

OFFERING MEMORANDUM

Dracena Palms | 60 UNITS



**2031 - 2035 DRACENA DRIVE
LOS ANGELES, CA 90027**



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EXECUTIVE SUMMARY

2031 - 2035 Dracena Drive, Los Angeles





SITE DESCRIPTION

Units	60
Gross Square Footage	66,768
Parcel Size	31,982
Parking Spaces	72
APN	5590-005-039
Zoning	LAR3

2305 Dracena Drive "Dracena Palms" is a sixty unit 66,768 SF multifamily property located in the Los Angeles Submarket "Los Feliz." The property resides on a 31,982 square foot lot.

The comparable sales approach was utilized to price this property, which factors in similar property types, location, price per square foot, condition of the property, year built, rents associated with the property, lease terms, tenants, and metrics such as the Capitalization Rate, Gross Rent Multiplier, and Price Per Door.



PROPERTY INFORMATION

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60

Total Unit



1,000 SF

Average Unit Size



1972

Year Built



66,768 SF

Building Size



31,982 SF

Lot Size



72 SPACES

Parking



ZIMAS PUBLIC

Generalized Zoning

02/12/2020

City of Los Angeles
Department of City Planning

Address: 2035 N DRACENA DR

Tract: GREENWOOD TERRACE
TRACT

Zoning: R3-1XL

APN: 5590005039

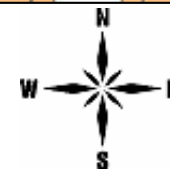
Block: None

General Plan: Medium Residential

PIN #: 150B197 371

Lot: 9

Arb: None



PROPERTY HIGHLIGHTS

2031 - 2035 Dracena Drive, Los Angeles



PROPERTY HIGHLIGHTS

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Dracena Palms constructed in 1972, is in an ideal location between N Vermont Avenue, Hillhurst Avenue and Los Feliz Blvd which are main thoroughfares that tenants can use to dine, shop, or ride bikes.



This 60-unit building features forty-two 1-bedrooms, fifteen 2-bedrooms and three studios. There are 72 parking spaces (per Costar research).



The location of Dracena Palms is in the highly desirable rental market of Los Feliz, known for its trendy eateries, outdoor activities, and cool location where tenants are willing to pay a premium to live in one of the best neighborhoods in all of Los Angeles.





THE OPPORTUNITY:

Dracena Palms offers a new owner a unique and rare opportunity to acquire a true value add opportunity in a stellar location where the rental rate can be increased by completing renovations of the units, common areas, and facade.



SIGNIFICANT UPSIDE POTENTIAL:

Dracena Palms provides the opportunity to reposition and upgrade the apartment building to obtain market premium rents and capitalizing on significantly below market in-place rents.



FANTASTIC WALKABILITY:

With a walk score of 86, this pocket of Los Feliz is a walker's paradise. Leave your car parked and take a stroll onto Los Feliz Blvd to enjoy the buzz of the city with a multitude of dining, shopping, and people watching options available at every turn.



LOS FELIZ HAS IT ALL:

Residents enjoy the history, architecture, diversity, community, walkability, food options, entertainment options, and outdoor activities the area provides. Dracena Palms is in close proximity to The Greek Theater, Griffith Park, and Los Feliz Village.



NO SOFT STORY RETROFIT:

Dracena Palms is not subject to the current Soft-Story Seismic Retrofit Ordinance.



STRONG RENTAL DEMAND:

2035 Dracena Drive has a very low vacancy rate due to the highly desirable location where prospective tenants compete.



EXCEPTIONAL FINANCING / LOAN OPTIONS:

Buyers can acquire the property with historically low interest rates and attractive financing options.



LOCATION

2031 - 2035 Dracena Drive, Los Angeles



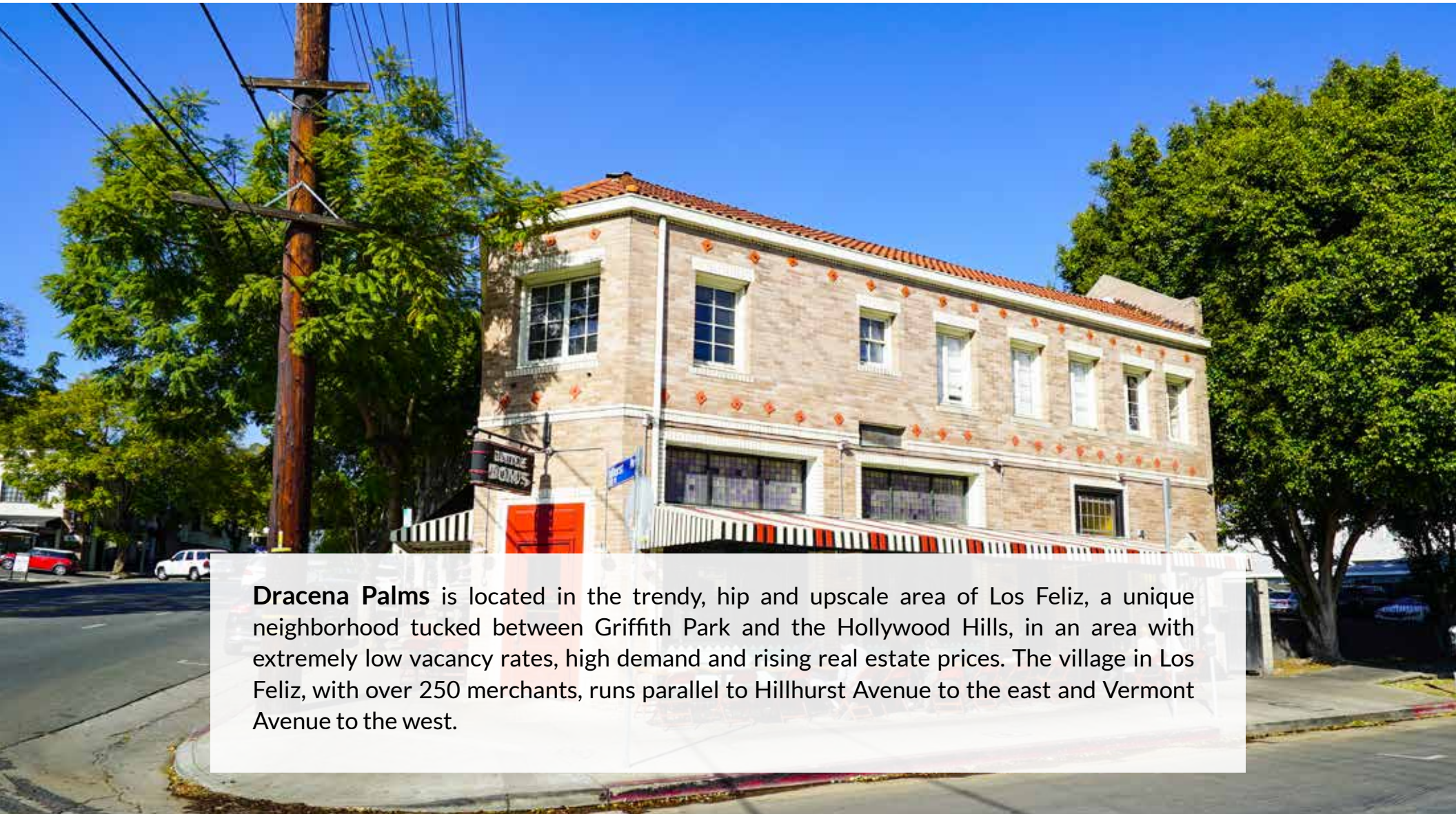




LOS FELIZ MARKET OVERVIEW

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Dracena Palms is located in the trendy, hip and upscale area of Los Feliz, a unique neighborhood tucked between Griffith Park and the Hollywood Hills, in an area with extremely low vacancy rates, high demand and rising real estate prices. The village in Los Feliz, with over 250 merchants, runs parallel to Hillhurst Avenue to the east and Vermont Avenue to the west.



Dracena Palms is only 0.2 Miles from the Los Feliz staple Cheech's Pizza, where you can grab piping hot pizza, and just .8 miles from the family owned and extremely popular Tiki Ti's where you can indulge in a tropical drink from a master mixologist, and .2 miles from Lassens Natural Food market which the health conscious Los Feliz crowd loves and only .6 miles Barnsdall Art Park which promote, interpret, and present the art of emerging, mid-career, and established artists from culturally diverse Southern California.



Residents can walk to nearby restaurants and cafes, take the metro into the heart of Hollywood, or spend the afternoon in an adjacent neighborhood via short commute.

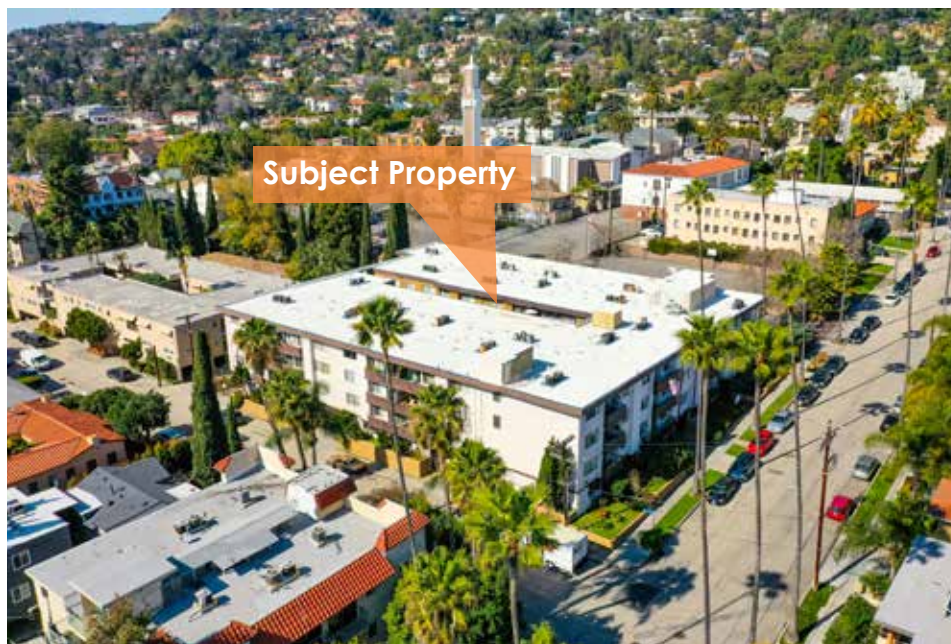




The Los Feliz neighborhood continues to be home to a young demographic that's trendy and cool and wants equally trendy and cool places to dine, shop and experience the community. Los Feliz Village allows these residents to enjoy a wide array of local restaurants, boutique shops, artsy coffee shops, theaters, gastropubs, and parks. Notable establishments include The Dresden Room, which was prominently featured in the movie *Swingers*.



2301 - 2035 Dracena Drive is located in a fantastic location with an 86 walk score. Residents enjoy access to a wide variety of employment, entertainment, and cultural experiences that few other neighborhoods in Los Angeles can match. Los Feliz is a highly sought-after location for a younger hipper demographic. Many residents have created business startups and the area is ripe for continued success in enticing a younger renter demographic.





86 Very Walkable

Most errands can be accomplished on foot.



51 Good Transit

Many nearby public transportation options.



50 Bike Score



Dracena Palms residents are within a 23 minute drive to neighborhoods that provide employment and leisure activities such as Studio City, West Hollywood, and Downtown L.A.

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MINUTES TO
STUDIO CITY

23

MINUTES TO
WEHO

23

MINUTES TO
DTLA



FINANCIALS

2031 - 2035 Dracena Drive, Los Angeles



FINANCIAL INDICATORS	
Offering Price	\$22,000,000
Current CAP	3.5%
Market CAP	6.5%
Current GRM	17.4
Market GRM	11.4
Cost Per SF	\$329
Cost Per Unit	\$366,667
Cash on Cash Return	3.5%
Expenses Per Unit	\$7,858
Expenses Per Sq Ft	\$7.06

ESTIMATED ANNUALIZED EXPENSES	
New Property Taxes	\$258,341
Water, Sewer, waste, gas, electrical	\$65,647
Property Insurance	\$23,369
Maintenance & Repairs	\$12,000
Pest Control, gardening, cleaning, pool	\$30,703
Onsite Management (1.5%)	\$18,926
Offsite Management (4%)	\$50,469
Reserves & Replacements	\$12,000
Total Estimated Expenses	-\$471,456

SOURCE OF INCOME		CURRENT RENTS		MARKET RENTS	
# of Units	Unit Type	Avg. Rent	Total	Avg. Rent	Income
42	1 Bedrooms	\$1,659	\$69,666	\$2,500	\$105,000
15	2 Bedrooms	\$1,876	\$28,134	\$3,300	\$49,500
3	Studio	\$1,027	\$3,082	\$1,600	\$4,800
Total Rental Income			\$103,345		\$159,300
* Laundry Income			\$1,800		\$1,800
Total Monthly Income			\$105,145		\$161,100
Total Annual Income			\$1,261,737		\$1,933,200

BUILDING DATA	
Units	60
Year Built	1972
Lot Sq Ft	31,982
Bldg Gross Sq Ft	66,768
Parking Spaces	72

EST. ANNUALIZED OPERATING DATA	CURRENT		MARKET	
Scheduled Gross Income		\$1,261,737		\$1,933,200
Less Vacancy	2.0%	(\$25,235)	2.0%	(\$38,664)
Gross Operating Income		\$1,236,502		\$1,894,536
Less Expenses	38%	(\$471,456)	24%	(\$471,456)
Net Operating Income		\$765,046		\$1,423,080

Underwriting Notations:

- Operating expenses based on market assumptions
- *Laundry Income based on \$15.00 per unit per month
- Real Estate Taxes have been underwritten based a tax rate of 1.174279%
- Property Insurance: Underwritten at .40 per SF
- Water, Sewer, Electrical, Trash based on 5% of the Effective Gross Income
- Maintenance & Repairs: Based upon \$400 per unit per year
- Property Management Fee: Projected at 4% of Total Annual Income.
- On-site Manager Fee: Projected at 1.5% of Total Annual Income.
- Pest Control, Gardening, Cleaning, Pool based on 3% of the Effective Gross Income
- Reserves & Replacements : Based upon \$400 per unit per year.



UNIT	STATUS	UNIT TYPE	MOVE IN DATE	CURRENT RENT	POST RENOVATION MARKET RENT
101	Occupied	2 Bed	1/1/08	\$1,808	\$3,300
*102	Occupied	2 Bed	1/1/94	\$787	\$3,300
103	Occupied	1 bed	9/1/05	\$1,464	\$2,500
104	Occupied	1 Bed	9/1/06	\$2,400	\$2,500
105	Occupied	1 Bed	5/4/09	\$1,421	\$2,500
106	Occupied	1 bed	8/1/12	\$1,626	\$2,500
107	Occupied	1 Bed	4/4/16	\$1,649	\$2,500
108	Occupied	1 bed	5/10/19	\$2,184	\$2,500
109	Occupied	2 Bed	9/16/10	\$1,932	\$3,300
110	Manager	1 Bed		\$2,500	\$2,500
111	Occupied	Studio	11/1/11	\$1,137	\$1,600
112	Occupied	2 Bed	11/25/17	\$2,496	\$3,300
113	Occupied	1 Bed	4/1/88	\$1,105	\$2,500
114	Vacant	1 Bed		\$2,500	\$2,500
115	Occupied	1 Bed	10/1/18	\$2,184	\$2,500
116	Occupied	1 Bed	6/16/11	\$1,476	\$2,500
117	Occupied	1 Bed	8/1/11	\$1,477	\$2,500
118	Occupied	1 Bed	9/12/14	\$1,591	\$2,500
119	Occupied	1 Bed	9/22/14	\$1,591	\$2,500
120	Occupied	2 bed	8/29/09	\$1,932	\$3,300

*Section 8 tenant.



UNIT	STATUS	UNIT TYPE	MOVE IN DATE	CURRENT RENT	POST RENOVATION MARKET RENT
201	Occupied	2 Bed	10/14/91	\$1,549	\$3,300
202	Occupied	2 Bed	11/1/17	\$2,046	\$3,300
203	Occupied	1 Bed	3/7/15	\$1,534	\$2,500
204	Occupied	1 Bed	1/8/91	\$1,221	\$2,500
205	Occupied	1 Bed	9/1/16	\$1,607	\$2,500
206	Occupied	1 Bed	2/1/09	\$1,447	\$2,500
207	Occupied	1 Bed	10/17/11	\$1,477	\$2,500
208	Occupied	1 Bed	6/1/16	\$1,655	\$2,500
209	Occupied	2 Bed	2/10/18	\$2,496	\$3,300
210	Occupied	1 Bed	10/1/01	\$1,454	\$2,500
211	Occupied	Studio	5/1/03	\$1,071	\$1,600
212	Occupied	2 Bed	11/1/12	\$2,046	\$3,300
213	Occupied	1 Bed	9/1/09	\$1,522	\$2,500
214	Occupied	1 Bed	3/1/09	\$1,447	\$2,500
215	Occupied	1 Bed	5/24/19	\$2,142	\$2,500
216	Occupied	1 Bed	9/7/09	\$1,534	\$2,500
217	Occupied	1 Bed	8/15/96	\$1,169	\$2,500
218	Occupied	1 Bed	3/23/13	\$1,591	\$2,500
219	Occupied	1 Bed		\$2,184	\$2,500
220	Occupied	2 Bed	10/21/17	\$2,496	\$3,300



UNIT	STATUS	UNIT TYPE	MOVE IN DATE	CURRENT RENT	POST RENOVATION MARKET RENT
301	Occupied	2 Bed	7/1/13	\$2,046	\$3,300
302	Occupied	2 Bed	12/1/16	\$2,464	\$3,300
303	Vacant	1 bed		\$2,500	\$2,500
304	Occupied	1 bed	8/1/14	\$1,477	\$2,500
305	Occupied	1 Bed	7/18/12	\$1,447	\$2,500
306	Occupied	1 Bed	5/24/73	\$1,186	\$2,500
307	Occupied	1 Bed	1/11/05	\$1,401	\$2,500
308	Occupied	1 bed	7/9/11	\$1,477	\$2,500
309	Occupied	2 Bed		\$1,959	\$3,300
310	Occupied	1 Bed	7/15/13	\$1,591	\$2,500
311	Occupied	Studio	3/20/97	\$874	\$1,600
312	Occupied	2 Bed	10/1/98	\$2,496	\$3,300
313	Occupied	1 Bed	7/1/13	\$1,476	\$2,500
314	Occupied	1 Bed	6/18/14	\$1,534	\$2,500
315	Occupied	1 Bed	8/1/17	\$2,142	\$2,500
316	Occupied	1 Bed	8/11/97	\$1,233	\$2,500
317	Occupied	1 Bed	1/25/79	\$2,184	\$2,500
318	Occupied	1 Bed	7/28/01	\$1,333	\$2,500
319	Occupied	1 Bed	1/16/10	\$1,534	\$2,500
320	Occupied	2 Bed	1/16/11	\$2,046	\$3,300
TOTAL:				\$103,345	\$159,300



COMPARABLES

2031 - 2035 Dracena Drive, Los Angeles



Offering Memorandum | 2031 - 2035 Dracena Drive, Los Angeles



Property	Year Built	Units	Building SQ. FT.	Price	Price Per Unit	Price Per SQ. FT.	COE GRM	COE Cap Rate	COE
2031 - 235 Dracena Drive Los Feliz 90027 *Subject Property	1957	60	66,768	\$22,000,000	\$366,667	\$329	16.4	3.6%	N/A
1 4646 Los Feliz Blvd, Los Feliz 90027	1973	78	64,160	\$20,150,000	\$258,333	\$314	13.24	3.4%	12/31/18
2 1800 N New Hampshire Los Feliz 90027	1987	134	114,094	\$55,000,000	\$410,448	\$482	15.9	3.87%	8/1/18
3 1917 Rodney Dr., Los Feliz 90027	1971	54	53,487	\$17,575,000	\$325,463	\$329	15.72	3.6	12/18/18
4 3461 Waverly Dr., Los Feliz 90027	1970	28	27,467	\$9,900,000	\$353,571	\$360	N/A	N/A	6/28/19
5 1840 Winona Blvd., Los Feliz 90027	1963	50	35,895	\$10,800,000	\$211,765	\$301	N/A	2.96%	11/08/20
6 2975 Waverly Dr, Los Angeles 90039	1985	36	32,400	\$13,000,000	\$361,111	\$401	N/A	N/A	3/8/18
7 1937-1939 Argyle Ave Los Angeles 90068	1970	49	23,232	\$8,725,000	\$207,738	\$376	N/A	N/A	3/15/19
Total / AVG	1974	60	52,188	\$19,706,250	\$313,458	\$362	15.41	3.07%	



LEASE COMPS

2031 - 2035 Dracena Drive, Los Angeles



2 Bedroom LEASE COMPS

#	Change Date	Change Type	Photo	MLS #	AR	S	Address	City	B R	Baths(FTHQ)	SqFt	Lot Sz	YB	LP	SP	Lease Terms	Furnished	DOM	Map
1	07/24/2019	Sold		19-465952	22	S	2021 N VERMONT AVE	LOS ANGELES	2	1.00 (1 0 0 0)	1200	8992	1921	\$3,195 ↓	\$3,195	1+Year	Unfurnished	59	/
2	06/10/2019	Sold		19-460982	22	S	4635 FINLEY AVE #2000	LOS ANGELES	2	3.00 (2 0 1 0)	1218	10914	1947	\$3,300 ↓	\$3,300	1-Year	Unfurnished	39	/
3	07/13/2019	Sold		19-437572	22	S	4615 FINLEY AVE #6	LOS ANGELES	2	2.00 (1 1 0 0)	1069	8075	1958	\$3,475	\$3,275	1+Year, 1-Year	Furnished	137	/
4	10/16/2019	Sold		19-501978	22	S	4301 LOS FELIZ #11	LOS ANGELES	2	3.00 (3 0 0 0)	1290	15737	2005	\$3,500 ↓	\$3,500	1+Year, 1-Year, Negotiable	Unfurnished	23	/
5	07/11/2019	Sold		PF191337 57MR	22	S	3302 Griffith Park BLVD	LOS ANGELES	2	2.00 (2 0 0 0)	981	4980	1936	\$3,650	\$3,250	1-Year	Unfurnished	13	/

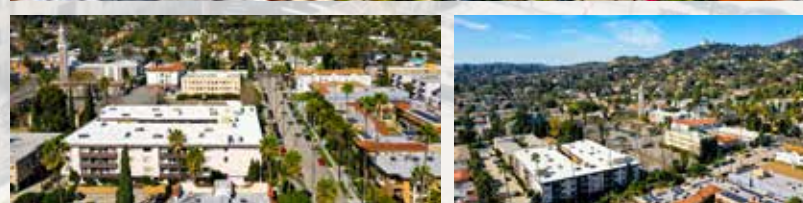
1 Bedroom LEASE COMPS

#	Change Date	Change Type	Photo	MLS #	AR	S	Address	City	B R	Baths(FTHQ)	SqFt	Lot Sz	YB	LP	SP	Lease Terms	Furnished	DOM	Map
1	10/07/2019	Sold		SR192131 62CN	22	S	4244 HAZEL KIRK DR	Los Feliz	1	1.00 (1 0 0 0)	660	1834	1936	\$2,500 ↓	\$2,500		Unfurnished	30	/
2	01/09/2020	Sold		20-539488	22	S	4445 CLARISSA AVE	LOS ANGELES	1	1.00 (1 0 0 0)	1015	5524	1940	\$2,500	\$2,500	1-Year	Unfurnished	6	/
3	07/28/2019	Sold		19-490754	22	S	1930 N VERMONT AVE #106	LOS ANGELES	1	1.00 (1 0 0 0)	626	18164	1964	\$2,500	\$2,450	1-Year	Unfurnished	7	/
4	06/13/2019	Sold		19-473832	22	S	1840 N KENMORE AVE #209	LOS ANGELES	1	1.00 (1 0 0 0)	800	29074	1987	\$2,645	\$2,645	1+Year	Unfurnished	7	/

Studio LEASE COMPS

#	Change Date	Change Type	Photo	MLS #	AR	S	Address	City	B R	Baths(FTHQ)	SqFt	Lot Sz	YB	LP	SP	Lease Terms	Furnished	DOM	Map
1	05/15/2019	Sold		19-464938	22	S	3949 LOS FELIZ #314	LOS ANGELES	0	1.00 (1 0 0 0)	600	35734	1972	\$1,850	\$1,850	1+Year	Unfurnished	6	/
2	01/21/2020	Sold		320000100 IT	20	S	1833 N NORMANDIE AVE #308	Los Angeles	0	1.00 (1 0 0 0)	608	10609	1968	\$1,590 ↓	\$1,590		Unfurnished	14	/
3	01/15/2020	Sold		SR192759 42CN	22	S	1757 N KINGSLEY #113	Los Angeles	0	1.00 (1 0 0 0)	450	18094	1968	\$1,795	\$1,795		Unfurnished	42	/
4	07/29/2019	Sold		SR191591 49CN	20	S	5427 CARLTON WAY #5	Los Angeles	0	1.00 (1 0 0 0)	500	15320	1957	\$1,695	\$1,695		Unfurnished	24	/





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