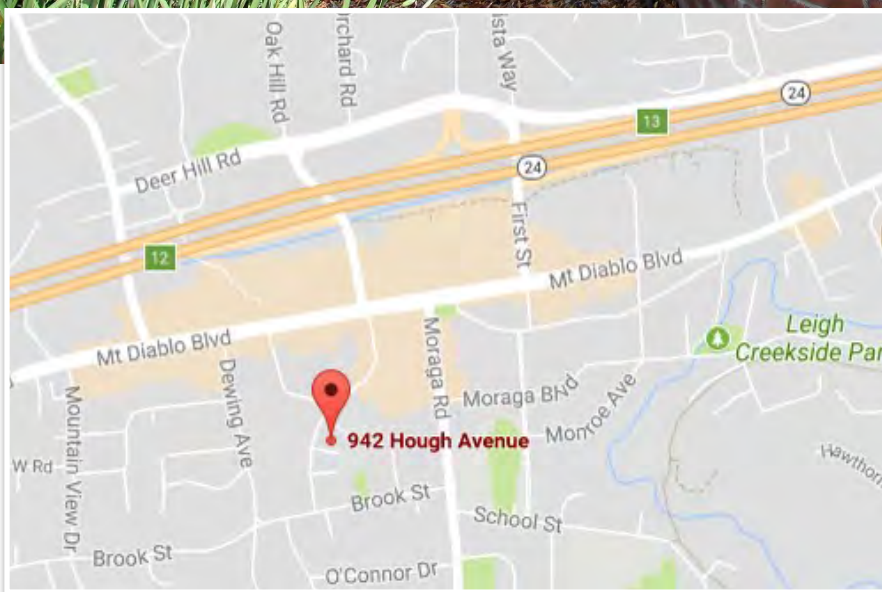




**8 UNIT
APARTMENT COMPLEX**
940-942 HOUGH AVENUE
LAFAYETTE, CA 94549



**OFFERED AT
\$3,500,000**

**SHAWN WILLIS
925.988.0502**

Shawn@IPSrealestate.com



INCOME PROPERTY SERVICES A.G.
1343 LOCUST STREET, SUITE 205
WALNUT CREEK, CA 94596
WWW.IPSREALESTATE.COM / BRE # 01095619



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EXECUTIVE SUMMARY

940-942 Hough Avenue is a clean, ideally located multi-family property that has been well maintained and is now being offered to market for the first time in more than thirty years. The property **represents a rare opportunity to own in one of the Bay Area's most desirable locations. The location,** proximity to BART, Highways 24 and Interstate 680, along with a desirable setting make this an uncommon investment opportunity.

The has a desirable mix of 2BR/1BA units. The complex consists of two 4-unit buildings that sit on a legal parcel of approximately 11,550 s.f., per the Contra Costa County Tax Assessor. The buildings feature a concrete slab foundation and one features a slightly pitched roof while the other features a flat roof. The units are separately metered for gas and electricity. The owner currently pays for the water and trash service, but many owners are setting up reimbursement programs for these utilities and that is a possible strategy that may improve cash flow. There are (8) eight open parking spaces and one carport. There are storage closets for the residents.

The property can be owned and operated as it has been for years into the future. Or—as many investors in the Lafayette area have noticed—benefit from significant upside in rents after making upgrades to the apartments. We believe the subject property would respond well with additional amenities such as granite counters, stainless steel appliances, and Pergo style floor coverings.

PROPERTY DETAILS

ADDRESS	940-942 Hough Avenue, Lafayette, CA 94549
LAUNDRY	Community facility
SIDING	Mostly stucco with some wood siding
APN	243-200-014-5
APPROXIMATE BUILDING SQ. FEET	5,962 s.f. +/-
APPROXIMATE LAND	11,550 (per Contra Costa County)
UNIT MIX	(8) 2BR / 1BA
YEAR BUILT	1957+/- (per Contra Costa County)
PG&E	Separately metered, paid by tenants
WATER	Master metered, currently paid by owner
TRASH	Currently paid by owner
FOUNDATION	Concrete slab
ROOF	Flat, modified bitumen, and pitched, composition shingle
HVAC	Wall heating and air conditioning
PATIOS/BALCONIES	Lower units have patio areas, three upper units have balconies

RENT ROLL

UNIT	TYPE	ESTIMATED SQUARE FEET	RENT	EXPIRATION OF CURRENT TERM
940-A	2BR/1BA	745	\$1,800	12/31/2018
940-B	2BR/1BA	745	\$1,850	MTM
940-C	2BR/1BA	745	\$2,100	8/15/2018
940-D	2BR/1BA	745	\$2,100	MTM
942-A	2BR/1BA	745	\$2,200	VACANT
942-B	2BR/1BA	745	\$1,800	MTM
942-C	2BR/1BA	745	\$2,200	3/31/2018
942-D	2BR/1BA	745	\$2,000	MTM
			\$16,050	



INCOME & EXPENSES

UNITS	TYPE	ESTIMATED SQ. FEET	CURRENT RENTS	STABILIZED RENTS
8	2BR/1BA	745	\$1,800-\$2,200	\$2,200
8	Total rentable square feet	5,960		
INCOME				
	Monthly Rent		\$16,050	\$17,600
	2017 Laundry Income		\$42	\$42
	Total Monthly Income		\$16,092	\$17,642
	ANNUALIZED TOTAL INCOME		\$193,104	\$211,704
	Scheduled Gross Income		\$193,104	\$211,704
	Less Vacancy Reserve (3.00%)		(\$5,793)	(\$6,351)
	GROSS OPERATING INCOME		\$187,311	\$205,353
EXPENSES				
	Taxes (New @ 1.1033%)		(\$38,752)	(\$38,752)
	Levies and Assessments		(\$5,123)	(\$5,123)
	Insurance (Actual)		(\$3,742)	(\$3,742)
	Flood Insurance (Actual)		(\$3,634)	(\$3,634)
	Water (2017 + 2%)		(\$3,439)	(\$3,439)
	PG&E (2017 + 2%)		(\$130)	(\$130)
	Garbage (2017 + 2%)		(\$3,051)	(\$3,051)
	Repairs/Maintenance (\$1,000/unit)		(\$8,000)	(\$8,000)
	Capital Improvement Reserve (\$500/unit)		(\$4,000)	(\$4,000)
	Grounds Maintenance (2017)		(\$2,700)	(\$2,700)
	Pest Control (2017)		(\$2,137)	(\$2,137)
	License Fee/Miscellaneous		(\$500)	(\$500)
	TOTAL EXPENSES		(\$75,208)	(\$75,208)
	NET OPERATING INCOME		\$112,103	\$130,145
	Expenses as % of Gross Income		38.95%	35.53%
	Expenses per Unit		\$9,401	\$9,401
	Expenses per Square Foot		\$12.62	\$12.62

MARKET VALUE ANALYSIS

	CURRENT RENTS		STABILIZED RENTS	
SALE PRICE	\$3,500,000		\$3,500,000	
Down Payment	\$1,850,000	53%	\$1,850,000	53%
First Loan [1]	\$1,650,000	47%	\$1,650,000	47%
NET OPERATING INCOME	\$112,103		\$130,145	
Estimated Debt Service (first loan)	(\$99,108)		(\$99,108)	
Cash Flow	\$12,995		\$31,037	
Plus Principal Paydown	\$26,296		\$26,296	
Total Pre Tax Return	\$39,291		\$57,333	
Return on Investment	2.12%		3.10%	
Gross Rent Multiplier	18.12		16.53	
Capitalization Rate	3.2%		3.7%	
Price per square foot	\$587.25		\$587.25	
Price per unit	\$437,500		\$437,500	
[1] New first loan, 1.2 DCR, 4.5% fixed for 5 years, 30 year amortization				



RENT SURVEY

ADDRESS	Tiffany Plaza 939 Hough Avenue Lafayette	3543 Brook Street Lafayette	3366 Mt Diablo Blvd Lafayette	101 Lafayette Circle Lafayette	Lafayette Patio Apts 3520 Brook Street Lafayette
AMENITIES	On-site laundry, off-street parking, updated, dishwasher, carpeted, swimming pool, near reservoir and trails, and great shopping.	On-site laundry, carport, granite counters in kitchen, lots of closet space, dishwasher, wall to wall carpeting, balcony, close to downtown and more.	Upgraded, on-site laundry, carports, modern cabinetry, quartz counters, stainless steel appliances, wood flooring, carpet, and great location.	On-site laundry, carports, stainless steel gas stove, dishwasher, eat-in kitchen, hardwood floors, big closets, water & garbage included.	On-site laundry, a/c, storage units, fireplace, balcony, high speed internet access, close to great shopping and more.
2 BR / 1 BA	\$1,995 577 square feet \$3.46/s.f.	\$2,250 928 square feet \$2.42/s.f.	\$2,585 825 square feet \$3.13/s.f.	\$2,450 756 square feet \$3.24/s.f.	\$2,195 750 square feet \$2.93/s.f.



RENT SURVEY PHOTOS



939 Hough Avenue



3543 Brook Street



3366 Mt Diablo Boulevard



101 Lafayette Circle



3520 Book Street



RENT SURVEY MAP





SALES COMPARABLES

ADDRESS	UNITS	SALE PRICE	SQUARE FEET	COST/ UNIT	COST/ SQ.FT.	AVG. RENT/ SQ.FT.	GRM	CAP	UNIT MIX	BUILT	SOLD	COMMENTS
1976 Desert Circle Walnut Creek	5	\$1,700,000	4,048	\$340,000	\$419.96	\$2.03	17.28	3.47%	2x2+Den (4) 1x1+Den	1968	3/31 2017	Clean complex which is part of HOA with pool and laundry facility. Carports, storage, patios/balconies, central HVAC, fireplaces. New 55% LTV loan with First Republic.
138 Village Court Walnut Creek [1]	6	\$2,460,000	7,904	\$410,000	\$311.23	\$1.30	19.92	3.00%	All 2x1	1960	8/2 2017	Clean complex delivered vacant at closing. Carports, on-site laundry, separately metered PG&E, storage, wall HVAC. Nine offers presented.
1705 Carmel Drive Walnut Creek	21	\$7,500,000	27,873	\$357,143	\$269.08	\$1.40	16.01	3.80%	(9) 1x1 (12) 2x1	1962	7/7 2017	OFF MARKET SALE. Patios, balconies, carports, storage, pool, dishwashers, disposals, elevator. New first loan First Foundation Bank, \$3.85M.
1800-1808 Camino Verde Walnut Creek	24	\$7,000,000	17,136	\$291,667	\$408.50	\$1.95	17.49	3.10%	(12) 2x1 (12) 1x1	1972	5/4 2017	OFF MARKET SALE. Carports, patio/ balconies, dishwashers, disposals, complex pool and laundry facility.
1354 Mt. Pisgah Road Walnut Creek [1]	13	\$2,995,000	7,023	\$230,385	\$426.46	\$2.00	17.77	3.20%	(4) Studio (7) 1x1 (2) 2x1	1959	5/26 2017	OFF MARKET SALE. Two story complex, stucco exterior, carport parking, coin operated laundry facility, separately metered PG&E.

[1] Projected income/expense

Continued . . .



SALES COMPARABLES

ADDRESS	UNITS	SALE PRICE	SQUARE FEET	COST/ UNIT	COST/ SQ.FT.	AVG. RENT/ SQ.FT.	GRM	CAP	UNIT MIX	BUILT	SOLD	COMMENTS
1972 Desert Circle Walnut Creek	5	\$1,700,000	4,048	\$340,000	\$419.96	\$2.19	16.01	3.70%	2x2+Den (2) 2x1 (2) 1x1+Den	1968	3/31 2017	Clean complex which is part of HOA with pool and laundry facility. Carports, storage, patios/balconies, central HVAC, fireplaces. Six offers presented.
2702 Jones Road Walnut Creek	6	\$2,225,000	5,876	\$370,833	\$378.66	\$1.86	17.00	3.53%	3x2 (2) 2x2 (2) 2x1 1x1	1970	3/3 2017	Carports, on-site laundry, separately metered PG&E, central HVAC, patios/balconies.
327 Rheem Blvd. Moraga	14	\$5,490,000	11,340	\$392,143	\$484.13	\$2.90	13.91	5.49%	All 1x1 + Den	1964	11/30 2016	OFF MARKET SALE. Carports, stucco exterior with pitched, composition shingle roof. Coin operated laundry facility. Wall HVAC units. 31% down, First Foundation Bank.
855 Podva Road Danville	6	\$2,850,000	6,559	\$475,000	\$434.52	\$1.72	21.1	1.95%	2x2 (5) 2x1.5	1984	11/22 2016	Condominium mapped complex. Carports, patios/balconies, fireplaces, central HVAC, washer/dryer hookups.
AVERAGES	11	\$3,768,889	10,201	\$356,352	\$394.72	\$1.93	17.39	3.47%				



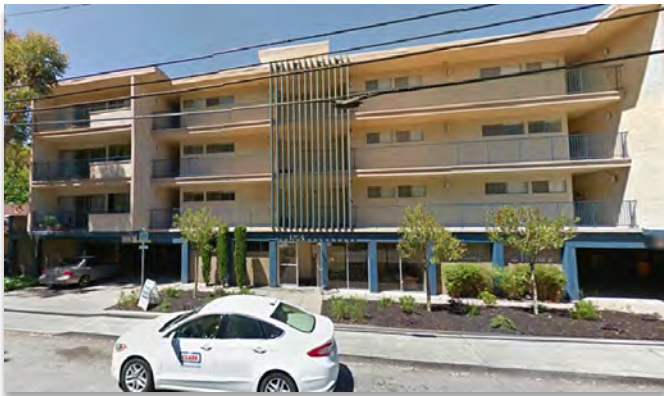
SALES COMPARABLES PHOTOS



**1976 Desert Circle
Walnut Creek**



**138 Village Court
Walnut Creek**



**1705 Carmel Drive
Walnut Creek**



**1800-1808 Camino Verde
Walnut Creek**



**1354 Mount Pisgah Road
Walnut Creek**



SALES COMPARABLES PHOTOS



**1972 Desert Circle
Walnut Creek**



**2702 Jones Road
Walnut Creek**



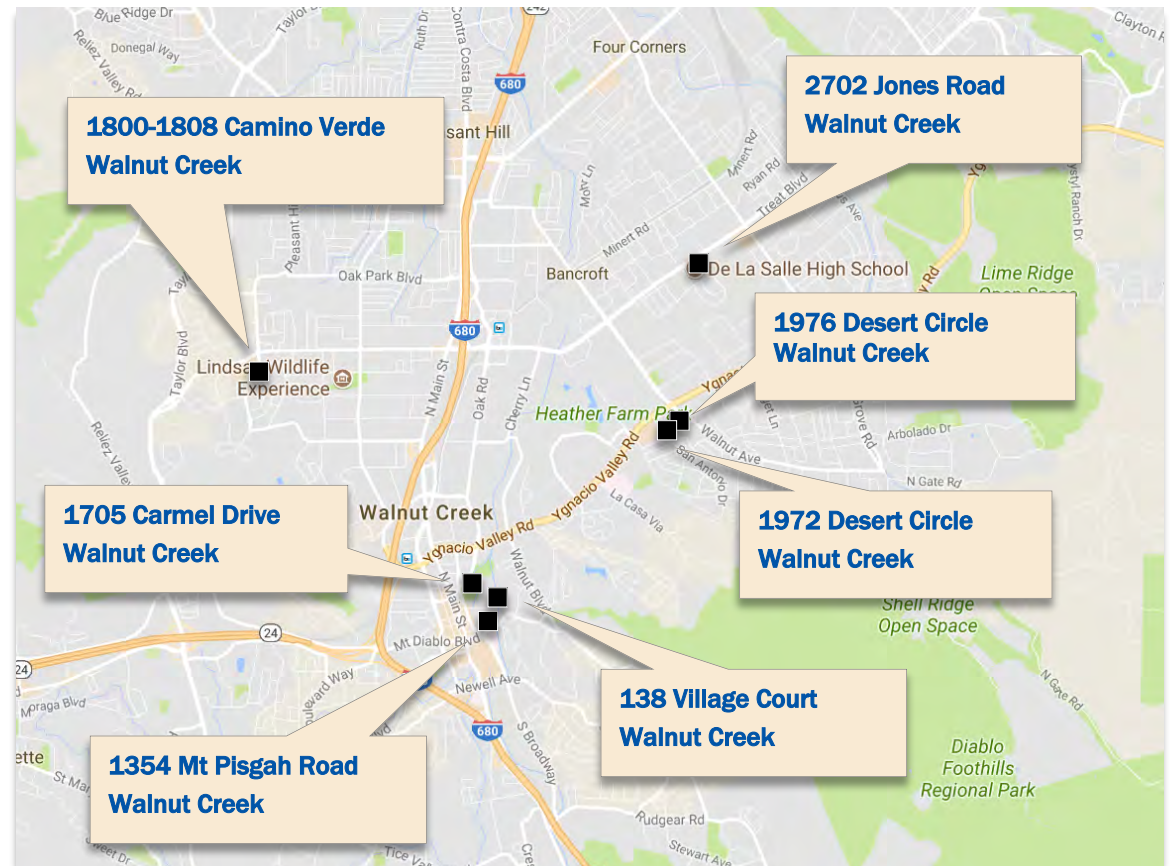
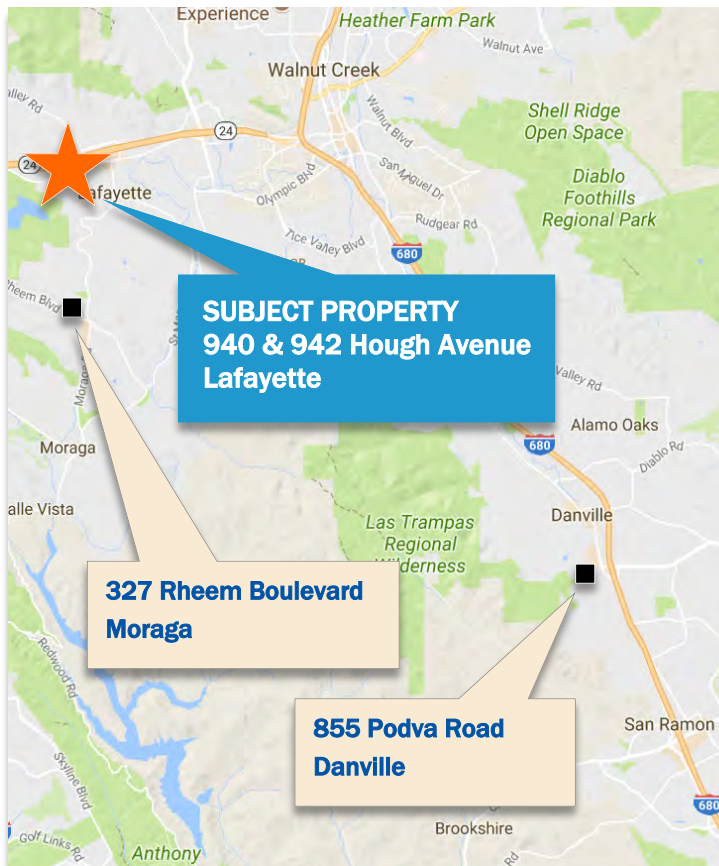
**327 Rheem Boulevard
Moraga**



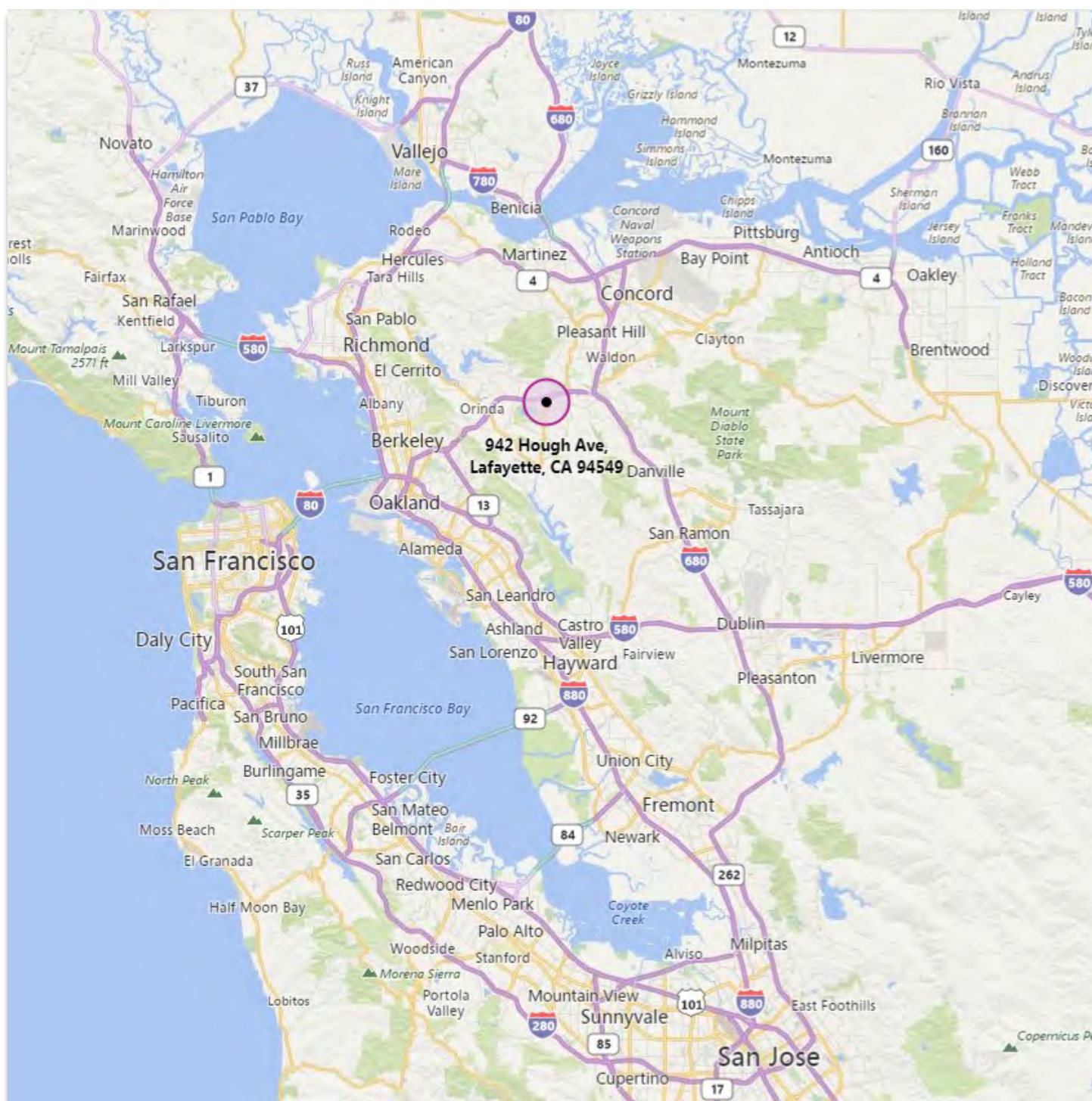
**855 Podva Road
Danville**



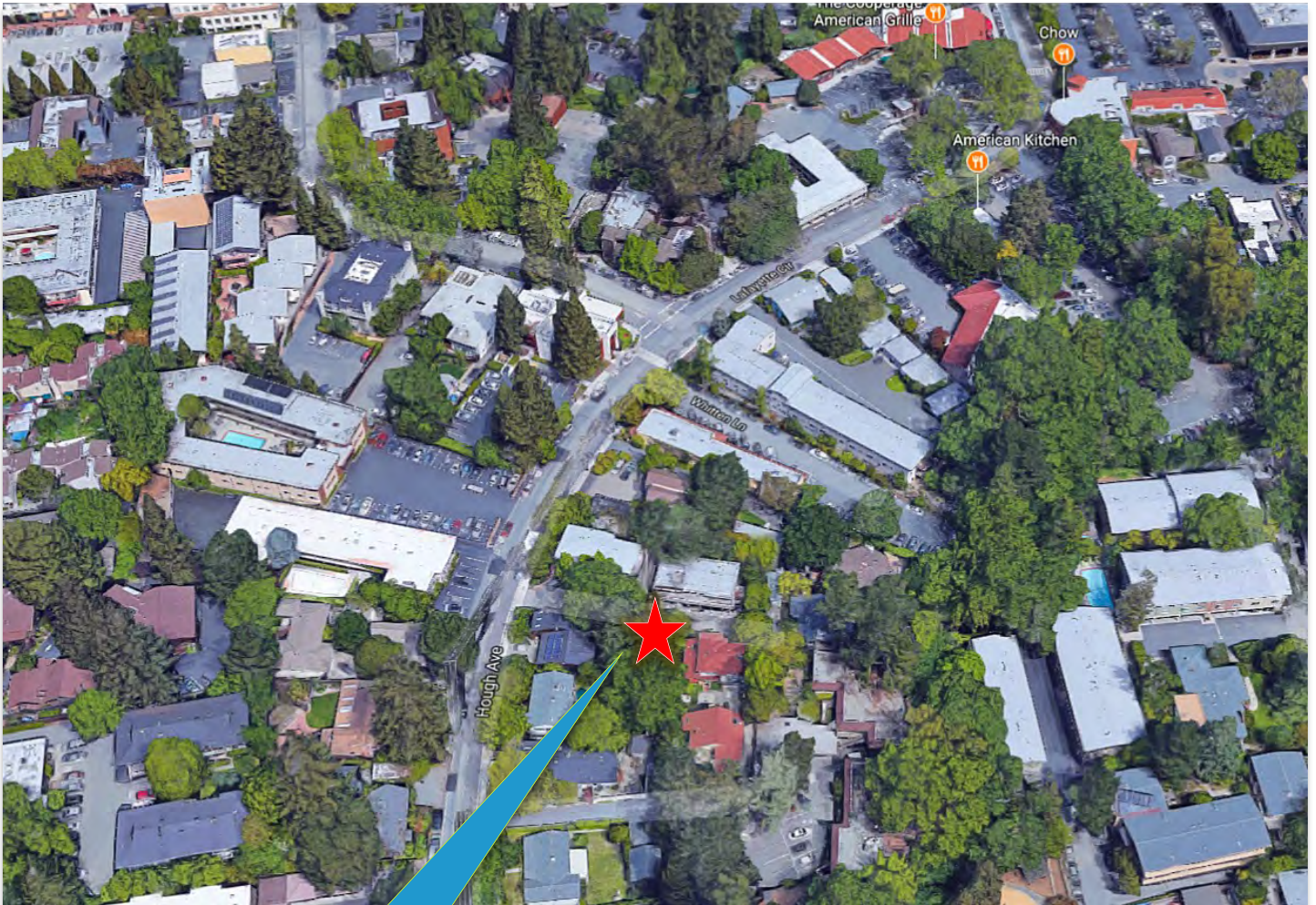
SALES COMPARABLES MAP



REGIONAL MAP



NEIGHBORHOOD



SUBJECT PROPERTY
940-942 Hough Avenue
Lafayette

CITY OF LAFAYETTE



PARCEL MAP

