



The Sepulveda Project

6254 & 6300 Sepulveda Blvd., Van Nuys, CA 91411



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COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE

The Sepulveda Project

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EXECUTIVE SUMMARY

6254 & 6300 Sepulveda Blvd
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Executive Summary

The Sepulveda Project

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EXECUTIVE SUMMARY

NAI Capital is pleased to present The Sepulveda Project, a one-of-a-kind opportunity to acquire 1.74 Acres of prime commercial land in the heart of the San Fernando Valley. The assemblage combines two lots near the corner of Sepulveda Blvd and Victory Blvd, near a variety of new developments. There are a total of 40,546 SF of existing improvements on the 75,795 SF parcels, with current leases in place on staggered terms through December 2022.

Current tenancy includes Shilpark Paint at 6254 Sepulveda Blvd, the Salvation Army at 6300 Sepulveda Blvd. New owners can benefit from stabilized income in place while going through the process of obtaining permits for redevelopment of the land. Developers can take advantage of state density bonuses to build up to 256 units on the site (assuming an average unit size of 775 SF). The project rests within a federally designated Opportunity Zone, presenting tremendous potential tax advantages for investors seeking to redevelop the asset.

Alternatively, buyers interested in an adaptive reuse or owner-user opportunity can retain the existing improvements for their own use. The Salvation Army's 25,636 SF commercial building could be vacated early, presenting a tremendous opportunity for an owner-user seeking to occupy the space with their own business. Potential adaptive reuse concepts for the space could include creative office, gym, self-storage, or auto-related uses.





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Property Strengths

- Rare value-add opportunity on the Sepulveda corridor in the heart of San Fernando Valley.
- Irreplaceable location consists of 40,546 square feet of existing improvements on a 75,795 square-foot (1.74 acres) lot
- Current retail/industrial improvements are fully occupied with leases through July and December 2022, without further options to extend.
- Two parcels of covered land, providing tremendous frontage of 300 feet on Sepulveda Boulevard.
- A versatile adaptive reuse, owner-user, investment or development opportunity.
- In a Qualified Opportunity Zone, allowing a developer to take advantage of immense tax benefits.
- Opportunity for a buyer to own an outstanding piece of real estate with tremendous future development potential in a prime location and in-place cash flow.

Location Strengths

- The Sepulveda site is conveniently located just south of Victory Blvd., one of the most highly trafficked intersections in Los Angeles County
- Van Nuys is the most populated neighborhood in the San Fernando Valley.
- Immediate access to the 405 Freeway and minutes from 101/134, 118 and 170 freeways
- Ample rapid and street transit options make the site easily accessible to the entire San Fernando Valley and greater Los Angeles area.
- The location supports numerous restaurants, shopping centers, retail shops, grocery stores, hospitals and recreation facilities.
- Metro has proposed the Sepulveda Transit Corridor Project to be completed by 2028

PROPERTY VALUATION SUMMARY

Price:	Unpriced
Property Type:	Multi Property Retail / Covered Land Redevelopment
Address:	6254 & 6300 Sepulveda Blvd., Van Nuys, CA 91411
APN:	2242-010-021, 2242-010-016
Generalized Zoning:	C2-1VL RIO / P1-VL-RIO
General Plan Land Use:	General Commercial
Building Area:	40,546 SF
Site Area:	75,795 SF / 1.74 AC
Frontage:	300 Feet on Sepulveda Blvd.
Occupancy:	100%
Current Improvements:	Retail w/ income in place through 2022
Opportunity Zone:	Yes

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Note: Project falls within the LA Transit Neighborhood Replan Area and will be rezoned to a standard commercial "C" zoning by the end of 2020. This change in zoning may increase the allowable density, but in no case will decrease the allowable density. Plan details are available at www.latnp.org





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PARCEL SPECIFICATIONS

Parcels	2
Total Land Available	75,795 SF / 1.75 AC
Generalized Zoning	C2-1VL RIO / P1-VL-RIO
Zoning restrictions	45' height limitation Projects must be approved by River Improvement Ordinance group
General Plan Land Use	General Commercial
Frontage	300 Feet
Current Improvements	40,546 SF Retail netting \$381,802 year (leased through 2022)
Opportunity Zone	Yes
TOC	Not currently *in the line of the Measure M Sepulveda Transit Corridor

Note: Project falls within the LA Transit Neighborhood Replan Area and will be rezoned to a standard commercial “C” zoning by the end of 2020. This change in zoning may increase the allowable density, but in no case will decrease the allowable density.

MAXIMUM DEVELOPMENT POTENTIAL

State Density Bonus	Yes
Maximum Units	256
Total Affordable	20-22
Average Unit Size	775 SF

OPPORTUNITY ZONE ADVANTAGES

- 5 YEARS: 10% reduction in capital gains tax rate
- 7 YEARS: 15% reduction in capital gains tax rate
- 10 YEARS+ : Tax on reinvested capital gains are permanently forgiven

Investor must “substantially improve” (redevelop) the property to qualify.
Ex: property purchased for \$1M will require a minimum of \$1M redevelopment

- * Capital gains tax on the initial investment can be deferred until Dec 2026
- * Must purchase through an Opportunity Zone Fund



Property Photos

6254 & 6300 Sepulveda Blvd
Van Nuys, CA 91411





Property Photos



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Rent Roll

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Tenant Name	Suite	SF	% Bldg Share	Lease Comm.	Dates Exp.	Monthly Rent per Sq. Ft.	Total Rent Per Month	Total Rent Per Year	Pro Forma Rent Per Year	Changes on	Rent Increase	Renewal Options and Option Year Rental Information
Salvation Army	6300 Sep	25,636	63.2%	8/1/19	7/31/22	\$1.26	\$32,180	\$386,160	\$397,740	Sep-2020	\$33,145	3% annual increase. No options
Shilpark	6254 Sep	14,910	36.8%	1/1/19	12/31/22	\$0.99	\$14,730	\$176,756	\$182,696	Jan-2021	\$15,024	2% annual increase. No options
Total		40,546				\$1.16	\$46,910	\$562,916	\$580,436			

Occupied Tenants: 2 Unoccupied Tenants: 0 Occupied GLA: 100.00% Unoccupied GLA: 0.00%

Total Current Rents: \$47,106 Occupied Current Rents: \$47,106 Unoccupied Current Rents: \$0

Income	Year 1
Scheduled Base Rental Income	\$562,916
Total Reimbursement Income	\$41,280
Effective Gross Revenue	\$604,196

Operating Expenses	
CAM	\$41,280
Insurance	\$5,344
Real Estate Taxes	TBD (1.25% of Purchase Price)



Sales Comparables

6254 & 6300 Sepulveda Blvd
Van Nuys, CA 91411

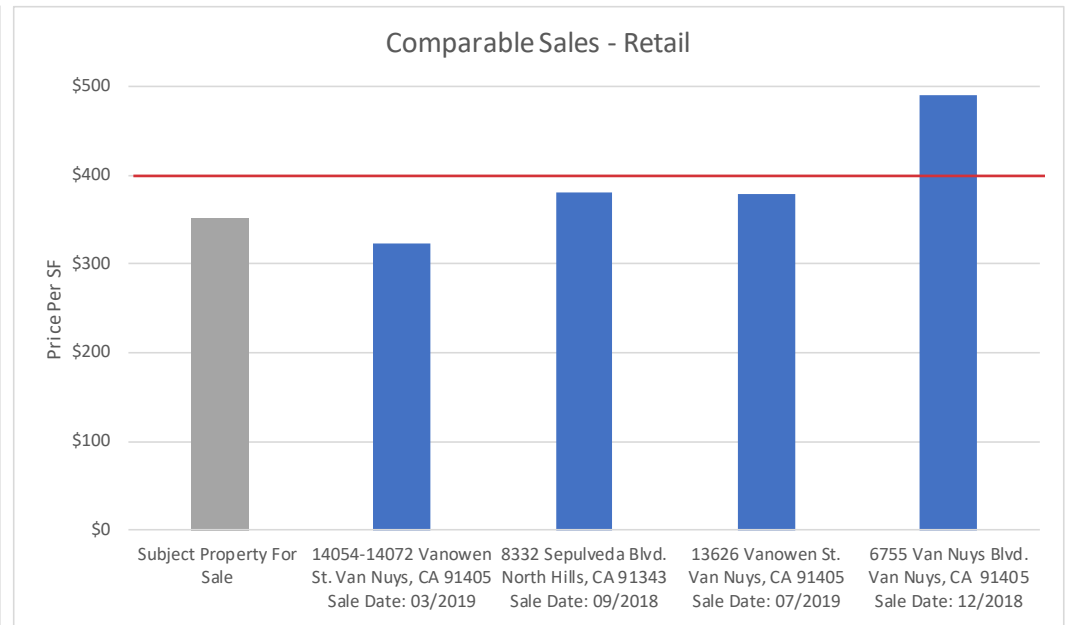




Comparables

The Sepulveda Project

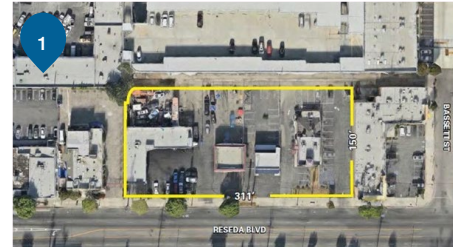
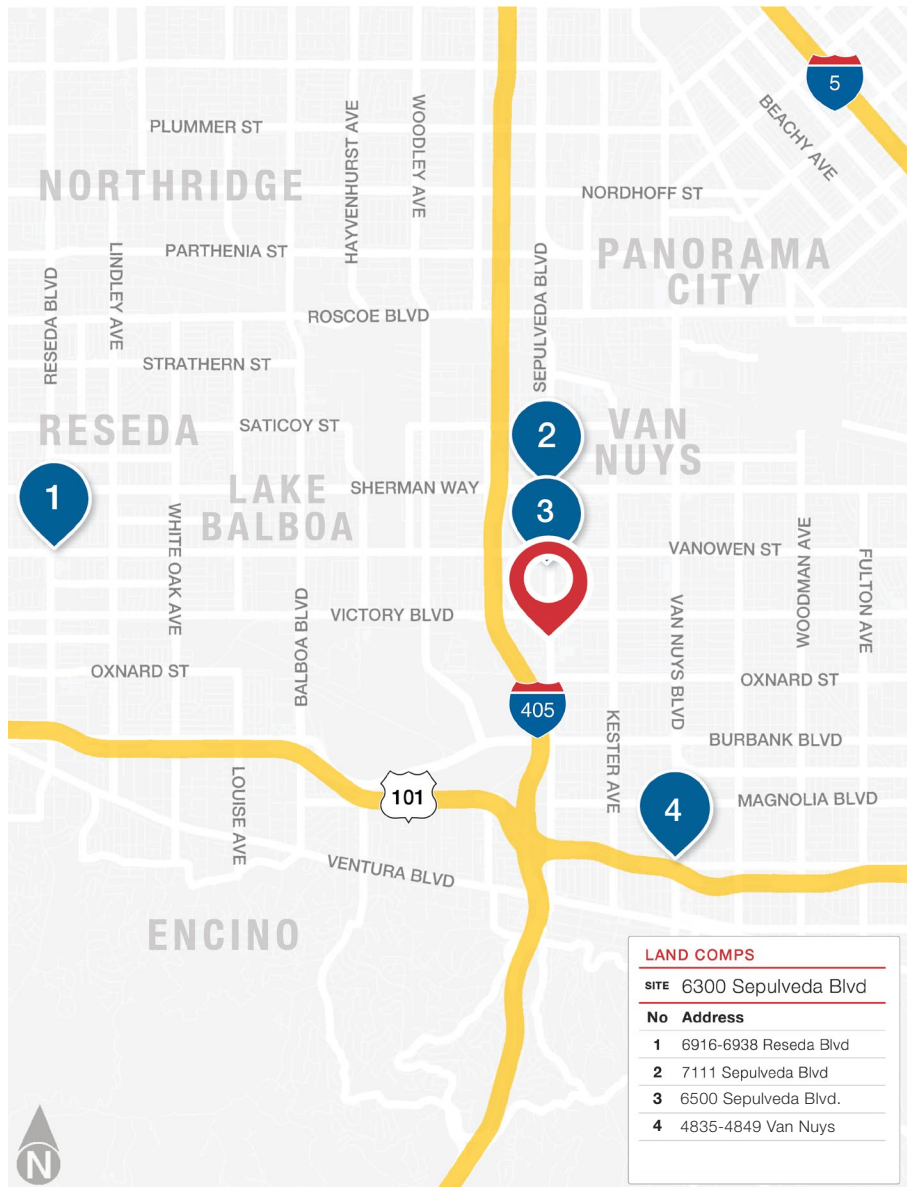
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Land Comparables

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6916-6938 Reseda Blvd.
Reseda, CA 91335

Sale Price: \$8,750,000
Lot Size: 46,730 SF
Price/SF: \$187.25
Price/Unit: \$55,380
Zoning: LAC2
Close Date: On Market

Notes: Currently KFC and 4 automotive use tenants netting \$19k/mo. Proposed 158 Unit mixed-use development



6500 Sepulveda Blvd.
Van Nuys, CA 91411

Sale Price: \$10,150,000
Lot Size: 53,380 SF
Price/SF: \$190.15
Price/Unit: \$63,438
Zoning: LAR4
Close Date: Jul-16

Notes: Vacant Motel on 1.23 AC was not entitled for a new development at time of sale



7111 Sepulveda Blvd.
Van Nuys, CA 91416

Sale Price: \$9,500,000
Lot Size: 53,222 SF
Price/SF: \$178.50
Price/Unit: \$52,777
Zoning: LAC2
Close Date: Feb-18

Notes: Blue Arch purchased the property for \$4.9 million in 2015, demolished a meat market, got entitled for 180 mixed-use development. Sold to FMB with entitlements but not RTI. On market for \$18M



4835-4849 Van Nuys
Sherman Oaks, CA 91403

Sale Price: \$20,000,000
Lot Size: 127,856 SF
Price/SF: \$156.43
Zoning: LAC1.5
Close Date: Sep-18

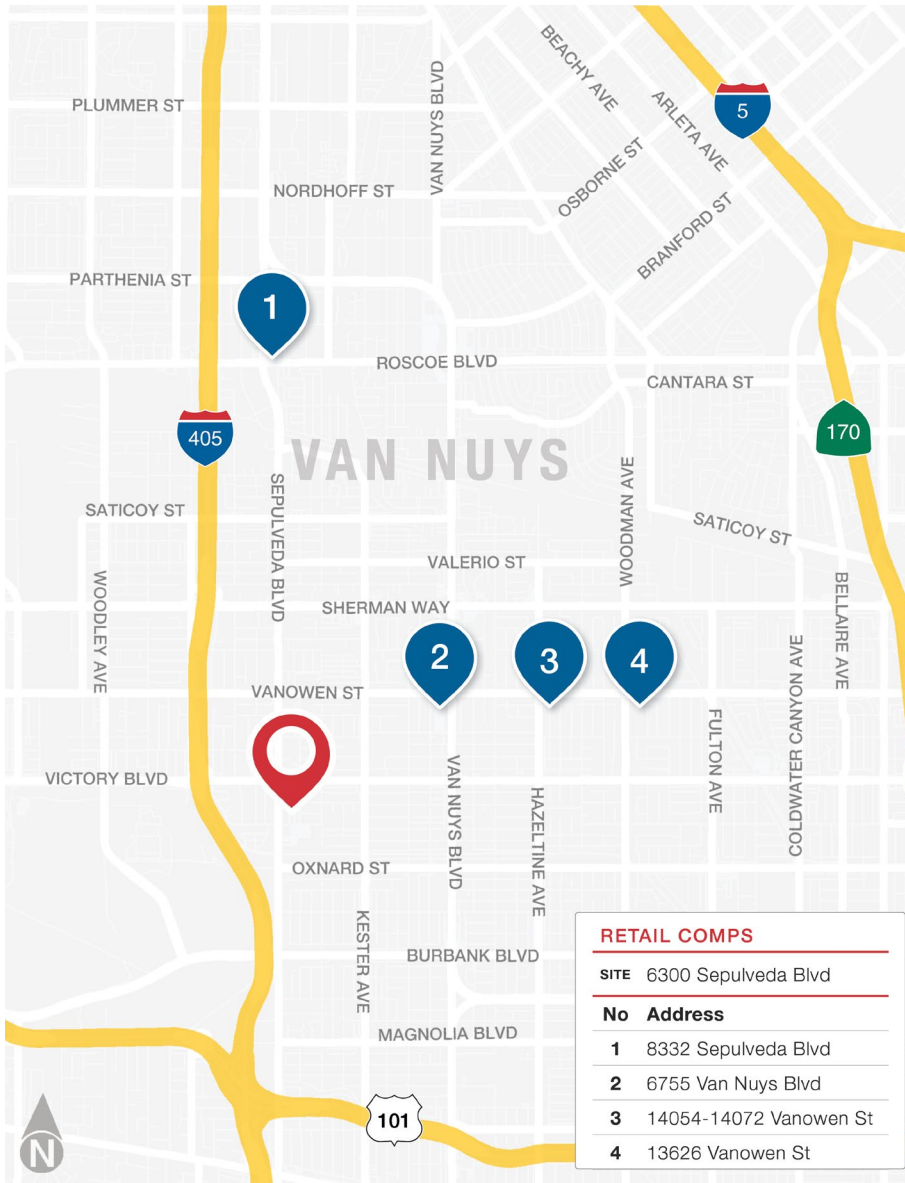
Notes: Buyer plans to redevelop the property by tearing down the existing Medical office buildings, and construct multifamily; however, the redevelopment was not entitled at the time of sale.



Retail Comparables

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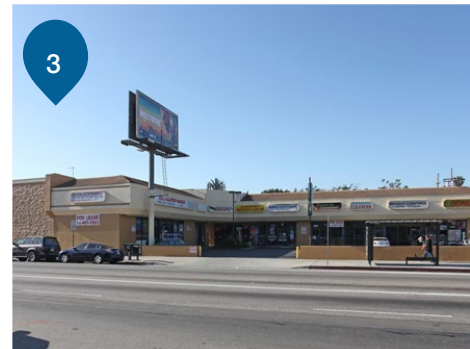
8332 Sepulveda Blvd.
North Hills, CA 91343

Sale Price: \$5,000,000
Building Size: 13,135 SF
Price/SF: \$380.66
Cap Rate: 7.23%
Close Date: Sep-18



6755 Van Nuys Blvd.
Van Nuys, CA 91405

Sale Price: \$6,732,000
Building Size: 13,755 SF
Price/SF: \$489.42
Cap Rate: 4.90%
Close Date: Dec-18



14054-14072 Vanowen St.
Van Nuys, CA 91405

Sale Price: \$2,950,000
Building Size: 9,125 SF
Price/SF: \$323.30
Cap Rate: 4.77%
Close Date: Mar-19



13626 Vanowen St.
Van Nuys, CA 91405

Sale Price: \$5,500,000
Building Size: 14,550 SF
Price/SF: \$378.00
Cap Rate: 5.79%
Close Date: Jul-19



Market Overview

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Van Nuys Overview

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Van Nuys is a Los Angeles neighborhood that is both geographically and culturally at the center of the San Fernando Valley region. With a history dating back to the early Twentieth Century, Van Nuys is one of the earliest San Fernando Valley communities. Known for its roots as a working-class neighborhood, Van Nuys is a vibrant community that blends a history of cultural diversity and industry with neighborhood shopping centers and suburban amenities.

Van Nuys is one of the larger neighborhoods in the city Los Angeles with a population of approximately 110,000. Most of the community (nearly 75%) are renters and the residential structures in the neighborhood are overwhelmingly low and mid-rise apartment buildings and single-story ranch and adobe style homes.

Location and Access

Van Nuys is bordered on the north by North Hills, on the northeast by Panorama City, on the east by Valley Glen, on the south by Sherman Oaks, on the southwest by the Sepulveda Basin, on the west by Lake Balboa, and on the northwest by Northridge. Van Nuys has access to the Greater Los Angeles Area from several major freeways that run nearby. The neighborhood has easy access to I-405, I-5, U.S. 101, and State Route 170. Los Angeles International Airport (LAX) is just 20 miles south via I-405 and Downtown Los Angeles is about 18 miles east on U.S 101. Concert venues, sports arenas, and beaches are all accessible by car.

A variety of transit options serve the community, including the Van Nuys Amtrak/ Metrolink station, the Van Nuys and Sepulveda Orange Line bus stations and several local bus routes operated by Metro. A bicycle path runs alongside a portion of the Orange Line route along with pedestrian friendly walkways. The planned East San Fernando Valley Transit Corridor project is a light rail line scheduled to begin construction in 2021 and would run north/south between Sylmar and Van Nuys.

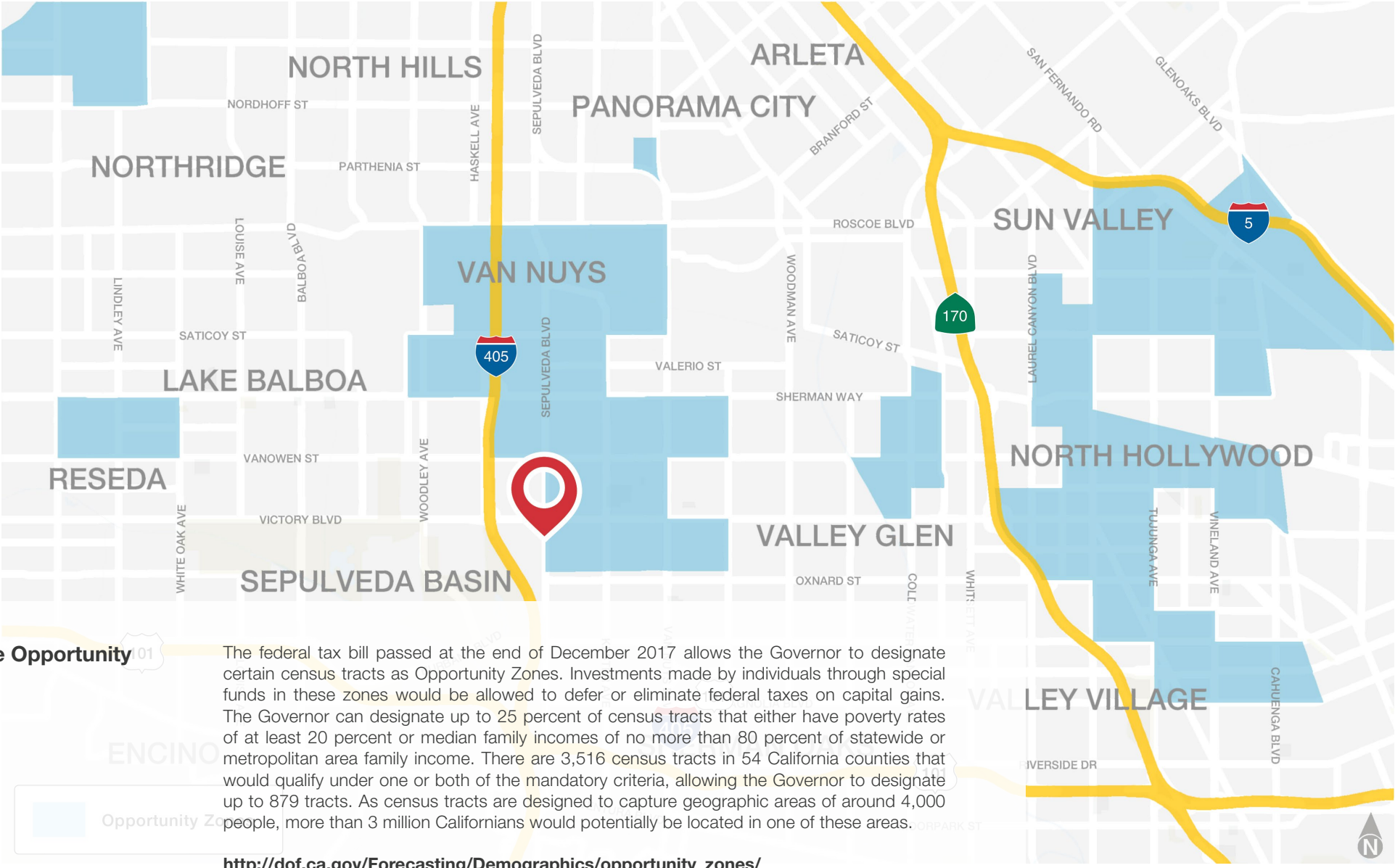




Opportunity Zone

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The Opportunity

The federal tax bill passed at the end of December 2017 allows the Governor to designate certain census tracts as Opportunity Zones. Investments made by individuals through special funds in these zones would be allowed to defer or eliminate federal taxes on capital gains. The Governor can designate up to 25 percent of census tracts that either have poverty rates of at least 20 percent or median family incomes of no more than 80 percent of statewide or metropolitan area family income. There are 3,516 census tracts in 54 California counties that would qualify under one or both of the mandatory criteria, allowing the Governor to designate up to 879 tracts. As census tracts are designed to capture geographic areas of around 4,000 people, more than 3 million Californians would potentially be located in one of these areas.

http://dof.ca.gov/Forecasting/Demographics/opportunity_zones/



Nearby Projects

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Recent Development

The San Fernando Valley, particularly in the southeast, has received renewed attention thanks to a growing population and relative affordability and availability of housing. North Hollywood, for example, has a burgeoning arts district featuring theaters, galleries, shops, restaurants and transit and is exploding with new development and population growth. Van Nuys is experiencing the spillover effects of the redevelopment of its neighbors and is booming with new renters seeking a degree of affordability. Developers are capitalizing on the opportunities to repurpose underutilized and outdated commercial sites to their highest uses- apartments.

At the end of 2018 there were five projects under construction, all multifamily apartment developments. In all, 298 apartment units are scheduled to be delivered in Van Nuys in 2019, 98% of which are market-rate.

Project Name	Address	City	# of Units	Developer	Delivery Date
1 Noho West	6150 Laurel Canyon Boulevard	North Hollywood	642 Units	Mm Noho Apartments, Llc	January 2020
2 24	20000 Prairie Street	Chatsworth	660 Units	Mga Entertainment, Inc.	January 2020
3 8811	8811 Sepulveda Blvd	North Hills	364 Units	Metro Development	August 2020
4 Evolution Warner Center	6606 N Variel Ave	Canoga Park	271 Units	Evolution Strategic Partners	Under Construction
5 Icon At Panorama	Roscoe/Van Nuys Blvd	Panorama City	623 Units	Icon Strategic Partners	2021

Economy

The economy of Van Nuys is propelled by its strong industrial base. Van Nuys' industrial base dates to the 1940s when GM operated an automobile assembly factory on Van Nuys Boulevard at the north end of the neighborhood. The factory closed in 1992, but others have moved in to the industrial space. Most famously, Anheuser-Busch opened a Budweiser factory in Van Nuys in 1954. Another significant economic feature is Van Nuys Airport, the world's busiest general aviation airport dedicated to noncommercial air travel. Commercial corridors along Van Nuys Boulevard Sepulveda Boulevard also drive the local economy. Numerous neighborhood retail center with national chain retailers and grocers, ethnic markets, restaurants and all varieties of services can be found. A long stretch of Van Nuys Boulevard known as "auto row" hosts several auto dealerships brought about when the GM assembly plant was operating.



For a list of all new development in the Van Nuys area, visit vnnc.org/vn.projects/

Retail Map

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Location Highlights

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Civic Center

Van Nuys is the Valley's civic center, hosting several important civic buildings that serve the San Fernando Valley and Los Angeles County regions. Van Nuys is home to the Van Nuys Government Center, which includes the Valley Municipal Building, Los Angeles County Superior Court, Van Nuys Police Station, the James C. Corman Federal Building, the Van Nuys Branch of the Los Angeles Public Library, Los Angeles County Registrar-Recorder and County Clerk's office and the Marvin Braude San Fernando Valley Constituent Services Center.



Anheuser-Busch Brewery

The Los Angeles location at 15800 Roscoe Boulevard opened in 1954 and is one of 12 Anheuser-Busch breweries in the United States. The 95-Acre facility includes approximately 1.7 million square feet of floor space and annually produces 12 million barrels of beer under a variety of brand names.



Valley Presbyterian Hospital

Valley Presbyterian is one of the largest full-service acute care facilities serving the San Fernando Valley. The 350-bed hospital and emergency department coordinates with 500 physicians to serve thousands of patients annually. The hospital has been voted Best Hospital by Los Angeles Daily News readers for 13 consecutive years.



Demographics

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Population

	1 Mile	3 miles	5 Miles
Estimated Population (2019)	35,031	280,085	705,756
Projected Population (2024)	34,968	280,292	705,874
Census Population (2010)	32,966	263,784	670,402

Households

	1 Mile	3 miles	5 Miles
Estimated Households (2019)	11,709	101,833	247,421
Projected Households (2024)	12,028	104,649	254,298
Census Households (2010)	10,723	93,215	227,909

Average Household Income

	1 Mile	3 miles	5 Miles
Estimated Average Household Income (2019)	\$65,978	\$89,854	\$97,986
Projected Average Household Income (2024)	\$77,879	\$108,031	\$118,014
Census Average Household Income (2010)	\$53,012	\$67,813	\$74,959

Race and Ethnicity

	1 Mile	3 miles	5 Miles
Total Population (2019)	35,031	280,085	705,756
White (2019)	18,127	158,358	397,826
Black or African American (2019)	2,004	14,829	33,943

