

OFFERING MEMORANDUM



Monterey Apartments - 17 Units

**420 N Maple Avenue
Manteca, CA 95336**



Exclusively Offered By:

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MONTEREY APARTMENTS

420 N MAPLE AVENUE MANTECA, CA

17 UNITS

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This Confidential Offering Memorandum (the “Memorandum”) has been prepared and presented to the recipient (the “Recipient”) by First Commercial Real Estate as part of First Commercial Real Estate's efforts to market for sale the real property located at **420 N Maple Avenue Manteca, CA 95336**, (“The Property”). First Commercial Real Estate is the exclusive agent and broker for the owner(s) of the Property (the “Owner”). First Commercial Real Estate is providing this Memorandum and the material contained in it to the Recipient solely to assist the Recipient in determining whether the Recipient is interested in potentially purchasing all or part of the Property. First Commercial Real Estate also is providing this Memorandum and the material in it to the Recipient with the understanding that the Recipient will independently investigate those matters that it deems necessary and appropriate to evaluate the Property and that the Recipient will rely only on its own investigation, and not First Commercial Real Estate, the Owner or this Memorandum, in determining whether to purchase the Property. The Recipient's use of this Memorandum, in determining whether to purchase the Property. The Recipient's use of this Memorandum and the material in it is strictly governed by the terms and conditions of the Registration and Confidentiality Agreement that the Recipient previously executed and delivered to First Commercial Real Estate.

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This Memorandum includes statements and estimates provided by or to First Commercial Real Estate and/or the Owner regarding the Property. Those statements and estimates may or may not be accurate, correct or complete. Nothing contained in this Memorandum should be construed as a representation or warranty about the accuracy, correctness or completeness of such statements and estimates. Further, nothing contained in this Memorandum should be construed as a representation or warranty about the accuracy, correctness or completeness of such statements and estimates. Further, nothing in this Memorandum should be construed as representation or warranty about any aspect of the Property, including, without limitation, the Property's (1) past, current or future performance, income, uses or

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This Memorandum may include statements regarding, references to, or summaries of, the nature, scope or content of contracts and/or other documents relating to the Property. Those statements, references or summaries may or may not be accurate, correct or complete. Additionally, First Commercial Real Estate may not have referenced or included summaries of each and every contract and/or other document that the Recipient might determine is relevant to its evaluation of the Property. Nothing contained in this Memorandum should be construed as a representation or warranty about the accuracy, correctness or completeness of such statements, representations or summaries. On request and as available, and subject to the Owner's consent, First Commercial Real Estate will provide the Recipient with copies of all referenced contracts and other documents. NAI Benchmark assumes no obligation to supplement or modify the information contained in this Memorandum to reflect events or conditions occurring on or after the date of its preparation of this Memorandum.

This Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, an interest in the Property. Nothing contained in this Memorandum may be construed to constitute legal or tax advice to a Recipient concerning the Property.

More detailed information regarding the anticipated terms, conditions and timing of any offering by the Owner relating to the Property will be provided in due course by separate communication. First Commercial Real Estate and/or the Owner reserve the right to engage at any time in discussions or negotiations with one or more recipients of this Memorandum and/or other prospective purchasers of the Property without notice or other obligation to the Recipient.

The Owner reserves the right to change the terms of any offering relating to the Property or to terminate without notice that offering. The Owner also reserves the right to operate the Property in its sole and absolute discretion prior to the completion of any sale of the Property. First Commercial Real Estate reserves the right to return of this Memorandum and the material in it and any other material provided by First Commercial Real Estate to the Recipient at any time. Acceptance of this Memorandum by the Recipient constitutes acceptance of the terms and conditions outlined above.

A photograph of a single-story house with a light-colored exterior and dark window frames. A large, mature tree with a thick trunk is in the foreground on the left. The lawn is green and well-maintained, with a concrete sidewalk leading to the front door. A wooden fence is visible in the background.

PROPERTY SUMMARY

MONTEREY APARTMENTS

420 N MAPLE AVENUE MANTECA, CA

17 UNITS

FINANCIAL SUMMARY

TOTAL ASKING PRICE	\$2,250,000
SQUARE FOOTAGE	10,239
TOTAL UNITS	17
PRICE PER UNIT	\$132,352
CURRENT CAP RATE	5.49%
MARKET CAP RATE	8.76%
CURRENT GRM	12.27
MARKET GRM	8.51
PRICE PER SF	\$219.75

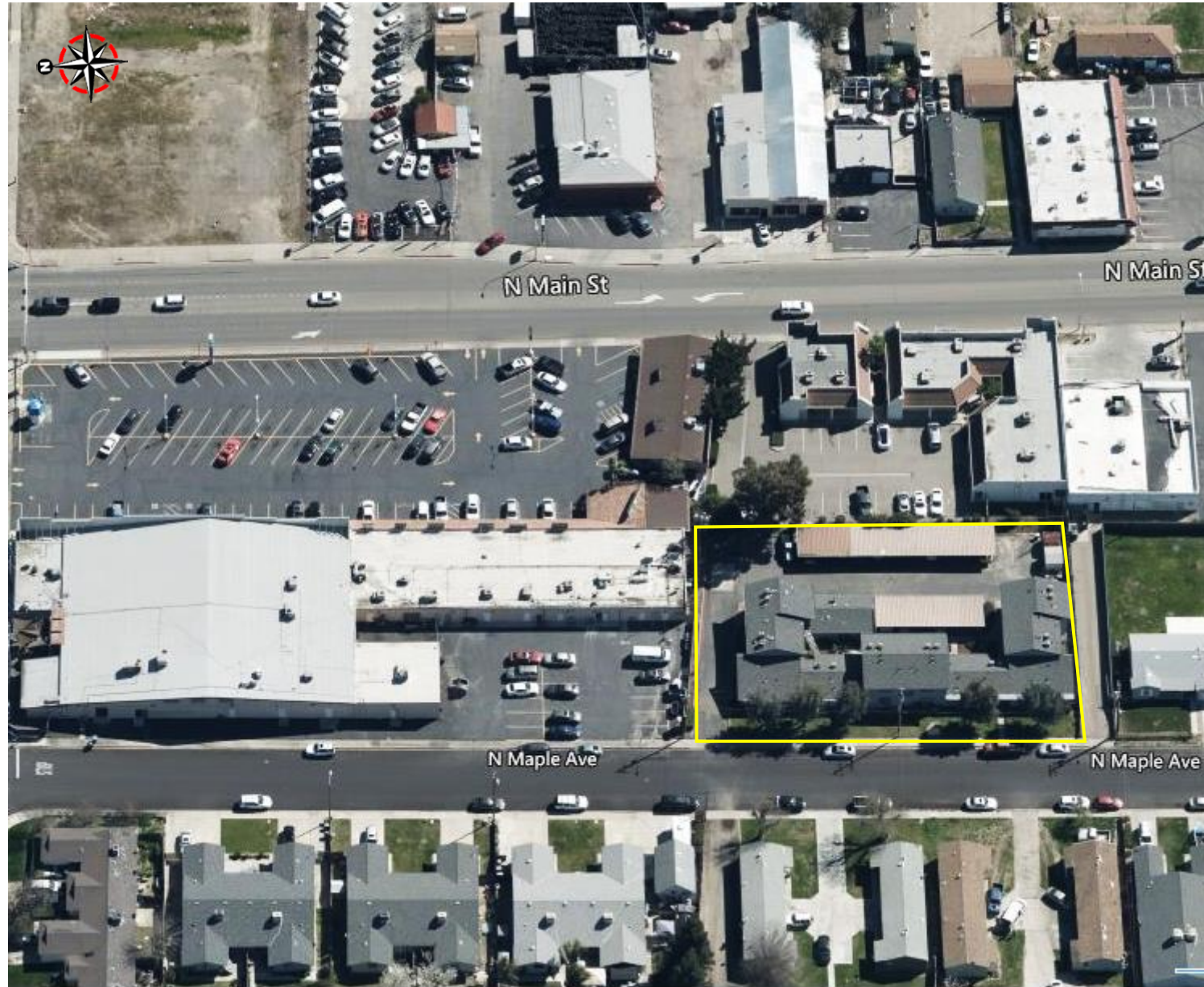
Please do not visit property without an appointment.

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MONTEREY APARTMENTS

First Commercial Real Estate is pleased to present Monterey Apartments located in Manteca, CA. Monterey Apartments is a 17-unit complex, built in 1979. This 17-unit apartment community is comprised of one two-story building with efficient one-bedroom/one-bathroom floorplans at approximately ± 600 sq. ft. each. The property is situated on a 0.56 acre parcel, and features amenities such as central heat and air, assigned covered parking, and laundry room. The property has undergone extensive updates and presents tremendous value-add potential through increasing rents by over 30% to achieve rents closer to market.

INVESTMENT HIGHLIGHTS

- All units are one-bedroom/one-bathroom featuring efficient layouts and walk-in closets
- 1979 construction with recent exterior updates including re-stucco, paint, parking overlay, and fresh landscaping
- Each unit has undergone extensive remodel including new flooring, cabinets, granite counters, and walk-in shower enclosures
- Significant Loss-to-lease upside and RUBS income in place, effective December 2019
- Proforma CAP- Year One: 6.10% / Year Two: 6.75% / Year Three: 7.45% / Year Four: 8.21% / Year Five: 9.03%

MONTEREY APARTMENTS

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PROPERTY SUMMARY

ADDRESS	420 N Maple Avenue Manteca, CA
COUNTY	San Joaquin
APN #	217-250-480
YEAR BUILT	1979
RENTABLE SF	10,239
LAND AREA (ACRES)	0.56
LAND AREA (SF)	24,829
TOTAL UNITS	17
STORIES	2
BUILDINGS	1
CONSTRUCTION TYPE	WoodFrame
SIDING MATERIAL	Stucco
FOUNDATION	Cement Slab
ROOF TYPE	Composition
HVAC	Central
LAUNDRY	Facility on Site





FINANCIAL SUMMARY

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RENT COMPARABLES

Kendall Square – 207 S. Union Road Manteca, CA



Price	\$1340
Sq. Ft.	600
Unit Type	1 / 1

Comments: Covered Parking, Laundry Facility.

Westwood Village – 1212 W. Center Street Manteca, CA



Price	\$1305
Sq. Ft.	660
Unit Type	1 / 1

Comments: Covered Parking, Pool, Laundry.

Fairway Estates – 1155 W Center Street Manteca, CA



Price	\$1300
Sq. Ft.	636
Unit Type	1 / 1

Comments: Covered Parking, Laundry

Sycamore Village – 400 W Central Avenue Tracy, CA



Price	\$1600
Sq. Ft.	691
Unit Type	1 / 1

Comments: Covered Parking, Patio, Laundry Facility

Driftwood Apartments – 950 W Grant Line Road Tracy, CA



Price	\$1425
Sq. Ft.	627
Unit Type	1 / 1

Comments: Covered Parking, Dishwasher

Monterey Apartments – 420 N Maple Ave Manteca, CA



Price	\$850
Sq. Ft.	600
Unit Type	1 / 1

Comments: Subject Property Covered Parking, Laundry Facility

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The results of the rent study show that the property has significant loss-to-lease and presents an upside of at least 30% by increasing rents to market levels.

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INCOME / OPERATING EXPENSES

INCOME	CURRENT	YEAR 1 PROFORMA	% OF SGR	PER UNIT	PER MONTH
Scheduled Gross Rent	\$183,000	\$197,640		\$11,625	\$16,470
RUBS (Water, Sewer, Garbage)	\$10,200	\$10,200		\$600	\$850
Less: Vacancy Factor: 3.0%	\$5,490	\$5,929		\$348	\$494
Effective Gross Rent	\$187,710	\$201,910		\$11,877	\$16,825
Laundry Income	\$5,100	\$5,100		\$300	\$425
Total Operating Income	\$192,810	\$207,010		\$12,177	\$17,250

ESTIMATED ANNUAL EXPENSES

New Property Taxes (est. 1.1039%)	\$24,837	\$24,837	12%	\$1,461	\$2,069
Direct Assessment	\$158	\$158	0%	\$9.30	\$13.17
Insurance	\$5,500	\$5,500	3%	\$323	\$458
PG&E Common Area	\$3,550	\$3,550	2%	\$208	\$295
Pest Control	\$1,200	\$1,200	1%	\$70	\$100
Water/Garbage/Sewer*	\$12,000	\$12,000	6%	\$705	\$1000
Landscaping	\$2,400	\$2,400	1%	\$141	\$200
Repairs & Maintenance	\$3,600	\$3,600	2%	\$211	\$300
On-Site Management	\$4,800	\$4,800	2%	\$282	\$400
Off-Site Management	\$7,712	\$8,280	4%	\$487	\$690
Reserves	\$3,500	\$3,500	2%	\$205	\$291

Total Operating Expenses	\$69,258	\$69,637	34%	\$4,107	\$5,818
Net Operating Income	\$123,551	\$137,184		\$8,069	\$11,432

ACTUAL RENT ROLL / YEAR 1 PRO FORMA

UNITS	UNIT TYPE	SQ. FT.	CURRENT	YEAR 1 PRO FORMA
13	1 / 1	±600	\$850	\$918
1	1 / 1	±600	\$825	\$891
1	1 / 1	±600	\$875	\$945
2	1 / 1	±600	\$1,250	\$1350
17			\$15,250	\$16,470

*Water, Sewer, Garbage and Common Utilities

*RUBS effective December 1, 2019- 85% of average total cost for water, sewer and garbage

*Pro Forma Year 1-5 represents 8% annual increases and does not account for move outs which can be rented at market rate.

PROPOSED FINANCING

Price	\$2,250,000
Down Payment	30% / \$675,000
Loan Amount	\$1,575,000
Loan Type	Proposed New
Interest Rate / Amort.	4.25% / 30 years

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ALTOMA
REAL ESTATE ADVISORS

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	ACTUAL RENTS	PRO FORMA YEAR 1	PRO FORMA YEAR 2	PRO FORMA YEAR 3	PRO FORMA YEAR 4	PRO FORMA YEAR 5
Net Operating Income	\$123,551	\$137,184	\$151,834	\$167,657	\$184,798	\$203,247
Price	\$2,250,000					
Cap Rate	5.49%	6.10%	6.75%	7.45%	8.21%	9.03%
Price Per Unit	\$132,352					
Price Per SF	\$219					
GRM	11.99	11.14	10.36	9.63	8.95	8.31

LOCATION SUMMARY



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CITY OF MANTECA

The city of Manteca is situated in San Joaquin County, located 15 miles south of Stockton and 17 miles north of Modesto. Manteca remains a popular option for Bay Area residents as the cost of housing in the Bay continues to rise. With the Altamont Corridor Express (ACE) train at the Lathrop/Manteca station, it allows commuters to commute by train to the Bay.

Housing prices continue to climb in the Bay Area, forcing residents to live further from their jobs and to endure longer commutes. Several California metropolitan areas, in particular the smaller cities that lie on the outskirts of the Bay Area, have some of the nations highest share of super commuters. Central valley communities are leading the way with many residents traveling three or more hours to work and back home each day. The rapid influx of residents seeking affordability has driven vacancies down to record numbers and continually puts upward pressure on rents. This trend is poised to continue as the existing supply of work force housing remains limited with little to no market-rate housing projects on the horizon.



COUNTY OF SAN JOAQUIN

San Joaquin County's local economy is setting another all-time record, leading all of California with a projected [3.9 percent employment growth rate for 2016](#). Good news for San Joaquin County doesn't stop there, her housing market currently is recognized as the 5th hottest market in the country, enjoying a rise in home ownership. The county's population is also growing; with 720,000 residents it is one of the fastest growing in California. These are positive indicators translating into a glowing long-term employment and economic outlook for San Joaquin County.

To be fair, much of the growth in San Joaquin County has been led by [logistics and warehousing](#). Driven by Amazon's expansion which doubled warehousing jobs in the county all by itself, the trend is expected to continue. Amazon recently announced an additional one million square foot expansion in the town of Tracy. Arguably, warehousing does account for a great deal of the reported job growth; the wage growth is a direct result of increases of employment in higher paying sectors including government and construction.

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WHATS HAPPENING IN THE AREA

Even though Manteca is not technically considered part of the Bay Area, many of its residents commute to the Bay Area for jobs and therefore is directly influenced by the Bay Area's economic health.

The San Francisco Bay Area, commonly known as the Bay Area, is a metropolitan region that encompasses metropolitan areas such as San Francisco-Oakland (12th largest in the country), San Jose (31st largest in the country), and smaller urban and rural areas. The United States Census Bureau defines the Bay Area as a Combined Statistical Area (CSA) with approximately 7.4 million people, including the nine counties bordering San Francisco Bay (Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma) as well as Santa Cruz and San Benito Counties, making it the fifth largest CSA in the United States. The combined urban area of San Jose and San Francisco is the 43rd largest urban area in the world.

The Bay Area is anchored by three major cities. San Francisco is the cultural and financial center of the metropolitan area and Northern California in general. It is the second-most densely populated major city (population greater than 200,000) in the United States. The largest city in the Bay Area in terms of both land and population is San Jose, which is located in the South Bay and is part of the world-renowned technology hub known as Silicon Valley. Oakland, the third most populous city, is a central hub for the East Bay, is a major industrial center, and contains the Port of Oakland, the fifth busiest container port in the United States. The region's northern counties encompass California's famous Wine Country, home to hundreds of vineyards and wineries while the region's Pacific Ocean coastline hosts numerous beaches.

The San Francisco Bay Area has the 2nd most Fortune 500 Companies in the United States, and is known for its natural beauty, liberal politics, entrepreneurship, and diversity. With excellent colleges in proximity, the area ranks second in highest density of college graduates and performs above the state median household income in the 2010 census. Based on a 2013 population report from the California Department of Finance, the Bay Area is the only region in California where the rate of people migrating in from other areas in the United States is greater than the rate of those leaving the region. Additionally, in 2011, the San Francisco Bay Area had a GDP of \$535 billion, which would rank 19th among countries.

REGIONAL MAP

