

Offering Memorandum
HERMOSA AVENUE APARTMENTS

542 Hermosa Ave, Hermosa Beach, CA 90254

**LEE &
ASSOCIATES**
COMMERCIAL REAL ESTATE SERVICES

TCRECORP
A REAL ESTATE COMPANY



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OFFERING MEMORANDUM DISCLAIMER

This Memorandum contains selected information pertaining to the Property and does not purport to be a representation of the state of affairs of the Property or the Owner, to be all-inclusive or to contain all or part of the information which prospective investors may require to evaluate a purchase of real property. All references to acreages, square footages, and other measurements are approximations. Additional information and an opportunity to inspect the Property will be made available to any interested persons. In this Memorandum, certain documents are described in summary form. These summaries do not purport to be complete nor necessarily accurate descriptions of the material referenced. Interested parties are expected to review all such summaries and other documents of whatever nature independently and not rely on the contents of this Memorandum in any manner.

Neither the Owner or Los Angeles - Investment Services Group nor any of their respective officers, directors, employees, affiliates or representatives make any representation or warranty, express or implied, as to the accuracy or completeness of this Memorandum or any of its contents, and no legal commitment or obligation shall arise by reason of your receipt of this Memorandum or use of its contents; and you are to rely solely on your investigations and inspections of the Property in evaluating a possible purchase of the real property. The Owner expressly reserves the right, at its sole discretion, to reject any and all expressions of interest or offers to purchase the Property, and/ or to terminate discussions with any entity at any time with our without notice which may arise as a result of review of this Memorandum.

The Owner shall have no legal commitment or obligation to any person reviewing this Memorandum or making an offer to purchase the Property unless and until written agreement(s) for the purchase of the Property have been fully executed, delivered and approved by the Owner and any conditions to the Owner's obligations therein have been satisfied or waived.

PROPERTY SUMMARY

PROPERTY DESCRIPTION

Lee & Associates Investment services Group, Inc. & Total Real Estate Company, Inc. are pleased to present for sale, The Hermosa Apartments, is situated on the NE Corner of Hermosa Avenue & 6th Street across from the 6th Street Walk Street one block from the sand. The Hermosa Apartments is an excellent Value Add Opportunity!!! The ground floor has a Two Bedroom/One Bath and a One Bedroom/One Bath, the top floor has 4 Studio Apartments (2 with Balconies), and reportedly there is a 1st floor accessed from the Subject's rear yard that has 2 two bedroom/One Bath apartments. The Hermosa Apartments was constructed in 1911. The Hermosa Apartments is an amazing "Value Add" investment opportunity in an excellent location.

IMPORTANT NOTE: PROPERTY IS BEING SOLD "AS IS, WITH ALL FAULTS". All Buyer's to investigate and confirm their satisfaction, the Subject Property's Unit Mix, Square Footage and Number of Stories (2 or 3). Listing Broker has not been able to definitively determine the Subject Property's current actual Unit Mix. The Subject Property appears to have Two units on the "Ground Floor" a Two Bedroom/One apt & a One Bedroom/One Bath apt. The 2nd Floor is configured into 4 Studio apts, two of which have balconies and peek-a-boo ocean views looking down the 6th Street Walk Street. There are two 2 Bedroom 1 Bath apts on the level below the "Ground Floor" that can be accessed from the Subject's backyard. Each of these units have two bedrooms, one bathroom, and a kitchen. Additionally, There are five electric meters that appear to have been installed sometime mid-century during the 1950-1960's. Lastly, the LA County Tax Sheet lists the Subject as 8 Units with 3 Bedrooms and 8 Bathrooms which would result in the following Unit Mix - 1 - 2 Bedroom/One Bath, 1 - 1 Bedroom/One Bath and 6 Studios with One Bath.

PROPERTY HIGHLIGHTS

- 100% vacant - ready for renovation
- Tremendous upside potential
- Landlord friendly city



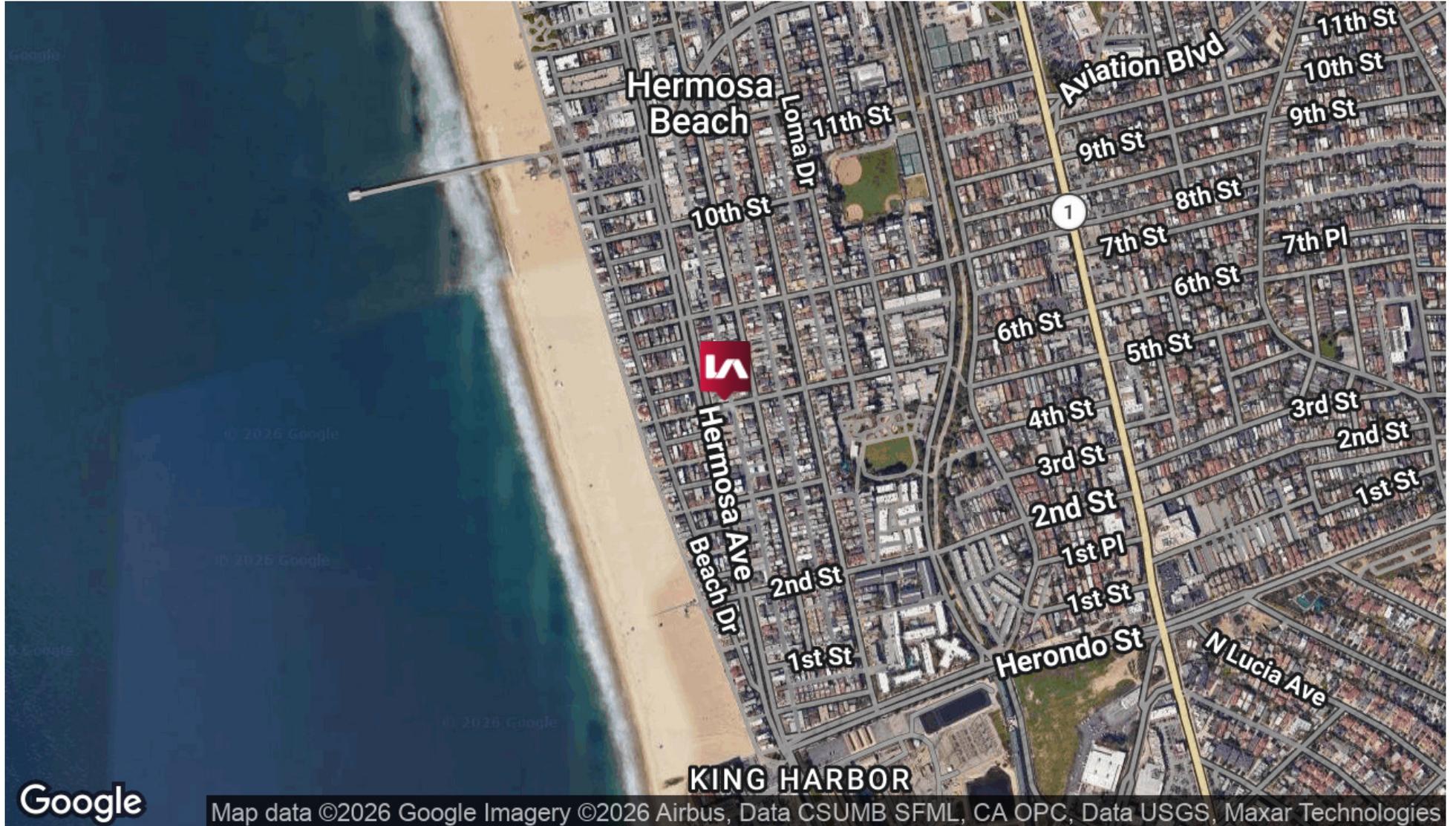
OFFERING SUMMARY

SALE PRICE:	\$3,200,000
NUMBER OF UNITS:	8
LOT SIZE:	3,996 SF
BUILDING SIZE:	3,239 SF

DEMOGRAPHICS	0.25 MILES	0.5 MILES	1 MILE
TOTAL HOUSEHOLDS	1,456	3,557	10,250
TOTAL POPULATION	3,017	7,486	23,002
AVERAGE HH INCOME	\$194,611	\$207,507	\$227,985

SITE OVERVIEW

AERIAL MAP



PHOTOS



PHOTOS



FINANCIAL OVERVIEW

OPERATING DATA

Hermosa Avenue Apartments								
Multi-Residential	542 Hermosa Avenue	SEC 6th St	Hermosa Beach	CA	90254	4188-011-012		
Type	Address	Cross Street	City	State	Zip	APN		
\$3,200,000	8	\$400,000	5.2%	5.2%	12.3	12.3	Street	1911
Price	# of Units	Price Per Unit	Current CAP	Proforma CAP	Current G.R.M.	Proforma G.R.M.	Parking Spaces	Year Built
\$3,200,000	100%	5.2%		HBR2B*	3,239	3,989	\$988	\$802
Down Payment	D/P %	Cash Return		Zoning	Gross Bldg. Sq. Ft.*	Lot Size	Price Per Bldg. Sq. Ft.	Price Per Land Sq. Ft.
Proposed Financing			Terms of Sale					
\$0	5.50%	\$0	0.00%	Buyer to obtain new	0%	LTV, 1st TD at prevailing market rates.		
New 1st TD	Interest Rate	2nd TD	Interest Rate					

	ANNUALIZED OPERATING DATA				PROFORMA			
		CURRENT			(Based on Est'd. Market Rents)			
	%	\$/Sq.Ft.	\$/Unit/Year	%	\$/Sq.Ft.	\$/Unit/Year		
Scheduled Lease Income:	100.0%	\$260,400	\$80.40	\$32,550	100.0%	\$260,400	\$80.40	\$32,550
Laundry/Misc. Income:	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$0
Total Income:	100.0%	\$260,400	\$80.40	\$32,550	100.0%	\$260,400	\$80.40	\$32,550
* Less Vacancy:	5.0%	(\$13,020)	(\$4.02)	(\$1,628)	5.0%	(\$13,020)	(\$4.02)	(\$1,628)
Gross Operating Income:	95.0%	\$247,380	\$76.38	\$30,923	95.0%	\$247,380	\$76.38	\$30,923
Less Expenses:	31.5%	(\$82,021)	(\$25.32)	(\$10,253)	31.5%	(\$82,021)	(\$25.32)	(\$10,253)
Net Operating Income:	63.5%	\$165,359	\$51.05	\$20,670	63.5%	\$165,359	\$51.05	\$20,670
Less Loan Payments:	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$0
Pre-Tax Cash Flow:	63.5%	\$165,359	\$51.05	\$20,670	63.5%	\$165,359	\$51.05	\$20,670
Cash on Cash Return:		5.2%				5.2%		
Capitalization Rate:		5.2%				5.2%		
Gross Rent Multiplier:		12.29				12.29		
Debt Coverage Ratio:		N/A				N/A		

FINANCIAL ANALYSIS

FINANCIAL ANALYSIS	INCOME & EXPENSES			
	CURRENT		PROFORMA	
	ANNUAL	PER UNIT	ANNUAL	PER UNIT
GROSS POTENTIAL INCOME	\$260,400	\$32,550	\$260,400	\$32,550
Loss to Lease	\$0	\$0	\$0	\$0
SCHEDULED GROSS INCOME	\$260,400	\$32,550	\$260,400	\$32,550
Less Vacancy 5% / 5%	(\$13,020)	(\$2,170)	(\$13,020)	\$1,628
NET RENTAL INCOME	\$247,380	\$30,923	\$247,380	\$30,923
Parking Income	\$0	\$0	\$0	\$0
Miscellaneous Income	\$0	\$0	\$0	\$0
RUBS Reimbursement Income	\$0	\$0	\$0	\$0
EFFECTIVE GROSS INCOME	\$247,380	\$30,923	\$247,380	\$30,923
OPERATING EXPENSES	28%			
Utilities	\$6,134	\$767	\$6,134	\$767
Trash Removal	\$4,090	\$511	\$4,090	\$511
Landscaping/Cleaning	\$2,400	\$300	\$2,400	\$400
Pest Control	\$1,200	\$200	\$1,200	\$200
Maintenance & Repairs	\$4,800	\$600	\$4,800	\$600
CapEx	\$2,000	\$333	\$2,000	\$333
Off-site Management 3.0%	\$7,812	\$977	\$7,421	N/A
Insurance	\$5,800	\$725	\$5,800	\$725
Miscellaneous	\$800	\$100	\$800	
Direct Assessments	\$6,985	\$873	\$6,985	\$873
Property Taxes (1.00%)	\$32,000	\$4,000	\$32,000	\$4,000
SCHEDULED OPERATING EXPENSES	(\$74,021)	(\$9,253)	(\$73,630)	(\$9,204)
NET OPERATING INCOME (N.O.I.)	\$173,359	\$21,670	\$173,750	\$21,719
DEBT SERVICE/D.C.R.	\$0		\$0	
Cash Flow/Cash on Cash Return%	\$173,359	5.42%	\$173,750	5.43%
TOTAL RETURN - CASH & EQUITY	\$173,359	5.42%	\$173,750	5.43%
Gross Rent Multiplier - Current/Market	12.29		12.29	
Capitalization Rate - Current/Market	5.2%		5.2%	
Operating Expense/Unit/Year:	\$9,253		\$9,204	
Operating Expense/Square Foot/Year:	\$22.85		\$22.73	

RENT ROLL

Unit #	Unit Type	Rent	Occ Date	Last Incr	Unit #	Unit Type	Rent	Occ Date	Last Incr
1	2 Bedroom + 1 Bath	\$4,500	V		5	Studio + 1 Bath	\$2,250	V	
2	1 Bedroom + 1 Bath	\$3,200	V		6	Studio + 1 Bath	\$2,250	V	
3*	Studio (Ocean View) + 1 Bath	\$2,500	V		7**	2 Bedroom + 1 Bath	\$2,250	V	
4*	Studio (Ocean View) + 1 Bath	\$2,500	V		8**	2 Bedroom + 1 Bath	\$2,250	V	

CURRENT SCHEDULED MONTHLY RENTAL INCOME: \$21,700
 MONTHLY LAUNDRY/MISCELLANEOUS INCOME: \$0
 TOTAL SCHEDULED MONTHLY INCOME: \$21,700
 CURRENT ANNUAL GROSS SCHEDULED INCOME: \$260,400

* Ocean View w/Balcony
 ** Basement Apartments
 (Probably Non-Conforming)

V = Vacant

E = Eviction in Progress

M = Manager

MARKET RENT:

1	2 Bed + 1 Bath	@	\$4,500 /mo =	\$4,500 /mo =	\$54,000 /yr
1	1 Bed + 1 Bath	@	\$3,200 /mo =	\$3,200 /mo =	\$38,400 /yr
2	Studios (Ocean View) *	@	\$2,500 /mo =	\$5,000 /mo =	\$60,000 /yr
2	Studios	@	\$2,250 /mo =	\$4,500 /mo =	\$54,000 /yr
2	2 Bed + 1 Bath**	@	\$2,250 /mo =	\$4,500 /mo =	\$54,000 /yr
	Laundry/Miscellaneous Income	@	\$0 /mo =	\$0 /mo =	\$0 /yr
8	ANNUAL MARKET RENT			\$21,700 /mo =	\$260,400 /yr

MARKET OVERVIEW

SUBMARKET OVERVIEW

HERMOSA BEACH

is widely regarded as one of the most desirable coastal communities in Southern California (and often ranks among the top places to live in the U.S.) due to its perfect blend of beachfront lifestyle, upscale amenities, family-friendly environment, and convenient proximity to Los Angeles.

Here's what makes it so appealing:

Stunning beaches and ocean access – It features wide, pristine sandy beaches, the iconic Hermosa Beach Pier (with its Roundhouse Aquarium), consistent waves for surfing, and beach volleyball courts. Daily life often revolves around the ocean – walking the strand, biking along the coast, or simply enjoying sunsets.

Ideal weather – Near-perfect year-round mild climate (think highs rarely above 80°F and lows around 70°F), with that classic Southern California sunshine and ocean breeze.

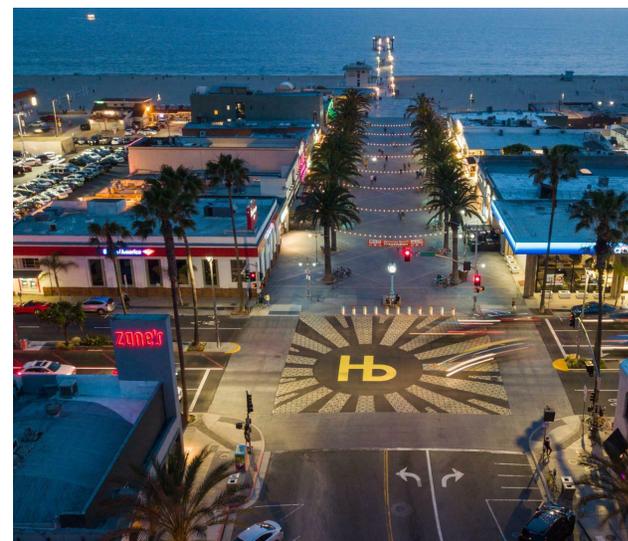
Excellent schools and family appeal – Hermosa Beach Unified School District consistently ranks among the best in California (and often nationally), making it a top choice for families raising kids. Low crime rates add to the safe, community-oriented vibe.

Vibrant yet laid-back downtown / village area – A walkable hub with boutique shops, high-end restaurants, cafes, and a "flip-flop luxury" feel – designer casual meets small-town charm. It's lively without feeling overcrowded.

Luxury homes and strong real estate – Many properties offer ocean views or direct beach access, with modern, high-end architecture. The area has maintained strong property value appreciation, attracting affluent professionals, entrepreneurs, and retirees.

Prime location – Just 20 miles from downtown LA, with easier freeway access, proximity to LAX airport, and quick escapes to other South Bay spots or the city for work, entertainment, sports, or culture – without the constant urban grind, traffic congestion, or smog of central LA.

Overall, it delivers that coveted "best of both worlds", serene coastal living with big-city opportunities nearby. It's especially popular with high-achieving families and those prioritizing an active, outdoor-oriented, high-quality lifestyle. Of course, the high cost of housing and living is the main trade-off, but for many, the perks make it worth it.



DEMOGRAPHICS



	0.25 MILES	0.5 MILES	1 MILE
POPULATION			
TOTAL POPULATION	3,017	7,486	23,002
MEDIAN AGE	37.9	39.5	41.6
MEDIAN AGE (MALE)	38.9	37.7	41.6
MEDIAN AGE (FEMALE)	37.1	40.4	41.5
HOUSEHOLDS & INCOME			
TOTAL HOUSEHOLDS	1,456	3,557	10,250
# OF PERSONS PER HH	2.1	2.1	2.2
AVERAGE HH INCOME	\$194,611	\$207,507	\$227,985
AVERAGE HOUSE VALUE	\$2,002,987	\$2,049,729	\$1,868,484

SALES COMPARABLES

Property Photos	Situs Address City/State Year Built	Ave Unit Size	# of Units	Units Mix	Sale Date	Price Down Payment Lender	Price/Unit Price/SqFt Price/Room	Grm Cap
1 	1912 Hermosa Avenue Hermosa Beach, CA 90254 1924	493 sf	9	7-1+1 2-Studios	12/2025	\$3,329,000 \$1,889,000 57% US Bank	\$369,889 \$750 \$133,160	10.9 4.7%
2 	908 Manhattan Avenue Hermosa Beach, CA 90254 1941	507 sf	5	5-1+1	10/2025	\$3,850,000 \$3,850,000 100%	\$770,000 \$1,519 \$256,667	17.6 4.3
3 	108 N Broadway Redondo Beach, CA 90277 1906	662 sf	8	1-3+1.5 1-1+1 4-Studios	8/2025	\$2,015,000 \$1,215,000 60% Mathews Clay LLC	\$251,875 \$380 \$125,938	14.0 5.0%
4 	518 S Catalina Avenue Redondo Beach, CA 90277 1924	531 sf	8	8-1+1	7/2025	\$3,620,000 \$3,620,000 100%	\$452,500 \$852 \$150,833	16.5 4.2%
5 	117 8th Street Manhattan Beach, CA 90266 1920	516 sf	7	7-1+1	4/2025	\$4,500,000 \$1,500,000 33% Private	\$642,857 \$1,245 \$214,286	22.8 3.0%
SUBJECT PROPERTY 	542 Hermosa Avenue Hermosa Beach, CA 90254 1921	405 sf	8	1-2+1 1-1+1 2-Studios 2-2+1 (Basement)**	N/A	\$3,200,000 \$3,200,000 100%	\$400,000 \$988 \$168,421	12.3 5.2%

****Basement Units (Probably Non-Conforming)**

SALES COMPARABLES

Property Photos	Situs Address City/State Year Built	Ave Unit Size	# of Units	Units Mix	Sale Date	Price Down Payment Lender	Price/Unit Price/SqFt Price/Room	Grm Cap
	214 S Broadway Redondo Beach, CA 90277 1921	629 sf	6	6-1+1	1/2025	\$2,400,000 \$2,400,000 100% N/A	\$400,000 \$636 \$133,333	15.2 4.5%
	102 N Broadway Redondo Beach, CA 90277 1925	493 sf	9	8-1+1 1-Studio	9/2024	\$2,500,000 \$1,220,000 49% Chase Bank	\$277,778 \$563 \$96,154	17.6 3.5%
	917 S Catalina Avenue Redondo Beach, CA 90277 1939	651 sf	5	1-2+2 4-1+1	8/2024	\$2,565,000 \$2,565,000 100% N/A	\$513,000 \$789 \$160,313	23.6 2.3%
	216-218 N Catalina Avenue Redondo Beach, CA 90277 1913	684 sf	11	1-3+1 3-2+1 6-1+1 1-Studio	5/2024	\$3,735,000 \$3,770,000 101% Mega Bank	\$339,545 \$496 \$120,484	N/A 1.1%
	635 8th Place Hermosa Beach, CA 90254 1948	729 sf	6	2-2+1 4-1+1	2/2023	\$3,220,000 \$1,770,000 55% Chase Bank	\$536,667 \$736 \$161,000	16.0 4.2%
SUBJECT PROPERTY 	542 Hermosa Avenue Hermosa Beach, CA 90254 1911	405 sf	8	1-2+1 1-1+1 2-Studios 2-2+1 (Basement)**	N/A	\$3,200,000 \$3,200,000 100%	\$400,000 \$988 \$168,421	12.3 5.2%

****Basement Units (Probably Non-Conforming)**

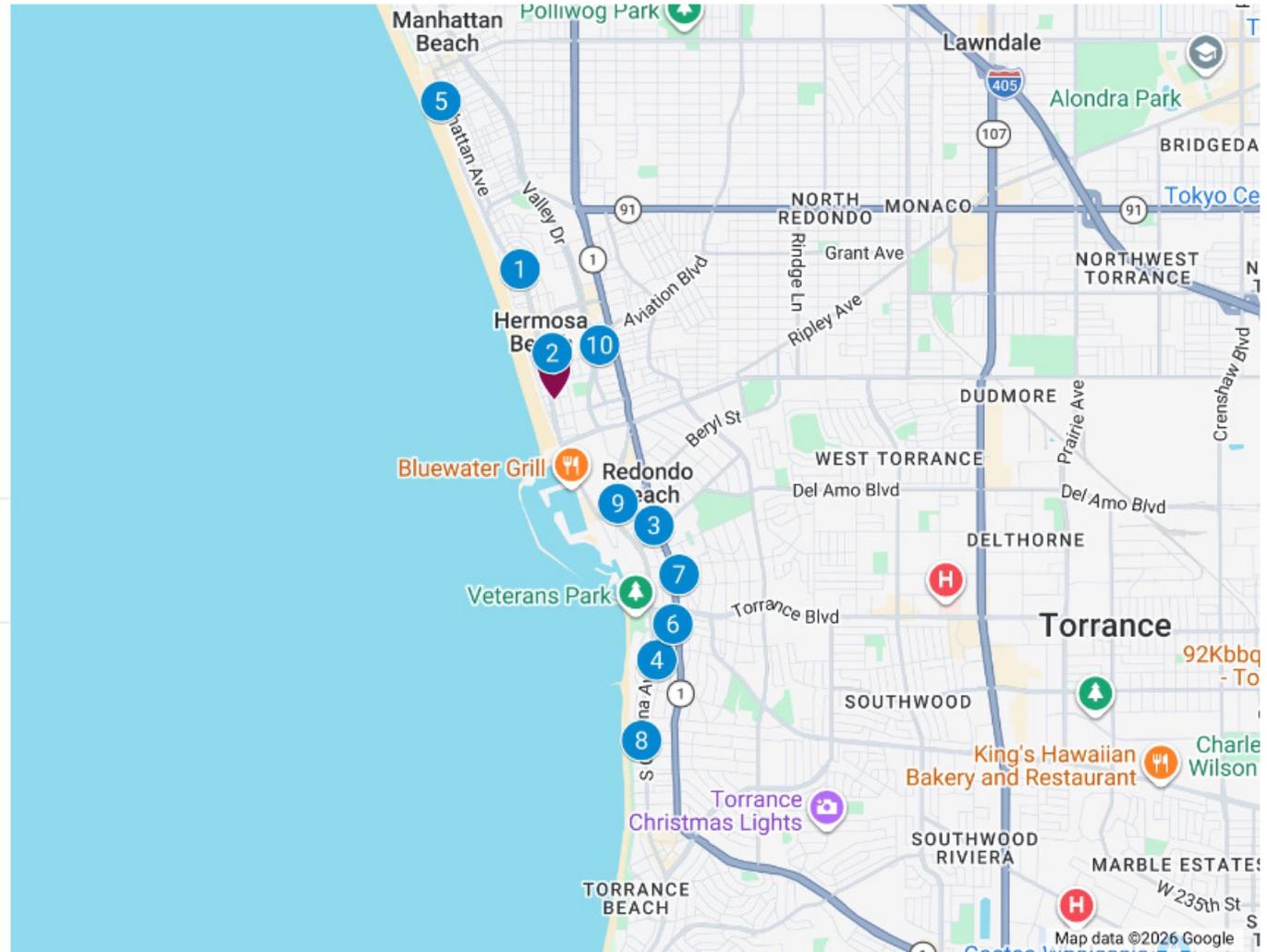
SALES COMPARABLES MAP

Sales Comparables

- 1 1912 Hermosa Ave
- 2 908 Manhattan Ave
- 3 108 N Broadway
- 4 518 S Catalina Ave
- 5 117 Eighth St
- 6 214 S Broadway
- 7 102 N Broadway
- 8 917 S Catalina Ave
- 9 216 N Catalina Ave
- 10 635 8th Pl

Subject

- 542 Hermosa Ave



RENT COMPARABLES

	Property Address	Appx Unit Size		Year Built	Unit Type	Rent	Rent/SF
1	1821 Pacific Coast Highway Hermosa Beach, CA 90254	900 sf		1972	2 Bedroom 1 Bath	\$3,395	\$3.77
2	1801-1803 Pacific Coast Highway Hermosa Beach, CA 90254	N/A sf		1963	2 Bedroom 1 Bath	\$3,175	N/A
3	415 Herondo Street Hermosa Beach, CA 90254	650 sf		1973	1 Bedroom 1 Bath	\$3,050	\$4.69
4	121 8th Street Hermosa Beach, CA 90254	675 sf +Garage		1953	1 Bedroom 1 Bath	\$3,800	\$5.63
5	1436 Loma Drive Hermosa Beach, CA 90254	440 sf		1962	1 Bedroom 1 Bath	\$3,000	\$6.82
6	415 Hermosa Avenue Hermosa Beach, CA 90254	360 sf		1923	Studio	\$2,278	\$6.33
7	131 10th Street Hermosa Beach, CA 90254	500 sf		1937	Studio	\$2,500	\$5.00
8	321 Pier Avenue Hermosa Beach, CA 90254	320 sf		1948	Studio	\$2,195	\$6.86

Subject Property Rent

	Units	Size		Unit Type	Est. Market Rent	Est. Market Rent/SF
542 Hermosa Avenue	1	800 sf		2 Bed + 1 Bath	\$4,500	\$5.63
Hermosa Beach, CA 9025	1	500 sf		1 Bed + 1 Bath	\$3,200	\$6.40
1911	2	200 sf		Studios (Ocean View) *	\$2,500	\$12.50
	2	200 sf		Studios	\$2,250	\$11.25
	2	600 sf		2 Bed + 1 Bath**	\$2,250	\$3.75

****Basement Units (Probably Non-Conforming)**

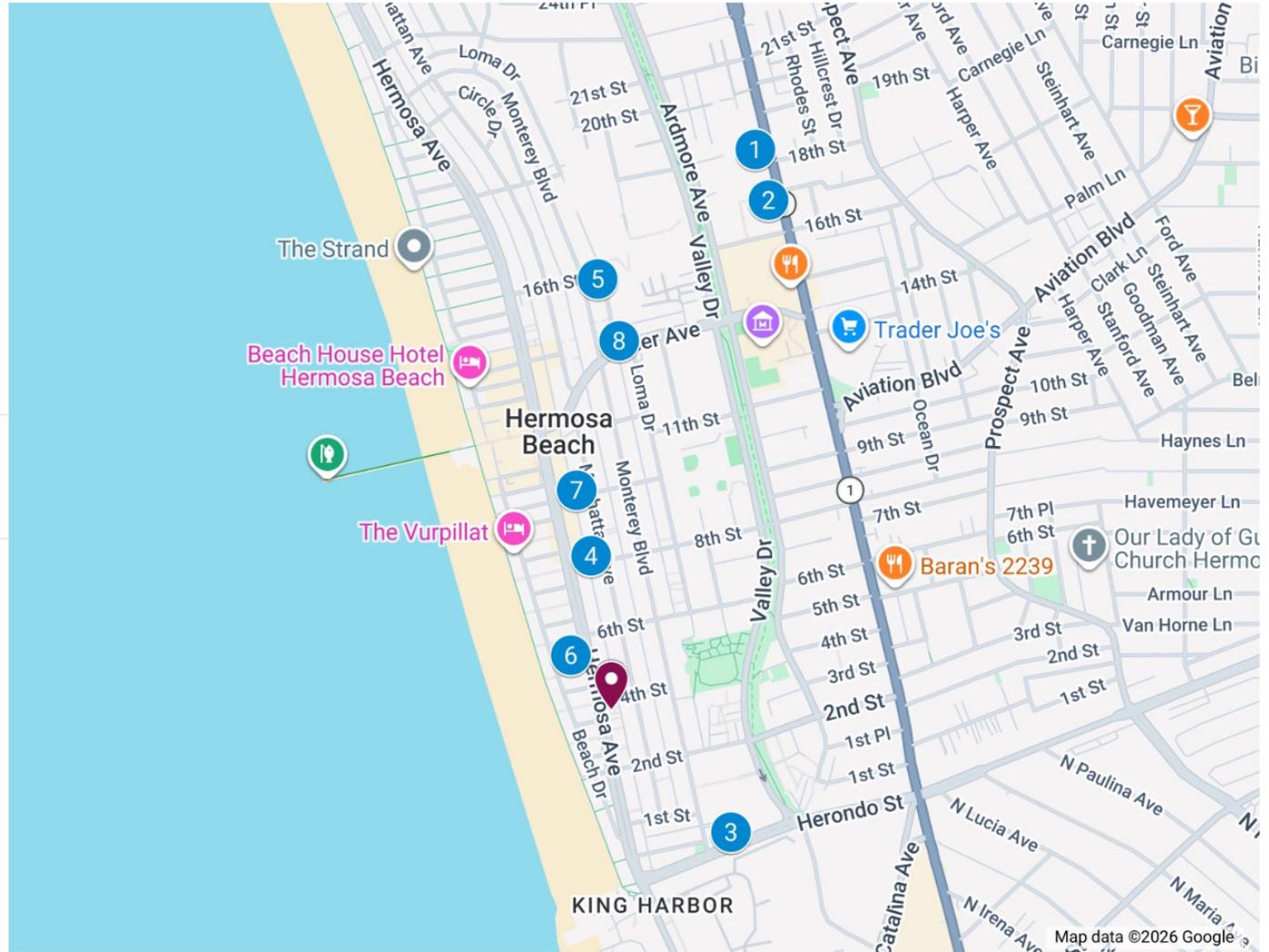
RENT COMPARABLES MAP

Rent Comparables

- 1 1821 Pacific Coast Hwy
- 2 1803 Pacific Coast Hwy
- 3 415 Herondo St
- 4 121 8th St
- 5 1436 Loma Dr
- 6 415 Hermosa Ave
- 7 131 10th St
- 8 321 Pier Ave

Subject

- 542 Hermosa Ave



For more information, please contact one of the following individuals:

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