INVESTMENT MEMORANDUM

Asset Location: **148 S Normandie Ave, Los Angeles, CA 90004**

Property Type: **Multi-Family Residential Income (4 Units)**

Zoning: **LAR4 (TOC Tier 2 / Qualified Opportunity Zone)**

Offered Price: **$1,750,000**

EXECUTIVE SUMMARY & INVESTMENT HIGHLIGHTS

This premium multi-family property presents an exceptional core-plus investment and redevelopment opportunity in the heart of Los Angeles' highly desirable Koreatown/Wilshire Center submarket (90004). Featuring a strategic unit mix, stable immediate cash flow, and massive future development upside, this asset is perfectly positioned for both wealth preservation and aggressive capital appreciation.

Crucially, all tenants are currently on Month-to-Month leases. This delivers an incoming buyer dual advantages: immediate operational flexibility for a developer looking to break ground, or an immediate path to market-rate stabilization for a value-add investor.

- **Premium LAR4 / TOC Tier 2 Lot**: Situated on a ±5,944 sq. ft. corner lot zoned LAR4 within a Transit Oriented Communities (TOC) Tier 2 designated area. This allows developers to capitalize on significant density bonuses, high floor-area ratios (FAR), and reduced parking requirements for a future luxury apartment or condominium complex.
- **Qualified Opportunity Zone (QOZ)**: Located within an official Opportunity Zone, offering incoming investors substantial tax incentives, including capital gains deferrals and tax-free appreciation upon meeting holding requirements.
- **Immediate Value-Add / Rental Upside**: Bringing them to market-rate yields an immediate jump in capitalization and net asset value.
- **Low Owner Expenses**: Tenants are individually metered and responsible for 100% of their electricity and gas usage. The owners utility exposure is strictly limited to water ($700/month).

Expense & Utility Structure

- Gross Scheduled Income (GSI): $99,492
- Estimated Net Operating Income (NOI): $61,000 – $63,000 (Factoring in property taxes, owner-paid water of $8,400/year, insurance, maintenance, and a standard 3% vacancy allowance)
- Utility Allocation: Tenants pay Electricity & Gas. Owner pays Water & Sewer ($700 monthly)

FINANCIAL VALUATION ANALYSIS

An income-based approach utilizing current Koreatown submarket metrics confirms that the asset's intrinsic land value strongly complements its cash flow profile.

- **Gross Rent Multiplier (GRM)** Approach: Comparable stabilized assets in 90004 trade at an average GRM of 14x to 16x. Applying a conservative market average GRM of 15x values the current income stream at approximately $1,492,000.
- **Capitalization Rate Approach**: Based on target submarket cap rates of 4.2% – 4.5% for high-density residential zones, the income-backed asset value maps to a range of $1,350,000 to $1,500,000.

Underwriting Insight: While pure cash flow metrics support a baseline valuation up to $1.5M, this asset demands a premium due to its LAR4 / TOC Tier 2 development footprint. Incoming investors are not just purchasing a cash-flowing asset, but a covered land play with immense underlying land equity.

PROPERTY PROFILE & CURRENT RENT ROLL

The property boasts a total of 7 bedrooms and 6 bathrooms split across 4 highly functional units, complemented by 5 dedicated parking spaces.

Current Rent Roll & Income Breakdown (All month to month)

Unit Type	Quantity / Notes	Current Monthly Rent	Annualized Income
1 Bed + 1 Bath	Unit A	$1,664	$19,968
1 Bed + 1 Bath	Unit B	$1,659	$19,908
1 Bed + 1 Bath	Unit C	$1,716	$20,592
3 Bed + 2 Bath	Unit D	$2,316	$27,792
1 Bed + 1 Bath	This is part of Unit D	$936	$11,232
Total	**5 Units (7B / 6B)**	**$8,291**	**$99,492**

Operating Income: Current vs Pro Forma

Income Category	Current Actuals	Market Pro Forma	Notes / Assumptions
Gross Scheduled Rent	$99,492	$147,600	Pro Forma projects market-rate stabilization
Less: Vacancy & Collection Loss	$0 (0.0%)	($4,428) (3.0%)	Market-standard underwriting concession
Effective Gross Income (EGI)	$99,492	$143,172	Total actual capital collected

Operating Expenses

Expense Category	Current Actuals	Market Pro Forma	Underwriting Insight
Property Taxes	$18,000	$21,000	Assessed at ~1.2% of price ($1.5M vs $1.75M)
Property Insurance	$2,500	$2,650	Current actual premium with minor market buffer
Utilities (Water/Trash/ Sewer)	$11,000	$11,000	Master-metered owner responsibility
Repairs & Maintenance (R&M)	$3,000	$3,500	Current historical actuals vs $700/ unit reserve
Gardener & Grounds Care	$1,200	$1,200	Fixed annual landscape contract
Property Management	$0	$7,159	Current self-managed vs professional 5% rate
Total Operating Expenses	$35,700	$46,509	Operational overhead breakdown
Expense Ratio (% of GSI)	35.8%	31.5%	Highly efficient asset footprint

NET OPERATING INCOME (NOI) SUMMARY

- Current Operational Cash Flow (Actual): $63,792
- Stabilized Market Cash Flow (Pro Forma): $96,663

PRICING & INVESTMENT THESIS

This asset stands out as an incredibly secure, flexible vehicle to deploy capital. For value-add buyers, the existing month-to-month tenancy presents a frictionless path to renovate and adjust rents to true market levels. For developers, the property generates resilient, low-overhead holding cash flow from day one while architectural plans are finalized and entitlements are secured. Positioned on a prime corner lot in one of Southern Californias most supply-constrained rental markets, 148 S Normandie Ave represents the ideal blend of immediate cash flow and ultimate development execution.

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