OFFERINGMEMORANDUM

2859 HICKORY PLACE

COSTA MESA, CALIFORNIA 92626

FOUR-UNIT MULTIFAMILY INVESTMENT

OFFERED AT $1,999,900

4	3,551 SF	$105,480	+18.3%
UNITS	BUILDING	CURRENT ANNUAL RENT	RENT UPSIDE TO TARGET

Income in place. Documented path to higher rents. Supply-constrained coastal Orange County.

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"Let me Earn Your Trust."

Investment Overview

2859 Hickory Place is a four-unit multifamily property in central Costa Mesa offering established cash flow with a clearly documented path to higher income. The building contains approximately **3,551 square feet** on an approximately **6,884 square foot lot**, with one 3-bedroom/1-bath unit and three 2-bedroom/1-bath units. Tenants pay their own gas and electricity, limiting owner-paid utility exposure to water and trash service.

Current gross scheduled rent is **$8,790 per month ($105,480 annually)** against a stated target of **$10,400 per month ($124,800 annually)** at $2,600 per unit - an embedded upside of **$19,320 per year (+18.3%)**. Most of this upside can be approached through lawful rent growth over time, subject to applicable law and tenancy facts.

The property is offered at **$1,999,900** - approximately **$499,975 per unit** and **$563 per building square foot** for a fee-simple fourplex in coastal Orange County.

Investment Highlights

• **Embedded income growth:** $19,320/year of gross rent upside from current to target.

• **Desirable unit mix:** one 3-bed/1-bath and three 2-bed/1-bath units.

• **Tenant-paid gas and electricity:** owner utility exposure is limited to water and trash/yard service.

• **Four separate income streams:** diversification versus a single-family rental while remaining a manageable small multifamily asset.

• **No local rent cap:** Costa Mesa has no city rent stabilization ordinance; state law governs covered rent increases and market rents may generally be established upon lawful vacancy.

• **Central Orange County location:** convenient to South Coast Plaza / South Coast Metro, John Wayne Airport, Orange Coast College and the 405, 55 and 73 freeways.

• **R3 multifamily zoning, four-unit use:** public-record sources identify APN 139-296-18; year built 1960.

Current Rent Roll & Income Upside

Unit	Unit Mix	Approx. SF	Current Rent	Target Rent	Monthly Upside
1	3 Bed / 1 Bath	875	$2,440	$2,600	$160
2	2 Bed / 1 Bath	875	$1,900	$2,600	$700
3	2 Bed / 1 Bath	875	$2,200	$2,600	$400
4	2 Bed / 1 Bath	875	$2,250	$2,600	$350
TOTAL		**3,500**	**$8,790**	**$10,400**	**$1,610**

Income Comparison

	Monthly	Annual
Current Gross Scheduled Rent	$8,790	$105,480
Target Gross Scheduled Rent	$10,400	$124,800
Potential Increase	**$1,610**	**$19,320 (+18.3%)**

Rent Underwriting Note

The $2,600-per-unit figure is a target / market-rent underwriting assumption supplied by the owner/broker. It is not a representation that any occupied unit can immediately be raised to that amount. Existing tenancies are subject to state rent-increase limits, notice requirements and just-cause protections; a buyer must independently verify tenancy dates, rental agreements, exemptions, notices previously served and the lawful timing of future increases.

The same $2,600 target is applied to the 3-bedroom unit and the 2-bedroom units for consistency. If 3-bedroom market rents in the submarket exceed 2-bedroom rents, the stated target for Unit 1 may be conservative. Buyer to verify market rents independently.

Path to Target Rents Under AB 1482

Costa Mesa has **no local rent cap**. Rent increases on covered existing tenancies are governed by California's AB 1482 statewide formula: 5% plus regional CPI, capped at 10%, with no more than two increases in any rolling 12-month period. For notices effective **August 1, 2026 through July 31, 2027**, the applicable maximum for the Los Angeles-Long Beach-Anaheim region (including Orange County) is **8.7%**.

The schedule below illustrates how each unit reaches the $2,600 target using annual increases at the current-cycle maximum, assuming continued occupancy and no vacancy. Future-year caps will vary with CPI and are not guaranteed; this schedule is illustrative underwriting only.

Unit	Current Rent	After Increase 1	After Increase 2	After Increase 3	After Increase 4	Reaches Target
1	$2,440	$2,652	-	-	-	1 increase
2	$1,900	$2,065	$2,245	$2,440	$2,653	4 increases
3	$2,200	$2,391	$2,599	-	-	~2 increases
4	$2,250	$2,446	$2,659	-	-	2 increases

Figures assume one increase per unit per 12 months at an illustrative 8.7% (the 2026-27 cycle maximum); amounts rounded to the nearest dollar. Actual permitted increases depend on each year's published CPI figure, proper notice, tenancy status and applicable law at the time of notice.

What This Means for Underwriting

• **Unit 1** exceeds target with a single ordinary increase - no turnover required.

• **Units 3 and 4** reach target within approximately two annual increase cycles.

• **Unit 2 ($1,900)** is the deep value-add unit: roughly four annual cycles on the current cap, or upon any lawful vacancy, when market rent may generally be established.

• The full **$19,320 annual upside** is therefore a near-to-medium-term, statute-compliant growth story - not a projection dependent on vacating tenants.

Financial Analysis

Known Owner-Paid Operating Expenses

Expense	Frequency / Amount	Approx. Annual
Trash, yard & recycling	$589.23 monthly	$7,070.76
Water	$495 every 2 months	$2,970.00
Insurance	Current annual premium	$4,116.00
Known expenses before property tax		**$14,156.76**

Tenants pay their own gas and electricity. Figures above exclude property taxes (shown below), repairs and maintenance, reserves, management, legal/accounting, vacancy/credit loss and capital items.

NOI & Cap Rate Analysis

The property is offered at **$1,999,900**. California property taxes are generally reassessed on change of ownership; an estimated factor of approximately **1.12% of purchase price** is used below for preliminary underwriting. NOI shown is based on known expenses plus estimated reassessed taxes only, before vacancy, management, maintenance and reserves. Buyers should apply their own assumptions.

Price	Est. Tax @ 1.12%	NOI (Current)	Cap (Current)	NOI (Target)	Cap (Target)
$1,850,000	$20,720	$70,603	3.82%	$89,923	4.86%
$1,900,000	$21,280	$70,043	3.69%	$89,363	4.70%
$1,950,000	$21,840	$69,483	3.56%	$88,803	4.55%
$1,999,900 (LIST)	**$22,399**	**$68,924**	**3.45%**	**$88,244**	**4.41%**

Valuation Metrics at List Price

List Price	Price / Unit	Price / Building SF	GRM (Current)	GRM (Target)
$1,999,900	$499,975	$563	19.0	16.0

All figures are illustrative and for preliminary underwriting only. Exact Tax Rate Area, fixed charges and special assessments must be confirmed through Orange County and escrow. Income and expenses to be independently verified.

Why Costa Mesa Works for Multifamily Investors

High-demand central Orange County location. The property sits within easy reach of South Coast Plaza / South Coast Metro, John Wayne Airport, Orange Coast College, Newport Beach, Huntington Beach and the 405, 55 and 73 freeways - a deep employment and amenity base that supports consistent rental demand across unit types.

Constrained housing environment. Costa Mesa's 2021-2029 Regional Housing Needs Allocation is 11,760 units, and the City continues to identify and rezone sites to accommodate that need - underscoring the scale of local housing demand relative to existing supply.

Small multifamily scarcity. Fourplexes offer private investors multiple income streams without the management overhead of larger complexes. Assets that combine in-place income with a documented, lawful path to higher rents are particularly attractive in a supply-constrained submarket.

Property Snapshot

List Price	$1,999,900
Address	2859 Hickory Place, Costa Mesa, CA 92626
Property Type	Four-unit multifamily
Building Area	Approx. 3,551 SF
Lot Area	Approx. 6,884 SF (owner-provided)
Year Built	1960 (public record sources)
Zoning	R3 (public record sources)
APN	139-296-18 (public record sources)
Unit Mix	One 3-bed/1-bath; three 2-bed/1-bath
Utilities	Tenants pay gas and electricity; owner pays water and trash/yard service
Local Rent Control	None (no Costa Mesa rent stabilization ordinance); AB 1482 applies
Local Tenant Protections	Costa Mesa Just Cause Residential Tenant Protections Ordinance

Tenancy & Value-Add Considerations

The property's month-to-month tenancies may provide future flexibility, but any termination, renovation or rent-repositioning strategy is subject to applicable California and Costa Mesa requirements. Month-to-month status alone does not create an unrestricted right to terminate a tenancy.

Investor Due Diligence

• Confirm each rental agreement, occupancy history and month-to-month status.

• Verify whether any planned termination qualifies under applicable just-cause rules and what notice and relocation requirements apply.

• If a substantial remodel is contemplated, confirm the permit scope, required vacancy period, tenant notices and whether the work qualifies under current law.

• Verify the lawful timing and amount of future rent increases. Market rents may generally be established upon lawful vacancy, subject to applicable law.

Value-Add Opportunity

The property currently produces **$105,480 in annual scheduled rent** compared with a **$124,800 target**, creating **$19,320 of potential annual gross income growth**. Buyer should evaluate the timing, cost and legal requirements of achieving target rents during due diligence. Any tenant, termination or renovation strategy should be reviewed with the buyer's own legal and property-management professionals before implementation.

> **Investor takeaway:** Underwrite the upside as a combination of lawful rent growth and future turnover - not as an assumption of immediate vacancy.

Sources & Verification

• City of Costa Mesa - Just Cause Residential Tenant Protections Ordinance and tenant-protection materials.

• State of California - AB 1482 / Tenant Protection Act; applicable annual rent cap to be confirmed at the time of notice.

• Public property records - APN 139-296-18, four-unit use, approx. 3,551 SF, R3 zoning and 1960 year built.

• Orange County property tax materials - preliminary 1.12% factor used for underwriting; exact tax rate and assessments to be verified.

Investment Opportunity

2859 HICKORY PLACE, COSTA MESA

OFFERED AT $1,999,900

Four units | $105,480 in-place annual rent | $19,320/year documented upside (+18.3%) | No local rent cap | Coastal Orange County

For offering details, rent roll documentation and property tours, contact:

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