

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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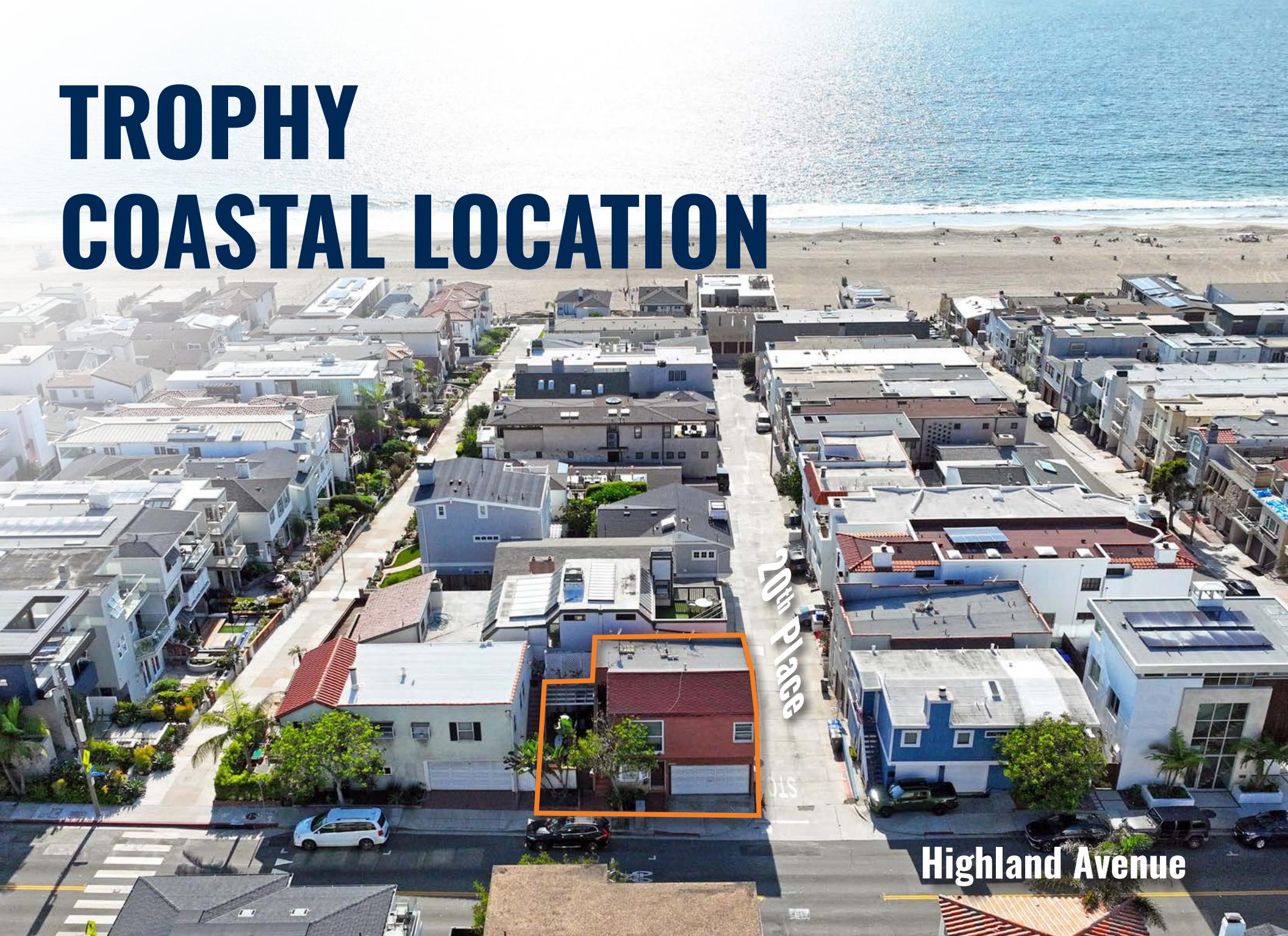
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TABLE OF CONTENTS

01	Investment Analysis	
	Executive Summary	2
	Investment Highlights	4
	Property Photos	5
	Property Location	8
	Pricing Summary	10
	Income & Expenses	11
	10-Year Cash Flow Scenario	12
02	Sales Comparables	
	Sales Comparables Summary	16
03	Rent Comparables	
	Rent Comparables Summary	24
04	Market Overview	
	Market Overview	26
	Local Demographics	27
	2025 Multifamily Forecast	28

TROPHY COASTAL LOCATION



Highland Avenue



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,
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.

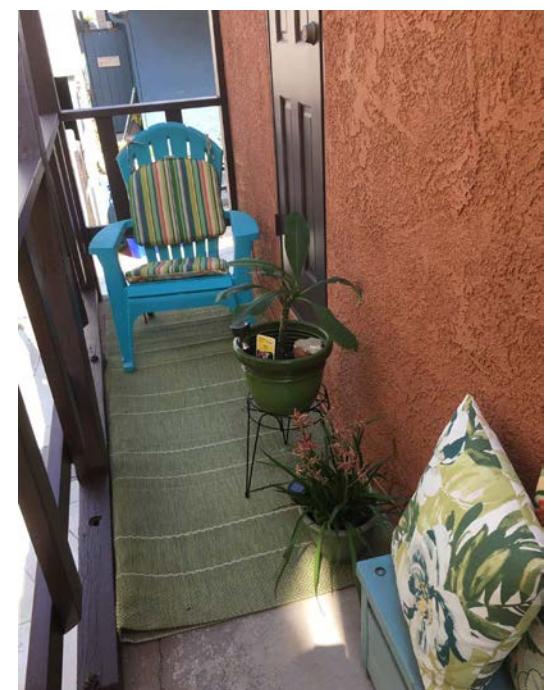
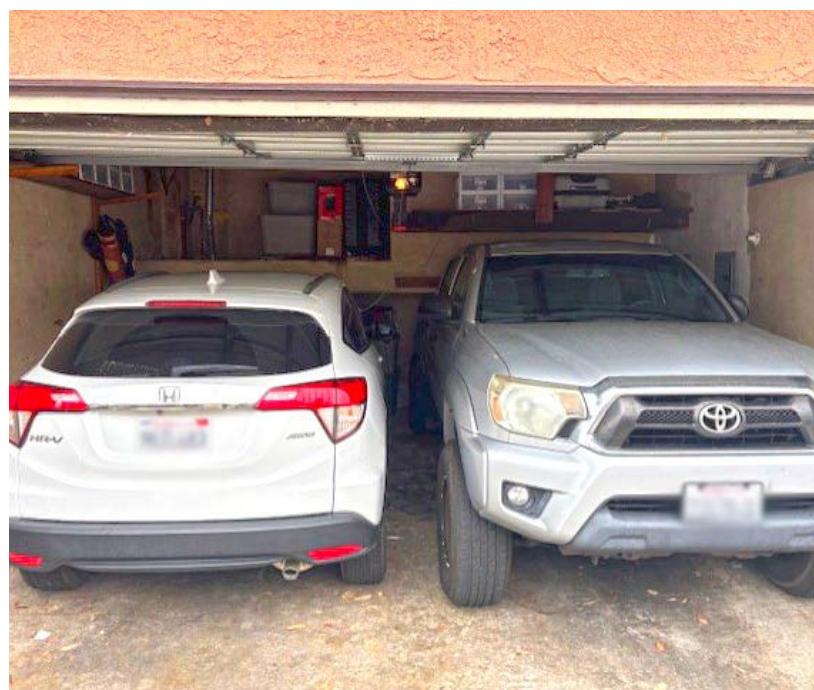
Located at 2007 Highland Avenue, this duplex consists of a studio apartment on the ground floor and a two-bedroom/one-bath unit on the second floor. The studio features a remodeled bathroom, a sizable kitchen for a studio, and a separate sleep area. The two-bedroom unit boasts stunning vaulted ceilings 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

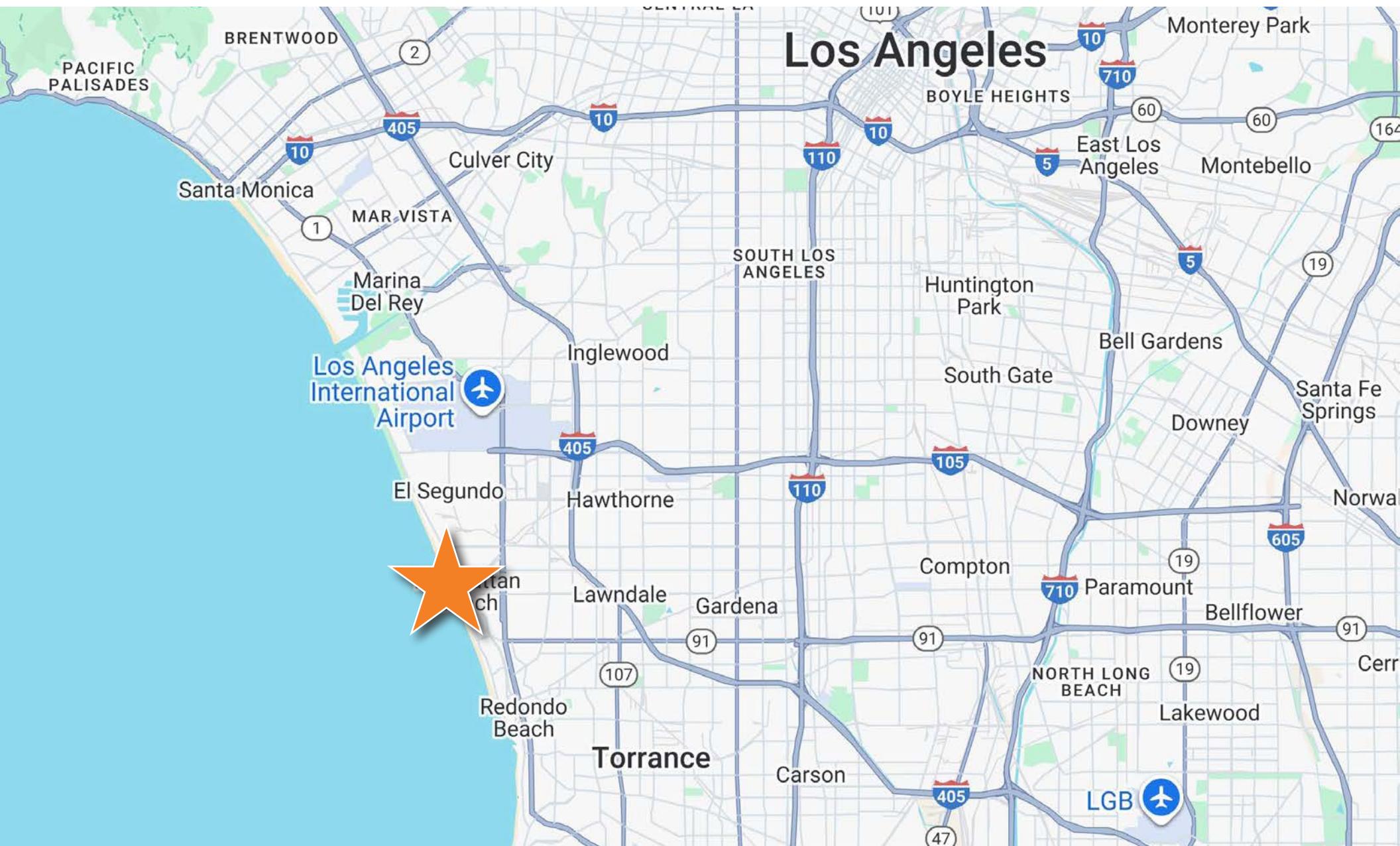
Ocean Views

Natural Light

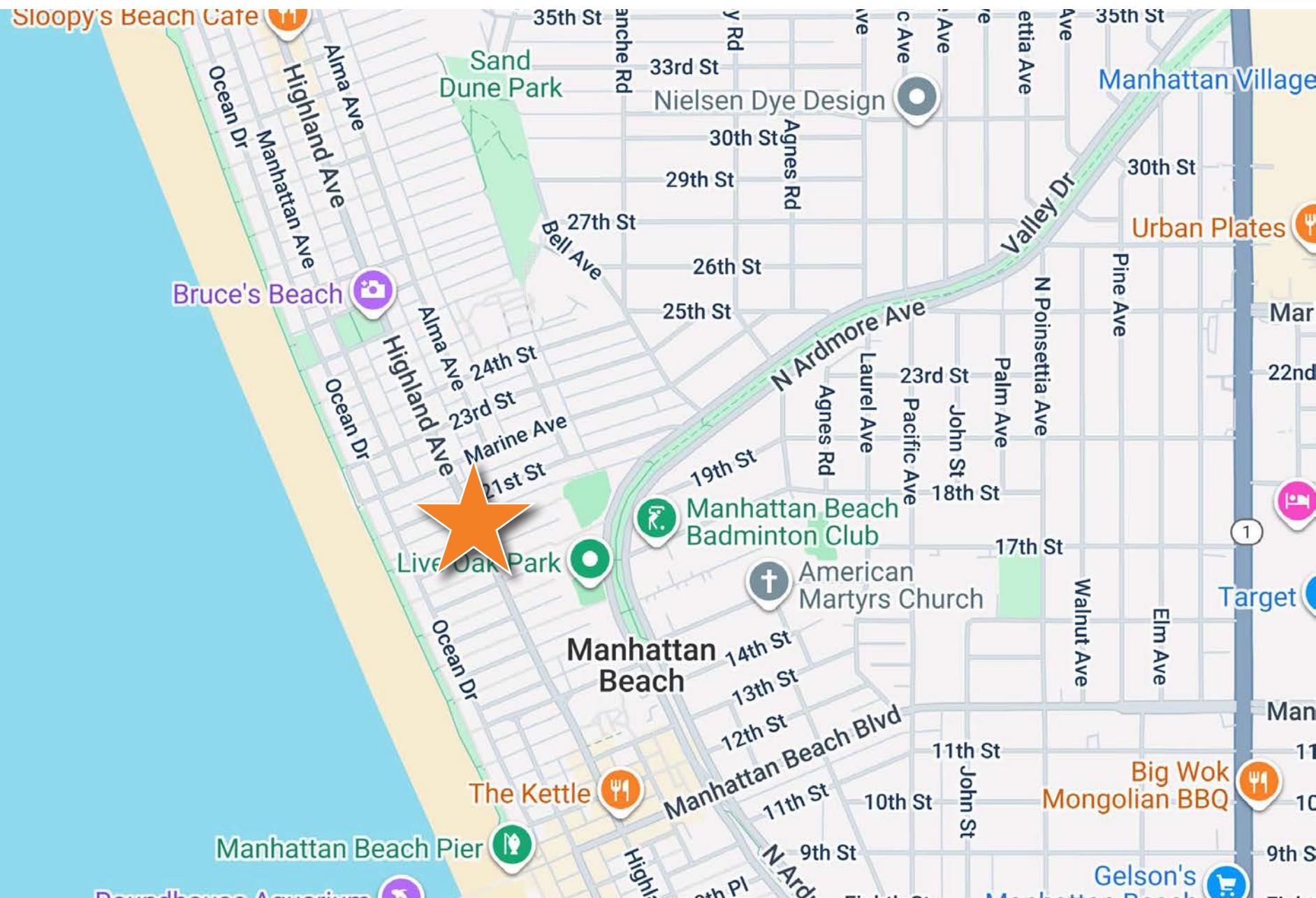
Stunning Potential



PROPERTY LOCATION



PROPERTY LOCATION



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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
Total	\$29,552	\$29,552
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
Net Operating Income	\$32,818	\$61,534

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

Marcus & Millichap

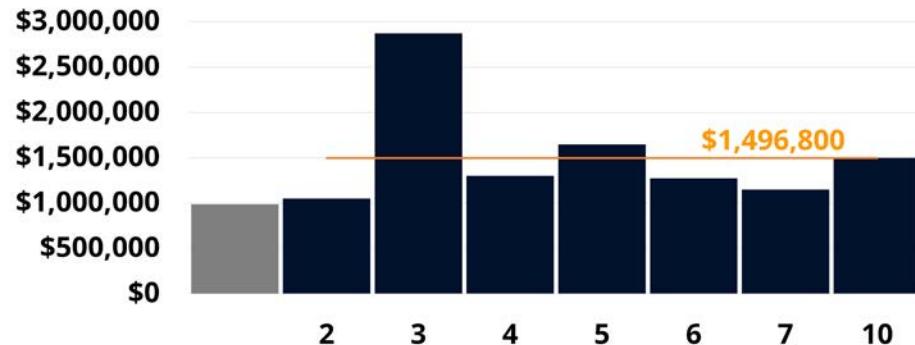
SALES COMPARABLES



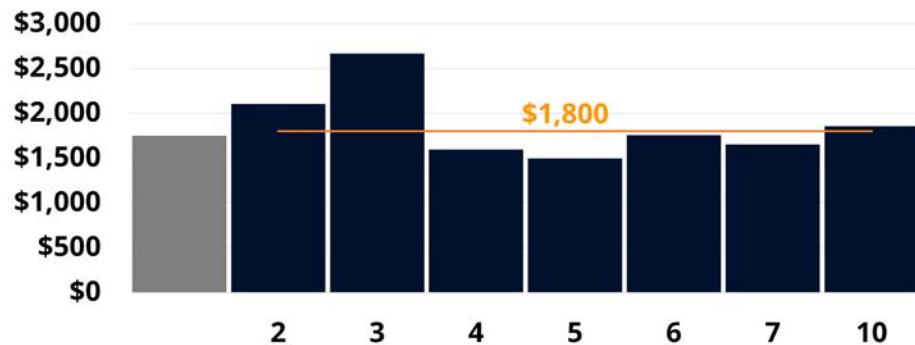
NO	ADDRESS	PRICE	UNITS	PRICE/UNIT	PRICE/SF	CAP RATE	GRM	COE
1	421 19th. Place	\$2,500,000	2	\$1,250,000	\$1,550.87	N/A	N/A	3/27/2025
2	722 Loma DR	\$2,100,000	2	\$1,050,000	\$2,104.21	2.23%	29.17	4/18/2025
3	127 16th Street	\$5,750,000	2	\$2,875,000	\$2,665.74	1.46%	44.57	9/22/2025
4	3104 Highland Avenue	\$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

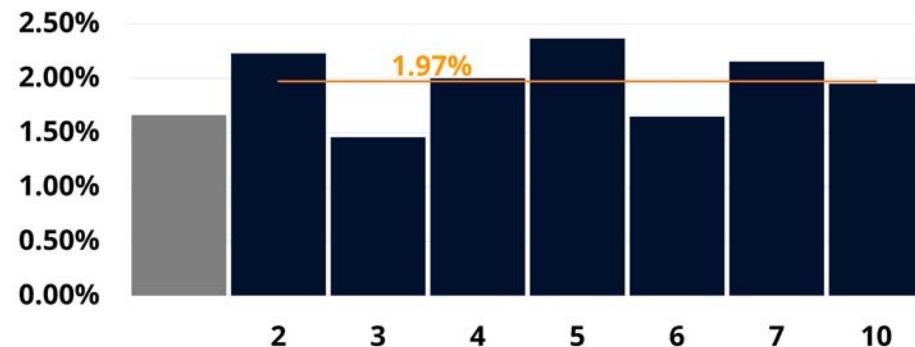
Price Per Unit



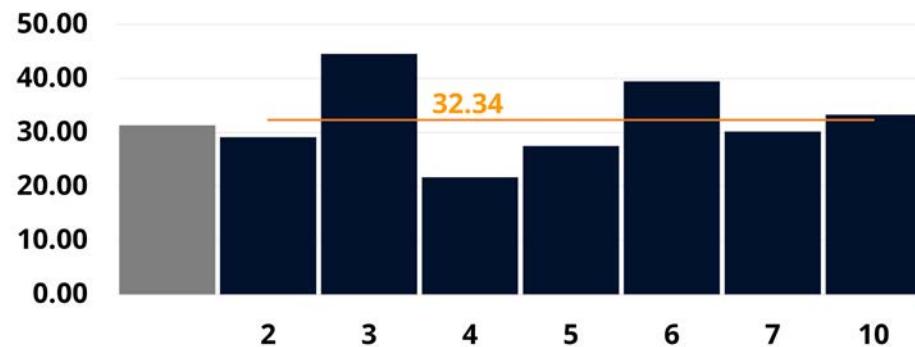
Price Per SF



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



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



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



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

10



**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

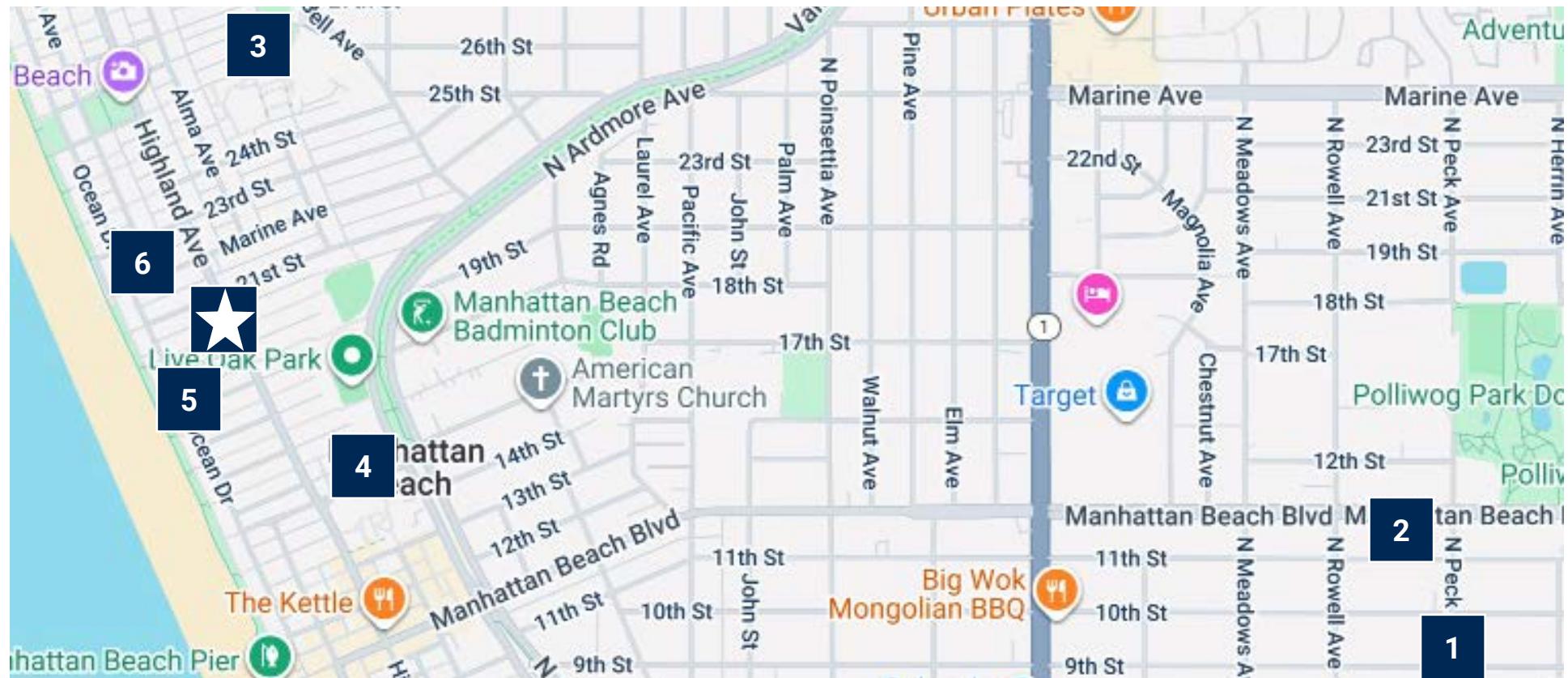




RENT COMPARABLES

Marcus & Millichap

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

Marcus & Millichap

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%



Median Age
39.5

U.S. Median
38.7



Households
489K

Growth 2023-2028*
2.1%



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%

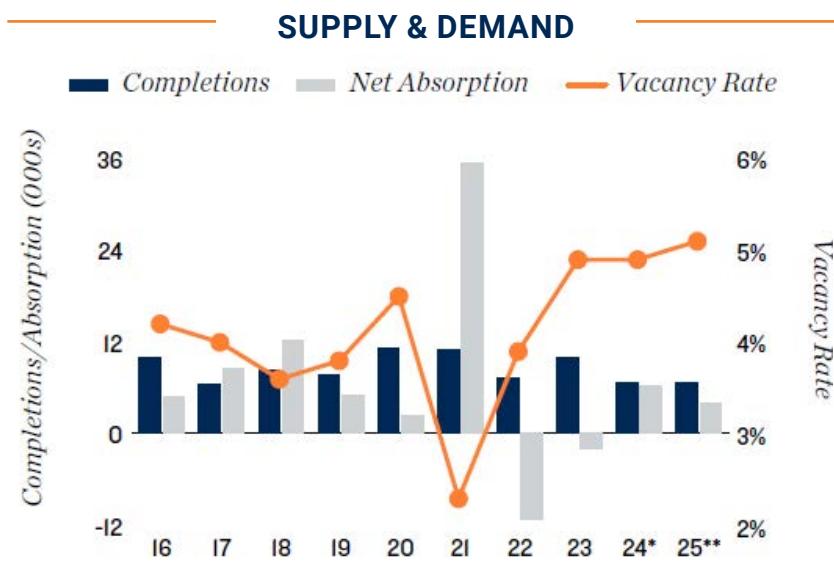
INVESTMENT FORECAST LOS ANGELES METRO 2025

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.

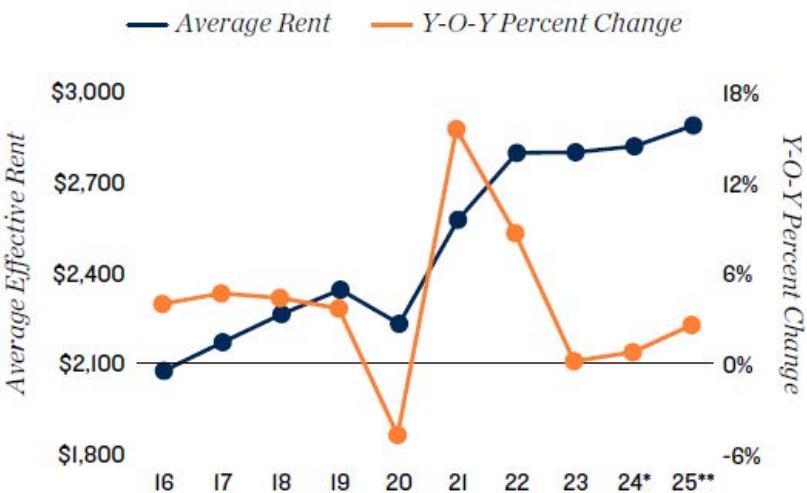


2.5%
increase in
effective rent

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.

EXCLUSIVELY LISTED BY

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