

# OFFERING MEMORANDUM



## 20 22<sup>ND</sup> STREET HERMOSA BEACH

### SAND SECTION APARTMENT BUILDING

5 UNITS ONE LOT FROM THE STRAND  
TWO 2-BED UNITS (OCEAN VIEW)  
THREE 1-BED UNITS

|                     |           |
|---------------------|-----------|
| PRO FORMA GSI:      | \$357,348 |
| PRO FORMA NOI:      | \$248,498 |
| PRO FORMA CAP RATE: | 3.56%     |

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## 20 22<sup>ND</sup> STREET HERMOSA BEACH

### SAND SECTION APARTMENT BUILDING

20 22<sup>ND</sup> STREET  
**PROPERTY**  
**DISCLAIMER**

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The information contained in this Offering Memorandum (“Memorandum”) is proprietary and strictly confidential; it intended to be reviewed only by the party receiving it from Broker and should not be made available to anyone else without the written consent of Broker. By retention or use of this Memorandum, you agree that its contents are confidential, that you will hold it in the strictest confidence, and that you will not disclose any of its contents contrary to these terms.

This Memorandum has been prepared to provide summary, unverified information to establish a preliminary level of interest in the subject property (“Property”). The information in this Memorandum has been obtained from sources Broker believes to be reliable; however, Broker has not conducted sufficient investigation to make any warranty or representation whatsoever including but not limited to the accuracy or completeness of the information, veracity or accuracy of the information, condition of the Property or its compliance or lack of compliance with applicable governmental requirements, developability, suitability or financial performance of the Property, income or expenses for the Property, the size and square footage of the Property and improvements, the presence or absence of contaminating substances, PCB’s or asbestos, the compliance with State or Federal regulations, the physical condition of the improvements thereon, or the financial condition or business Property and does not purport to be an all inclusive representation regarding the Property or to contain all or parts of the information which prospective investors may require to evaluate the purchase of the Property. Additional information and an opportunity to investigate the Property will be made available to interested and qualified prospective purchasers. All information is based on assumptions relating to the general economy, market conditions, competition and other factors beyond the control of Broker, therefore, all information is subject to material variation. The information contained herein is not a substitute for a thorough due diligence investigation. Interested parties are expected to review all information of whatever nature independently and not rely on the contents of this Memorandum in any manner.

The Property owner (“Owner”) expressly reserves the right, at its sole discretion, to reject any or all offers to purchase the Property, and/or to terminate discussions at any time with or without notice. The Owner shall have no legal commitment or obligation unless and until written agreement(s) have been fully executed, delivered and approved by the Owner and any conditions to the Owner’s obligations therein have been satisfied or waived.

20 22<sup>ND</sup> STREET  
**SUBJECT**  
**PROPERTY OVERVIEW**

**ASKING PRICE:**

**\$6,975,0000**

|                           |   |
|---------------------------|---|
| ADDRESS                   | 20 22 <sup>ND</sup> STREET, HERMOSA BEACH |
| AREA:                     | HERMOSA BEACH SAND SECTION                |
| UNITS:                    | 5   |
| PRO FORMA GSI:            | \$357,348                                 |
| PRO FORMA NOI:            | \$248,498                                 |
| PRO FORMA MONTHLY RENT/SF | \$8.17                                    |
| PRO FORMA CAP:            | 3.56%                                     |
| ZONING:                   | C1  |
| SQUARE FOOTAGE:           | 3,646                                     |
| LOT:                      | 3,296                                     |
| GARAGE/PARKING:           | 7 Parking Spots (4 Garage Spots)          |
| LAUNDRY:                  | In-Unit and Building                      |
| YEAR BUILT:               | 1959                                      |
| APN:                      | 4182-004-008                              |

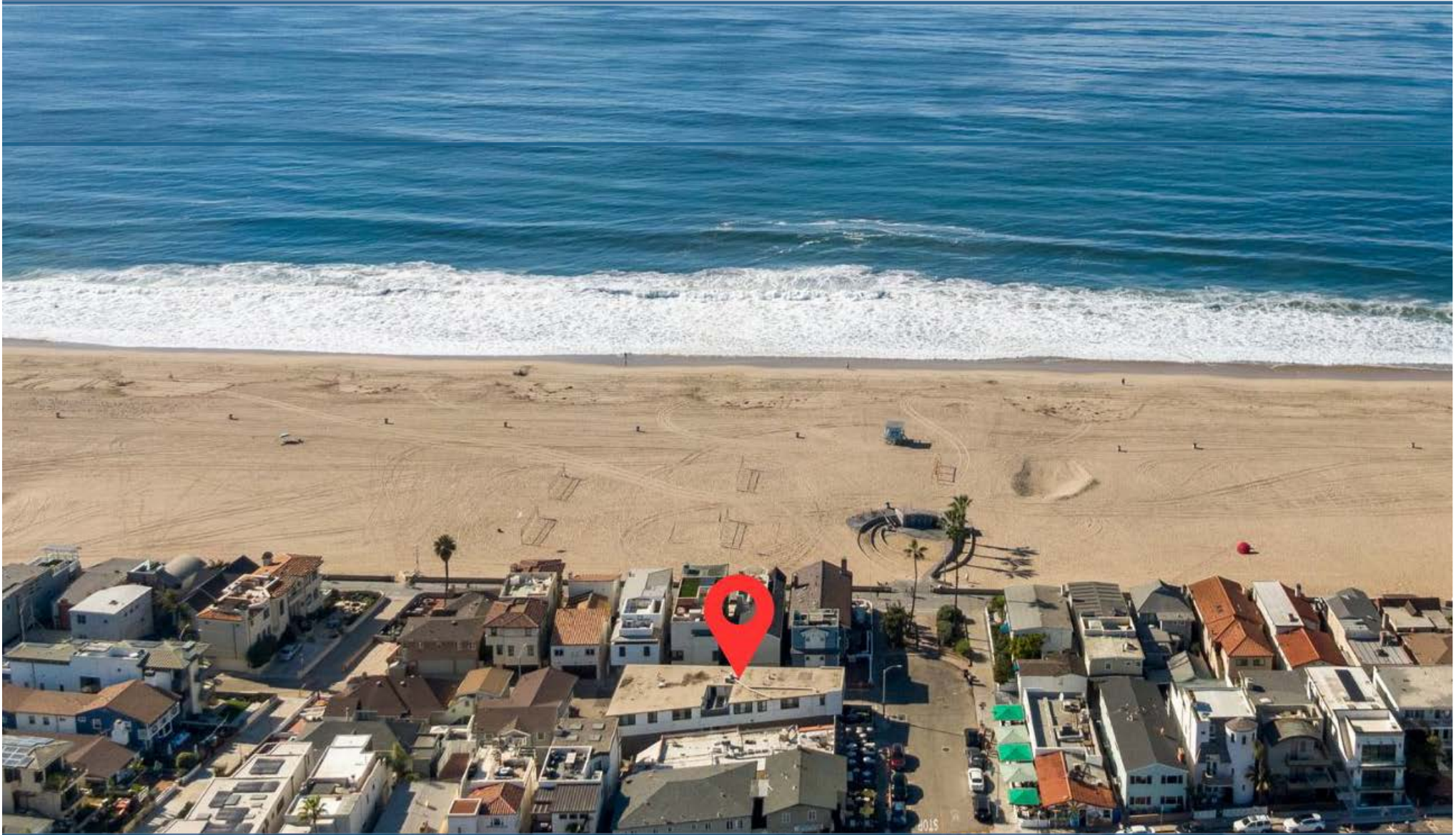




20 22<sup>ND</sup> STREET

PROPERTY

HIGHLIGHTS & PHOTOS



20 22<sup>ND</sup> STREET  
**PROPERTY**  
**HIGHLIGHTS & PHOTOS**





20 22<sup>ND</sup> STREET  
**PROPERTY**  
HIGHLIGHTS & PHOTOS



20 22<sup>ND</sup> STREET

# PROPERTY

# LOCATION HIGHLIGHTS



**1) THE GREEN STORE:** Since 1914, The Green Store has been a Hermosa Beach Icon. Located in the heart of Hermosa Beach on 22nd Street & Hermosa Avenue. Our deli is a great place to stop by right before a picnic and eventful day at the beach, with hundreds of items to choose from.

[greenstorehb.com](http://greenstorehb.com)



**2) THE BOTTLE INN:** A neighborhood gem nestled in the residential seaside community of Hermosa Beach, just south of LAX. We have been catering to our regular patrons, friends, neighbors, tourists & celebrities for over 45 years. Our intimate restaurant is a South Bay landmark known for its romantic, cozy ambiance, sunset views, consistently outstanding classical Italian cuisine.

[thebottleinnhermosa.com](http://thebottleinnhermosa.com)



**3) MARTHA'S:** Martha's has been part of the Hermosa Beach community for 40 years ~ and it's where the locals go to get their weekend champagne brunch on! Come enjoy the fun & relaxing neighborhood beach atmosphere just steps from the sand!

[marthahermosabeach.com](http://marthahermosabeach.com)



**4) HERMOSA PIER:** Located west of Hermosa Avenue, at the end of Pier Avenue is the Hermosa Beach Pier Plaza. The area is pedestrian-friendly, with shops and restaurants.





20 22<sup>ND</sup> STREET

# HERMOSA BEACH OVERVIEW

## HERMOSA BEACH

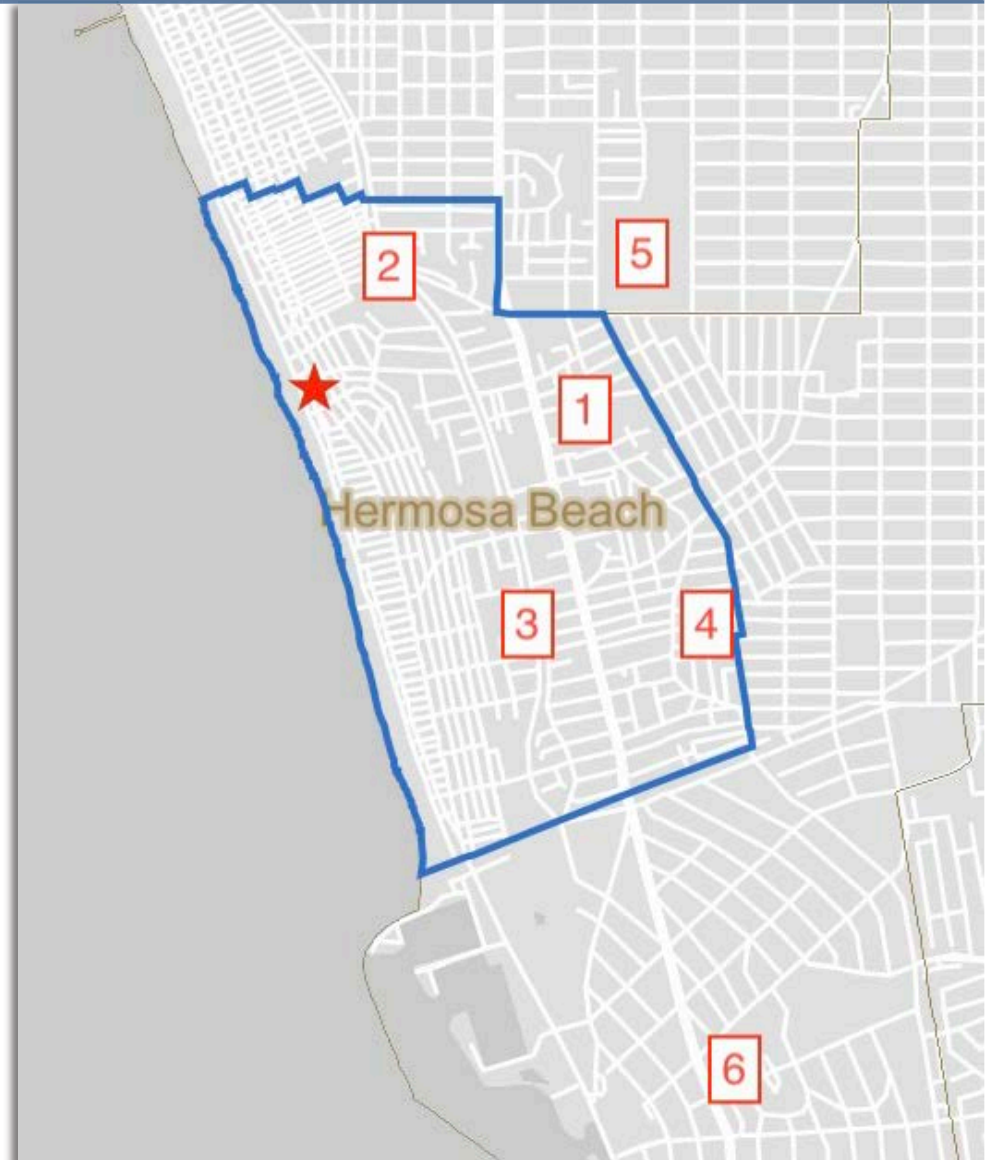
|                                      |           |
|--------------------------------------|-----------|
| TOTAL POPULATION                     | 19,728    |
| MEDIAN HOUSEHOLD INCOME              | \$152,019 |
| MEDIAN NONFAMILY INCOME              | \$108,430 |
| MEDIAN AGE                           | 42.1      |
| PERCENTAGE OF TENANTS PAY \$3000+/Mo | 43.9%     |

## HERMOSA BEACH SCHOOLS

|                                    |                                   |
|------------------------------------|-----------------------------------|
| 1) VIEW ELEMENTARY                 | TK - 1st                          |
| 2) VISTA ELEMENTARY                | 2nd - 4 <sup>th</sup>             |
| 3) VALLEY MIDDLE SCHOOL            | 5 <sup>th</sup> - 8 <sup>th</sup> |
| 4) OUR LADY OF GUADALUPE (PRIVATE) | K - 8 <sup>th</sup>               |

## HIGH SCHOOL OPTIONS

|                           |            |
|---------------------------|------------|
| 5) MIRA COSTA HIGH SCHOOL | 9th - 12th |
| 6) REDONDO UNION          | 9th - 12th |



20 22<sup>ND</sup> STREET  
**FINANCIAL**  
**SUMMARY & METRICS**

| <b>OPERATING EXPENSES</b>      | <b>Actual</b>    | <b>Pro Forma</b> |
|--------------------------------|------------------|------------------|
| ANNUAL GROSS SCHEDULED INCOME* | \$314,700        | \$368,400        |
| ANNUAL VACANCY RESERVE (3%)    |                  | \$11,052         |
| <u>TOTAL ADJUSTED GSI</u>      | <u>\$314,700</u> | <u>\$357,348</u> |

\* CURRENT ANNUAL GROSS INCOME INCLUDES PRO FORMA INCOME FOR UNIT E

| <b>OPERATING EXPENSES</b>             | <b>Actual</b>    | <b>Pro Forma</b> |
|---------------------------------------|------------------|------------------|
| LICENSE                               | \$500            | \$500            |
| WATER/SEWER                           | \$2,500          | \$2,500          |
| TRASH                                 | \$2,317          | \$2,317          |
| CLEANING                              | \$1,291          | \$1,291          |
| MAINTENANCE/REPAIR                    | \$8,086          | \$8,086          |
| GARDENING                             | \$840            | \$840            |
| MANAGEMENT (4%)                       | \$12,210         | \$14,294         |
| OPERATING EXPENSES BEFORE NEW TAXES   | \$27,744         | \$29,828         |
| ANNUAL NEW TAXES (1.06%)              | \$74,022         | \$74,022         |
| INSURANCE (Estimated)                 | \$5,000          | \$5,000          |
| <u>TOTAL ANNUAL OPERATING EXPENSE</u> | <u>\$107,144</u> | <u>\$108,850</u> |

| <b>METRICS</b>                       | <b>Actual</b> | <b>Pro Forma</b> |
|--------------------------------------|---------------|------------------|
| NET INCOME                           | \$207,556     | \$248,498        |
| CAP RATE                             | 2.98%         | 3.56%            |
| GRM                                  | 22.85         | 19.5             |
| PRICE PER UNIT                       | \$1,395,000   | \$1,395,000      |
| PRICE PER SQUARE FOOT                | \$1,913       | \$1,913          |
| GROSS RENT PER SQUARE FOOT PER MONTH | \$7.19        | \$8.17           |

20 22<sup>ND</sup> STREET

# RENT ROLL

| UNIT                 | BEDS | BATHS | PARKING     | MONTHLY  | MARKET   | LEASE START | LEASE END | FURNISHED |
|----------------------|------|-------|-------------|----------|----------|-------------|-----------|-----------|
| A                    | 2    | 2     | 2 (Garage)  | \$6,000  | \$8,000  | 7/1/24      | 6/30/25   | Yes       |
| B                    | 1    | 1     | 1 (Carport) | \$3,775  | \$4,700  | 10/12/24    | 10/31/25  |           |
| C                    | 1    | 1     | 1 (Carport) | \$3,450  | \$4,500  | 7/1/24      | 6/30/25   | Yes       |
| D                    | 1    | 1     | 1 (Carport) | \$4,500  | \$4,500  | 2/1/25      | 8/31/25   | Yes       |
| E                    | 2    | 1     | 2 (Garage)  | \$7,000  | \$8,500  | 2/1/25      | 3/31/25   | Yes       |
| Total Rental Monthly |      |       |             | \$26,225 | \$30,200 |             |           |           |
| Storage Unit         |      |       |             |          | \$500    |             |           |           |
| Total Monthly Income |      |       |             | \$26,225 | \$30,700 |             |           |           |

**UNDER MARKET RENTS**



20 22<sup>ND</sup> STREET

# COMPARABLE

## 1-BED LEASES HERMOSA SAND SECTION

| PROPERTY           | MIX            | RENT/MO    | \$/SF   | SF  | YEAR | PARKING | DATE     |
|--------------------|----------------|------------|---------|-----|------|---------|----------|
| 1738 The Strand #2 | 1/1            | \$7,500    | \$10.00 | 750 | 1993 | 1       | 11/28/22 |
| 1738 The Strand #2 | 1/1            | \$6,500    | \$8.67  | 750 | 1993 | 1       | 3/8/24   |
| 1728 The Strand #3 | 1/1            | \$6,000    | \$8.57  | 700 | 1953 | 1       | 2/23/24  |
| 1728 The Strand #3 | 1/1            | \$6,000    | \$7.50  | 800 | 1953 | 1       | 11/28/22 |
| 1838 Palm Drive    | 1/1            | \$6,000    | \$7.50  | 800 | 1958 | 1       | 11/25/22 |
| 1728 The Strand #4 | 1/1            | \$5,500    | \$7.86  | 700 | 1953 | 1       | 11/27/22 |
| 3007 The Strand    | 1/1            | \$5,250    | \$6.18  | 850 | 1910 | 0       | 6/5/24   |
| 58 10th CT #A      | 1/1            | \$4,500    | \$6.92  | 650 | 1953 | 0       | 8/21/24  |
|                    | <i>Average</i> | \$5,906.25 | \$7.90  |     |      |         |          |

*Note: Subject property pro forma is \$8.17/SF*

20 22<sup>ND</sup> STREET

# COMPARBALE LEASES

## 2-BED LEASES HERMOSA SAND







| PROPERTY                 | MIX            | RENT/MO        | GR/SF         | SF    | YEAR | PARKING | DATE     |
|--------------------------|----------------|----------------|---------------|-------|------|---------|----------|
| 21 4th Street, Hermosa   | 2/2            | \$10,000       | \$8.33        | 1,200 | 195  | 2       | 1/19/24  |
| 1514 The Strand, Hermosa | 2/2            | \$8,150        | \$7.40        | 1,102 | 1977 | 1       | 7/8/24   |
| 427 Man Ave, Hermosa     | 2/2            | \$7,900        | \$6.95        | 1,137 | 1986 | 2       | 11/29/24 |
| 63 9th Street, Hermosa   | 2/1            | \$7,340        | \$7.34        | 1,000 | 1953 | 1       | 7/10/24  |
| 532 The Strand , Hermosa | 2/2            | \$7,200        | \$6.26        | 1,150 | 1953 | 0       | 1/10/24  |
|                          | <i>Average</i> | <i>\$8,118</i> | <i>\$7.26</i> |       |      |         |          |

*Note: Subject property pro forma is \$8.17/SF*

20 22<sup>ND</sup> STREET

# COMPARBALE SALES

## 5+ UNIT BUILDING SALES






|  | PROPERTY                  | PRICE        | UNITS | GSI            | NOI       | \$/UNIT   | CAP  | GRM   | GR/SF/YR | SF     | YR   | SALE DATE |
|--|---------------------------|--------------|-------|----------------|-----------|-----------|------|-------|----------|--------|------|-----------|
|    | 348 Paseo De La Playa, RB | \$7,750,000  | 8     | \$301,800      | \$164,186 | \$968,750 | 2.1% | 25.68 | \$38.00  | 7,943  | 1960 | 6/1/23    |
|    | 148 Monterey, HB          | \$4,000,000  | 5     | \$177,000      | \$137,254 | \$800,000 | 3.4% | 22.60 | \$33.82  | 5,234  | 1985 | 6/30/23   |
|    | 1536 Monterey, HB         | \$4,500,000  | 6     | \$143,180      | \$70,920  | \$750,000 | 1.6% | 31.43 | \$26.36  | 5,432  | 1952 | 5/31/23   |
|    | 60 15th Street, HB        | \$13,887,500 | 16    | \$763,002      | \$547,302 | \$867,969 | 3.9% | 18.20 | \$96.55  | 7,903  | 1959 | 4/30/24   |
|   | 1402.Esplanade , RB       | \$10,250,000 | 12    | \$271,680      | \$854,167 |           | 0.0% | 37.73 | \$20.91  | 12,993 | 1963 | 9/6/24    |
|  | 1100 Esplanade, RB        | \$13,317,750 | 16    | \$467,400      | \$175,474 | \$832,359 | 1.3% | 28.49 | \$30.08  | 15,541 | 1958 | 9/26/24   |
|  |                           |              |       | <i>AVERAGE</i> |           | \$845,541 | 2.5% | 27.35 | \$40.95  |        |      |           |



20 22<sup>ND</sup> STREET

# COMPARBALE SALES

## 2-4 UNIT BUILDING SALES

|  | PROPERTY                         | PRICE       | UNITS | GSI       | \$/UNIT     | CAP   | GRM            | GR/SF/YR | SF    | YEAR | SALE DATE |
|--|----------------------------------|-------------|-------|-----------|-------------|-------|----------------|----------|-------|------|-----------|
|    | 217 2 <sup>nd</sup> , Street, MB | \$4,500,000 | 2     | \$113,940 | \$2,250,000 | NA    | 39.49          | \$47.61  | 2,393 | 1974 | 5/12/23   |
|    | 404 19th Street, MB              | \$5,100,000 | 2     | \$276,000 | \$2,550,000 | NA    | 18.48          |          | 4,427 | 1998 | 5/17/23   |
|    | 128 8th Street, MB               | \$5,950,000 | 2     | \$204,000 | \$2,975,000 | NA    | 29.17          | \$76.98  | 2,650 | 1938 | 4/10/24   |
|   | 52 18th Street, HB               | \$4,150,000 | 2     | \$144,000 | \$2,075,000 | NA    | 28.82          | \$65.69  | 2,192 | 1936 | 10/4/23   |
|  | 830 The Strand, HB               | \$4,600,000 | 4     | \$141,600 | \$1,150,000 | 1.38% | 32.49          | \$48.93  | 2,894 | 1913 | 6/9/23    |
|  |                                  |             |       |           |             |       | <i>AVERAGE</i> |          |       |      |           |
|  |                                  |             |       |           |             |       | 29.69          | \$60.31  |       |      |           |

# 20 22<sup>ND</sup> STREET FLOOR PLAN UNIT A

## UNIT OVERVIEW

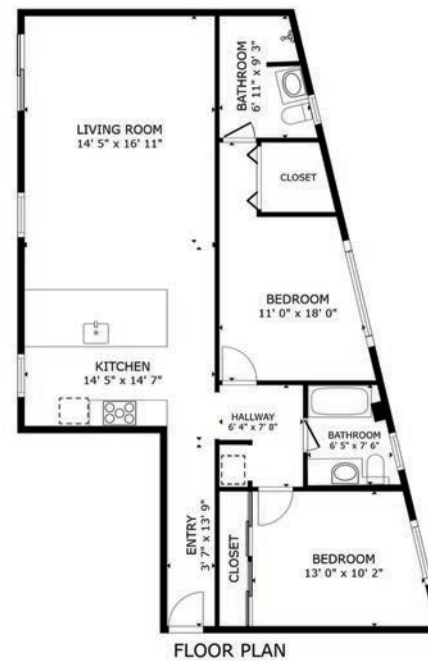
|            |  |
|------------|--|
| Occupancy: | Occupied                                 |
| Beds:      | 2  |
| Baths:     | 2  |
| Laundry:   | In Unit                                  |
| Features:  | Remodeled, High-End Finishes, Ocean View |

## CURRENT RENT

|               |               |
|---------------|---------------|
| Current Rent: | \$6,000       |
| Lease Start:  | July 1, 2024  |
| Lease End:    | June 30, 2025 |
| Laundry:      | In Unit       |

## PRO FORMA

|                         |
|-------------------------|
| \$8,000 (Long Term)     |
| \$9,000 (MTM Furnished) |



20 22<sup>ND</sup> STREET  
**FLOOR PLAN**  
**UNIT B**

**UNIT OVERVIEW**

Occupancy: Occupied  
Beds: 1  
Baths: 1  
Laundry: Building  
Features: Remodeled, High-End Finishes, Ocean View

**CURRENT RENT**

Current Rent: \$3,775  
Lease Start: October 12, 2024  
Lease End: October 31, 2025  
Laundry: Building Shared

**PRO FORMA**

\$4,700 (Long Term)  
\$5,500 (MTM Furnished)





20 22<sup>ND</sup> STREET  
**FLOOR PLAN**  
**UNIT C**

**UNIT OVERVIEW**

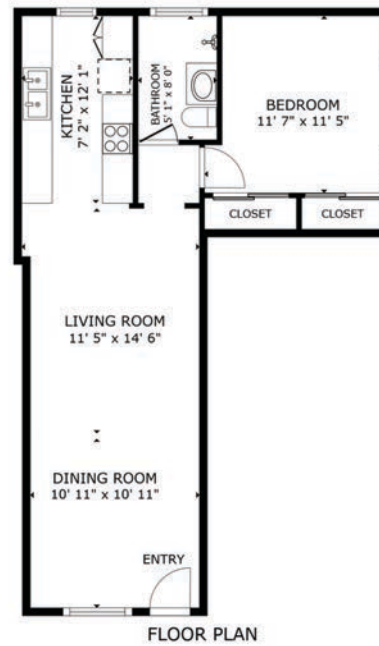
Occupancy: Occupied  
Beds: 1  
Baths: 1  
Laundry: Building  
Features: Remodeled, High-End Finishes

**CURRENT RENT**

Current Rent: \$3,450  
Lease Start: July 1, 2024  
Lease End: June 30, 2025  
Laundry: Building Shared

**PRO FORMA**

\$4,500 (Long Term)  
\$5,000 (MTM Furnished)



20 22<sup>ND</sup> STREET  
**FLOOR PLAN**  
**UNIT D**

**UNIT OVERVIEW**

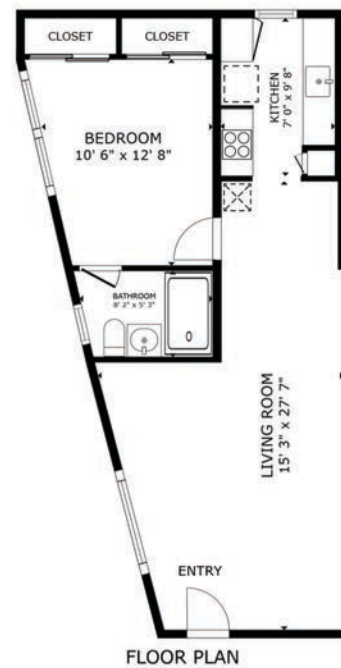
Occupancy: Occupied  
Beds: 1  
Baths: 1  
Laundry: Building  
Features: Remodeled, High-End Finishes

**CURRENT RENT**

Current Rent: \$4,500  
Lease Start: February 1, 2025  
Lease End: August 31, 2025  
Laundry: Building Shared

**PRO FORMA**

\$4,500 (Long Term)  
\$5,500 (MTM Furnished)



20 22<sup>ND</sup> STREET  
**FLOOR PLAN**  
**UNIT E**

**UNIT OVERVIEW**

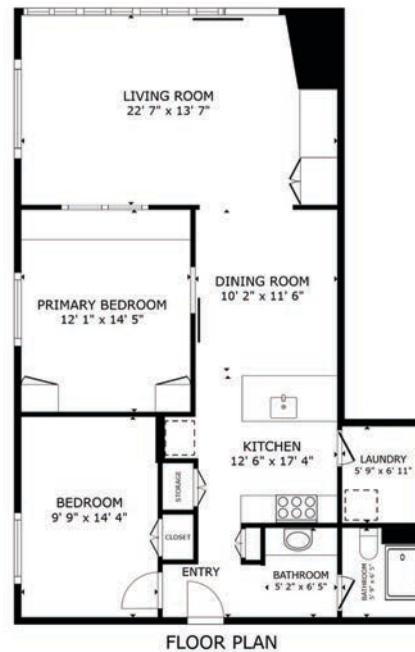
Occupancy: Occupied  
Beds: 2  
Baths: 1  
Laundry: In Unit  
Features: Remodeled, High-End Finishes

**CURRENT RENT**

Current Rent: \$7,000  
Lease Start: January 1, 2025  
Lease End: March 31, 2025  
Laundry: In Unit

**PRO FORMA**

\$8,500 (Long Term)  
\$9,500 (MTM Furnished)





20 22<sup>ND</sup> STREET

# CONTACT INFORMATION



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**PROPERTY PHOTOS,  
VIDEO TOUR, FLOORPLANS**