \$600k in capital improvements to renovate the property including but not limited to full interior & exterior renovations, landscaping, water lines pulled from slab and re-piped, new roof, installation of backflow, and the build out of two brand new studio units with in-unit laundry and AC. The property recently passed CA SB721 deck inspections as well.

Roughly \$1,150,000 of assumable debt is available at a below market 3.90% interest rate on the property fixed until 10/1/2025 and transitioning to floating rate moving forward for a 30-year term maturity in 2053. The assumable debt allows an investor to acquire the property with strong Day 1 cash on cash returns during a less competitive market window while the interest rate market corrects itself over 2025. This will allow for a potential refi in 2025's likely much more attractive interest rate environment with no pre-pay penalty to do so.

The property provides tenants with quick accessibility to the majority of San Diego's primary entertainment, employment, restaurants, highway access, and activity hotspots. The asset is walking distance to the Heart of Kensington and is less than a 10-minute drive to the Heart of North Park, Normal Heights, Balboa Park and many more activity hotspots. The majority of San Diego's top water destinations, such as Ocean Beach, Mission Bay, San Diego Bay, and Shelter Island, are all conveniently located within a 15-minute drive.



# OPPORTUNITY HIGHLIGHTS

4342 MARLBOROUGH AVENUE | SAN DIEGO, CA 92105

Price	\$ 3,295,000
Number of Units	Nine (9)
Price Per Unit	\$366,111
Parking	9 Parking Spaces
Year Built	1980
APN	454-733-24-00
Improvements	6,158 SF
Lot Size	6,257 SF
Metering	Individual Gas & Electric
In-Place Cap Rate	4.32%
Proforma Cap Rate	5.06%



Fully renovated with notable upgrades to infrastructure



10%+ Rental income upside



\$1,150,000 of 3.90% assumable debt



Priced at \$65k/unit less than the comp set average



Located along the southern edge of the highly sought-after Kensington neighborhood



Less than 10 minutes from the majority of San Diego's most attractive entertainment, restaurants, and hot spots!



# CAPITAL IMPROVEMENT SUMMARY

## 2023:

- New landscaping
- Retexture of front façade & full paint
- New front/rear keypad controlled gates
- New fencing
- Reconfigured parking spaces at the front of property
- Install of a backflow
- Construction of 2 brand new Studio ADUs with in-unit laundry and mini-split AC
- Install of gutters

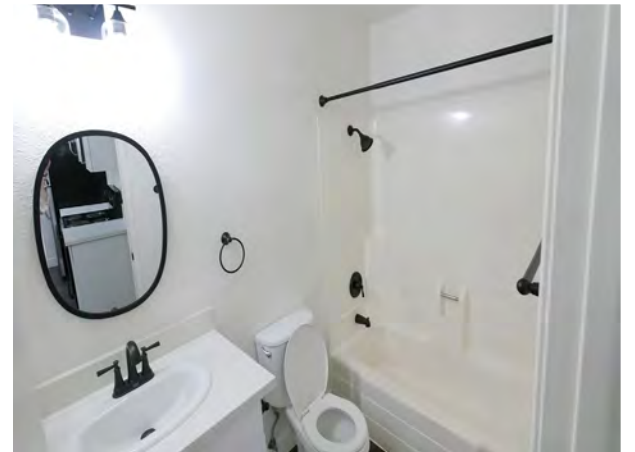
## 2020: New Roof

## 2016:

- All existing unit interiors fully renovated with quartz counters, new cabinets & hardware, bathroom tub/shower enclosures replaced, bathroom vanity, vinyl flooring, interior lighting etc
- Roughly 75% of Windows Replaced
- Re-pipe of supply water using Pex







# 2

## SALE COMPARABLES



# SALES COMPARABLES

Sale Comparables

9

Avg. Cap Rate

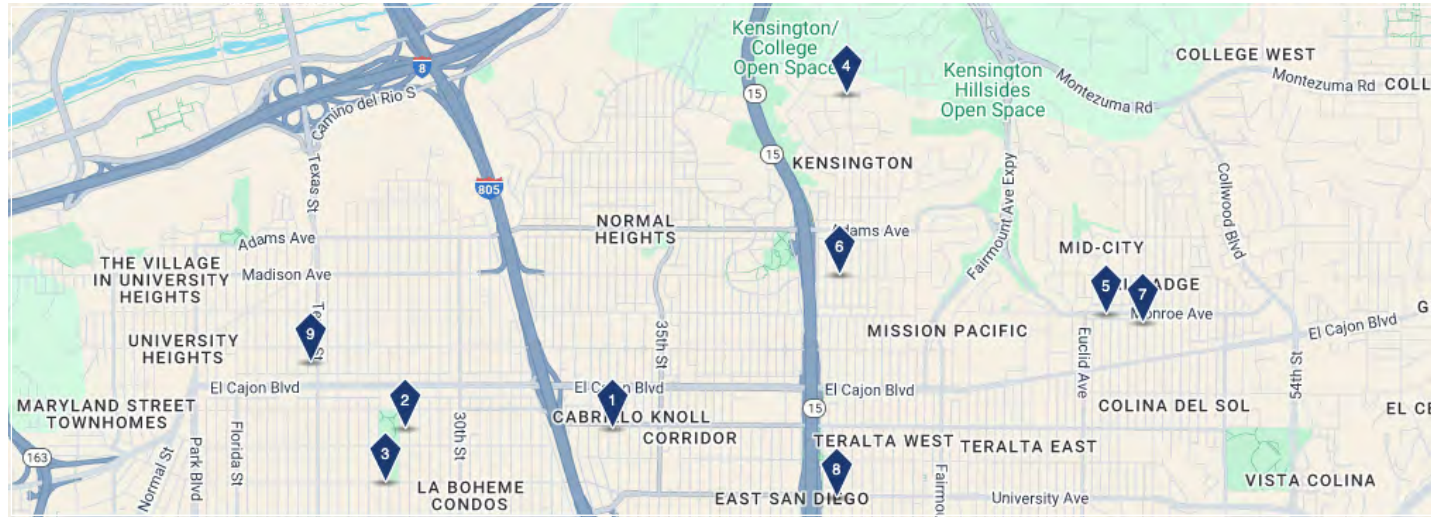
4.51%

Avg. Price/Unit

\$432,084

Avg. Vacancy At Sale

19.9%



Comp	Property Address	City	Units	Sale Price	Price Per Unit	Cap Rate	Year Built	Price Per SF	GRM	Studios	1 Beds	2 Beds	Sale Date	Notes
1	4164 34th St	San Diego	6	\$2,592,000	\$ 432,000	4.78	1975	\$ 545.45	14.57	0	4	2	7/1/2024	Fully Renovated 2023 with in-unit laundry & AC
2	4127 Idaho St	San Diego	10	\$4,200,000	\$ 420,000	4.63	1987	\$ 732.98	14.92	0	8	2	6/5/2024	Renovated in 2016-2017
3	3981 Oregon St	San Diego	9	\$4,535,000	\$ 503,889	4.79	1966	\$ 816.68	14.06	0	6	3	4/29/2024	Fully Renovated in 2023 with in-unit laundry & AC. Over market rents
4	5050-70 Marlborough	San Diego	11	\$4,900,000	\$ 445,455	3.63	1940	\$ 664.86	17.38	0	6	5	3/5/2024	<b>Unrenovated.</b> North Kensington Location. 9 Garages.
5	4493 48th St	San Diego	8	\$3,036,000	\$ 379,500	5.25	1958	\$ 583.85	12.90	0	4	4	2/2/2024	Fully Renovated with in-unit laundry & AC. Delieved Vacant
6	4575 Kensington Dr	San Diego	9	\$3,075,000	\$ 341,667	3.00	1970	\$ 476.74	17.00	0	6	3	1/5/2024	<b>Unrenovated,</b> notable deferred maintenance
7	4475 49th St	San Diego	12	\$6,300,000	\$ 525,000	4.63	1965	\$ 525.00	14.66	0	0	12	9/28/2023	Fully Renovated 2022 with in-unit laundry. All 2 bed / 2 bath units
8	3874-3880 41st	San Diego	5	\$1,800,000	\$ 360,000	5.21	1947	\$ 530.04	13.05	0	2	3	8/30/2023	Fully Renovated 2022
9	4346 Texas St	San Diego	8	\$3,850,000	\$ 481,250	4.70	1987	\$ 708.63	15.12	0	1	7	8/16/2023	Fully Renovated in 2023 with AC. Busy Street
<b>Averages</b>			<b>9</b>	<b>\$3,809,778</b>	<b>\$ 432,084</b>	<b>4.51</b>	<b>1966</b>	<b>\$ 620.47</b>	<b>14.85</b>	<b>0</b>	<b>4</b>	<b>5</b>		

<b>4342 Marlborough</b>	<b>San Diego</b>	<b>9</b>	<b>\$3,295,000</b>	<b>\$ 366,111</b>	<b>4.32</b>	<b>1980</b>	<b>\$ 547.01</b>	<b>14.73</b>	<b>2</b>	<b>3</b>	<b>4</b>			Fully Renovated in 2016 with 2023 Build ADUs, AC, 1980's construction, Assumable Debt, Rent Upside.
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# SALES COMPARABLES

1	4164 34th St	SOLD
<p>San Diego, CA 92104</p> <p>Sale Date Jul 1, 2024            Sale Price \$2,592,000            Price/SF \$545.45            Price/Unit \$432,000            Actual Cap Rate 4.78%            Parcels 447-572-25            Comp ID 6774656            Comp Status Research Complete</p> <p>San Diego            Type 2 Star Garden Apartments            Year Built 1975            GBA 4,752 SF            Land Acres 0.16 AC            Land SF 6,970 SF            Units 6            Zoning R-3</p> 		
2	4127-4131 Idaho St	SOLD
<p>San Diego, CA 92104</p> <p>Sale Date Jun 5, 2024            Sale Price \$4,200,000            Price/SF \$732.98            Price/Unit \$420,000            Actual Cap Rate 4.63%            GRM 14.92            Parcels 446-301-11            Comp ID 6751907            Comp Status Research Complete</p> <p>San Diego            Type 2 Star Low-Rise Apartments            Year Built 1987            GBA 5,730 SF            Land Acres 0.16 AC            Land SF 6,970 SF            Units 10            Zoning MCCPD-MR-1250B            Sale Condition 1031 Exchange</p> 		
3	3981 Oregon St	SOLD
<p>San Diego, CA 92104</p> <p>Sale Date Apr 29, 2024            Sale Price \$4,535,000            Price/SF \$816.68            Price/Unit \$503,889            Actual Cap Rate 4.79%            Parcels 445-711-03            Comp ID 6716601            Comp Status Research Complete</p> <p>San Diego            Type 2 Star Low-Rise Apartments            Year Built 1966            GBA 5,553 SF            Land Acres 0.16 AC            Land SF 6,970 SF            Units 9            Zoning RM-3-9            Sale Condition 1031 Exchange</p> 		
4	5050-5070 Marlborough Dr - Marlborough Arms	SOLD
<p>San Diego, CA 92116</p> <p>Sale Date Mar 5, 2024            Sale Price \$4,900,000            Price/SF \$664.86            Price/Unit \$445,455            Actual Cap Rate 3.63%            Parcels 440-180-04            Comp ID 6671634            Comp Status Research Complete</p> <p>San Diego            Type 2 Star Low-Rise Apartments            Year Built 1940            GBA 9,300 SF            Land Acres 0.30 AC            Land SF 12,937 SF            Units 11            Zoning CN, City of S.D.</p> 		
5	4493 48th St	SOLD
<p>San Diego, CA 92115</p> <p>Sale Date Feb 2, 2024            Sale Price \$3,036,000            Price/SF \$573.85            Price/Unit \$379,500            Pro Forma Cap 5.25%            Parcels 471-132-01            Comp ID 6647017            Comp Status Research Complete</p> <p>San Diego            Type 2 Star Low-Rise Apartments            GBA 7,944 SF            Land Acres 0.15 AC            Land SF 6,582 SF            Units 8            Zoning R-4</p> 		

# SALES COMPARABLES

## 6 | 4575 Kensington Dr - Villa Loraine Apartments SOLD

San Diego, CA 92116	San Diego
Sale Date Jan 5, 2024	Type 2 Star Apartments
Sale Price \$3,075,000	Year Built 1970
Price/SF \$476.74	GBA 6,450 SF
Price/Unit \$341,667	Land Acres 0.14 AC
Actual Cap Rate 3.00%	Land SF 6,098 SF
GRM 17.00	Units 9
Parcels 454-713-01	Zoning RS 1-7
Comp ID 6614502	
Comp Status Research Complete	



## 7 | 4475 49th St - Talmadge Apartments SOLD

San Diego, CA 92115	San Diego
Sale Date Sep 28, 2023	Type 2 Star Low-Rise Apartments
Sale Price \$6,300,000	Year Built 1965
Price/SF \$525.00	GBA 12,000 SF
Price/Unit \$525,000	Land Acres 0.29 AC
Pro Forma Cap 5.27%	Land SF 12,632 SF
GRM 14.66	Units 12
Parcels 471-142-09	Zoning RM-1-2
Comp ID 6524399	Sale Condition High Vacancy Property
Comp Status Research Complete	



## 8 | 3874-3880 41st St SOLD

San Diego, CA 92105	San Diego
Sale Date Aug 30, 2023	Type 2 Star Low-Rise Apartments
Sale Price \$1,800,000	Year Built 1947
Price/SF \$530.04	GBA 3,396 SF
Price/Unit \$360,000	Land Acres 0.16 AC
Pro Forma Cap 6.69%	Land SF 6,970 SF
Actual Cap Rate 5.21%	Units 5
Parcels 454-772-25	Zoning C
Comp ID 6499152	
Comp Status Research Complete	



## 9 | 4346 Texas St SOLD

San Diego, CA 92104	San Diego
Sale Date Aug 16, 2023	Type 3 Star Low-Rise Apartments
Sale Price \$3,850,000	Year Built 1987; Renov 2023
Price/SF \$708.63	GBA 5,433 SF
Price/Unit \$481,250	Land Acres 0.16 AC
Actual Cap Rate 4.70%	Land SF 6,970 SF
GRM 15.12	Units 8
Parcels 445-341-39	Zoning R-3A, San Diego
Comp ID 6483537	
Comp Status Research Complete	



# 3

## RENT COMPARABLES



# RENT COMPARABLES

1 BEDROOM

Address, neighborhood, city, ZIP         11 Saved Homes

**\$2,200/mo**

1 bd | 1 ba | 492 sqft - Apartment for rent  
4540 Wilson Ave UNIT 206, San Diego, CA 92116

**\$2,000/mo**

1 bd | 1 ba | -- sqft - Apartment for rent  
4352 Marlborough Ave, 4352 Marlborough Ave A...

**3 available units**

**\$1,980+ 1 bd**

52nd St - 2 | 4514 52nd St, San Diego, CA

**\$1,980+**

1 bd

**10 days ago**

**\$1,995/mo**

1 bd | 1 ba | 450 sqft - Apartment for rent  
4174 Monroe Ave, San Diego, CA 92116

**11 days ago**

**\$2,195/mo**

1 bd | 1 ba | 500 sqft - Apartment for rent  
3701 Adams Ave APT 14, San Diego, CA 92116

**12 days ago**

**\$1,995/mo**

1 bd | 1 ba | 600 sqft - Apartment for rent  
39th Apartments, 4476 39th St UNIT 6, San Diego,...







# 4

## FINANCIAL ANALYSIS

### PROFORMA INCOME & EXPENSE

Income		Pro Forma Assumption	Actual In-Place		
<b>Scheduled Market Rent</b>		\$237,960	\$211,104		
Plus: Parking Income		\$1,200	\$1,200		
Plus: Pet Income		\$1,440	\$1,440		
Plus: Laundry Income		\$2,161	\$2,161		
Plus: Water/Trash Rebill		\$7,255	\$7,255	90% RUBS	
<b>Gross Scheduled Income</b>		<b>\$250,016</b>	<b>\$223,160</b>		
Less: Vacancy	3.00%	(\$7,500)	(\$6,695)		
<b>Total Operating Income (EGI)</b>		<b>\$242,516</b>	<b>\$216,465</b>		
<b>Expenses</b>		<b>Per Unit</b>			
Administrative & Legal		\$207	\$1,863	\$1,863	
Repairs, Maintenance, & Turnover		\$950	\$8,550	\$8,550	
Management Fee	4.50%	\$1,213	\$10,913	\$9,741	
Utilities Inc. Trash		\$896	\$8,061	\$8,061	
Contracted Services		\$180	\$1,620	\$1,620	
Real Estate Taxes	1.2230%	\$4,504	\$40,535	\$40,535	
Insurance		\$478	\$4,305	\$4,305	
<b>Total Expenses</b>		<b>\$75,847</b>	<b>\$74,675</b>		
		Per Unit:	\$8,427	\$8,297	
		% of Income	30.3%	33.5%	
<b>Net Operating Income</b>		<b>\$166,668</b>	<b>\$141,790</b>		
Less: Debt Service		(\$45,618)	(\$45,618)		
Projected Net Cash Flow		\$121,050	\$96,172		
Cash-on-Cash Return (Based on List Price)		5.70%	4.53%		
Debt Service Coverage		3.65	3.11		
Principal Reduction		\$0	\$0		
Return after Principal Reduction		5.70%	4.53%		
		<b>GRM</b>	<b>13.18</b>	<b>14.77</b>	
<b>Pricing Analysis</b>	<b>Price</b>	<b>\$/Unit</b>	<b>\$/Foot</b>	<b>Cap Rate</b>	<b>Cap Rate</b>
<b>Listing Price</b>	<b>\$3,295,000</b>	<b>\$366,111</b>	<b>\$563.25</b>	<b>5.06%</b>	<b>4.30%</b>

All Financing	Total Loan Amount	Down Payment	LTV	Monthly Payment	Debt Constant
	\$1,169,700	\$2,125,300	36%	(\$3,802)	3.9%

#### New Financing

LTV for this loan	Amount	Interest Rate	Amortization	Payment I/O	Term (yrs)
36%	\$1,169,700	3.90%	Interest Only	(\$3,802)	1

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## UNIT MIX

Units	Type	Unit SF	Total SF	Market Rent	In-Place Avg Rent	Monthly Mkt. Rent	Market Rent/SF
2	Studio w In-unit Laundry	250	500	\$1,550	\$1,525	\$3,100	\$6.20
3	1 Bed / 1 Bath	600	1,800	\$1,995	\$1,808	\$5,985	\$3.33
2	2 Bed / 1 Bath	850	1,700	\$2,600	\$2,229	\$5,200	\$3.06
1	2 Bed / 2 Bath	900	900	\$2,750	\$2,338	\$2,750	\$3.06
1	2 Bed / 2 Bath w Balcony	950	950	\$2,795	\$2,322	\$2,795	\$2.94
<b>9</b>		<b>650</b>	<b>5,850</b>	<b>\$2,203</b>	<b>\$1,955</b>	<b>\$19,830</b>	<b>\$3.39</b>

# 5

## LOCATION OVERVIEW



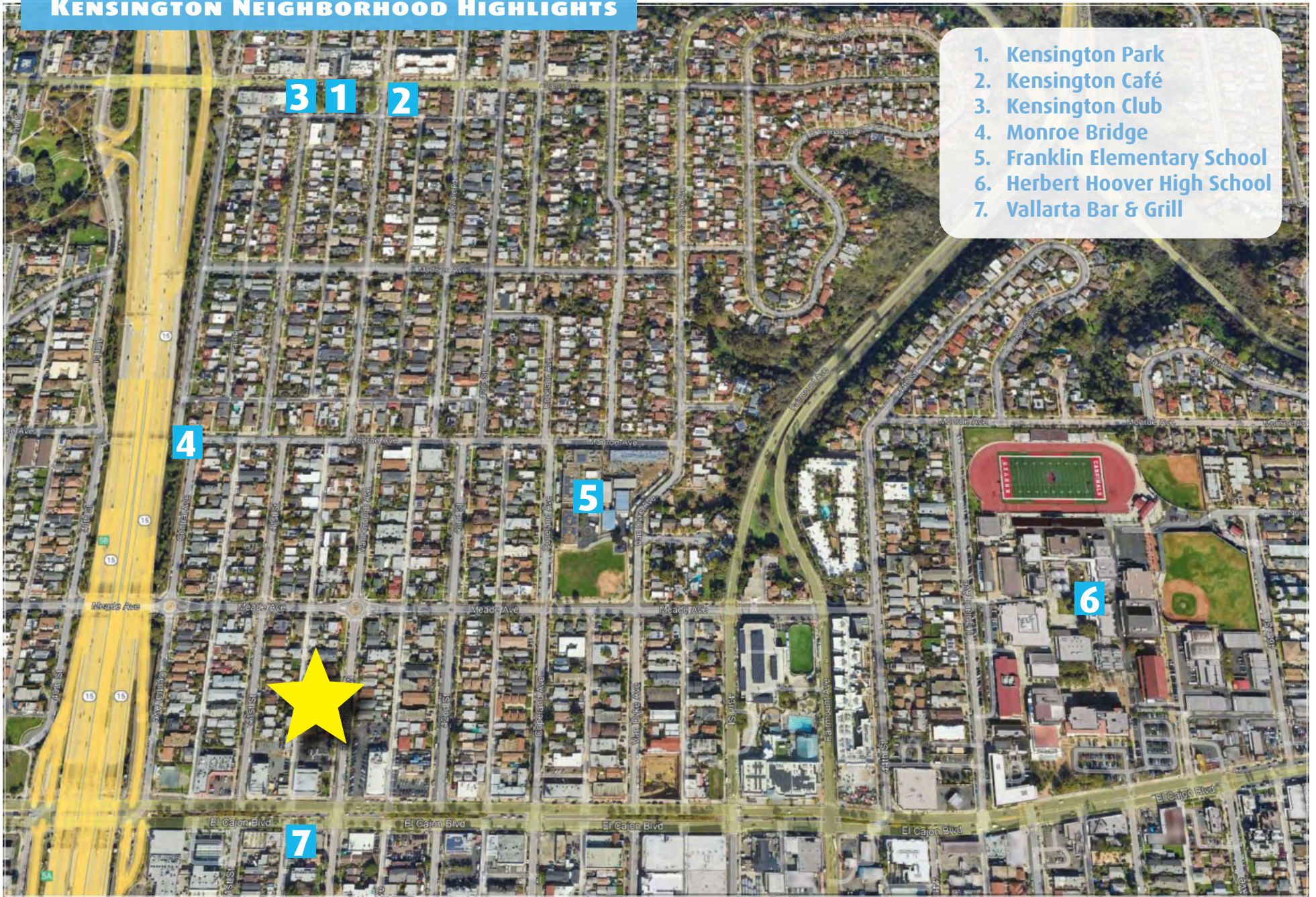
Nestled between the San Diego Hotspots of North Park, Normal Heights, and SDSU; Kensington is a charming, tree-lined neighborhood known for its strong sense of community and vibrant atmosphere. With its mix of historic homes, boutique shops, and an array of dining options, Kensington has become one of San Diego's most desirable residential areas.

**CULINARY DELIGHTS AND ENTERTAINMENT:** Kensington boasts an impressive selection of highly-rated restaurants and entertainment venues. **Kensington Cafe** is a local favorite for brunch, known for its cozy ambiance and delicious breakfast offerings. For those craving Italian, **Kensington Pizza** serves up some of the best pies in town, earning rave reviews for both its flavor and friendly service. **The Haven Pizzeria**, another beloved spot, features gourmet pizzas and a warm atmosphere perfect for families and friends alike.

When it comes to nightlife, **The Kensington** is a charming neighborhood pub that offers craft beers and live music, making it a great spot to unwind after a long day. For a taste of the arts, the **Kensington Library** frequently hosts community events and activities, contributing to the neighborhood's vibrant cultural scene.

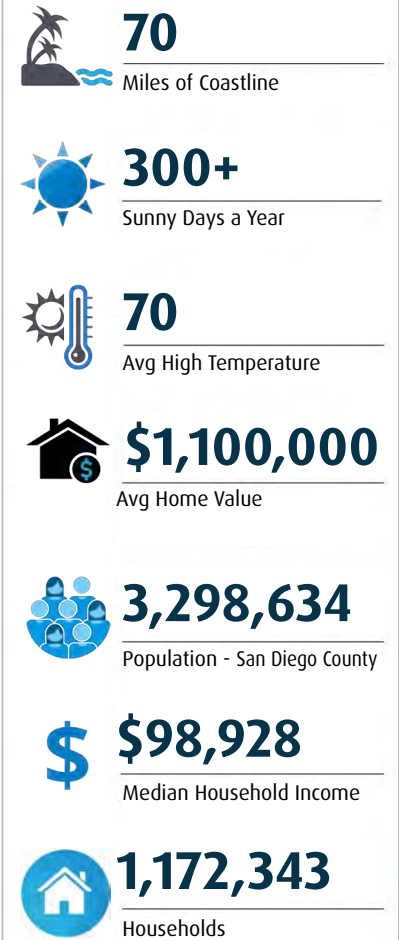
**COMMUNITY AND ACCESSIBILITY:** Kensington is not just about great food and entertainment; it also offers a close-knit community vibe. Residents enjoy easy access to local parks and outdoor spaces, such as **Kensington Park**, which is perfect for weekend picnics and family gatherings. With its convenient location, Kensington is just a short drive from downtown San Diego, Balboa Park, and the beautiful beaches of the Pacific coast.

# KENSINGTON NEIGHBORHOOD HIGHLIGHTS



1. Kensington Park
2. Kensington Café
3. Kensington Club
4. Monroe Bridge
5. Franklin Elementary School
6. Herbert Hoover High School
7. Vallarta Bar & Grill

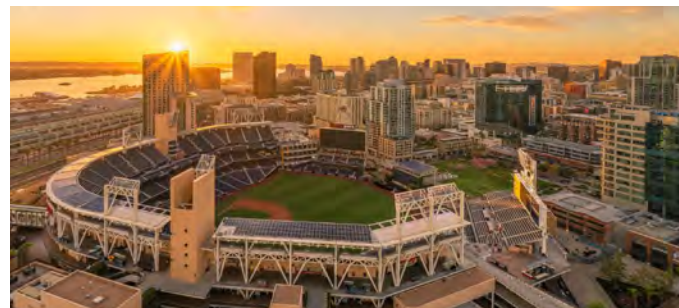
# SAN DIEGO COUNTY MARKET OVERVIEW

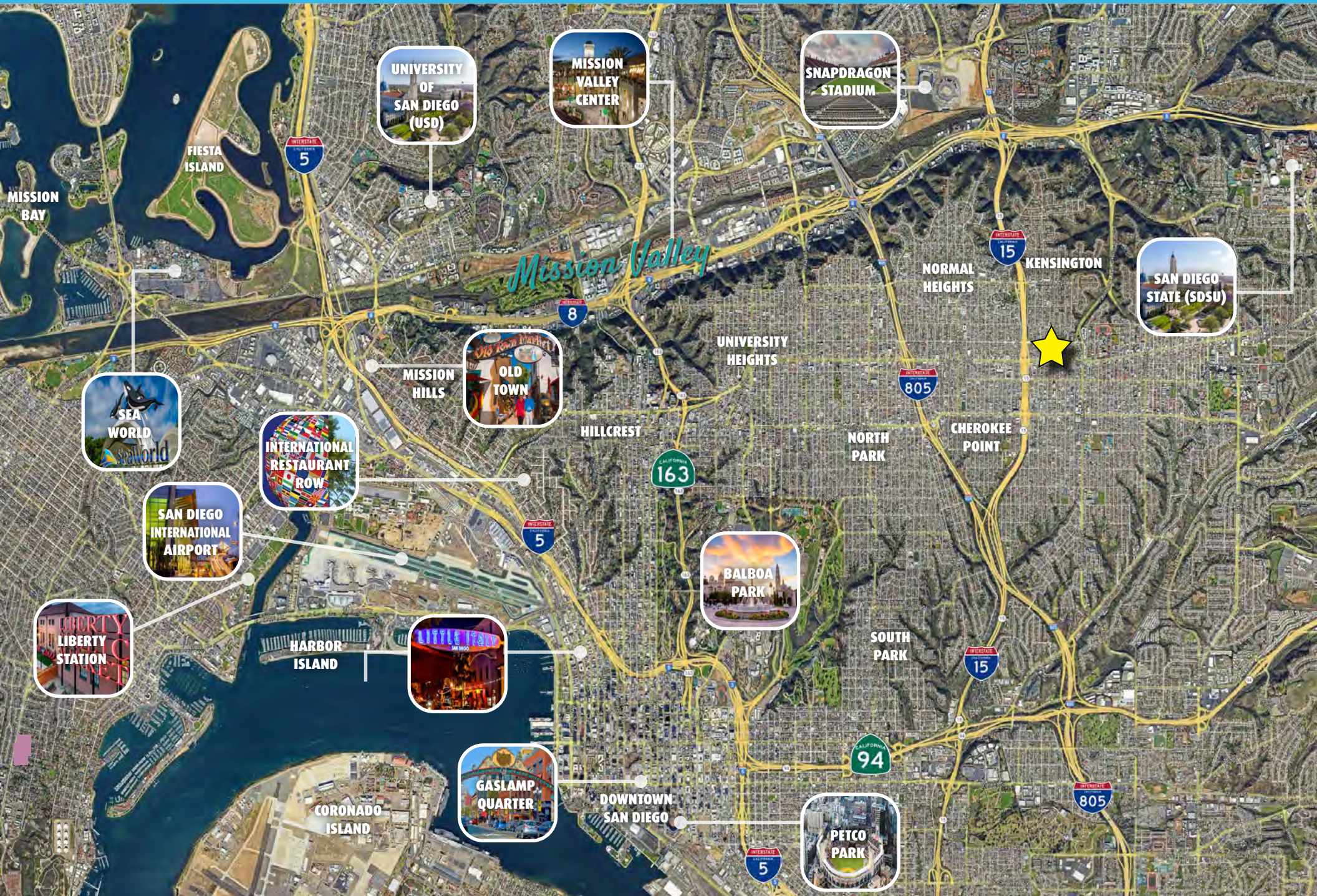


Source: US Census.gov

## VIBRANT COASTAL PARADISE

San Diego County is a vibrant coastal paradise with a diverse economy and endless opportunities for residents and visitors alike to enjoy 300+ days a year of sunshine and 70 miles of pristine Southern California coastline. From its stunning beaches and famous theme parks to its rich cultural scene and thriving entertainment sector. Whether you're looking to soak up the sun on one of San Diego's many beautiful beaches, explore its world-class museums and cultural attractions, or enjoy its lively nightlife and dining scene, San Diego has it all.





UNIVERSITY OF SAN DIEGO (USD)

MISSION VALLEY CENTER

SNAPDRAGON STADIUM

SAN DIEGO STATE (SDSU)

OLD TOWN

SEA WORLD

INTERNATIONAL RESTAURANT ROW

SAN DIEGO INTERNATIONAL AIRPORT

LIBERTY STATION

LITTLE ITALY

BALBOA PARK

GASLAMP QUARTER

PETCO PARK

# SAN DIEGO COUNTY MARKET OVERVIEW

## PRIMARY EMPLOYERS



**Tourism:** The tourism industry is the largest employer in San Diego County, supporting over 300K jobs. Visitors to San Diego spend billions of dollars (\$17B) each year on hotels, restaurants, attractions, and shopping.



**Military & Defense:** The military is the second-largest employer in San Diego County employing over 100K active duty, with spending over \$26B, providing over 337K jobs. San Diego is home to a number of major military bases, including Naval Base San Diego, Marine Corps Air Station Miramar, and Camp Pendleton.



**Technology:** The technology sector is a growing economic driver in San Diego County, with over 150K jobs. Companies such as Qualcomm, Intuit, and Sony have offices in the county.



**Education:** The education sector is another major employer in San Diego County, with over 50K jobs. San Diego is home to several universities and colleges, including, but not limited to the University of San Diego, San Diego State University, San Marcos City College, and the University of California, San Diego



**Healthcare:** The healthcare sector is a growing employer in San Diego County, with over 100K jobs. San Diego is home to a number of major hospitals and healthcare providers, including Sharp Healthcare, Scripps Health, and Kaiser Permanente.



**Manufacturing:** Companies such as Northrop Grumman, General Dynamics NASSCO, and Sony have manufacturing facilities in San Diego County supporting over 110K jobs..

## SAN DIEGO COUNTY INVESTMENT FUNDAMENTALS

San Diego County offers some of the strongest real estate market fundamentals in the world. California, the world's 5th largest economy, provides one of the most enviable lifestyles and strongest employment opportunities for its population. San Diego, California's most southern county, produces the state's most temperate climate and beautiful coastlines. Combined with limited real estate supply, strong employment, and a high barrier to entry for home ownership, San Diego possesses an ever-lasting pool of renter demand for Multifamily Real Estate.

### Strong Economic Fundamentals:

San Diego boasts a diverse and thriving economy, anchored by technology, biotech, healthcare, tourism, military, universities and research institutions.

### High Demand for Rental Properties:

The demand for rental properties in San Diego County remains consistently high. The region's desirability, coupled with a growing population, ensures a continuous need for affordable housing options.

### Limited Supply and High Barrier to Entry

San Diego is a city with a limited supply and high barrier to entry for multi-family real estate. The city has a low vacancy rate of 3.5% and high demand for housing. The median home price in San Diego is \$1.1 million.

### Proposition 13

Under Prop 13 all real property has established base year values, a restricted rate of increase on assessments of no greater than 2% each year, and a limit on property taxes to 1% of the assessed value (plus additional voter-approved taxes) [\[Learn More...\]](#)

### Quality of Life:

San Diego is renowned for its high quality of life, with beautiful beaches, outdoor recreational opportunities, excellent schools, and a thriving cultural scene.

### Some of the Nation's Strongest Appreciation:

The real estate market in San Diego has historically shown steady appreciation over the long term. While short-term fluctuations may occur, investing in multi-family properties in this area offers the potential for capital appreciation over time.

### Potential for Short-Term Rentals:

With the growing popularity of vacation rentals through platforms like Airbnb, investors can consider the potential for short-term rental income.

### Potential Tax Benefits:

Real estate investments often come with various tax benefits, including deductions for mortgage interest, property depreciation, and more.





Cell: 925.872.6746 ■ [caacre.com](http://caacre.com)  
Direct: 858.836.6988