

# Santa Monica Residential Development Opportunity

**Urban** | Residential Development



## Development Advisory By:

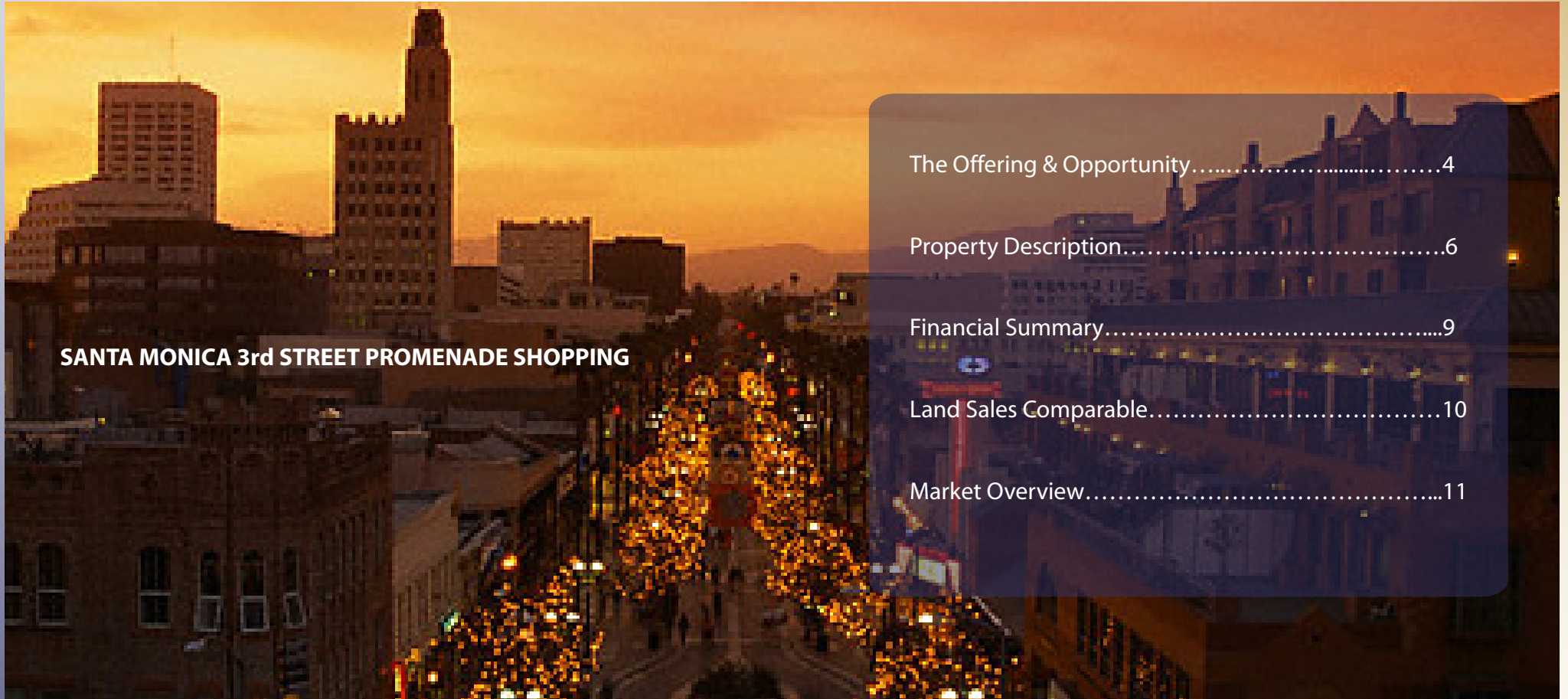
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**SANTA MONICA 3rd STREET PROMENADE SHOPPING**

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Gibraltar Commercial Properties, Inc., as the exclusive listing agent, is pleased to present and offer this rare urban infill development opportunity of  $\pm$  66.1% of a gross acre site in Santa Monica, California for development of 2 luxury homes and 4 townhomes envisioned to complement an existing single-family residential neighborhood of \$1,500,000 to \$2,000,000 homes in the immediate area. The offering consist of 2 contiguous side-by-side parcels, currently operating as an apartment complex. The property is located just off the southwest corner of Pico Blvd. and 33rd Street, consisting of a combined 28,828 square feet of prime residential development real estate, being offered for \$7,500,000 or \$260/SF.

The Opportunity is for an investor to acquire and develop a proposed residential development concept to split the existing R1 lot of 19,219 SF for two single-family residential developments, and four townhomes on a R2 lot with 9,609 SF on a combined 28,828 square feet of land. The Property benefits from proximity to public transportation, retail banking, grocery shopping, and restaurants all within walking distance, along with multi-million dollar single family homes. Santa Monica has a shortage of newly developed housing options in this immediate area, with tremendous demand for upscale housing to compliment the current explosion of single-family housing redevelopment and reconstruction. Both properties are currently used as apartments, creating a direct path to City of Santa Monica approval for developing the properties into upscale single-family homes and townhomes.





## Highlights

- This offering presents a rare and unique opportunity for an Investor to acquire and develop a highly desirable and upscale Single-Family Homes & Townhomes
- The property is currently operating as an apartment complex, generating approximately \$264,804 in annual rental income from 12 - one and two bedroom units
- City of Santa Monica Planning Department has indicated favorable ruling on splitting the existing R1 Lot into two R1 Lots, to match neighboring residential lots
- The property is located just walking distance from Trader Joe's, Chase Bank, US Bank, and several neighborhood boutiques, coffee shops and restaurants
- The property is located on a residential street anchored by Pico Blvd. to the North, and Ocean Park Blvd. to the South, with easy access to the 10 & 405 Freeways
- The area is highlighted with the Ocean Park Office Complex, Santa Monica College, the Santa Monica Mall, and Westwood just minutes from the property location



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<b>The Property</b>	
Name	33 <sup>rd</sup> Street Apartments
Address	2310 & 2318 33 <sup>rd</sup> St, Santa Monica, CA 90405
Parcel Numbers	4270008039 & 4270008038
Current Land Use	Multi-Family Residential
Year Build	1940
<b>Site Description</b>	
Number of Bldgs.	3 Single Story
Units	12
Lot Size (Square Feet)	9,609 & 19,219 (28,828 Combined)
Zoning	Residential – R2 & R1
Current Parking	12 Garages
<b>Utilities</b>	
Water	City of Santa Monica
Sewer	City of Santa Monica
Trash	City of Santa Monica
Electric	Southern California Edison
Gas	The Gas Company

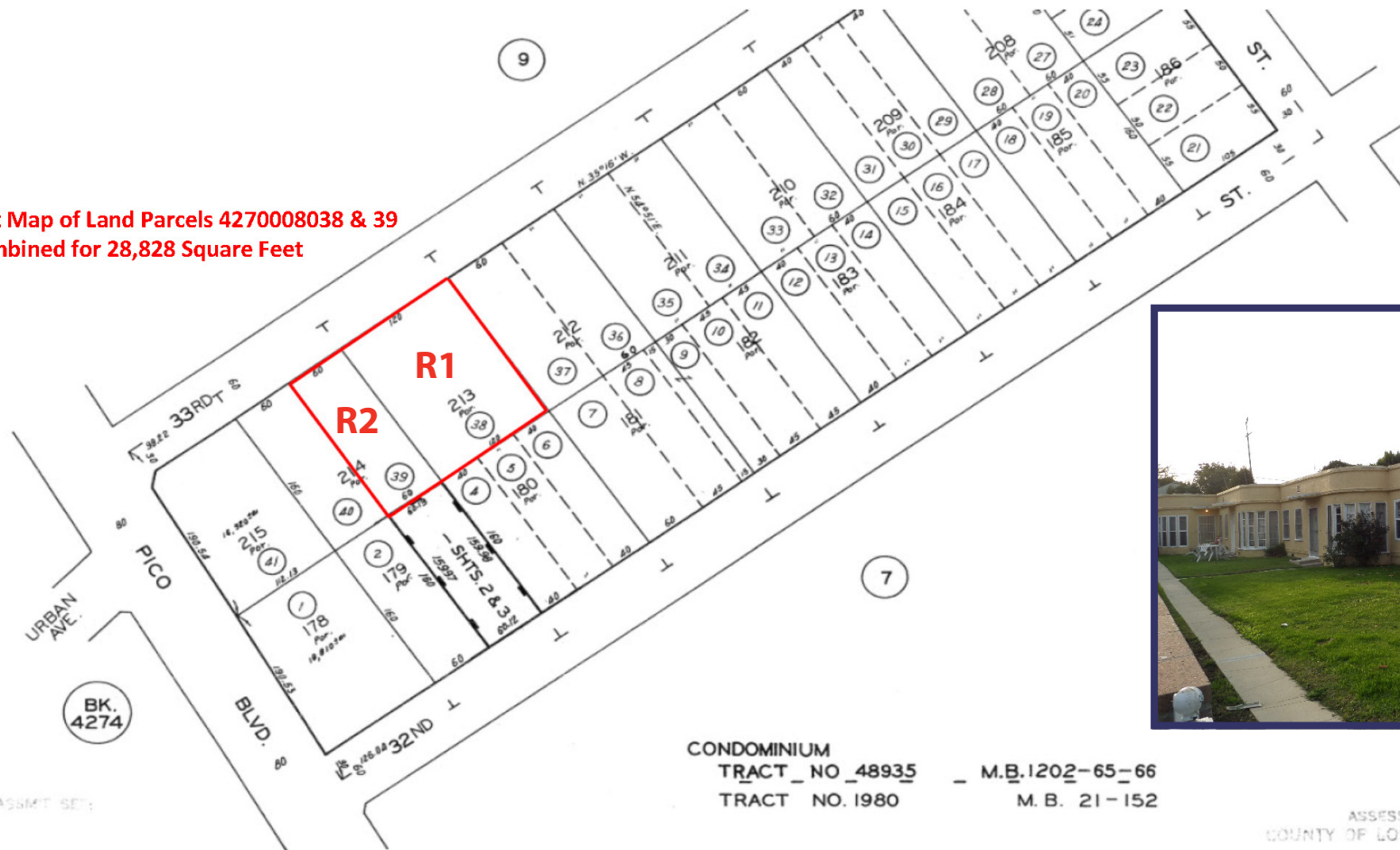
<b>Current Construction</b>	
Foundation	Concrete Slab
Framing	Wood Framing
Exterior	Stucco
Roof	Flat
Parking Surface	Asphalt
<b>Mechanical</b>	
Fire Protection	No-Sprinklers / Fire Extinguishers
Plumbing	Mixture of Copper & Galvanized
Building Wiring	Copper Coated Wiring



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**Plat Map of Land Parcels 4270008038 & 39  
Combined for 28,828 Square Feet**



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**Current Property Financials**

Property	33 <sup>rd</sup> Street Apartments
Address	2310 & 2318 33 <sup>rd</sup> Street, Santa Monica, CA 90405
Number of Units	12
Net Rentable SF	8,796
<b>Annual Gross Income</b>	<b>\$264,804</b>

**Offer For Sale**

Property Parcels	4270008038 & 4270008039
Lot Size	28,828 SF / .66 of 1 Acre
Buildings	3 Separate Bldgs. & Garages
Highest & Best Use	Newly Developed Homes & Townhomes
<b>Land &amp; Apartment Buildings Offer Price</b>	<b>\$7,500,000</b>



**Current Rent Role**

Unit Address	Unit Mix	Unit Sq. Ft.	Current Rent/Unit	Market Rent/Unit
2310	1+1	620	\$1,750	\$2,036
2312	1+1	620	\$1,752	\$2,036
2314	1+1	620	\$1,752	\$2,036
2316	2+2	1072	\$1,799	\$2,350
2318	1+1	620	\$2,075	\$2,036
2320	1+1	620	\$1,441	\$2,036
2322	1+1	620	\$1,702	\$2,036
2324	2+2	1072	\$1,789	\$2,350
2326	1+1	620	\$1,807	\$2,036
2328	1+1	620	\$689	\$2,036
2330	1+1	620	\$1,265	\$2,036
2330	2+2	1072	\$2,389	\$2,350
<b>Totals</b>		<b>8,796</b>	<b>\$20,210</b>	<b>\$25,374</b>

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**Development Assumptions**

Developer to split existing R1 Lot of 19,218 SF, into (2) R1 Lots of 9,609 SF  
 Land of 28,828 SF (19,218 for R1 Lot + 9,610 for R2 Lot) at \$260.1637 Per SF  
 Land Cost R1 Lot = \$4,999,827 & R2 Lot = \$2,500,173 for Total of \$7,500,000  
 Estimated Single-Family Construction & Soft Cost Per Square Foot = \$340.00  
 Estimated Townhome Construction & Soft Cost Per Square Foot = \$300.00  
 Developer's Total Single-Family Development Cost = \$600.00 Per SF  
 Developer's Total Townhome Development Cost = \$560.00 Per SF

**Santa Monica Market Values & Sales Comps**

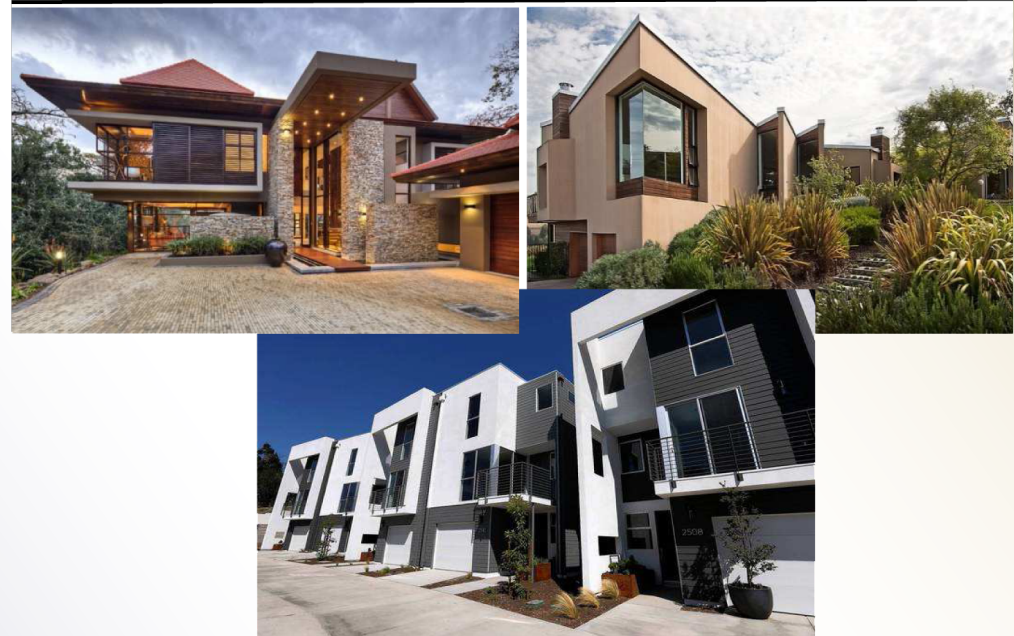
Average Sales Comps for Townhomes: Size = 2,000 SF & Price Per SF = \$900  
 Average Sales Comps for Single-Family: Size = 3,125 SF & Price Per SF = \$800  
 Develop (4) 2,000 SF Townhomes on R2 Lot – Sales Price of \$1,800,000 Each  
 Develop (2) 3,125 SF Homes on R1 Lots – Sales Price of \$2,500,000 Each

**Developer's Pro Forma Profit Calculations**

Developer's Profit Margin Per SF = Sales Price/SF - Develop Cost/SF  
 Single-Family Home Profit Margin Per SF = \$800 - \$600 = \$200 Per SF  
 Townhome Profit Margin Per SF = \$900 - \$560 = \$340 Per SF  
**Developer's Profit from Homes = \$200/SF \* 3,125 SF \* 2 = \$1,250,000**  
**Developer's Profit from Townhomes = \$340/SF \* 2,000 SF \* 4 = \$2,720,000**

**Calculation of Developer's Return on Investment**

Developer's Total Land Investment = \$7,500,000 for 2310 & 2318 33rd Street  
 Developer's Total Home Construction Cost = \$340 \* 3,125 SF \* 2 = \$2,125,000  
 Developer's Total Townhome Construction Cost = \$300 \* 2,000 SF \* 4 = \$2,400,000  
 Developer's Total Investment for Land Acquisition & Construction = \$12,025,000  
**Developer's Total Profit from Development = \$1,250,000 + \$2,720,000 = \$3,970,000**  
**Developer's Total Return on Investment = \$3,970,000 / \$12,025,000 = 33% ROI\***  
 \* Does Not Include Cost of Selling Single-Family Homes & Townhomes





Comps	Address	Sale Date	Sale Price	Zoned	Land Usage	SQ. FT.	Price/SF	Location
★	<b>2310 &amp; 2318 33<sup>rd</sup> Street, Santa Monica, CA 90405</b>	<b>Subject</b>	<b>\$7,500,000</b>	<b>SMR2 &amp; R1</b>	<b>Single &amp; Multi-Residential</b>	<b>28,828</b>	<b>\$260.16</b>	<b>Located 50 Feet Off Pico Blvd. Next to Trader Joe's and Chase Bank</b>
1	1419 19 <sup>th</sup> Street, Santa Monica, CA 90404	On-Market	\$1,500,000	SMR2	Multi-Residential	7,497	\$200.08	Just South of Santa Monica Bl. On the East side of 19 <sup>th</sup> Street, Next to St. John's Hospital
2	1417 Yale Street, Santa Monica, CA 90404	On-Market	\$1,099,000	SMR2	Multi-Residential	7,806	\$140.79	Corner Lot Just 100 Feet From Santa Monica Bl.
3	1433-1437 14 <sup>th</sup> Street, Santa Monica, CA 90404	06/18/2013	\$5,250,000	SMR3	Multi-Residential	22,499	\$233.35	Located Between Santa Monica Blvd. and Colorado Ave.
4	1949 17 <sup>th</sup> Street, Santa Monica, CA 90404	On-Market	\$1,199,000	SMR2	Multi-Residential	7,747	\$154.88	Located Within Walking Distance of Santa Monica College
5	740 18 <sup>th</sup> Street, Santa Monica, CA 90402	On-Market	\$2,649,000	SMR1	Single-Family Residential	8,938	\$296.38	Located Just North of Montana Ave. in the NoMo Gillette Regent Square Area
6	212 Bay Street, Santa Monica, CA 90405	On-Market	\$3,500,000	SMR1	Single-Family Residential	6,004	\$582.94	Located Just South of Pico Ave. Just East of Main Blvd. and Blocks from Beach



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Santa Monica contains the best of the California coast, on the Westside of Los Angeles, a diverse business economy and an unequalled quality of life for residents. Santa Monica is an unforgettable seaside city, with easy access to metropolitan Los Angeles and the rest of Southern California. Equal parts coastal getaway and urban center, Santa Monica serves as a perfect place to live, work and entertain. Santa Monica's coastal Mediterranean climate provides an ideal atmosphere for taking advantage of the famous California lifestyle. Centered on three miles of wide, white sandy beaches, the City enjoys a mild climate averaging about 68 degrees Fahrenheit year-round. Air quality is consistently good in the coastal district.

Santa Monica is 8.3 square miles of businesses and homes; high profile corporate headquarters, a large hi-tech entertainment district, beautiful beaches, luxury hotels, delectable restaurants and some of the finest shopping in the Southern California. It is a stimulating atmosphere for living, entertaining and a dynamic place for business. Santa Monica is situated on the Westside of Los Angeles County, due west from downtown Los Angeles, at the crossroads of the Pacific Coast Highway and Interstate 10. Santa Monica offers convenient access to major freeways, public transportation and airports, and is just 8 miles north of LAX.

**Santa Monica is comprised of several distinct districts, each featuring its own character and lifestyle options. Following is a survey of the districts and highlights:**

#### **Downtown and Third Street Promenade**

Also known as Downtown Santa Monica, Inc., this neighborhood hosts some of the city's biggest stores and most famous retailers as well as two weekly farmers' markets. The open-air, pedestrian-only Third Street Promenade is a huge draw for its shopping, dining, street performers, bookstores and movie theaters.

#### **SANTA MONICA PIER AND OCEAN AVENUE**

Offering direct contact with the beach and ocean, the famous Santa Monica Pier houses a Carousel and full over-the-water amusement park, while palm tree-lined Ocean Avenue has an array of prized ocean-view restaurants and hotels.

#### **Main Street**

Main Street offers chic clothing and design stores, art galleries and a weekly farmers' market just blocks from the ocean.

#### **Montana Avenue**

Montana Avenue is a tree-lined European boulevard amid a residential neighborhood with casual yet luxurious dining and shopping options.

#### **Pico Boulevard**

The highlights of Pico Boulevard are the record stores and a huge Saturday farmers' market, not to mention the award-winning restaurants and clothing boutiques.

#### **Ocean Park**

Ocean Park is a friendly, artsy neighborhood with a wide variety of stores, galleries, coffee shops and a culinary arts restaurant.



Santa Monica has a population of 89,736+, with 50,912 housing units at an average density of 6,049.5 per square mile (2,335.7/km<sup>2</sup>), of which 13,315 (28.4%) were owner-occupied, and 33,602 (71.6%) were occupied by renters. The homeowner vacancy rate was 1%; the rental vacancy rate was 3.1%. 30,067 people (33.5% of the population) lived in owner-occupied housing units and 57,543 people (64.1%) lived in rental housing units.

**The city of Santa Monica is consistently among the most educated cities in the United States, with 23.8 percent of all residents holding graduate degrees.....** According to a 2009 estimate, the median income for a household in the city is \$71,095, and the median income for a family is \$109,410





Santa Monica is home to the headquarters of many notable businesses, including Universal Music Group, Lionsgate Films, the RAND Corporation, Beachbody, Macerich, COR Capital LLC, Supermarine, now Atlantic Aviation, is at the Santa Monica Airport. National Public Radio member station KCRW is located at the Santa Monica College campus.

A number of game development studios are based in Santa Monica, making it a major location for the industry. These include:

- Activision Blizzard (Creators of Call of Duty and Skylanders)
- Naughty Dog (Creators of Crash Bandicoot (1996–1999), Jak & Daxter and Uncharted franchises)
- SCE Studios Santa Monica - Studio Santa Monica (An in-house studio of SCE and creators of God of War)
- Riot Games, the creators of League of Legends.
- Fatburger's headquarters are in Santa Monica.
- TOMS Shoes has its headquarters in Santa Monica.

Former Santa Monica businesses include Douglas Aircraft (now merged with Boeing), MySpace (now headquartered in Beverly Hills), and Metro-Goldwyn-Mayer.

## Ranking of Top City Employers

#	Employer	# of Employees
1	City of Santa Monica	2,528
2	Santa Monica College	2,086
3	Saint John's Health Center	1,796
4	Santa Monica - UCLA Medical Center	1,780
5	Santa Monica - Malibu Unified School District	1,500
6	RAND Corporation	894
7	Universal Music Group	850
8	Beachbody	704
9	Activision Blizzard	692
10	ET Whitehall (Shutter and Case Del Mar)	534
11	Viacom Media Networks	648
12	Loews Hotels	434
13	Lionsgate Entertainment	425
14	Yahoo	390



2310 – 2318 33rd Street, Santa Monica, CA

MARKET OVERVIEW

There are so many ways to get out and enjoy all that Santa Monica has to offer. Their award-winning facilities include the Annenberg Community Beach House, Miles Memorial Playhouse, and the Santa Monica Swim Center. Santa Monica State Beach is an iconic destination that draws visitors from around the globe. Located in neighborhoods throughout the city, our 26 parks are popular gathering spaces for all ages.

Palisades Park stretches out along the crumbling bluffs overlooking the Pacific and is a favorite walking area to view the ocean. It includes a totem pole, camera obscura, artwork, benches, picnic areas, pétanque courts, and restrooms.

Tongva Park occupies 6 acres between Ocean Avenue and Main Street, just south of Colorado Avenue. The park includes an overlook, amphitheater, playground, garden, fountains, picnic areas, and restrooms.

The Santa Monica Stairs, a long, steep staircase that leads from north of San Vicente down into Santa Monica Canyon, is a popular spot for all-natural outdoor workouts. Some area residents have complained that the stairs have become too popular, and attract too many exercisers to the wealthy neighborhood of multimillion-dollar properties.

Natives and tourists alike have enjoyed the Santa Monica Rugby Club since 1972. The club has been very successful since its conception, most recently winning back-to-back national championships in 2005 and 2006. Santa Monica defeated the Boston Irish Wolfhounds 57-19 in the Division 1 final, convincingly claiming its second consecutive American title on June 4, 2006, in San Diego. They offer Men's, Women's and a thriving children's programs. The club recently joined the Rugby Super League.

Santa Monica has also received the Bicycle Friendly Community Award (Bronze) by the League of American Bicyclists in 2009. The distinction was mostly based on the local bicycle valet program. Local bicycle advocacy organizations include Bikerowave (moved to Mar Vista in 2009) and Santa Monica Spoke. Local police cracked down on Santa Monica Critical Mass rides in 2008 and effectively discontinued this flourishing tradition. Despite or perhaps as a result of Santa Monica's friendliness towards bicycles.



Thank you to all our supporters...

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Santa Monica has three main shopping districts, Montana Avenue on the north side of the city, the Downtown District in the city's core, and Main Street on the south end of the city. Each of these districts has its own unique feel and personality.

Montana Avenue is a stretch of luxury boutique stores, restaurants, and small offices that generally features more upscale shopping. The Main Street district offers an eclectic mix of clothing, restaurants, and other specialty retail.

The Downtown District is the home of the Third Street Promenade, a major outdoor pedestrian-only shopping district that stretches for three blocks between Wilshire Blvd. and Broadway (not the same Broadway in downtown and south Los Angeles).

Third Street is closed to vehicles for those three blocks to allow people to stroll, congregate, shop and enjoy street performers. Santa Monica Place, the indoor mall designed by Frank Gehry, is located at the south end of the Promenade. After a period of redevelopment, the mall reopened in the fall of 2010 as a modern shopping-entertainment complex with more outdoor space.

There's no end to the wonderful items and gifts you can find in many of Santa Monica's world famous shopping districts. From quaint Main Street to chic Montana, through the corridors of Pico, Santa Monica & Wilshire, the ever popular Third Street Promenade and the unique area of Bergamot Station, there's no limit to the great shopping you can do.







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