

Investment Opportunity | Offering Memorandum



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# 577 Castro Street

Eureka Valley / Dolores Heights | San Francisco, CA





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Showings by Appointment

*Please Call Listing Agent*

Offer date to be determined

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## Offering Summary

577 Castro Street is an outstanding fifteen (15) unit mixed-use apartment building located between 18th Street and 19th Street in the historic Castro District of San Francisco. The current ownership has owned and operated the building since 1989. The Castro district is one of the most vibrant places in San Francisco. The area offers residents a dense urban feel and the six-to-eight block stretch of Market Street that intersects the neighborhood are brimming with fabulous restaurants and boutiques. The public schools in the Castro neighborhood are also highly rated. Centrally located, residents have access to the Muni streetcar lines and other city buses headed in almost every direction as well as freeway access just off of Market Street.

The building was originally built in 1929, and is very well maintained. This classic 1920's Marina Style apartment building is comprised of two (2) studios/1 bath, eleven (11) 1-bedroom/1 bath, one (1) 3-bedroom/1 bath apartment and a commercial tenant; Anchor Oyster Bar, a fixture in the neighborhood since 1977. Adjacent to the commercial space is a large garage that can accommodate seven (7) cars.

The units are large with abundant natural light, and feature high ceilings with beautiful original Art Deco plaster moldings in most of the apartments. Many of the kitchens have been remodeled with electric stoves/ovens, over-under refrigerators, dishwashers, disposals, tile counter-tops and eat-in kitchens. Other features in the units include hardwood floors, over-sized walk-in closets with built-in shoe racks, separate formal dining rooms and original Deco light sconces in most of the living rooms. There is a spacious roof deck with scenic views of the Golden Gate Bridge and the San Francisco Bay.

577 Castro presents a phenomenal opportunity for an investor to purchase a trophy asset with nearly 81% upside remaining in the rents, and excellent accessory dwelling unit (ADU) potential in one of the finest locations San Francisco has to offer. *(The sellers have approved plans to add two ADU's, also potential to add a second commercial unit).*

# Property Details

## Property Information

Address:	577 Castro Street, San Francisco, CA (between 18th & 19th Street)
District:	Eureka Valley/Dolores Heights
Property Sub Type:	Mixed-use apartment building
Apartments:	14 apartments & 1 Commercial
Stories:	3 stories above garage & lobby
Garage:	7-car enclosed parking
APN:	3583-059
Building Square Feet:	17,964 gross square feet (buyer should independently verify square footage)
Lot Size:	6,124 square feet
Constructed:	1929
Zoning:	NCD

## Building Systems

Foundation:	Concrete foundation
Structure:	Steel frame with brick infill on first level and wood frame and stucco above first level
Façade:	Stucco
Windows:	Vinyl double-paned windows
Rear of Building:	Wood
Roof Composition & Age:	Modified Bitumen
Elevator:	Yes
Electrical Service:	Separately metered
Gas Service:	Single meter
Fire Protection System:	Local fire alarm system / in-unit detectors
Fire Escapes:	In front and rear of building
Heat Source:	In-wall flush radiators with metal covers providing steam heat
Hot Water:	Gas run boilers
Plumbing:	Predominantly copper pipes
Common Area Lights:	Decorative wall sconces & ceiling lights
Circuit Breakers:	In breezeway & renovated units
Door Entry System:	Security intercom system & Medeco front door lock
Mail Boxes:	Located in lobby area
Front Landing/Lobby:	Stucco Art Deco style ornamentation with stone/tile floor lobby
Lobby Lighting	Original Deco light fixtures and sconces
Hallways:	Carpeted
Garage Entry:	Automatic overhead garage doors with remote control
Laundry:	Each unit has its own washer and dryer

## Building Composition

Unit Mix:	2-studios, 11-1 bedrooms 1-3 bedroom apartment & 1-commercial unit
Parking:	7 car parking
Kitchens:	Electric stoves/ovens Over-under refrigerator Wood cabinetry Dish washers Microwaves Disposals Eat-in Kitchens Tile counter-tops
Bathrooms:	Tile floors Pedestal sinks Tub/shower combinations Maximum ventilation in bathrooms
Bedrooms:	Large room areas Hardwood floors (most units) Ample natural light Over-sized walk-in closets with built-in shoe racks
Living & Dining Rooms:	Original deco light sconces in most living rooms Hardwood floors (most units) Separate formal dining rooms Built-in dining room dish cabinets

## Notes

- Many of the kitchens have been remodeled
- Garage level has a steel frame with brick in-fill
- Beautiful, original Art Deco detailed plaster moldings in the ceilings of most rooms in each apartment
- Spacious roof deck with scenic views of Golden Gate Bridge and the Bay
- Steel back staircase
- Potential to add 2 to 3 ADU's
- Soft story work has not been completed

# Financial Overview

Financial Summary	
Sale Price	\$8,500,000
Down Payment	\$4,200,000
Number of Units	15
Price/Unit	\$566,667
Gross Square Feet	17,964
Price/Square Foot	\$473
CAP Rate - Current	3.22%
CAP Rate - Pro Forma	7.90%
GRM - Current	16.19
GRM - Pro Forma	8.92
Year Built	1929
Lot Size	6,124

Annual Gross Income	Current	Proforma
Gross Rental Income	\$525,061	\$952,680
Vacancy (3%)	\$15,752	\$28,580
AGI	\$509,309	\$924,100
Expenses	\$235,403	\$252,508
NOI	\$273,906	\$671,592

- Offering price based AS IS and subject to terms and conditions acceptable to Sellers.

Annual Operating Expenses		Current	Exp/Unit	% /Exp	Market	Exp/Unit	% /Exp
Property Taxes	<i>Based on 1.1825% of Price</i>	\$100,513	\$6,701	43%	\$100,513	\$6,701	40%
Special Assessment Tax	<i>Estimated at 1.5%</i>	\$1,508	\$101	1%	\$1,508	\$101	1%
Insurance	<i>Commercial Coverage Quote</i>	\$13,757	\$917	6%	\$13,757	\$917	5%
Maintenance Contracts	<i>2021 Annualized</i>	\$14,767	\$984	6%	\$14,767	\$984	6%
Fire / Life Safety	<i>2021 Annualized</i>	\$6,827	\$455	3%	\$6,827	\$455	3%
Legal & Professional Fees	<i>2021 Annualized</i>	\$290	\$19	0%	\$290	\$19	0%
Management	<i>Estimated at 4% of Gross Income</i>	\$21,002	\$1,400	9%	\$38,107	\$2,540	15%
Repairs Maintenance	<i>Estimated at \$500 per unit</i>	\$15,000	\$1,000	6%	\$15,000	\$1,000	6%
Electricity & Gas	<i>2021 Annualized</i>	\$23,596	\$1,573	10%	\$23,596	\$1,573	9%
Water & Sewer	<i>2021 Annualized</i>	\$24,000	\$1,600	10%	\$24,000	\$1,600	10%
Garbage & Recycling	<i>2021 Annualized</i>	\$14,143	\$943	6%	\$14,143	\$943	6%
<b>Total Operating Expenses</b>		<b>\$235,403</b>	<b>\$15,694</b>	<b>100%</b>	<b>\$252,508</b>	<b>\$16,834</b>	<b>100%</b>

Financing	
Loan Amount	\$4,300,000
Loan Type	Proposed New
Interest Rate	3.15%
Program	5 Year Interest Only
Loan to Value	51%

Cash Flow after Debt Service	Current	Proforma
Less Debt Service	\$135,450	\$135,450
Cash Flow	\$138,456	\$536,142
Cash on Cash Return	3.30%	12.77%
Expenses as % of Gross	45%	27%
Expenses per Unit	\$15,694	\$16,834

Quote: First Republic Bank November 3, 2021 - 5 year Interest Only (Loan information is time sensitive & subject to change - Borrower to have banking relations with FRB)

# Financial Overview

## Rent Roll

Unit No.	Unit Type	Rent	Banked Rent Increases	Parking	Post Conversion Rents + ADU's	Move In Date	Note
101	1 bd, 1 ba	\$1,309.89			\$4,500	12/15/1991	
102	1 bd, 1 ba	\$3,250.00	\$22.75		\$4,500	7/15/2020	1 Years Banked Rent Increase
103	stu, 1 ba	\$1,765.46			\$2,995	6/15/2003	Large studio/Jr 1 Bedroom
104	1 bd, 1 ba	\$3,550.00		Space 4 - Included	\$4,500	9/1/2021	
105	1 bd, 1 ba	\$3,550.00		Space 1 - Included	\$4,500	9/10/2021	
201	1 bd, 1 ba	\$2,302.86			\$4,500	4/1/2005	
202	1 bd, 1 ba	\$739.40		Space 3 - Included	\$4,500	10/1/1997	
203	stu, 1 ba	\$1,678.07			\$2,995	1/1/2002	Large studio/Jr 1 Bedroom
204	1 bd, 1 ba	\$2,239.69			\$4,500	10/10/2005	
205	1 bd, 1 ba	\$2,850.00			\$4,500	5/8/2021	
301	1 bd, 1 ba	\$1,405.13			\$4,500	3/15/1994	
302	1 bd, 1 ba	\$3,500.00	\$24.50		\$4,500	7/15/2020	1 Years Banked Rent Increase
*303/305	3 bd, 1 ba	\$3,642.36			\$5,350	5/1/2002	
304	1 bd, 1 ba	\$3,000.00	\$75.00		\$4,500	5/11/2019	2 Years Banked Rent Increase
579	Anchor Oyster Bar	\$6,500.00			\$7,500	6/10/1977	847 SF per Lease
ADU 1	1 bd, 1 ba	\$0.00			\$3,000		ADU to be built
ADU 2	1 bd, 1 ba	\$0.00			\$3,000		ADU to be built
	<b>Monthly Income</b>	<b>\$41,282.86</b>	<b>\$122.25</b>		<b>\$74,340</b>		
	<b>3 Vacant Parking - spaces 2, 5, &amp; 6</b>	<b>\$1,050.00</b>			<b>\$2,450</b>		
	Non Resident Parking Space 7	\$300.00				6/1/2021	
	Unit 579 Water Reimbursement	\$1,000.00			\$1,000		Retail Water Reimbursement
	RUBS Income	\$0.00			\$1,600		
	Banked Rent Increase	\$122.25					
	<b>Total Monthly Income</b>	<b>\$43,755.11</b>			<b>\$79,390</b>		
	<b>Annual Income</b>	<b>\$525,061</b>			<b>\$952,680</b>		<b>Upside: 81%</b>

### Units

Studio - 2  
1 Bedroom - 11  
3 Bedroom - 1  
Commercial - 1  
Parking - 7

### Notes

Residential market rents based on Rentometer.com  
Post conversion market rents assumes a conversion from 1 bedroom to 2 bedroom units, plus adding 2 ADU units in the garage area  
RUBS income projected at \$100 per unit/month including the ADU units  
\*Units 303/305 is combined 3 bedroom unit  
Parking projected at \$350 per space  
Water Reimbursement of \$1,000 per month from Anchor Oyster Bar

### Notes

Anchor Oyster Bar \* Initial Lease Term  
November 10, 2018 - November 9, 2023  
11/10/2018 - 11/9/2020 - \$6,250/month  
11/10/2020 - 11/9/2022 - \$6,500/month  
11/10/2022 - 11/9/2023 - \$6,750/month  
1 - 5 year Option  
11/10/2023 at \$7,000/month  
11/10/2025 at \$7,250/month  
11/10/2027 at \$7,500/month

# Property Photos







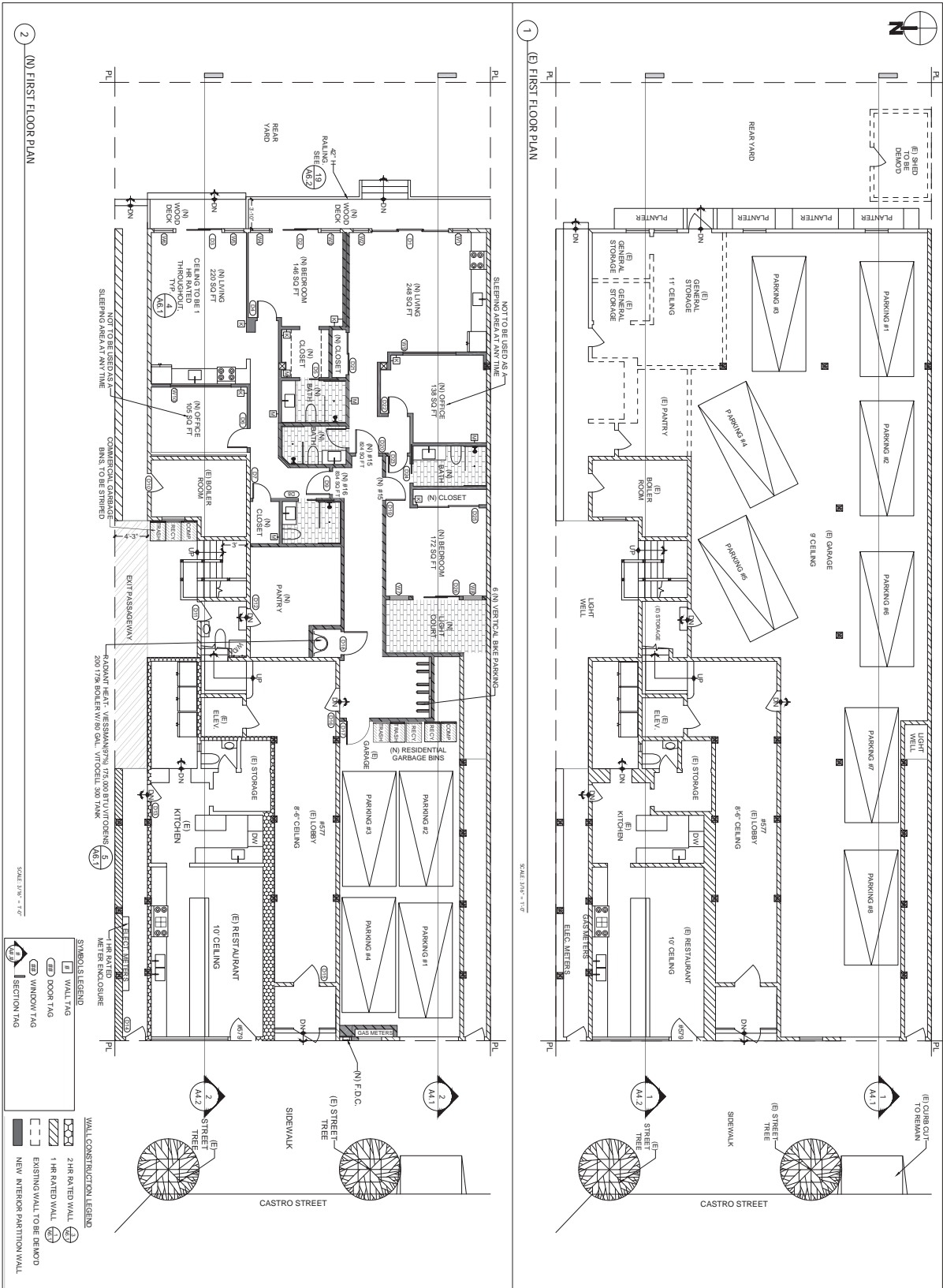








# Floor Plans



DATE: 09/19/2018  
DRAWN BY: J.S.  
CHECKED BY: H.H.  
**A2.1**

**FIRST FLOOR PLANS**

PERMIT NUMBER:

**577 CASTRO STREET**  
BLOCK 3583, LOT 059  
SAN FRANCISCO, CA 94114

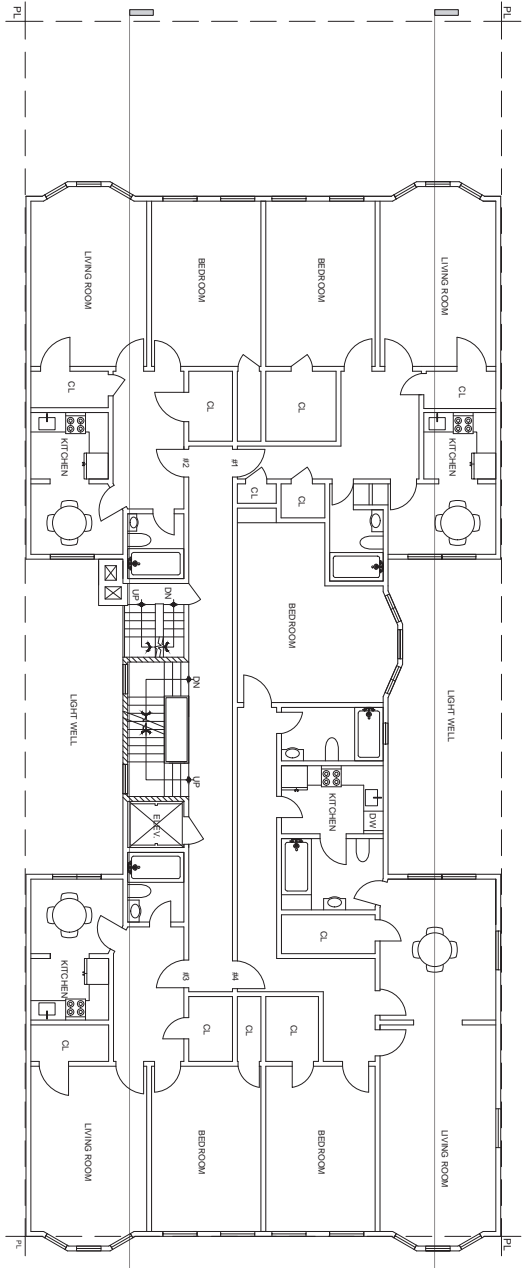


**MEGI**  
Gregory Engineering Group  
52 Geary Street, Suite 100  
San Francisco, CA 94102  
Tel: 415.992.3893

577 CASTRO STREET

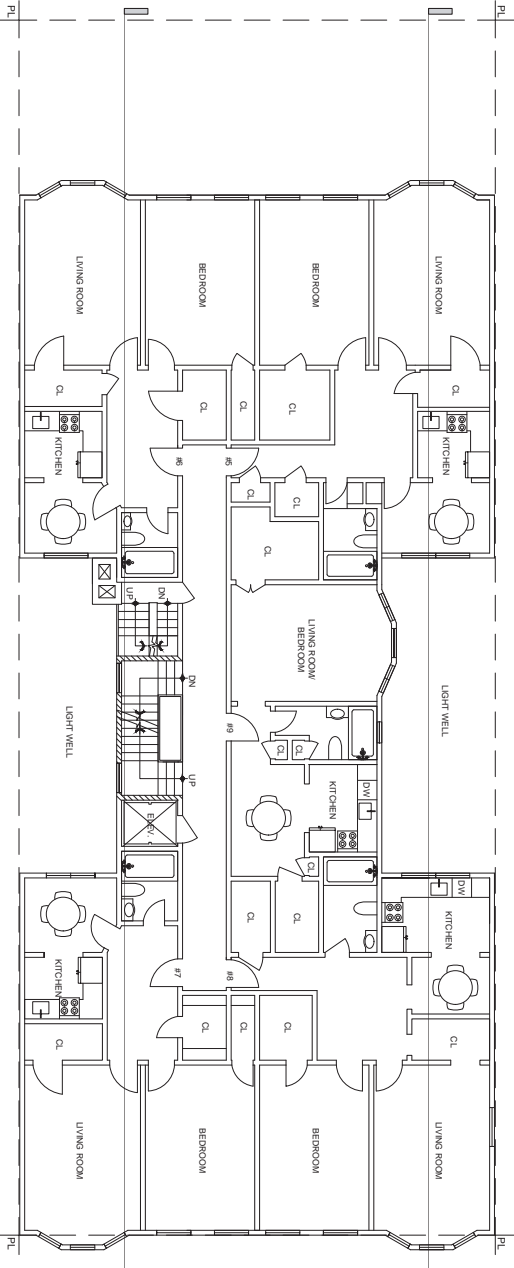


1 (E) SECOND FLOOR PLAN - NO CHANGE



SCALE 3/8" = 1'-0"

2 (E) THIRD FLOOR PLAN - NO CHANGE



SCALE 3/8" = 1'-0"

SECOND & THIRD FLOOR PLANS

577 CASTRO STREET  
BLOCK 3583, LOT 059  
SAN FRANCISCO, CA 94114



**MEGI**  
Mercury Engineering Group  
225 Geary Street, Suite 1100  
San Francisco, CA 94102  
TEL: 415.582.3883

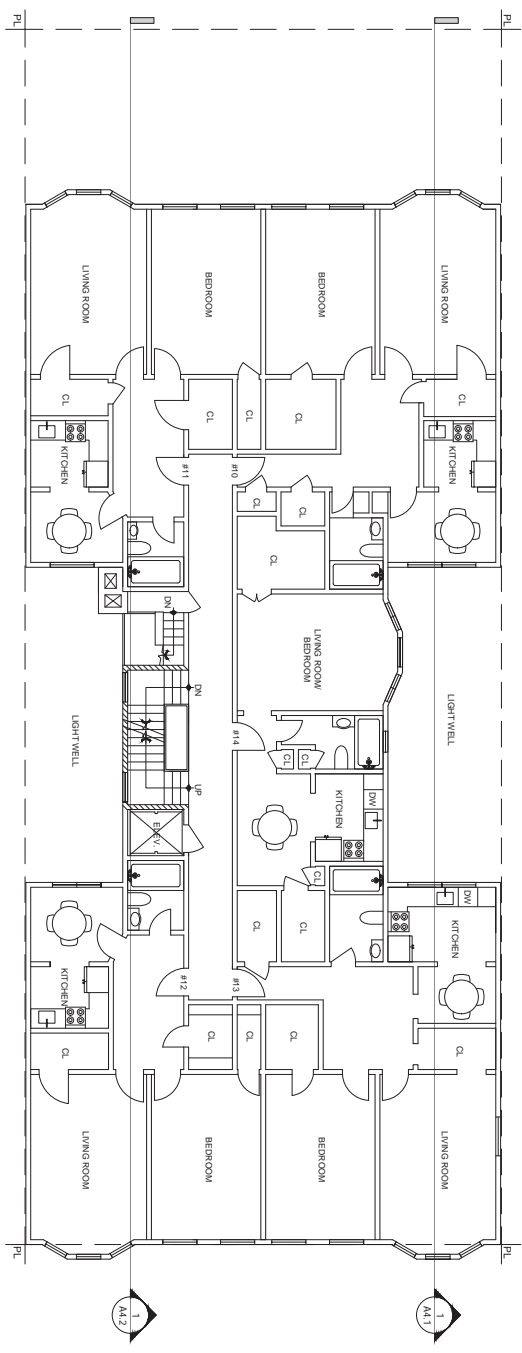
DATE: 03/19/2018  
DRAWN BY: J.S.  
CHECKED BY: N.H.  
**A2.2**

PERMIT NUMBER:

577 CASTRO STREET

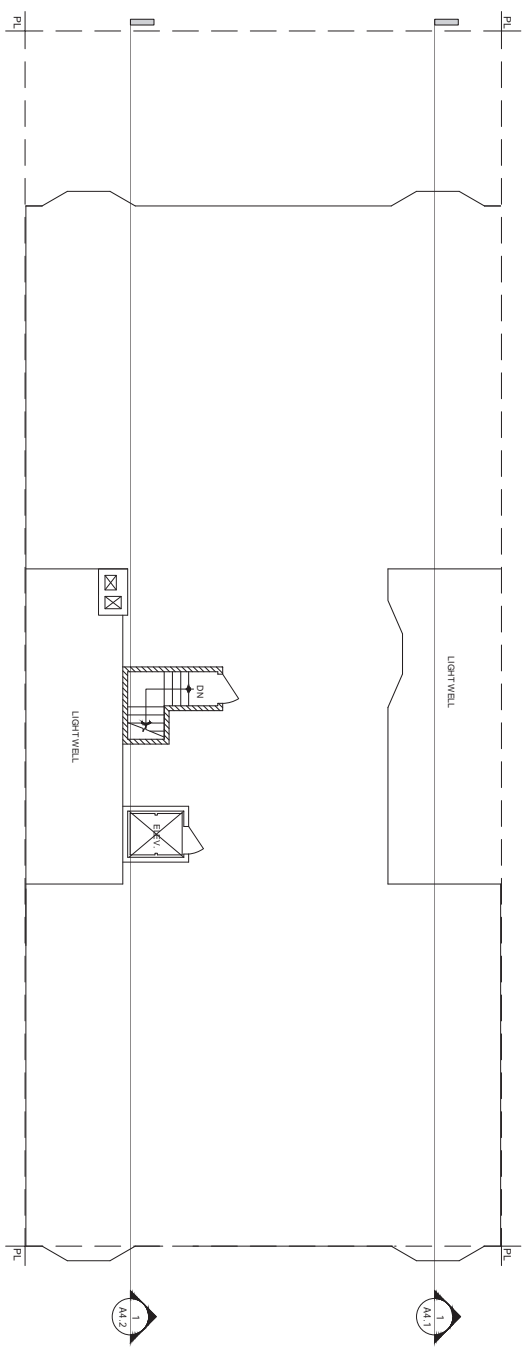


1 (E) FOURTH FLOOR PLAN - NO CHANGE



SCALE: 3/8" = 1'-0"

2 (E) ROOF PLAN - NO CHANGE



SCALE: 3/8" = 1'-0"

**FOURTH FLOOR & ROOF PLANS**

DATE: 09/19/2018  
 DRAWN BY: J.S.  
 CHECKED BY: H.H.

**A2.3**

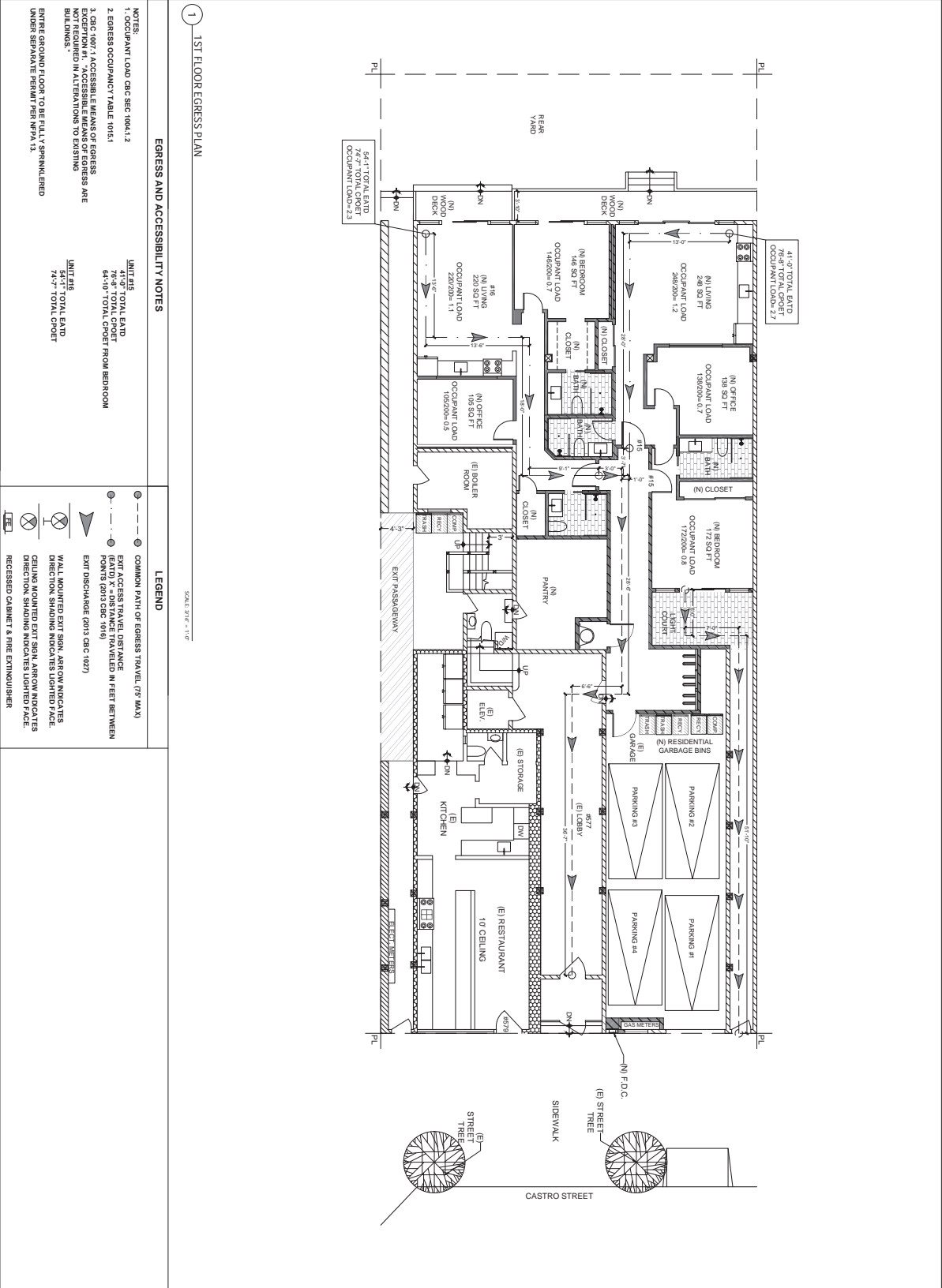
**577 CASTRO STREET**  
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 Mercury Engineering Group  
 242 Geary Street, Suite 1100  
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 TEL: 415.592.3393

PERMIT NUMBER:

577 CASTRO STREET



**DATE:** 09/19/2018  
**DRAWN BY:** J.S.  
**CHECKED BY:** H.H.

**A5.1**

**FIRST FLOOR EGRESS PLAN**

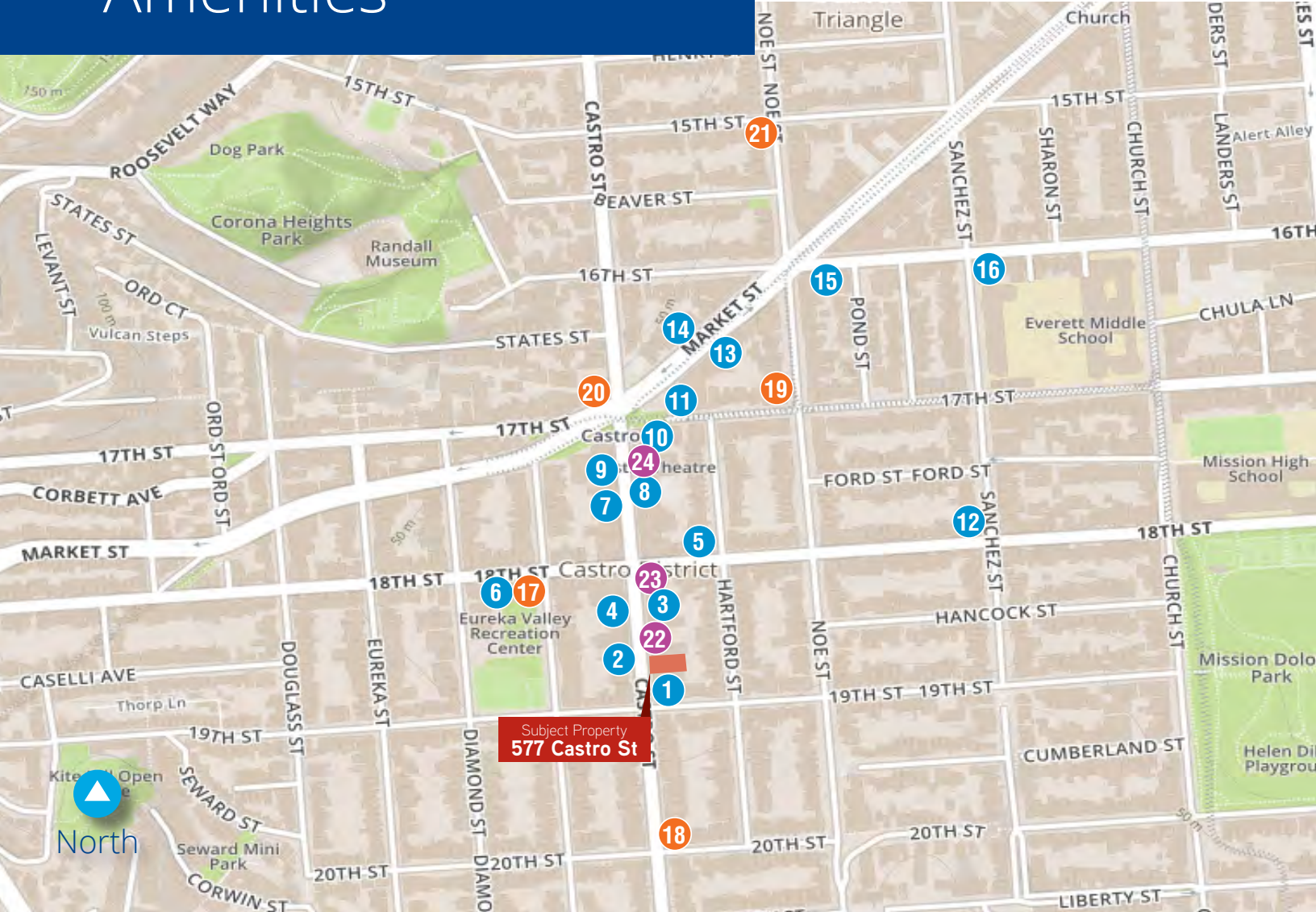
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PERMIT NUMBER: \_\_\_\_\_ 577 CASTRO STREET



# Amenities

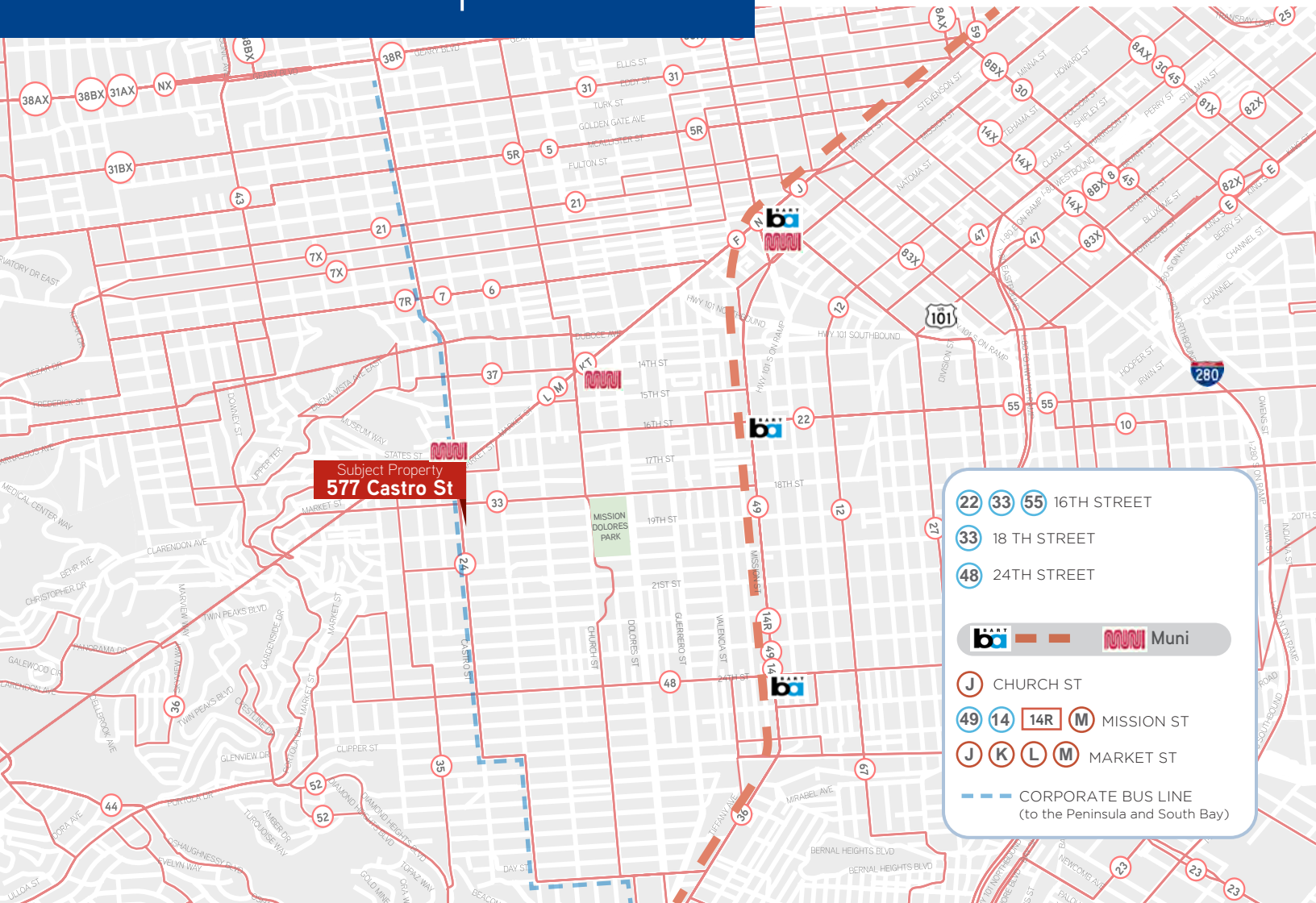


- Restaurants & Bars
- Convenience & Grocery Stores
- Banks & ATM's

## Neighborhood Amenities

- |  |   |  |
|--|---|--|
| <span style="color: blue;">1</span> Thai House Express | <span style="color: blue;">9</span> Marcello's Pizza  | <span style="color: orange;">17</span> Mollie Stone's Markets    |
| <span style="color: blue;">2</span> Fable              | <span style="color: blue;">10</span> Cafe de Casa     | <span style="color: orange;">18</span> Reliance Market           |
| <span style="color: blue;">3</span> Hamburger Mary's   | <span style="color: blue;">11</span> Me & Tasty       | <span style="color: orange;">19</span> Seventeenth & Noe Grocery |
| <span style="color: blue;">4</span> Wasabi Bistro      | <span style="color: blue;">12</span> Le Marais Bakery | <span style="color: orange;">20</span> K D's Grog & Grocery      |
| <span style="color: blue;">5</span> Lark               | <span style="color: blue;">13</span> Taco Orgasmico   | <span style="color: orange;">21</span> Noe Grocery               |
| <span style="color: blue;">6</span> Takara Sushi       | <span style="color: blue;">14</span> Catch            | <span style="color: purple;">22</span> Wells Fargo Bank          |
| <span style="color: blue;">7</span> Cafe Mystique      | <span style="color: blue;">15</span> Starbelly        | <span style="color: purple;">23</span> Bank of America           |
| <span style="color: blue;">8</span> Park Gyros Castro  | <span style="color: blue;">16</span> Kitchen Story    | <span style="color: purple;">24</span> US Bank Branch            |

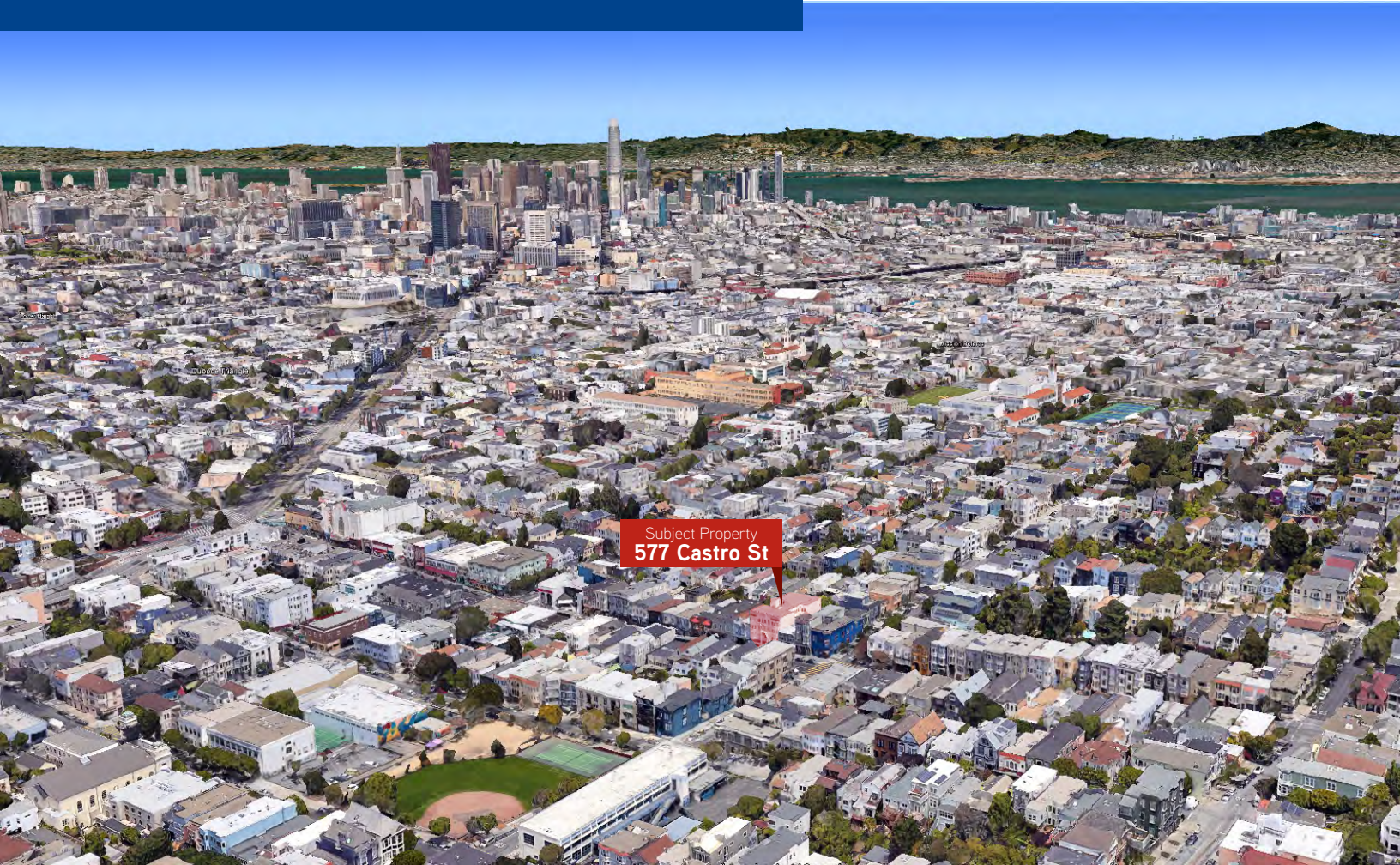
# Public Transportation



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

The area around 577 Castro Street 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. 577 Castro Street is within walking distance of a variety of public transit, including the underground MUNI, Rapid Transit System (BART) station, 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 Photo



## Confidentiality & Disclaimer Statement

This Offering Memorandum contains select information pertaining to the business and affairs of the Property at 577 Castro Street San Francisco, CA 94114. 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 577 Castro Street 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 577 Castro Street 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 577 Castro Street 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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