

# 2007 HIGHLAND AVE

an exclusively offered duplex  
in a trophy beach-close location  
in “The Sand Section” of  
Manhattan Beach, CA



Marcus & Millichap



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# TROPHY COASTAL LOCATION







# INVESTMENT ANALYSIS

Marcus & Millichap

# EXECUTIVE SUMMARY

## PRICING INFORMATION

|                    |             |
|--------------------|-------------|
| Offering Price     | \$1,975,000 |
| Price/Unit         | \$987,500   |
| Price/SF           | \$1,748     |
| Cap Rate (Current) | 1.66%       |
| Cap Rate (Market)  | 3.12%       |

## PROPERTY DETAILS

|             |   |
|-------------|---|
| Address     | 2007 Highland Ave,<br>Manhattan Beach, CA |
| Units       | 2   |
| Building SF | 1,130                                     |
| Year Built  | 1939                                      |
| Lot SF      | 1,067                                     |
| APN         | 4178-012-032                              |
| Zoning      | MBR2YY                                    |

## UTILITIES

|             |                    |
|-------------|--------------------|
| Electricity | Separately Metered |
| Gas         | Separately Metered |
| Water       | Master Metered     |







## INVESTMENT DESCRIPTION

Marcus & Millichap is pleased to present to market the exciting opportunity to acquire a prime Manhattan Beach duplex in “The Sand Section” just one block from the sand and near the iconic Manhattan Beach Pier. This property is an excellent acquisition opportunity for any investor seeking an asset with value add potential in a trophy coastal location.

Located at 2007 Highland Avenue, this duplex consists of a studio apartment on the ground floor and a two-bedroom/one-bath unit on the second floor. The studio features a remodeled bathroom, a sizable kitchen for a studio, and a separate sleep area. The two-bedroom unit boasts stunning vaulted ceilings and peekaboo ocean views. The property also offers garage parking, a private patio, new water heaters, and upgraded plumbing and electrical.

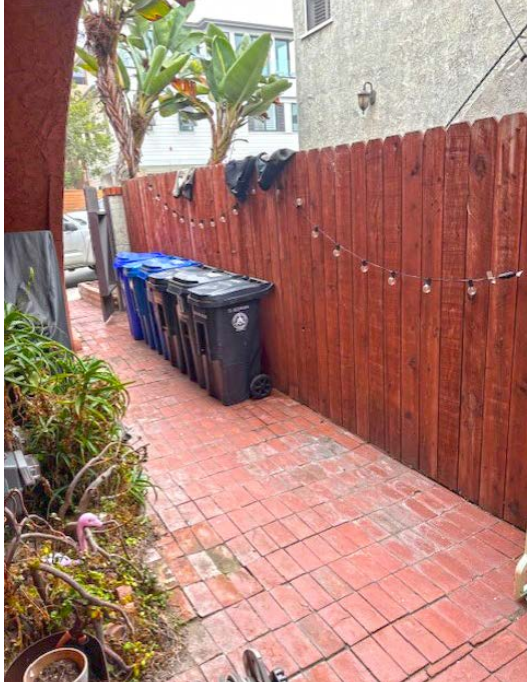
Current rents are well-below market rates and offer a new investor a substantial 52 percent potential upside.

# INVESTMENT HIGHLIGHTS

- Prime Manhattan Beach duplex with a two-bedroom/one-bath unit, a studio apartment, garage parking and a private patio
- Irreplaceable location in “The Sand Section” steps to the beach and walkable to the Manhattan Beach Pier and world-class dining and retail
- Two-bedroom occupies the upper floor and boasts ocean views and vaulted ceilings
- Major value-add opportunity with 52 percent rental upside
- Recent improvements include new water heaters, upgraded plumbing, electrical, and exterior stairs, and a new bathroom in the studio









# STUDIO INTERIOR

Upgraded Flooring

-

Remodeled Bath

-

Separate Sleep Area

-

Sizable Kitchen







## TWO BEDROOM INTERIOR

Vaulted Ceilings

- Ocean Views

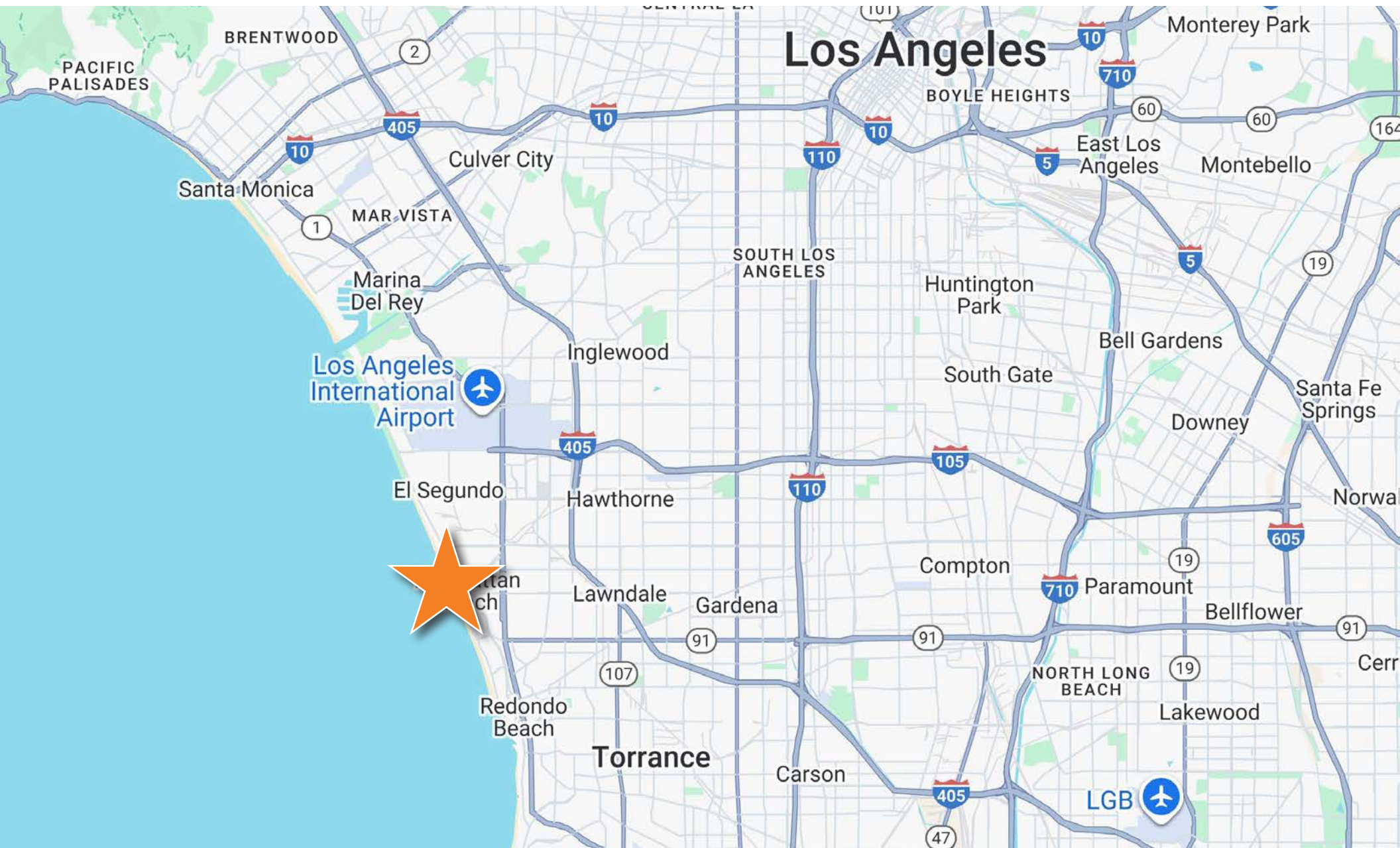
- Natural Light

- Stunning Potential



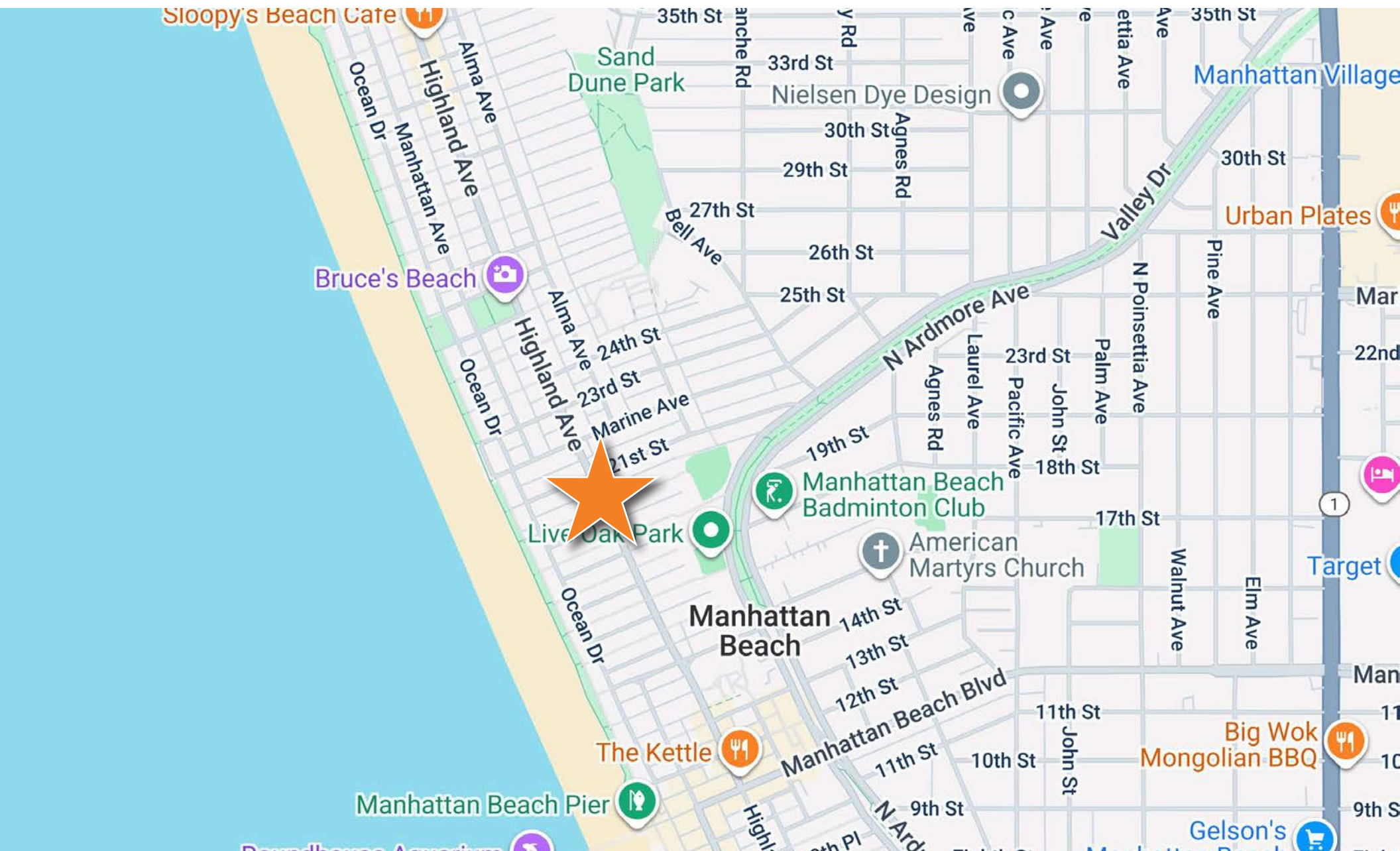


# PROPERTY LOCATION





# PROPERTY LOCATION





# PRICING SUMMARY

## PRICING & PROPERTY DETAILS

|                |                           |
|----------------|---------------------------|
| Address        | 2007 Highland Ave         |
|                | Manhattan Beach, CA 90266 |
| Offering Price | \$1,975,000               |
| Units          | 2                         |
| Rentable SF    | 1,130                     |
| Price/Unit     | \$987,500                 |
| Price/SF       | \$1,747.79                |
| Lot Size (SF)  | 1,067                     |
| Year Built     | 1939                      |

| VITAL DATA | CURRENT  | PRO FORMA |
|------------|----------|-----------|
| NOI        | \$32,818 | \$61,534  |
| Cap Rate   | 1.66%    | 3.12%     |
| GRM        | 31.35    | 20.60     |





# INCOME & EXPENSES

| NO. OF UNITS | UNIT TYPE | % OF UNITS | AVG. CURRENT RENT | TOTAL RENT | PRO FORMA RENT | TOTAL RENT |
|--------------|-----------|------------|-------------------|------------|----------------|------------|
| 1            | 2BR / 1BA | 50%        | \$3,400           | \$3,400    | \$5,495        | \$5,495    |
| 1            | Studio    | 50%        | \$1,850           | \$1,850    | \$2,495        | \$2,495    |
| 2            | Total     |            |                   | \$5,250    |                | \$7,990    |

| ANNUALIZED EXPENSES | CURRENT         | PRO FORMA       |
|---------------------|-----------------|-----------------|
| Real Estate Taxes   | \$24,014        | \$24,014        |
| Insurance           | \$1,063         | \$1,063         |
| Utilities           | \$1,775         | \$1,775         |
| Repairs & Maint     | \$1,700         | \$1,700         |
| Contract Services   | \$600           | \$600           |
| CAPEX/Reserves      | \$400           | \$400           |
| <b>Total</b>        | <b>\$29,552</b> | <b>\$29,552</b> |
| Per Unit            | \$14,776        | \$14,776        |
| Per SF              | \$26.15         | \$26.15         |
| % EGI               | 47.38%          | 32.44%          |

| ANNUALIZED PERATING DATA    | CURRENT         | PRO FORMA       |
|-----------------------------|-----------------|-----------------|
| All Units at Market Rent    | \$95,880        | \$95,880        |
| Less: Loss to Lease         | \$32,880        | \$0             |
| Gross Potential Rent        | \$63,000        | \$95,880        |
| Less: Vacancy Allowance     | \$630           | \$4,794         |
| Effective Gross Income      | \$62,370        | \$91,086        |
| Less: Expenses              | \$29,552        | \$29,552        |
| <b>Net Operating Income</b> | <b>\$32,818</b> | <b>\$61,534</b> |



# 10-YEAR CASH FLOW

|                          | DEC-26   | DEC-27    | DEC-28    | DEC-29    | DEC-30    | DEC-31    | DEC-32    | DEC-33    | DEC-34    | DEC-35    |
|--------------------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Income                   |          |           |           |           |           |           |           |           |           |           |
| All Units at Market Rent | \$99,715 | \$103,704 | \$107,852 | \$112,166 | \$116,653 | \$121,319 | \$126,172 | \$131,218 | \$136,467 | \$141,926 |
| Gain (Loss)-to-Lease     | \$29,987 | \$27,348  | \$24,941  | \$22,746  | \$20,745  | \$18,919  | \$17,254  | \$15,736  | \$14,351  | \$13,088  |
| Gross Potential Rent     | \$69,729 | \$76,356  | \$82,911  | \$89,420  | \$95,908  | \$102,400 | \$108,917 | \$115,483 | \$122,116 | \$128,838 |
| Vacancy Allowance *      | (\$697)  | (\$764)   | (\$829)   | (\$894)   | (\$959)   | (\$1,024) | (\$1,089) | (\$1,155) | (\$1,221) | (\$1,288) |
| Effective Gross Income   | \$69,031 | \$75,593  | \$82,082  | \$88,526  | \$94,949  | \$101,376 | \$107,828 | \$114,328 | \$120,895 | \$127,549 |
| Expenses                 |          |           |           |           |           |           |           |           |           |           |
| Taxes                    | \$24,495 | \$24,984  | \$25,484  | \$25,994  | \$26,514  | \$27,044  | \$27,585  | \$28,137  | \$28,699  | \$29,273  |
| Insurance                | \$1,063  | \$1,095   | \$1,128   | \$1,162   | \$1,196   | \$1,232   | \$1,269   | \$1,307   | \$1,347   | \$1,387   |
| Utilities                | \$1,775  | \$1,828   | \$1,883   | \$1,940   | \$1,998   | \$2,058   | \$2,119   | \$2,183   | \$2,249   | \$2,316   |
| Repairs & Maint.*        | \$1,700  | \$1,751   | \$1,804   | \$1,858   | \$1,913   | \$1,971   | \$2,030   | \$2,091   | \$2,154   | \$2,218   |
| Contract Services        | \$600    | \$618     | \$637     | \$656     | \$675     | \$696     | \$716     | \$738     | \$760     | \$783     |
| CAPEX/Reserves           | \$400    | \$412     | \$424     | \$437     | \$450     | \$464     | \$478     | \$492     | \$507     | \$522     |
| Total Expenses           | \$30,033 | \$30,689  | \$31,359  | \$32,045  | \$32,747  | \$33,464  | \$34,197  | \$34,948  | \$35,715  | \$36,499  |
| Net Operating Income     | \$38,999 | \$44,904  | \$50,722  | \$56,480  | \$62,202  | \$67,912  | \$73,631  | \$79,380  | \$85,180  | \$91,050  |



# INCOME & EXPENSE NOTES

Pro forma rents represent all units at adjusted market rents. Market rents are underwritten using comparable market rents and assume that the buyer will continue to upgrade the units to market levels, with similar features, upgrades, and amenities as surrounding area properties.

Pro forma vacancy loss is underwritten at 3%, which is common for an asset located in this area. Loss-to-lease is underwritten as market rents, less the properties current rent roll.

Real estate taxes are calculated on proposed pricing at an ad valorem rate of 1.117897% on the full value of the land and improvements and \$1935.77 for special assessments which was obtained from the LA County Tax Assessor's Office.

Pro forma insurance is underwritten as provided from historical operations.

Pro forma utilities is underwritten as provided from historical operations.

Pro forma repairs and maintenance expense is estimated at \$850 per unit. A standard amount for a building of this size, age, and condition.

Pro forma pest control expense is underwritten as provided from historical operations and is rolled into contract services.

Pro forma turnover cost is underwritten at \$300 per unit.

Pro forma replacements and reserves is underwritten at \$200 per unit, and represents industry standards for an asset of this size and age.



# **VAULTED CEILINGS + OCEAN VIEWS**







# SALES COMPARABLES

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# SALES COMPARABLES

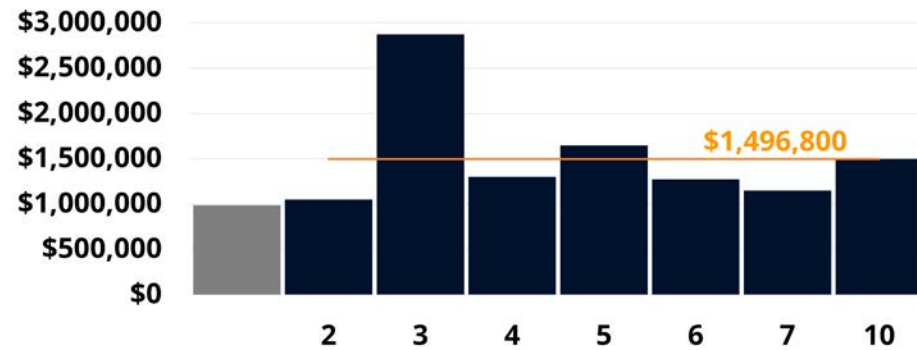


| NO                  | ADDRESS              | PRICE       | UNITS | PRICE/UNIT  | PRICE/SF   | CAP RATE | GRM   | COE       |
|---------------------|----------------------|-------------|-------|-------------|------------|----------|-------|-----------|
| 1                   | 421 19th. Place      | \$2,500,000 | 2     | \$1,250,000 | \$1,550.87 | N/A      | N/A   | 3/27/2025 |
| 2                   | 722 Loma DR          | \$2,100,000 | 2     | \$1,050,000 | \$2,104.21 | 2.23%    | 29.17 | 4/18/2025 |
| 3                   | 127 16th Street      | \$5,750,000 | 2     | \$2,875,000 | \$2,665.74 | 1.46%    | 44.57 | 9/22/2025 |
| 4                   | 3104 Highland Avenue | \$2,605,000 | 2     | \$1,302,500 | \$1,596.20 | 2.00%    | 21.71 | 9/26/2024 |
| 5                   | 325 10th Street      | \$3,299,000 | 2     | \$1,649,500 | \$1,494.79 | 2.36%    | 27.49 | 9/6/2024  |
| 6                   | 225 9th Street       | \$2,550,000 | 2     | \$1,275,000 | \$1,756.20 | 1.65%    | 39.46 | 4/29/2025 |
| 7                   | 205 38th Street      | \$2,300,000 | 2     | \$1,150,000 | \$1,652.30 | 2.15%    | 30.18 | 4/15/2025 |
| 8                   | 204 38th Place       | \$2,250,000 | 2     | \$1,125,000 | \$1,616.38 | N/A      | 32.82 | 3/14/2025 |
| 9                   | 86 Highland Avenue   | \$3,582,000 | 2     | \$1,791,000 | \$1,705.71 | N/A      | N/A   | 9/3/2024  |
| 10                  | 128 28th Street      | \$3,000,000 | 2     | \$1,500,000 | \$1,854.14 | 1.95%    | 33.33 | 5/5/2025  |
| Comparables Average |                      |             |       | \$1,496,800 | \$1,799.65 | 1.97%    | 32.34 |           |
| Subject             | 2007 Highland Ave    | \$1,975,000 | 2     | \$987,500   | \$1,747.79 | 1.66%    | 31.35 |           |

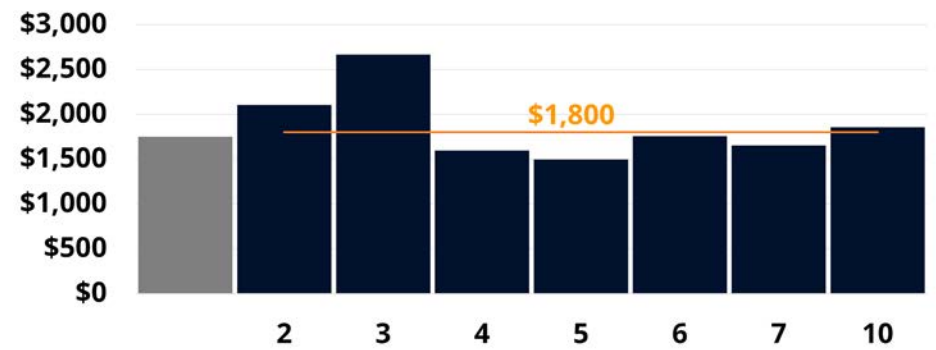


# SALES COMPARABLES

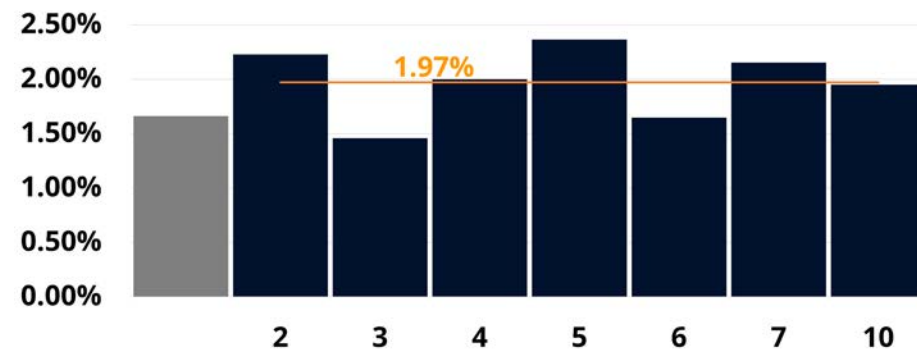
Price Per Unit



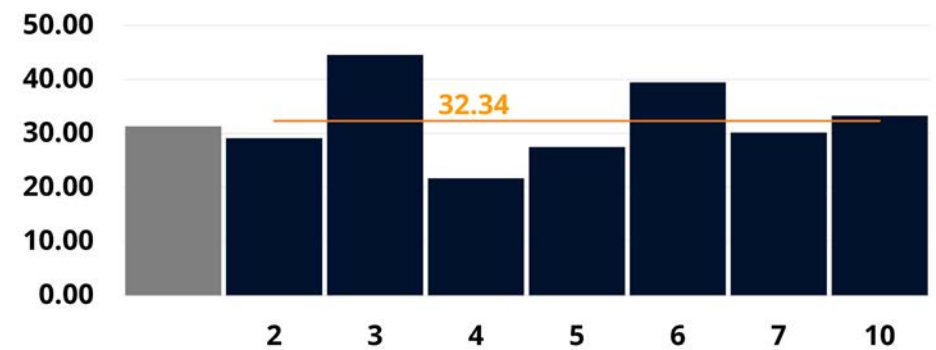
Price Per SF



Cap Rate



GRM



# SALES COMPARABLES



**421 19th. Place**  
**Manhattan Beach, CA**

| Sale Date  | 3/27/2025     |
|------------|---------------|
| Price      | \$2,500,000   |
| Units      | 2             |
| Price/Unit | \$1,250,000   |
| Price/SF   | \$1,550.87    |
| Cap Rate   | N/A           |
| GRM        | N/A           |
| Year Built | 1957          |
| Unit Mix   |               |
| 1          | One-Bedroom   |
| 1          | Three-Bedroom |



**722 Loma Drive**  
**Hermosa Beach, CA**

| Sale Date  | 4/18/2025   |
|------------|-------------|
| Price      | \$2,100,000 |
| Units      | 2           |
| Price/Unit | \$1,050,000 |
| Price/SF   | \$2,104.21  |
| Cap Rate   | 2.23%       |
| GRM        | 29.17       |
| Year Built | 1953        |
| Unit Mix   |             |
| 2          | One-Bedroom |



**127 16th Street**  
**Manhattan Beach, CA**

| Sale Date  | 9/22/2025     |
|------------|---------------|
| Price      | \$5,750,000   |
| Units      | 2             |
| Price/Unit | \$2,875,000   |
| Price/SF   | \$2,665.74    |
| Cap Rate   | 1.46%         |
| GRM        | 44.57         |
| Year Built | 1924          |
| Unit Mix   |               |
| 1          | Two-Bedroom   |
| 1          | Three-Bedroom |



# SALES COMPARABLES

4



**3104 Highland Avenue  
Manhattan Beach, CA**

|            |             |
|------------|-------------|
| Sale Date  | 9/26/2024   |
| Price      | \$2,605,000 |
| Units      | 2           |
| Price/Unit | \$1,302,500 |
| Price/SF   | \$1,596.20  |
| Cap Rate   | 2.00%       |
| GRM        | 21.71       |
| Year Built | 1955        |

| Unit Mix |             |
|----------|-------------|
| 1        | One-Bedroom |
| 1        | Two-Bedroom |
|          |             |
|          |             |

5



**325 10th Street  
Manhattan Beach, CA**

|            |             |
|------------|-------------|
| Sale Date  | 9/6/2024    |
| Price      | \$3,299,000 |
| Units      | 2           |
| Price/Unit | \$1,649,500 |
| Price/SF   | \$1,494.79  |
| Cap Rate   | 2.36%       |
| GRM        | 27.49       |
| Year Built | 1947        |

| Unit Mix |               |
|----------|---------------|
| 1        | Two-Bedroom   |
| 1        | Three-Bedroom |
|          |               |
|          |               |

6



**225 9th Street  
Manhattan Beach, CA**

|            |             |
|------------|-------------|
| Sale Date  | 4/29/2025   |
| Price      | \$2,550,000 |
| Units      | 2           |
| Price/Unit | \$1,275,000 |
| Price/SF   | \$1,756.20  |
| Cap Rate   | 1.65%       |
| GRM        | 39.46       |
| Year Built | 1956        |

| Unit Mix |             |
|----------|-------------|
| 1        | One-Bedroom |
| 1        | Two-Bedroom |
|          |             |
|          |             |

# SALES COMPARABLES



**205 38th Street**  
**Manhattan Beach, CA**

|            |             |
|------------|-------------|
| Sale Date  | 4/15/2025   |
| Price      | \$2,300,000 |
| Units      | 2           |
| Price/Unit | \$1,150,000 |
| Price/SF   | \$1,652.30  |
| Cap Rate   | 2.15%       |
| GRM        | 30.18       |
| Year Built | 1967        |

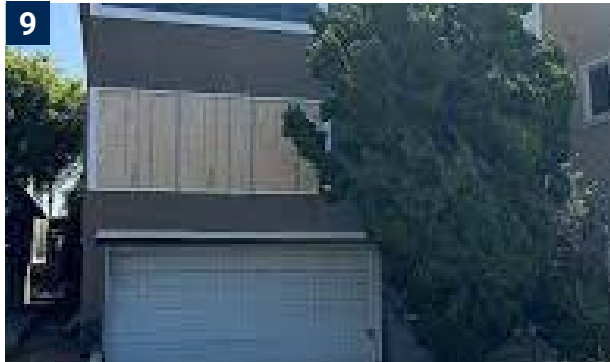
| Unit Mix |             |
|----------|-------------|
| 1        | One-Bedroom |
| 1        | Two-Bedroom |
|          |             |
|          |             |



**204 38th Place**  
**Manhattan Beach, CA**

|            |             |
|------------|-------------|
| Sale Date  | 3/14/2025   |
| Price      | \$2,250,000 |
| Units      | 2           |
| Price/Unit | \$1,125,000 |
| Price/SF   | \$1,616.38  |
| Cap Rate   | N/A         |
| GRM        | 32.82       |
| Year Built | 1967        |

| Unit Mix |             |
|----------|-------------|
| 1        | One-Bedroom |
| 1        | Two-Bedroom |
|          |             |
|          |             |



**86 Highland Avenue**  
**Manhattan Beach, CA**

|            |             |
|------------|-------------|
| Sale Date  | 9/3/2024    |
| Price      | \$3,582,000 |
| Units      | 2           |
| Price/Unit | \$1,791,000 |
| Price/SF   | \$1,705.71  |
| Cap Rate   | N/A         |
| GRM        | N/A         |
| Year Built | 1939        |

| Unit Mix |             |
|----------|-------------|
| 2        | One-Bedroom |
|          |             |
|          |             |



# SALES COMPARABLES



128 28th Street  
Hermosa Beach, CA

|            |             |
|------------|-------------|
| Sale Date  | 5/5/2025    |
| Price      | \$3,000,000 |
| Units      | 2           |
| Price/Unit | \$1,500,000 |
| Price/SF   | \$1,854.14  |
| Cap Rate   | 1.95%       |
| GRM        | 33.33       |
| Year Built | 1926        |

| Unit Mix |             |
|----------|-------------|
|          |             |
| 1        | One-Bedroom |
| 1        | Two-Bedroom |
|          |             |
|          |             |





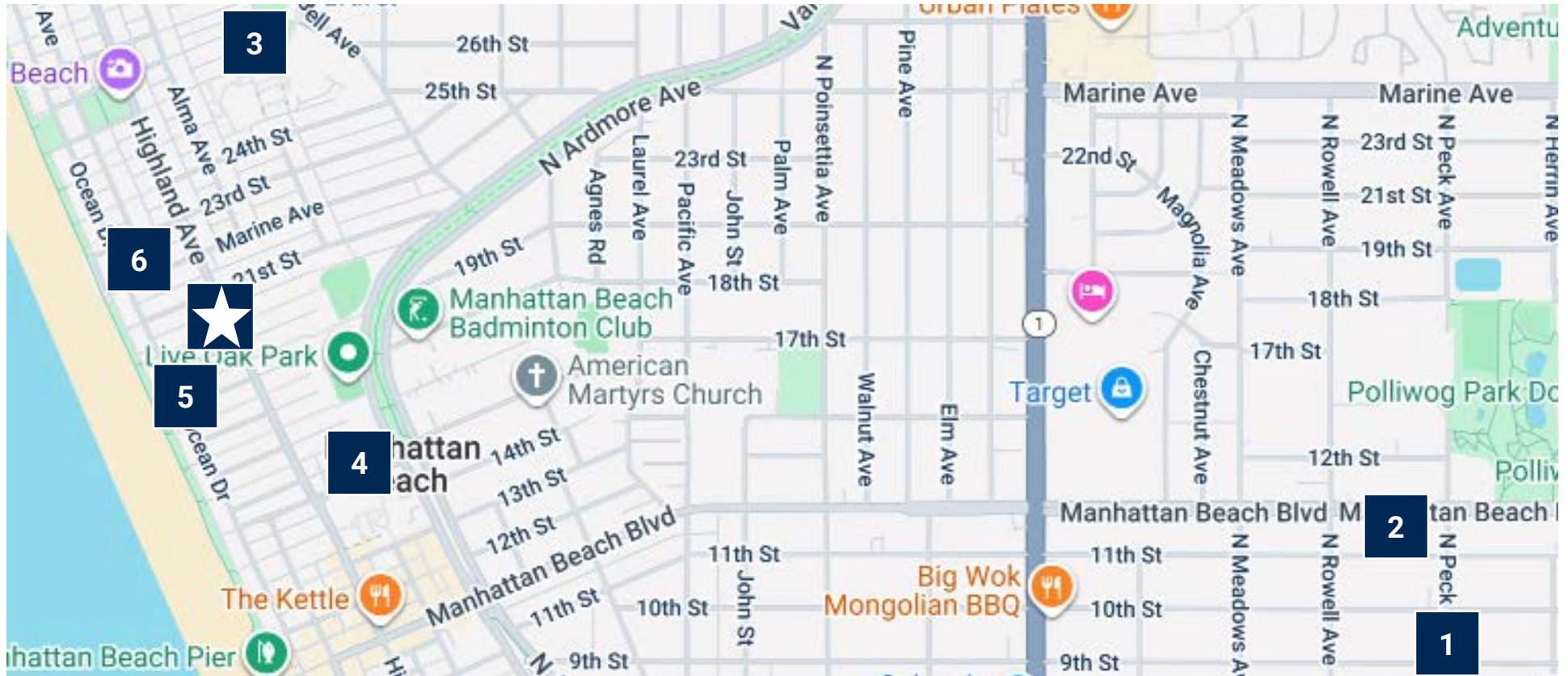




# RENT COMPARABLES

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# RENT COMPARABLES



| NO | ADDRESS                                      | UNIT TYPE | RENT    |
|----|--|-----------|---------|
| 1  | 901 North Peck Ave Manhattan Beach, CA 90266 | Studio    | \$2,100 |
| 2  | 1430 Manhattan Beach Boulevard, CA 90266     | Studio    | \$2,650 |
| 3  | 468 27th St Manhattan Beach, CA 90266        | Studio    | \$2,995 |
| 4  | 332 15th Pl Manhattan Beach, CA 90266        | 2bd/1ba   | \$4,995 |
| 5  | 112 19th St Manhattan Beach, CA 90266        | 2bd/1ba   | \$5,500 |
| 6  | 117-119 Marine Pl Manhattan Beach, CA 90266  | 2bd/1ba   | \$6,200 |





# MARKET OVERVIEW

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# MARKET OVERVIEW

## SOUTH BAY - LONG BEACH

The South Bay-Long Beach area of southwestern Los Angeles County contains 21 miles of coastline between Long Beach and El Segundo, and includes Los Angeles International Airport, the Port of Los Angeles and the Port of Long Beach. The region boasts a population of more than 1.3 million and is projected to add roughly 20,000 residents over the next five years. Less than half of the area's households own their home, generating a large rental market. Entering 2024, local apartment vacancy was 5.0 percent.



**Population**  
**1.3M**

Growth 2023-2028\*  
**1.8%**



**Households**  
**489K**

Growth 2023-2028\*  
**2.1%**



**Median Age**  
**39.5**

U.S. Median  
**38.7**



**Median HH Income**  
**\$87,900**

U.S. Median  
**\$68,500**

\* Forecast

Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau

### Metro Highlights

- **Port Activity:** The Port of Los Angeles in San Pedro and the adjacent Port of Long Beach are the nation's busiest ports, underpinning employment in the transportation and warehousing sector.
- **Educated Labor Pool:** Educational attainment supports business services and health care-related hiring. The number of residents ages 25 and older with a bachelor's degree exceeds the U.S. mean.
- **Los Angeles International Airport:** The Inglewood-adjacent LAX Airport is undergoing a \$15 billion modernization program to improve operations and capacity. While some upgrades are already complete, the full project is expected to extend to 2030.

### Economy Highlights

- Torrance and Hawthorne in the South Bay are hubs for the aerospace and defense technology industries, highlighted by the presence of Boeing, SpaceX, Honeywell Aerospace and Raytheon.
- A number of corporate headquarters are located in the area. Significant operations are held by American Honda Motor Co. in Torrance and Mattel in El Segundo, while auto parts manufacturer United Pacific and Molina Healthcare call Long Beach home. Several other Fortune 500 firms are based in the area — A-Mark Precious Metals in El Segundo and Skechers USA in Manhattan Beach.
- Major universities in the area include Long Beach State University and California State University, Dominguez Hills in Carson, which have a combined enrollment of more than 50,000 students.



# LOCAL DEMOGRAPHICS

| POPULATION         | 1 MILE | 3 MILES | 5 MILES |
|--------------------|--------|---------|---------|
| 2029 Projection    | 20,585 | 114,496 | 362,667 |
| 2024 Estimate      | 20,341 | 113,034 | 359,675 |
| 2020 Census        | 20,310 | 112,497 | 365,391 |
| 2010 Census        | 20,207 | 107,921 | 359,308 |
| Growth 2024 - 2029 | 1.20%  | 1.29%   | 0.83%   |
| Growth 2020 - 2024 | 0.15%  | 0.48%   | -1.56%  |
| Growth 2010 - 2020 | 0.51%  | 4.24%   | 1.69%   |
| Daytime Population | 16,210 | 190,942 | 439,224 |
| Median Age         | 43.0   | 41.0    | 39.0    |

| HOUSEHOLDS         | 1 MILE | 3 MILES | 5 MILES |
|--------------------|--------|---------|---------|
| 2029 Projection    | 8,196  | 46,461  | 139,943 |
| 2024 Estimate      | 8,154  | 46,054  | 138,732 |
| 2020 Census        | 8,093  | 45,493  | 137,070 |
| 2010 Census        | 8,375  | 45,250  | 134,267 |
| Growth 2024 - 2029 | 0.52%  | 0.88%   | 0.87%   |
| Growth 2020 - 2024 | 0.75%  | 1.23%   | 1.21%   |
| Growth 2010 - 2020 | -3.37% | 0.54%   | 2.09%   |

| 2024 HOUSEHOLD INCOME    | 1 MILE    | 3 MILES   | 5 MILES   |
|--------------------------|-----------|-----------|-----------|
| \$200,000 or More        | 49.12%    | 38.98%    | 22.51%    |
| \$150,000 - \$199,999    | 12.42%    | 14.25%    | 11.26%    |
| \$100,000 - \$149,999    | 15.05%    | 17.55%    | 18.75%    |
| \$75,000 - \$99,999      | 8.35%     | 9.60%     | 12.38%    |
| \$50,000 - \$74,999      | 5.28%     | 7.89%     | 12.74%    |
| \$35,000 - \$49,999      | 3.51%     | 3.67%     | 7.45%     |
| \$25,000 - \$34,999      | 1.86%     | 2.27%     | 5.06%     |
| \$15,000 - \$24,999      | 1.89%     | 2.37%     | 4.17%     |
| \$10,000 - \$14,999      | 0.52%     | 1.00%     | 2.18%     |
| Under \$9,999            | 2.02%     | 2.44%     | 3.49%     |
| Average Household Income | \$216,378 | \$192,012 | \$138,956 |
| Median Household Income  | \$198,550 | \$166,258 | \$115,158 |
| Per Capita Income        | \$86,130  | \$77,657  | \$54,645  |

| 2024 HOUSING UNITS | 1 MILE | 3 MILES | 5 MILES |
|--------------------|--------|---------|---------|
| Owner-Occupied     | 58.0%  | 53.6%   | 41.6%   |
| Renter-Occupied    | 32.0%  | 40.5%   | 53.6%   |
| Vacant             | 10.02% | 5.90%   | 4.85%   |

# INVESTMENT FORECAST

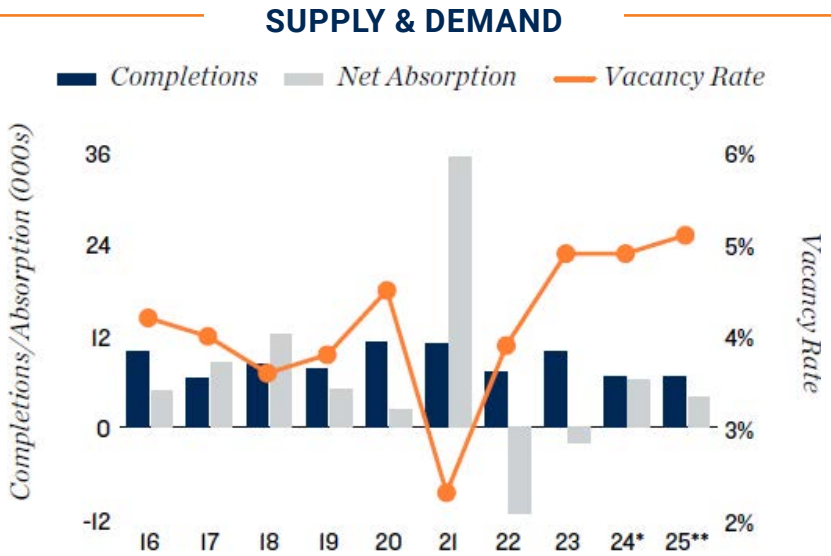
## LOS ANGELES METRO 2025

### Epicenters of Local Development Activity Shift as Developers Respond to Emerging Trends

Deliveries focused in some of the least vacant areas. After falling to 2.1 percent in early 2022, vacancy in Los Angeles rose 300 basis points over the next eight quarters. This spike prompted a pullback in multifamily permitting, dropping deliveries 1,800 units below the local average of the past 10 years. The most notable reduction will occur in the CBD, which is comprised of Downtown Los Angeles, Mid-Wilshire and Hollywood. Here, the decline is warranted, as more than 8,000 rentals were added over the prior two years — a supply wave that pushed local vacancy near 6 percent. Westside Cities will also register a noteworthy pullback in completions, with deliveries minimal in South Bay and Bur-bank-Glendale-Pasadena. In contrast, the San Gabriel and San Fernando valleys — home to some of the metro’s lowest vacancy rates — receive a collective 3,100 units after combin-ing for 1,000 new rentals last year. These additions may translate into some local upward vacancy momentum over the short-term. Still, the moderation in deliveries elsewhere should help foster a level of demand for rentals that supports a second-straight year of positive net absorption.

Sales outside of Los Angeles proper make up a larger share of activity. Deal flow took a notable step forward in the final quarter of 2024, due in part to interest rate cuts and the failure of Proposition 33. Based on preliminary data, the three-month span was the stron-gest in more than two years, with trades in Los Angeles proper accounting for one-third of sales activity. Nearly all these trades, however, were below the \$5 million mark. This trend will persist into the foreseeable future as a direct result of Measure ULA. Many investors seeking assets that

require capital deployments above this threshold will target areas outside the city, including Southeast Los Angeles, Long Beach, and the San Gabriel and San Fernando valleys. Relatively lower rents here spur steadfast Class B and C demand.



\* Estimate; \*\* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.



## 2025 Market Forecast



**0.8%**  
employment  
increase

### EMPLOYMENT

Local job creation improves in 2025, with the county slated to welcome 36,000 positions. Of these, 15 percent are within traditionally office-using sectors, aiding Class A rental demand.



**6,600**  
units  
will be completed

### CONSTRUCTION

For the third time in four years, Los Angeles' rental inventory expands by 0.6 percent. Projects scheduled for delivery this year comprise an average of 105 units.



**20**  
basis point  
increase in vacancy

### VACANCY

The metro registers positive net absorption; however, supply outpaces demand, lifting vacancy to 5.1 percent. The January wildfires may put downward pressure on vacancy rates.

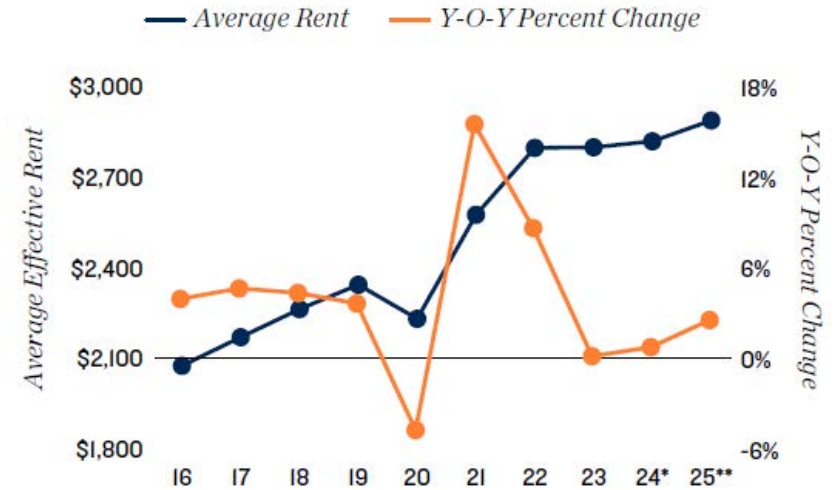


**2.5%**  
increase in  
effective rent

### RENT

Household demand for lower-cost rentals supports moderate rent growth in the Class B and C sectors, lifting Los Angeles' overall effective rate to an average of \$2,883 per month.

## RENT TRENDS



## SALES TRENDS



\* Estimate; \*\* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.



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