

**FOR SALE**

***High End Studio/Production Space in NoHo Arts District***

5437 SATSUMA AVENUE, NORTH HOLLYWOOD CA 91601 :: OFFERING MEMORANDUM



FEDER & ASSOCIATES  
COMMERCIAL REAL ESTATE





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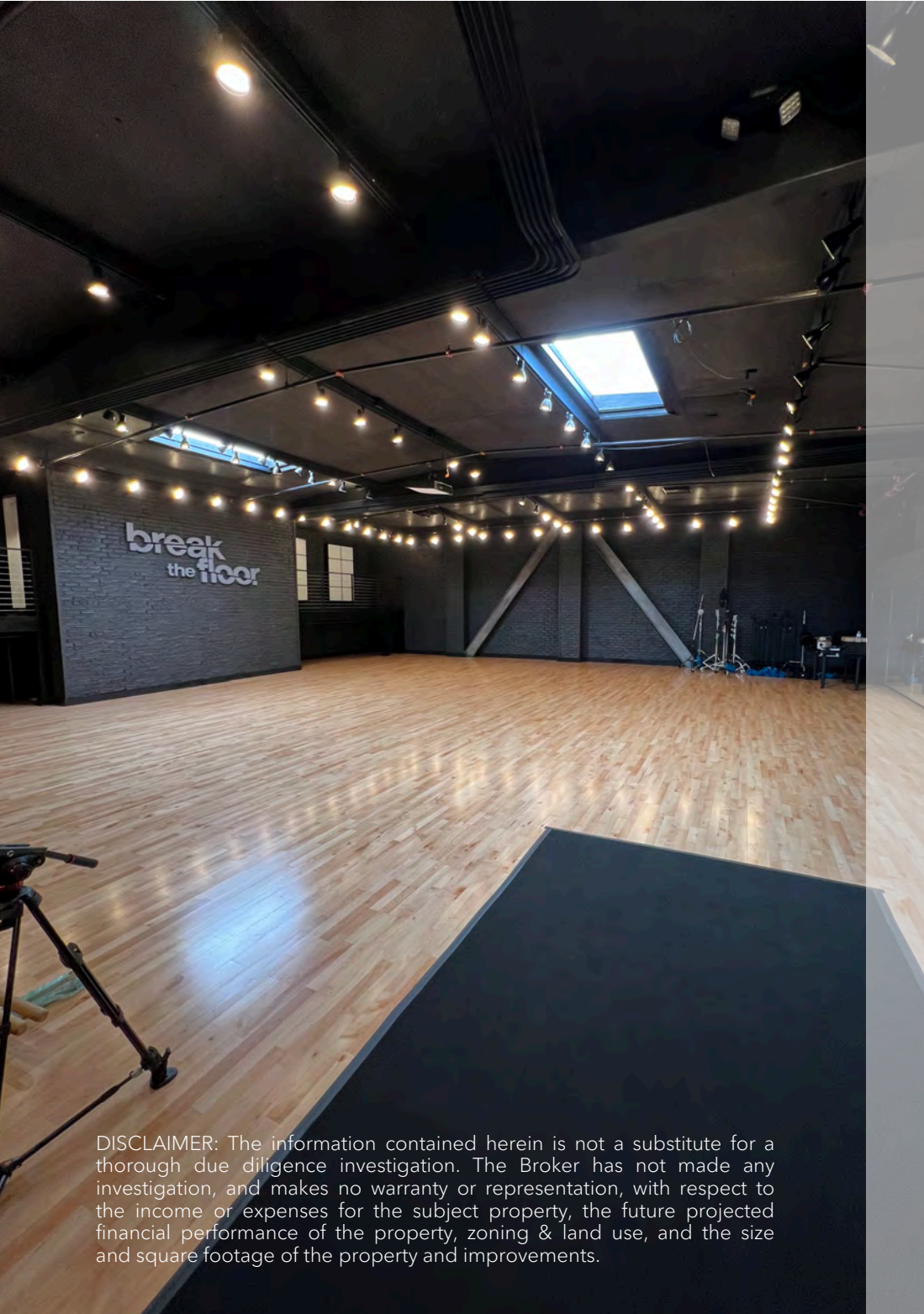
**PEAK**<sup>TM</sup>  
COMMERCIAL











# EXECUTIVE SUMMARY

OFFERING PRICE \$3,490,000

ADDRESS 5437 Satsuma Avenue.

CITY North Hollywood, CA 91601

APN 24I6-0I2-028

TYPE Industrial / Warehouse

GROSS SF 5,000

LOT SIZE 0.16 AC

YEAR BUILT 1965

STORIES 1

PARKING RATIO 0.8/1,000 SF

CEILING HEIGHT 12 FT

NO. DRIVE  
IN/GRADE-  
LEVEL DOORS 1

AMENITIES This is a fully built out dance studio with 2 studios, look out loft, 2 restrooms (1 with a shower),

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Stand-Alone Industrial in NoHo Arts District



# THE OPPORTUNITY

## UNIQUE OWNER-USER/INVESTMENT OPPORTUNITY

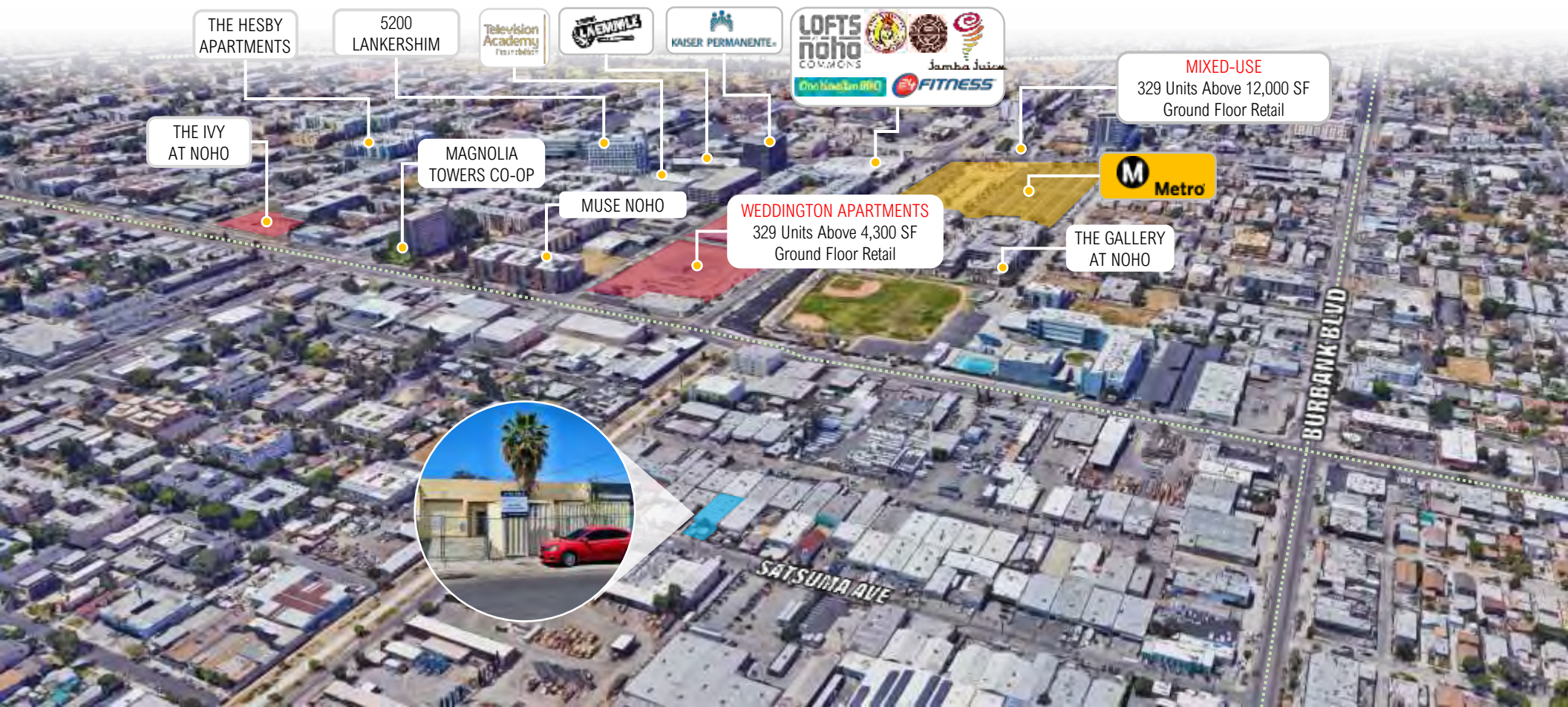
Opportunity for an investor/owner-user to acquire a free-standing industrial/warehouse facility in an opportunity zone within the NoHo Arts District. The property encompasses a 5,000 square foot building situated on a 0.16 AC lot. Built in 1965, the subject features 2 Drive In/Grade-Level Doors with a ceiling height of 12 feet.

## EXCELLENT SYNERGISTIC LOCATION

The property benefits from excellent accessibility within immediate proximity to the Metro North Hollywood station in the NoHo Arts District. The area features more than twenty professional theaters, eclectic retailers, diverse art galleries, public art, and professional dance studios.

## DEVELOPMENT REINASSANCE

From Chatsworth to North Hollywood, plans are in the pipeline to make neighborhoods more city-like, meaning more dense and maybe more walkable and bikeable and more transit-friendly. In the coming years, developers will build thousands of new units of housing, create open space, bring in new retailers, and build new offices, creating mini villages within neighborhoods.



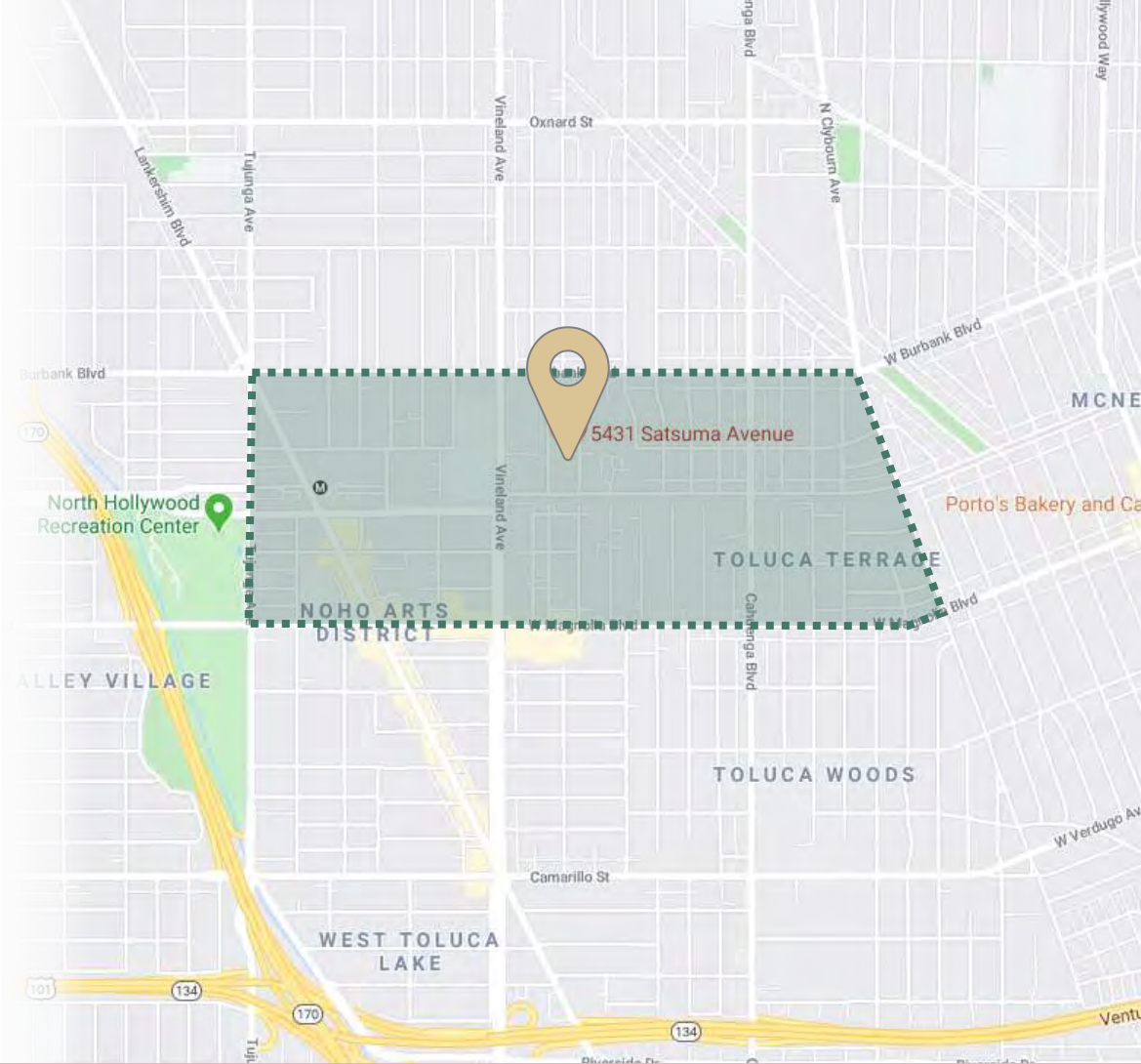


# CA OPPORTUNITY ZONES

## LOCATED IN AN OPPORTUNITY ZONE!

The subject is located in an Opportunity Zone! Properties and businesses in the area near the subject property will likely see an increase in value due to a substantial influx of development funds by way of the new Opportunity Zone tax incentive. This program was spearheaded by the federal government in late 2017 to revitalize areas of economic opportunity around the country. The incentive program has two parts:

1. The deferral, until the end of 2026, of taxation equal to the capital gain realized on the sale of the assets, provided the gain is reinvested within six months in a Qualified Opportunity Fund
2. The exemption of federal income tax upon the gain (if any) from the disposition of the OZP investment, provided it is held for more than 10 years.



### TEMPORARY DEFERRAL

A temporary deferral of inclusion in taxable income for capital gains reinvested into an Opportunity Fund.



### STEP UP IN BASIS

The basis is increased by 10% if the investment in the Opportunity Fund is held by the taxpayer for at least 5 years and by an additional 5% if held for at least 7 years, thereby excluding up to 15%



### PERMANENT EXCLUSION

A permanent exclusion from taxable income of capital gains from the sale or exchange of an investment in an Opportunity Fund if the investment is held for at least 10 years.



**\$3+BILLION**  
Invested Since 2010



**30+ PROJECTS**  
In the immediate area

*North Hollywood has experienced a dramatic transformation over the past decade with a steady migration of higher-income residents attracted to the area's urban amenities, improved schools, and convenient location near key employment and entertainment centers.*

## NORTH HOLLYWOOD

*North Hollywood has transformed into the Valley's go-to cultural hub over the last decade with an influx of dance studios, art galleries and acting workshops—and now...massive mixed-use communities. The immediate area has experienced a development boom that will continue through 2025.*

*Due to the city's sought-after dining, nightlife and artistic lifestyle...demand for housing has reached an all time high. In order to meet the demand for housing, developers have flocked to North Hollywood to build close to \$3 billion in mixed use projects from 2015 - 2020.*

*NoHo West is a massive 25-acre mixed use development project set to reshape the west side of North Hollywood. The project, a joint venture between Merlone Geier Partners and GPI Companies, recreates the failed shopping mall at 6150 Laurel Canyon Boulevard with a mix of low-rise and mid-rise structures containing a mix of rental apartments, offices, and pedestrian-oriented commercial uses*



# DIRECTORY



The NoHo Arts District is a community in North Hollywood, Los Angeles, California, that is home to contemporary theaters, art galleries, cafes, and shops. The community is generally bounded by Hatteras Street to the north, Cahuenga Blvd to the east, Tujunga Ave to the west, and Camarillo Street to the south. The area features more than twenty professional theaters, producing new work and classics, diverse art galleries, public art, and professional dance studios. The district also features the largest concentration of music recording venues west of the Mississippi. A Metro Rail station is located here, the North Hollywood station of the Red Line, and serves as the terminus of the Metro Orange Line busway.

Business and theater owners in the Universal City/North Hollywood Chamber of Commerce established a theater and arts district in 1992 with support from the Los Angeles Department of Cultural Affairs. They chose "NoHo", a play off the well-known SoHo Arts District neighborhood of New York City.

Today, The NoHo Arts District, in conjunction with greater North Hollywood, is being transformed into a regional center, in large part as a result of the construction of Metro Stations for the Red Line and the Orange Line, two lines that have made the neighborhood into a regional hub for the San Fernando Valley. Medium- and high-density developments are being built around the Metro Station, making the Arts District a center of citywide development, with the intent of creating a walkable urban village. North Hollywood's landscape (and the Art's District as a result) has been transformed in recent years, with condominium towers (including a fifteen-story building on Lankershim Boulevard being built in the midst of older one-story bungalows and small apartment complexes.





# NOHO WEST

A transformation is underway for this new mixed-use lifestyle center at the current Macy's site on Laurel Canyon Boulevard at Oxnard Street in North Hollywood. The redevelopment will repurpose the existing Macy's building to serve office and retail uses, and incorporate a walkable main street retail concept and amenity-rich residential apartments. The design for the site layout weaves the new development into the existing fabric of the neighborhood to include shopping, working and leisure that compliments the active and contemporary NOHO West community. NOHO West will offer expanded retail shopping opportunities around a large open air plaza, an office building, new residences and abundant public open spaces. The retail main street may include a mix of regional retailers, restaurants and cafes, a specialty market and cinema. This anticipated mix of uses will create a unique opportunity to live, work and shop in a walkable, vibrant setting.

Three-to-six-story buildings fronting Erwin Street and Radford Avenue at the northeast corner of the development site will comprise up to 742 residential units, seated atop a basement parking garage. The east side of the site will be improved with a new retail paseo, cutting north-to-south between Erwin and Oxnard Streets. The 190,000 square feet of rentable space will include uses such as a gym, a supermarket, and a multiplex cinema. Plans also call for an eight-story parking structure toward the western side of the property, with accommodations for up to 2,600 vehicles. At the center of the property, a former Macy's department store is the lone remnant of the property's earlier use. The four-story structure is being repurposed with more than 500,000 square feet of offices.





# NORTH HOLLYWOOD DEVELOPMENTS

1



Lankershim Blvd & Gilmore Ave

**Hotel Could Replace Shuttered Restaurant in North Hollywood:** A vacant building in North Hollywood that was once home to a Mexican restaurant could make way for a hotel, according to plans filed yesterday with the City of Los Angeles. The approximately 31,000-square-foot site, located at the northwest corner of Lankershim Boulevard and Gilmore Avenue, is slated for the construction of an 89-room hotel featuring at-grade parking, a lobby, a breakfast area, a fitness room, a multipurpose room, and a swimming pool.

2



11301-11321 Camarillo Street

**Five-Story Mixed-Use Building Rises in North Hollywood:** The 11Noho Development, a joint venture between Hillock Land Company and Luminor Properties, replaced a small office building at 11301-11321 Camarillo Street. Plans call for a five-story edifice featuring 60 studio, one- and two- bedroom apartments - including six very low-income affordable units - with 2,800 square feet of ground-floor retail space and an 81-car parking garage. Designed by Brooks + Scarpa, the podium-type building will include a community room and a central courtyard which opens to Camarillo Street. Plans call for the building to be clad primarily in corrugated aluminum screening.

3



Erwin St & Radford Ave

**Apartments Break Ground at 25-Acre NoHo West Complex:** With completion fast approaching for the first phase of the immense NoHo West complex, work is now underway for new housing along the eastern perimeter of 25-acre site. The project - located on the former site of the failed Laurel Plaza shopping center - is wrapped by Erwin Street, Radford Avenue, Laurel Canyon Boulevard, and Oxnard Street. The initial phase of the development, on pace to open in Spring 2020, consists of: 190,000 square feet of retail and restaurant place, 2,600-car parking garage, 500,000 square feet of office space - located in a repurposed Macy's department store. Several tenants have already been announced for the property, including 24 Hour Fitness, Fantastic Sams, Jersey Mike's, Regal Cinemas, Robeks, See's Candies, Starbucks, and Trader Joe's.



# NORTH HOLLYWOOD DEVELOPMENTS

4



Chandler Blvd & Blakeslee Ave

**The Weddington Enters the Home Stretch in North Hollywood:** After two-and-a-half years of construction, Greystar Real Estate Partners is entering the home stretch at the Weddington apartments in North Hollywood. The project, located at the southwest and southeast corners of Chandler Boulevard and Blakeslee Avenue, consists of five-story buildings featuring 329 apartments and 4,300 square feet of ground-floor retail space. A leasing website advertises a mix of studio, one-, and two-bedroom floor plans, with rents ranging from \$2,511 to \$3,960 per month.

5



6634 N. Vineland Avenue

**More Small Lot Houses Planned in North Hollywood:** A new development of small lot homes could be on the way to North Hollywood, according to plans filed earlier this week with the City of Los Angeles. The new project, slated for an approximately 14,400-square-foot site at 6634 N. Vineland Avenue, would replace a five-unit apartment complex with eight-single family residences. Additional details are not stated in a development description. The project site is located less than a half-mile south of Hollywood Burbank Airport. Construction recently began for 60-acre industrial, office, retail, and hotel complex adjacent to the airport.

6



Chandler & Lankershim

**127-Unit Development With Retail Breaks Ground at North Hollywood Station:** Construction began for a mixed-use complex featuring housing and ground-floor commercial space next to Metro's North Hollywood Station. The project, located at the northwest corner of Chandler and Lankershim Boulevards, will consist of a seven-story building featuring 127 apartments above approximately 12,000 square feet of retail and restaurant space and a 218-car garage. Plans call for a mix of studio, one-, two-, and three-bedroom dwellings, with 10 to be priced for lower-income renters. The contemporary podium-type structure is designed by DesignARC. Architectural plans show an array of on-site amenities, including a podium-level courtyard and swimming pool and common rooms such as a resident lounge and a fitness center.



DEVELOPMENTS		DESCRIPTION
1	Lankershim Blvd & Gilmore Ave	89-room hotel featuring at-grade parking, a lobby, a breakfast area, a fitness room, a multipurpose room, and a swimming pool
2	11301-11321 Camarillo Street	60 units - including six very low-income affordable units - with 2,800 square feet of ground-floor retail space
3	Erwin St & Radford Ave	127 apartments above approximately 12,000 square feet of retail and restaurant space and a 218-car garage
4	Chandler Blvd & Blakeslee Ave	329 apartments and 4,300 square feet of ground-floor retail space
5	6634 N. Vineland Avenue	14,400-SF site at 6634 N. Vineland Avenue, would replace a five-unit apartment complex with eight-single family residences
6	Chandler & Lankershim	127 apartments above approximately 12,000 square feet of retail





## SAN FERNANDO VALLEY

Almost 2.5 million people reside in the San Fernando Valley, which includes the submarkets of Northridge-Northwest San Fernando Valley; Van Nuys-Northeast San Fernando Valley; Woodland Hills; Burbank-Glendale-Pasadena; as well as Sherman Oaks-North Hollywood-Encino. The area's population is expected to increase by 1.9 percent through 2019, or by nearly 45,000 new residents.

## ENTERTAINMENT INDUSTRY

Known for its entertainment industry, the Valley boasts more than 100 soundstages. Entertainment giants calling the Valley home include Walt Disney Co., Universal Studios, Warner Brothers, DreamWorks and Paramount Ranch. The entertainment industry continues to set the area's economic pulse. Local motion picture and entertainment companies employ roughly 25,000 people.

## LIMITLESS OPPORTUNITIES

While the Valley has grown into the world's center for entertainment, aerospace giants Boeing and Northrop Grumman, and 21st Century Insurance also generate numerous well-paying jobs. Healthcare is also a major source of employment with providers that include Kaiser Permanente, and Providence Health & Services. As a result of its large concentration of high-salaries and successful companies, the area's median household income of \$59,300 per year has risen dramatically since 2000. Although the median home prices dipped during the recession, affordability remains a challenge for much of the local population. High home prices keep the homeownership rate near 50% in the San Fernando Valley and provide a large rental base.

### DEMOGRAPHICS

1 Mi.

3 Mi.

5 Mi.

#### POPULATION



2024 Projection

39,720

200,203

534,156

2019 Estimate

38,241

196,803

521,826

Growth %

3.87%

1.73%

2.36%

#### HOUSEHOLDS



2024 Projection

15,868

69,760

185,721

2019 Estimate

15,278

68,681

181,780

Growth %

3.86%

1.57%

2.17%

#### INCOME



2019 Avg. HH Income

\$83,253

\$94,161

\$90,430

2019 Med. HH Income

\$63,601

\$69,693

\$65,599

### SAN FERNANDO VALLEY COMPANY HEADQUARTERS

FORTUNE  
500/1000



OTHER MAJOR  
FIRMS





# SAN FERNANDO VALLEY TOP EMPLOYERS

5746-5754 LANKERSHIM BOULEVARD, NORTH HOLLYWOOD CA 91601





# BOOMING BUSINESS ENVIRONMENT



## Profit-boosting Business Support

The Valley gives businesses the advantage of strong strategic partners and support structures. These serve to connect businesses to the resources it needs for growth. The region is home to robust organizations which include The Valley Economic Alliance, Valley Economic Development Center, Valley Industry and Commerce Association, United States Small Business Association, United Chambers of Commerce, and many others.



## Education Centers Offer Solid Employee Base

From private to public education, no other area comes close to the educational capacity of The Valley. The Greater San Fernando Valley is home to 121 accredited institutions that offer higher education degrees, and includes public and private universities, colleges, trade schools, and graduate institutions. Approximately 506,000 individuals have higher education degrees, roughly 25% of The Valley's entire population. This makes it easy for businesses to find future employees who are well-educated.



## Massive Entertainment & Tourism Capital

With an entertainment industry known around the world that is constantly bringing in new people and major new investors, there is no better market for getting creative talent for businesses. Tourism is constantly growing here, with over 42 million overnight and day visitors to the region annually as well as over \$18.4 billion spent by these visitors.

## Network of Illustrious Corporate Headquarters

The Valley is home to many major corporate names, and has traditionally been known as the entertainment capital of the world. They include Fortune 500 Companies such as The Walt Disney Co., Amgen Inc., Health Net Inc., and Avery Dennison Corp., as well as Fortune 1,000 Companies Tutor Perini Corp., Teledyne Technologies Inc., The Ryland Group Inc., and Public Storage.



## Accessible Transportation Hubs

The Valley makes transportation easy and accessible anchored by two major airports in the region, the world's largest general aviation airport in Van Nuys as well as Bob Hope Airport in Burbank. businesses have easy access to major airlines for business, trade, and private aircraft needs. On the ground, The Valley has commuter rail services, Surfliner trains, dedicated high-speed bus lanes, a subway, an elaborate freeway system, and will have a California High Speed Rail station, now in the planning stage.



## Business Incentives and Opportunities

The Valley is sharply focused on providing businesses with the means to attract and retain a great workforce. There are assortments of federal, state, and local tax incentives/credits which are easy to attain. Examples include the Research and Development Tax Credit, Work Opportunity Tax Credit, Net Operating Loss Carryover, Film and TV Production Tax Credit, "Clean Technology Company" tax exceptions, and the Clean Vehicle Rebate Project.







## LOS ANGELES TRENDS

Transaction activity remains extremely busy in the LA industrial market. Sales volume in 2018 surpassed \$5.4 billion—about 7% of the nation's volume. Outsized rent growth in LA's industrial market has led to increased liquidity, driving rapid cap rate compression and price gains. Investors in the market have been motivated by a multitude of reasons exemplified in some of the largest recent transactions.

- Expansion is one motivating factor for recent sales
- Another motivating factor is the ability to secure a tenant
- A more common motivation involves achieving steady cash flow
- Acquiring aging industrial assets in LA to redevelop for multifamily or creative office use has also been a popular investor strategy this cycle

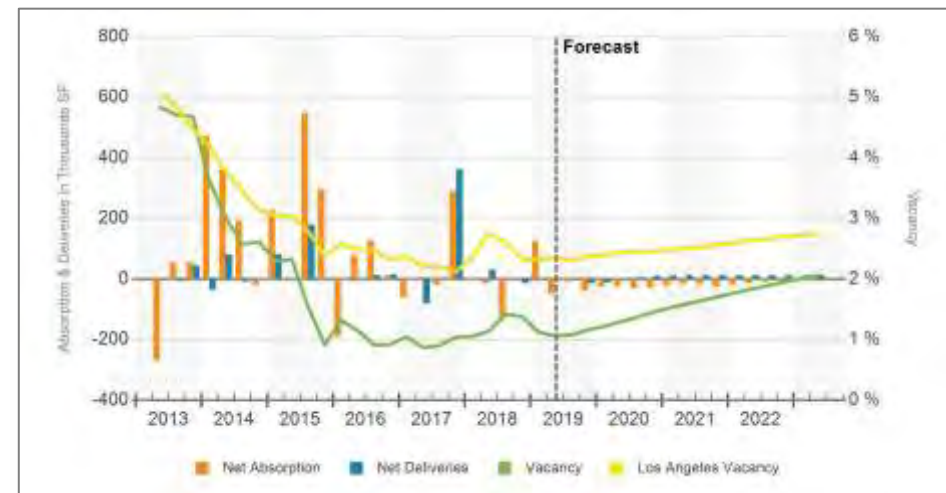
# SUBMARKET OVERVIEW

## NORTH HOLLYWOOD OVERVIEW

The East San Fernando Valley Submarket is one of the northernmost submarkets in LA, with the Angeles National Forest to its east and the affluent Tri-Cities to the south. Manufacturing has been a staple of the community since the 1970s, and recent growth in logistics has helped offset some of the downsizing and offshoring in the sector. Indeed, strong demand has kept the vacancy rates under 2% for much of this cycle, spurring robust rent growth. Deliveries have been sparse recently and inventory has grown by 2% since 2010—a similar rate as the metro as a whole.

Most transactions are in the \$3 million to \$6 million range and sales volumes has held steady throughout this cycle. However, a Rexford Industrial purchased a 123,000 SF warehouse for \$22.5 million (\$183/SF) in July 2018—one of the largest sales executed in the submarket's history. Pricing in the submarket can range from \$40/SF to \$500/SF.

## NET ABSORPTION, NET DELIVERIES & VACANCY





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