

OFFERING MEMORANDUM

3216 MANHATTAN AVENUE

HERMOSA BEACH, CA 90254

Fully-Occupied Mixed-Use (Retail/Office)
Commercial Building

Five (5) Suites (All Tenants Month to Month)

Owner User - Opportunity For 2nd Floor
Occupancy w/ 1st Floor Rental Offset

Value Add - Opportunity To Convert MTM
Tenants to Market Rents

MANHATTAN
BEACH PIER

SUBJECT
PROPERTY

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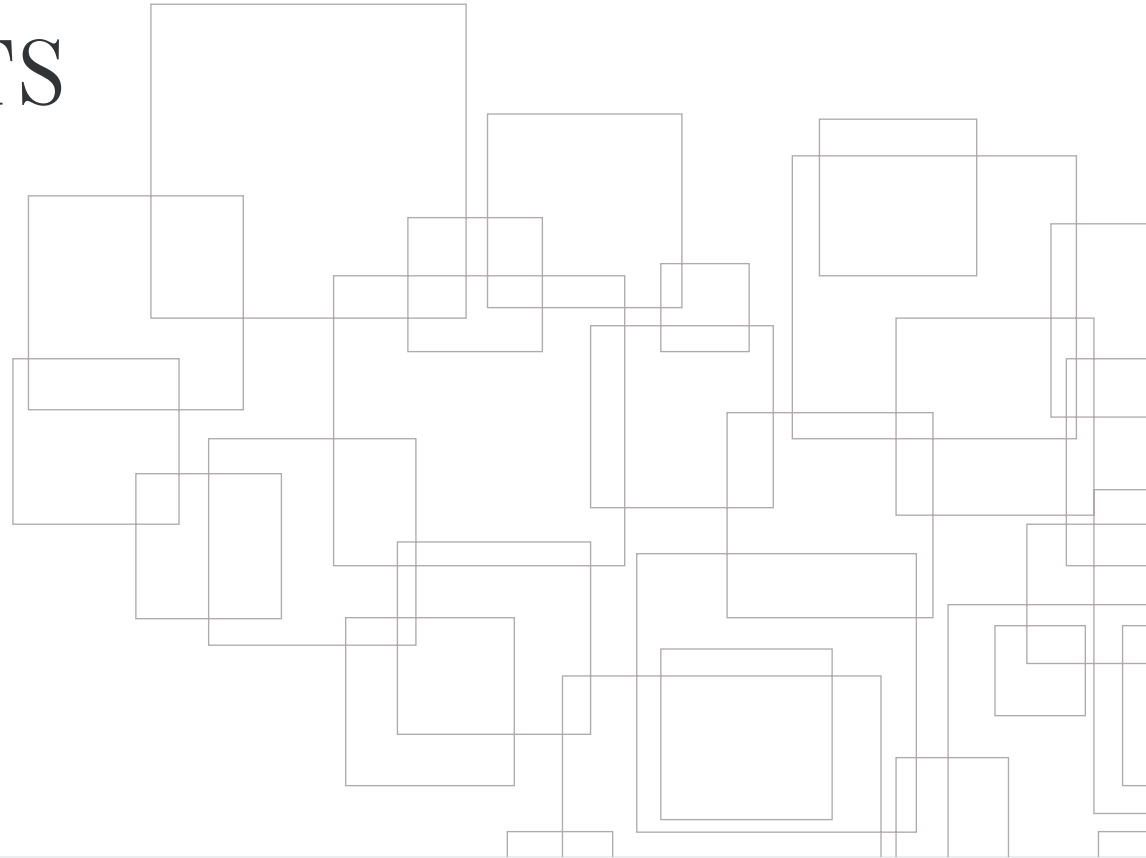
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EXECUTIVE SUMMARY

Section 01

PROPERTY INFORMATION

ADDRESS	3216 Manhattan Ave Hermosa Beach, CA 90254
ASKING PRICE	\$4,100,000
OCCUPANCY	100% Five (5) suites, all month-to-month tenancies
BUILDING TYPE	Mixed-Use (Retail/Office) Commercial
TOTAL BUILDING AREA	±3,168 SF (5 suites, ranging from 192 SF to 792 SF)
LAND AREA	4,951 SF / 0.114 AC
YEAR BUILT	1980 (See Pg. 7 for Recent Cap Ex)
CONSTRUCTION	Wood-frame/masonry
APN	4181-018-001
ZONING	C-1 Neighborhood Commercial (California Coastal Zone) HBMC Ch. 17.26 Assessor Code: HBC1YY
OWNERSHIP	Fee Simple (Land & Building)



CURRENT TOTAL RENTAL INCOME	\$158,340/Yr. (See Rent Roll)
IN-PLACE NOI	\$100,368 (See Financial Analysis)
PRO-FORMA NOI (MARKET NNN)	\$182,592 (See Financial Analysis)
Potential Owner-User Area	2nd Floor – Suites C, D, E (±1,584 SF)
Projected Owner-User Net Cost of Ownership	±\$3.54/SF/Mo. (See Financial Analysis)

INVESTMENT HIGHLIGHTS



IN-PLACE INCOME WITH OWNER-USER OR VALUE-ADD UPSIDE POTENTIAL

The ±3,168 SF mixed-use (retail/office) property features in-place income across five suites, all on **flexible month-to-month tenancies**, in the tightly-held Manhattan Ave corridor of Hermosa Beach.

Owner-User: occupy the entire **2nd floor (Suites C, D & E – ±1,584 SF)** for your own business, while Suites A & B (1st floor) continue generating rental income to help offset the monthly mortgage – projected net occupancy cost of approximately **\$3.54/SF/Mo.** (see Financial Analysis; does not account for property appreciation or tax depreciation – consult your CPA).

Value-Add Investor: capitalize on the embedded rent upside across all five suites, converting to market NNN rates as month-to-month tenancies turn.

Current leases are **gross and month-to-month** – the owner currently covers property taxes, insurance, and building maintenance. This structure gives a new owner a clear, near-term path to **convert suites to NNN market rents** as tenancies turn over, shifting operating expenses to tenants and capturing the rent upside shown in the Rent Roll.



IRREPLACEABLE HERMOSA BEACH C-1 LOCATION

Positioned in the C-1 neighborhood commercial corridor within the California Coastal Zone – a **built-out coastal market** with no significant land available for ground-up commercial development, supporting durable long-term property values.

Walkable, beach-adjacent setting near the Strand bicycle path, with strong pedestrian/cyclist traffic supporting the existing tenant mix.



HIGHLY AFFLUENT SOUTH BAY DEMOGRAPHICS

Hermosa Beach carries an **average household income of \$235,429** and median home values of **\$2,159,662+** – among the highest household income demographics in Los Angeles County.

PROPERTY OVERVIEW

PARCEL INFORMATION

OVERVIEW

LOCATION	SEC Manhattan Ave & Longfellow Ave, Hermosa Beach, CA
YEAR BUILT	1980
CONSTRUCTION	Wood-frame/masonry
LOT SIZE	4,951 SF / 0.114 AC
APN	4181-018-001
NUMBER OF SUITES	Five (5)
ZONING	C-1 Neighborhood Commercial (Coastal Zone) – see full details on next page

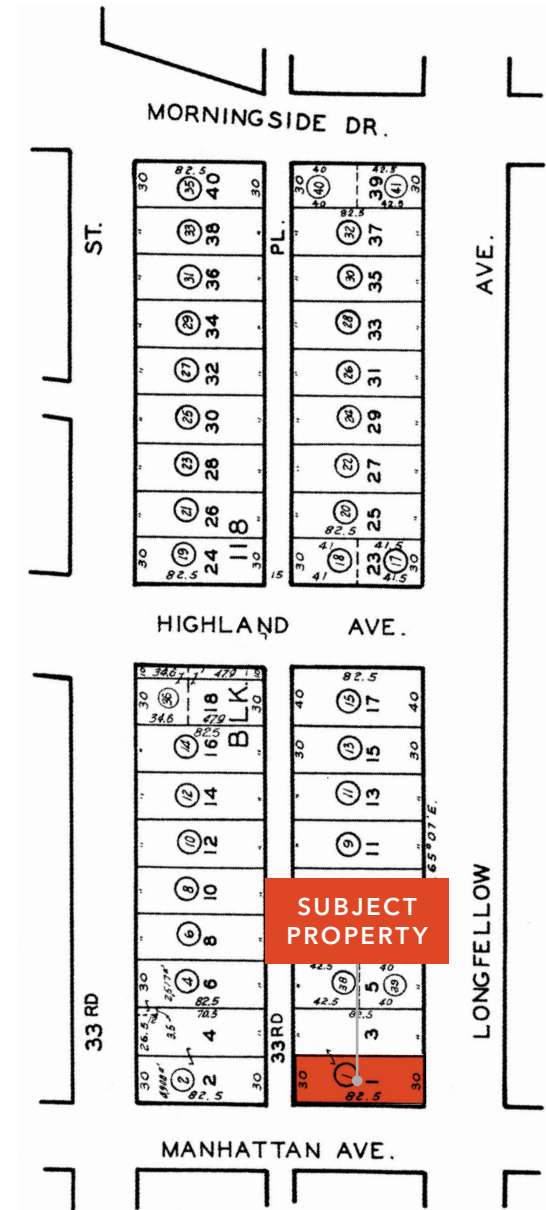
CAPITAL IMPROVEMENTS

Roof replaced November 2014

Balcony taken to wood and recoated October 2021

New windows in Suite A (2010), Suite B (2014), and Suite E (December 2017)

No central HVAC; the restaurant tenant (Suite B) has its own dedicated gas supply line; one shared water heater is located in Suite C



ZONING DETAIL

The property is zoned C-1 (Neighborhood Commercial) under Chapter 17.26 of the Hermosa Beach Municipal Code, within the California Coastal Zone. C-1 is intended to serve the day-to-day retail and service needs of nearby residential neighborhoods. A Coastal Development Permit (CDP) is required for new development, floor area increases greater than 10%, or use changes affecting coastal resources.



PERMITTED BY RIGHT (C-1)

- Retail stores and personal service establishments
- Restaurants (beer/wine with limitations; closing 10pm or earlier)
- Medical/dental offices and health service uses
- Dry cleaning – no on-site chemical processing
- Salons, barber shops, nail salons
- Fitness studios, yoga, martial arts (under 6,000 SF)
- General and professional office uses
- Limited outdoor dining (Administrative Permit required)
- Tattoo/body piercing studios (per §17.26.070)

CONDITIONAL USE PERMIT REQUIRED

- Restaurants with on-sale general alcohol
- Drive-through services
- Large day care (13+ children)
- Off-sale alcohol open after 11:01 PM

COASTAL ZONE ADDITIONAL REQUIREMENTS (REDEVELOPMENT)

- Coastal Development Permit from the CA Coastal Commission required for significant changes
- Coastal Zone extends inland to Ardmore Avenue
- Height generally limited to 2 stories / ~30 ft in the commercial Coastal Zone
- Any new development or floor area increase greater than 10% triggers CDP review



FINANCIAL ANALYSIS

Section 03

RENT ROLL

All five suites are leased on a gross, month-to-month basis. Current gross rents are shown alongside estimated market NNN rates, reflecting the opportunity to convert each suite to NNN as tenancies turn over.

Suite	Floor	Tenant	SF	CURRENT RENT (IN PLACE)					MARKET RENT (PROFORMA)				Annual Difference Vs. Current
				Current Monthly Rent	Current \$/SF/Mo	Current Annual	Lease Type	Current Lease Status	Monthly Rent (NNN)	ProForma \$/SF/Mo	ProForma Annual (NNN)	ProForma Lease Type	
A	1st	Ocean Blue Cleaners	792	\$2,720	\$3.43	\$32,640	Gross	M-to-M	\$3,564	\$4.50	\$42,768	NNN	\$10,128
B	1st	Brothers Burritos	792	\$4,125	\$5.21	\$49,500	Gross	M-to-M	\$4,356	\$5.50	\$52,272	NNN	\$2,772
C	2nd	Salon Del Mar*	792	\$2,780	\$3.51	\$33,360	Gross	M-to-M	\$3,168	\$4.00	\$38,016	NNN	\$4,656
D	2nd	South Bay Jiu Jitsu*	600	\$1,850	\$3.08	\$22,200	Gross	M-to-M	\$2,400	\$4.00	\$28,800	NNN	\$6,600
E	2nd	KKC Fine Homes (Office)*	192	\$1,720	\$8.96	\$20,640	Gross	M-to-M	\$1,728	\$9.00	\$20,736	NNN	\$96
Totals/Averages			3,168	\$13,195	\$4.17	\$158,340	Gross	M-to-M	\$15,216	\$4.80	\$182,592	NNN	\$24,252
*Potential Owner-User Area (2nd Floor)			1,584										

RENT ROLL NOTES

All tenants are currently month-to-month on gross lease structures; tenants do not reimburse for operating expenses.

Opportunity for a Value-Add Investor to convert existing (or new) tenants to NNN market rents.

Opportunity for an Owner-User to occupy a portion of the building while enjoying mortgage payment offset from tenant rent.

Current Owner User analysis assumes 2nd floor is occupied by Owner User and 1st floor tenants are kept in place / rolled to market rents.

FINANCIAL ANALYSIS

2025 OPERATING EXPENSES*

Expense Category	Annual Amount
PROPERTY TAXES (REASSESSED)	\$45,785
STATE FARM INSURANCE (EXCL. EARTHQUAKE)	\$9,491
WATER (2025)	\$1,696
GAS (2025; RESTAURANT HAS OWN SUPPLY)	\$1,000
Total Owner Expenses	\$57,972

*Current leases are month-to-month and gross recovery structure (tenants do not reimburse). Proforma market rent analysis assumes that all tenants are converted to NNN lease structures at market rental rates.

NOI SUMMARY

CURRENT (IN PLACE) NOI ¹	\$100,368
PROFORMA (MARKET) NOI ²	\$182,592
PROJECTED OWNER-USER "NET" \$/SF/MO. COST OF OWNERSHIP ³	\$3.54

¹Current in-place NOI accounts for reassessed taxes after sale based on \$4.1M sale price.

²Proforma market NOI assumes all suites are rolled to NNN (100% recovery) at market rental rates.

³Projected owner-user adjusted \$/SF/Mo. Occupancy cost assumptions can be found below.

Neither Current In Place NOI or Proforma Market NOI contain a vacancy factor.

PARTIAL OWNER-USER (2ND FLOOR OCCUPANCY) SUMMARY

Owner-User | Loan Calculation*

ACQUISITION PRICE	\$4,100,000
OWNER USER CAP EX	\$0
LTV %	50.00%
DOWN PAYMENT	\$1,025,000
Total Loan Amount	\$2,050,000
TERM (IN YEARS)	25
INTEREST RATE	6.25%
Est. Monthly Mortgage	\$13,523
Annual P&I Payment	\$162,279
1ST FLOOR RENTAL INCOME OFFSET	\$95,040
NET "ADJUSTED" ANNUAL P&I	\$67,239
"Net" Adjusted \$/SF/Mo. Cost (1,584 SF)	\$3.54

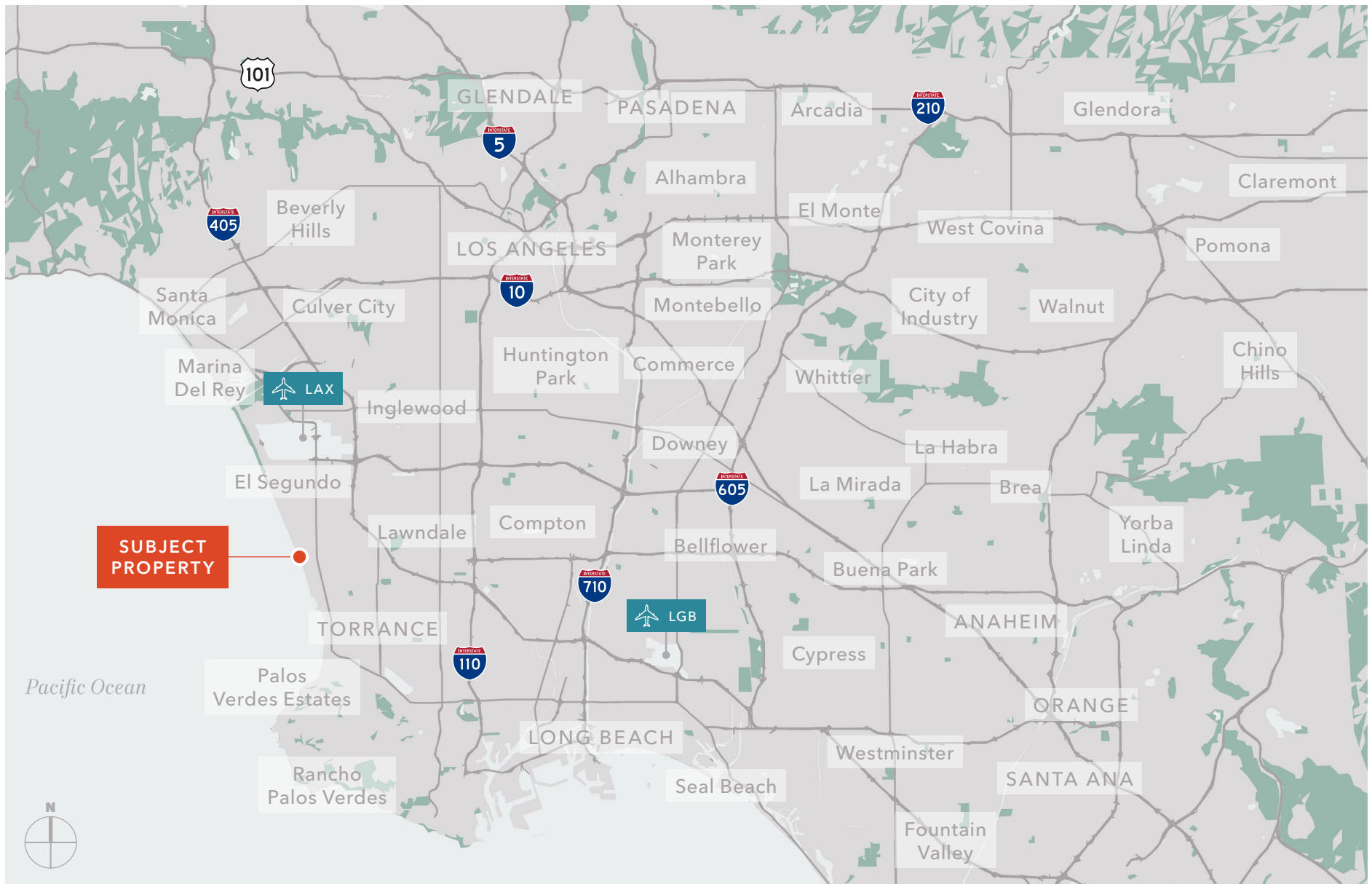
*Owner-user "net" ownership cost analysis does not account for property appreciation/tax depreciation benefits. Consult your CPA.

Owner-User analysis reflects the projected "net monthly cost" of ownership (mortgage - rental income offset) divided by the 1,584 SF (second floor square footage) the user is projected to occupy.

AREA OVERVIEW

Section 04

AREA OVERVIEW





HERMOSA BEACH CITY OVERVIEW

Founded in 1907, Hermosa Beach is a 1.43-square-mile coastal city on the southern end of Santa Monica Bay.

Flanked by Manhattan Beach to the north and Redondo Beach to the south, Hermosa Beach is defined by two miles of sandy beach, the Pier Avenue entertainment corridor, and a community culture rooted in beach volleyball, surfing, cycling, and outdoor living.

The city is essentially built out, with no significant land area available for ground-up commercial development. This structural supply constraint, combined with one of Los Angeles County's highest household income demographics, supports commercial property values and rents over time.

KEY QUALITY-OF-LIFE ATTRIBUTES

Two miles of beach; Strand bicycle path connecting to Manhattan Beach and Redondo Beach

Year-round mild climate – average high 75.3°F, average low 54.1°F

Pedestrian/cyclist-friendly urban form, supporting strong foot traffic for local businesses

15-17 minutes to LAX; access to major South Bay employment centers

Robust tourism economy supporting food & beverage and retail demand

DEMOGRAPHICS



Population

	1 Mile	3 Miles	5 Miles
2010 CENSUS	19,044	132,464	366,723
2020 CENSUS	18,991	127,907	357,461
2026 ESTIMATED	18,358	126,815	352,422
2031 PROJECTED	17,641	120,828	336,213

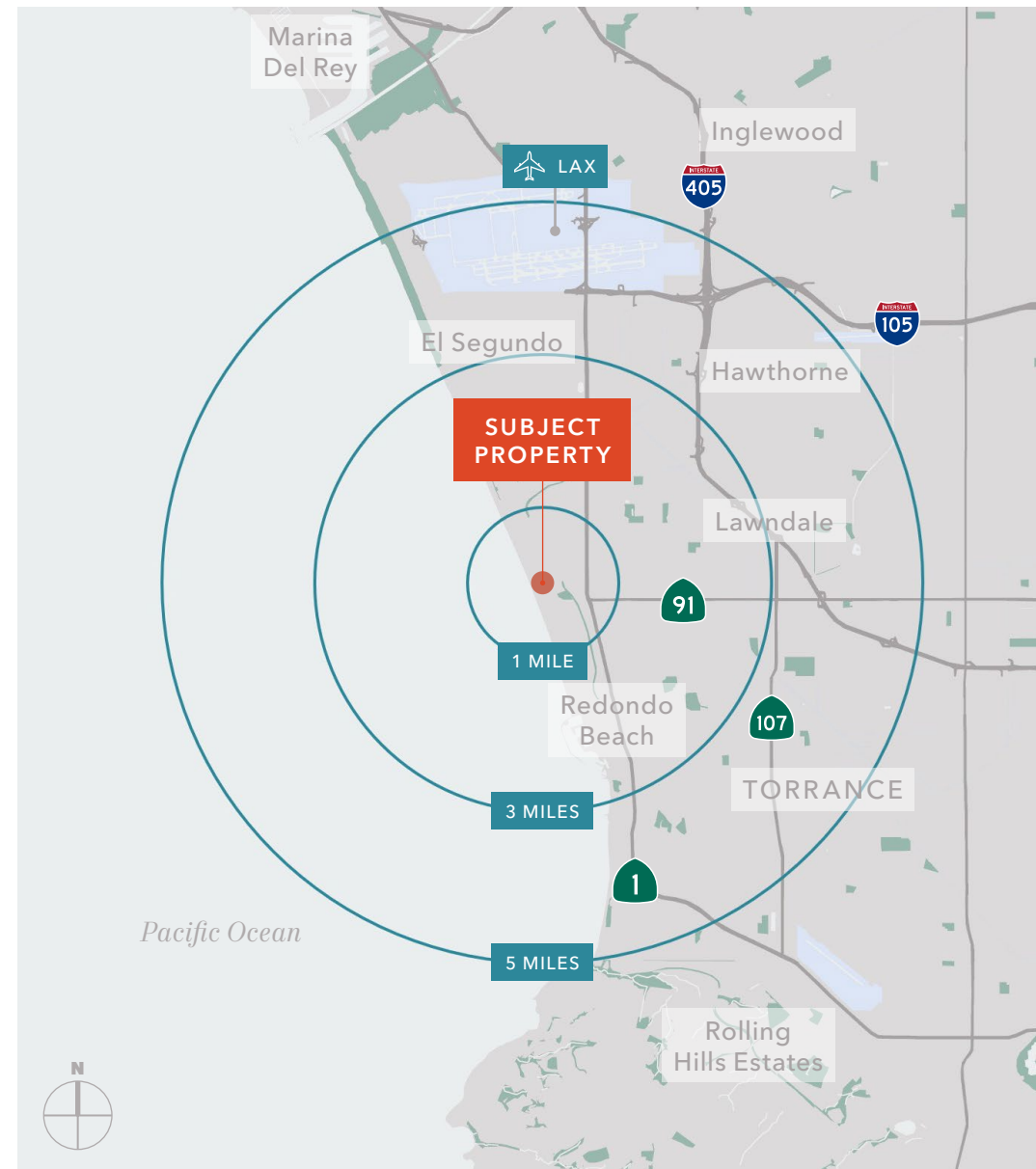


Household Income

	1 Mile	3 Miles	5 Miles
2026 MEDIAN	\$176,414	\$163,898	\$130,763
2031 MEDIAN PROJECTED	\$176,496	\$163,832	\$130,811
2026 AVERAGE	\$291,097	\$245,215	\$183,280
2031 AVG PROJECTED	\$290,969	\$245,144	\$183,260

KEY TAKEAWAY

Backed by extraordinary median household incomes and premier median home values exceeding \$2,000,000, Hermosa Beach concentrates immense wealth into a dense coastal corridor of 13,500 residents per square mile. This ultra-affluent demographic yields a built-in audience of high-spending consumers, driving robust local demand for retail and dining concepts.





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