

Offers due
by 5 PM,
Wednesday,
7/15/2015

The Ivy Group proudly presents:
EXCLUSIVE 6-UNIT MULTIFAMILY OFFERING

\$1,230,000

2011 7th Ave, Oakland, CA 94606

Building Size: ± 6,870 sq ft

Lot Size: ± 5,829 sq ft

Year Built: 1960

APN #: 021-275-005

Unit Mix: 3-story, 6-units, 3 beds / 1 bath flats

Construction: Wood frame with flat roof (gravel composite)

Condition: Fair, in need of repairs to become habitable

Opportunity: Rehab project with huge upside potential

Please contact exclusive agents for additional information.
Property is boarded and vacant.

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 **THE IVY GROUP**
COMMERCIAL & INVESTMENT REAL ESTATE

Exclusive Multifamily Opportunity

6-Unit Apartment Offering Memorandum

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Confidentiality & Disclaimer

Legal documents and reports summarized in this Offering Memorandum are not intended to be comprehensive statements of the terms and contents of such documents and reports. Although the Seller and Exclusive Agent believe the information to be accurate, no guarantee, warranty or representation is made as to its accuracy or completeness. Interested parties should conduct independent investigations and reach conclusions without reliance on materials contained herein.

The Seller will consider only those proposals submitted directly to the prior invitation of the Seller or its Exclusive Agent. The Seller reserves the right to negotiate with any party on an exclusive basis at any time and also reserves the unrestricted right to reject any or all proposals, or to withdraw this offering at any time.



The material contained in this Offering Memorandum is confidential, furnished solely for the purpose of considering the purchase of the Property described herein and is not to be copied and/or used for any other purpose, or made available to any other person without the express written consent of Exclusive Agent. In accepting the memorandum, the recipient agrees to keep all material contained herein confidential and to return this memorandum promptly upon request to Exclusive Agent.

Proposals should be delivered to the office of the Exclusive Agent, attention Tim Vi Tran or Andrew Gi. To facilitate analysis of offers, you are encouraged to provide information relative to funding sources, experience in owning and operating similar properties, familiarity with the market and any other information which is likely to favorably reflect on your ability to close this proposed transaction in a timely manner.

Inquiries and offers are to be directed to the Exclusive Listing Agent at the address and phone numbers listed below. Tours of the Property should be

arranged through Tim Vi Tran at 408.799.5290, or Andrew Gi at 510.703.2928.

Under no circumstances are investors, brokers, or related parties permitted to tour the Property or any suites without the Seller's representative.

The Opportunity

The vacant 6-unit apartment represents an outstanding opportunity for investors to acquire a rehab property with enormous upside potential located in the Clinton neighborhood of Oakland, California. The complex is owned and maintained by the California Affordable Housing Initiatives, Inc.

Property Summary

Constructed in 1960, the property consists of a 3-story, 6-unit, Class C quality apartment building, with a gross building area of \pm 6,870 square feet. The site area is \pm 5,829 square feet. The apartment units are all 3 bedroom/1 bath flats, averaging approximately \pm 1,024 square feet each. There are 6 on-site open parking spaces (1 space/unit). The overall building structure is of average quality wood-frame construction, in fair condition and needs repairs to be habitable.

Location Characteristics

The property is located at the northeast corner of 7th Avenue and E. 20th Street in the city of Oakland. It is located in the Clinton neighborhood in the central-east portion of the city, which is a primarily residential neighborhood. The property is within walking distance of Lake Merritt (0.5 miles). Access to both I-580 and I-880 is less than one mile, while the Lake Merritt BART is one to the west. Retail amenities are mostly along Park Boulevard to the northwest and International Boulevard to the southwest, including a Lucky Supermarket less than 0.5 miles to the west. The property has a good residential location in Oakland.

General Market Conditions

The rental housing market in Oakland is currently very strong. Average rents have increased by roughly 10% per year over the past couple of years, while market vacancy is generally around 5% (based on 1Q/2015 stats by Marcus & Millichap). Rental demand will continue as renters are priced out of areas such as San Francisco and Silicon Valley and are seeking more affordable housing options, while still remain close to public transit and urban amenities. Similarly, investors who are seeking greater yield opportunities are looking to Oakland and other East Bay markets. Cap rates are reported to be in the low-5% range and may continue to decline.

Subject Marketability

There is very strong investor demand for multifamily properties in Oakland. In particular, the property would be attractive to value-add investors, but also to more experienced residential income investors who are willing to renovate the building. Overall, the property is considered to be highly marketable given its relatively desirable location and the current positive market conditions.

Additional investment highlights include:

- Rehab opportunity, priced below market value
- High demand rental market
- Premiere Bay Area location



Investors have the opportunity to enhance value by repairing the property and securing market-rate tenants. The property is well-positioned to benefit from the rising housing costs in the Oakland as well as the inability of many to own. Overall, the property represents a tremendous investment opportunity for both short- and long-term growth.

Investment Summary & Unit Mix

INVESTMENT SUMMARY (PROFORMA MARKET RENTS):

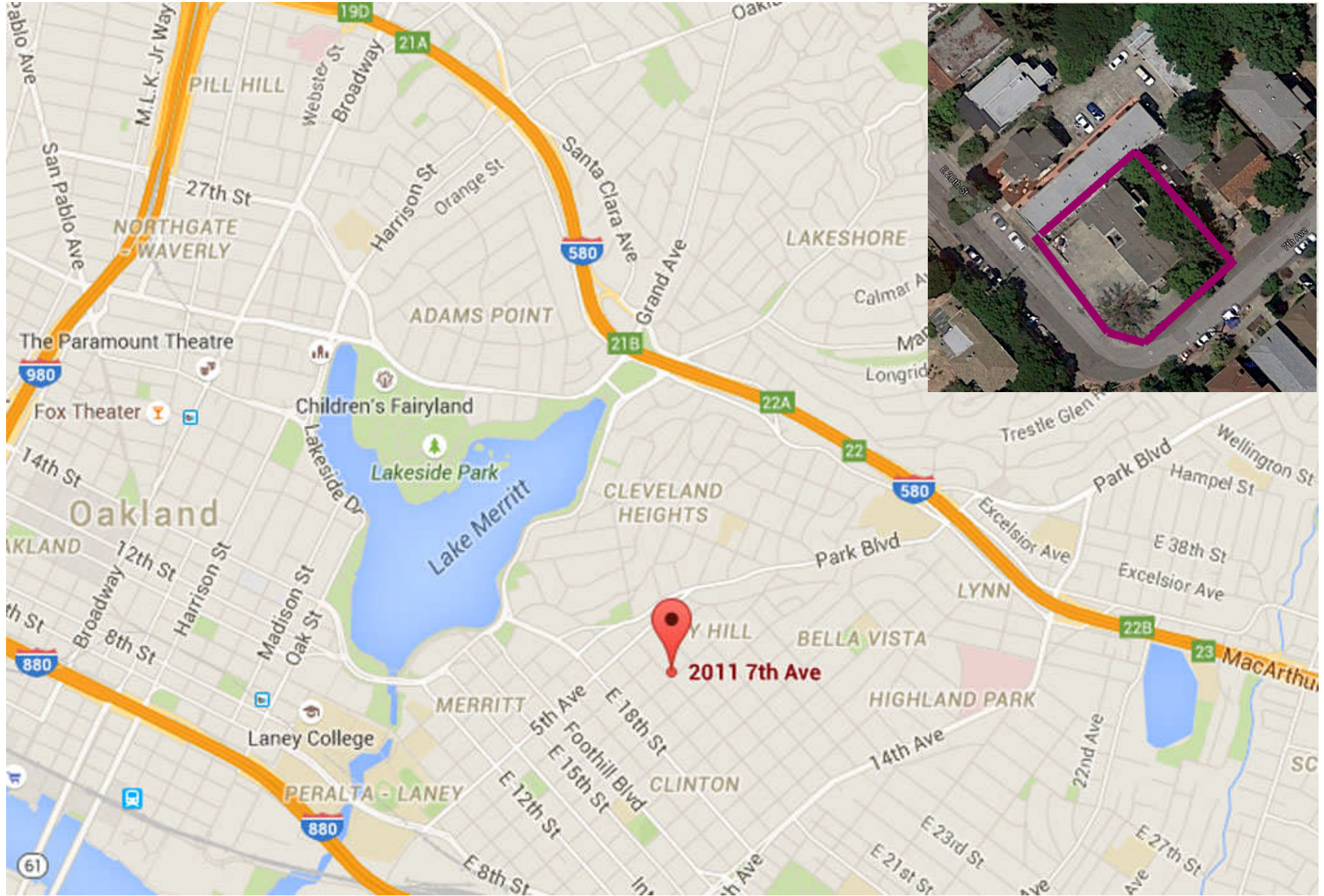
Valuation:	\$1,680,000	\$1,824,000	\$1,920,000
Monthly Unit Rental Income:	\$1,750	\$1,900	\$2,000
Potential Gross Income:	\$126,000	\$136,800	\$144,000
Operating Expenses:	\$50,400	\$54,720	\$57,600
Net Operating Income:	\$75,600	\$82,080	\$86,400
Estimated Improvements:	\$450,000	\$450,000	\$450,000
Rentable Sq Ft:	± 6,870	± 6,870	± 6,870
Price/Unit:	\$280,000	\$304,000	\$320,000
Price/Sq Ft:	\$245	\$266	\$279
Cap Rate:	4.5%	4.5%	4.5%
Gross Rent Multiplier:	13.33	13.33	13.33

UNIT MIX – 6 three-bedroom / one-bath flats

Floor	# Units
1 st	2
2 nd	2
3 rd	2
Total	6

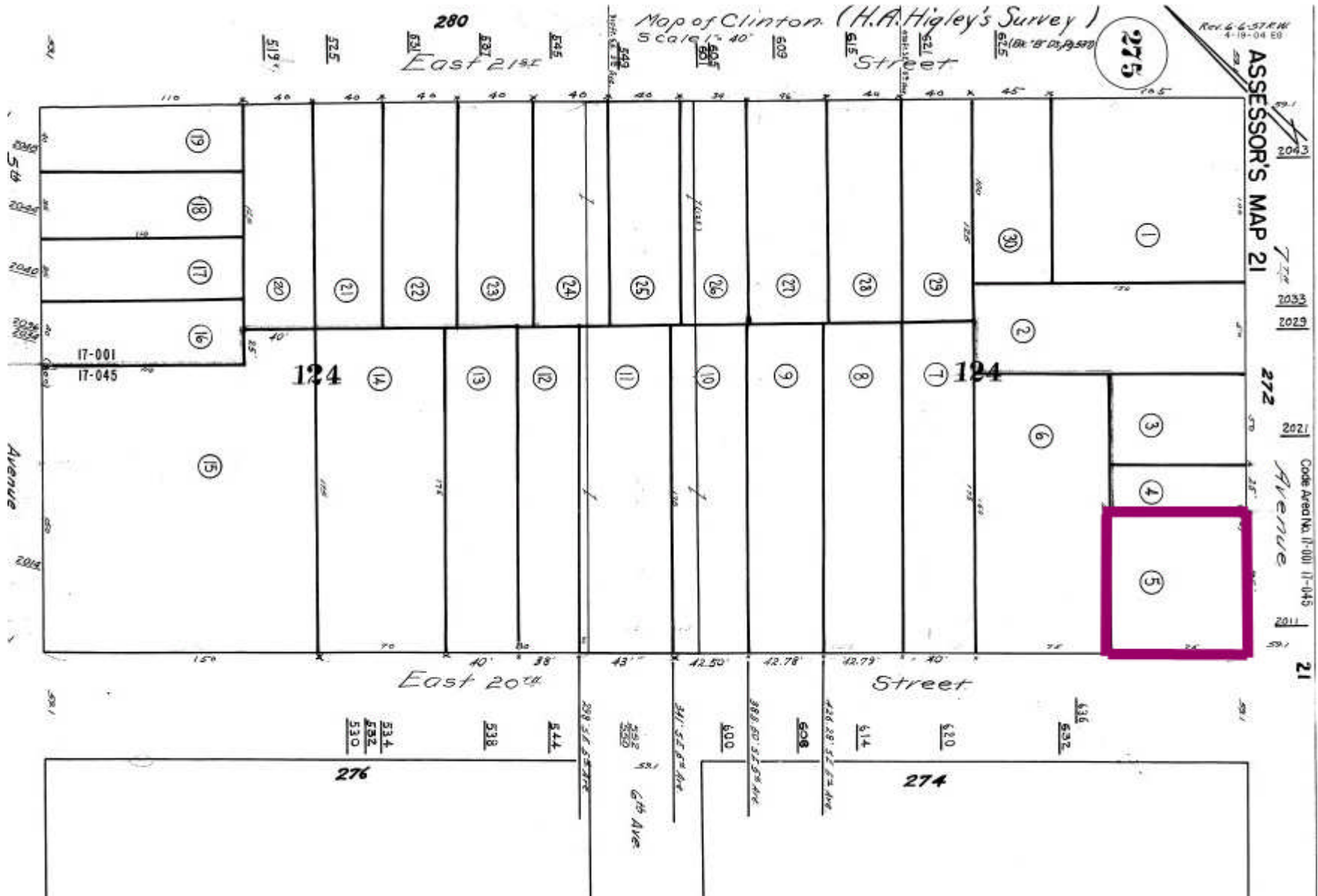
Unit Info: ± 1,024 sq ft, each unit has a living room kitchen with electric appliances, wall heating, dining area, patio (1st floor) or balcony (2nd and 3rd floors).

Location Map

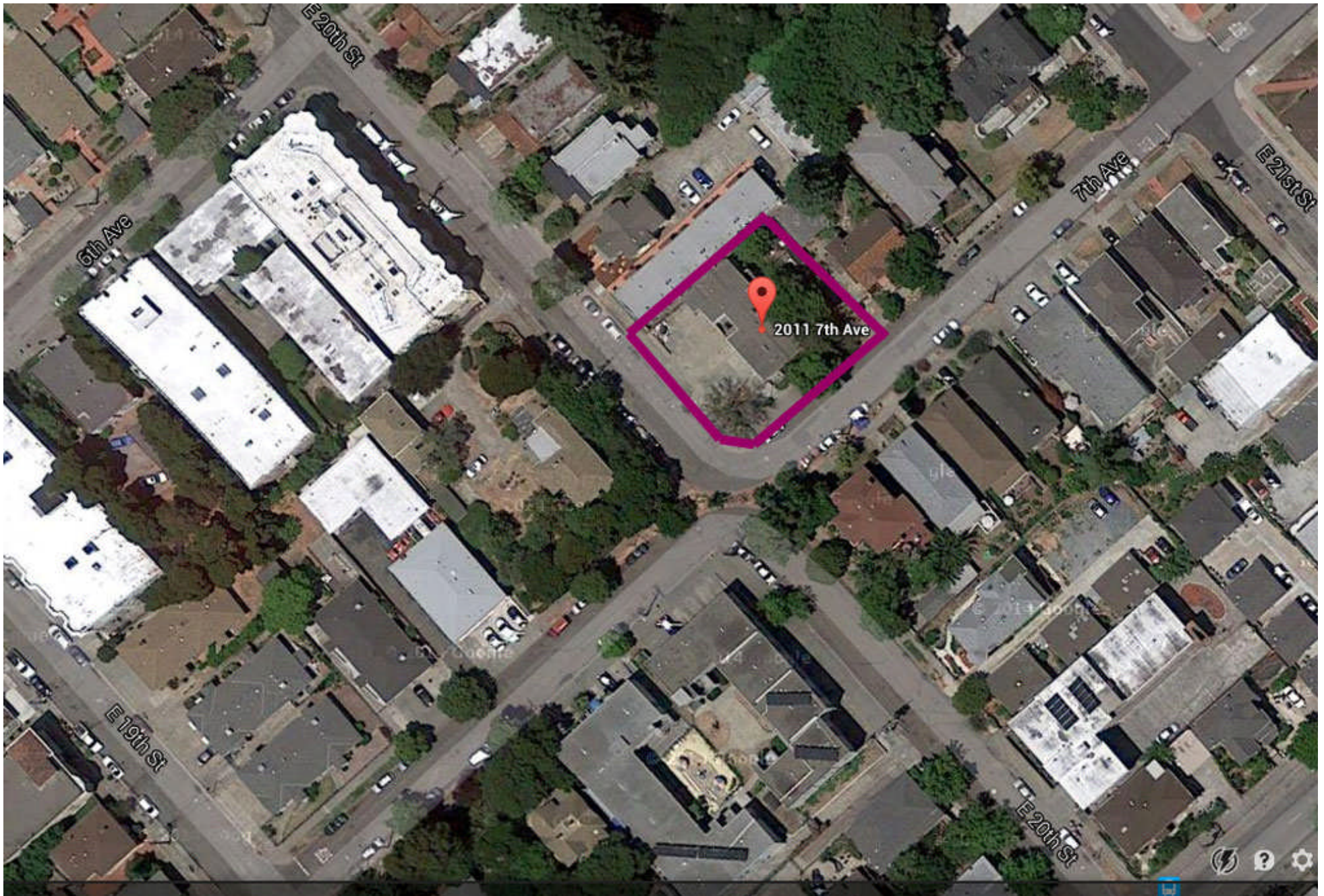


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Plat Map

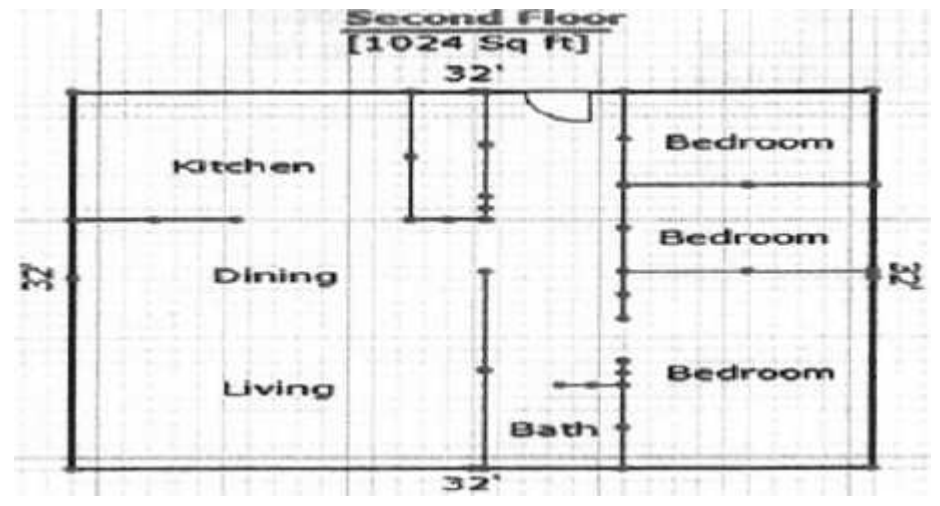
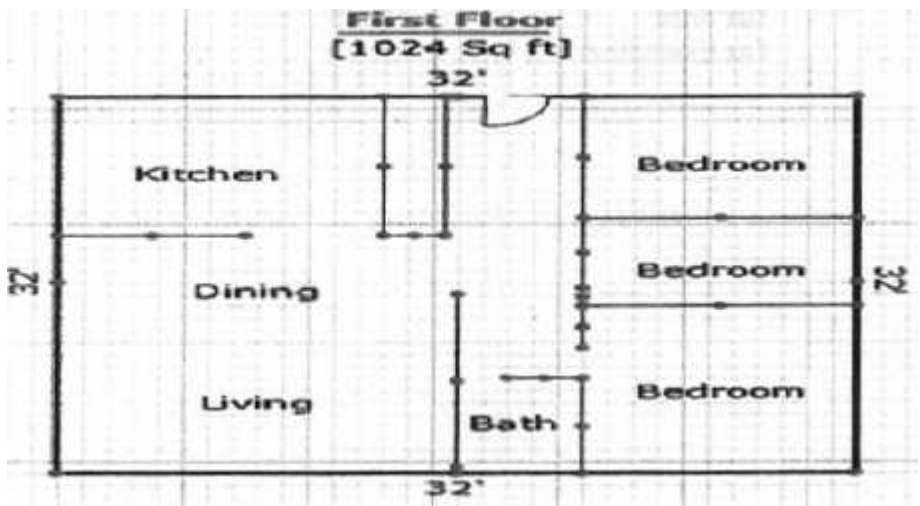
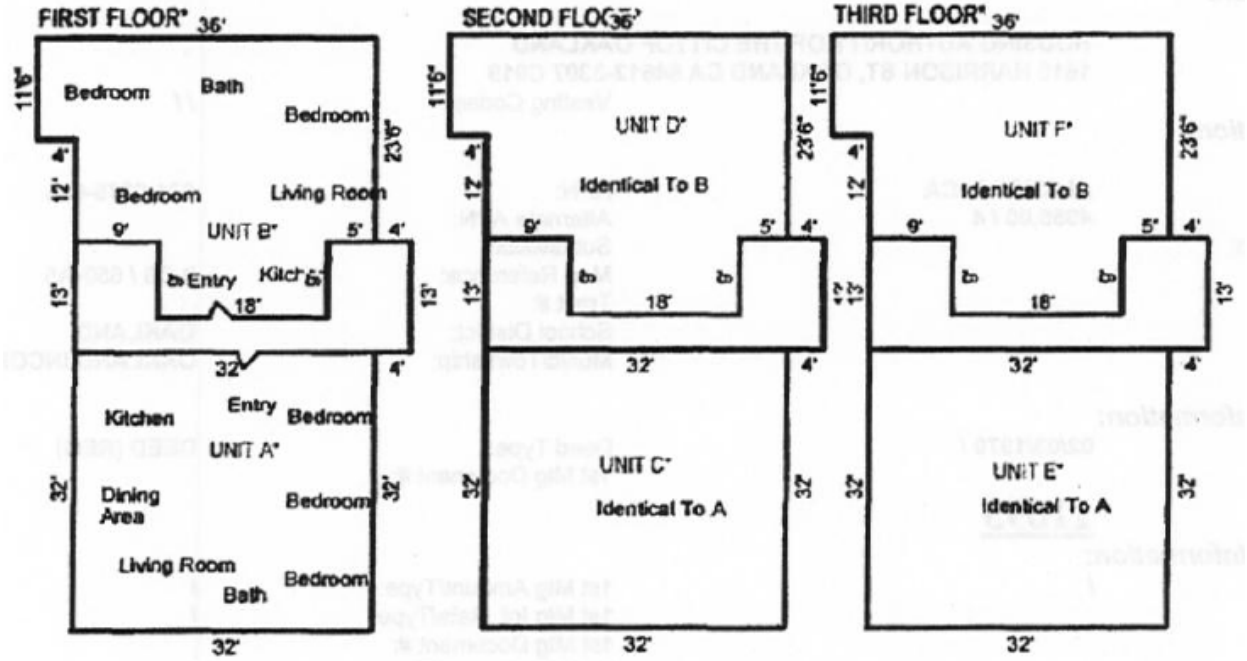


Aerial View



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Building and Unit Sketches



Property Photos



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Property Photos



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Property Photos



Comparable Sales

	SUBJECT		COMPARABLE 1		COMPARABLE 2		COMPARABLE 3	
Address	2011 7 th Ave., Oakland		1644-1650 10 th Ave., Oakland		2417 Ivy Dr. Oakland		2216 E. 23 rd St., Oakland	
Proximity to Subject			0.4 miles		0.4 miles		1.1 miles	
Description			2-story, 8-unit apartment		3-story, 5-unit apartment		2-story, 6-unit apartment	
Sale Date / Price			4/30/15	\$955,000	9/22/14	\$ 890,000	5/19/15	\$ 630,000
Gross Bldg. Area	6,870 SF		7,116 SF		4,848 SF		5,088 SF	
Lot Size / FAR	5,829 SF	118 %	6,490 SF	110%	6,408 SF	76%	7,000 SF	73%
Unit Sizes	6- 3bd/1ba; 1,000 SF/unit avg.		8- 1bd/1ba; 675 SF/unit avg.		1- 1+bd/1ba, 4- 2bd/1ba; 825 SF/unit avg.		1- 1bd/1ba, 3- 2bd/1ba, 2- 3bd/1ba; 850 SF/unit avg.	
Construction Type	Wood frame		Wood frame		Wood frame		Wood frame	
Condition	Repaired		Average		Average		Average	
Parking	1.0/unit		1.0/unit		0.8/unit (garage)		1.0/unit	
Price/Unit / Price/SF			\$119,375	\$134.20	\$178,000	\$183.58	\$105,000	\$123.82
GRM / Cap rate			13.52 actual	4.57% est.	13.03 actual	4.61% actual	8.75 actual	6.53% actual
ADJUSTMENTS				+(-) Adjustment		+(-) Adjustment		+(-) Adjustment
Sales or Financing Concessions			N/A	-	N/A	-	N/A	-
Sale Date			1 mo. ago	-	8 mos. ago	+5%	<1 mo. ago	-
Location			Similar	-	Similar	-	Inferior	+30%
Project Size			8 units	+5%	5 units	-	6 units	-
Unit Size			Smaller	+40%	Smaller	+20%	Smaller	+15%
Parking			Same	-	Superior	-5%	Same	-
Net Adj. (total)			+45%		+20%		+45%	
			+\$53,719	+\$46.97	+\$35,600	+\$36.72	+\$47,250	+\$55.72
Adj. Price/Unit / Price/SF			\$173,094	\$181.17	\$213,600	\$220.30	\$152,250	\$179.54

Strong Rental Demand in City of Oakland

Oakland will see rent growth drop in 2015 due to new supply coming into the market, but will still perform better than its historical norm. Oakland will remain one of our top 10 markets into 2015 as demand is high and vacancies are low. Much of the demand for housing in Oakland is coming from the thriving economies of neighboring San Francisco and San Jose. As residents are being priced out of these Bay-area cities, people are moving to Oakland for more affordable housing. This will keep rent growth elevated and vacancies low, even as new supply comes online.

The projected top 10 markets by gross effective income growth for 2015, which incorporates both rent growth and vacancy rates, are shown. The top 10 markets listed here are very similar to those in our 2014 Mid-year Outlook, but with San Jose and Sacramento in place of Orange County and Baltimore. The strong performance in many of these markets stems from absorption of supply due to either high demand fueled by a strong job market (e.g., Seattle) or a healthy job market paired with relatively limited multifamily stock (e.g., Oakland).

Top 10 Metro Effective Income and Vacancy Forecasts

Metropolitan Market	Annualized Growth in Gross Effective Income 2015	Vacancy Forecast 2015
San Francisco, CA	4.9%	3.0%
Oakland, CA	4.2%	3.2%
Seattle, WA	4.0%	4.7%
San Jose, CA	3.9%	3.2%
New York, NY	3.9%	2.6%
Sacramento, CA	3.9%	3.3%
San Diego, CA	3.8%	2.9%
Denver, CO	3.8%	5.6%
Portland, OR	3.7%	3.3%
Boston, MA	3.7%	4.1%
United States (top 70 metros)	3.1%	4.8%

Source: Freddie Mac projections

LEASE RENTAL - Sold

Number of Properties: 6

Num	Address	MLS No	Status	Area	Sale/Rent	SqFt	DOM	LP	\$/SqFt	SP	\$/SqFt
1	4224 Carrington Street	40685252	Rented-Leased	Oakland Zip Code 94601	For Rent	500	20	\$1,295	\$2.59	\$1,295	\$2.59
2	2328 IVY DR	40658346	Rented-Leased	Oakland Zip Code 94606	For Rent	850	12	\$1,695	\$1.99	\$1,695	\$1.99
3	1530 17th Avenue	40670095	Rented-Leased	Oakland Zip Code 94606	For Rent	1144	32	\$1,700	\$1.49	\$1,700	\$1.49
4	3530 Custer Street	40663921	Rented-Leased	Oakland Zip Code 94601	For Rent	1300	68	\$1,700	\$1.31	\$1,700	\$1.31
5	2407 14th Avenue	40682292	Rented-Leased	Oakland Zip Code 94606	For Rent	812	113	\$1,900	\$2.34	\$1,900	\$2.34
6	2824 E 9TH ST	40674837	Rented-Leased	Oakland Zip Code 94601	For Rent	1873	7	\$3,300	\$1.76	\$3,300	\$1.76
Avg						1079	42	\$1,932	\$1.91	\$1,932	\$1.91
Min						500	7	\$1,295	\$1.31	\$1,295	\$1.31
Max						1873	113	\$3,300	\$2.59	\$3,300	\$2.59
Med						997	26	\$1,700	\$1.88	\$1,700	\$1.88

Oakland Apartment Market Conditions

Source: U.S. Department of Housing and Urban Development | Office of Policy Development and Research

By Pamela J. Leong | As of May 1, 2014

Apartment market conditions in the Oakland metropolitan area are tight because fewer single-family homes moved into the rental housing inventory, employment conditions continued to improve, and net in-migration was strong.

During the first quarter of 2014—

- The apartment vacancy rate in the metropolitan area was 3.1 percent, down from 3.5 percent in the first quarter of 2013, and it has remained below 4.0 percent since the first quarter of 2011 (MPF Research).
- Vacancy rates varied little among the MPF Research-defined market areas, but the vacancy rate was lowest in the Fremont area, where it declined to 1.9 percent from 2.1 percent in the first quarter of 2013.
- The average apartment rent in the metropolitan area increased 10 percent, from \$1,525 during the first quarter of 2013 to \$1,675 during the first quarter of 2014. The average asking rents for one-, two-, and three-bedroom units were \$1,500, \$1,850, and \$1,925, respectively.
- The rent in Alameda County averaged \$1,800 and ranged from \$1,475 in the Hayward/San Leandro area to \$2,075 in the Oakland/Berkeley area.
- The rent in Contra Costa County averaged \$1,500 and varied from \$1,200 in the Northeast Contra Costa area to \$1,900 in the San Ramon/Dublin area.
- During the 3 months ending April 2014, 330 multifamily units were permitted, up 67 percent from the 200 units permitted during the 3 months ending April 2013 (preliminary data).
- By comparison, multifamily permitting activity in the metropolitan area declined to 680 units in 2009 and averaged 1,800 units annually from 2010 through 2012.
- Approximately 2,325 multifamily rental units are currently under construction in the metropolitan area, with 55 percent of the units in Alameda County and 45 percent in Contra Costa County.
- Nearly 1,300 units in 13 apartment projects are under construction in Alameda County, including approximately 1,050 units in the Oakland/Berkeley area. About 500 units are anticipated to be complete in 2014, and the remainder are expected to be complete by October 2015.
- Approximately 1,025 units in 10 apartment projects are under way in Contra Costa County, including 8 projects in the city of Walnut Creek. Approximately 850 units are anticipated to be ready for occupancy in 2014 and the remainder by December 2015.

Multifamily construction, as measured by the number of multifamily units permitted, increased in the Oakland metropolitan area during the 3 months ending April 2014.



Executive Summary

2011 7th Ave, Oakland, California, 94606 2
 2011 7th Ave, Oakland, California, 94606
 Rings: 0.25, 0.5, 0.75 mile radii

Latitude: 37.79836
 Longitude: -122.24648

	0.25 miles	0.5 miles	0.75 miles
Population			
2000 Population	5,940	22,691	35,060
2010 Population	5,107	19,528	30,765
2015 Population	5,074	19,718	31,103
2020 Population	5,208	20,460	32,283
2000-2010 Annual Rate	-1.50%	-1.49%	-1.30%
2010-2015 Annual Rate	-0.12%	0.18%	0.21%
2015-2020 Annual Rate	0.52%	0.74%	0.75%
2015 Male Population	49.2%	48.6%	48.5%
2015 Female Population	50.8%	51.4%	51.5%
2015 Median Age	36.5	37.4	37.7

In the identified area, the current year population is 31,103. In 2010, the Census count in the area was 30,765. The rate of change since 2010 was 0.21% annually. The five-year projection for the population in the area is 32,283 representing a change of 0.75% annually from 2015 to 2020. Currently, the population is 48.5% male and 51.5% female.

Median Age

The median age in this area is 36.5, compared to U.S. median age of 37.9.

Race and Ethnicity

	0.25 miles	0.5 miles	0.75 miles
2015 White Alone	20.2%	23.2%	23.1%
2015 Black Alone	20.2%	18.5%	17.3%
2015 American Indian/Alaska Native Alone	0.7%	0.6%	0.6%
2015 Asian Alone	42.6%	42.5%	44.0%
2015 Pacific Islander Alone	0.3%	0.2%	0.2%
2015 Other Race	9.9%	9.0%	9.1%
2015 Two or More Races	6.1%	5.9%	5.6%
2015 Hispanic Origin (Any Race)	16.8%	16.0%	16.3%

Persons of Hispanic origin represent 16.3% of the population in the identified area compared to 17.6% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 79.8 in the identified area, compared to 63.0 for the U.S. as a whole.

Households

	0.25 miles	0.5 miles	0.75 miles
2000 Households	2,252	9,089	13,809
2010 Households	2,129	8,599	13,337
2015 Total Households	2,123	8,716	13,510
2020 Total Households	2,191	9,084	14,065
2000-2010 Annual Rate	-0.56%	-0.55%	-0.35%
2010-2015 Annual Rate	-0.05%	0.26%	0.25%
2015-2020 Annual Rate	0.63%	0.83%	0.81%
2015 Average Household Size	2.36	2.24	2.29

The household count in this area has changed from 13,337 in 2010 to 13,510 in the current year, a change of 0.25% annually. The five-year projection of households is 14,065, a change of 0.81% annually from the current year total. Average household size is currently 2.29, compared to 2.29 in the year 2010. The number of families in the current year is 6,387 in the specified area.

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