La Palma

— A P A R T M E N T S —

3939 7th Avenue, San Diego CA 92103

OFFERING MEMORANDUM

La Palma

— APARTMENTS —

3939 7th Avenue, San Diego CA 92103

Northmarq

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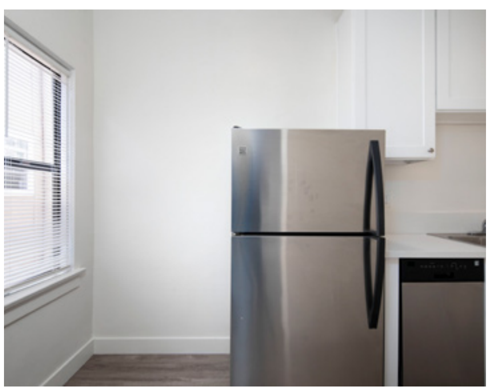


The Offering

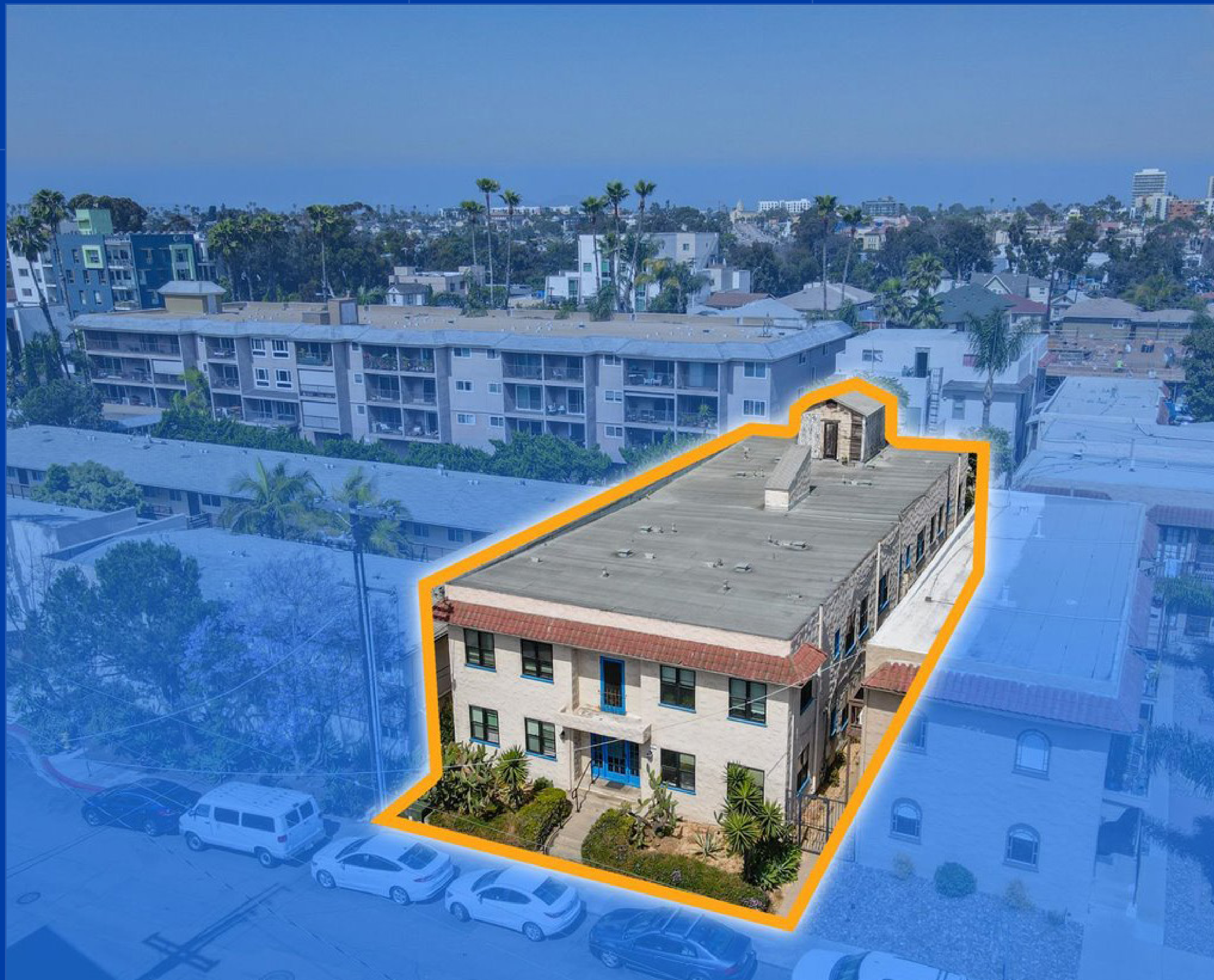
LA PALMA APARTMENTS at 3939 7th Avenue is a rare multifamily offering in the heart of Hillcrest. The unit mix consists of sixteen large 500 square foot studios. All units are renovated and feature faux hardwood floors, brushed nickel fixtures, stainless steel appliances, new cabinets, quartz countertops, spacious floorplans, in-unit laundry, and full closets. The 8,568 square foot building built in 1928 features interior common hallways, rooftop storage, and onsite laundry facilities. There is assumable financing available at 3.89% fixed until December 2026. The growing rents are supplemented by utility billback income and can grow by leveling the current rents to market. The structure is situated on a 5,697 square foot lot across from Whole Foods and just blocks from Scripps Mercy Hospital and the shopping, entertainment, business, and transit on University Avenue.

Hillcrest has blossomed over the past decade into one of the hippest, most happening communities in all of San Diego and is known for its tolerance, youthfulness, culture, and diversity as well as numerous locally-owned businesses, including restaurants, cafés, bars, clubs, trendy thrift-stores, and other independent specialty stores. Hillcrest also has two major hospitals that serve the area and many medical offices. Hillcrest has a high population density compared to many other neighborhoods in San Diego.

Hillcrest is an older neighborhood which has gone through gentrification. Many streets are lined with trees. There are Craftsman homes and Mid-Century modern apartment buildings. The community is considered one of the most desirable submarkets to live and own in San Diego County.

The neighborhood is bound by Mission Hills to the northwest, Bankers Hill and Balboa Park to the south, University Heights to the north, and North Park to the east. A large ridge overlooking San Diego Bay borders the neighborhood to the west. Hillcrest is part of the Uptown community planning area, which consists of the neighborhoods of Mission Hills, Hillcrest, Bankers Hill, Park West, and University Heights.

3939 7TH AVENUE



Property Overview

Property Information

Offering

Price	$4,799,000

Site Description

Apartment Community	La Palma Apartments
Location	3939 7th Avenue San Diego, CA 92103
Total Units	16
Year Built	1928
Building Square Feet	8,568 SF
Number of Buildings	1
Number of Stories	2
Sub-market	Uptown San Diego
Land Size	0.13 Acres

Utilities

Water	Paid by Tenant
Trash	Paid by Owner
Gas	Paid by Tenant
Electric	Paid by Tenant

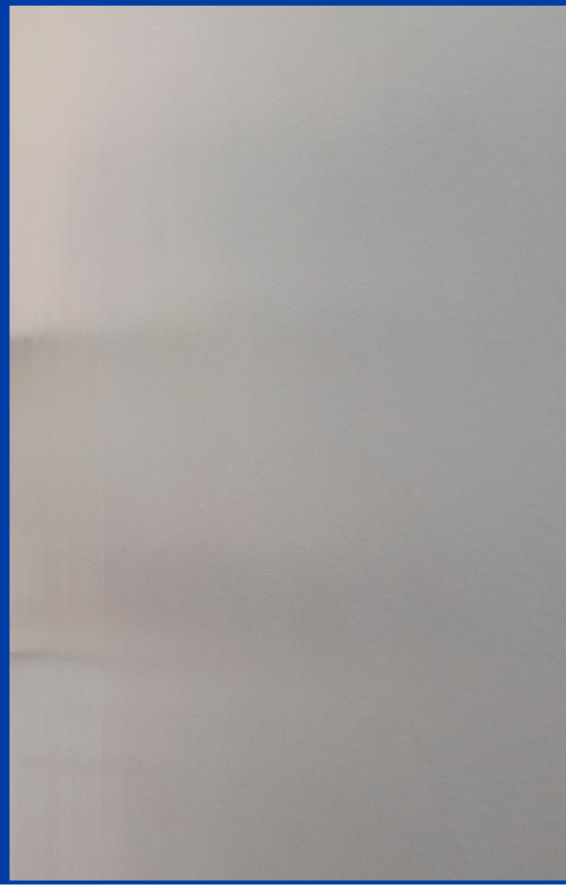
Construction

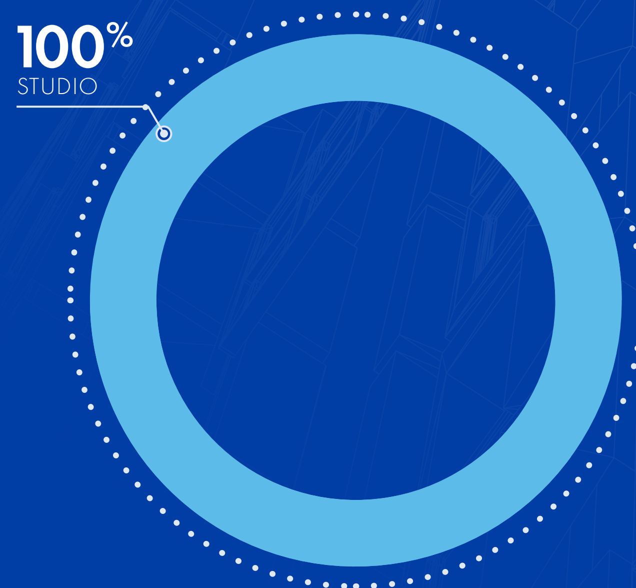
Style	Walk-up
Foundation	Concrete
Framing	Wood
Exterior	Painted Stucco
Roof	Built-Up

Property Taxes

Number of Parcels	1
Tax Parcel Number	444-683-04
2025 Property Tax	$3,766.87/Unit

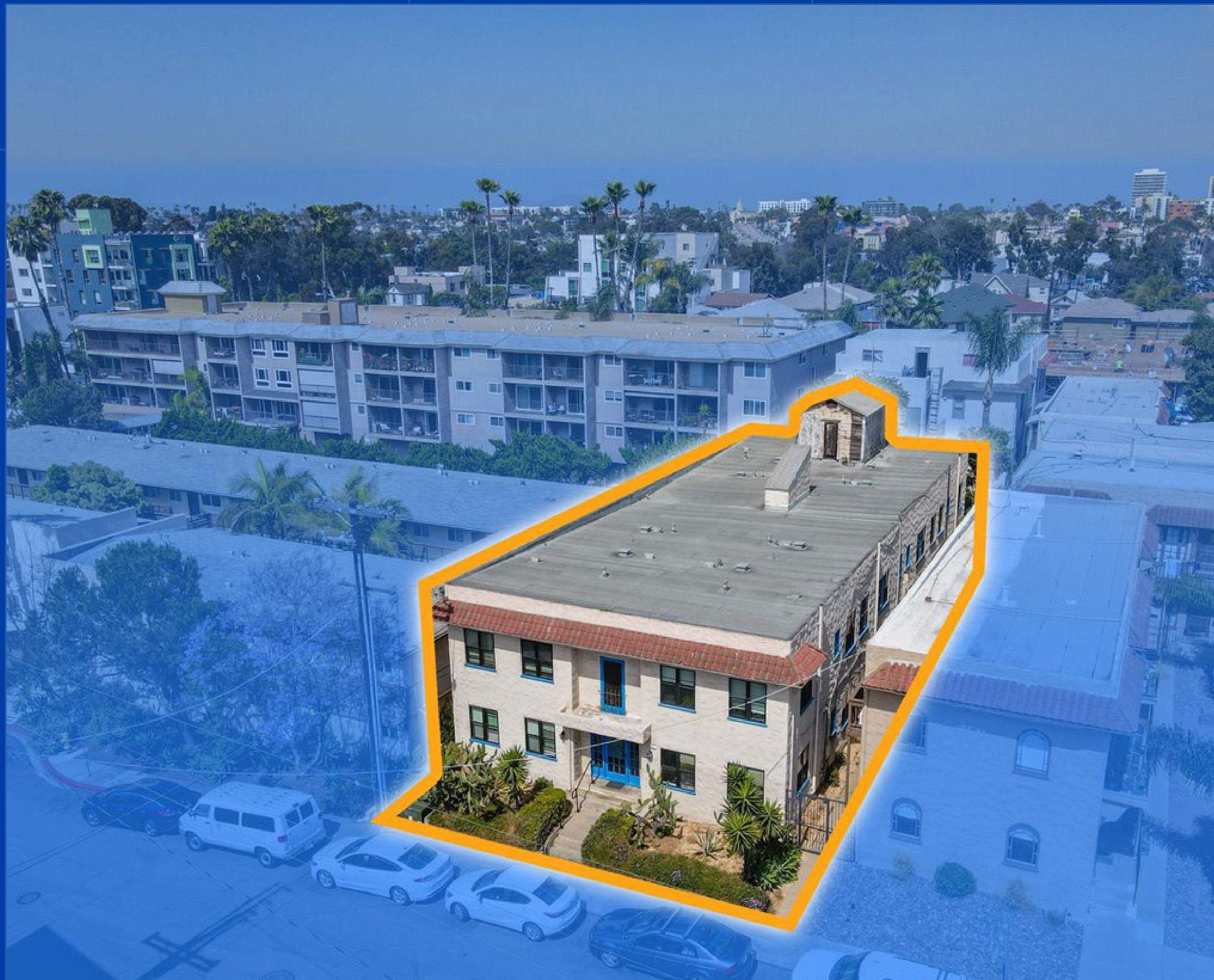
Unit Mix Breakdown





UNIT TYPE	# OF UNITS	UNIT SF	TOTAL SF	IN PLACE RENT	MARKET RENT
STUDIO	16	500	8,568	$1,884	$1,995
TOTAL / AVERAGE	**16**	**500**	**8,568**	**$1,884**	**$1,995**

3939 7TH AVENUE



Comparables & Analysis

Rent Comparables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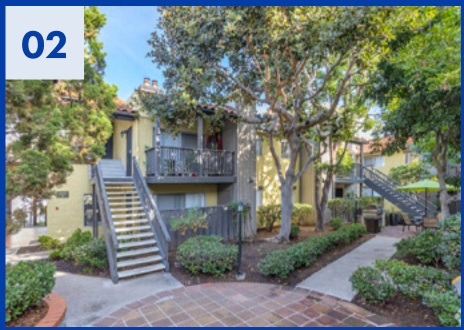
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04


05

06

	PROPERTY	SUBMARKET	UNITS	YEAR BUILT	STUDIO	SIZE (SF)	$/SF
★	**La Palma**	**Hillcrest**	**16**	**1928**	**$1,894**	**500**	**$3.79**
01	Secoya by The Park	Marston Hills	100	2022	$2,495	354	$7.05
02	Park Diplomat	Marston Hills	54	1979	$2,395	410	$5.84
03	The Warwick	Hillcrest	80	1986	$2,350	532	$4.42
04	Park East Apartments	Hillcrest	56	1973	$2,100	475	$4.42
05	Arbor Crest on Fourth	Hillcrest	50	2021	$2,048	544	$3.76
06	Park View Hillcrest	Marston Hills	51	1962	$1,995	400	$4.99

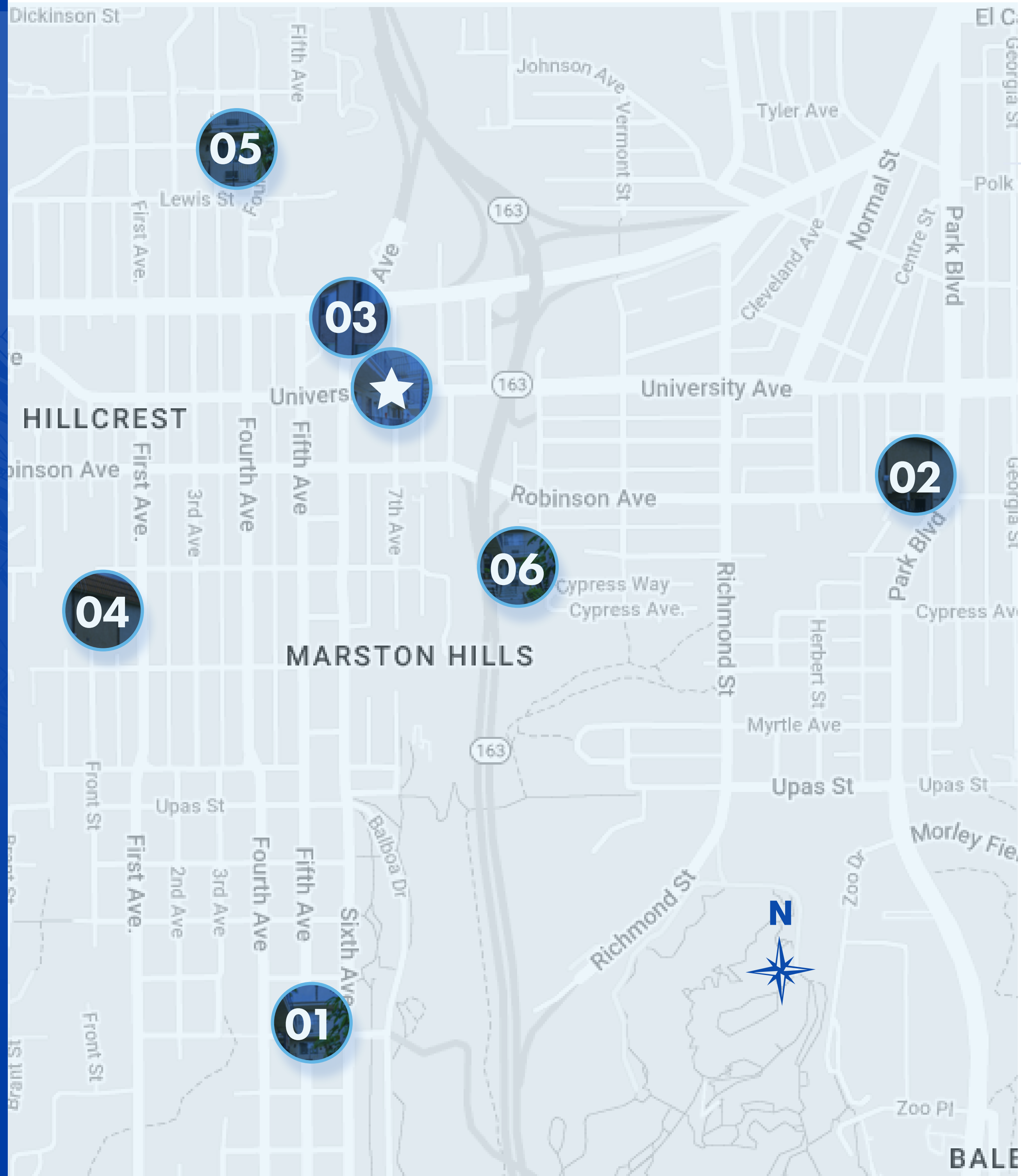
Rent Averages

Subject Property Not Included in Averages

459
Unit Size SF

$2,211
Market Rent/Unit

$4.95
Market Rent/SF



Cash Flow Analysis

UNITS	ADDRESS	CITY	ZIP
16	3939 7th Avenue	San Diego	92103

	GRM		CAP RATE		
PRICE	CURRENT	MARKET	CURRENT	MARKET	$/UNIT
$4,799,000	12.9	11.8	5.04%	5.69%	$299,938

$/SF (APPROX.)	GROSS SF (APPROX)	PARCEL SIZE (APPROX.)	YEAR BUILT (APPROX.)
$560.11	8,568	5,697	1928

INCOME DETAIL

# UNITS	TYPE	RENT	TOTAL
Estimated Actual Average Rents			
16	STUDIOS	$1,884	$30,144
RUBS/Pet/Misc Income			$925
Total Monthly Income			**$31,069**
Estimated Market Rents			
16	STUDIOS	$1,995	$31,920
RUBS/Pet/Misc Income			$1,840
Total Monthly Income			**$33,760**

ESTIMATED ANNUAL OPERATING EXPENSES

Advertising	$0	Management (Off Site)	$14,913
Elevator	$0	Payroll (On Site)	$4,648
SDGE	$2,340	Onsite Rent Credit	$7,060
Water & Sewer	$8,225	Phone/Entry	$0
Landscaping	$2,280	Reserves	$0
Trash Removal	$0	Pool	$0
Pest Control	$896	Insurance	$8,147
Maintenance	$12,143	Taxes	$59,028

Total Annual Operating Expenses (estimated):			**$119,680**
Expenses Per:		**Unit**	**$7,480**
		% of Actual GSI	**32%**

ESTIMATED ANNUAL OPERATING PROFORMA

		Actual	Market
Gross Scheduled Income		$372,828	$405,120
Less: Vacancy Factor	3%	$11,185	$12,154
Gross Operating Income		$361,643	$392,966
Less: Expenses	32%	$119,680	$119,680
Net Operating Income		$241,963	$273,287
Less: 1st TD Payments		($190,585)	($190,585)
Pre-Tax Cash Flow		$51,378	$82,701
Cash On Cash Return		2.4%	3.8%
Principal Reduction		$32,530	$32,530
Total Potential Return (End of Year One)		4%	5%

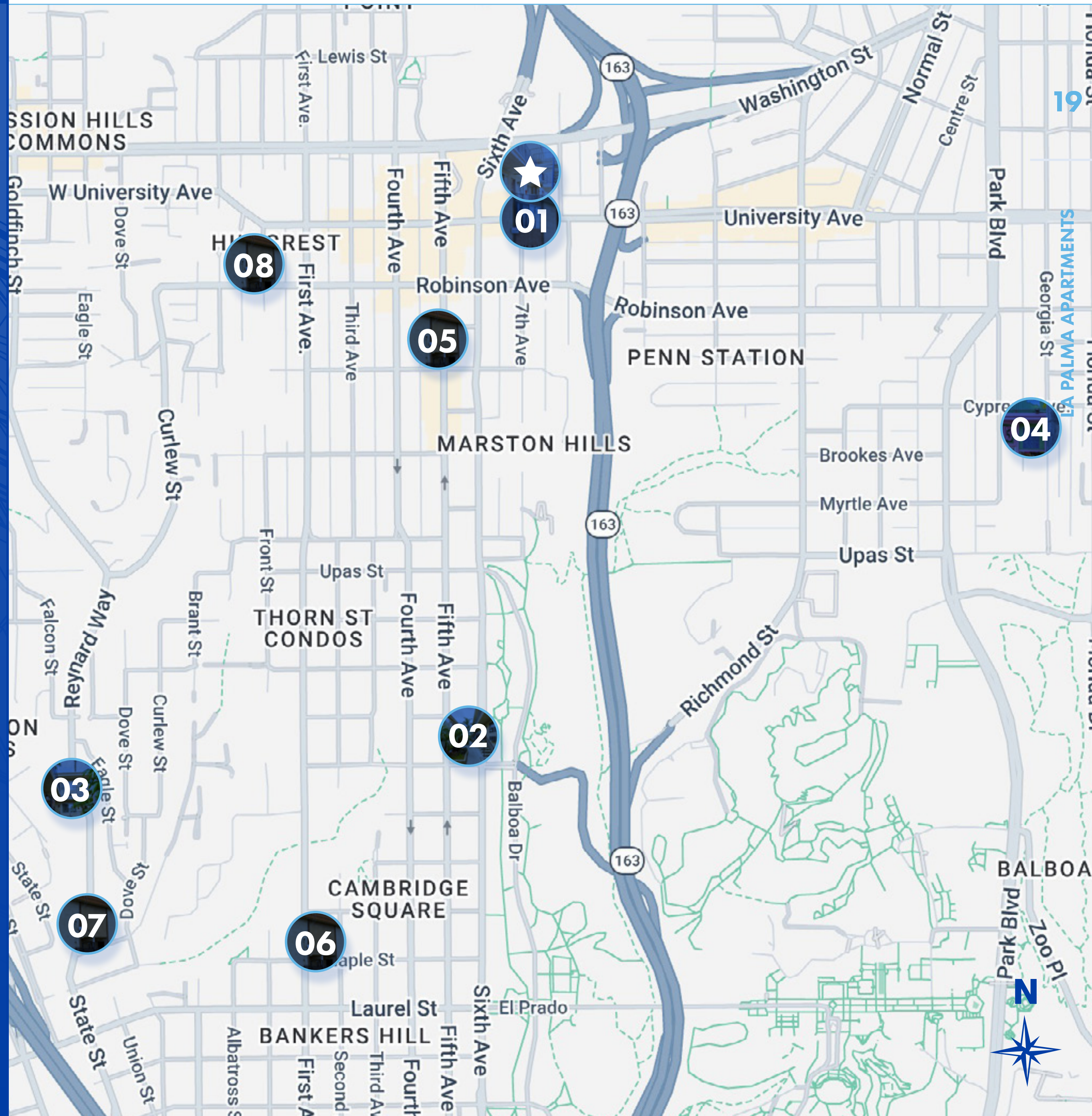
FINANCING SUMMARY

Downpayment:		**$2,150,000**
		45%
Interest Rate:	**6.000%**	
Amortized over:	**30**	**Years**
Proposed Loan Amount:		**$2,649,000**
Debt Coverage Ratio:		
Current:	1.27	
Market:	1.43	


3939

Sales Comparables

#	Address	Built	Units	Price	Pr./Unit	Pr./SF	Cap	Sq. Ft.	Sold
1	3925-3935 7th Ave, San Diego, CA 92103	1915	12	$4,100,000	$341,667	$470.62	5.37%	8,712 SF	FEB 2026
2	3020 6th Ave, San Diego, CA 92103	1956	12	$4,200,000	$350,000	$575.50	4.30%	7,298 SF	MAR 2026
3	2948-2954 Reynard Way, San Diego, CA 92103	2000	7	$1,810,000	$362,000	$452.50	-	4,000 SF	JAN 2026
4	3620-3630 Georgia St, San Diego, CA 92103	1959	18	$5,650,000	$313,889	$403.57	-	14,810 SF	JAN 2026
5	3740 5th Ave, San Diego, CA 92103	2024	23	$9,600,000	$390,000	$417,391	5.00%	6,534 SF	DEC 2025
6	2621-2629 1st Ave, San Diego, CA 92103	2000	12	$3,925,000	$327,083	$571.32	4.50%	9,148 SF	DEC 2025
7	2689 Reynard Way, San Diego, CA 92103	1949	7	$2,275,000	$325,000	$793.24	5.44%	6,970 SF	OCT 2025
8	3830 Front St, San Diego, CA 92103	1988	6	$2,442,000	$407,000	$460.67	3.18%	6,534 SF	MAR 2026
	Averages	**1974**	**12**	**$4,250,250**	**$352,080**	**$518.10**	**4.63%**	**8,001 SF**	


MISSION HILLS COMMONS
W University Ave
University Ave
Washington St
Normal St
Centre St
Lewis St
First Ave
Sixth Ave
Fifth Ave
Fourth Ave
Third Ave
7th Ave
Park Blvd
Georgia St
Florida St
HILLCREST
Robinson Ave
PENN STATION
MARSTON HILLS
Cypress Ave
Brookes Ave
Myrtle Ave
Upas St
Goldfinch St
Dove St
Eagle St
Curlew St
Front St
Brant St
Falcon St
Reynard Way
THORN ST CONDOS
Richmond St
Balboa Dr
BALBOA
Zoo Pl
State St
Union St
CAMBRIDGE SQUARE
Maple St
Laurel St
El Prado
BANKERS HILL
Albatross St
Second Ave
Florida Dr
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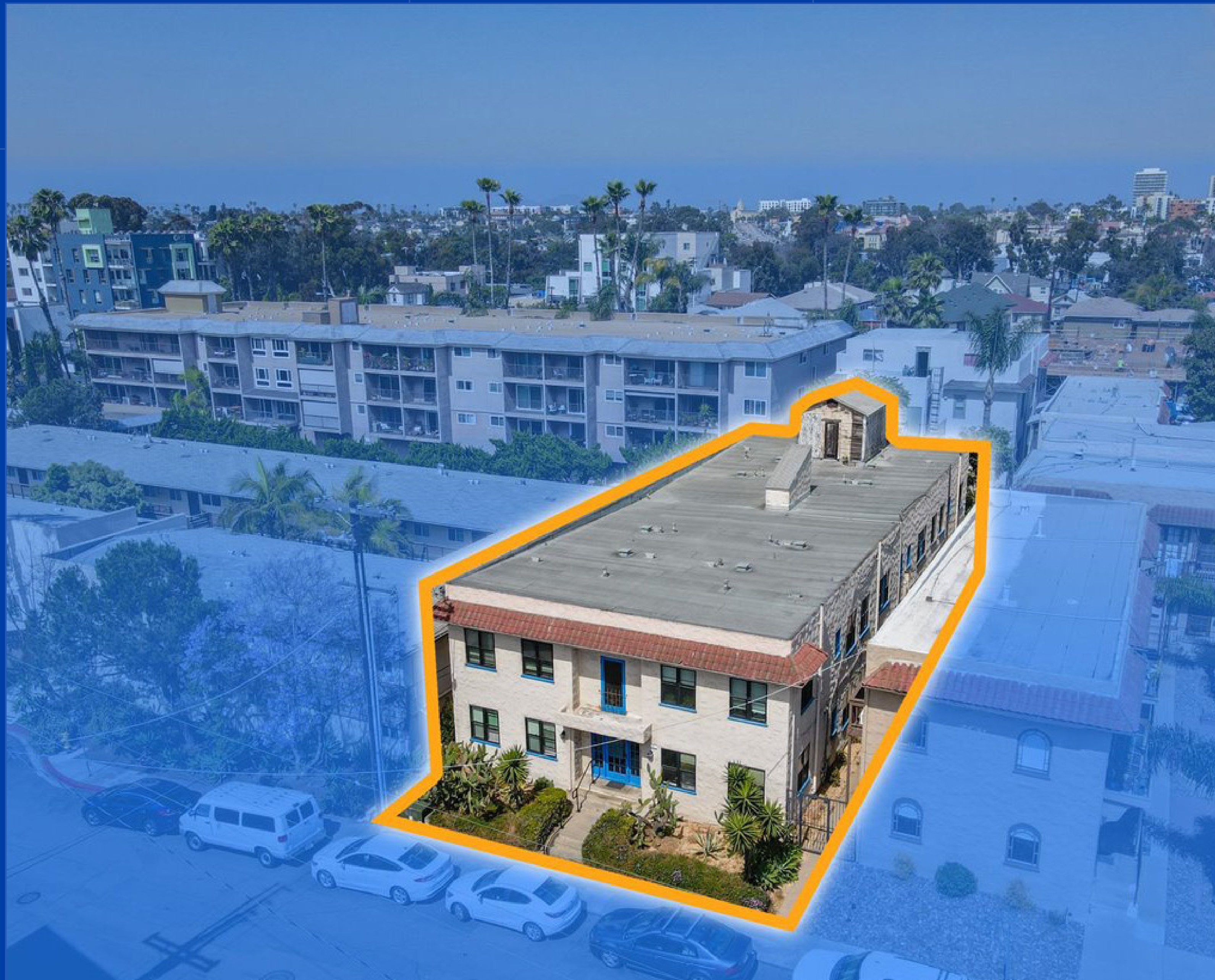
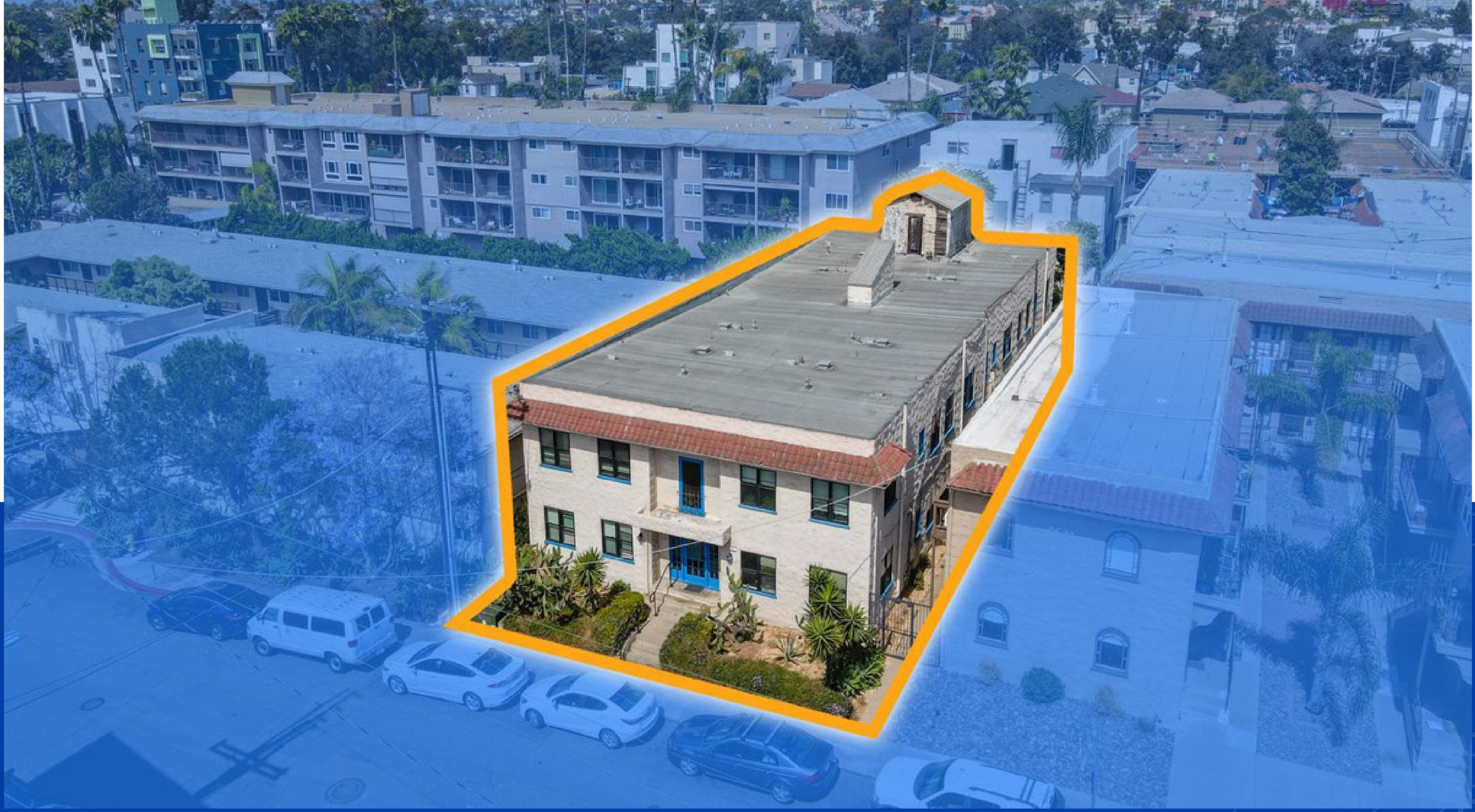
3939 7TH AVENUE



Location Maps


EST. 1868
BALBOA PARK
HERITAGE ASSOCIATION
CORONADO BRIDGE
DOWNTOWN SAN DIEGO
University Ave
Eighth Ave
Seventh Ave
Sixth Ave
N

Property Regional & Neighborhood Location



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