



Offering Memorandum

236 & 240 ARMOUR AVENUE

South San Francisco, CA

Marcus & Millichap

CONFIDENTIALITY AND DISCLAIMER

The information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

NON-ENDORSEMENT NOTICE

Marcus & Millichap Real Estate Investment Services, Inc. ("M&M") is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of M&M, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of M&M, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

Marcus & Millichap is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of Marcus & Millichap, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of Marcus & Millichap, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

**ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONSULT YOUR
MARCUS & MILLICHAP AGENT FOR MORE DETAILS.**

Marcus & Millichap



exclusively listed

Exclusively listed by:

Marcus & Millichap

OFFICES NATIONWIDE
www.marcusmillichap.com

Investment Sales:

Nathan Gustavson

Associate Vice President Investments
PALO ALTO

Tel: (650) 391-1749

Fax: (650) 391-1710

nathan.gustavson@marcusmillichap.com

License: CA 01898316

Marshall Ward

Associate
SAN FRANCISCO

Tel: (415) 625-2133

Fax: (415) 963-3010

marshall.ward@marcusmillichap.com

License: CA 01919391



236

5

3

1

2

4

6

Table of Contents

EXECUTIVE SUMMARY

Offering Highlights	2
Investment Overview	3

PROPERTY DESCRIPTION

Property Details	6
Local Map	7
Regional Map	8
Aerial Photo	9

FINANCIAL ANALYSIS

Financial Summary	12
Rent Roll	13

COMPETITIVE PROPERTY SET

Recent Sales Map	16
Recent Sales	19
Rent Comparables Map	21
Rent Comparables	23
On Market Comparables Map	25
On Market Comparables	28

MARKET OVERVIEW

Demographic Summary	32
Population Density	34
Employment Density	35
Average Household Income	36



240

2

4

6



summary

EXECUTIVE SUMMARY



Marcus & Millichap

Offering Highlights

236 & 240 ARMOUR AVENUE SOUTH SAN FRANCISCO, CA 94080

Property Details

Price	\$3,500,000
Down Payment	100% / \$3,500,000
Number of Units	12
Price/Unit	\$291,667
Rentable Square Feet	9,507
Price/SF	\$368.15
CAP Rate - Current	4.00%
CAP Rate - Pro Forma	5.94%
GRM - Current	17.18
GRM - Pro Forma	12.79
Year Built	1957
Lot Size	11,618
Type of Ownership	Fee Simple



Annualized Operating Data

INCOME	CURRENT	PRO FORMA
Gross Potential Rent	\$203,700	\$273,600
Other Income	\$4,543	\$4,543
Gross Potential Income	\$208,243	\$278,143
Less: Vacancy/Deductions (GPR)	3.0% / \$6,111	3.0% / \$8,208
Effective Gross Income	\$202,132	\$269,935
Less: Expenses	\$62,039	\$62,039
Net Operating Income	\$140,093	\$207,896
Net Cash Flow Before Debt Service	\$140,093	\$207,896

Expenses

Real Estate Taxes	\$37,474	\$37,474
Direct Charges	\$3,155	\$3,155
Insurance	\$6,160	\$6,160
Utilities (Water/P&G&E/Trash)	\$9,147	\$9,147
Maintenance	\$6,103	\$6,103
Total Expenses	\$62,039	\$62,039
Expenses/unit	\$5,170	\$5,170
Expenses/SF	\$6.53	\$6.53
% of EGI	30.69%	22.98%

Investment Overview

236 and 240 Armour Avenue, located in South San Francisco, California consists of two (2) charming six (6) unit apartment buildings in the Sterling Terrace neighborhood of South San Francisco.

The buildings combine for twelve (12) units, consisting of eight (8) one-bedroom/one-bathroom units, and four (4) two-bedroom/one-bathroom units. The property offers twenty-four (24) parking spaces with one (1) covered parking space, and one (1) uncovered space for each unit. The property provides tenants with one (1) dedicated storage unit, and both 236 and 240 Armour Avenue are equipped with one (1) coin-operated washer & two (2) dryers; adding an additional \$375 dollars of income each month. The property is also separately metered for both gas, and electricity.

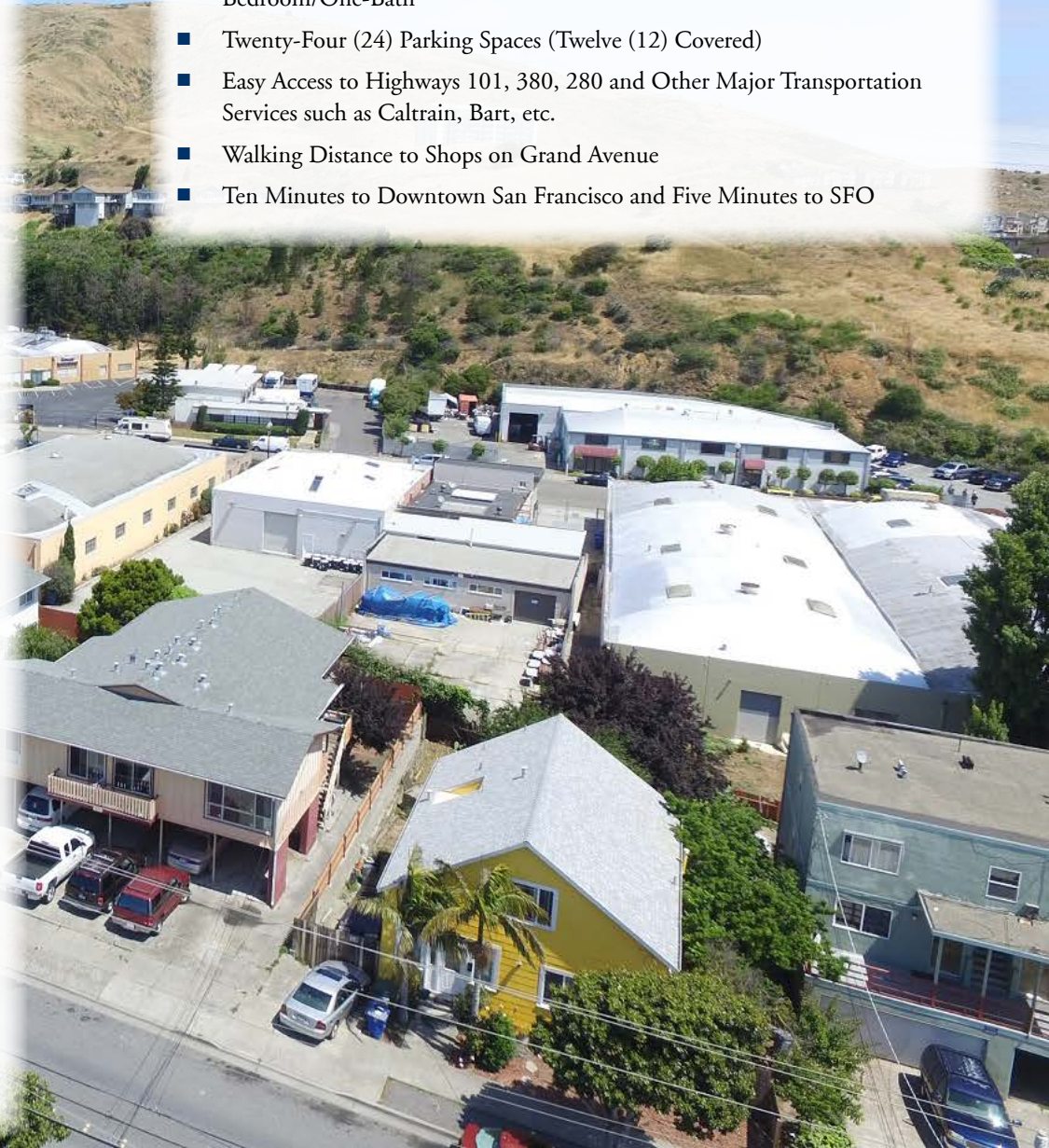
236 and 240 Armour Avenue were both built in 1957, and sit on a combined 11,780-square foot lot. Both buildings are two (2) stories high, constructed on a reinforced concrete foundations, feature wood siding exteriors, and have concrete parking surfaces. Both buildings roofs were replaced in 2013 with 25 year warranted asphalt composition shingles. Other capital improvements completed in 2013 include: new gutters, and dual-pane windows for all twelve (12) units.

The properties are located in the Sterling Terrace neighborhood of South San Francisco, and are conveniently situated near the shops and restaurants along Grand Ave. Less than a block from the buildings, on the corner of Linden and Armour, is Chavarris's Fine Market. Less than three blocks south of the subject property is Alfredo's Market, providing tenants easy access to two local fine markets.

South San Francisco consists of many neighborhoods, and a quaint, but vibrant downtown area. The city's small downtown and several residential subdivisions, such as Mayfair Village, Sunshine Gardens, Avalon Park, Winston Manor, and Rancho Buri Buri, are located west of Highway 101. The area east of Highway 101 is dominated by industrial complexes interspersed with modern office parks, particularly near the Oyster Point Marina on San Francisco Bay. The extreme western portions of the city near Interstate 280 sit along a hillside and offer views of the San Francisco Bay. This area is known to local residents as Westborough Neighborhood. The southern part of the city, closest to the airport, is home to a large number of car repair shops, airport parking lots, and airport hotels.

Investment Highlights

- Unit-Mix Consists of Four (4) Two-Bedroom/One-Bath & Eight (8) One-Bedroom/One-Bath
- Twenty-Four (24) Parking Spaces (Twelve (12) Covered)
- Easy Access to Highways 101, 380, 280 and Other Major Transportation Services such as Caltrain, Bart, etc.
- Walking Distance to Shops on Grand Avenue
- Ten Minutes to Downtown San Francisco and Five Minutes to SFO





description

PROPERTY DESCRIPTION



Marcus & Millichap

Property Details

THE OFFERING

Property Address	236 & 240 Armour Avenue South San Francisco, CA 94080
Assessor's Parcel #	012-102-190 / 012-102-200
Zoning	Multi-Family Res (5+ Units)

SITE DESCRIPTION

Number of Units	12
Number of Buildings	Two
Number of Stories	Two
Year Built	1957
Rentable Square Feet	9,507
Lot Size	11,618
Type of Ownership	Fee Simple
Parking	Twenty-Four Total Spaces (Twelve Covered)
Parking Ratio	24:12

UTILITIES

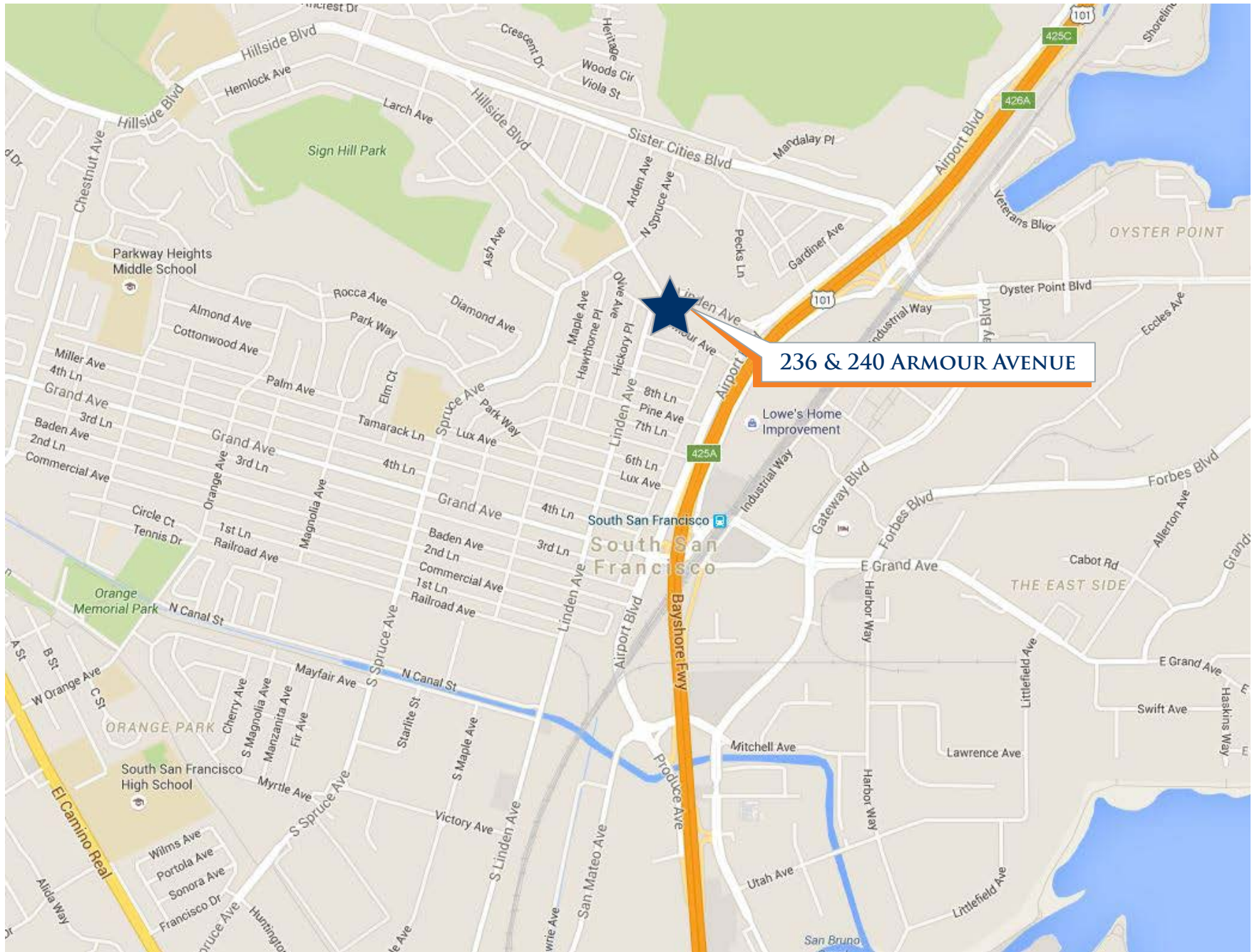
Water	Landlord
Phone	Tenant
Electric	Tenant
Gas	Tenant

CONSTRUCTION

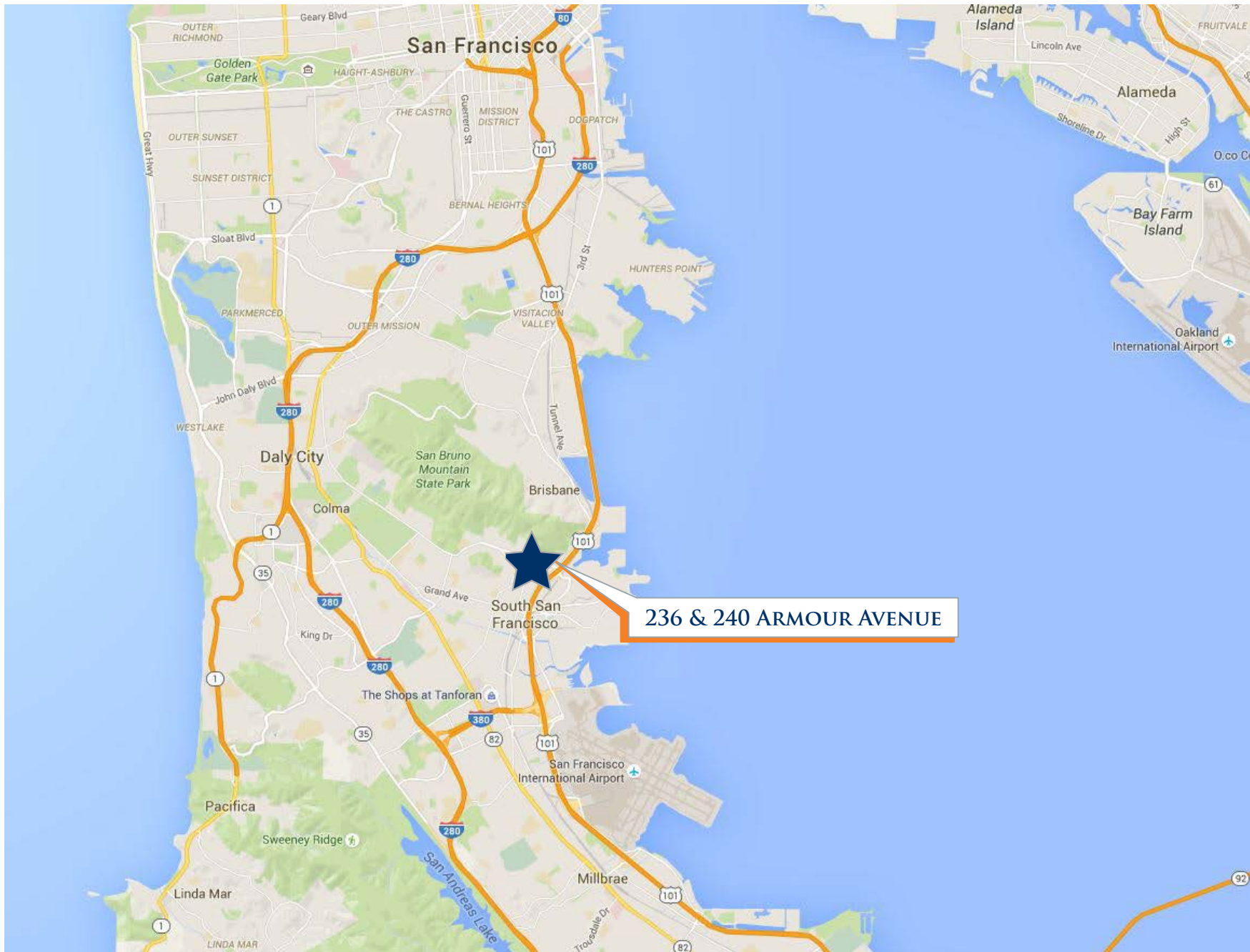
Foundation	Concrete
Framing	Wood Frame
Exterior	Wood Siding
Parking Surface	Concrete
Roof	Asphalt Composition Shingles



Local Map



Regional Map



Aerial Photo





236 Amour Avenue

240 Amour Avenue

analysis

FINANCIAL ANALYSIS



Marcus & Millichap

Financial Summary

Property Details

Price	\$3,500,000
Down Payment	100% / \$3,500,000
Number of Units	12
Price/Unit	\$291,667
Rentable Square Feet	9,507
Price/SF	\$368.15
CAP Rate - Current	4.00%
CAP Rate - Pro Forma	5.94%
GRM - Current	17.18
GRM - Pro Forma	12.79
Year Built	1957
Lot Size	11,618
Type of Ownership	Fee Simple



Unit Mix

NUMBER OF UNITS	UNIT TYPE	APPROX. SQUARE FEET
8	One Bedroom, One Bathroom	725
4	Two Bedroom, One Bathroom	925
12	Total	9,500

Scheduled Income

NO. OF UNITS	UNIT TYPE	APPROX. SQUARE FEET	CURRENT RENTS	RENT/SF	MONTHLY INCOME	PRO FORMA RENTS	RENT/SF	MONTHLY INCOME
8	1BR/1BA	725	\$1,350 - \$1,500	\$1.58	\$11,275	\$1,850	\$2.34	\$14,800
4	2BR/1BA	925	\$1,350 - \$1,500	\$1.76	\$5,700	\$2,000	\$2.51	\$8,000
12	TOTAL	9,500			\$16,975			\$22,800

Rent Roll

UNIT NUMBER	UNIT TYPE		UNIT SF	CURRENT RENT	RENT/SF	ASKING RENT	RENT/SF	PARKING
236-01	1BR	1BA	725	\$1,425	\$1.97	\$1,850	\$2.55	One Space
236-02	1BR	1BA	725	\$1,400	\$1.93	\$1,850	\$2.55	One Space
236-03	2BR	1BA	925	\$1,450	\$1.57	\$2,000	\$2.16	One Space
236-04	2BR	1BA	925	\$1,500	\$1.62	\$2,000	\$2.16	One Space
236-05	1BR	1BA	725	\$1,500	\$2.07	\$1,850	\$2.55	One Space
236-06	1BR	1BA	725	\$1,450	\$2.00	\$1,850	\$2.55	One Space
240-01	1BR	1BA	725	\$1,400	\$1.93	\$1,850	\$2.55	One Space
240-02	1BR	1BA	725	\$1,400	\$1.93	\$1,850	\$2.55	One Space
240-03	2BR	1BA	925	\$1,350	\$1.46	\$2,000	\$2.16	One Space
240-04	2BR	1BA	925	\$1,400	\$1.51	\$2,000	\$2.16	One Space
240-05	1BR	1BA	725	\$1,350	\$1.86	\$1,850	\$2.55	One Space
240-06	1BR	1BA	725	\$1,350	\$1.86	\$1,850	\$2.55	One Space
	TOTAL			\$0		\$0		
12	TOTAL		9,500	\$16,975		\$22,800		
12	TOTAL		9,500	\$16,975		\$22,800		

Comments

Property includes twelve (12) additional uncovered parking spaces.



240

5

5

2

4

6



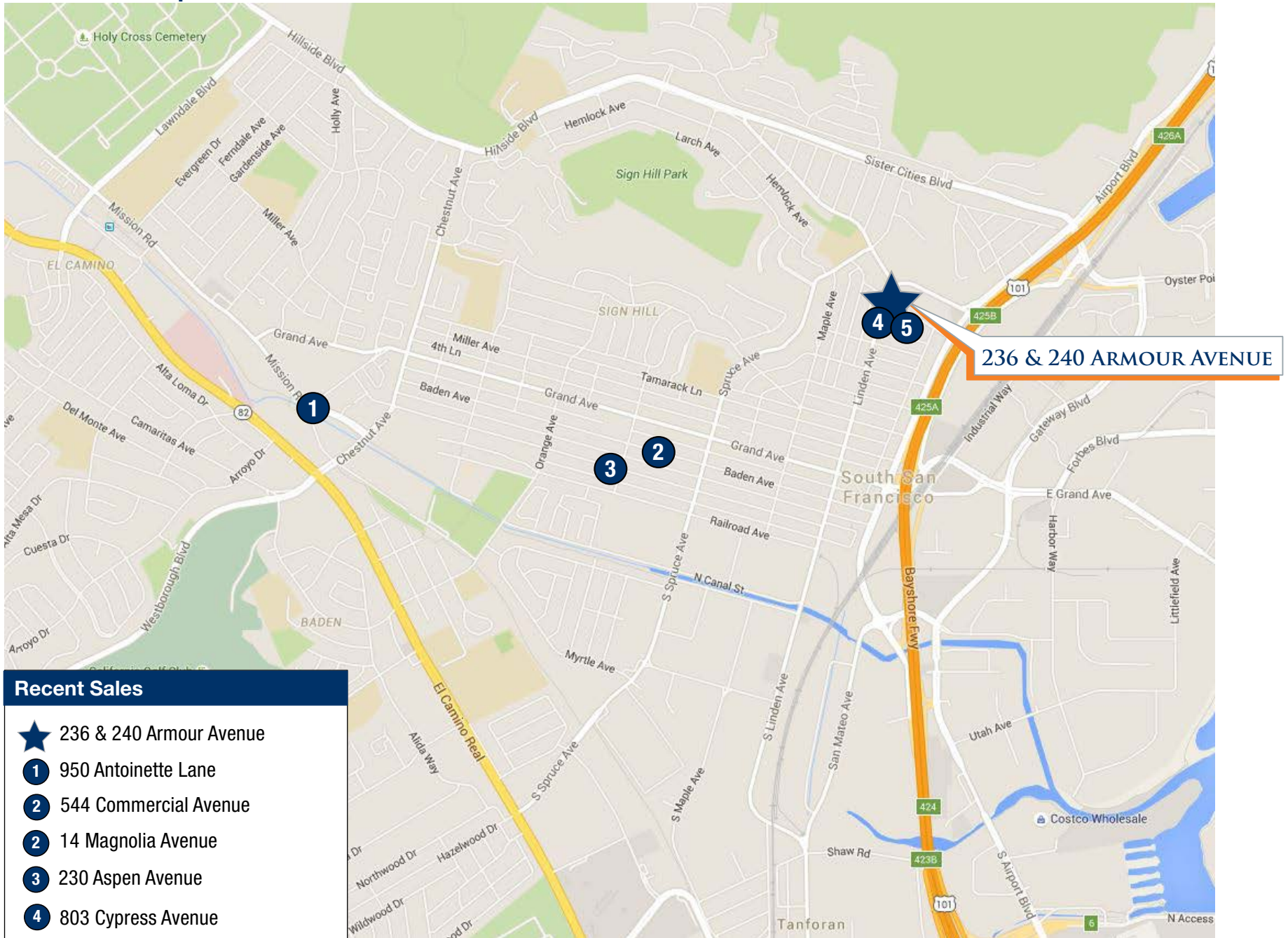
competitive

COMPETITIVE PROPERTY SET



Marcus & Millichap

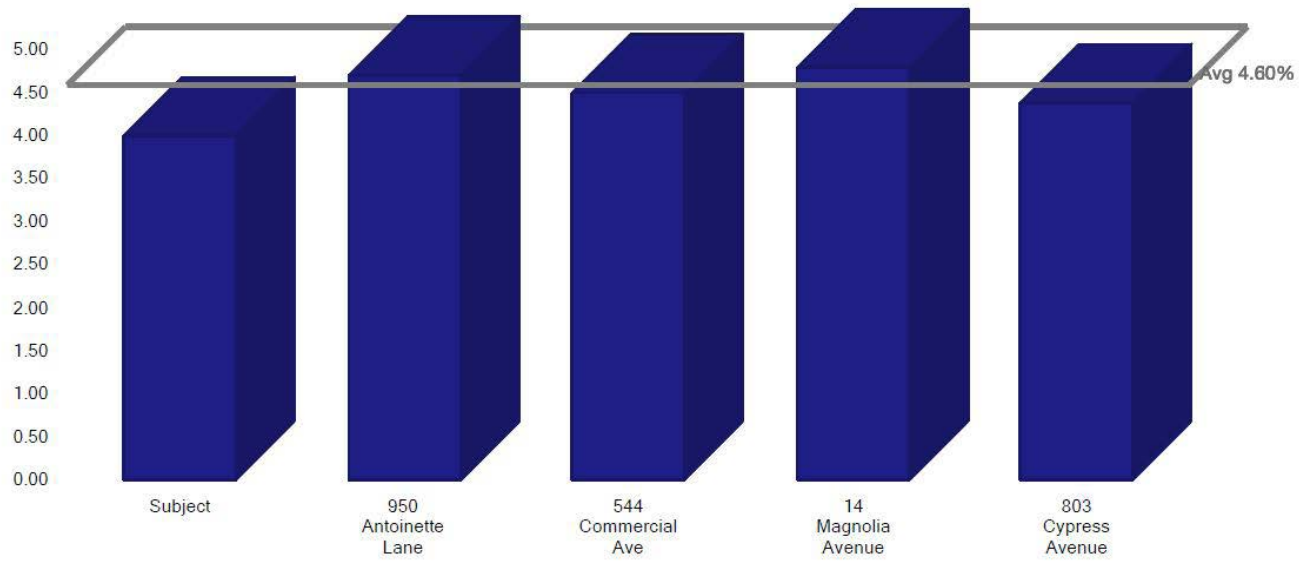
Recent Sales Map



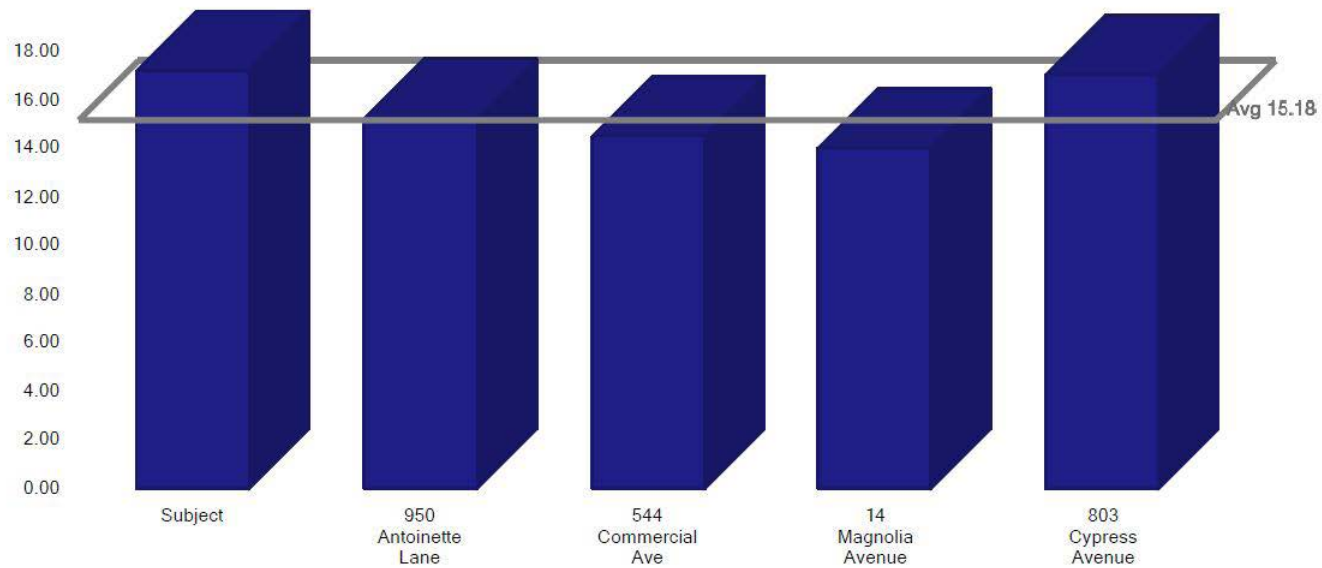
Recent Sales	
★	236 & 240 Armour Avenue
1	950 Antoinette Lane
2	544 Commercial Avenue
2	14 Magnolia Avenue
3	230 Aspen Avenue
4	803 Cypress Avenue

Cap Rate and GRM

Average Cap Rate

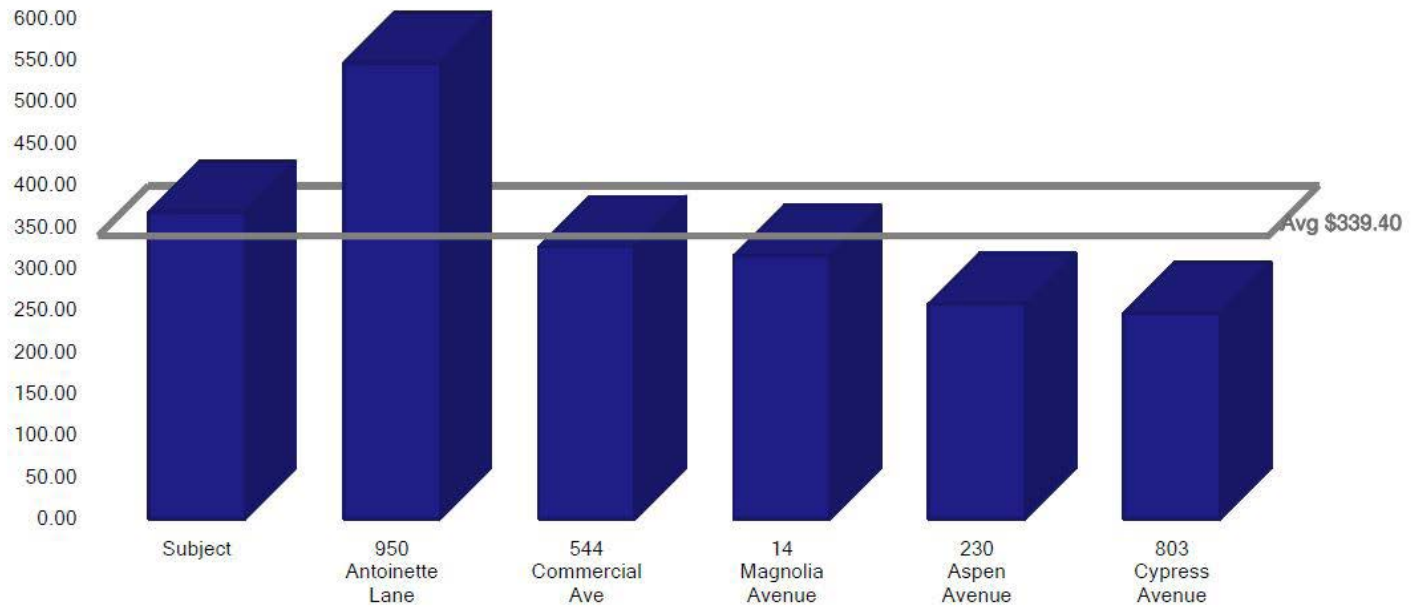


Average GRM

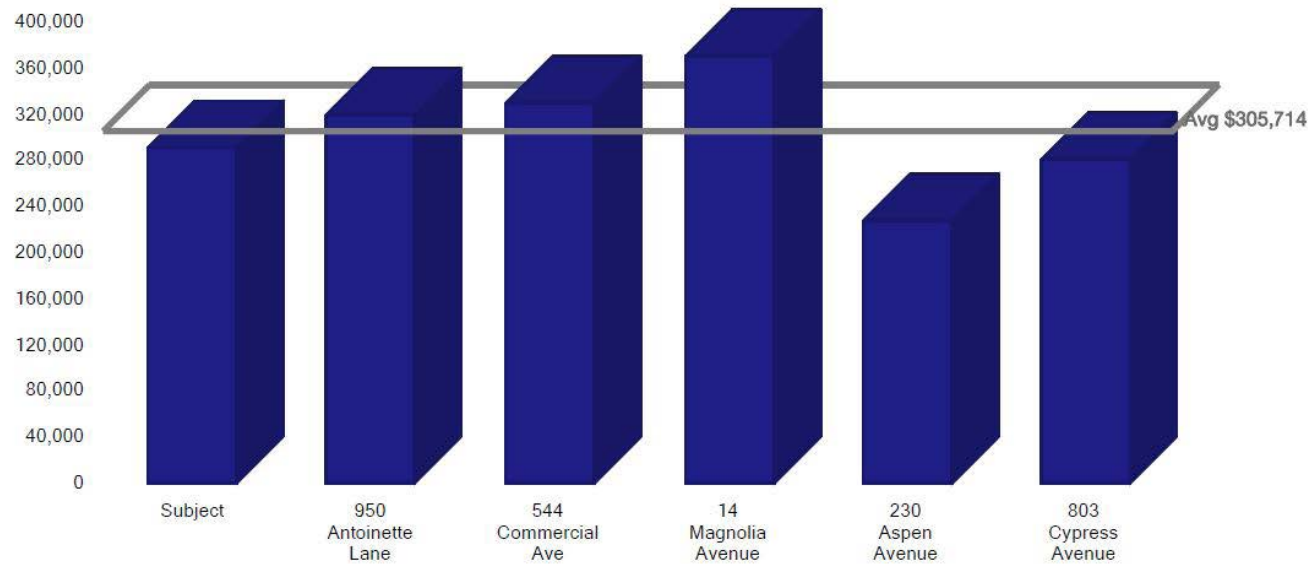


Price per SF and Price per Unit

Average Price per Square Foot



Average Price per Unit



Recent Sales



236 & 240 Armour Avenue, South San Francisco, CA 94080

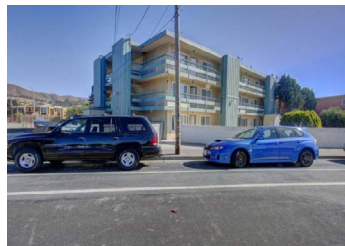


Sales Price	\$3,500,000
Price/Unit	\$291,667
Price/SF	\$368.15
CAP Rate	4.00%
GRM	17.18
Total No. of Units	12
Year Built	1957

Units	Unit Type
8	1BR/1BA
4	2BR/1BA

1

950 Antoinette Lane, South San Francisco, CA 94080



Close of Escrow	4/30/2016
Sales Price	\$9,600,000
Price/Unit	\$320,000
Price/SF	\$548.00
CAP Rate	4.70%
GRM	15.20
Total No. of Units	30
Year Built	1961

Units	Unit Type
30	1BR/1BA 583 SF

2

544 Commercial Avenue, South San Francisco, CA 94080



Close of Escrow	In Contract
Sales Price	\$3,300,000
Price/Unit	\$330,000
Price/SF	\$327.00
CAP Rate	4.50%
GRM	14.50
Total No. of Units	10
Year Built	1961

Units	Unit Type
7	2BR/1BA Garage
3	1BR/1BA 700 SF

Recent Sales

3 14 Magnolia Avenue, South San Francisco, CA 94080



Close of Escrow	1/29/2016
Sales Price	\$1,850,000
Price/Unit	\$370,000
Price/SF	\$315.00
CAP Rate	4.80%
GRM	14.00
Total No. of Units	5
Year Built	1958

Units	Unit Type
3	1BR/1BA
2	2BR/1BA

4 230 Aspen Avenue, South San Francisco, CA 94080



Close of Escrow	5/19/2014
Sales Price	\$1,600,000
Price/Unit	\$228,571
Price/SF	\$259.00
CAP Rate	N/A
GRM	N/A
Total No. of Units	7
Year Built	1977

Units	Unit Type
7	1BR/1BA

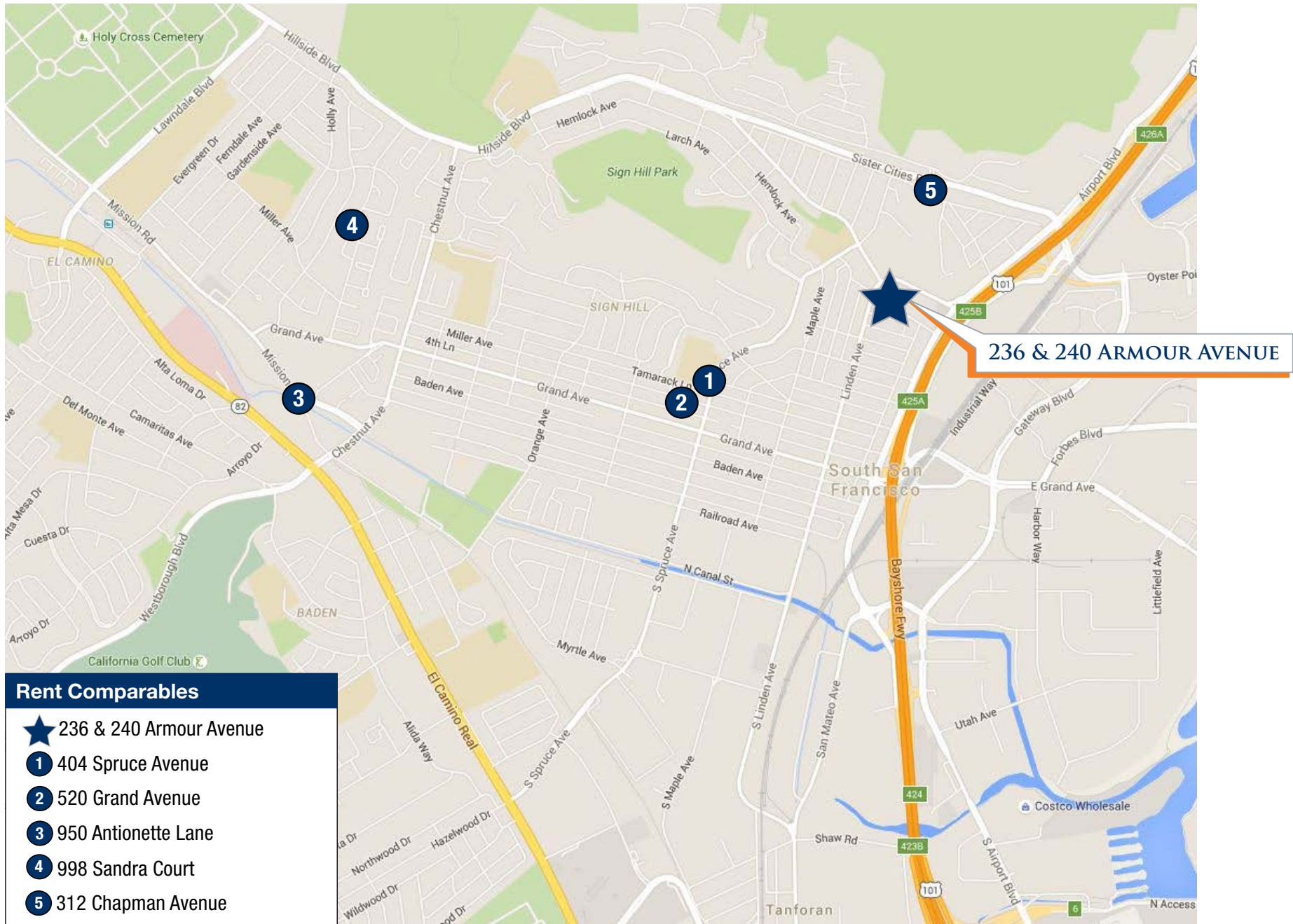
5 803 Cypress Avenue, South San Francisco, CA 94080



Close of Escrow	7/24/2015
Sales Price	\$1,400,000
Price/Unit	\$280,000
Price/SF	\$248.00
CAP Rate	4.40%
GRM	17.00
Total No. of Units	5
Year Built	1906

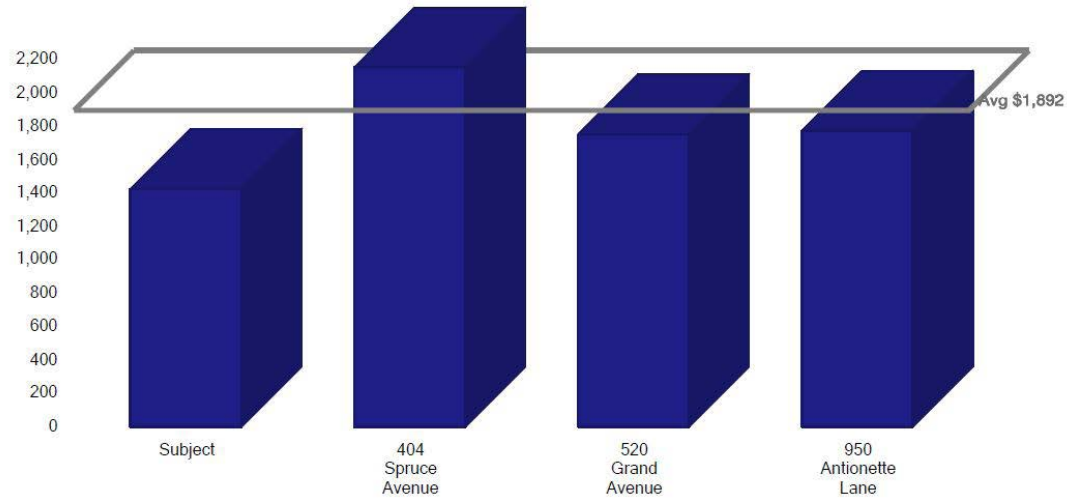
Units	Unit Type
4	1BR/1BA
1	3BR/1BA

Rent Comparables Map

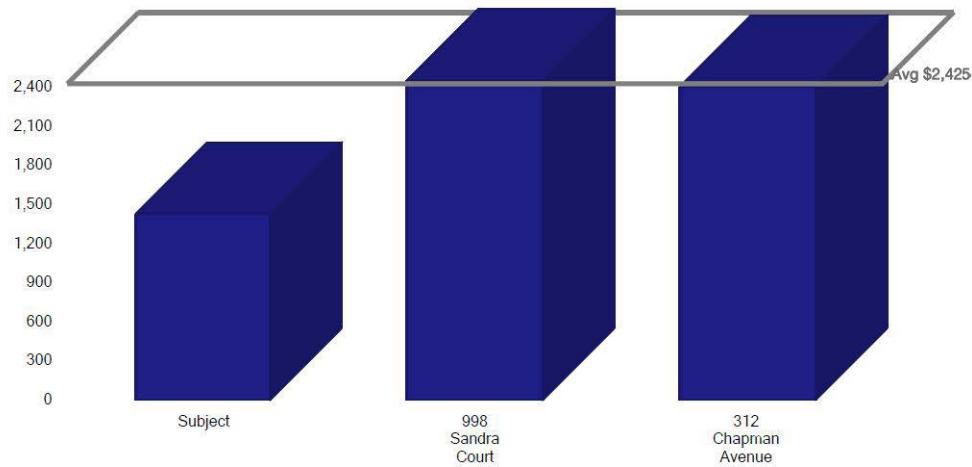


Average Rents

Average Rents - 1 Bedroom



Average Rents - 2 Bedroom



Rent Comparables



236 & 240 Armour Avenue, South San Francisco, CA 94080



No. of Units:	12
Occupancy:	N/A
Year Built:	1957

Unit Type	Units	SF	Rent	Rent/SF
1BR/1BA	8	725	\$1,350 - \$1,500	\$1.58
2BR/1BA	4	925	\$1,350 - \$1,500	\$1.76
Total/Wtd. Avg.	12	9,500	\$1,425	\$1.79

1

404 Spruce Avenue, South San Francisco, CA 94080



Unit Type	SF	Rent	Rent/SF
1BR/1BA	700	\$2,150	\$3.07
Total/Wtd. Avg.		\$2,150	

2

520 Grand Avenue, South San Francisco, CA 94080



Unit Type	SF	Rent	Rent/SF
1BR/1BA	650	\$1,750	\$2.69
Total/Wtd. Avg.		\$1,750	

Rent Comparables

3

950 Antionette Lane, South San Francisco, CA 94080



Unit Type	SF	Rent	Rent/SF
1BR/1BA	583	\$1,775	\$3.04
Total/Wtd. Avg.		\$1,775	

4

998 Sandra Court, South San Francisco, CA 94080



Unit Type	SF	Rent	Rent/SF
2BR/1BA	950	\$2,450	\$2.58
Total/Wtd. Avg.		\$2,450	

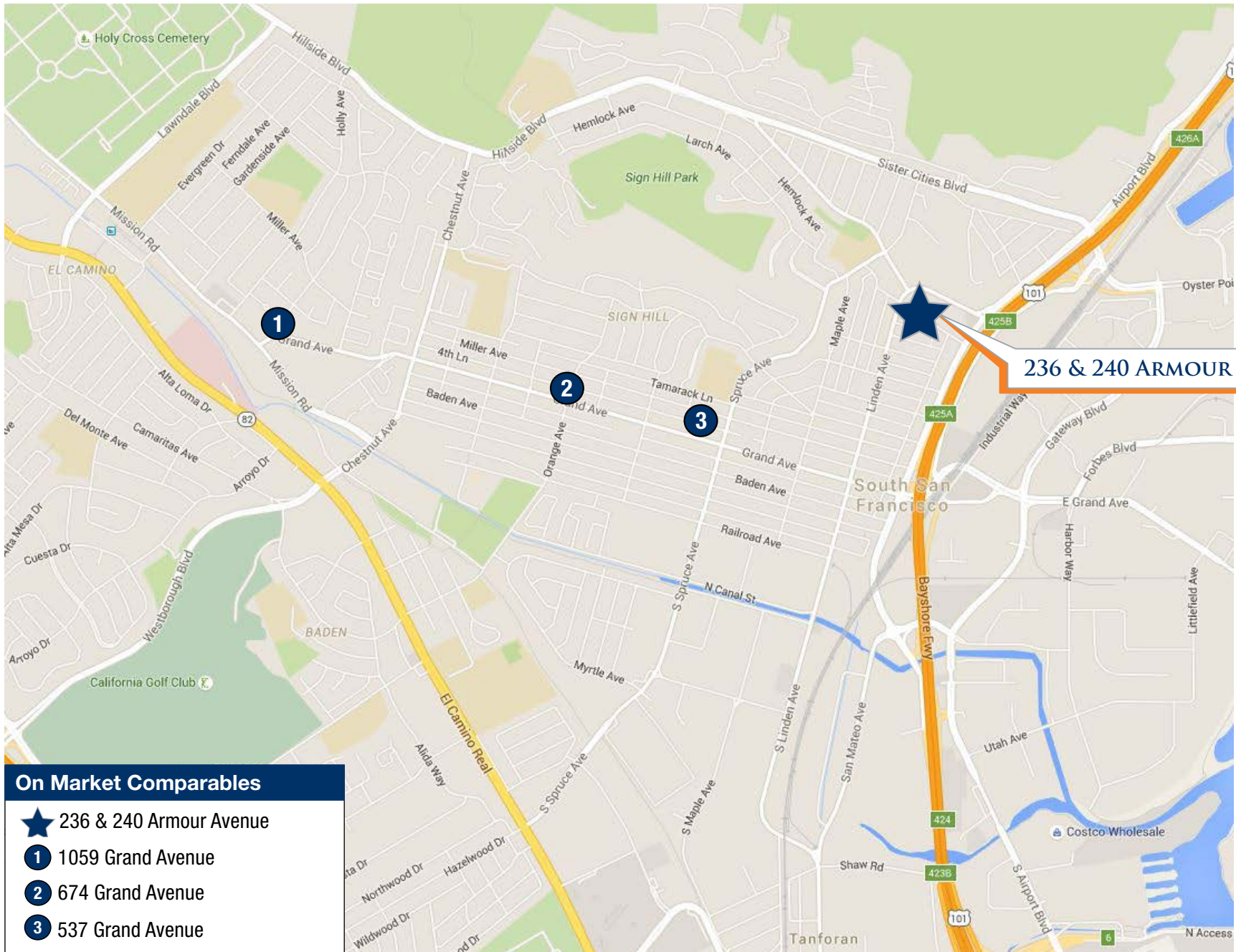
5

312 Chapman Avenue, South San Francisco, CA 94080



Unit Type	SF	Rent	Rent/SF
2BR/1BA	1,000	\$2,400	\$2.40
Total/Wtd. Avg.		\$2,400	

On Market Comparables Map



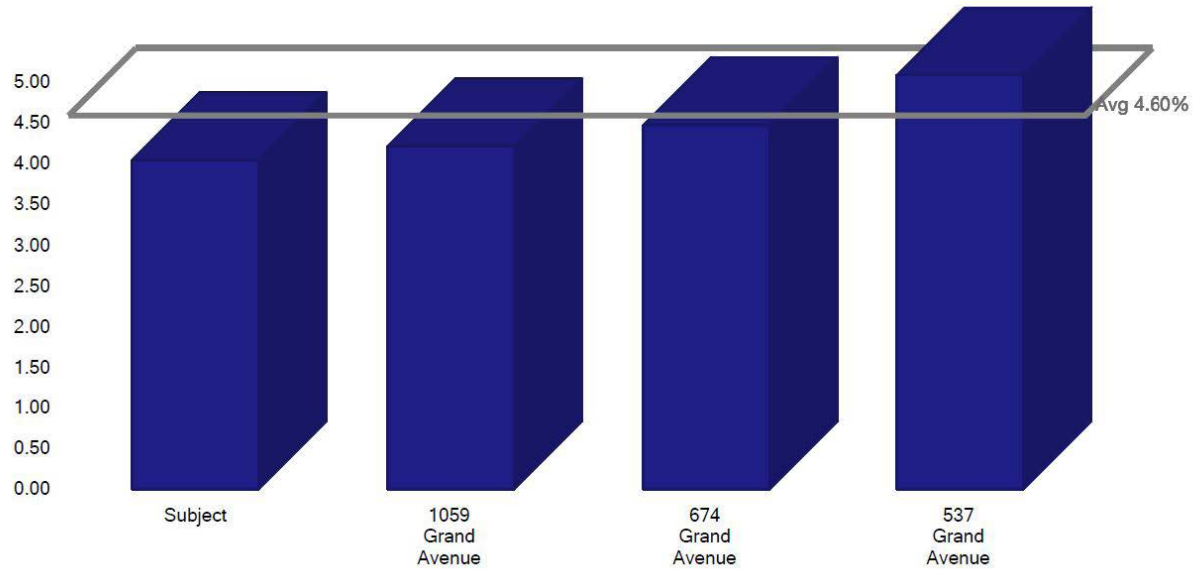
236 & 240 ARMOUR AVENUE

On Market Comparables

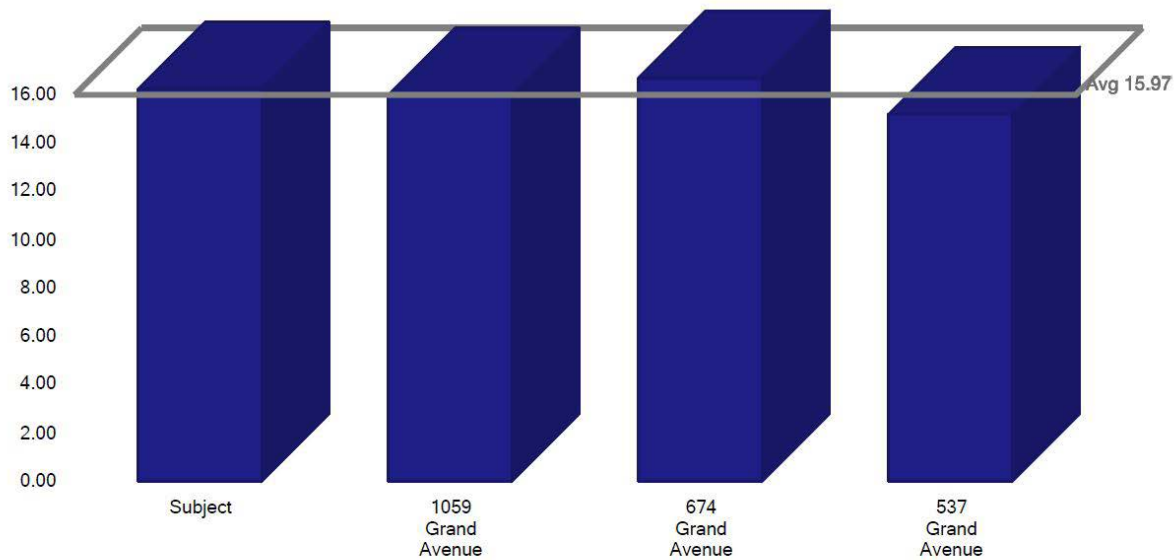
- ★ 236 & 240 Armour Avenue
- ① 1059 Grand Avenue
- ② 674 Grand Avenue
- ③ 537 Grand Avenue

Cap Rate and GRM

Average Cap Rate

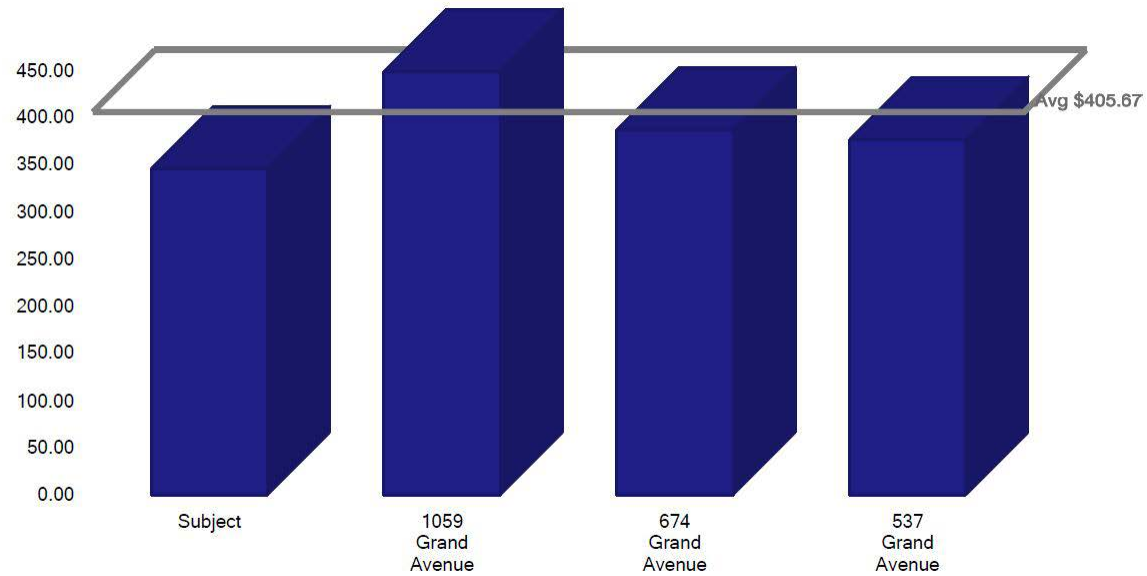


Average GRM

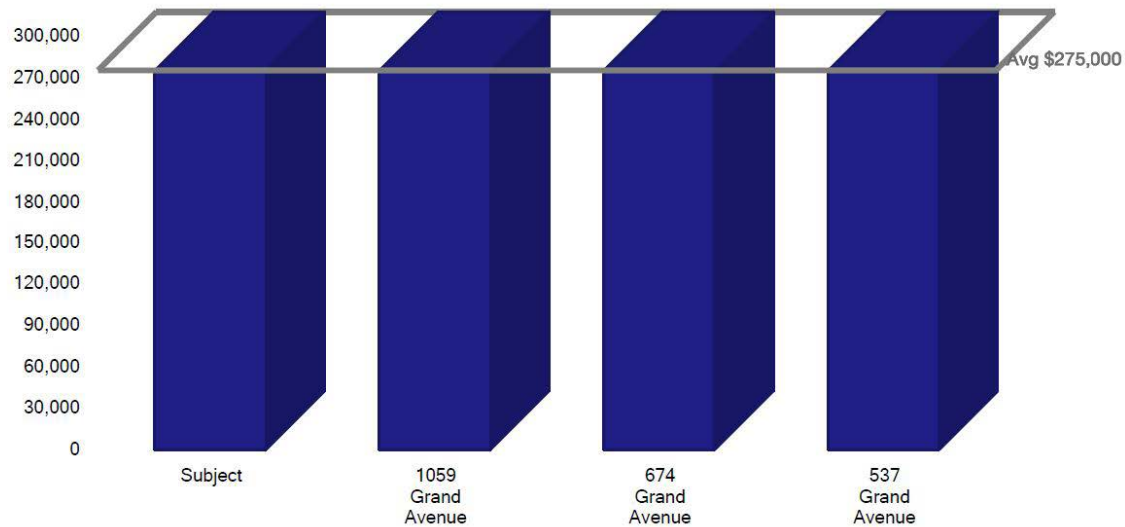


Price per SF and Price per Unit

Average Price per Square Foot



Average Price per Unit



On Market Comparables



236 & 240 Armour Avenue, South San Francisco, CA 94080



Sales Price	\$3,500,000
Price/Unit	\$291,667
Price/SF	\$368.15
CAP Rate	4.00%
GRM	17.18
Total No. of Units	12
Year Built	1957

Units	Unit Type
8	1BR/1BA
4	2BR/1BA

1

1059 Grand Avenue, South San Francisco, CA 94080



Close of Escrow	On Market
Sales Price	\$4,950,000
Price/Unit	\$275,000
Price/SF	\$450.00
CAP Rate	4.22%
GRM	16.00
Total No. of Units	18
Year Built	1960

Units	Unit Type
18	1BR/1BA 600 SF

2

674 Grand Avenue, South San Francisco, CA 94080



Close of Escrow	On Market
Sales Price	\$1,925,000
Price/Unit	\$275,000
Price/SF	\$389.00
CAP Rate	4.48%
GRM	16.70
Total No. of Units	7
Year Built	1974

Units	Unit Type
6	1BR/1BA 700 SF
1	2BR/1BA 750 SF

On Market Comparables

3

537 Grand Avenue, South San Francisco, CA 94080



Close of Escrow	On Market
Sales Price	\$1,925,000
Price/Unit	\$275,000
Price/SF	\$378.00
CAP Rate	5.10%
GRM	15.20
Total No. of Units	7
Year Built	1977

Units	Unit Type
7	1BR/1BA 700 SF



overview

MARKET OVERVIEW



Marcus & Millichap

Demographic Summary

POPULATION	1-MILE	3-MILES	5-MILES
2000 Population	18,501	83,322	370,461
2010 Population	19,054	87,306	382,786
2014 Population	19,742	90,326	396,582
2019 Population	20,084	92,557	406,010

HOUSEHOLDS	1-MILE	3-MILES	5-MILES
2000 Households	5,718	27,981	114,102
2010 Households	5,896	29,586	119,268
2014 Households	6,170	30,865	124,691
2019 Households	6,288	31,801	128,110
2014 Average Household Size	3.15	2.89	3.12
2014 Daytime Population	12,390	53,326	109,449
2000 Owner Occupied Housing Units	46.10%	60.60%	61.31%
2000 Renter Occupied Housing Units	51.14%	36.53%	36.44%
2000 Vacant	2.76%	2.87%	2.26%
2014 Owner Occupied Housing Units	44.64%	57.50%	57.86%
2014 Renter Occupied Housing Units	55.36%	42.50%	42.14%
2014 Vacant	0.16%	0.17%	1.21%
2019 Owner Occupied Housing Units	44.71%	57.31%	57.53%
2019 Renter Occupied Housing Units	55.29%	42.69%	42.47%
2019 Vacant	0.14%	0.15%	1.31%

INCOME	1-MILE	3-MILES	5-MILES
\$ 0 - \$14,999	6.80%	6.60%	7.90%
\$ 15,000 - \$24,999	9.10%	7.80%	7.30%
\$ 25,000 - \$34,999	10.50%	7.30%	7.30%
\$ 35,000 - \$49,999	13.90%	12.00%	11.80%
\$ 50,000 - \$74,999	18.90%	17.90%	17.40%
\$ 75,000 - \$99,999	11.20%	13.70%	13.90%
\$100,000 - \$124,999	11.00%	12.40%	12.60%
\$125,000 - \$149,999	4.70%	7.20%	7.40%
\$150,000 - \$199,999	7.30%	7.60%	7.80%
\$200,000 - \$249,999	2.40%	2.60%	2.40%
\$250,000 +	4.30%	4.80%	4.20%
2014 Median Household Income	\$61,263	\$72,564	\$72,303
2014 Per Capita Income	\$28,945	\$34,549	\$30,810
2014 Average Household Income	\$92,212	\$100,600	\$97,424

Demographic Summary

Geography: 5 Miles

Population

In 2014, the population in your selected geography is 396,581. The population has changed by 7.05% since 2000. It is estimated that the population in your area will be 406,009 five years from now, which represents a change of 2.37% from the current year. The current population is 49.31% male and 50.68% female. The median age of the population in your area is 39.0, compare this to the Entire US average which is 37.3. The population density in your area is 5,044.63 people per square mile.

Households

There are currently 124,691 households in your selected geography. The number of households has changed by 9.28% since 2000. It is estimated that the number of households in your area will be 128,110 five years from now, which represents a change of 2.74% from the current year. The average household size in your area is 3.11 persons.

Income

In 2014, the median household income for your selected geography is \$72,302, compare this to the Entire US average which is currently \$51,972. The median household income for your area has changed by 19.20% since 2000. It is estimated that the median household income in your area will be \$86,208 five years from now, which represents a change of 19.23% from the current year.

The current year per capita income in your area is \$30,809, compare this to the Entire US average, which is \$28,599. The current year average household income in your area is \$97,424, compare this to the Entire US average which is \$74,533.

Race and Ethnicity

The current year racial makeup of your selected area is as follows: 29.02% White, 5.06% Black, 1.35% Native American and 46.29% Asian/Pacific Islander. Compare these to Entire US averages which are: 71.60% White, 12.70% Black, 0.18% Native American and 5.02% Asian/Pacific Islander.

People of Hispanic origin are counted independently of race. People of Hispanic origin make up 26.53% of the current year population in your selected area. Compare this to the Entire US average of 17.13%.

Housing

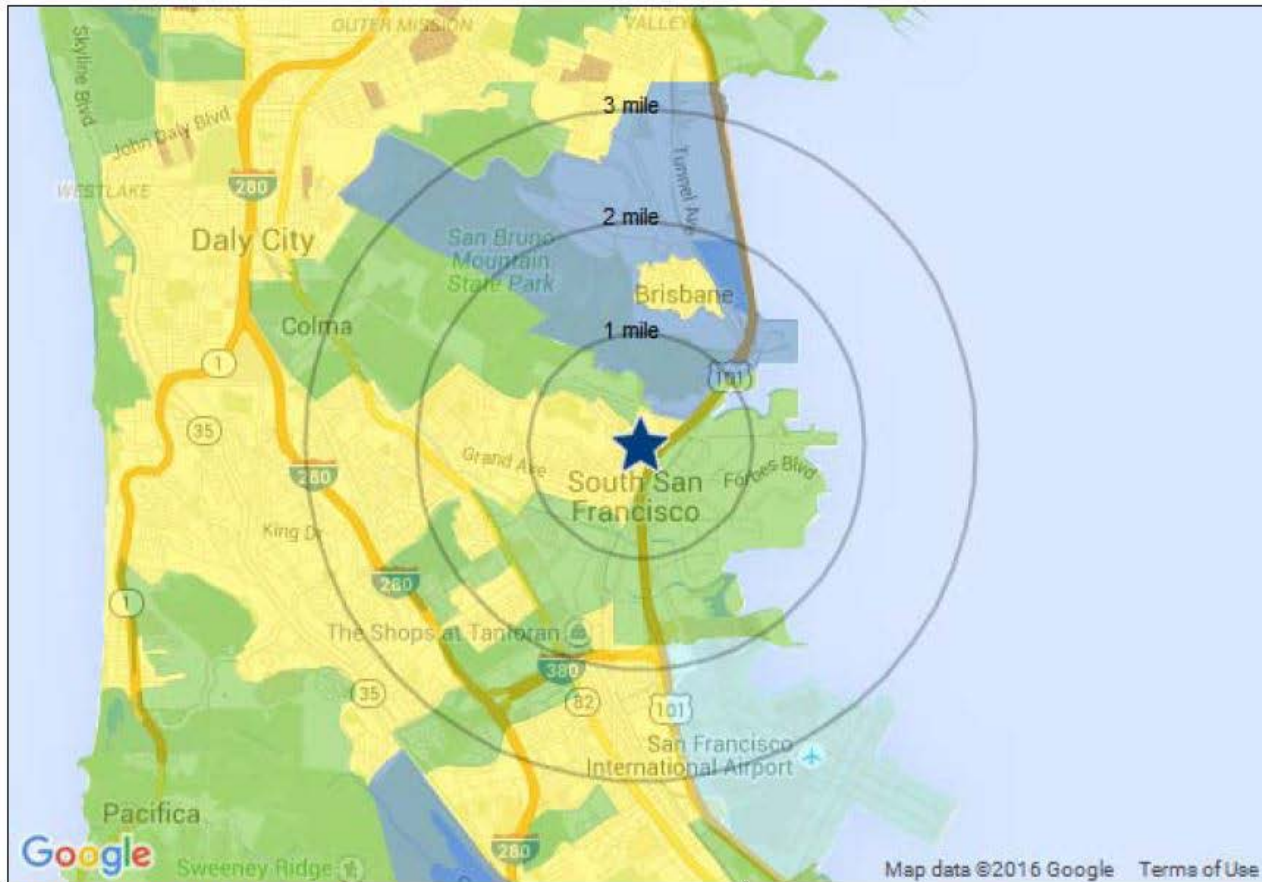
In 2000, there were 71,566 owner occupied housing units in your area and there were 42,535 renter occupied housing units in your area. The median rent at the time was \$976.

Employment

In 2014, there are 109,449 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 61.27% of employees are employed in white-collar occupations in this geography, and 38.71% are employed in blue-collar occupations. In 2014, unemployment in this area is 6.54%. In 2000, the average time traveled to work was 30.0 minutes.

Demographic data © 2015 by Experian/Applied Geographic Solutions.

Population Density



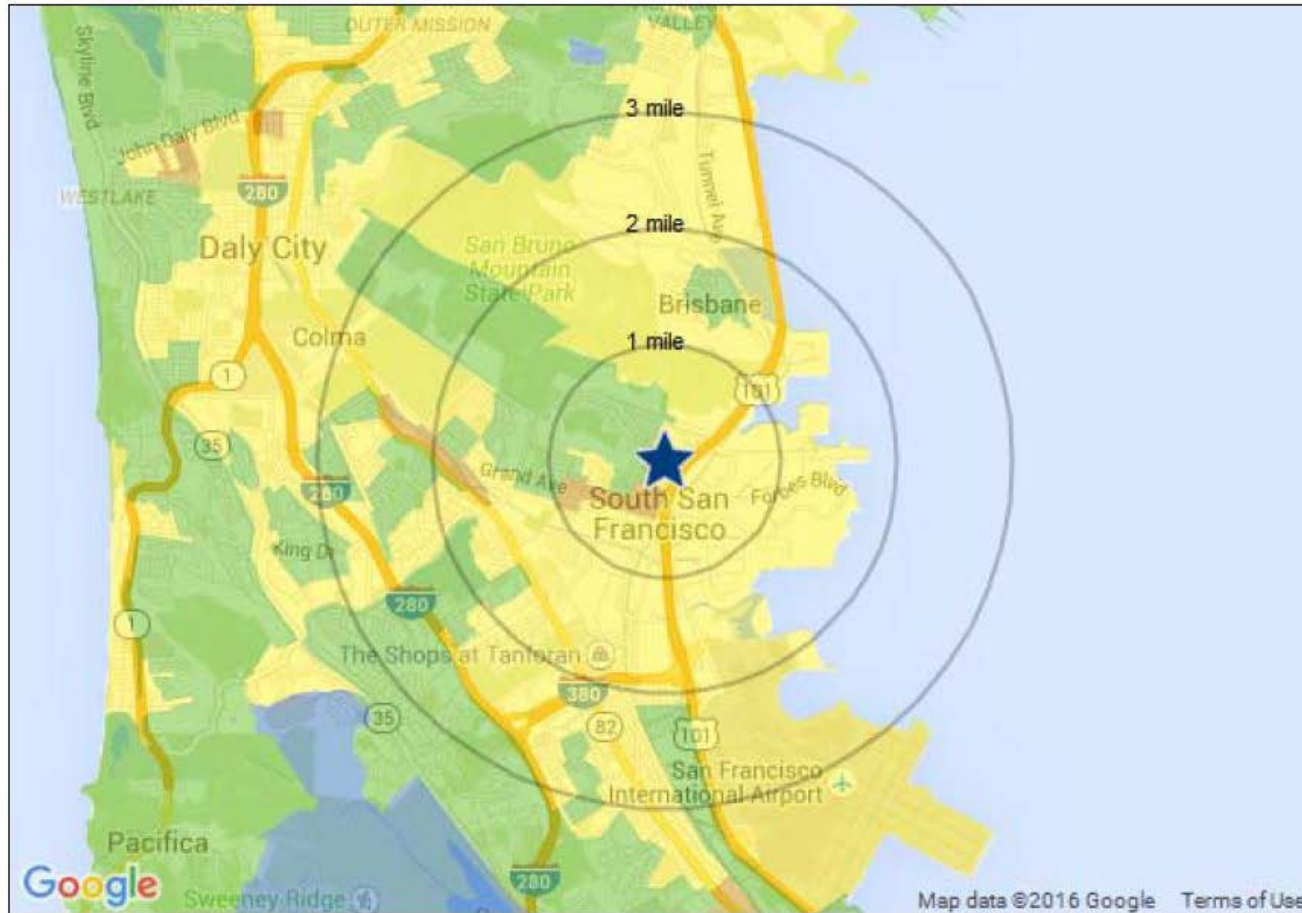
Demographic data © 2012 by Experian.

Population Density

Theme	Low	High
Low	less than	55
Below Average	55	475
Average	475	4100
Above Average	4100	35000
High	35000	or more

Number of people living in a given area per square mile.

Employment Density



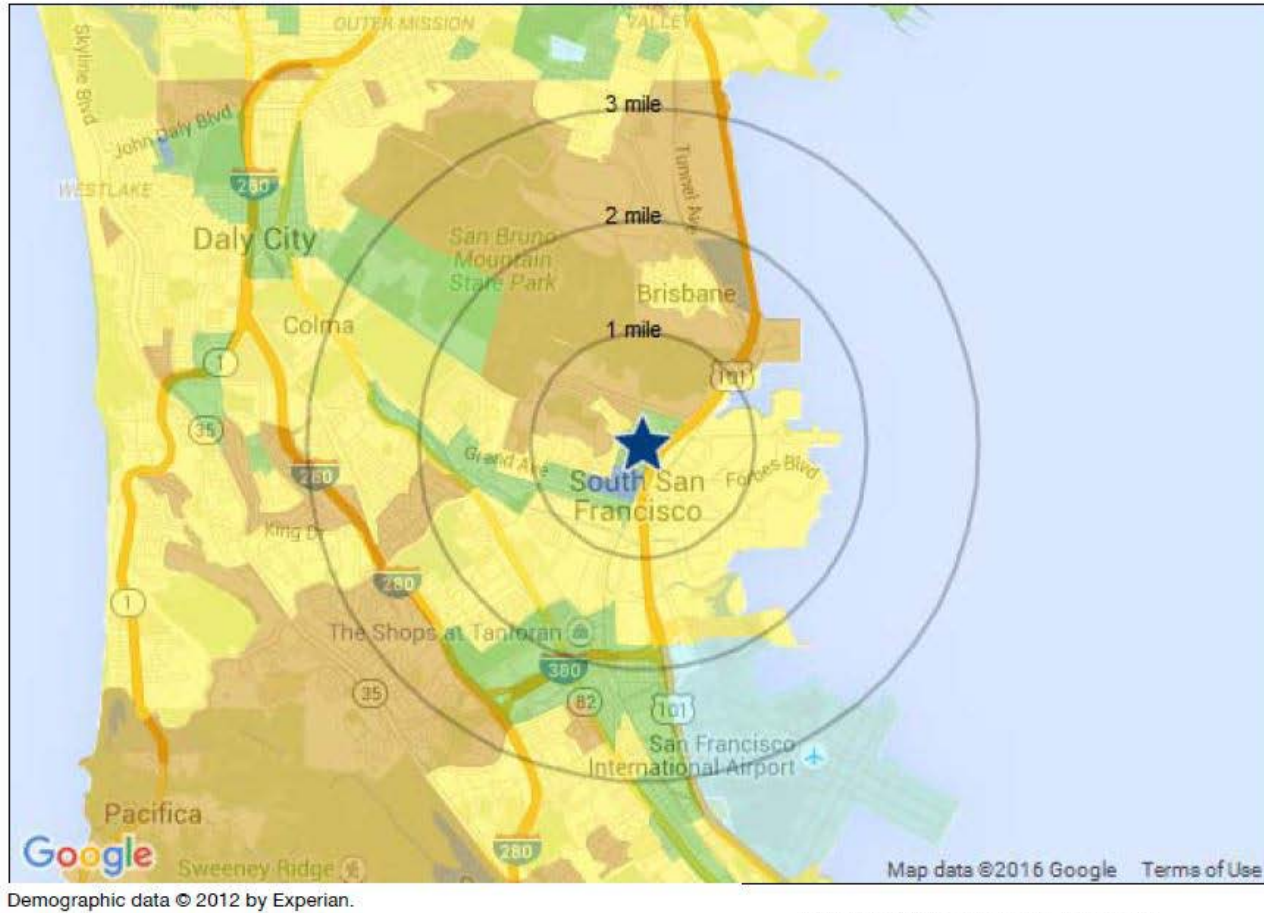
Demographic data © 2012 by Experian.

Employment Density

Theme	Low	High
Low	less than	9
Below Average	9	96
Average	96	1025
Above Average	1025	10875
High	10875	or more

The number of people employed in a given area per square mile.

Average Household Income



Average Household Income

Theme	Low	High
Low	less than	\$29,500
Below Average	\$29,500	\$48,500
Average	\$48,500	\$80,000
Above Average	\$80,000	\$132,500
High	\$132,500	or more

Average income of all the people 15 years and older occupying a single housing unit.





exclusively listed

Exclusively listed by:

Marcus & Millichap

OFFICES NATIONWIDE
www.marcusmillichap.com

Investment Sales:

Nathan Gustavson

Associate Vice President Investments
PALO ALTO

Tel: (650) 391-1749

Fax: (650) 391-1710

nathan.gustavson@marcusmillichap.com

License: CA 01898316

Marshall Ward

Associate
SAN FRANCISCO

Tel: (415) 625-2133

Fax: (415) 963-3010

marshall.ward@marcusmillichap.com

License: CA 01919391