OFFERING MEMORANDUM

# 3216 MANHATTAN AVENUE

Fully-Occupied Mixed-Use (Retail/Office) Commercial Building

Five (5) Suites (All Tenants Month to Month)

Owner User - Opportunity For 2nd Floor Occupancy w/ 1st Floor Rental Offset

Value Add - Opportunity To Convert MTM Tenants to Market Rents

HERMOSA BEACH, CA 90254


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*Exclusively Listed by*


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# EXECUTIVE SUMMARY

*Section 01*

# PROPERTY INFORMATION

**$4.1M**
ASKING PRICE

**±3,168**
TOTAL BUILDING SF

**100%**
OCCUPANCY


| | |
|---|---|
| ADDRESS | 3216 Manhattan Ave<br>Hermosa Beach, CA 90254 |
| ASKING PRICE | $4,100,000 |
| OCCUPANCY | 100%<br>Five (5) suites, all month-to-month tenancies |
| BUILDING TYPE | Mixed-Use (Retail/Office) Commercial |
| TOTAL BUILDING AREA | ±3,168 SF<br>(5 suites, ranging from 192 SF to 792 SF) |
| LAND AREA | 4,951 SF / 0.114 AC |
| YEAR BUILT | 1980 (See Pg. 7 for Recent Cap Ex) |
| CONSTRUCTION | Wood-frame/masonry |
| APN | 4181-018-001 |
| ZONING | C-1 Neighborhood Commercial (California Coastal Zone) \| HBMC Ch. 17.26<br>Assessor Code: HBC1YY |
| OWNERSHIP | Fee Simple (Land & Building) |

[1]Current in-place NOI accounts for reassessed taxes after sale based on $4.1M sale price.
[2]Proforma market NOI assumes all suites are rolled to NNN (100% recovery) at market rental rates.
[3]Projected owner-user adjusted $/SF/Mo. Occupancy cost assumptions can be found below.

| | |
|---|---|
| CURRENT TOTAL RENTAL INCOME | $158,340/Yr. (See Rent Roll) |
| IN-PLACE NOI | $100,368 (See Financial Analysis) |
| PRO-FORMA NOI (MARKET NNN) | $182,592 (See Financial Analysis) |
| **Potential Owner-User Area** | **2nd Floor – Suites C, D, E (±1,584 SF)** |
| **Projected Owner-User Net Cost of Ownership** | **±$3.54/SF/Mo. (See Financial Analysis)** |



# INVESTMENT HIGHLIGHTS

## IN-PLACE INCOME WITH OWNER-USER OR VALUE-ADD UPSIDE POTENTIAL

The ±3,168 SF mixed-use (retail/office) property features in-place income across five suites, all on **flexible month-to-month tenancies,** in the tightly-held Manhattan Ave corridor of Hermosa Beach.

**Owner-User:** occupy the entire **2nd floor (Suites C, D & E – ±1,584 SF)** for your own business, while Suites A & B (1st floor) continue generating rental income to help offset the monthly mortgage – projected net occupancy cost of approximately **$3.54/SF/Mo.** (see Financial Analysis; does not account for property appreciation or tax depreciation – consult your CPA).

**Value-Add Investor:** capitalize on the embedded rent upside across all five suites, converting to market NNN rates as month-to-month tenancies turn.

Current leases are **gross and month-to-month** – the owner currently covers property taxes, insurance, and building maintenance. This structure gives a new owner a clear, near-term path to **convert suites to NNN market rents** as tenancies turn over, shifting operating expenses to tenants and capturing the rent upside shown in the Rent Roll.

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[3]Projected owner-user adjusted $/SF/Mo. Occupancy cost assumptions can be found below.

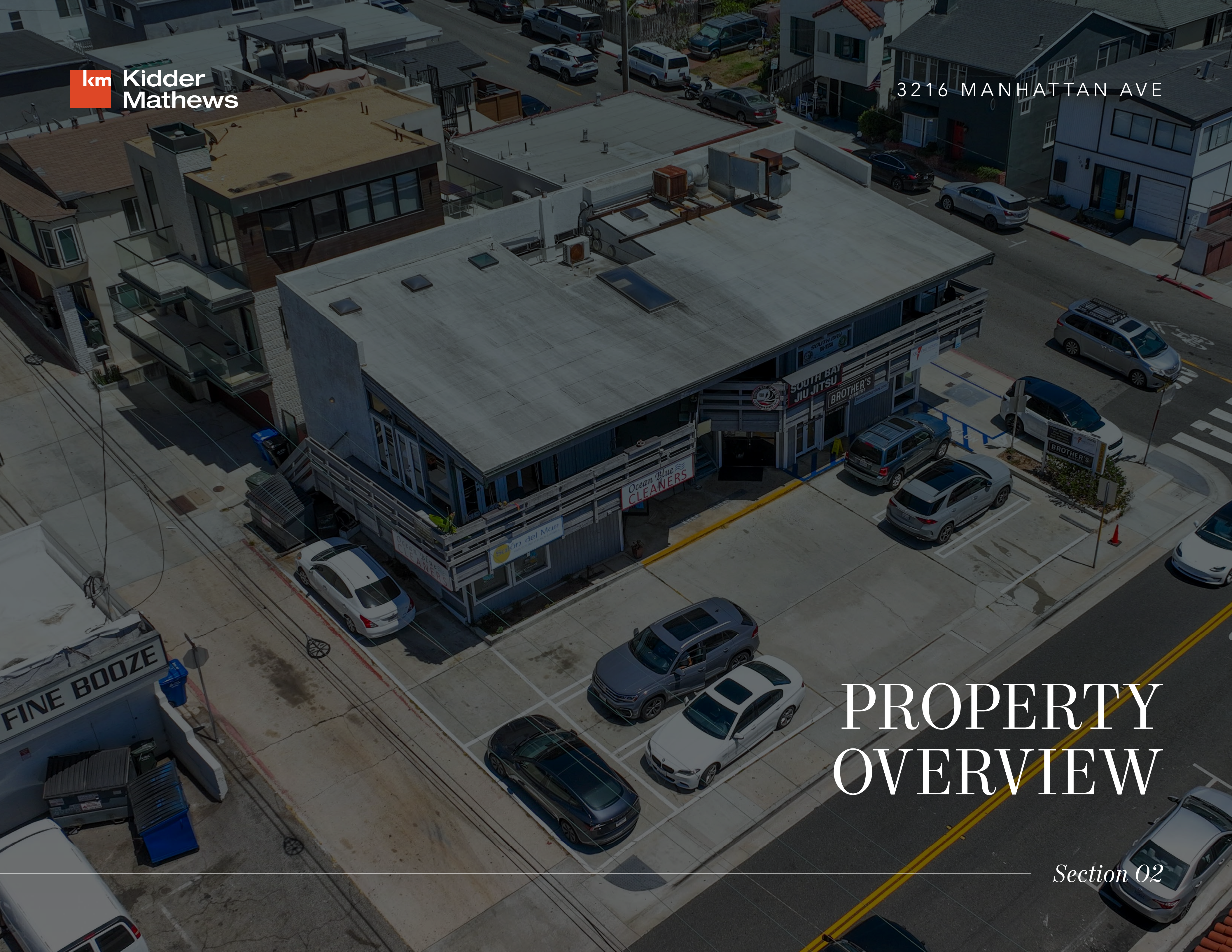
## IRREPLACEABLE HERMOSA BEACH C-1 LOCATION

Positioned in the C-1 neighborhood commercial corridor within the California Coastal Zone – a **built-out coastal market** with no significant land available for ground-up commercial development, supporting durable long-term property values.

Walkable, beach-adjacent setting near the Strand bicycle path, with strong pedestrian/cyclist traffic supporting the existing tenant mix.

## HIGHLY AFFLUENT SOUTH BAY DEMOGRAPHICS

Hermosa Beach carries an **average household income of $235,429** and median home values of **$2,159,662+** – among the highest household income demographics in Los Angeles County.




# PROPERTY OVERVIEW

*Section 02*

# PARCEL INFORMATION

## OVERVIEW

| | |
|---|---|
| LOCATION | SEC Manhattan Ave & Longfellow Ave, Hermosa Beach, CA |
| YEAR BUILT | 1980 |
| CONSTRUCTION | Wood-frame/masonry |
| LOT SIZE | 4,951 SF / 0.114 AC |
| APN | 4181-018-001 |
| NUMBER OF SUITES | Five (5) |
| ZONING | C-1 Neighborhood Commercial (Coastal Zone) – see full details on next page |

## CAPITAL IMPROVEMENTS

Roof replaced November 2014

Balcony taken to wood and recoated October 2021

New windows in Suite A (2010), Suite B (2014), and Suite E (December 2017)

No central HVAC; the restaurant tenant (Suite B) has its own dedicated gas supply line; one shared water heater is located in Suite C

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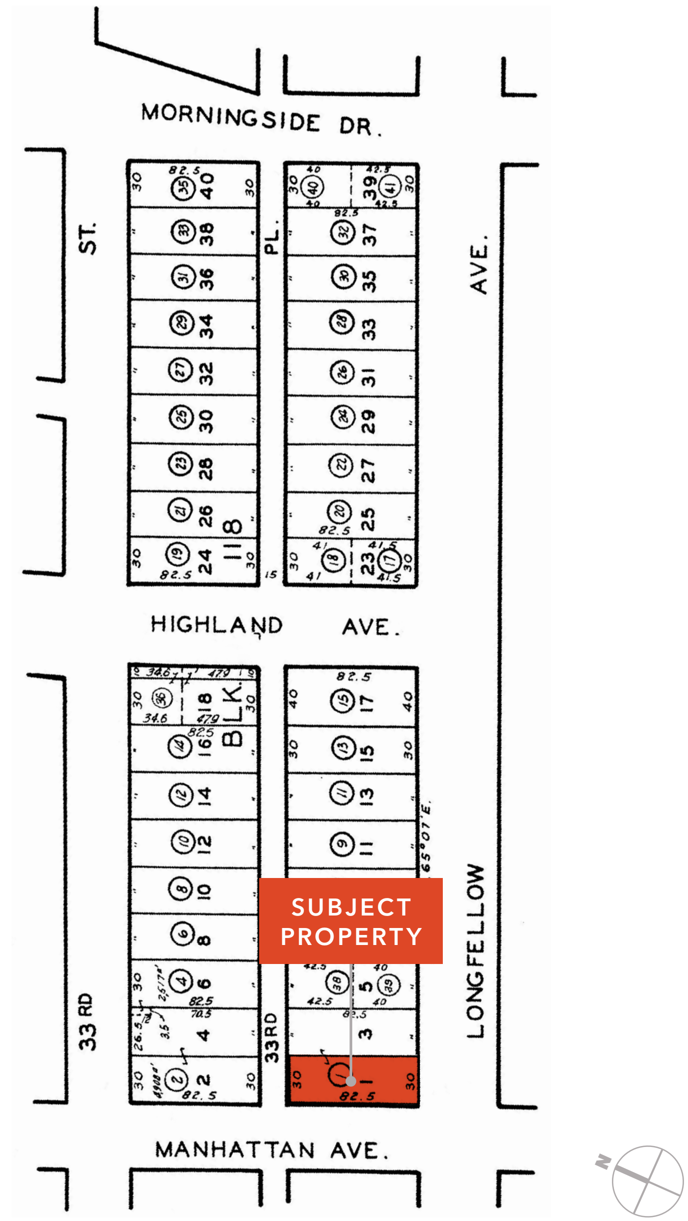
[3]Projected owner-user adjusted $/SF/Mo. Occupancy cost assumptions can be found below



# ZONING DETAIL

The property is zoned C-1 (Neighborhood Commercial) under Chapter 17.26 of the Hermosa Beach Municipal Code, within the California Coastal Zone. C-1 is intended to serve the day-to-day retail and service needs of nearby residential neighborhoods. A Coastal Development Permit (CDP) is required for new development, floor area increases greater than 10%, or use changes affecting coastal resources.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[3]Projected owner-user adjusted $/SF/Mo. Occupancy cost assumptions can be found below.

## PERMITTED BY RIGHT (C-1)

- Retail stores and personal service establishments
- Restaurants (beer/wine with limitations; closing 10pm or earlier)
- Medical/dental offices and health service uses
- Dry cleaning – no on-site chemical processing
- Salons, barber shops, nail salons
- Fitness studios, yoga, martial arts (under 6,000 SF)
- General and professional office uses
- Limited outdoor dining (Administrative Permit required)
- Tattoo/body piercing studios (per §17.26.070)

## CONDITIONAL USE PERMIT REQUIRED

- Restaurants with on-sale general alcohol
- Drive-through services
- Large day care (13+ children)
- Off-sale alcohol open after 11:01 PM

## COASTAL ZONE ADDITIONAL REQUIREMENTS (REDEVELOPMENT)

- Coastal Development Permit from the CA Coastal Commission required for significant changes
- Coastal Zone extends inland to Ardmore Avenue
- Height generally limited to 2 stories / ~30 ft in the commercial Coastal Zone
- Any new development or floor area increase greater than 10% triggers CDP review


# FINANCIAL ANALYSIS

*Section 03*

# RENT ROLL

All five suites are leased on a gross, month-to-month basis. Current gross rents are shown alongside estimated market NNN rates, reflecting the opportunity to convert each suite to NNN as tenancies turn over.

| | | | | CURRENT RENT (IN PLACE) | | | | | MARKET RENT (PROFORMA) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Suite | Floor | Tenant | SF | Current Monthly Rent | Current $/SF/Mo | Current Annual | Lease Type | Current Lease Status | Monthly Rent (NNN) | ProForma $/SF/Mo | ProForma Annual (NNN) | ProForma Lease Type | Annual Difference Vs. Current |
| A | 1st | Ocean Blue Cleaners | 792 | $2,720 | $3.43 | $32,640 | Gross | M-to-M | $3,564 | $4.50 | $42,768 | NNN | $10,128 |
| B | 1st | Brothers Burritos | 792 | $4,125 | $5.21 | $49,500 | Gross | M-to-M | $4,356 | $5.50 | $52,272 | NNN | $2,772 |
| C | 2nd | Salon Del Mar* | 792 | $2,780 | $3.51 | $33,360 | Gross | M-to-M | $3,168 | $4.00 | $38,016 | NNN | $4,656 |
| D | 2nd | South Bay Jiu Jitsu* | 600 | $1,850 | $3.08 | $22,200 | Gross | M-to-M | $2,400 | $4.00 | $28,800 | NNN | $6,600 |
| E | 2nd | KKC Fine Homes (Office)* | 192 | $1,720 | $8.96 | $20,640 | Gross | M-to-M | $1,728 | $9.00 | $20,736 | NNN | $96 |
| **Totals/Averages** | | | **3,168** | **$13,195** | **$4.17** | **$158,340** | **Gross** | **M-to-M** | **$15,216** | **$4.80** | **$182,592** | **NNN** | **$24,252** |
| ***Potential Owner-User Area (2nd Floor)** | | | **1,584** | | | | | | | | | | |

[1]Current in-place NOI accounts for reassessed taxes after sale based on $4.1M sale price.

[2]Proforma market NOI assumes all suites are rolled to NNN (100% recovery) at market rental rates.

[3]Projected owner-user adjusted $/SF/Mo. Occupancy cost assumptions can be found below.

## RENT ROLL NOTES

All tenants are currently month-to-month on gross lease structures; tenants do not reimburse for operating expenses.

Opportunity for a Value-Add Investor to convert existing (or new) tenants to NNN market rents.

Opportunity for an Owner-User to occupy a portion of the building while enjoying mortgage payment offset from tenant rent.

Current Owner User analysis assumes 2nd floor is occupied by Owner User and 1st floor tenants are kept in place / rolled to market rents.

# FINANCIAL ANALYSIS

## 2025 OPERATING EXPENSES*

| Expense Category | Annual Amount |
|---|---|
| PROPERTY TAXES (REASSESSED) | $45,785 |
| STATE FARM INSURANCE (EXCL. EARTHQUAKE) | $9,491 |
| WATER (2025) | $1,696 |
| GAS (2025; RESTAURANT HAS OWN SUPPLY) | $1,000 |
| **Total Owner Expenses** | **$57,972** |

*Current leases are month-to-month and gross recovery structure (tenants do not reimburse). Proforma market rent analysis assumes that all tenants are converted to NNN lease structures at market rental rates.

## NOI SUMMARY

| | |
|---|---|
| CURRENT (IN PLACE) NOI[1] | $100,368 |
| PROFORMA (MARKET) NOI[2] | $182,592 |
| PROJECTED OWNER-USER "NET" $/SF/MO. COST OF OWNERSHIP[3] | $3.54 |

[1]Current in-place NOI accounts for reassessed taxes after sale based on $4.1M sale price.

[2]Proforma market NOI assumes all suites are rolled to NNN (100% recovery) at market rental rates.

[3]Projected owner-user adjusted $/SF/Mo. Occupancy cost assumptions can be found below.

## PARTIAL OWNER-USER (2ND FLOOR OCCUPANCY) SUMMARY

### Owner-User | Loan Calculation*

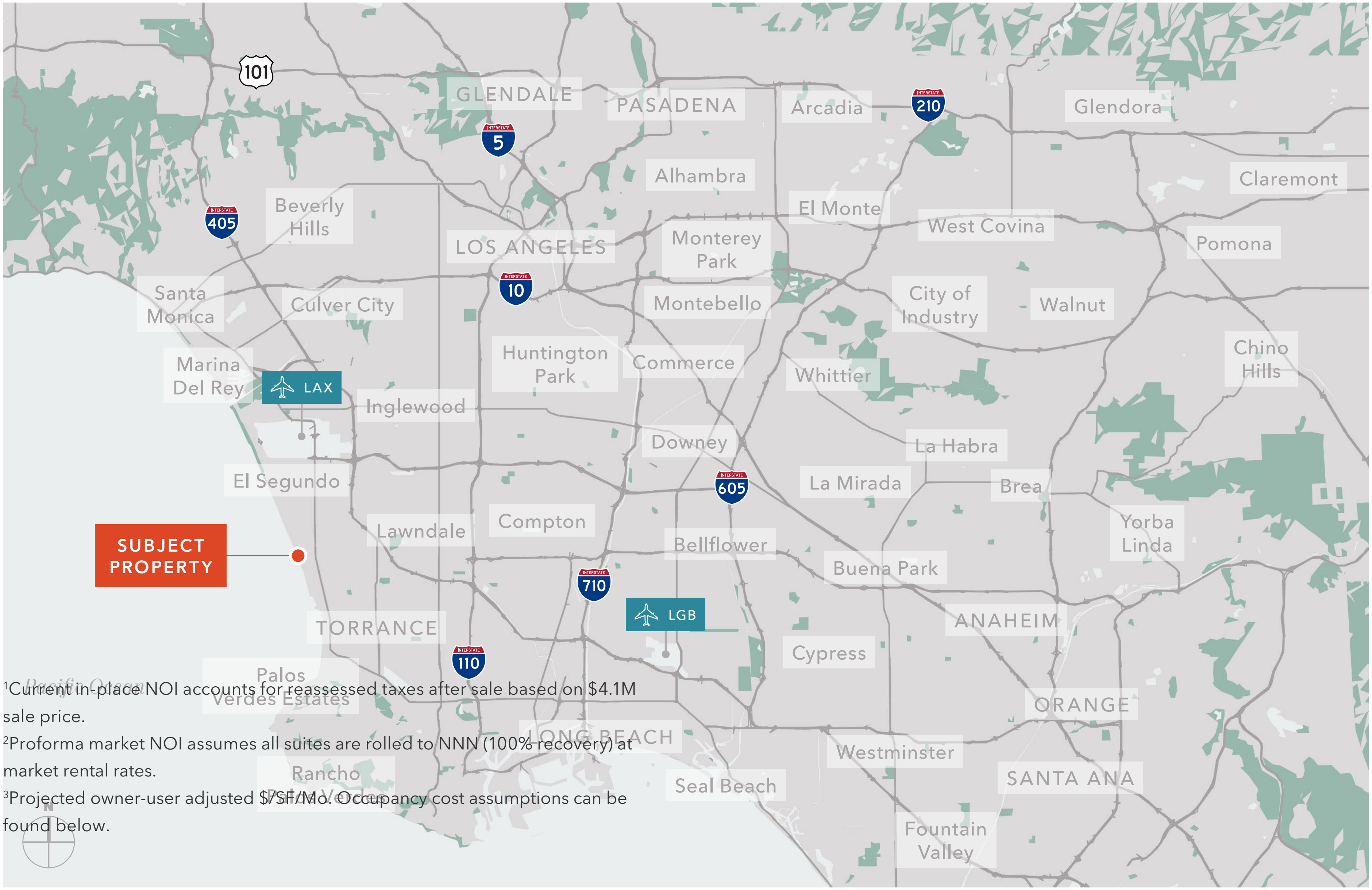
| | |
|---|---|
| ACQUISITION PRICE | $4,100,000 |
| OWNER USER CAP EX | $0 |
| LTV % | 50.00% |
| DOWN PAYMENT | $1,025,000 |
| **Total Loan Amount** | **$2,050,000** |
| TERM (IN YEARS) | 25 |
| INTEREST RATE | 6.25% |
| **Est. Monthly Mortgage** | **$13,523** |
| **Annual P&I Payment** | **$162,279** |
| 1ST FLOOR RENTAL INCOME OFFSET | $95,040 |
| NET "ADJUSTED" ANNUAL P&I | $67,239 |
| **"Net" Adjusted $/SF/Mo. Cost (1,584 SF)** | **$3.54** |

*Owner-user "net" ownership cost analysis does not account for property appreciation/tax depreciation benefits. Consult your CPA.

Owner-User analysis reflects the projected "net monthly cost" of ownership (mortgage - rental income offset) divided by the 1,584 SF (second floor square footage) the user is projected to occupy.

# AREA OVERVIEW

*Section 04*

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# *HERMOSA BEACH* CITY OVERVIEW

*Founded in 1907, Hermosa Beach is a 1.43-square-mile coastal city on the southern end of Santa Monica Bay.*

Flanked by Manhattan Beach to the north and Redondo Beach to the south, Hermosa Beach is defined by two miles of sandy beach, the Pier Avenue entertainment corridor, and a community culture rooted in beach volleyball, surfing, cycling, and outdoor living.

The city is essentially built out, with no significant land area available for ground-up commercial development. This structural supply constraint, combined with one of Los Angeles County's highest household income demographics, supports commercial property values and rents over time.

### KEY QUALITY-OF-LIFE ATTRIBUTES

- Two miles of beach; Strand bicycle path connecting to Manhattan Beach and Redondo Beach
- Year-round mild climate – average high 75.3°F, average low 54.1°F
- Pedestrian/cyclist-friendly urban form, supporting strong foot traffic for local businesses
- 15–17 minutes to LAX; access to major South Bay employment centers
- Robust tourism economy supporting food & beverage and retail demand

# DEMOGRAPHICS

## *Population*

| | 1 Mile | 3 Miles | 5 Miles |
|---|---|---|---|
| 2010 CENSUS | 19,044 | 132,464 | 366,723 |
| 2020 CENSUS | 18,991 | 127,907 | 357,461 |
| 2026 ESTIMATED | 18,358 | 126,815 | 352,422 |
| 2031 PROJECTED | 17,641 | 120,828 | 336,213 |

## *Household Income*

| | 1 Mile | 3 Miles | 5 Miles |
|---|---|---|---|
| 2026 MEDIAN | $176,414 | $163,898 | $130,763 |
| 2031 MEDIAN PROJECTED | $176,496 | $163,832 | $130,811 |
| 2026 AVERAGE | $291,097 | $245,215 | $183,280 |
| 2031 AVG PROJECTED | $290,969 | $245,144 | $183,260 |

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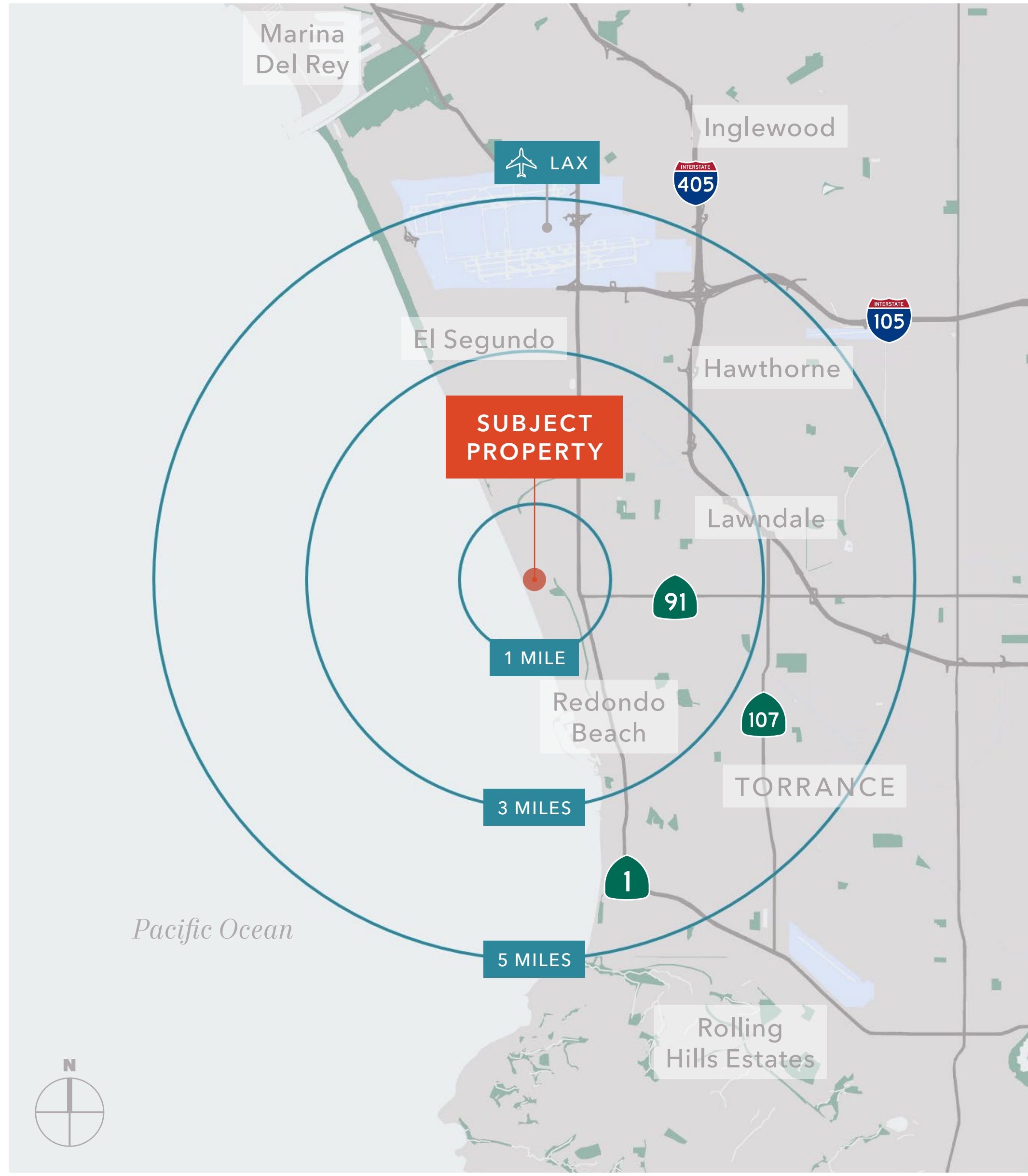
KEY TAKEAWAY

Backed by extraordinary median household incomes and premier median home values exceeding $2,000,000, Hermosa Beach concentrates immense wealth into a dense coastal corridor of 13,500 residents per square mile. This ultra-affluent demographic yields a built-in audience of high-spending consumers, driving robust local demand for retail and dining concepts.

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