

BROOKMORE

APARTMENTS

189 N MARENGO AVE, PASADENA, CA 91101

NOVEMBER 2024
EXECUTIVE SUMMARY

NEWMARK

51-Unit Renovated Apartment Building in
Old Pasadena | A Historic, Turnkey, Mills Act
Property with Off-Site Parking and Value-Add

THE OFFERING

Newmark, as exclusive advisor, is pleased to present for sale Brookmore Apartments (the “Property”), an extensively renovated 51-unit Pasadena, CA apartment building featuring eclectic neoclassical-style architecture and historic old-world charm. The Property represents a rare opportunity to acquire a 1920s vintage asset which has been meticulously maintained and completed significant property upgrades. Brookmore characterizes an asset of true distinction in a prime location still with considerable upside by bringing current rents to market level. Furthermore, the Mills Act contract affords an investor considerable tax savings compared to other multifamily investments.

Tenants appreciate the strategic location just north of Holly Street offering convenient access to area attractions, colleges, employment centers, the Metro light-rail station, and three major freeways. Within walking distance is Old Town Pasadena, a mecca of entertainment, dining and shopping, and has become increasingly popular as a tourist attraction and nightlife and recognized as one of the hottest areas in Southern California. Many of the historic buildings have been restored and the street-front shops maintain their appeal to the hundreds who stroll the sidewalks each day frequenting the many night clubs, bars, restaurants serving all types of cuisine, and countless specialty shops offering clothing, antiques, furniture and exotic items from around the world.

PRICING

\$15,300,000
Price

\$300,000
\$/Unit

6.50%
Cap Rate

UNIT MIX

	COUNT	SF	% OF UNIT MIX
Studio	39	442	76%
1 Br / 1 Ba	8	540	16%
Large 1 Br / 1 Ba	3	631	6%
2 Br / 2 Ba	1	1,247	2%
Total/AVG	51	484	100%



189 N Marengo Ave,
Pasadena, CA 91101

5723-019-012
Parcel No.

1924
Year Built

**4 Residential +
Basement**
Stories

51 Units
No. Units

484 SF
Avg. Unit Size

28,632 SF
Gross SF

0.23 Acre (10,019 SF)
Total Land

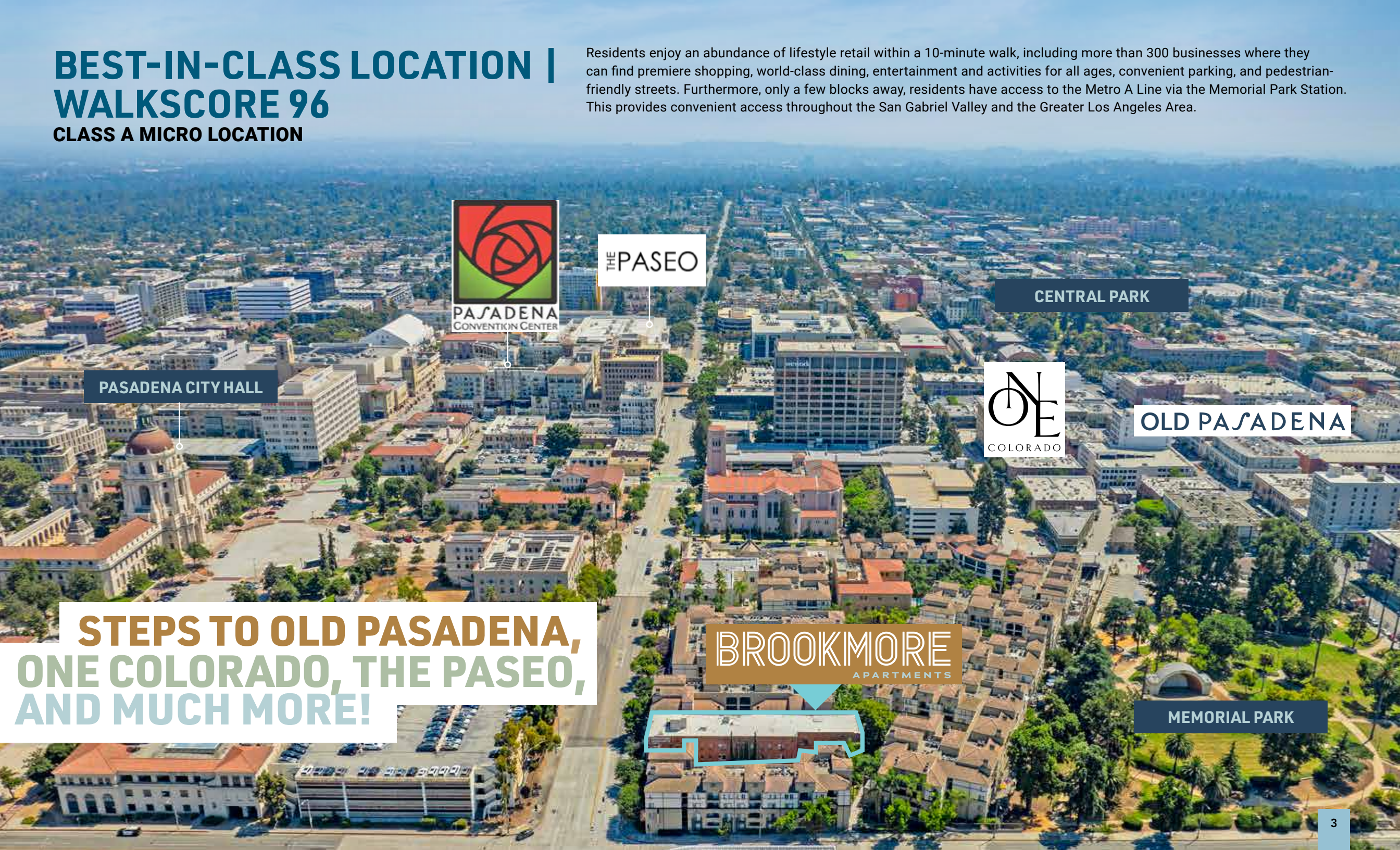
Individual Meters
Metering

C-PS
Zoning

BEST-IN-CLASS LOCATION | WALKSCORE 96

CLASS A MICRO LOCATION

Residents enjoy an abundance of lifestyle retail within a 10-minute walk, including more than 300 businesses where they can find premiere shopping, world-class dining, entertainment and activities for all ages, convenient parking, and pedestrian-friendly streets. Furthermore, only a few blocks away, residents have access to the Metro A Line via the Memorial Park Station. This provides convenient access throughout the San Gabriel Valley and the Greater Los Angeles Area.



THE PASEO

CENTRAL PARK

PASADENA CITY HALL



OLD PASADENA

STEPS TO OLD PASADENA,
ONE COLORADO, THE PASEO,
AND MUCH MORE!

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MEMORIAL PARK

RENOVATED HISTORIC BUILDING

On the national Register of Historic Places, Brookmore Apartments is a 4-story luxury apartment building in excellent condition. Originally constructed in 1924 the property has retained its old-world charm through superb upkeep and maintenance and an extensive renovation of the property. Recent property updates include upgraded electric panels including individual metering, new boiler, storage tanks, and recirculation pump, and the newly installed TPO roof.

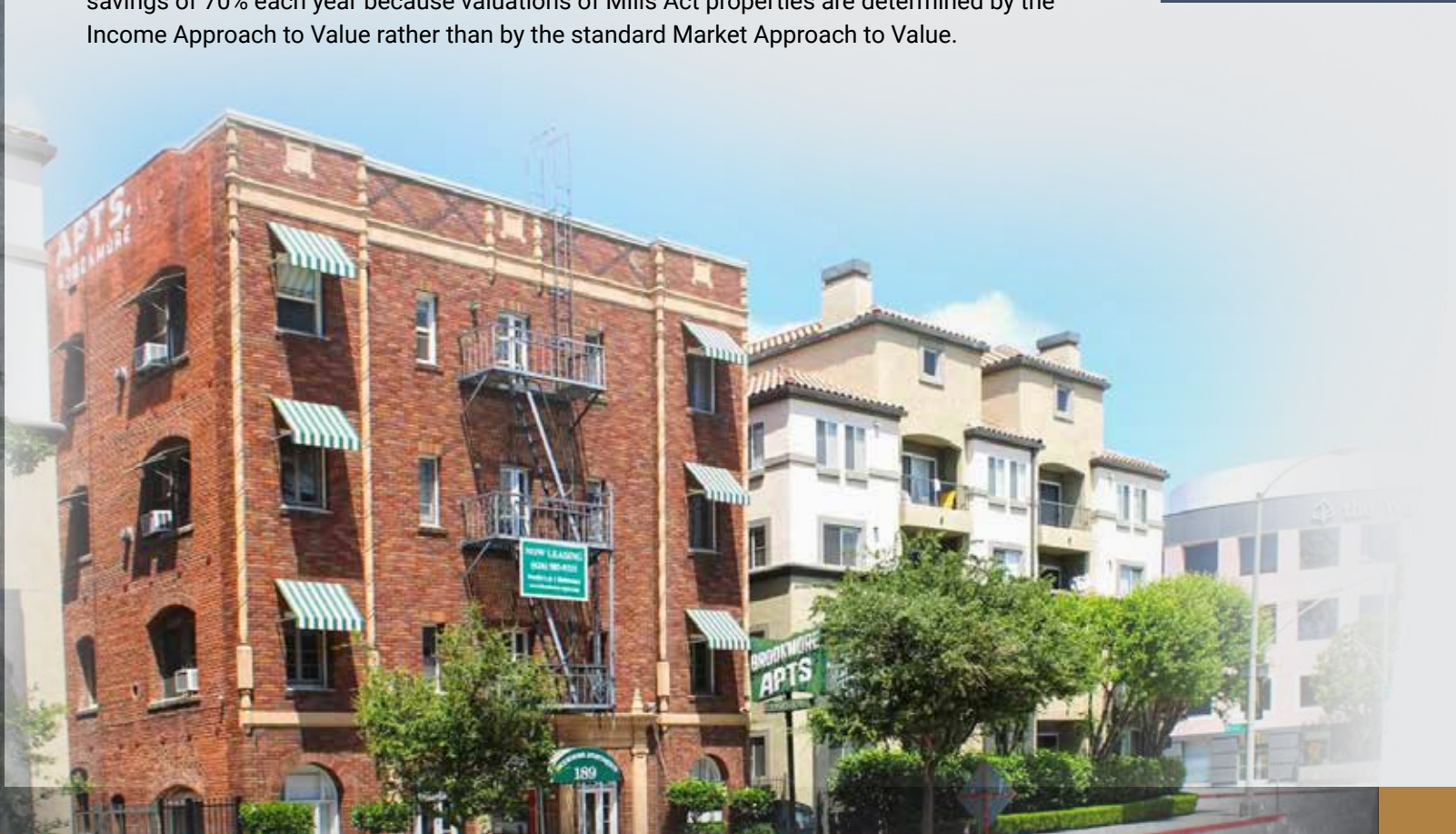
MILLS ACT HISTORIC PROPERTY CONTRACT

The Mills Act is a state law that allows cities to enter into contracts with the owners of historic structures which provide a reduction of property taxes in exchange for the continued preservation of the property. Brookmore investors realize substantial property tax savings of 70% each year because valuations of Mills Act properties are determined by the Income Approach to Value rather than by the standard Market Approach to Value.



SIGNIFICANT DISCOUNT TO HOMEOWNERSHIP

Expensive single-family homes combined with inflation, and rising interest rates have contributed to a significant increase in homeownership costs – based on Pasadena's average home price of \$1.7 million, average homeownership costs in Pasadena are north of \$10,000 per month. Market rents at Brookmore will offer a massive 77% discount to homeownership and will cater to those who cannot yet afford a single-family residence or renting by choice and looking to the exceptional housing offered at a discount to home ownership.





STRONG MARKET FUNDAMENTALS

The Pasadena submarket enjoys outstanding demographics with average household incomes over \$142,000 per annum, and average home values of nearly \$1.7 million (per Redfin sales data last 3 months). The submarket has experienced extremely strong annual rent growth averaging 3.5% over the last 10 years. Vacancy rates in Pasadena have averaged well below 6% for the past 20 years. Impressively, the submarket saw vacancy rates less than 5% during the pandemic. Occupancy levels are projected to be extremely tight for the foreseeable future remaining over 96%. Additionally, many groups have formed a programmatic joint venture with the State of California to purchase a large share of newer construction, 100+ unit, multifamily communities and convert them to AMI restricted rental properties which has effectively removed approximately 800 market-rate units from the market, limiting the future supply threat for Brookmore Apartments.

ACCESS TO MAJOR EMPLOYMENT CENTERS

Situated near the heart of Downtown Pasadena, Brookmore is within 15 miles from regional office centers including Downtown Los Angeles, Glendale, Burbank and Hollywood. These regional employment centers comprise in excess of 58 million square feet of Class A office space with tenants such as, AEG, Gensler, Wells Fargo Bank, Oaktree Capital Management, The Walt Disney Company, DreamWorks and Live Nation. Commuters have several choices to reach these employment centers whether it be via numerous freeways and thoroughfares or public transportation such as the Metro A Line or city bus options.

Pasadena is home to approximately 11,000 local businesses which provide more than 128,000 local jobs. The four largest employers in the city are Jet Propulsion Laboratory, California Institute of Technology, Huntington Memorial Hospital, and Kaiser Permanente, all with more than 3,000 employees each. The city is a major hub of important tech companies such as ASP, Redgate Software, Red Ventures, Brainjolt, OpenX Technologies Inc., Spokeo, iMeetCentral, Bluebeam Inc., Sellbrite, Oben, UberMedia, and Virtualitics. Other major companies based in Pasadena include Cogent Systems, Idealab, Inter-Con Security, Goldstar Events, Doheny Eye Institute, Green Dot Corporation, Tetra Tech, Wesco Financial, and Wetzel's Pretzels.

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RECENT IMPROVEMENTS | INVESTOR UPSIDE

Ownership Capital Investment

Ownership has spared no expense in maintaining and upgrading the property. Recent improvements include:

- Upgraded electric panels including individual metering.
- New boiler, storage tanks, and recirculation pump.
- Newly installed TPO roof.
- New low flow toilets, shower heads, and sink fixtures in every unit in 2015.
- Additionally, all units have been upgraded to various levels that may include:
 - Exposed brick walls.
 - New hardwood floors.
 - New kitchen cabinets and countertops (granite, Caesarstone, and laminate).
 - Stainless-steel appliances.
 - Tile backsplash and custom tile showers.
 - Upgraded light fixtures, ceiling fans, and other hardware.

VALUE-ADD OPPORTUNITIES

In addition to the many recent upgrades, Investors will appreciate the handful of upside avenues that still exist to bring additional value to the asset ranging from simple management improvements to more capital investment.

LOSS TO LEASE: Current loss to lease is estimated to be \$253 per unit per month which equates to \$154,632 of additional annual income.

CONTINUE APARTMENT UPGRADES: Approximately one quarter of the apartments remain in a more “classic” state with laminate or tile countertops and black appliances. These units would benefit from the addition of high-end appliances and granite or stone countertops. Additionally, approximately two thirds of the bathrooms could be renovated with modern shower and floor tile and upgraded vanities.

ADDITIONAL RENOVATIONS: Renovating the apartments to another level would improve rental income streams. New apartments in Pasadena obtain as much as 50% more for their studios and 1-bedroom apartments demonstrating further upward potential in rent.

RUBS: Current RUBS penetration is approximately 76% leaving nearly ¼ of the units available for utility reimbursement.

PARKING: Renegotiating the current month-to-month agreement or negotiating with a new facility could result in parking expense savings.

FILMING: The building has served as a filming location several times in the past due to its unique character and charm.

TECHNOLOGY PACKAGE: Another revenue stream may exist in selling bulk cable, internet, and/or a tech package to the tenants.





PASADENA: INSULATED FROM CITY OF LOS ANGELES REGULATORY ENVIRONMENT

The City of Los Angeles recently implemented Measure ULA, which is a transfer tax ordinance that affects property owners in the City of Los Angeles. As an independent city within Los Angeles County, Pasadena is exempt from City of Los Angeles policies, providing insulation from LA's rigid regulatory framework.

Effective April 1, 2023, Initiative Ordinance ULA (known as the Mansion Tax) imposed a transfer tax on all real property sales located within the City of Los Angeles.



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