

1745 Market Street

Mission Dolores | San Francisco, CA

Investment Opportunity | Offering Memorandum



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Showings by Appointment

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101 Second Street | Suite 1100 | San Francisco, CA







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Offering Summary

1745 Market Street (at Valencia) is a 56-unit, mixed-use (residential over retail), corner building, comprised of +/-57,448 square feet. The building is centrally located and surrounded by Hayes Valley, the Lower Haight, Civic Center and the Mission District. This pedestrian friendly area around is in close proximity to phenomenal restaurants and upscale-boutiques. The building is minutes from "world-class" culture & entertainment, including Opera Plaza, Davies Symphony Hall, The Warfield, and the Asian Art Museum. Commuting is made easy from the subject property with superior access to the Central Freeway, Muni, BART and CalTrain.

The property consists of 48 residential units and 8 commercial spaces. The residential portion of the building consists of 10 sleeping rooms/single room occupancy units (SRO's), 13 studio apartments, 22 one bedrooms and 3 two bedrooms. The renovated units feature modern upgrades, including laminate flooring and state-of-the-art, kitchen appliances, that maximize the smaller living spaces. The 8- ground floor retail spaces combined measure approximately 11,000 square feet. There are two- billboards on the property and a cell antenna that contribute to the income for the asset. Extensive capital improvements, include seismic work, exterior paint, common area carpet (and paint), a new entry gate/intercom system and security cameras. There is an on-site laundry facility for the convenience of the the tenants.

The purchase of 1745 Market Street is a rare opportunity for an investor to acquire a well-located, corner, mixed-use asset, that has been significantly renovated. Income upside will be realized as the economy improves and demand for residential and retail space is restored.





Financial Analysis

| Financial Summary | | Annual Gross Income | |
|---------------------|--------------|------------------------|------------------|
| | | Current | Proforma |
| Price | \$16,000,000 | Gross Potential Income | \$1,591,107 |
| Down Payment | \$8,000,000 | Vacancy (3.5%) | \$79,555 |
| Number of Units | 56 | AGI | \$1,511,552 |
| Price/Unit | \$285,714 | Expenses | \$601,717 |
| Gross Square Feet | 57,448 | NOI | \$909,835 |
| Price/Square Foot | \$279 | | |
| CAP Rate - Current | 5.69% | | |
| CAP Rate - Proforma | 7.78% | | |
| GRM - Current | 10.06 | | |
| GRM - Pro Forma | 8.15 | | |
| Year Built | 1909 | | |
| Lot Size | 13,422 | | |

| Financing | | Cash Flow After Debt Service | |
|---------------|-----------------|------------------------------|-----------|
| | | Current | Proforma |
| Loan Amount | \$8,000,000 | Less Debt Service | \$625,848 |
| Loan Type | Proposed New | Cash Flow | \$283,987 |
| Interest Rate | 6.80% | Cash on Cash Return | 3.55% |
| Program | 5/30 Year Fixed | Expenses as % Of Gross | 38% |
| Loan to Value | 50% | Expenses per Unit | \$10,745 |
| | | | \$11,078 |

*Loan Quote: Estimated at 50% LTV at 6.50% 5/30 Fixed
(Loan information is time sensitive & subject to change)*

Financial Analysis

| Annual Operating Expenses | | Current | Exp/Unit | % /Exp | Market | Exp/Unit | % /Exp |
|---------------------------------|--|--------------------|-----------------|-------------|--------------------|-----------------|-------------|
| Property Taxes | <i>1.1797% of Sales Price</i> | \$188,752 | \$3,371 | 31% | \$188,752 | \$3,371 | 30% |
| Special Assessment Tax | <i>Estimated at 1.5% of Property Tax</i> | \$2,831 | \$51 | 0% | \$2,831 | \$51 | 0% |
| Insurance | <i>Owner's Statement</i> | \$56,783 | \$1,014 | 9% | \$56,783 | \$1,014 | 9% |
| Property Management | <i>Estimated at 5% of Gross Income</i> | \$79,555 | \$1,421 | 13% | \$98,197 | \$1,754 | 16% |
| On-Site Management | <i>Covered by property management</i> | \$- | \$- | 0% | \$- | \$- | 0% |
| Maintenance Fee (Management) | <i>Owner's Statement</i> | \$43,200 | \$771 | 7% | \$43,200 | \$771 | 7% |
| Repairs & Maintenance | <i>Estimated at \$750/unit</i> | \$42,000 | \$750 | 7% | \$42,000 | \$750 | 7% |
| Telephone | <i>Owner's Statement</i> | \$3,096 | \$55 | 1% | \$3,096 | \$55 | 0% |
| Gas | <i>Owner's Statement</i> | \$45,655 | \$815 | 8% | \$45,655 | \$815 | 7% |
| Electricity | <i>Owner's Statement</i> | \$10,086 | \$180 | 2% | \$10,086 | \$180 | 2% |
| Utility Recovery | <i>Owner's Statement</i> | \$688 | \$12 | 0% | \$688 | \$12 | 0% |
| Water | <i>Owner's Statement</i> | \$25,299 | \$452 | 4% | \$25,299 | \$452 | 4% |
| Sewer | <i>Owner's Statement</i> | \$36,363 | \$649 | 6% | \$36,363 | \$649 | 6% |
| Garbage Disposal | <i>Owner's Statement</i> | \$29,204 | \$522 | 5% | \$29,204 | \$522 | 5% |
| Permits & Licenses | <i>Owner's Statement</i> | \$3,073 | \$55 | 1% | \$3,073 | \$55 | 0% |
| Janitorial | <i>Owner's Statement</i> | \$32,199 | \$575 | 5% | \$32,199 | \$575 | 5% |
| Pest Control | <i>Owner's Statement</i> | \$2,670 | \$48 | 0% | \$2,670 | \$48 | 0% |
| Lighting Supplies | <i>Owner's Statement</i> | \$262 | \$5 | 0% | \$262 | \$5 | 0% |
| Total Operating Expenses | | \$601,717 | \$10,745 | 100% | \$620,358 | \$11,078 | 100% |
| Gross Potential Income | | \$1,591,107 | | | \$1,963,935 | | |
| Vacancy (3.5%) | | \$79,555 | | | \$98,197 | | |
| AGI | | \$1,511,552 | | | \$1,865,738 | | |
| Expenses | | \$601,717 | | | \$620,358 | | |
| NOI | | \$909,835 | | | \$1,245,380 | | |
| Expenses as % of Gross Income | | 38% | | | 32% | | |
| Expense per Unit | | \$10,745 | | | \$11,078 | | |

Rent Roll

| Unit No. | Unit Type | Rents | Bonds | Water Bond | Market Rent | Sq Ft | Move in Date |
|----------|----------------|------------|---------|------------|-------------|-------|--------------|
| 1 | 1 Bed, 1 Bath | \$2,219.11 | \$28.69 | \$10.99 | \$2,720 | 725 | 7/1/2011 |
| 2 | 1 Bed, 1 Bath | \$2,130.26 | | \$10.99 | \$2,720 | 775 | 1/1/2008 |
| 3 | SRO | \$899.77 | \$28.69 | \$10.99 | \$1,470 | 273 | 11/19/2011 |
| 4 | 2 Bed, 1 Bath* | \$2,795.00 | | | \$3,045 | 793 | 11/7/2022 |
| 5 | 1 Bed, 1 Bath | \$1,659.73 | \$28.69 | \$10.99 | \$3,045 | 761 | 7/8/2006 |
| 6 | Studio | \$1,726.32 | \$28.69 | \$10.99 | \$2,290 | 451 | 4/18/2012 |
| 7 | 1 Bed, 1 Bath | \$1,553.67 | \$28.69 | \$10.99 | \$3,350 | 744 | 1/1/1997 |
| 8 | 1 Bed, 1 Bath* | \$2,695.00 | | | \$3,350 | 852 | 1/4/2023 |
| 9 | 1 Bed, 1 Bath | \$1,146.77 | \$28.69 | \$10.99 | \$3,350 | 0 | 8/9/2013 |
| 10 | Studio* | \$2,095.00 | | | \$2,290 | 465 | 6/8/2022 |
| 14 | SRO | \$881.66 | \$28.69 | \$10.99 | \$1,225 | 179 | 12/13/2008 |
| 15 | SRO* | \$1,395.00 | | | \$1,225 | 160 | 3/29/2023 |
| 16 | SRO | \$718.87 | \$28.69 | \$10.99 | \$1,225 | 241 | 1/19/2013 |
| 17 | SRO | \$732.04 | \$28.69 | \$10.99 | \$1,225 | 272 | 7/1/2004 |
| 18 | SRO* | \$616.97 | \$28.69 | | \$1,225 | 0 | 9/30/2020 |
| 21 | 1 Bed, 1 Bath | \$1,451.35 | \$28.69 | \$10.99 | \$3,045 | 776 | 1/1/1997 |
| 22 | 1 Bed, 1 Bath | \$1,923.57 | \$28.69 | \$10.99 | \$3,045 | 775 | 4/3/2003 |
| 24 | 1 Bed, 1 Bath | \$2,003.75 | \$28.69 | \$10.99 | \$3,045 | 793 | 2/2/2007 |
| 25 | 1 Bed, 1 Bath | \$2,586.73 | \$28.69 | | \$2,720 | 761 | 5/23/2014 |
| 26 | Studio* | \$2,045.00 | | | \$2,290 | 451 | 10/18/2022 |
| 27 | 1 Bed, 1 Bath | \$1,226.90 | \$28.69 | \$10.99 | \$3,045 | 744 | 5/1/2006 |
| 28 | 1 Bed, 1 Bath* | \$2,649.57 | \$30.10 | | \$3,350 | 852 | 5/21/2021 |
| 29 | 1 Bed, 1 Bath | \$1,188.65 | \$28.69 | \$10.99 | \$3,045 | 794 | 1/1/1980 |
| 30 | Studio* | \$2,025.00 | | | \$2,185 | 457 | 1/21/2023 |
| 31 | Studio | \$757.11 | \$28.69 | \$10.99 | \$2,185 | 480 | 1/1/1987 |
| 32 | Studio | \$1,769.48 | \$28.69 | \$10.99 | \$2,290 | 489 | 2/2/2007 |
| 33 | SRO* | \$849.75 | \$28.69 | | \$1,315 | 153 | 7/8/2020 |
| 34 | 1 Bed, 1 Bath* | \$2,095.00 | | | \$2,185 | 437 | 6/4/2022 |
| 35 | Studio | \$1,597.90 | | \$10.99 | \$2,290 | 446 | 9/8/2008 |

| Unit No. | Unit Type | Rents | Bonds | Water Bond | Market Rent | Sq Ft | Move in Date |
|-----------------------------|-----------------------|---------------------|-----------------|--------------|---------------------|--------------|-------------------|
| 36 | Studio* | \$2,095.00 | | | \$2,290 | 471 | 11/12/2022 |
| 37 | SRO* | \$1,295.00 | | | \$1,315 | 244 | 10/28/2022 |
| 41 | 1 Bed, 1 Bath | \$1,880.45 | \$28.69 | \$10.99 | \$2,720 | 776 | 12/1/2012 |
| 42 | 2 Bed, 1 Bath* | \$3,045.00 | | | \$3,045 | 775 | Vacant |
| 44 | 1 Bed, 1 Bath* | \$2,595.00 | | | \$2,720 | 793 | 10/1/2022 |
| 45 | 1 Bed, 1 Bath | \$1,004.94 | \$28.69 | \$10.99 | \$3,045 | 761 | 4/16/2000 |
| 46 | Studio* | \$2,150.00 | | | \$2,185 | 451 | 2/8/2023 |
| 47 | 2 Bed, 1 Bath* | \$3,626.00 | | | \$3,045 | 744 | 7/2/2018 |
| 48 | 1 Bed, 1 Bath | \$1,447.63 | \$28.69 | \$10.99 | \$3,045 | 852 | 1/1/1996 |
| 49 | 1 Bed, 1 Bath | \$2,420.21 | \$28.69 | | \$2,720 | 794 | 6/20/2011 |
| 50 | Studio | \$2,040.89 | \$29.37 | | \$2,290 | 457 | 8/15/2013 |
| 51 | Studio* | \$2,125.00 | | | \$2,290 | 480 | 10/12/2022 |
| 52 | 1 Bed, 1 Bath* | \$2,195.00 | | | \$2,290 | 489 | 9/30/2022 |
| 53 | SRO | \$905.89 | \$28.69 | | \$1,315 | 154 | 5/17/2017 |
| 54 | Studio | \$1,452.13 | \$28.69 | | \$2,290 | 437 | 7/1/2011 |
| 55 | Studio | \$856.99 | \$28.69 | \$10.99 | \$2,185 | 447 | 7/23/2002 |
| 56 (MGR) | 1 Bed, 1 Bath* | \$2,795.00 | | | \$2,290 | 468 | 9/25/2021 |
| 57 | SRO | \$773.14 | \$28.69 | \$10.99 | \$1,315 | 244 | 9/18/2008 |
| 62 | 1 Bed, 1 Bath | \$2,022.82 | \$28.91 | | \$3,045 | 820 | 3/6/2013 |
| 4 Valencia | Martuni's Martuni's | \$7,405.00 | | | \$7,405 | 1,590 | 3/1/1996 |
| 6 Valencia | Comm | \$2,322.00 | | | \$2,322 | 516 | Vacant |
| 8 Valencia | Laundry and Café | \$3,281.87 | | | \$3,282 | 1,567 | 6/1/2018 |
| 10 Valencia | Lost & Found | \$1,477.46 | | | \$1,477 | 303 | 9/1/2011 |
| 12 Valencia | Comm | \$7,107.00 | | | \$7,107 | 2,843 | Vacant |
| 14 Valencia | Ketami Cannibas | \$4,617.92 | | | \$4,618 | 699 | 8/1/2011 |
| 16 Valencia | Supermarket | \$5,500.00 | | | \$5,500 | 2,053 | 6/19/2015 |
| 1755 Market St | Regina Estrada | \$3,713.15 | | | \$3,713 | 664 | 1/15/2019 |
| Monthly Income | | \$119,585.42 | \$950.49 | \$278 | \$150,654 | | |
| 1745 Market St | ATT Cell Tower | \$5,219.09 | | | \$5,219 | | 4/9/2014 |
| Billboard A | Dish Wireless | \$2,400.00 | | | \$2,400 | | 9/28/2021 |
| Billboard B | Branded Cities SF | \$2,587.50 | | | \$2,588 | | 4/1/2021 |
| Bond PT | | \$950.49 | | | \$950 | | |
| Water Bond PT | | \$278.25 | | | \$278 | | |
| RUBS Program | | \$1,496.49 | | | \$1,496 | | |
| Pet Rent | | \$75.00 | | | \$75 | | Unit 42 |
| Total Monthly Income | | \$132,592.24 | | | \$163,661.22 | | |
| Annual Income | | \$1,591,107 | | | \$1,963,935 | | Upside 23% |

Units

SRO - 10

Studio - 13

1 Bed, 1 Bath - 22

2 Bed, 1 Bath - 3

Comm - 8

Comm other - 3

Notes

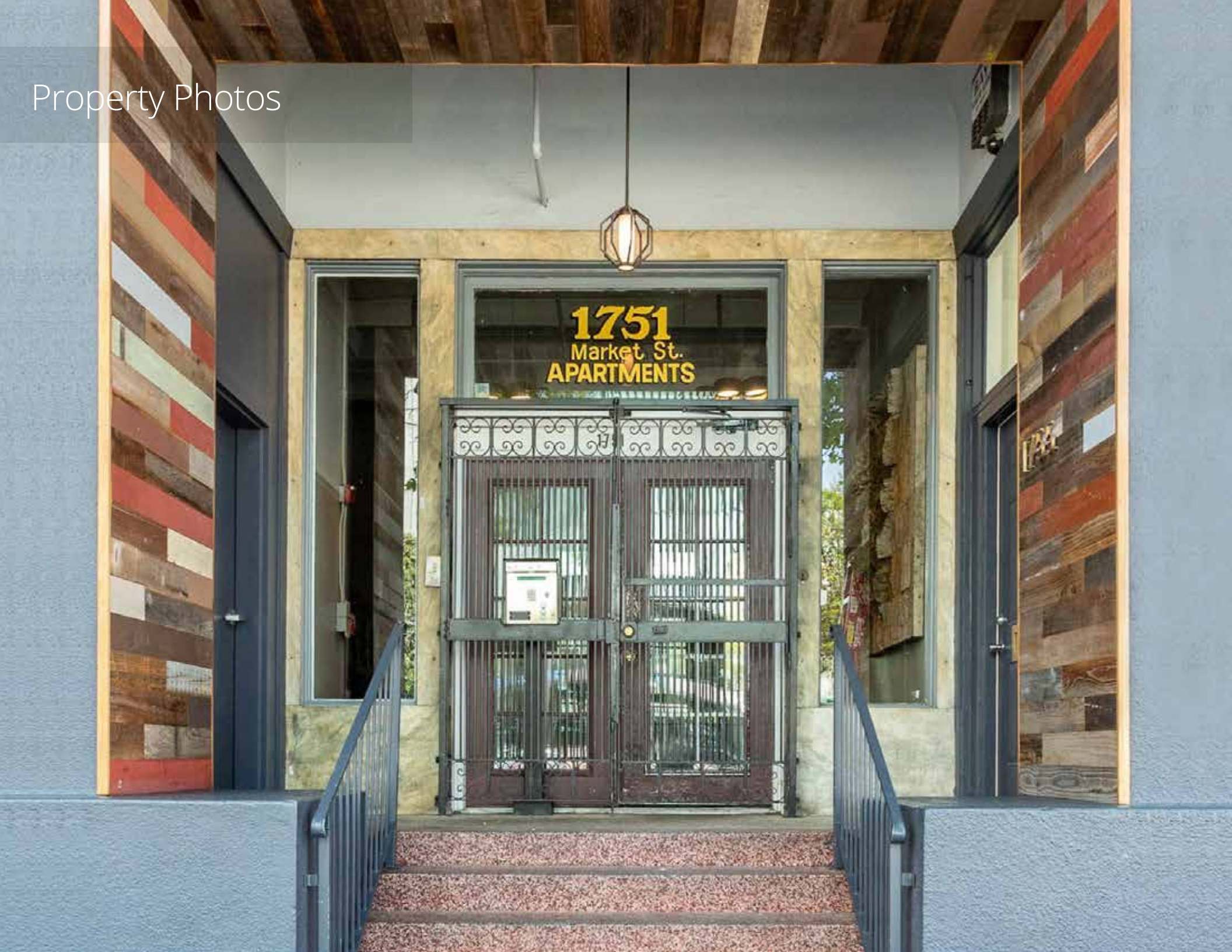
Market rents provided by property manager

Commercial unit 6 estimated at \$4.50/sqft

Commercial unit 12 estimated at \$2.50/sqft

Renovated Units*

Property Photos











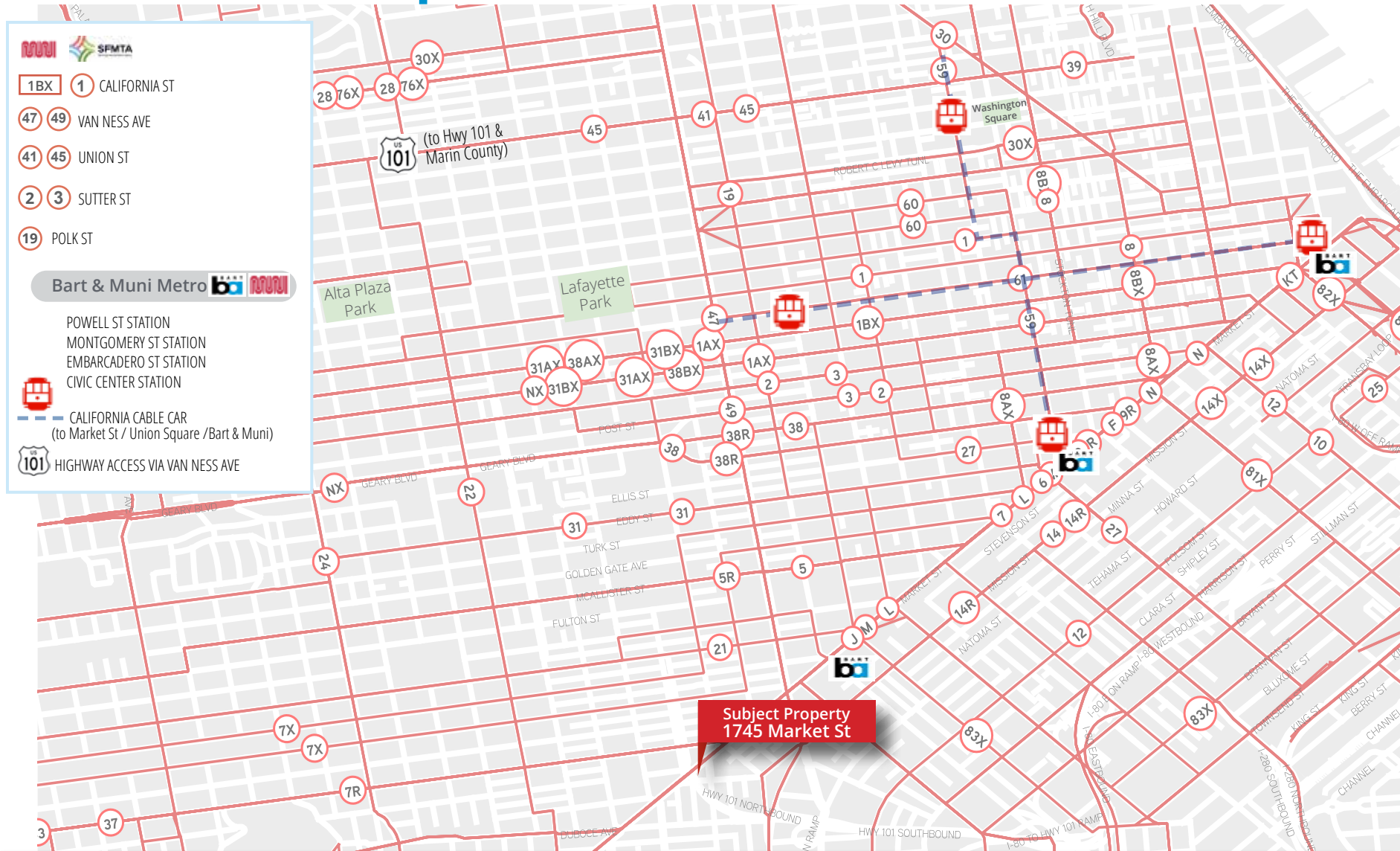
Tech Corridor



1745 Market Street
Located near San Francisco's New Technology Economy.

Leaders in the technology economy paved the way for the urban renaissance of San Francisco's Mid-Market district. Driven by a new wave of entrepreneurial spirit and an incredible appetite for large blocks of creative office space, Twitter, Uber, Square, and others are remaking the Mid-Market district. Consequently, the submarket has experienced strong rental demand from the growing labor base of young professionals and students who desire to live within walking distance to their offices.

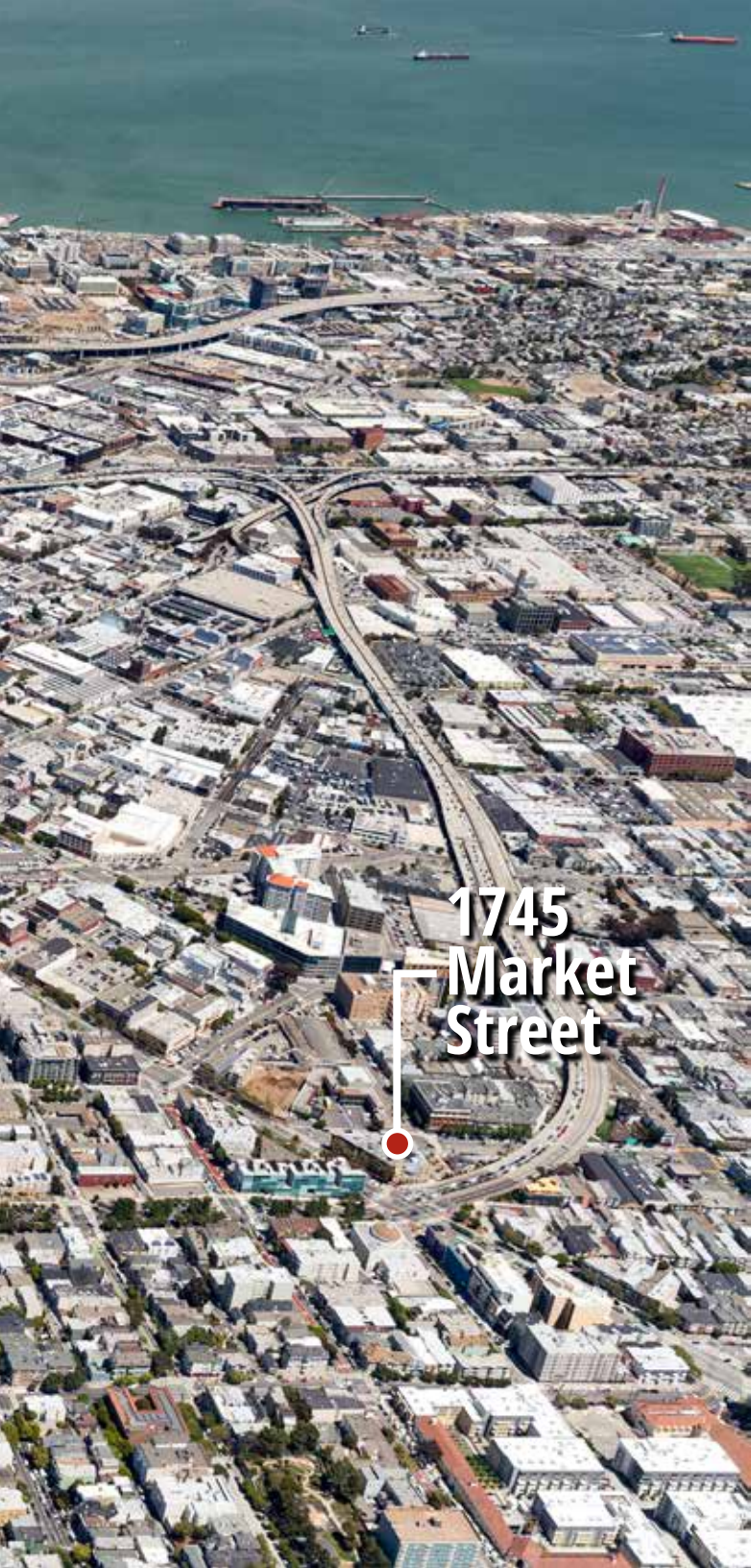
Public Transportation



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

The area around 1745 Market Street offers an extensive transportation network which ensures superior regional access throughout San Francisco and the surrounding Bay Area. *Access Across America - Transit 2022* ranked San Francisco second only to New York 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. 1745 Market Street is within walking distance of a variety of public transit systems, 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' transporting employees to companies such as Google, Genentech, Facebook, and Apple employees from their homes in San Francisco to their job centers in Silicon Valley.





1745
Market
Street





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By acknowledging your receipt of this Offering Memorandum from 1745 Market 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.

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If you wish not to pursue negotiations leading to the acquisition of 1745 Market 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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