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Investment Opportunity | Offering Memorandum

2389-2399 16th Avenue

Inner Parkside | San Francisco, CA





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Showings - Please Call Listing Agent
Offer date to be determined

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101 2nd Street, 11th Floor
San Francisco, CA 94105



Offering Summary

2389-2399 16th Avenue is located between Taraval & Santiago streets in the Inner Parkside neighborhood of San Francisco. The Inner Parkside is a family friendly neighborhood comprised of beautifully maintained single-family homes and numerous community retail corridors. Residents can enjoy access to several popular outdoor recreation areas, including Stern Grove, Hawk Hill Park and Pine Lake Park. Soft sand and panoramic views of Ocean Beach are just a short bike ride away.

The property consists of two (2) buildings on one parcel, consisting of four (4) one-bedroom, 1 bath apartments, and two (2) commercial spaces occupied by a barber shop and a law office. There are four (4) parking spaces in the building (2 enclosed pad and 2 garages). The property is zoned NCD.

2389-2399 16th Avenue is located on the main commercial strip of Taraval Street. Organic coffee shops, stores, eateries and small family owned grocers are all within walking distance. Major department stores and national retail chains can be found at nearby Stonestown Galleria on 19th Avenue. For commuters, the L-Taraval gives you direct access to the Downtown, while 19th Avenue provides excellent access to highways 280/101, (the City core and the Peninsula).

2389-2399 16th Avenue offers an investor to purchase a well maintained apartment building in an excellent location with rental income upside through remodel and unit turnover.

Property Details

Property Information

Address:	2389-2399 16th Avenue (between Taraval & Santiago Street)
District:	Inner Parkside
Property Sub Type:	Mixed-Use apartment Building
APN:	2345A-018
Building Square Feet:	3,800 square feet
Lot Size:	2,820 square feet
Zoning:	NCD

Building Systems

Foundation:	Concrete
Structure:	Wood-frame
Façade:	Stucco
Rear of Building:	Stucco
Roof Composition & Age:	Rolled-on Composite (good condition)
Electrical Service:	Separately metered
Circuit Breakers:	6 circuit breakers located in open garage area between buildings (3 in each section)
Gas Service:	Separately metered
Fire Protection System:	Battery operated CO2/smoke detectors in units
Fire Escapes:	Stairwells in rear of building
Heat Source:	4 Atlas gas furnaces (2 in each building)
Hot Water:	Hot water - two - 40 gallon tanks (2-Whirlpool, 1-AO smith proline & 1-Rheem)
Plumbing:	Mostly copper
Door Entry System:	Gated lock & key entry way
Front Landing:	Terracotta tile entry way
Stairwell:	Wood stairs and wood railings leading upto units
Mail Boxes:	Inside entrance behind gate
Garbage:	Chutes near stairwell (2 separate chutes, one in each building)
Elevator:	None
Laundry:	Washer/dryer (in unit 2395)

Building Information

Unit Mix:	4 - one bedroom, one bath 2 - commercial 4 - parking (2 enclosed pads & 2 garages)
Kitchens:	Gas ranges/ovens with exhaust hoods Over-under refrigerators Combination of ceramic & Stainless steel sinks Formica counter tops Vinyl floors Wood cabinetry Washer/dryer in kitchens with bus fuses in closets (unit 2395)
Bathrooms:	Bath tubs with separate shower stalls Mosaic tile floors & tile surrounds in bathrooms Pedestal sinks with mirrored medicine cabinets
Bedrooms/Living Area:	Hardwood floors Vertical sliding wood-frame windows Decorative wall & pendant lighting
Commercial:	Fluorescent lighting

Notes

- New backyard fence

Financial Overview

Financial Summary	
Price	\$2,025,000
Down Payment	\$1,012,500
Number of Units	6
Price/Unit	\$337,500
Gross Square Feet	3,800
Price/Square Foot	\$533
CAP Rate - Current	3.75%
CAP Rate - Proforma	6.26%
GRM - Current	15.72
GRM - Pro Forma	11.10
Lot Size	1936
Year Built	2,820

Annual Gross Income	Current	Proforma
Gross Potential Income	\$128,820	\$182,400
Vacancy (3.5%)	\$6,441	\$9,120
AGI	\$122,379	\$173,280
Expenses	\$46,417	\$46,417
NOI	\$75,962	\$126,863

Expenses

Category	Current	Exp/Unit	% /Exp	Market	Exp/Unit	% /Exp
Property Taxes <i>Based on 1.1825% of Price</i>	\$23,946	\$3,991	52%	\$23,946	\$3,991	52%
Special Assessment Tax <i>City & County of San Francisco</i>	\$359	\$60	1%	\$359	\$60	1%
Insurance <i>Owner Statement</i>	\$3,552	\$592	8%	\$3,552	\$592	8%
Repairs and Maintenance <i>Estimated at \$1000 per Unit</i>	\$6,000	\$1,000	13%	\$6,000	\$1,000	13%
Reserves <i>Estimated at \$1000 per Unit</i>	\$6,000	\$1,000	13%	\$6,000	\$1,000	13%
Utilities <i>Owner Statement</i>	\$6,560	\$1,093	14%	\$6,560	\$1,093	14%
Total Operating Expenses	\$46,417	\$7,736	100%	\$46,417	\$7,736	100%

Financing

Loan Amount	\$1,012,500
Loan Type	Proposed New
Interest Rate	3.15%
Program	3 year Interest Only
Loan to Value	50%

Cash Flow after Debt Service	Current	Proforma
Less Debt Service	\$31,894	\$31,894
Cash Flow	\$44,068	\$94,969
Cash on Cash Return	4.35%	9.38%
Expenses as % of Gross	36%	25%
Expenses per Unit	\$7,736	\$7,736

Quote: TBD -First Republic Bank (Borrower to have good banking relations with FRB)

Financial Overview

Rent Roll

Unit No.	Unit Type	Rent	Market Rents	Move In Date	Notes
2393	Commercial - Barber	\$1,375.00	\$1,600	Month to Month	
2389	1 Bedroom, 1 Bath	\$1,220.00	\$2,800	12/1/1995	
2391	1 Bedroom, 1 Bath	\$2,340.00	\$2,800	3/1/2016	
2395	1 Bedroom, 1 Bath	\$2,800.00	\$2,800	Vacant	
2397	1 Bedroom, 1 Bath	\$1,500.00	\$2,800	8/15/2006	
2399	Commercial - Law Office	\$1,500.00	\$1,600	Month to Month	
Monthly Rent		\$10,735.00	\$14,400		
4 Parking		\$0	\$800		
Total Monthly Income		\$10,735	\$15,200		
Annual Income		\$128,820	\$182,400		Upside 42%

Units

1 Bedroom - 4
Commercial - 2
Parking - 4

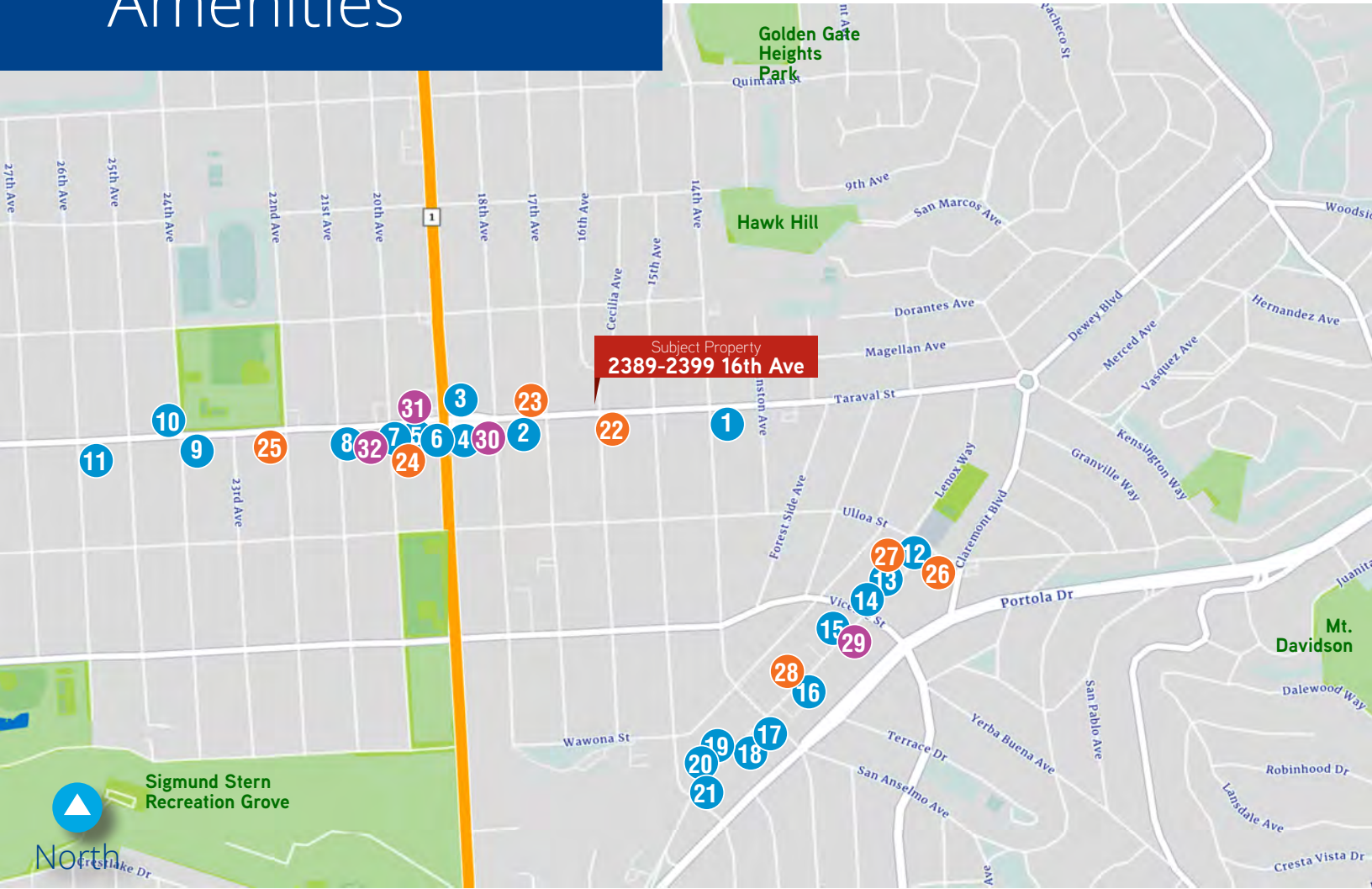
Note

Parking is included in the rents
Parking projected at \$200 per space/month
Apartment market rents estimated (rentometer.com)





Amenities



- Restaurants & Bars
- Convenience & Grocery Stores
- Banks & ATM's

Neighborhood Amenities

- | | | | |
|-----------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| 1 Mango Medley | 9 Stix | 17 Fuji Japanese | 25 Walgreens |
| 2 Odumak | 10 El Cafe | 18 L' Amour de Saigon | 26 Eezy Freezy |
| 3 The Gold Mirror | 11 King of Thai Noodle | 19 The Dubliner | 27 West Portal Daily |
| 4 S & E Cafe | 12 Lemonade | 20 Sushi Suki | 28 West Portal Produce |
| 5 Sichuan Taste Restaurant | 13 Bursa | 21 Little Original Joe's | 29 Wells Fargo |
| 6 Seniores Pizza | 14 Calibur Inc. | 22 Parkside Farmers Market | 30 Citi Bank |
| 7 House of Pancakes | 15 Trattoria Vittoria | 23 Safeway | 31 Chase Bank |
| 8 Prime Steakhouse SF | 16 Orexì | 24 G & Z Lucky Store | 32 Bank of America |

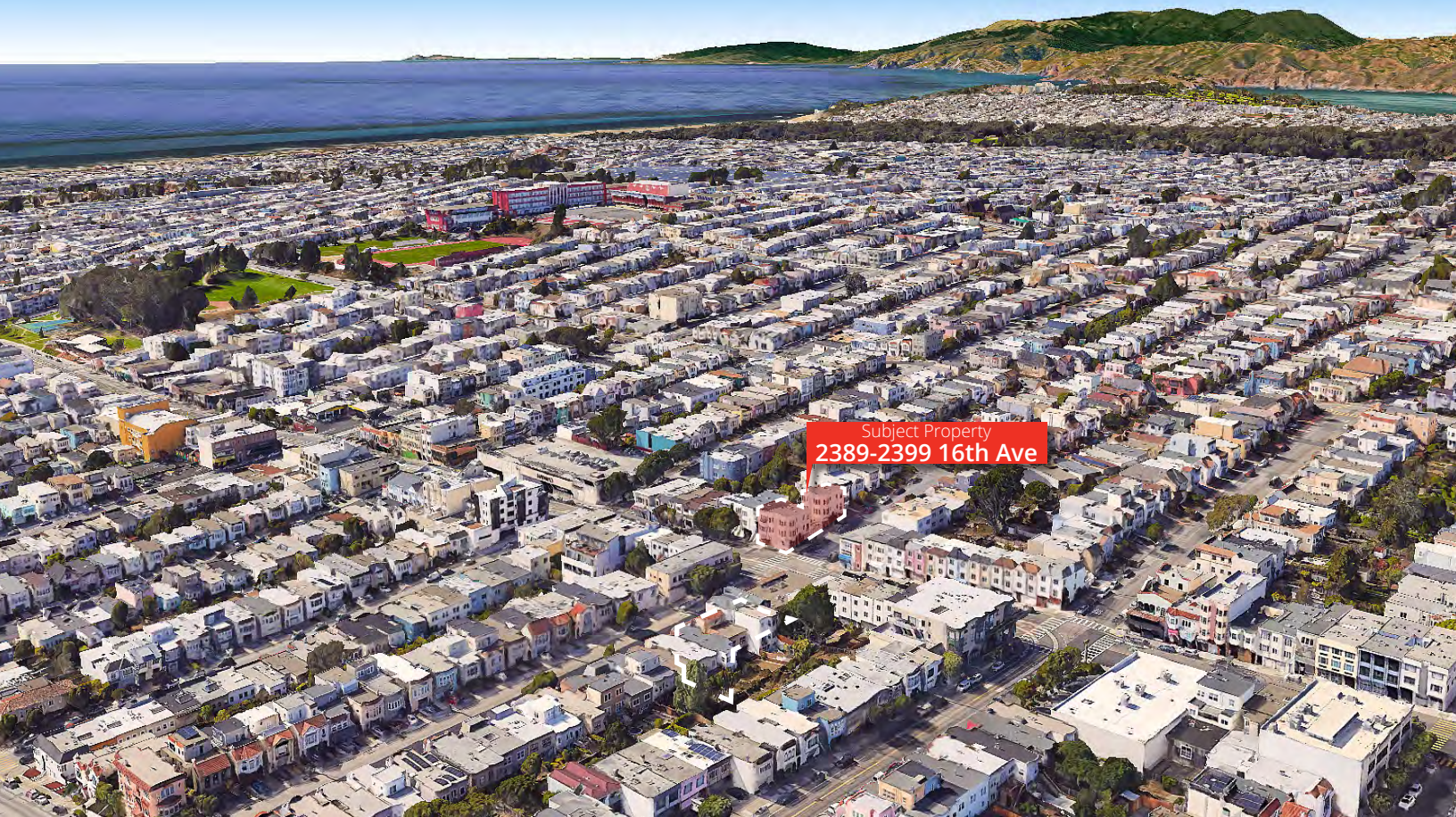
Public Transportation



With Immediate Access to One of the Nation’s Best Public Transit Systems

The area around 2389-2399 16th Avenue offers an extensive transportation network which ensures superior regional access throughout San Francisco and the surrounding Bay Area. Atlantic Cities’ “Access Across America, Transit 2020” ranked San Francisco second only to Manhattan for public transit efficiency, based on how many jobs a resident can access within a 10 to 30 minute commute during the morning rush hours of 7am to 9am. 2389-2399 16th Avenue is within reach of a variety of public transit, including the Civic Center/UN Plaza Bay Area Rapid Transit System (BART) station, the underground MUNI, and street-level rail—all in addition to a variety of San Francisco’s caravan of ‘Tech Shuttles’ moving busloads of Google, Genentech, Facebook, and Apple employees from their homes in San Francisco to their job centers in Silicon Valley.

Aerial Map



Confidentiality & Disclaimer Statement

This Offering Memorandum contains select information pertaining to the business and affairs of the Property at 2389-2399 16th Avenue San Francisco, CA 94116. It has been prepared by Colliers International. This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Colliers International. The material is based in part upon information supplied by the Seller and in part upon financial information obtained by 2389-2399 16th Avenue from sources it deems reliable. Owner, nor their officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence.

By acknowledging your receipt of this Offering Memorandum from 2389-2399 16th Avenue you agree:

- 1) The Offering Memorandum and its contents are confidential;
- 2) You will hold it and treat it in the strictest of confidence; and
- 3) You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Owner and Colliers International expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of 2389-2399 16th Avenue or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Colliers International or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date of this Offering Memorandum.



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