

Offering Memorandum

4540–48 55th Street

San Diego, CA 92115 | 5-Unit Multifamily Investment Opportunity

\$107,520

Gross Scheduled Rent

100% Occupied

No Delinquencies

SDSU Demand

Prime College Area Location

Value-Add

Clear Rental Upside

4540–48 55th Street — Investment Overview

A rare opportunity to acquire a fully occupied, income-producing multifamily asset in one of San Diego's most resilient rental submarkets. Located steps from San Diego State University, this 5-unit property combines stable in-place cash flow with compelling upside potential.

\$107K

Gross Rent

Annual scheduled rent income

100%

Occupancy

Fully leased, zero delinquencies

5

Units

Mixed unit configuration

\$1.499M

Asking Price

Competitive submarket pricing



Executive Summary

4540–48 55th Street is a well-maintained **5-unit multifamily property** located in the highly desirable College Area submarket of San Diego, in close proximity to San Diego State University. This asset represents the kind of stabilized, income-generating investment that sophisticated buyers — including 1031 exchange purchasers — actively seek in the current San Diego market.

The property generates approximately **\$107,520 in annual gross rental income**, with total income exceeding **\$109,000 annually** when accounting for additional revenue streams. The asset is 100% occupied and offers investors immediate, stable in-place cash flow from day one of ownership — a critical advantage in today's competitive multifamily landscape.

Recent ownership has completed **significant unit turnover and capital improvements**, including interior upgrades, plumbing repairs, and unit refreshes. These investments position the property for stabilized, lower-maintenance operations going forward, reducing the capital expenditure burden typically associated with acquiring older multifamily assets.

The SDSU-adjacent location provides a structural advantage that few submarkets in San Diego can match — consistent, year-round rental demand driven by a large and growing student and faculty population. This dynamic supports rent growth and keeps vacancy risk exceptionally low. The opportunity is ideal for **1031 exchange buyers** seeking stable income with long-term appreciation upside.

Stabilized Cash Flow

Fully occupied with no delinquencies and a strong in-place rent roll generating over \$107,000 annually.

Capital Improvements Completed

Recent renovations and unit turnover work reduce near-term maintenance exposure for the incoming owner.

Rental Upside

At-will tenancies and below-market rents create a clear path to increased NOI through market-rate conversion.

Investment Highlights

This offering combines the stability of a fully occupied, income-producing asset with compelling value-add characteristics that position the incoming owner for both immediate returns and long-term appreciation. Each of the following highlights reflects the strategic advantages of this investment.



5-Unit Multifamily

Diversified unit mix across studio, 1-bed, and 2-bed configurations



100% Occupied

No delinquencies — immediate income from closing



\$107K+ Gross Income

Strong rent roll with additional income sources



SDSU / College Area

Prime location near San Diego State University



At-Will Upside

At-will tenancies allow efficient rent optimization



Recent Capital Work

Improvements completed — reduced future maintenance exposure



13,436 SF Lot

Oversized lot with long-term development optionality



RM-3-8 Zoning

Multi-family residential zoning supports density potential

Property Overview

Built in 1959, 4540–48 55th Street is a classic mid-century multifamily asset that reflects the durable construction quality characteristic of its era. The property sits on a generous 13,436 square foot lot — notably large for the College Area submarket — providing both operational flexibility and long-term optionality under its RM-3-8 zoning designation.

At 3,190 square feet of rentable building area across five units, the property offers an efficient per-unit footprint that appeals to the area's primary renter demographic: SDSU students and young professionals who prioritize location over unit size. Four on-site parking spaces provide a practical amenity that commands a premium in the dense urban rental market surrounding the university.

Property Details

- Address: 4540–48 55th Street, San Diego, CA 92115
- Year Built: 1959
- Building Size: 3,190 SF
- Lot Size: 13,436 SF

Zoning & Amenities

- Zoning: RM-3-8 (Multifamily Residential)
- Parking: 4 On-Site Spaces
- Total Units: 5
- Submarket: College Area / SDSU

Unit Mix

The property features a diversified unit mix that effectively captures demand across multiple renter segments within the SDSU submarket. From single-occupancy studios suited to graduate students seeking affordable independence, to two-bedroom units that accommodate roommate configurations — the mix is well-calibrated for the local demand profile.

The two-bedroom units in particular represent the highest-value opportunity within the portfolio. At current market dynamics, two-bedroom units near SDSU commonly lease on a per-room basis, enabling gross rents well above what a single-tenant lease would command. This roommate-friendly structure is a key driver of the property's upside potential and will be explored further in the market rent analysis section.

1

Studio

1 Unit — Ideal for solo student or professional occupancy.
Currently generating \$1,555/month.

2

1 Bed / 1 Bath

2 Units — Mid-range configuration appealing to singles and couples. Rents range from \$1,495 to \$2,045/month.

3

2 Bed / 1 Bath

2 Units — Highest-demand configuration for roommate occupancy. Rents from \$1,915 to \$1,950/month with significant upside.

☐ Total: 5 Units across 3 configuration types — fully occupied with no vacancy at time of offering.

Rent Roll Summary

The current rent roll demonstrates a healthy in-place income stream with all five units occupied and generating consistent monthly revenue. Total monthly rent of **\$8,960** equates to an annualized gross scheduled rent of **\$107,520** — a strong foundation for a stabilized investment. Additional income sources, including utility reimbursements or other fees, bring total annual income to approximately **\$109,620**.

It is worth noting that several units — particularly the two-bedroom configurations — are leased at rates below current market. This below-market positioning reflects the at-will nature of existing tenancies and presents an immediate opportunity for the incoming owner to close the gap through natural turnover or direct negotiation, without the need for major capital outlay.

Unit	Type	Monthly Rent	Annual Rent
4540	Studio	\$1,555	\$18,660
4542	1 Bed / 1 Bath	\$1,495	\$17,940
4544	2 Bed / 1 Bath	\$1,915	\$22,980
4546	2 Bed / 1 Bath	\$1,950	\$23,400
4548	1 Bed / 1 Bath	\$2,045	\$24,540
Total		\$8,960/mo	\$107,520

❏ **Total Annual Income (including other income):** ~\$109,620 — inclusive of approximately \$2,100 in additional annual revenue beyond scheduled rents.

Financial Summary

The financial profile of 4540–48 55th Street reflects a stabilized multifamily asset with strong income fundamentals and a clear path to NOI growth. With total annual income approaching \$110,000 and stabilized expenses estimated at approximately \$50,000, the property generates a net operating income of approximately **\$59,000** — a solid foundation for both cash-on-cash returns and long-term value appreciation.

Investors should note that trailing expense figures may appear elevated due to the non-recurring nature of recent capital expenditures associated with unit turnover and renovation activity. Stabilized forward-looking expenses are expected to normalize significantly as the property settles into a more routine operational cadence under new ownership. This distinction is critical to understanding the true earning power of the asset.

Income Summary

- Gross Scheduled Rent: \$107,520
- Other Income: ~\$2,100
- **Total Annual Income: ~\$109,620**

Expenses (Stabilized)

- Estimated Annual Expenses: ~\$50,000

Net Operating Income

- **Estimated NOI: ~\$59,000**

Key Financial Metrics

- Offering Price: \$1,499,000
- Price Per Unit: \$299,800
- GRM: 13.7
- Estimated Cap Rate: ~4.0%

❏ NOI is based on stabilized expense projections. Trailing financials reflect elevated one-time costs from recent capital improvements.

Offering Details

The property is offered at **\$1,499,000** — a price that reflects both the asset's current income-producing capability and the embedded value-add potential available to the incoming owner. At this pricing level, the offering achieves competitive positioning within the College Area submarket, where comparable multifamily assets have transacted at premium valuations driven by the persistent strength of SDSU-area rental demand.

The gross rent multiplier of 13.7 and estimated cap rate of approximately 4.0% are consistent with market-rate multifamily assets in high-demand San Diego submarkets. Buyers should evaluate this offering not only on its current yield but on the trajectory of NOI growth achievable through market rent conversion and operational optimization — factors that materially improve returns over a standard hold period.

\$1,499,000

Offering Price

\$299,800

Price Per Unit

13.7

Gross Rent Multiplier (GRM)

~4.0%

Estimated Cap Rate

Expense Overview

A thorough understanding of the expense profile is essential to accurately underwriting this opportunity. Recent trailing financials reflect a period of elevated operational costs directly attributable to the owner's proactive investment in the property's physical condition. These expenses are largely **non-recurring** in nature and should not be applied on a go-forward basis when modeling stabilized performance.

Categories of recent elevated spending include unit turnover and renovation work, interior repainting and cosmetic upgrades, plumbing repairs and maintenance, as well as cleaning and tenant transition costs. Each of these line items represents an investment in the asset that directly reduces the likelihood of near-term capital expenditure for the incoming buyer — a meaningful benefit often overlooked in initial underwriting.

As the property transitions to stabilized operations under new ownership, expenses are projected to normalize toward the **~\$50,000 annually** estimate used in the forward NOI calculation. Sophisticated buyers are encouraged to model expenses on a stabilized basis, reflecting the reduced maintenance burden that follows a comprehensive unit turnover and improvement program.

→ Unit Turnover & Renovations

Comprehensive refresh of multiple units completed — non-recurring in nature with benefits extending well into the new ownership period.

→ Interior Repainting & Upgrades

Cosmetic improvements including fresh paint and interior upgrades improve tenant satisfaction and support higher market rents.

→ Plumbing & Maintenance Repairs

Targeted plumbing and systems repairs reduce deferred maintenance risk for the incoming owner.

→ Cleaning & Tenant Transition Costs

Turnover-related cleaning and transition costs are one-time expenditures that will not recur at stabilization.

Market Rent Analysis — SDSU Area

The property is located within the **SDSU / College Area submarket**, widely recognized as one of San Diego's most durable and demand-resilient rental markets. The consistent influx of students, faculty, and university-affiliated professionals creates a near-permanent pool of renters that insulates the submarket from the cyclical vacancy pressures experienced elsewhere in the metro area.

Current in-place rents at 4540–48 55th Street are positioned **below prevailing market rates** across all unit types — a fact that represents both a short-term underperformance relative to the market and a significant opportunity for the incoming owner to capture upside through strategic lease management. The gap between current and market rents is most pronounced in the two-bedroom units, where the roommate-leasing model creates the greatest revenue potential.

Unit Type	Current Avg Rent	Market Rent	Upside
Studio	\$1,555	~\$1,700	+\$145/mo
1 Bed / 1 Bath	\$1,770 avg	~\$2,000	+\$230/mo
2 Bed / 1 Bath	\$1,930 avg	~\$2,400	+\$470/mo

SDSU Rental Advantage & Roommate Strategy

One of the most compelling aspects of this investment is the structural advantage provided by the property's SDSU-adjacent location. Two-bedroom units in the College Area are routinely rented on a **per-room basis**, with individual room rates commonly reaching \$1,200 or more per occupant. Under this leasing strategy, a two-bedroom unit generating \$1,930 today could realistically be repositioned at **\$2,400 per month** — an increase of nearly 25% per unit.

This roommate leasing model is not speculative — it reflects the standard operating practice for multifamily owners in the SDSU submarket and is supported by consistent student enrollment trends. SDSU's enrollment exceeds 35,000 students, maintaining steady off-campus housing demand year over year. Combined with San Diego's structural housing shortage, this creates a highly favorable landlord environment with minimal vacancy risk and strong pricing power.

Roommate Leasing Model

2-bedroom units leased by the room:

- \$1,200 per room × 2 rooms = **\$2,400/unit**
- Current avg: \$1,930/unit
- Upside per unit: **+\$470/month**
- Annual upside (2 units): **+\$11,280**

Pro Forma Rent Projections

- Projected Monthly Rent: ~\$10,500
- Projected Annual Rent: ~\$126,000
- Current Annual Rent: \$107,520
- Total Upside: **~\$18,480/year**

❏ Pro forma projections assume full market-rate conversion across all unit types over a 2–3 year hold period.

Value-Add Opportunity

The value-add thesis for 4540–48 55th Street is straightforward, executable, and well-supported by submarket fundamentals. Unlike speculative renovation plays that require significant capital and carry construction risk, the upside here is primarily driven by **lease management and rent optimization** — strategies that are low-cost, low-risk, and directly actionable by the incoming owner.

At-will tenancies across the portfolio provide the new owner with maximum flexibility to implement rent increases, restructure leases, or reposition individual units as they turn. This flexibility is a significant structural advantage compared to properties with long-term fixed leases that lock in below-market rents for extended periods. The combination of at-will tenancies, below-market rents, and a deeply undersupplied SDSU rental market creates an environment where rent growth is not just possible — it is highly probable.

Beyond rent optimization, there are additional levers available to improve operational efficiency, including utility billing adjustments, laundry or amenity income, and long-term lot utilization planning under the RM-3-8 zoning designation. Each of these represents incremental NOI improvement that compounds the value-add story over a standard investment hold period.



Rent Optimization

Convert below-market at-will leases to current market rates as units turn — the primary and most immediate value-add lever available.



Operational Efficiency

Streamline property management, implement utility reimbursements, and explore ancillary income sources to improve net margins.



SDSU Demand Capture

Leverage roommate-style leasing and strong student demand to push two-bedroom rents toward \$2,400/unit and above.



Long-Term Optionality

The 13,436 SF lot under RM-3-8 zoning may support future density improvements or development, enhancing long-term exit value.

5-Year Investment Projection

The following projection models NOI growth over a five-year hold period, assuming a systematic approach to rent optimization beginning at acquisition. Starting from a stabilized NOI of approximately \$59,000, the property is projected to reach approximately **\$78,000 in annual NOI by Year 5** — representing a 32% improvement driven primarily by market rent conversion across the unit mix.

The corresponding value range, calculated using a 4.75% to 5.25% capitalization rate — consistent with prevailing San Diego multifamily market cap rates for similar assets — illustrates the wealth-building potential of this investment. By Year 5, the property's estimated value range of **\$1.48M to \$1.64M** reflects meaningful appreciation from the purchase price, even before accounting for principal paydown on any acquisition financing.

NOI Growth Projection

Year	Projected NOI	NOI Growth
Year 1	\$59,000	Baseline
Year 2	\$66,000	+11.9%
Year 3	\$72,000	+9.1%
Year 4	\$75,000	+4.2%
Year 5	\$78,000	+4.0%

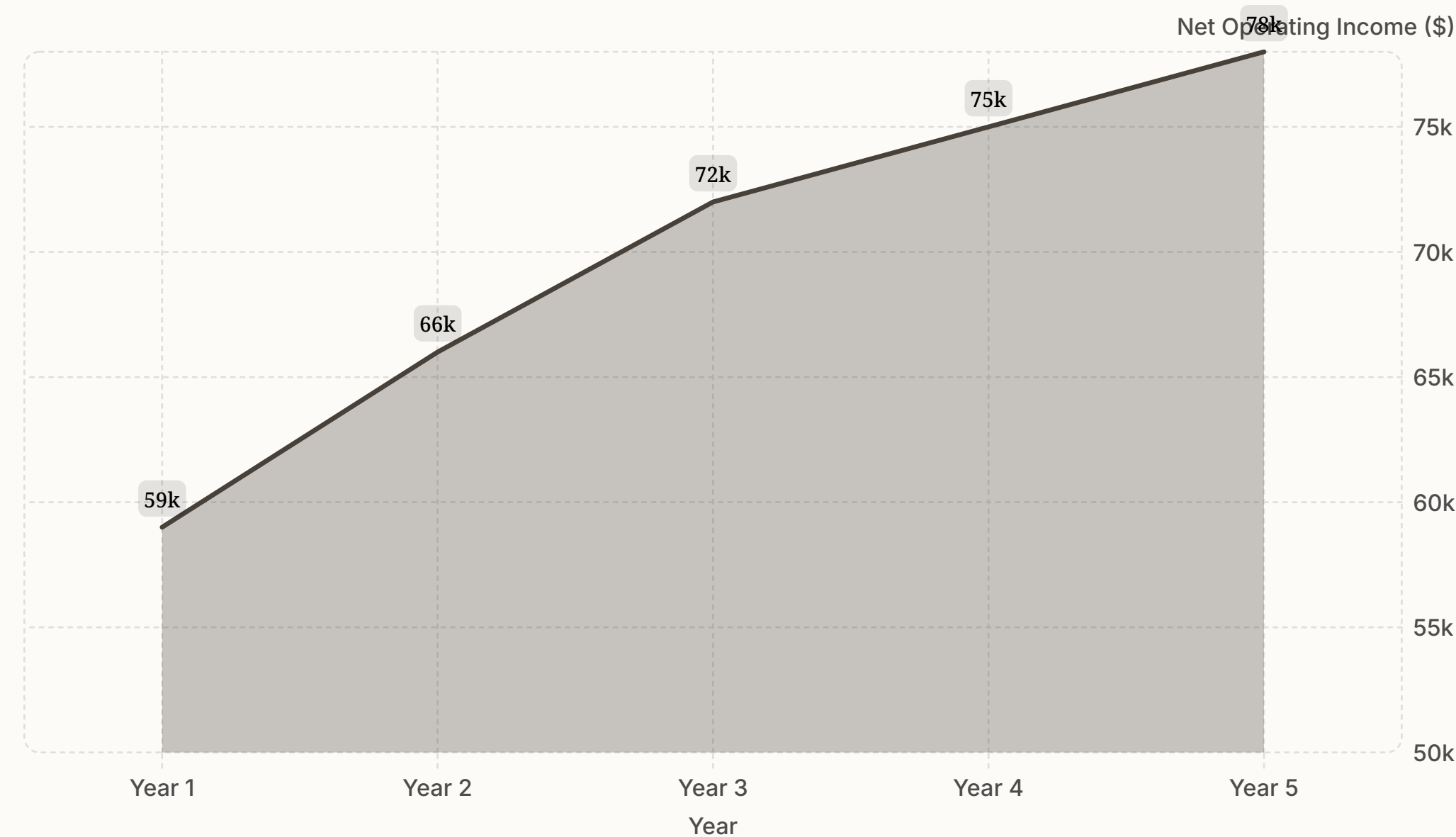
Estimated Value at Exit

Year	Value Range (4.75%–5.25% Cap)
Year 1	\$1.20M – \$1.25M
Year 3	\$1.40M – \$1.50M
Year 5	\$1.48M – \$1.64M

📄 Purchase Price: \$1,499,000 | Starting NOI: ~\$59,000

NOI Growth — 5-Year Trajectory

The chart below illustrates the projected NOI trajectory from Year 1 through Year 5, reflecting the expected impact of systematic rent optimization and stabilized operations under new ownership.



NOI growth is primarily driven by market rent conversion across below-market units, with the two-bedroom configurations offering the most significant upside. By Year 5, the property's stabilized NOI of \$78,000 represents a **32% improvement** over the Year 1 baseline — a compelling growth trajectory that substantially enhances investor returns through both income and asset appreciation.

Investment Narrative

4540–48 55th Street offers investors the opportunity to acquire a stabilized, income-producing multifamily asset in one of San Diego's highest-demand rental submarkets — with **recently completed improvements and a clear, executable path to rental upside**. This is not a speculative turnaround; it is a well-positioned asset that has already absorbed the friction of unit turnover and capital investment, leaving the incoming owner to focus on optimization rather than remediation.

The SDSU location provides a structural competitive advantage that few San Diego submarkets can replicate. With more than 35,000 enrolled students and a growing faculty and staff population, demand for quality off-campus housing consistently outpaces available supply. This dynamic supports pricing power, limits vacancy exposure, and creates a favorable environment for the kind of rent growth modeled in this offering.

For **1031 exchange buyers**, this asset offers the dual benefit of immediate, stable income and a credible value-add story — addressing both the need for like-kind replacement property and the desire for long-term wealth creation. The at-will tenancy structure, oversized lot, and RM-3-8 zoning collectively position this investment as a platform for sustained returns well beyond the initial acquisition thesis.

"A stabilized San Diego multifamily asset with immediate income, completed capital improvements, and an executable value-add strategy — positioned for the disciplined long-term investor."

Immediate Income 100% occupied with \$109,620 in total annual income from day one of ownership	Reduced Risk Capital improvements completed — no significant near-term capital expenditure required	Clear Upside Below-market rents and at-will tenancies create a direct path to \$78,000+ NOI by Year 5
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Location Overview — San Diego, CA

San Diego consistently ranks among the top U.S. real estate markets for multifamily investment, driven by a combination of persistent housing undersupply, strong employment fundamentals, and a lifestyle-driven demand profile that sustains long-term population growth. The city's geographic constraints — bordered by the Pacific Ocean, Mexico, and protected open space — severely limit new housing development, creating a structural supply/demand imbalance that benefits multifamily property owners.

The **College Area / SDSU submarket** amplifies these market-wide strengths through its unique university-driven demand engine. Unlike submarkets that depend on single-employer or single-industry demand, the SDSU submarket draws renters from a diverse and stable pool: undergraduate and graduate students, faculty and staff, and young professionals attracted to the neighborhood's walkability and urban amenity base.



Strong Rental Demand

Persistent rental demand driven by SDSU enrollment, employment growth, and a growing young professional population across the metro area.



Long-Term Appreciation

San Diego multifamily assets have demonstrated consistent long-term value appreciation, supported by enduring demand and supply constraints.



Limited Housing Supply

Geographic and regulatory constraints limit new multifamily construction, preserving the competitive position of existing rental stock.



Nearby Amenities

Proximity to SDSU, employment centers, retail, dining, and public transportation enhance tenant appeal and reduce vacancy risk.



Contact Information

For additional information regarding this offering, to schedule a property tour, or to submit an offer, please contact the listing broker directly. All inquiries will be handled promptly and with full confidentiality.

Listing Broker

Jorge Antonio Murillo Broker Owner, 1st Choice Home Team

Email

broker@1stchoicehometeam.com

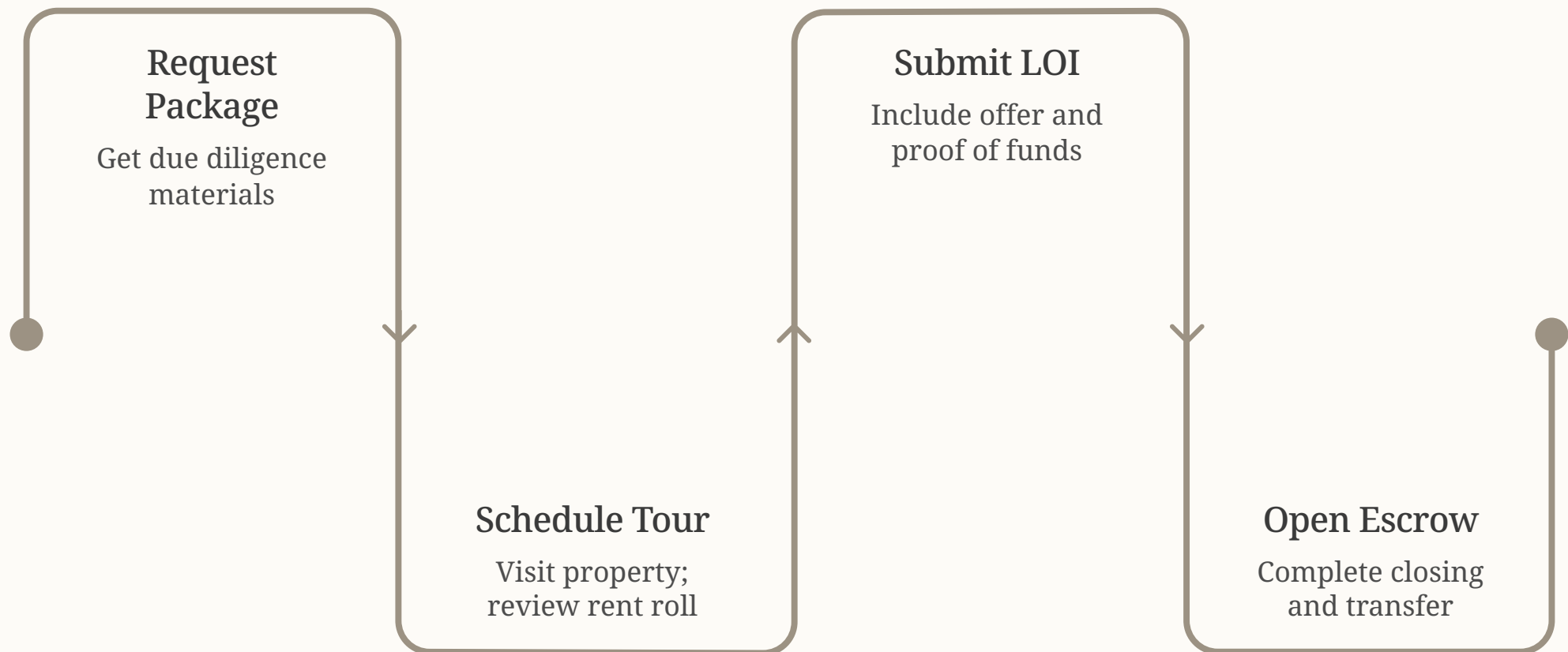
Phone

858-531-6069

- ☐ Qualified buyers are encouraged to submit proof of funds or lender pre-approval with any letter of intent. The seller reserves the right to accept or reject any offer at their sole discretion.

Next Steps — How to Proceed

Interested investors are encouraged to begin their due diligence process promptly. Given the property's fully occupied status and the strength of the SDSU submarket, buyer interest is expected to be significant. The seller is motivated and prepared to work with qualified buyers toward an expedient close.



The listing broker is available to facilitate introductions, answer underwriting questions, and coordinate site tours. All tours are by appointment only and must be arranged through the listing office to respect tenant privacy and occupancy.

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📄 **Broker of Record:** Jorge Antonio Murillo | 1st Choice Home Team | 858-531-6069 |
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