

Turnkey Creative Office/Industrial Property in NoHo

5430-5434 VINELAND BLVD | NORTH HOLLYWOOD, CA 91601

OFFERING MEMORANDUM

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5430-5434 Vineland Avenue
North Hollywood, CA 91601
Approx. 15,543 sf Lot

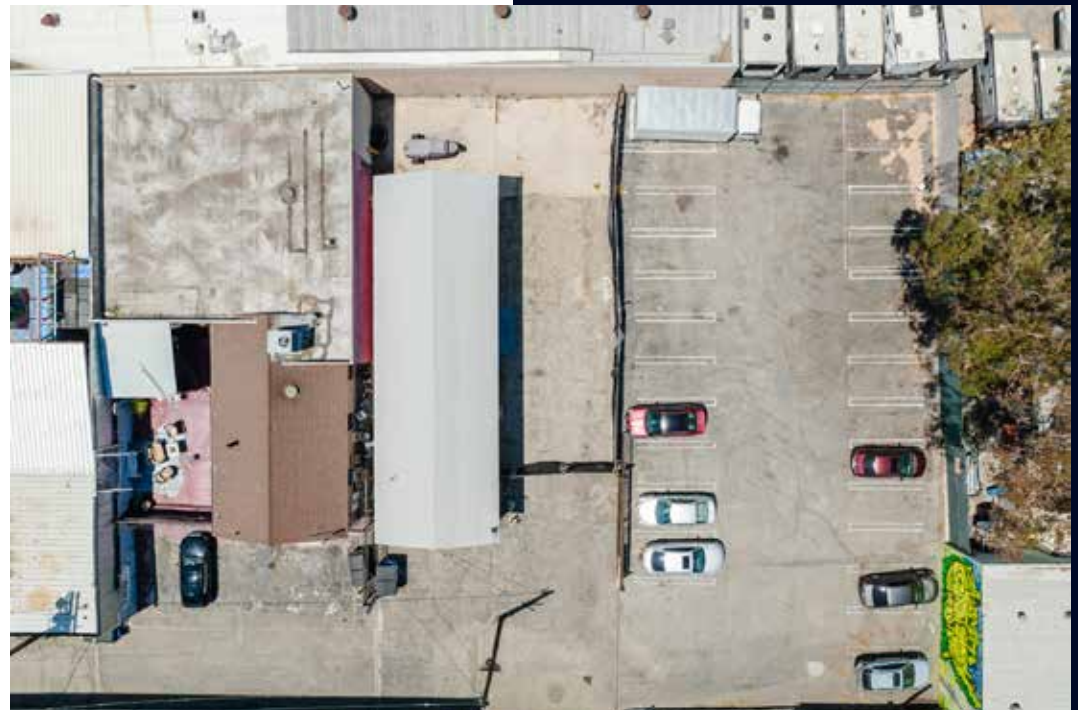
Douglas Elliman Commercial is pleased to present the exclusive listing of 5430-5434 Vineland Avenue, a unique creative office/industrial property located adjacent to the North Hollywood Arts District.

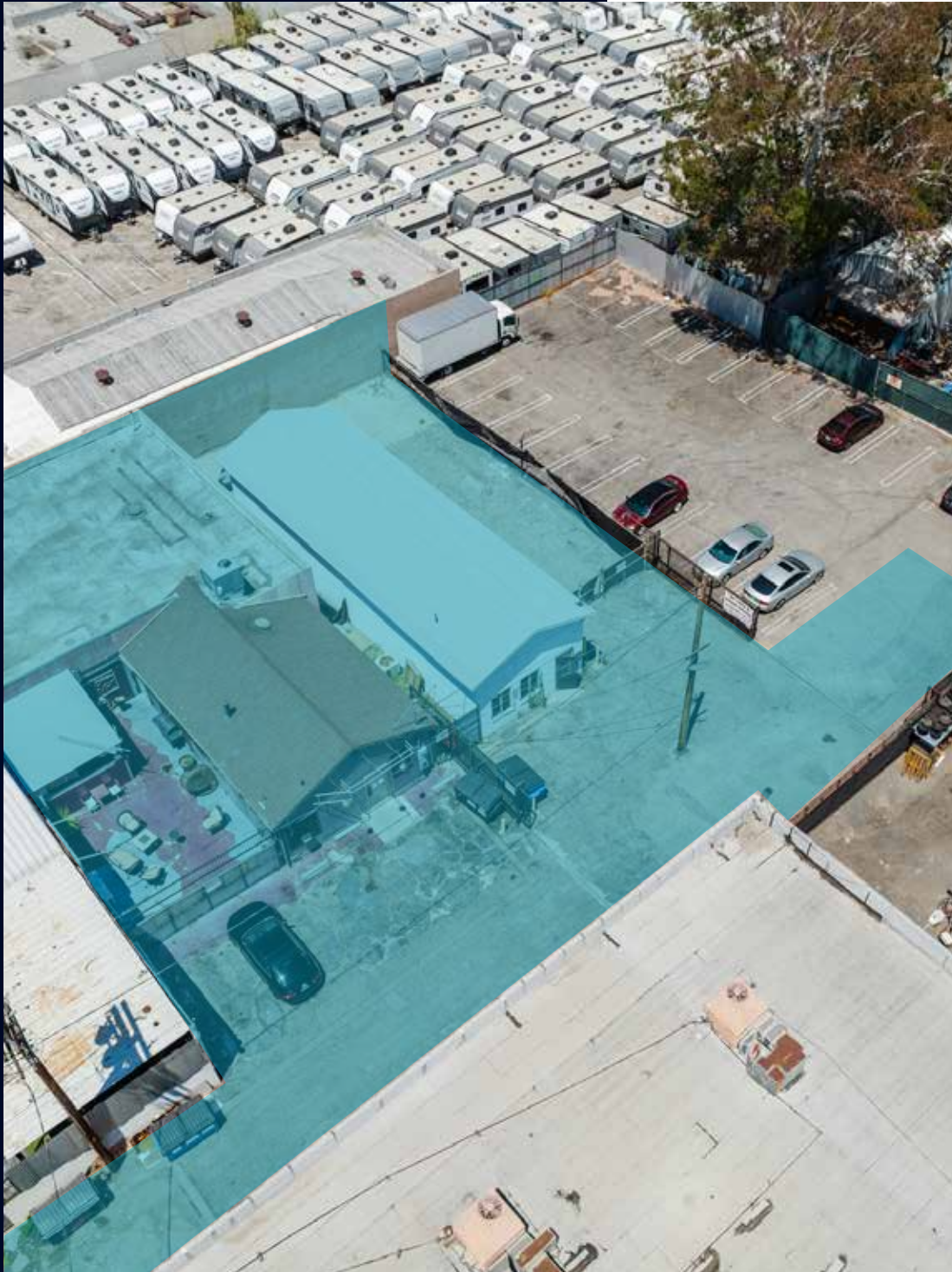
The Offering is 100% fee simple interest and is comprised of a multi-tenant creative office building (Approx. 3,200sf) and an adjacent industrial warehouse (Approx. 1,300sf). There are 4 parcels of land totaling approx. 15,543sf and are zoned MR2.

The Subject Property is currently operating as a cash flow investment with 100% occupancy. The current annual gross rent is \$215,100 and in-place recording studio rents are floating around \$4.25 per foot. Almost all tenants are leasing on a month-to-month basis, making this an excellent opportunity for owner users seeking to acquire their own private location for all their recording production operations. User buyers may also take advantage of the SBA financing available and qualify for up to 90% financing on the asset.

Extensive high-end improvements have been made in order to offer an appealing and dynamic setting for musical artists to produce their work. Recent renovations include a new roof, HVAC, new plumbing and septic system, extensive redesign of the interior of each recording studio (soundproof built), and an additional bathroom.

Please reach out to the listing agents for any additional information about this opportunity.





Investment Highlights

- Multi-tenant creative office property in North Hollywood
- 4 parcels of land totaling approx. 15,543sf with MR2-1VL zoning
- High demand product with extremely limited supply of rental space
- 100% occupied property with nearly all leases signed on a month-to-month basis
- Excellent opportunity for creative owner-users and investors
- North Hollywood arts district adjacent
- Recent property conversion and extensive renovations completed
- Easy access to the 101, 170, and 134 freeways

Property Overview

5430-5434 Vineland Ave
North Hollywood, CA 91601

Submarket

North Hollywood

Property Type

Industrial/Creative Office

Year Built

1946/1947

Gross Building Area

Approx. 4,600sf

Creative Office Space

Approx. 3,300sf (71.7%)

Warehouse Area

Approx. 1,300sf (28.3%)

Lot Size

Approx. 15,543sf
Approx. 0.36 Acres

Zoning Code

MR2-1VL

Parcel Number

2416-002-010
2416-002-011
2416-002-012
2416-002-029

Occupancy

100%

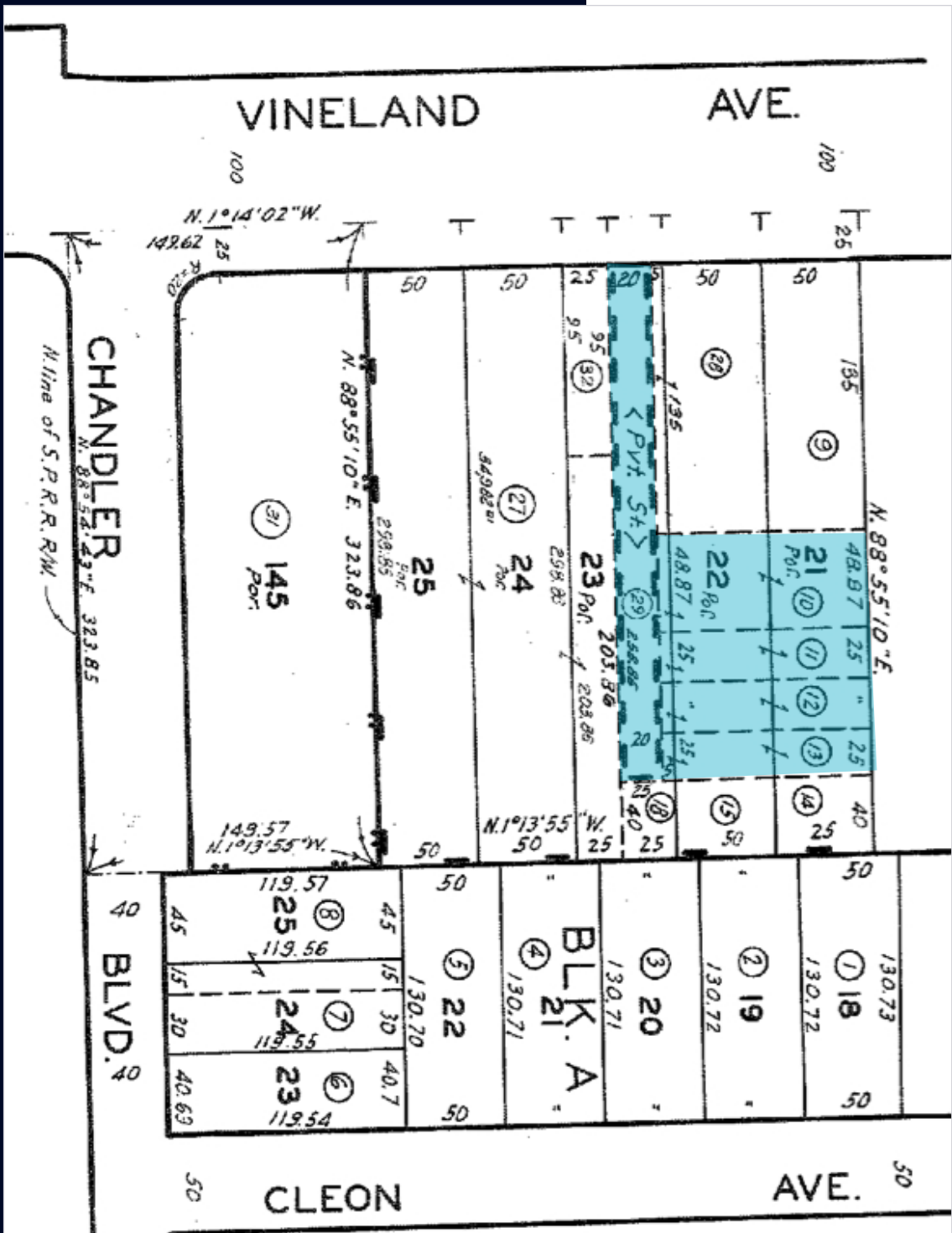


Property Portfolio Summary

Address	Year Built	Approx. Building Size (Assessor's)	Approx. Lot Size (Assessor's)	APN
5430 Vineland Ave	1946	3,189sf	5,131sf	2416-002-010
5434 Vineland Ave	1947	1,300sf	2,625sf	2416-002-011
Rear Parking Lot	N/A	-	2,625sf	2416-002-012
Driveway Lot	1960*	5,600sf*	5,162sf	2116-002-029

*On the APN #2116-002-029, Assessor Records show a 5,600 SF building. Currently, there is no existing structure on this parcel and the lot serves as the driveway to access the Subject Property.





Pricing Details

Offering Price	\$4,500,000
Current Cap Rate	3.30%
Pro Forma Cap Rate	4.25%
Gross Building Area	Approx. 4,600sf
Price/SF (Building)	\$978.26
Lot Size	Approx. 15,543sf
Price/SF (Land)	\$289.52

Rent Roll

Tenant Details					Current			Pro Forma			Lease Details	
Building Address	Unit	Tenant	Approx. SF	Building Share %	Base Rent	Rent/SF	Lease Type	Base Rent	Rent/SF	Lease Type	Start	End
5434	5434 Vineland Ave	Event Related Activities	1,300	28.3%	\$5,500.00	\$4.23	IG	\$5,665.00	\$4.36	IG	8/1/22	7/31/23
5430	Studio #1	Music Studio	366	8.0%	\$1,450.00	\$3.96	Gross	\$1,770.00	\$4.84	Gross	1/20/23	MTM
5430	Studio #2	Music Studio	366	8.0%	\$1,600.00	\$4.37	Gross	\$1,770.00	\$4.84	Gross	6/20/20	MTM
5430	Studio #3	Music Studio	367	8.0%	\$1,525.00	\$4.16	Gross	\$1,770.00	\$4.82	Gross	-	MTM
5430	Studio #4	Music Studio	366	8.0%	\$1,650.00	\$4.51	Gross	\$1,770.00	\$4.84	Gross	12/1/23	MTM
5430	Studio #5	Music Studio	367	8.0%	\$1,600.00	\$4.36	Gross	\$1,770.00	\$4.82	Gross	9/1/22	MTM
5430	Studio #6	Music Studio	367	8.0%	\$1,600.00	\$4.36	Gross	\$1,770.00	\$4.82	Gross	9/1/22	MTM
5430	Studio #7	Music Studio	367	8.0%	\$1,700.00	\$4.63	Gross	\$1,770.00	\$4.82	Gross	3/31/19	MTM
5430	Studio #8	Music Studio	367	8.0%	\$700.00	\$1.91	Gross	\$1,770.00	\$4.82	Gross	-	MTM
5430	Studio #9	Music Studio	367	8.0%	\$600.00	\$1.63	Gross	\$1,770.00	\$4.82	Gross	8/1/20	MTM
MONTHLY TOTAL			4,600		\$17,925.00	\$3.90 Avg.		\$21,595.00	\$4.69 Avg.			
ANNUAL TOTAL					\$215,100.00	\$46.76 Avg.		\$259,140.00	\$56.33 Avg.			

Notes

*5434 Vineland Ave tenant's lease is IG (industrial gross). The tenant pays all operating expenses except for Property Taxes and Insurance.

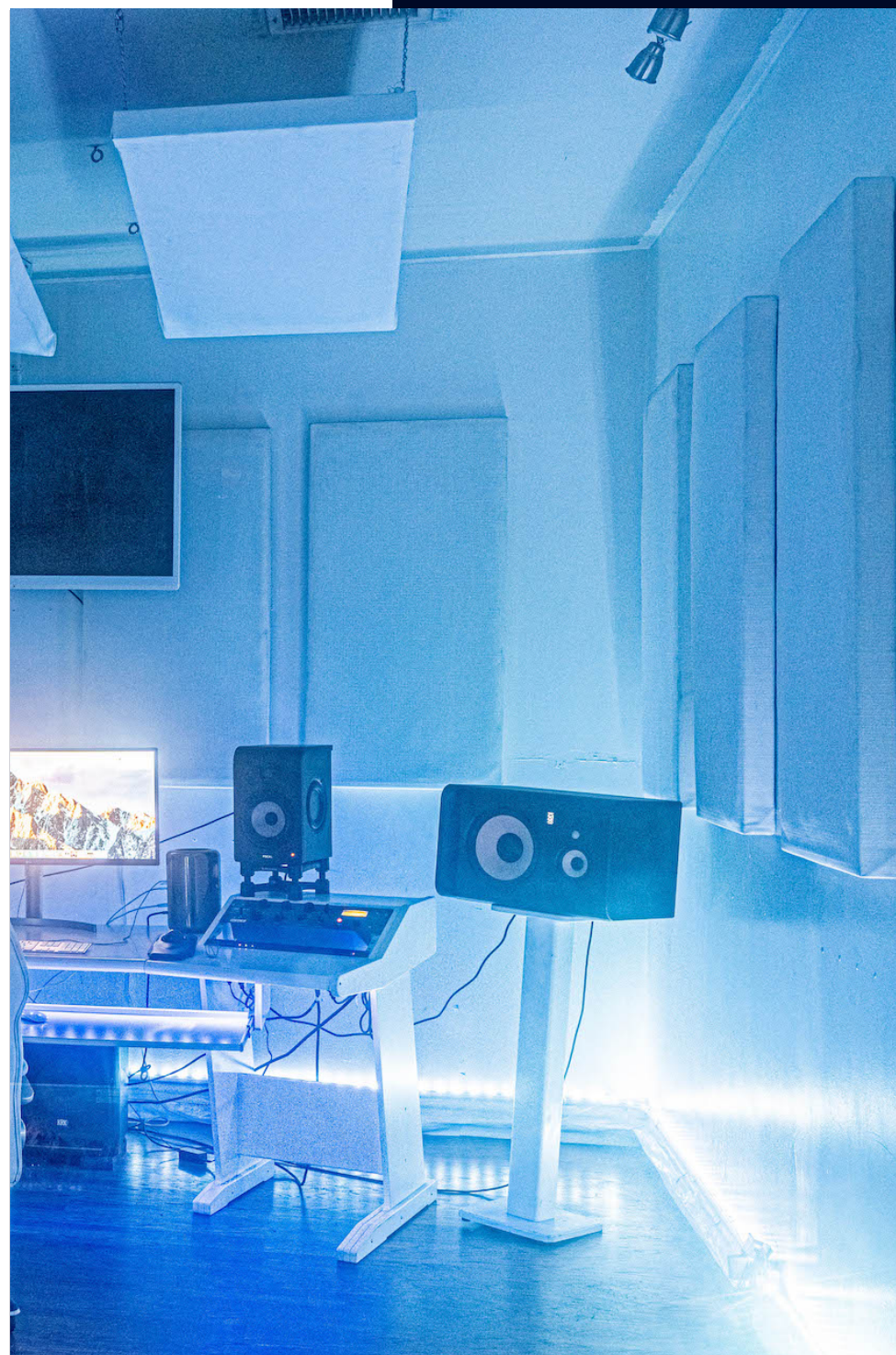
*5430 Vineland Ave is rented out on a membership fee, not leases. Membership agreements can be easily terminated for an owner-user to occupy space.

Annualized Operating Data

	Current	Pro Forma
Potential Base Rent	\$215,100	\$259,140
<i>CAM Recoveries (IG)</i>	\$4,834	\$5,332
Effective Gross Income	\$219,934	\$264,472
Total Operating Expenses	(\$71,622)	(\$73,384)
<i>% Expenses to EGI</i>	32.6%	27.7%
Net Operating Income	\$148,311	\$191,088

Projected Operating Expenses

	Current		Pro Forma	
	Expense	PSF	Expense	PSF
Real Estate Taxes (1.16552%)	\$52,448	\$11.40	\$52,448	\$11.40
Insurance	\$2,070	\$0.45	\$2,070	\$0.45
Utilities	\$4,800	\$1.04	\$4,800	\$1.04
Trash Removal	\$1,500	\$0.33	\$1,500	\$0.33
Grounds Maintenance	\$1,200	\$0.26	\$1,200	\$0.26
Management Fee (4%)	\$8,604	\$1.87	\$10,366	\$2.25
Capital Reserves	\$1,000	\$0.22	\$1,000	\$0.22
Total Operating Expenses	\$71,622	\$15.57	\$73,384	\$15.95



Lease vs. Own Analysis

Lease Scenario

Floor Area		
Comparable Lease Floor Area	2,765 SF	
	per SF	Amount
Lease Structure		
Lease Length 3-5 Years		
Annual Base Rent	\$48.00	\$132,720
Monthly Base Rent	\$4.00	\$11,060
CAM Reimbursement (Triple Net)	\$1.30	\$3,588
Start-up Costs		
Prepaid Rent & Security Deposit (2 Months)	\$8.00	\$22,120
Tenant Improvements (Out-of-Pocket)	\$0.00	\$0
Total Startup Costs	\$8.00	\$22,120
Gross Cash Costs		
Monthly Base Rent	\$4.00	\$11,060
Operating Expenses (CAM Reimbursement)	\$1.30	\$3,588
Lease-Out Income (Net of Taxes)	\$0.00	\$0
Total Gross Cash Costs	\$5.30	\$14,648
Lease Benefits (per month)		
Depreciation Tax Benefit	\$0.00	\$0
Average Principal Paydown/Equity Build	\$0.00	\$0
Rent Deduction Tax Benefit	\$0.88	\$5,325
Operating Expenses Tax Benefit	\$0.05	\$311
Interest on Start-Up Cost Difference	\$0.00	\$0
Total Lease Benefits	\$1.85	\$5,127
NET COST OF LEASE	\$3.44	\$9,521

Own Scenario

Floor Area		
Gross Building Area	4,600 SF	100.0%
Owner-Occupy Floor Area	2,765 SF	60.1%
Lease-Out Floor Area	1,835 SF	39.9%
	per SF	Amount
Investment Structure		
Acquisition Price	\$978.26	\$4,500,000
Tenant Improvements (Owner-Occupy Space)	\$0.00	\$0
Tenant Improvements (Lease-Out Space)	\$0.00	\$0
Total Capital Investment	\$978.26	\$4,500,000
Start-up Costs		
Down Payment (25%)	\$244.57	\$1,125,000
Tenant Improvements	\$0.00	\$0
Loan Origination Fees (1%)	\$7.34	\$33,750
Due Dilligence & Closing Costs	\$3.84	\$17,675
Total Startup Costs	\$255.74	\$1,176,425
Gross Cash Costs		
Debt Service	\$4.95	\$22,788
Operating Expenses	\$1.14	\$5,252
Lease-Out Income (Net of Taxes)	(\$0.79)	(\$3,640)
CAM Reimbursement (Lease-Out Space)	\$0.00	\$0
Total Gross Cash Costs	\$5.30	\$24,400
Ownership Benefits		
Depreciation Tax Benefit	\$1.78	\$8,173
Average Principal Paydown/Equity Build	\$1.04	\$4,783
Interest Deduction Tax Benefit	\$1.39	\$6,398
Operating Expenses Tax Benefit	\$0.24	\$1,105
Interest on Start-Up Cost Difference	(\$0.88)	(\$4,064)
Total Ownership Benefits	\$3.56	\$16,395
NET COST OF OWNERSHIP	\$1.74	\$8,005

Lease vs. Own Analysis

Analysis Assumptions

- Asset Appreciation is not calculated into the Analysis, but should be considered as an Additional Ownership Benefit
- Tax Benefits are estimated at 35% for Depreciation, Rent Deduction, Interest Deduction, and Operating Costs
- Depreciable Life of the Asset is assumed at 39 years
- Due Dilligence includes Appraisal Reports, Environmental Reports, etc.
- Financing is estimated with 6.50% Interest Rates and 25-Year Amortization



Comparable Properties

Sales Comparables

Address	Sale Price	Year Built	Approx. Building SF	Building \$ / SF	Approx. Lot SF	Lot \$ / SF	Sale Date
1. 5066 Lankershim Boulevard, North Hollywood, CA 91601	\$3,500,000	1947	4,996 SF	\$700.56	6,011 SF	\$582.27	12/23/22
2. 10713 Burbank Boulevard, North Hollywood, CA 91601	\$2,930,000	1982	5,200 SF	\$563.46	5,227 SF	\$560.55	6/30/22
3. 10649-10651 Burbank Boulevard, North Hollywood, CA 91601	\$1,750,000	1948	3,313 SF	\$528.22	5,249 SF	\$333.40	6/9/22
4. 11337 Burbank Boulevard, North Hollywood, CA 91601	\$3,200,000	1981	5,200 SF	\$615.38	6,534 SF	\$489.75	4/26/22
5. 5431-5435 Satsuma Avenue, North Hollywood, CA 91601	\$2,665,000	1965	5,000 SF	\$533.00	6,970 SF	\$382.35	3/28/22
6. 5437 Satsuma Avenue, North Hollywood, CA 91601	\$3,390,000	1964	5,000 SF	\$678.00	7,004 SF	\$484.01	3/22/22
7. 5537 Satsuma Avenue, North Hollywood, CA 91601	\$2,200,000	1964	5,000 SF	\$440.00	7,000 SF	\$314.29	12/16/21
8. 5721 Cahuenga Boulevard, North Hollywood, CA 91601	\$1,415,500	1968	3,970 SF	\$356.55	5,227 SF	\$270.81	11/16/21
9. 11328 Burbank Boulevard, North Hollywood, CA 91601	\$1,525,000	1981	3,892 SF	\$391.83	8,075 SF	\$188.85	10/19/21
10. 5338 Vineland Avenue, North Hollywood, CA 91601	\$1,925,000	1923	4,422 SF	\$435.32	7,405 SF	\$259.96	10/6/21
11. 5645-5651 Strohm Avenue, North Hollywood, CA 91601	\$2,375,000	1986	5,344 SF	\$444.42	10,037 SF	\$236.62	9/13/21
12. 10711 Chandler Boulevard, North Hollywood, CA 91601	\$2,235,000	1953	6,375 SF	\$350.59	6,970 SF	\$320.66	8/12/21
13. 5250 Vineland Avenue, North Hollywood, CA 91601	\$2,250,000	1948	5,340 SF	\$421.35	7,405 SF	\$303.85	5/10/21
14. 10623 Burbank Boulevard, North Hollywood, CA 91601	\$1,795,000	1960	4,991 SF	\$359.65	6,251 SF	\$287.15	4/26/21
15. 11130 Magnolia Boulevard, North Hollywood, CA 91601	\$2,650,000	1936	4,040 SF	\$655.94	6,098 SF	\$434.57	3/24/21
AVERAGE	-	-	-	\$498.29	-	\$363.27	-

Comparable **Properties**

Sales Comparables



1. 5066 Lankershim Boulevard



2. 10713 Burbank Boulevard



3. 10649-10651 Burbank Boulevard



4. 11337 Burbank Boulevard



5. 5431-5435 Satsuma Avenue,



6. 5437 Satsuma Avenue



7. 5537 Satsuma Avenue



8. 5721 Cahuenga Boulevard



9. 11328 Burbank Boulevard



10. 5338 Vineland Avenue



11. 5645-5651 Strohm Avenue



12. 10711 Chandler Boulevard



13. 5250 Vineland Avenue



14. 10623 Burbank Boulevard



15. 11130 Magnolia Boulevard

Additional Images



North Hollywood

Los Angeles

North Hollywood has experienced a dramatic transformation over the past decade with a steady migration of higher-income residents attracted to the area's urban amenities, improved schools, and convenient location near key employment and entertainment centers.

The NoHo Arts District is a community in North Hollywood, Los Angeles, California is home to contemporary theaters, art galleries, cafes, and shops. The community is generally bounded by Hatteras Street to the north, Cahuenga Blvd to the east, Tujunga Ave to the west, and Camarillo Street to the south. The area features over twenty professional theaters, producing new work and classics, diverse art galleries, public art, and professional dance studios. The district also features the largest concentration of music recording venues west of the Mississippi. A Metro Rail station is located here, the North Hollywood station of the Red Line, and serves as the terminus of the Metro Orange Line busway.

Today, The NoHo Arts District, in conjunction with greater North Hollywood, is being transformed into a regional center, in large part as a result of the construction of Metro Stations for the Red Line and the Orange Line, two lines that have made the neighborhood into a regional hub for the San Fernando Valley. Medium- and high-density developments are being built around the Metro Station, making the Arts District a center of citywide development, with the intent of creating a walkable urban village. North Hollywood's landscape (and the Art's District as a result) has been transformed in recent years, with condominium towers (including a fifteen-story building on Lankershim Boulevard being built in the midst of older one-story bungalows and small apartment complexes.

Demographics

Radius	1 Mile	3 Miles	5 Miles
Population	48,580	257,871	571,083
Households	20,582	103,366	222,528
Average Household Income	\$79,991	\$102,931	\$104,632
Median Household Income	\$59,752	\$74,729	\$74,036

Source: CoStar Group, Inc.





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