# THE RICHMOND

4015 RICHMOND STREET | SAN DIEGO, CA 92103

ACI APARTMENTS

## OFFERING MEMORANDUM

19-UNIT LUXURY MULTIFAMILY INVESTMENT OPPORTUNITY
IN THE HEART OF HILLCREST

$7,950,000

NEW CONSTRUCTION | BUILT 2025


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EXCLUSIVELY LISTED BY

RICARDO LOPEZ

Senior Associate
CalBRE#: 01936528
C (619) 736-0201
ricardomultifamily@aciapartments.com
www.aciapartments.com

ACIAPARTMENTS.COM

PROPERTY

# OVERVIEW

01

# THE OFFERING

4015 RICHMOND STREET SAN DIEGO, CA 92103-3308

OFFERED AT $7,950,000


## 19 UNITS, 4 STORY, ELEVATOR SERVED LUXURY APARTMENT BUILDING WITH GROUND LEVEL PARKING GARAGE

The Richmond, located at 4015 Richmond Street in San Diego's Hillcrest neighborhood, is a newly constructed **19-unit** multifamily community delivered in 2025. Designed with modern finishes and efficient layouts, the property caters to strong demand from young professionals, healthcare workers, and lifestyle renters.

The Richmond offers a balanced mix of studio, **one-bedroom, and two-bedroom units** with an average size of **approximately 597 square feet.** Most units feature private balconies, and kitchens are equipped with premium cabinetry, quartz countertops, and stainless steel appliances, with dishwashers in all but three units. Residences are further enhanced with in-unit washer and dryers, central forced heating and air conditioning, and triple-pane sound-attenuating windows. Completed in 2025, the property was constructed with durable wood-frame construction over a reinforced concrete podium, clad in stucco with a flat, sealed roof system. A roof-mounted **17.3 kW solar system** meaningfully offsets building energy usage today, and its design provides an investor with the opportunity to expand capacity and incorporate battery storage. Such an enhancement could further reduce operating costs, add resiliency during outages, and potentially create an ancillary income stream through tenant billing or grid participation. Secured **underground parking** includes six standard spaces and one ADA space, providing both convenience and security for residents.

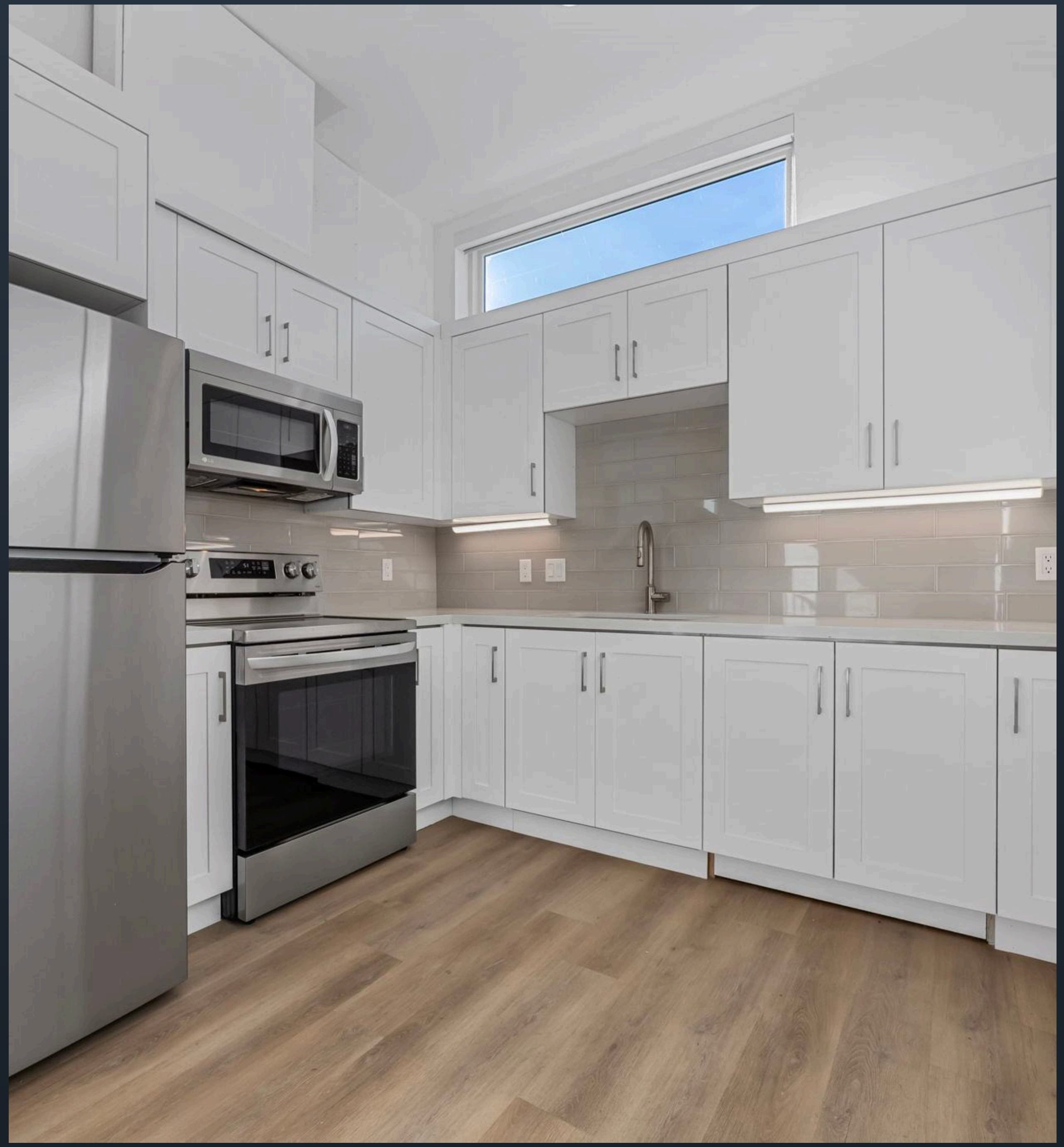
***The seller will consider carrying a Second Trust Deed for qualified buyers, offering a unique opportunity to structure favorable acquisition financing and maximize investment performance.***

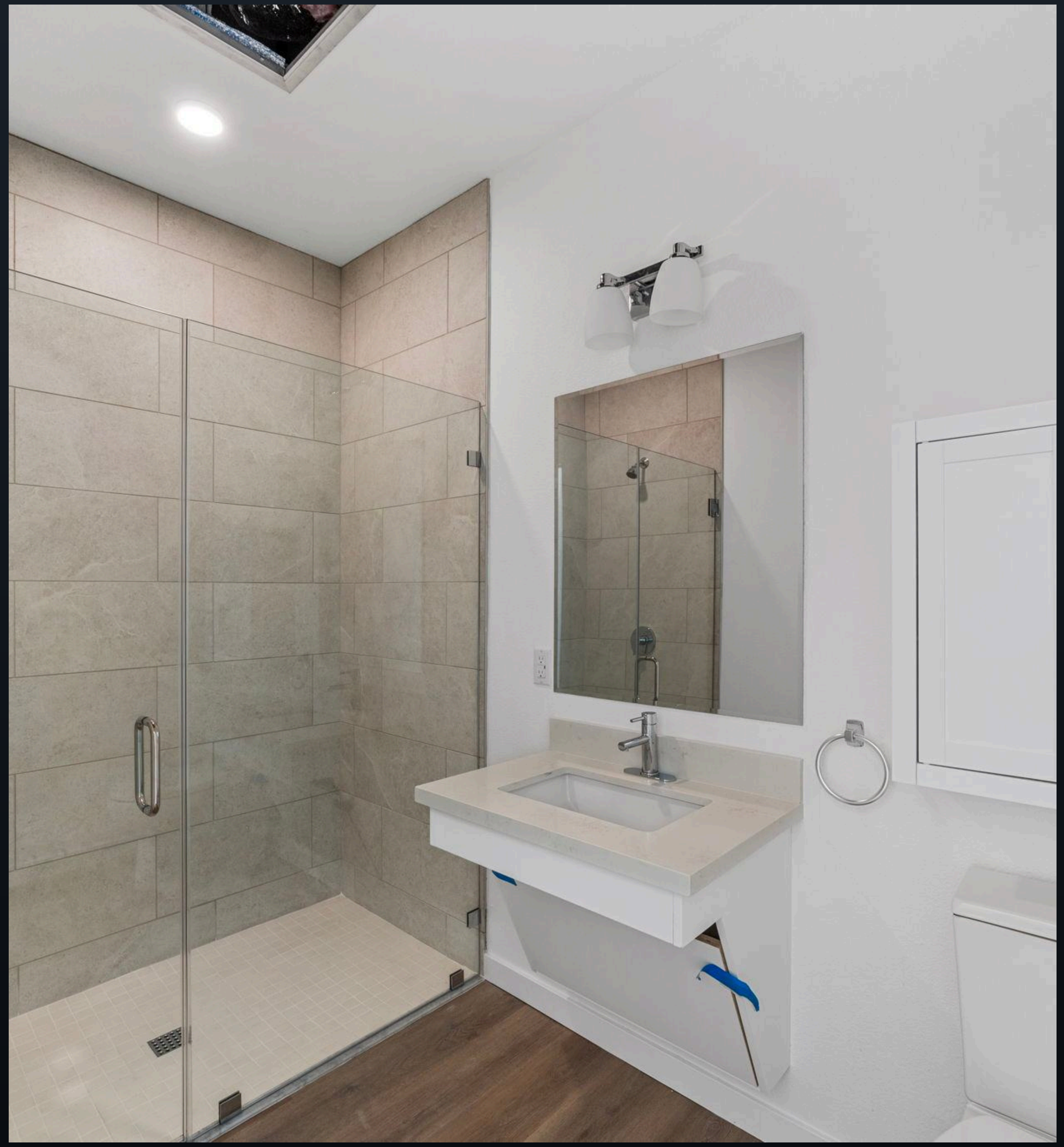
# COMMUNITY AMENITIES


- Thoughtfully designed floor plans with contemporary finishes
- In-unit washer and dryers
- Private balconies in most units
- Central forced heating and air conditioning
- Luxury Vinyl Plank flooring
- Quality cabinetry throughout kitchens and baths
- Dishwashers in all but 3 units
- Triple-pane, sound-insulated windows for quiet living
- Roof-mounted solar system: 40 Qcells 485 panels with SolarEdge inverter (17.3 kW)
- Two central gas water heaters for efficiency
- Secure parking: 6 standard spaces + 1 ADA

With brand-new construction, premium finishes, efficient systems, and AB 1482 exemption, The Richmond is a rare investment in a supply-constrained submarket.


4015





SUMMARY OF

# BENEFITS

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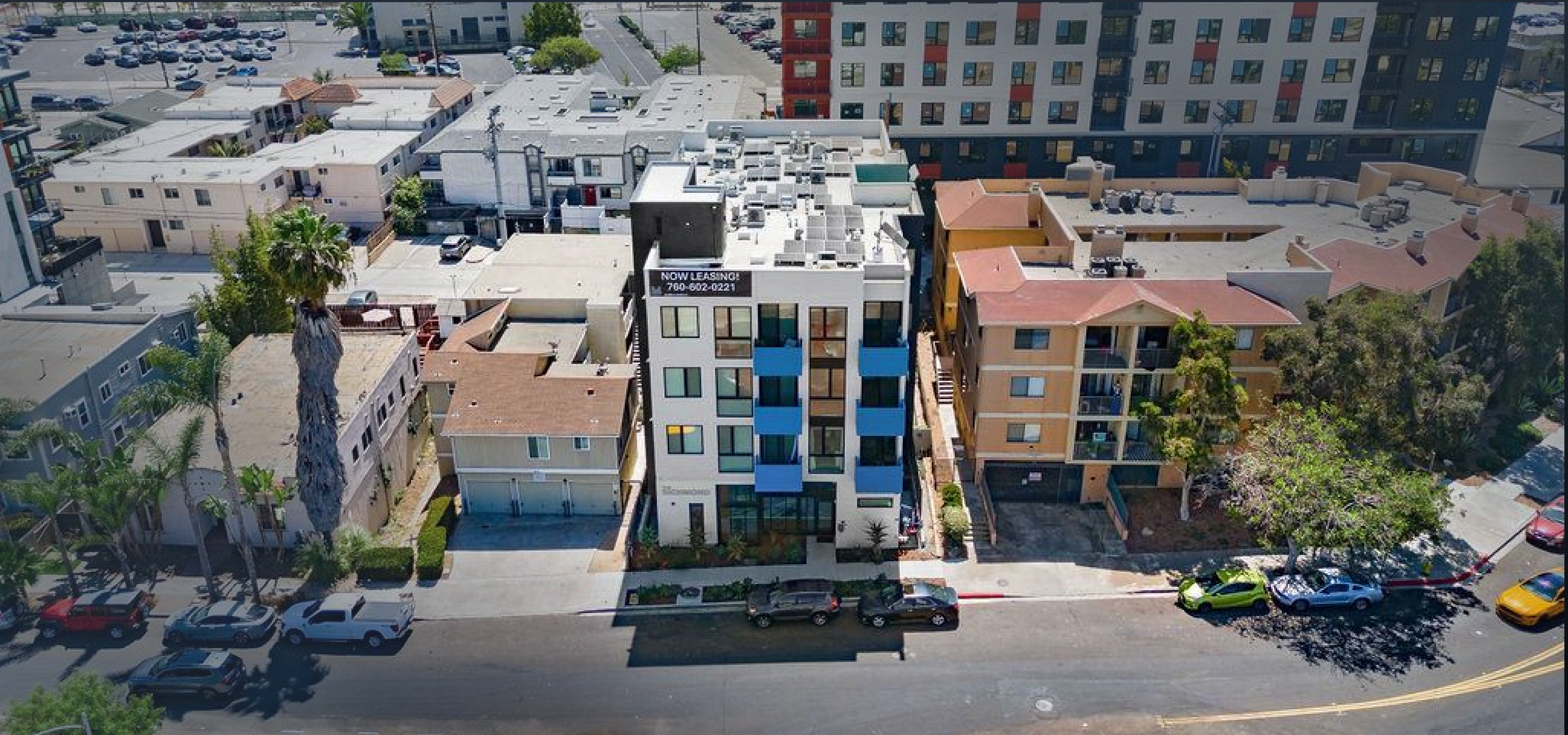


# KEY BENEFITS

### IRREPLACEABLE LOCATION:

- ✓ Core infill Hillcrest site with high barriers to entry.
- ✓ Walkable to University Ave & Fifth Ave; near Balboa Park.
- ✓ Minutes to UC San Diego Medical Center, Scripps Mercy, Downtown, and the Airport.

### LIFESTYLE APPEAL:

- ✓ Highly walkable, culturally vibrant neighborhood attracting professionals and long-term renters.
- ✓ Access to Balboa Park, the San Diego Zoo, and diverse dining/entertainment.
- ✓ Walk Score 87 (Source: walkscore.com).

### EMPLOYMENT DRIVERS:

- ✓ Immediate adjacency to major employment centers, including the Uptown medical corridor.
- ✓ Strong, stable tenant demand from healthcare and knowledge workers.

### REGULATORY ADVANTAGE:

- ✓ Built in 2025; exempt from AB 1482 rent caps & just-cause through at least 2040.
- ✓ Full flexibility to capture market rent growth and reposition units.

### TAX BENEFITS:

- ✓ Cost segregation study identified ~$1.53M accelerated depreciation (5- and 15-year property).
- ✓ Eligible for 100% bonus depreciation in Year 1, generating substantial first-year tax savings.

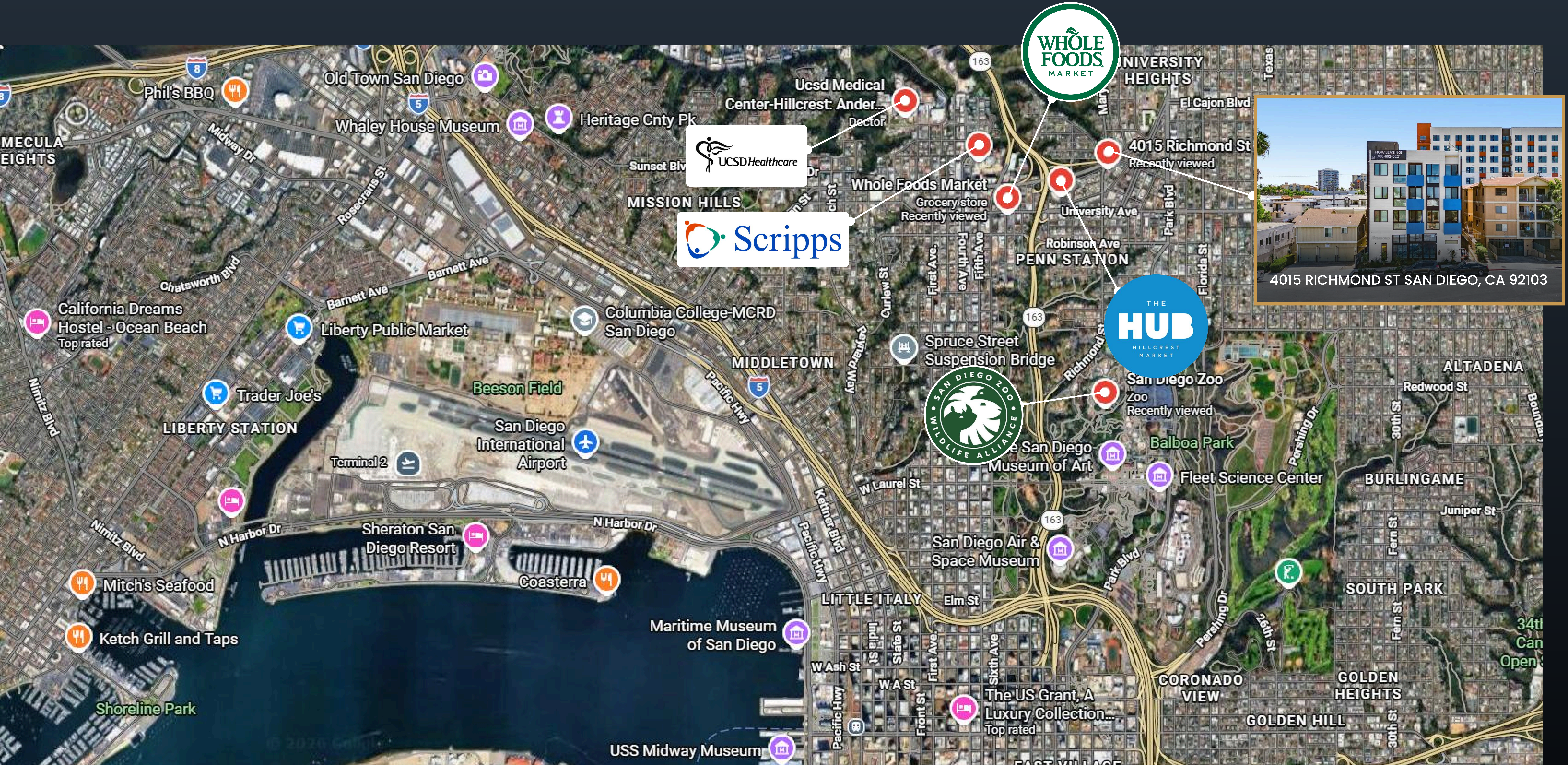
### INDIVIDUALLY SUBMETERED WATER:

- ✓ Tenants pay for their own usage.
- ✓ Encourages tenant accountability and conservation, supporting sustainability goals.
- ✓ Eliminates need for RUBS billing or manual allocation of water expenses.
- ✓ Lowers operating expenses and increases NOI by shifting utility costs from ownership to tenants.

### STRONG RENT UPSIDE:

- ✓ Market-rate rents show 11% potential upside vs. concession-adjusted comps.
- ✓ Clear path to income growth as units turn and adjust to market.

IRREPLACEABLE
# LOCATION
03





# LIFESTYLE

Hillcrest is one of San Diego's most vibrant and walkable neighborhoods, offering residents a true urban lifestyle. The community is defined by its eclectic dining along University and Fifth Avenue, boutique shopping, neighborhood cafés, and a thriving nightlife scene. Everyday conveniences, including Whole Foods and Trader Joe's, are within easy reach, and the neighborhood's direct access to Balboa Park—with its museums, gardens, and the world-famous San Diego Zoo—enhances its appeal for long-term residents.

Just steps from The Richmond, residents can walk to The Hub Hillcrest Market, a premier neighborhood shopping center that makes car-free living effortless. Anchored by Trader Joe's and Ralphs, the center also features popular destinations such as CVS, Starbucks, Ike's Love & Sandwiches, Big City Bagels, and Fiji Yogurt. Located less than 0.2 miles away—a two- to three-minute walk—the Hub provides tenants with direct access to groceries, dining, pharmacy services, and casual eateries, underscoring the property's exceptional walkability and lifestyle convenience.



# EMPLOYMENT

The Richmond is strategically positioned adjacent to San Diego's Uptown medical corridor, one of the region's largest and fastest-growing employment clusters. UC San Diego Health's Hillcrest campus currently employs more than 5,000 staff and is undergoing a multi-phase, multi-billion-dollar redevelopment. Phase I includes a 251,000 sq. ft. outpatient pavilion and a new 1,850-stall parking structure, signaling significant growth in patient volume and staff needs. This buildout is expected to add hundreds of new healthcare and administrative jobs over the coming decade, drawing a high-earning tenant base to the neighborhood.

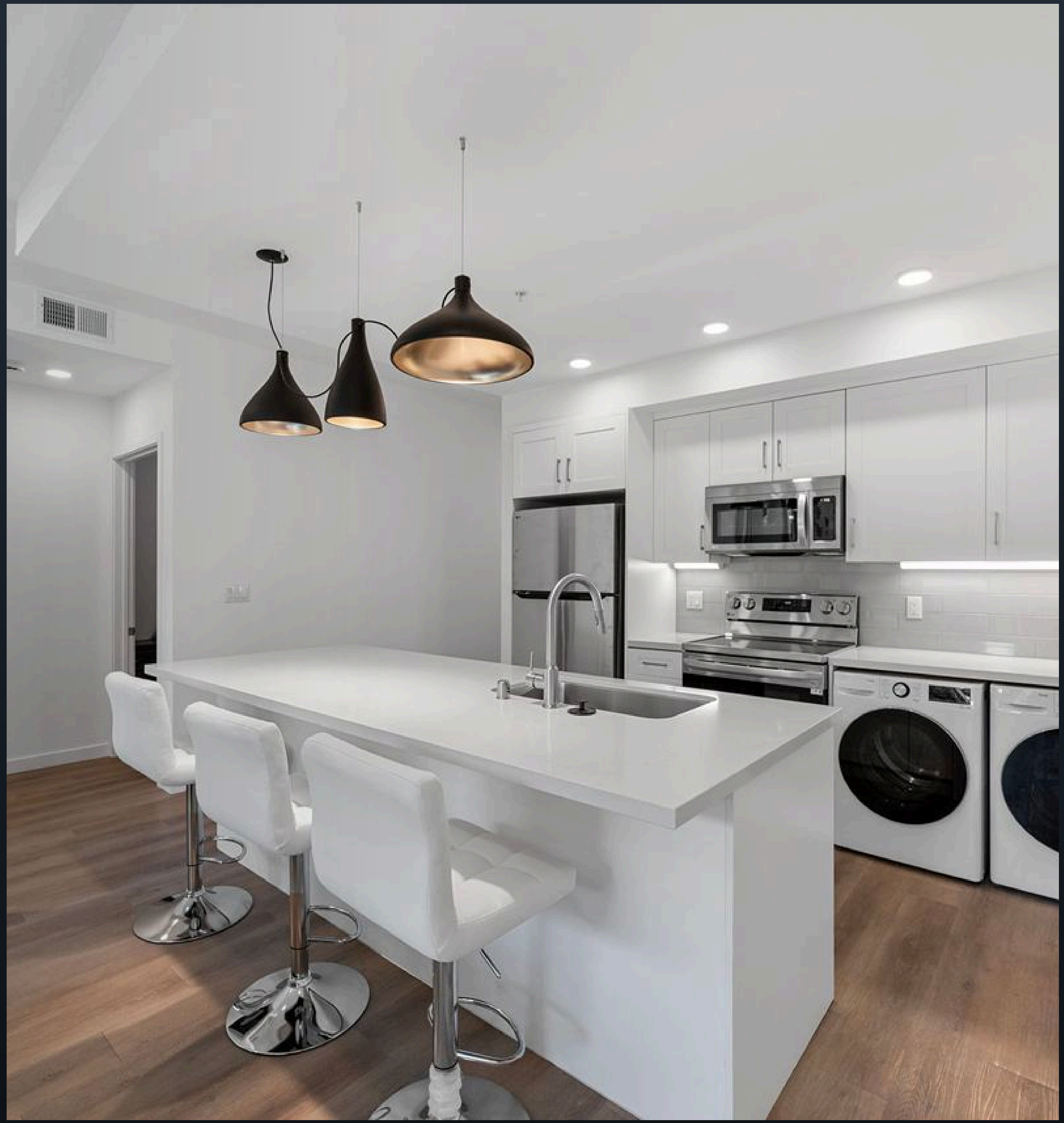
Just blocks away, Scripps Mercy Hospital supports 700 licensed acute-care beds and employs approximately 1,300 physicians, along with thousands of clinical and support staff. As the region's longest-serving hospital and a designated Level I Trauma Center, Scripps continues to expand its capacity to meet regional demand. Together, these institutions anchor Hillcrest as a premier destination for healthcare professionals, ensuring durable tenant demand.

Implication for housing demand: The ongoing UCSD Health expansion at Hillcrest and sustained hiring by nearby hospital systems draw and retain higher-earning medical professionals close to campus—bolstering absorption for modern units and supporting the rent-upside identified in our comparable survey for studios, one-bedrooms, and two-bedrooms.

# AB 1482 RENT CAP EXEMPTION

With construction completed in 2025, 4015 Richmond qualifies for California's 15-year new construction exemption under AB 1482. The Richmond is not subject to statewide rent caps or just-cause eviction requirements through at least 2040, allowing ownership to:

- Fully capture market rent growth in a high-demand submarket.
- Mitigate legislative downside risk that can constrain older assets.
- Maximize NOI via strategic unit positioning and upgrades without artificial caps.
- Enhance exit value as the exemption benefits carry through the hold period.



FINANCIAL
# ANALYSIS

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# OVERVIEW

## PROPERTY SUMMARY

| | |
|---|---|
| Units | 19 |
| Year Built | 2025 |
| Lot Size | 5,858 SF |
| Rentable SF | 11,343 SF |
| Price | $7,950,000 |
| $/Unit | $418,421 |
| $/SF | $700.87 |

## INCOME ANALYSIS

| | |
|---|---|
| Actual Monthly Income | $45,416 |
| Market Monthly Income (Stabilized) | $49,857 |
| Gross Scheduled Income (Annual) | $544,992 (Actual) / $598,281 (Market) |
| Vacancy Factor | 3% → $15,177 (Actual) / $16,694 (Market) |
| Gross Operating Income | $529,816 (Actual) / $581,586 (Market) |

## OPERATING EXPENSES

| | |
|---|---|
| Actual Annual Expenses | $157,567 |
| Market Annual Expenses | $159,338 |
| Expense Ratio | 29% of GSI (Actual) / 27% of GSI (Market) |

# RENT ROLL AND 5 YEAR PROJECTIONS

| UNIT # | TENANT TYPE | UNIT SQ.FT. | AUG 31 RENT ROLL | UNIT MIX | YEAR 1 RENT | YEAR 2 RENT | YEAR 3 RENT | YEAR 4 RENT | YEAR 5 RENT |
|---|---|---|---|---|---|---|---|---|---|
| 101 | 50% AMI | 450 | $1,750.00 | Studio | $1,750 | $1,867 | $1,992 | $2,125 | $2,267 |
| 201 | Onsite Mgr | 612 | $1,425.00 | 1br-1ba | $1,425 | $1,425 | $1,425 | $1,425 | $1,425 |
| 202 | Market Rate | 782 | $2,700.00 | 2br-1ba | $2,700 | $2,970 | $3,089 | $3,212 | $3,341 |
| 203 | 50% AMI | 727 | $1,969.00 | 2br-1ba | $1,969 | $2,166 | $2,311 | $2,465 | $2,630 |
| 204 | 60% AMI | 480 | $2,100.00 | 1br-1ba | $2,100 | $2,240 | $2,390 | $2,550 | $2,720 |
| 205 | Market Rate | 430 | $2,061.00 | Studio | $2,061 | $2,267 | $2,358 | $2,452 | $2,550 |
| 206 | Market Rate | 600 | $2,150.00 | 1br-1ba | $2,150 | $2,365 | $2,460 | $2,558 | $2,660 |
| 301 | Market Rate | 612 | $1,995.00 | 1br-1ba | $1,995 | $2,195 | $2,282 | $2,374 | $2,469 |
| 302 | Market Rate | 782 | $2,450.00 | 2br-1ba | $2,450 | $2,695 | $2,803 | $2,915 | $3,032 |
| 303 | Market Rate | 727 | $2,673.00 | 2br-1ba | $2,673 | $2,940 | $3,058 | $3,180 | $3,307 |
| 304 | Market Rate | 480 | $1,995.00 | 1br-1ba | $1,995 | $2,195 | $2,282 | $2,374 | $2,469 |
| 305 | Market Rate | 430 | $1,940.00 | Studio | $1,940 | $2,134 | $2,219 | $2,308 | $2,400 |
| 306 | Market Rate | 600 | $2,350.00 | 1br-1ba | $2,350 | $2,585 | $2,688 | $2,796 | $2,908 |
| 401 | Market Rate | 612 | $2,809.00 | 1br-1ba | $2,809 | $3,090 | $3,213 | $3,342 | $3,476 |
| 402 | Market Rate | 782 | $2,795.00 | 2br-1ba | $2,795 | $3,075 | $3,197 | $3,325 | $3,458 |
| 403 | Market Rate | 727 | $2,450.00 | 2br-1ba | $2,450 | $2,695 | $2,803 | $2,915 | $3,032 |
| 404 | Market Rate | 480 | $1,995.00 | 1br-1ba | $1,995 | $2,195 | $2,282 | $2,374 | $2,469 |
| 405 | Market Rate | 430 | $2,100.00 | Studio | $2,100 | $2,310 | $2,402 | $2,498 | $2,598 |
| 406 | Market Rate | 600 | $2,450.00 | 1br-1ba | $2,450 | $2,695 | $2,803 | $2,915 | $3,032 |
| Storage Closet | | | $0.00 | Storage Closet 2nd Floor | $0 | $75 | $75 | $75 | $75 |
| Storage Closet | | | $0.00 | Storage Closet 3rd Floor | $0 | $75 | $75 | $75 | $75 |
| Storage Closet | | | $0.00 | Storage Closet 4th Floor | $0 | $75 | $75 | $75 | $75 |
| **Garage Income** | | | **$1,100.00** | **Garage Income** | **$1,100** | **$1,100** | **$1,100** | **$1,100** | **$1,100** |
| **RUBS** | | | **$2,159.00** | **RUBS** | **$2,159** | **$2,159** | **$2,159** | **$2,159** | **$2,159** |
| | **GSI/month** | | **$45,416.00** | **0** | **$45,416** | **$49,587** | **$51,542** | **$53,587** | **$55,726** |
| | | | | **GSI** | **$544,992** | **$595,038** | **$618,504** | **$643,043** | **$668,708** |

# FINANCING INFORMATION

| | |
|---|---|
| Down Payment | 47% |
| Interest Rate | 5.88% |
| # of Years Amortized Over | 30 |
| Proposed Loan | |
| Loan Points | 1% |
| Other Loan Costs | $3,500 |

| | CURRENT | PROFORMA |
|---|---|---|
| GRM | 14.59 | 13.29 |
| CAP Rate % | 4.68% | 5.31% |
| Cash On Cash Return | 1.98% | 3.29% |
| Total Potential Return | 3.4% | 4.7% |
| Debt Coverage Ratio | 1.26 | 1.42 |

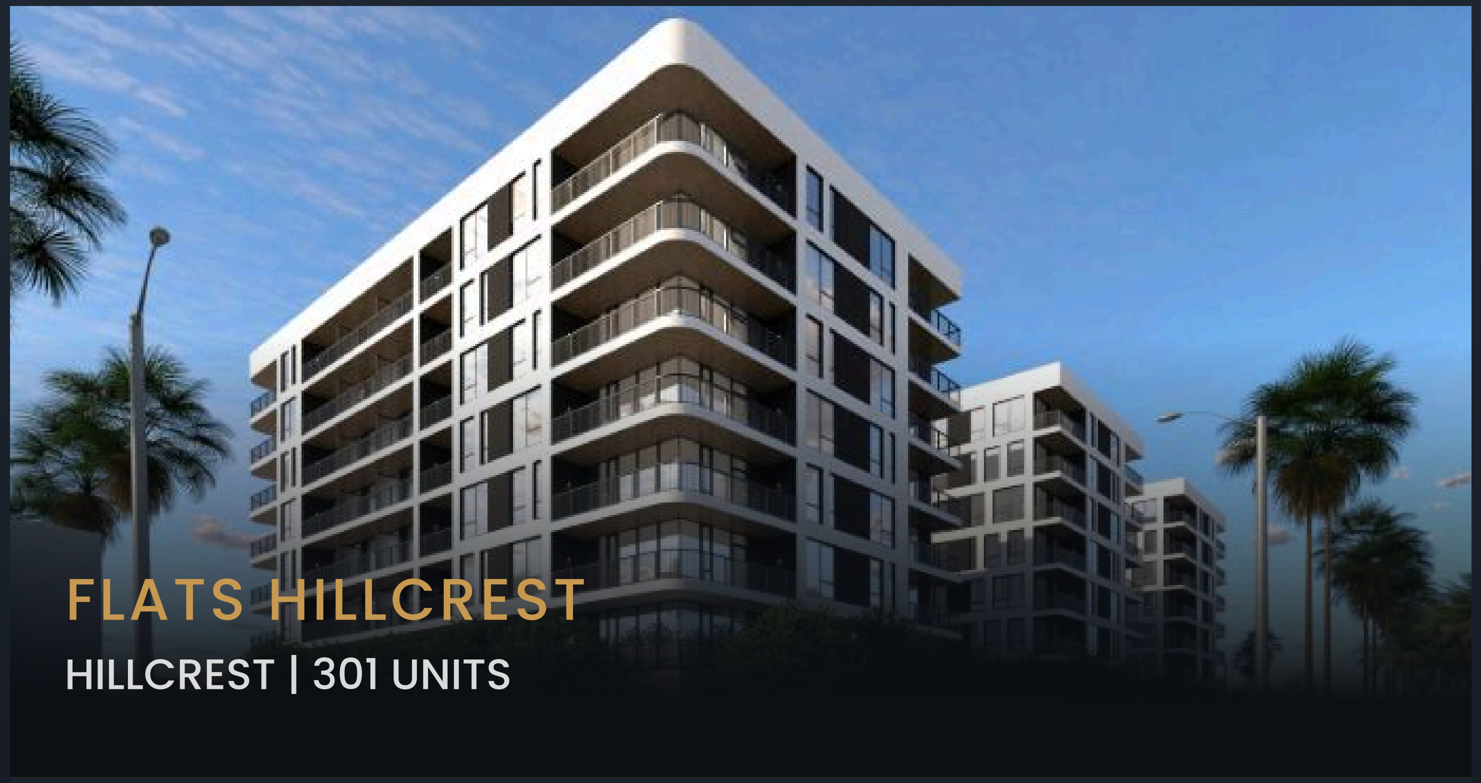
***The seller will consider carrying a Second Trust Deed for qualified buyers, offering a unique opportunity to structure favorable acquisition financing and maximize investment performance.***

# ANNUAL OPERATING PROFORMA

| | ACTUAL | PROFORMA |
|---|---|---|
| Gross Rental Income | $505,884 | $556,473 |
| Plus Other Income | $39,108 | $41,808 |
| Gross Scheduled Income | $544,992 | $598,281 |
| Less: Vacancy Factor 3.0% | $15,177 | $16,694 |
| Gross Operating Income | $529,816 | $581,586 |
| Less: Operating Expenses | $157,567 | $159,338 |
| **Net Operating Income** | **$372,249** | **$422,249** |
| Less: First TD Payments | ($296,521) | ($296,521) |
| Pre-Tax Cash Flow | **$75,728** | **$125,728** |
| Principal Reduction | $52,429 | $52,429 |
| Total Potential Return | 3.4% | 4.7% |
| Add'l Capital for Repairs (1st Year) | $0 | $0 |
| Acquisition Costs | $5,000 | $5,000 |
| Financing Costs | $45,250 | $45,250 |
| Down Payment | $3,775,000 | $3,775,000 |
| **Total 1st Year Cost** | **$3,825,250** | **$3,825,250** |

# PRICING BELOW NEARBY DEVELOPMENT BENCHMARKS

At approximately $418,000 per unit, The Richmond is priced below two nearby reported and implied project-cost benchmarks in Hillcrest and surrounding neighborhoods.



### FLATS HILLCREST
HILLCREST | 301 UNITS

~$482,000
REPORTED PROJECT AMOUNT / UNIT

$145.0M reported project amount

### GH25 / ALUM
GOLDEN HILL | 114 UNITS

~$536,000
IMPLIED DEVELOPMENT BUDGET / UNIT

$61.1M implied development budget*


### THE RICHMOND
HILLCREST | 19 UNITS

$418,421
PRICE PER UNIT

$7.95M offering price

ACQUIRE EXISTING NEW CONSTRUCTION

## 13%-22% BELOW NEARBY PROJECT-COST BENCHMARKS

Applying these per-unit benchmarks to 19 units indicates approximately $9.2M-$10.2M. The Richmond is offered at $7.95M, approximately $1.2M-$2.2M below that indicated range

TAX
# BENEFITS

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# TAX BENEFITS


Ownership of 4015 Richmond Street offers substantial tax advantages via accelerated depreciation and bonus depreciation. A third-party cost segregation study identified significant deductions that can materially enhance after-tax cash flow.

- Cost segregation analysis identified **approximately $1.53 million** of accelerated depreciation across 5- and 15-year property categories.
- Eligible for **100% bonus depreciation in Year 1**, enabling immediate expensing of short-life assets.
- Substantial first-year tax savings and the ability to offset passive income.
- Enhanced early after-tax cash flow improves total return and reduces effective risk.
- Remaining depreciation schedules support future buyers and exit value.

| CATEGORY | AMOUNT |
|---|---|
| 5-Year Property Depreciation | $1,287,373 |
| 15-Year Property Depreciation | $237,904 |
| 27.5-Year Property Depreciation | $7,072,105 |
| Year 1 Accelerated Depreciation (5 & 15 yr) | $1,525,277 |

These efficiencies help maximize early-year returns while preserving long-term appreciation potential supported by Hillcrest's irreplaceable location.

*The information summarized herein is derived from a third-party cost segregation analysis prepared for the property's ownership. This summary is provided for illustrative purposes only. Please refer to the full Confidentiality & Disclosure section of this Offering Memorandum for important limitations and disclaimers.*

RENT

# COMPS & UPSIDE

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# COMPARABLE RENT SURVEY

| PROPERTY | | YEAR BUILT | AVG UNIT SIZE (SF) | EFFECTIVE RENT ($/MO) | RENT ($/SF) |
|---|---|---|---|---|---|
|  | The Jackson | 2019 | 643 | $2,150 | $3.34 |
|  | Above the Boulevard | 2017 | 474 | $2,595 | $5.47 |
|  | The Park | 2017 | 822 | $3,845 | $4.68 |
|  | Arbor Crest on Fourth | 2021 | 507 | $2,398 | $4.73 |
|  | Denizen | 2024 | 825 | $2,972 | $3.60 |

**EFFECTIVE RENTS ACROSS THE SET RANGE ~$2,150–$3,845/MO (AVG ~$2,779); AVERAGE ~$4.54/SF.**

Effective rents reflect advertised concessions where available as of August 31, 2026. Availability, lease terms and concessions are subject to change.

# UPSIDE IN RENTS

Comparing Richmond's in-place rents with concession-adjusted market rents indicates measured upside across the property's 15 market-rate units.

| UNIT TYPE | SUBJECT AVG RENT | MARKET AVG RENT | UPSIDE POTENTIAL |
|---|---|---|---|
| Studio | $2,034 | $2,250 | 10.6% |
| 1BR-1BA | $2,249 | $2,471 | 9.9% |
| 2BR-1BA | $2,569 | $2,890 | 12.5% |
| Overall | $2,313 | $2,567 | 11.0% |

Two-bedroom units show the largest gap; overall market-rate rents have

~11% POTENTIAL UPSIDE,

supporting near-term revenue growth.

OVERVIEW

# DEMOGRAPHICS & MARKET

07

# DEMOGRAPHICS

Hillcrest is one of San Diego's most established and desirable urban neighborhoods. The following demographics highlight the strong income profile, education levels, and renter orientation that make this submarket attractive for multifamily investment.

| Metric | Value (Source) |
|---|---|
| Population | 34,800 (Source: point2homes.com) |
| Median Age | 41.7 years (Source: republicmoving.com) |
| Median Household Income | $96,900 (Source: statisticalatlas.com / point2homes.com) |
| Average Household Income | $142,200 (Source: point2homes.com) |
| Per Capita Income | $81,000 (Source: incomebyzipcode.com) |
| Bachelor's Degree or Higher | 63% (Source: bestneighborhood.org) |
| Renter-Occupied Housing | 65% (Source: point2homes.com) |
| Median Home Value | $958,600 (Source: point2homes.com) |

The demographic profile underscores Hillcrest's ability to support premium rental housing. Affluent and educated residents, combined with high barriers to homeownership, sustain strong demand for multifamily units.

# MARKET OVERVIEW

Hillcrest benefits from a unique blend of lifestyle appeal, employment proximity, and supply constraints. This combination results in consistent rental demand, limited new supply, and strong long-term fundamentals for investors.

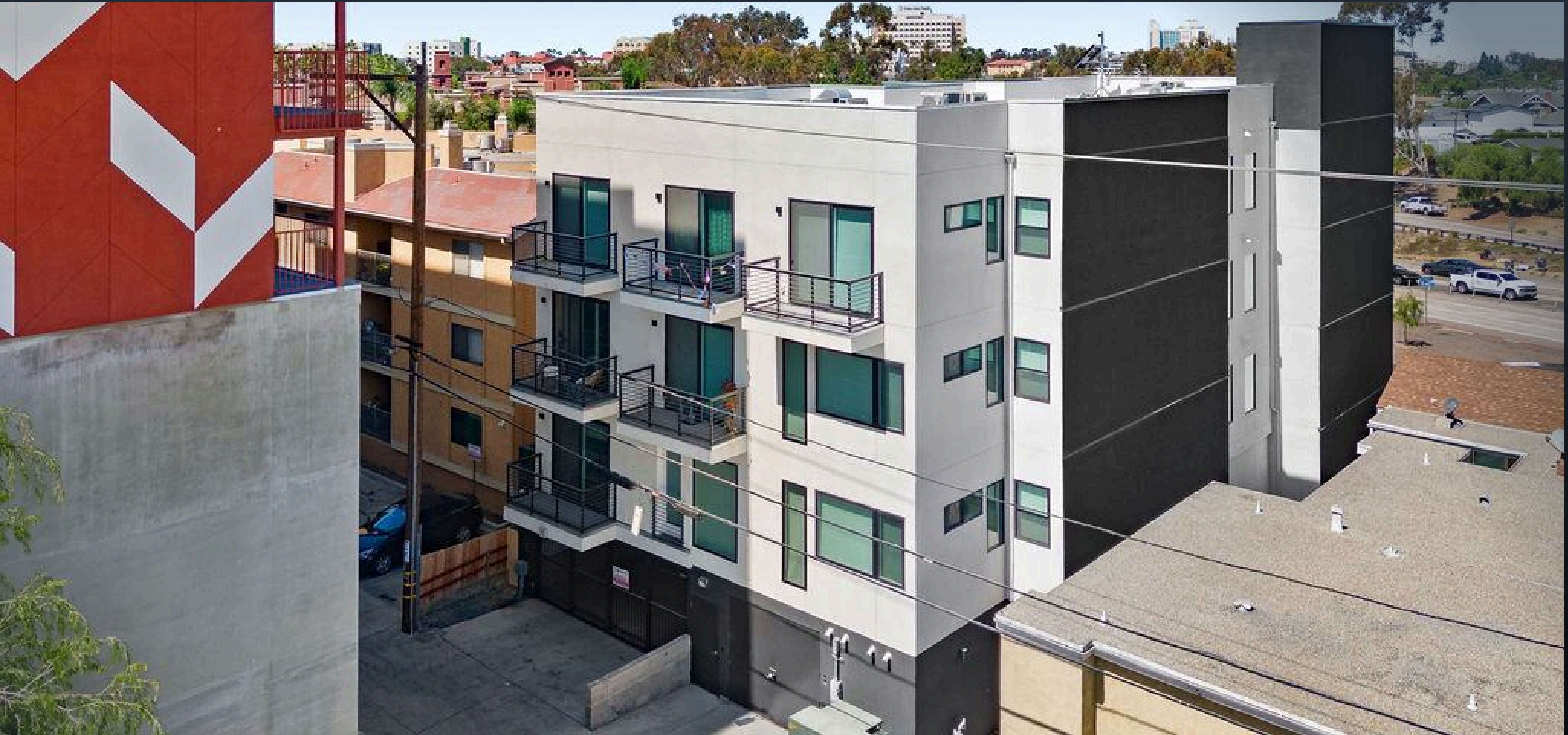
- Walkability, Balboa Park access, and proximity to UC San Diego Medical Center & Scripps Mercy drive rental demand. Hillcrest boasts a Walk Score of 87, ranking it among San Diego's most walkable neighborhoods (Source: walkscore.com).
- Infill nature of the neighborhood creates high barriers to entry and limits new multifamily development opportunities.
- Recent comparable properties show effective monthly rents ranging from **$2,150 to $3,845**, averaging **approximately $4.54 per SF**.
- Vacancy rates in Hillcrest have historically trended below the metro average, supported by strong lifestyle-driven demand.
- Ongoing redevelopment and mixed-use projects continue to enhance the neighborhood profile, while limited land availability preserves pricing power.

Overall, Hillcrest's blend of strong demographics, enduring demand drivers, and limited supply makes it one of San Diego's most resilient and attractive multifamily submarkets.

CONFIDENTIALITY &

# DISCLOSURE

08



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This Cost Segregation Study was prepared exclusively for ACI Apartments to illustrate potential tax benefits associated with accelerated depreciation. The information contained herein is based on interpretations of current tax law, IRS rulings, and case law as of the date of this report.

While believed to be reliable, the conclusions are not guaranteed to be accepted by the Internal Revenue Service (IRS) or upheld in court if challenged. ACI Apartments and its affiliates make no representation or warranty regarding the ultimate tax treatment of the property or the deductibility of depreciation amounts.

This report does not constitute legal, tax, or accounting advice. Investors are strongly advised to consult with their own tax advisors to determine how the results of this study may apply to their specific circumstances. Neither ACI Apartments nor the preparer of the study shall be responsible for any tax positions taken or for any consequences arising from the use of this analysis.


ACI
APARTMENTS

# THE RICHMOND

EXCLUSIVELY LISTED BY

RICARDO LOPEZ

Senior Associate
CalBRE#: 01936528
C (619) 736-0201

ricardomultifamily@aciapartments.com
www.aciapartments.com