

8-Story Office Building W/ 4-Story Parking Structure

6842 VAN NUYS BLVD., VAN NUYS, CA 91405



OFFERING MEMORANDUM

- APPROX. 99,903 SF 8 STORY OFFICE BUILDING WITH 4 STORY PARKING STRUCTURE ON 67,518 SF PB ZONED LOT.
- TAX ABATEMENT ON SPACE OCCUPIED BY CHAMPS CHARTER HIGH SCHOOL FOR THE DURATION OF THEIR LEASE. (APPROX. 63% OF THE PROPERTY)!!!
- 85% OF THE CURRENT INCOME IS GENERATED BY CHAMPS CHARTER HIGH SCHOOL WITH A LEASE THROUGH AUGUST 2035 & OPTIONS.
- AMPLE ON-SITE PARKING; WITH A SEPARATE 4 STORY PARKING STRUCTURE AT THE REAR OF THE PROPERTY WITH APPROX. 330 SPACES.
- JUST 2 PARCELS NORTH OF ONE OF SAN FERNANDO VALLEY'S BUSIEST INTERSECTIONS (VAN NUYS BLVD & VANOWEN ST.) WITH APPROX. 60,000 CARS PER DAY.
- GOOD DEMOGRAPHICS: OVER 20,000 PEOPLE RESIDE WITHIN A 1-MILE RADIUS & OVER 360,000 PEOPLE RESIDE WITHIN A 3-MILE RADIUS.

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Property Description



PROPERTY OVERVIEW

KW Commercial is pleased to present this 8 Story 99,903 SF office building with a separate 4 Story 67,490 SF parking structure on 67,518 SF PB zoned lot. The Building is formally known as the Phoenix Building.

This 8 Story Office Building currently has 2 tenants, which occupy 75% of the building. The tenants include Champs Charter High School of the Arts and Hot Solar Inc. The current vacancies include the basement, the 6th, and 7th floor.

Champs Charter High School of the Arts currently occupies 5 floors and is on a lease through 8/31/2035. The property also receives a Tax Abatement on the space occupied by the School for the duration of their lease. Hot Solar Inc. occupies the 8th floor and the penthouse unit on the roof. They are on a lease through 10/8/2023.

The subject property has ample on-site parking at the rear of the property with approximately 330 parking spaces in a 4 Story 67,490 SF structure.

This offering will attract either an investor who is looking for an irreplaceable asset with solid tenants and long-term leases or an owner-user who is looking to move their offices to the Van Nuys area while having steady cash flow from the current tenants.

LOCATION OVERVIEW

The subject property is located on the east side of Van Nuys Blvd just 2 parcels north of Vanowen St. Both Van Nuys Blvd & Vanowen St. are considered major commercial thoroughfares within the San Fernando Valley. The intersection of Van Nuys & Vanowen has a traffic count of about 60,000 cars per day.

The subject property is located less than 1 mile north of the Van Nuys Courthouse.

The property has great freeway access; less than 1.5 miles east of the 405 freeway and about 2.5 miles north of the 101 freeway.

The trade area benefits from good demographics with over 20,000 people residing within a 1-mile radius and over 360,000 people residing within a 3-mile radius.

Tenant Description



CHAMPS CHARTER HIGH SCHOOL OF THE ARTS

Charter High School of Arts-Multimedia and Performing, known as CHAMPS, is an independent public charter high school offering small arts-infused academic classes including honors and advanced placement, as well as comprehensive academies for liberal arts, dance, drama, film, music, digital arts and robotics. CHAMPS is unique in the greater Los Angeles community of private and public high schools because of its competitive college preparatory curriculum, wide selection of arts specialties and electives in concert with small academic classes. Additionally, CHAMPS' robotics team was the 2014 State VEX robotics champion and winner at the VEX Robotics Competition World Championship, where approximately 500 teams from around the world compete.

Currently, over 35% of faculty members have at least a Master's degree. CHAMPS is accredited by the Western Association of Schools & Colleges (WASC). CHAMPS received its first charter in 2005 and moved into their current location in 2010. The charter is renewed in five (5) year terms. Their current charter expires on June 30, 2020. The renewal application will be submitted to LAUSD in November 2019. The State of CA charter school licensing focuses on 3 main items in the renewal process: Financial stability, Academics, and a need in the location.

Financial - Public schools get state and federal funding of roughly \$11,700 per child as of 2018. With CHAMPS current enrollment of 730 students, they receive an annual budget of just under \$9 million.

Academics - The school needs to demonstrate it can produce a quality education for its students. CHAMPS is currently rated as one of the best schools in Southern CA with an above state average reading proficiency and 93% graduation rate.

Need in the Location - CHAMPS has averaged over 700 enrolled students over the last several years and has been expanding at its current location. They moved into Floors 1-4 in 2010, expanded into the Floor 5 in 2015 and will be expanding into the annex area in early 2019.

CHAMPS has been conditionally approved as an "Option 3" school. Under CHAMPS current "Option 2" status they remit 35% of their federal funding to LAUSD and with "Option 3" status they will only need to remit 20%. This would give CHAMPS additional funds to expand further and to provide more benefits to the Students and Teachers. CHAMPS is completing their formal interview/approval for Option 3 status in October 2018.

HOT SOLAR INC.

Hot Solar Inc., is a subsidiary of Canopy Energy. Canopy Energy is a full service one stop shop that assists their clients from consultations through installation, and help them generate income from Solar Energy.



Income Summary



INVESTMENT SUMMARY

Price:	\$25,995,000
Year Built:	1946
Building SF:	99,903
Price / SF Building:	\$260.20
Parking Structure SF:	67,490
Total Improvements:	167,393
Lot Size (SF):	67,518
Floors:	8
Parking:	330 spaces
Zoning:	LA-PB
APN:	2217-009-011
Sept2018 Cap Rate:	5.0%
Jan2019 Cap Rate:	5.3%
Proforma Cap Rate:*	7.7%

TENANT ANNUAL SCHEDULED INCOME

	Sept 2018	Jan 2019	Proforma
Gross Rent	\$2,434,970	\$2,497,233	\$2,554,186
TOTALS	\$2,434,970	\$2,497,233	\$2,554,186

ANNUALIZED INCOME

	Sept 2018	Jan 2019	Proforma
Gross Potential Rent	\$2,434,970	\$2,497,233	\$2,554,186
Less: Vacancy	(\$621,600)	(\$621,600)	(\$76,626)
Effective Gross Income	\$1,813,370	\$1,875,633	\$2,477,560
Parking Income	\$66,960	\$72,000	\$120,960
Tax Reimbursement	\$201,071	\$201,071	\$201,071
Less: Expenses	(\$779,277)	(\$781,768)	(\$805,845)
Net Operating Income	\$1,302,124	\$1,366,936	\$1,993,746

ANNUALIZED EXPENSES

	Sept 2018	Jan 2019	Proforma
Property Taxes	\$309,341	\$309,341	\$309,341
Insurance	\$20,192	\$20,192	\$20,192
Utilities	\$217,893	\$217,893	\$217,893
Repairs/Maintenance	\$110,307	\$110,307	\$110,307
Cleaning Services	\$13,035	\$13,035	\$13,035
Fire Alarm	\$27,100	\$27,100	\$27,100
Landscaping	\$4,800	\$4,800	\$4,800
Security	\$4,075	\$4,075	\$4,075
Management	\$72,535	\$75,025	\$99,102
Total Expenses	\$779,277	\$781,768	\$805,845
Expenses Per RSF	\$7.80	\$7.83	\$8.07

* The Jan 2019 column is based on current in place leases

** The Proforma Cap Rate is based on a 97% percent occupancy after 10/2019.

Rent Roll

Rent Roll

Suite	Tenant Name	Gross Lease Area	Lease Commence	Lease Expire	Sept 2018 Monthly Rent	Rent/SF	Jan 2019 Monthly Rent	Rent/SF	Proforma Monthly Rent	Rent/SF	Increases	Lease Type
BSMT	VACANT	1,200			\$1,800.00	\$1.50	\$1,800.00	\$1.50	\$1,800.00	\$1.50		FSG
100	CHAMPS	9,665	8/1/17	8/31/35	\$20,199.85	\$2.09	\$21,069.70	\$2.18	\$21,701.79	\$2.25	3%/yr	FSG
Annex	CHAMPS	4,685	8/1/17	8/31/35	\$9,791.65	\$2.09	\$10,213.30	\$2.18	\$10,519.70	\$2.25	3%/yr	FSG
200	CHAMPS	6,963	8/1/17	8/31/35	\$14,552.67	\$2.09	\$15,179.34	\$2.18	\$15,634.72	\$2.25	3%/yr	FSG
Annex	CHAMPS	4,444	8/1/17	8/31/35	\$9,287.96	\$2.09	\$9,687.92	\$2.18	\$9,978.56	\$2.25	3%/yr	FSG
300	CHAMPS	12,500	8/1/17	8/31/35	\$26,125.00	\$2.09	\$27,250.00	\$2.18	\$28,067.50	\$2.25	3%/yr	FSG
400	CHAMPS	12,500	8/1/17	8/31/35	\$26,125.00	\$2.09	\$27,250.00	\$2.18	\$28,067.50	\$2.25	3%/yr	FSG
500**	CHAMPS	12,500	8/1/17	8/31/35	\$26,150.00	\$2.09	\$26,150.00	\$2.18	\$26,937.50	\$2.25	3%/yr	FSG
600	VACANT	12,500			\$25,000.00	\$2.00	\$25,000.00	\$2.00	\$25,000.00	\$2.00		FSG
700	VACANT	12,500			\$25,000.00	\$2.00	\$25,000.00	\$2.00	\$25,000.00	\$2.00		FSG
800	Hot Solar Inc	10,000	10/9/17	10/8/23	\$19,800.00	\$1.98	\$20,394.00	\$2.04	\$21,005.82	\$2.10	3%/yr	FSG
Studio	Hot Solar Inc	446	10/9/17	10/8/23	\$882.00	\$1.98	\$908.46	\$2.04	\$935.71	\$2.10	3%/yr	FSG
Total Square Feet		99,903			\$202,914.13		\$208,102.72		\$212,848.80			

Note: Champs currently paying \$2.03/sf. Their rent will increase to \$2.09/sf on 9/1/2018; it will increase again to \$2.18/sf on 1/1/2019; 3% every year thereafter on 9/1.

5th Floor of Champs is on flat rate of \$15,210/month until 8/31/2020 as part of TI allowance credit. Monthly rent will increase to \$27,750 with

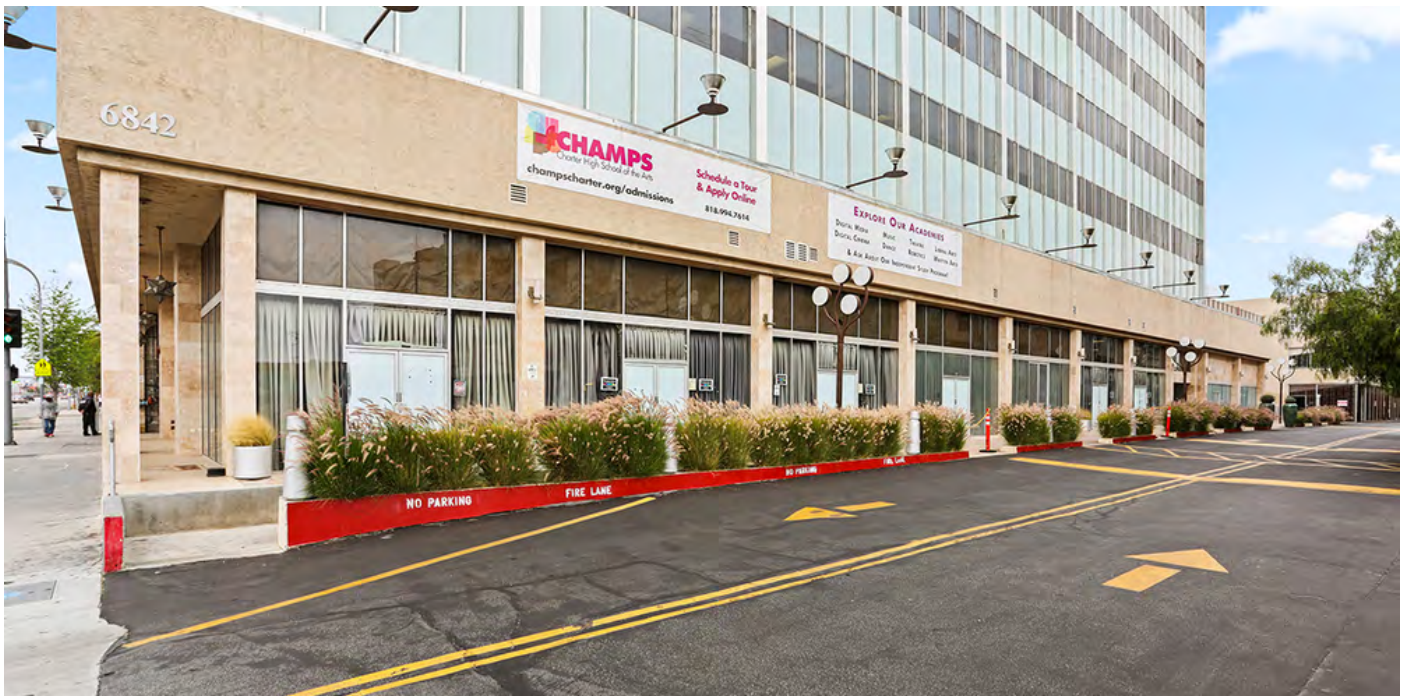
** 3% yearly increases as of 9/1/2020. **Seller shall credit Buyer remaining TI Allowance for 5th floor of Champs at close of escrow.**

(i) SELLER DOES NOT GUARANTEE THE MEASUREMENTS OF EACH FLOOR. BUYER IS RESPONSIBLE FOR MEASURING & VERIFYING THE SF FOR EACH/ALL UNITS & FLOORS!!!

****DRIVE BY ONLY****



Property Photos







FACING NORTH ON VAN NUYS BLVD.



FACING SOUTH ON VAN NUYS BLVD.

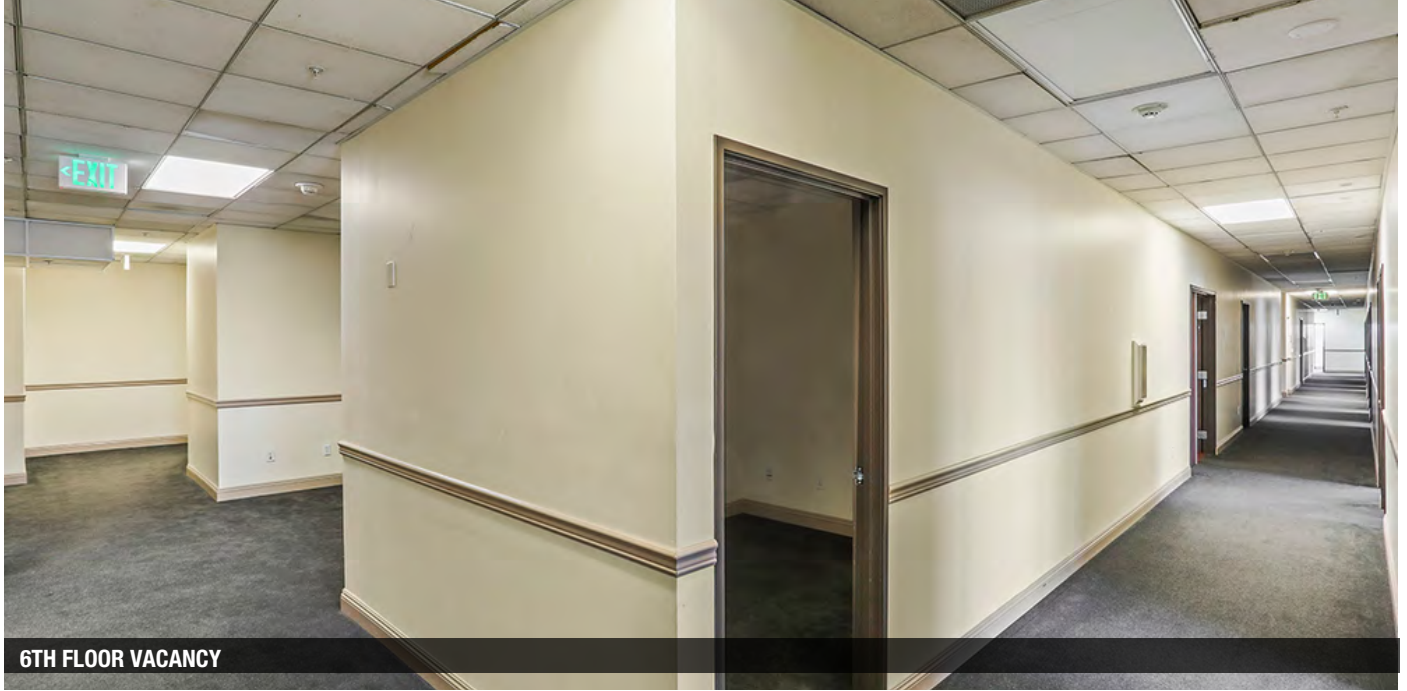




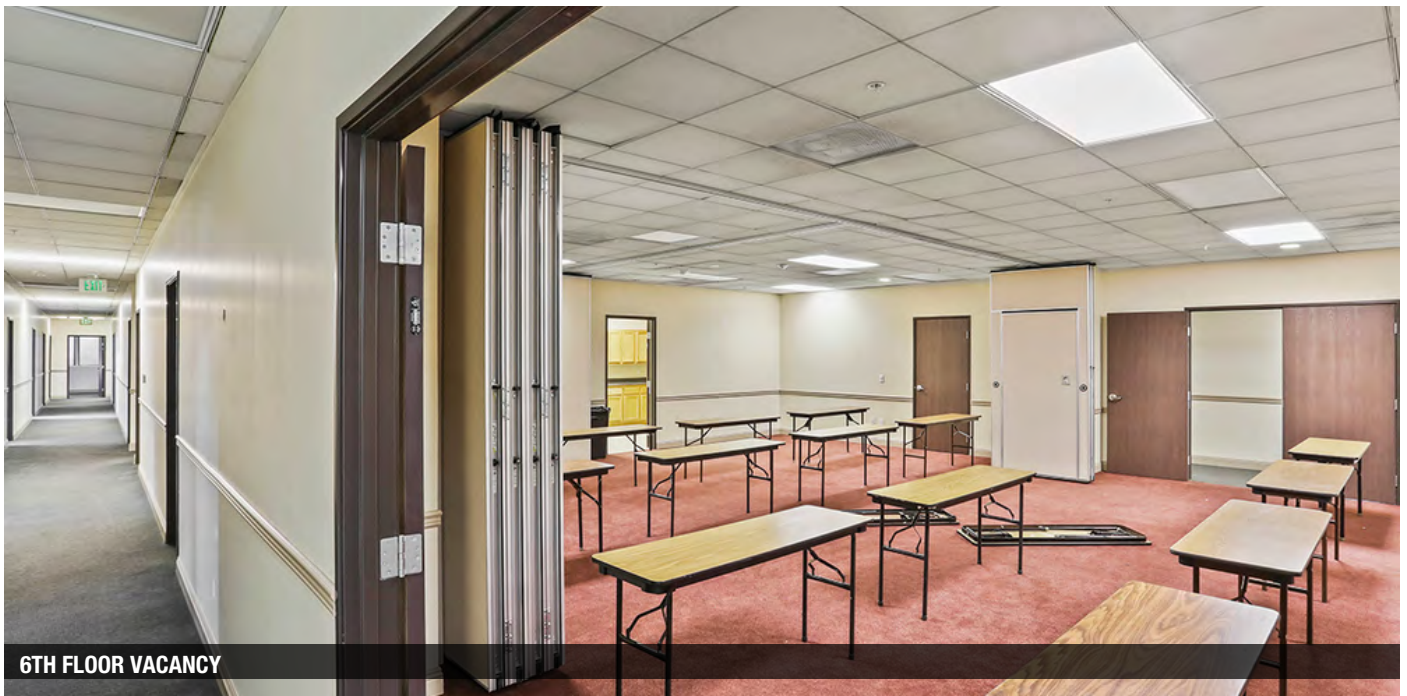
FACING NORTH ON VAN NUYS BLVD.



FACING SOUTH ON VAN NUYS BLVD.



6TH FLOOR VACANCY



6TH FLOOR VACANCY



7TH FLOOR VACANCY



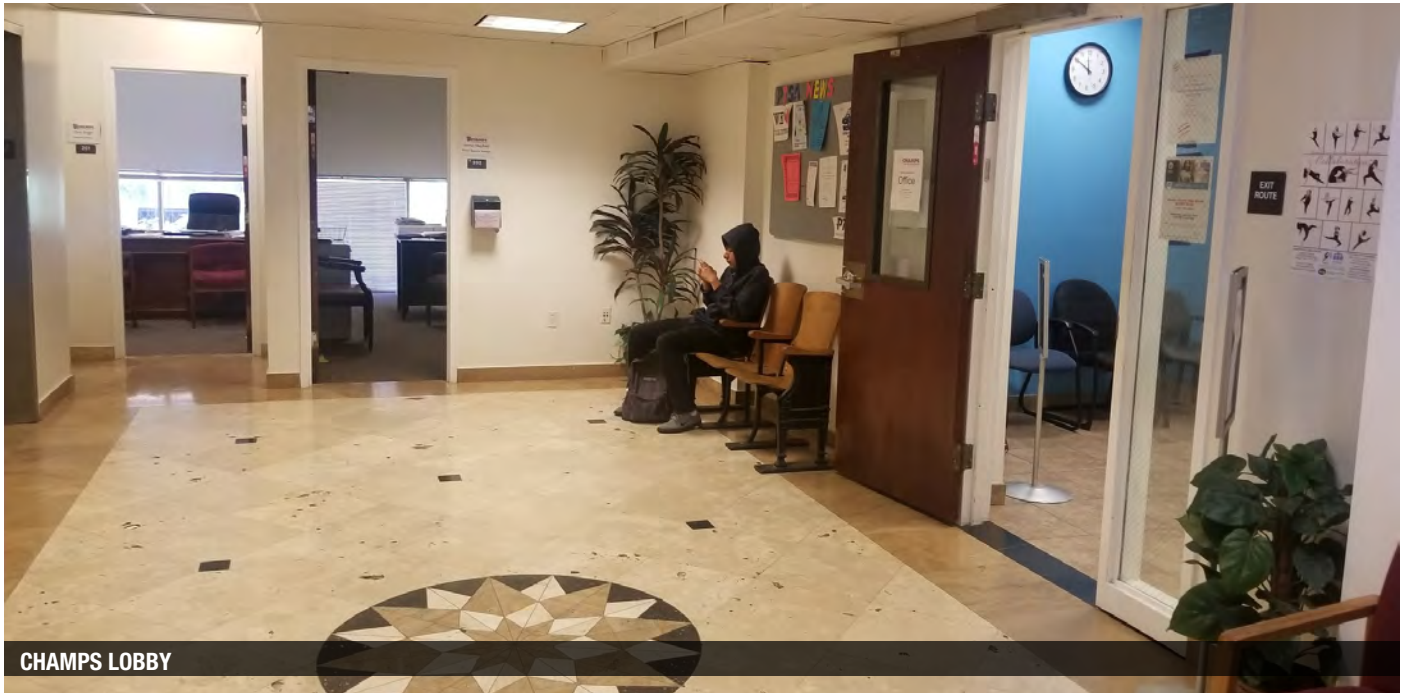
ROOF



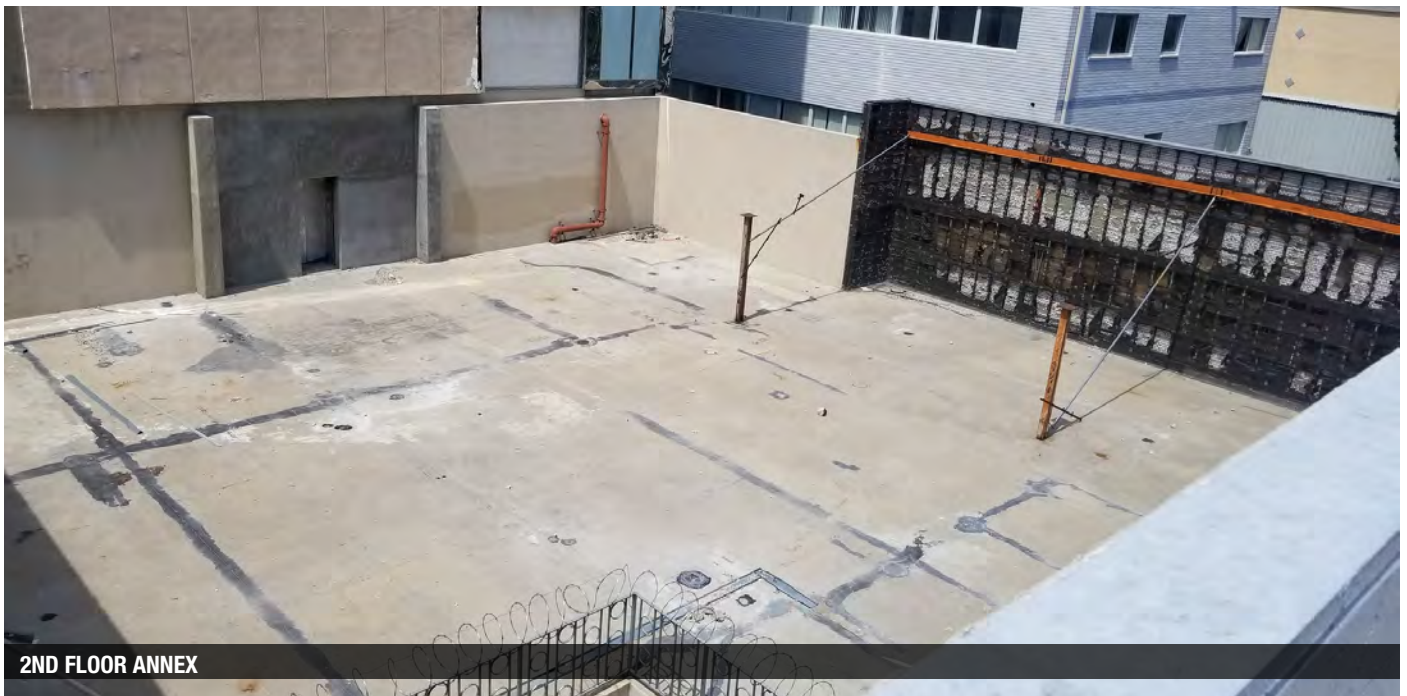
CHAMPS CLASSROOM



CHAMPS HALLWAY

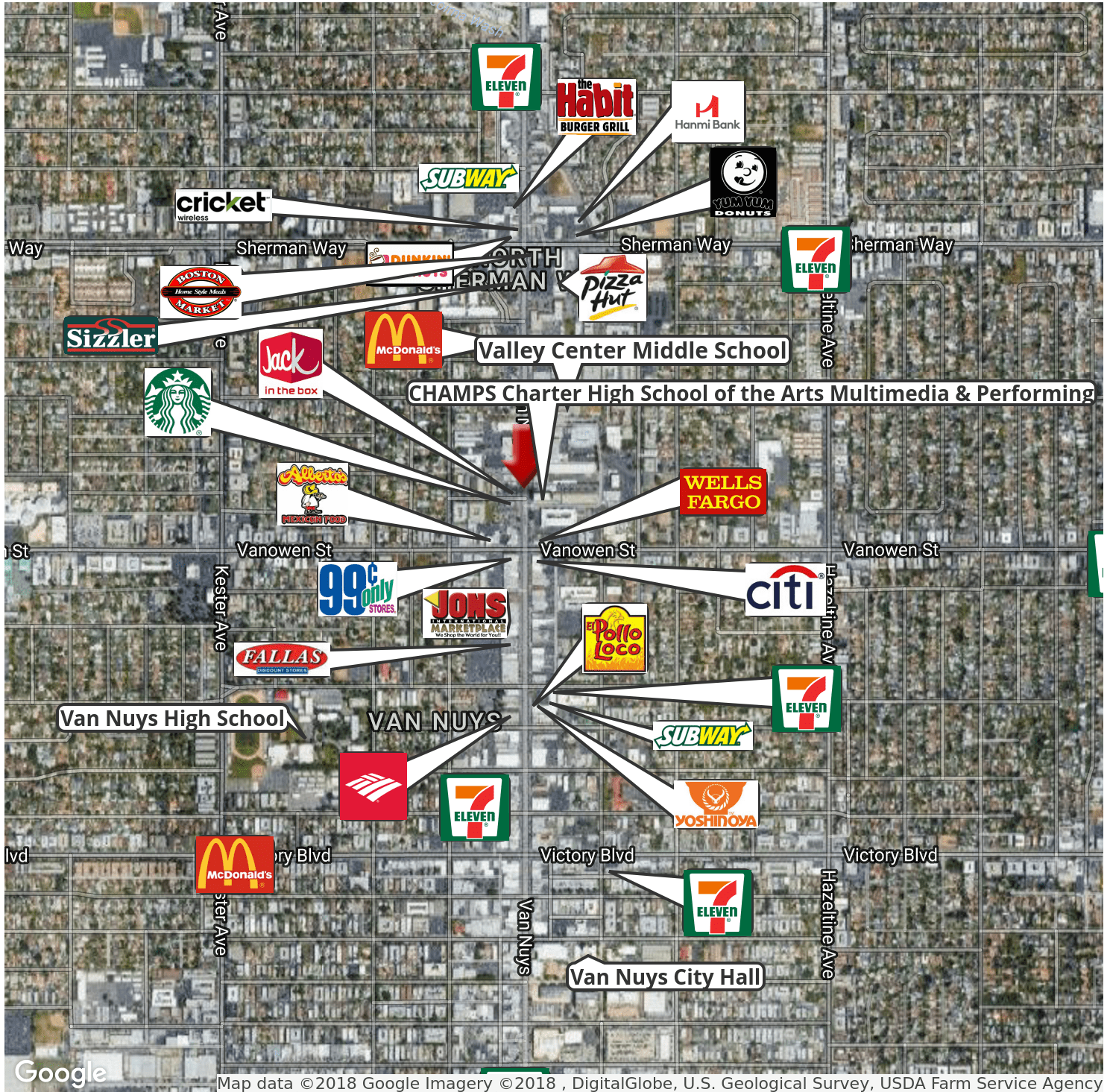


CHAMPS LOBBY

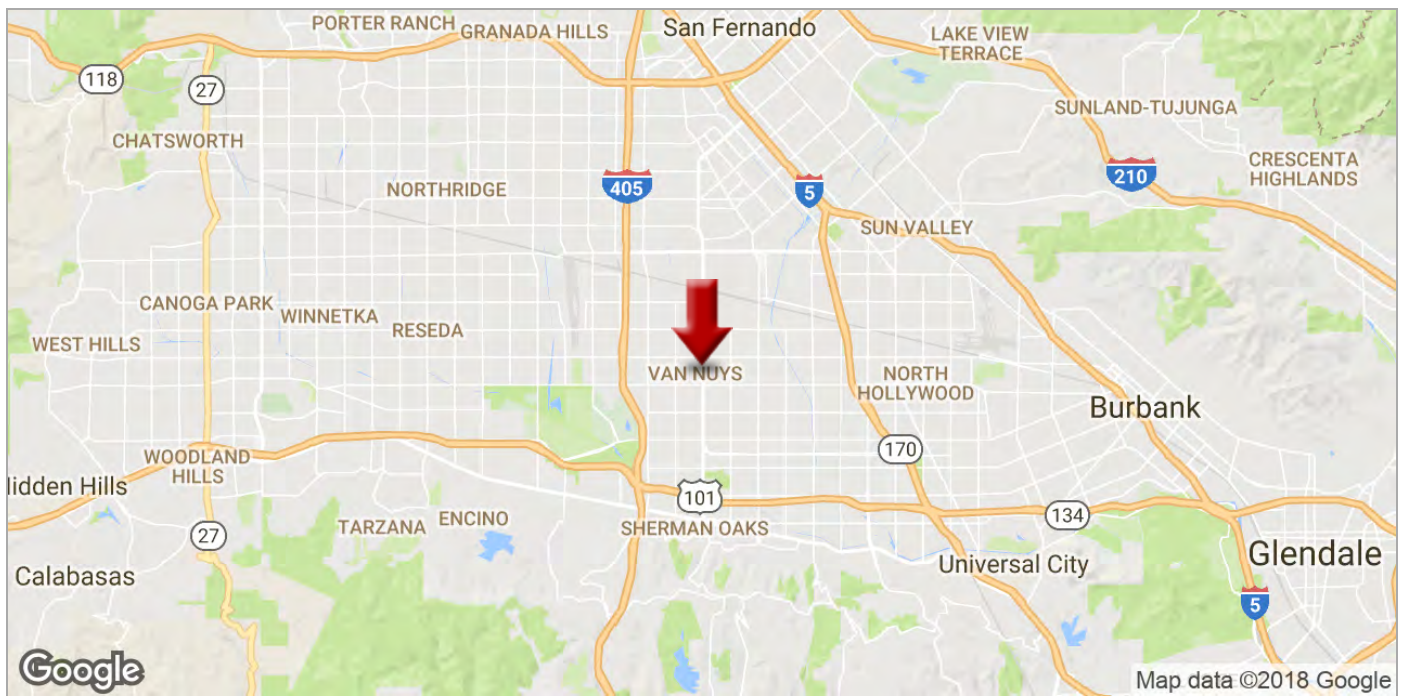
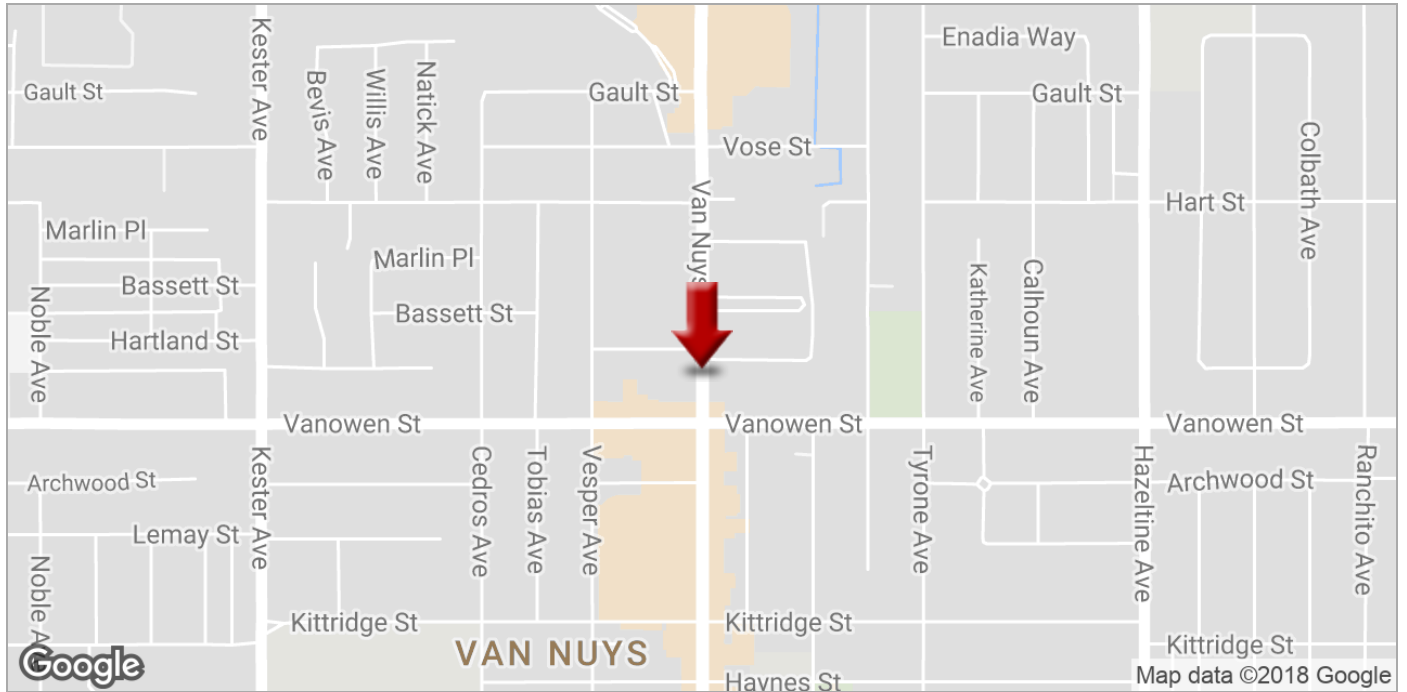


2ND FLOOR ANNEX

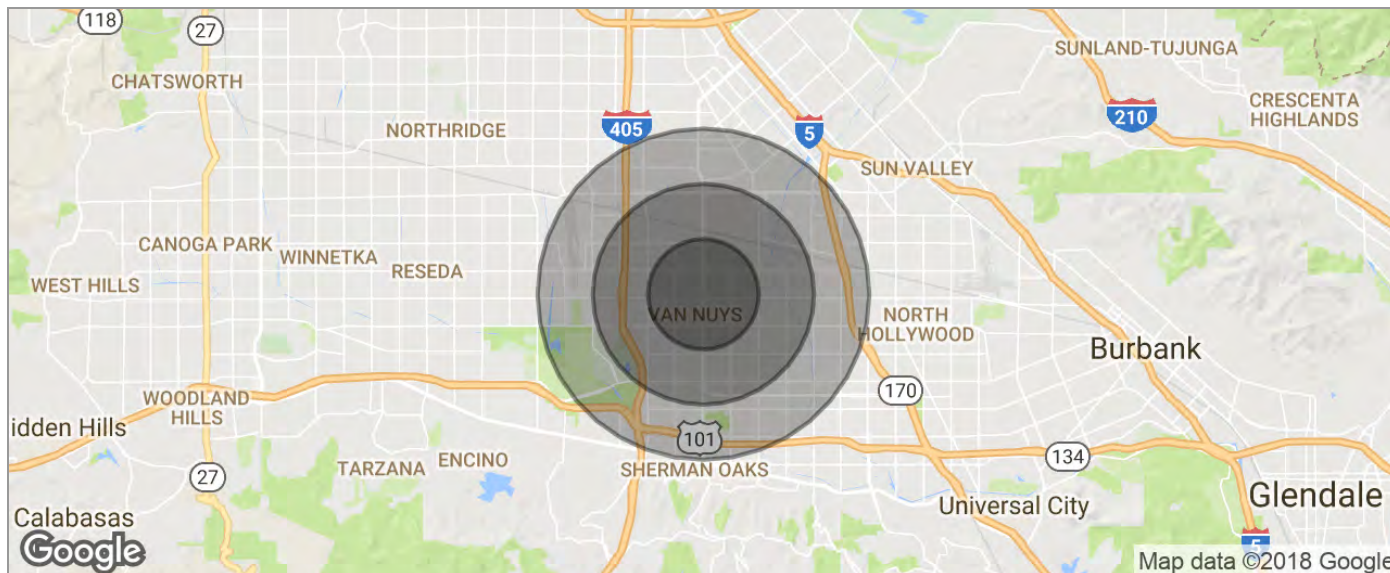
Retailer Map



Location Maps



Demographics Map



POPULATION	1 MILE	2 MILES	3 MILES
TOTAL POPULATION	24,694	142,250	366,942
MEDIAN AGE	40.3	34.6	32.0
MEDIAN AGE (MALE)	37.5	31.9	30.0
MEDIAN AGE (FEMALE)	42.9	36.9	33.9
HOUSEHOLDS & INCOME	1 MILE	2 MILES	3 MILES
TOTAL HOUSEHOLDS	9,560	48,900	117,240
# OF PERSONS PER HH	2.6	2.9	3.1
AVERAGE HH INCOME	\$61,491	\$52,742	\$50,398
AVERAGE HOUSE VALUE	\$439,336	\$422,316	\$425,806
RACE	1 MILE	2 MILES	3 MILES
% WHITE	9.1%	15.7%	21.3%
% BLACK	78.6%	59.6%	46.6%
% ASIAN	0.9%	0.8%	1.2%
% HAWAIIAN	0.0%	0.3%	0.2%
% INDIAN	0.2%	0.3%	0.3%
% OTHER	8.2%	21.0%	28.2%
ETHNICITY	1 MILE	2 MILES	3 MILES
% HISPANIC	16.6%	36.3%	48.8%

* Demographic data derived from 2010 US Census