

HERMOSA BEACH, CA



# STRAND & PIER

EST. 1907

**GENERATIONAL BEACHFRONT INVESTMENT OPPORTUNITY IN AFFLUENT  
HERMOSA BEACH WITH REDEVELOPMENT POTENTIAL**



# Offering Summary

Jones Lang LaSalle is pleased to present the opportunity to acquire Strand & Pier (the "Property"), a 22,358 SF beachfront mixed-use investment opportunity located in Hermosa Beach, California on nearly an acre of land. With over 400 feet of combined frontage along The Strand and Pier Ave, the Property is comprised of a variety of beach-centric retail tenants with 9 short term rental units. The Property is located along the main retail corridor of Hermosa Beach - one of the premier locations in Southern California, attracting over 8.1 million visitors per year. This highly desirable location draws from an affluent demographic with average household incomes exceeding \$200,000 in a 3-mile radius.

Property zoning and flexible leases allow for maximum investment plan optionality. The current rents are below market with landlord termination options to facilitate future redevelopment for a mix of allowable uses that include hospitality, retail, dining, office or medical office. Given the ideal location and size, the site could become a luxury beachside or other marquee retail destination. Other possibilities include expanding the existing retail footprint by adding second floor dining space or further activating the underutilized parking lot/patio space adjacent to the existing tenant Vista. As a simpler alternative, an Investor could add value simply by signing new long-term leases at market rents with the current tenant base or new exciting retail and dining options.


## BELOW MARKET ASSUMABLE FINANCING – SUB 4% BLENDED RATE

LENDER	Umpqua Bank	
LOAN ORIGATION	12/23/19	
LOAN MATURITY	1/7/30	
TOTAL LOAN AMOUNT	\$20,800,000	
OUTSTANDING BALANCE	\$20,133,153	
	<b>Tranch A</b>	<b>Tranch B</b>
LOAN AMOUNT	\$16,775,000	\$4,025,000
OUTSTANDING BALANCE	\$16,122,702	\$4,010,451
INTEREST RATE	3.472%	5.25%
EFFECTIVE DATE	1/5/20	12/5/22
TERMINATION DATE	1/5/30	1/5/30
PREPAYMENT PENALTY	Swap Breakage	Swap Breakage

\*Outstanding Balance estimated as of 3/5/2024 according to the Amended and Restated Promissory Notes



## OFFERING OVERVIEW

	<b>PRICE:</b>	Best Offer
	<b>ADDRESS:</b>	11-29 Pier Avenue, 1250-1272 The Strand, 20-32 13th Street, Hermosa Beach, CA 90254
	<b>EXISTING GLA:</b>	18,551 SF Retail 3,807 SF Short Term Rentals (9 units) 22,358 SF Total
	<b>OCCUPANCY:</b>	88% <i>*Does not include short term rental units</i> <i>**Ownership guarantees one year of rent for remaining retail vacancy</i>
	<b>YEAR ONE NOI:</b>	\$1,727,923 <i>*Includes 1 year rent guarantee on remaining retail vacancy</i>
	<b>SITE SIZE:</b>	33,947 SF (0.8 AC) <i>*Approximately 39,947 SF with alleyway activation. Buyer to do own due diligence. Contact JLL for more details.</i>
	<b>ALLEY SIZE (NAP):</b>	Approximately 6,000 SF <i>*combined Beach Drive and 13th Court</i>
	<b>YEAR BUILT:</b>	1922-1975
	<b>PARKING:</b>	31 spaces (1.4/1,000 SF)
	<b>ZONING:</b>	General Commercial (C-2): allowable uses include retail, dining, hospitality, office, medical office, short term rentals
	<b>FRONTAGE:</b>	215 Feet along The Strand 200 Feet along Pier Ave

# Investment Highlights

## GENERATIONAL REAL ESTATE

The Property is situated on nearly an acre of beach-front land at the heart of Hermosa Beach’s retail corridor with 200 feet of frontage along Pier Ave and 215 ft of frontage along The Strand. Constant sunshine, sandy beaches, and world renowned surfing conditions, attract thousands of tourists to the area every year. Located on the “Strand”, the popular pedestrian pathway spanning the length of the Los Angeles Coastline, the Property is easily accessible from residents and visitors of neighboring areas, Manhattan and Redondo Beach.

## UPSIDE IN CURRENT LEASES AND EXCESS LAND

The current tenants at the Property are paying at least 25% below market. Many of these deals were structured with landlord termination rights to allow for maximum Investor optionality. Because of this, Investors can utilize the current configuration to re-lease at increased rents or engage in a larger scale redevelopment. The adjacent patio/parking lot area adjacent to Vista is underutilized and immediately accessible for further value creation.



## SHORT TERM RENTAL ADVANTAGE

Despite a City-wide ordinance against short term rentals (less than 30 days), the 9 rental units totaling 3,807 SF are permitted at this Property. Short term rentals are only permitted in certain zoning districts and must have been lawfully established and maintained as dwelling units as of October 24, 2019, creating a substantial competitive advantage. These units were newly renovated in 2023 and poised to see an increase in income for 2024.

## BLANK CANVAS WITH OPTIMAL OPTIONALITY

There are multiple development opportunities to unlock the maximum potential of the beachside property. The site is zoned General Commercial or “C-2” and allows for commercial uses such as retail, office, and hospitality. It is included in Hermosa Beach’s general plan (PLAN Hermosa) under the category of recreational commercial. The zoning does not allow for residential uses and is not identified in the housing element update. The site is also a part of the Coastal Zone, which will require a coastal development permit.

ZONING SUMMARY	
ZONES	General Commercial (C-2)
NOTABLE ALLOWED USES	Retail, dining, office, medical office, hospitality
HEIGHT	30 ft
REAR/SIDE YARD SETBACK	5 ft
FAR	Up to 1.75:1

## SOUTH BAY RENAISSANCE

The South Bay is becoming one of the main engines of Los Angeles County. Providing a business friendly climate, the area is home to some of the worlds largest companies such as Sketchers, Space X, Chevron, Raytheon, Mattel, Lockheed Martin and Boeing.. With the opening of SoFI Stadium and the new Intuit Dome coming soon, the South Bay has also begun to rival that of Downtown as the entertainment center of Los Angeles. Further, other Los Angeles franchises such as the Lakers, Kings, and Chargers all have South Bay Training facilities as well. Additionally, the South Bay provides many of the regions top cities to reside, with Palos Verdes, Torrance, Manhattan Beach, and Hermosa Beach all providing some of Los Angeles's best qualities of life.

## AFFLUENT DEMOGRAPHICS

Hermosa Beach and its neighboring cities are some of the most affluent communities in all of Los Angeles. Within a three mile radius of the Property, Average Household Incomes surpass \$200,000.



Hermosa Beach Attracts Over **8.1 Million** Visitors Per Year!

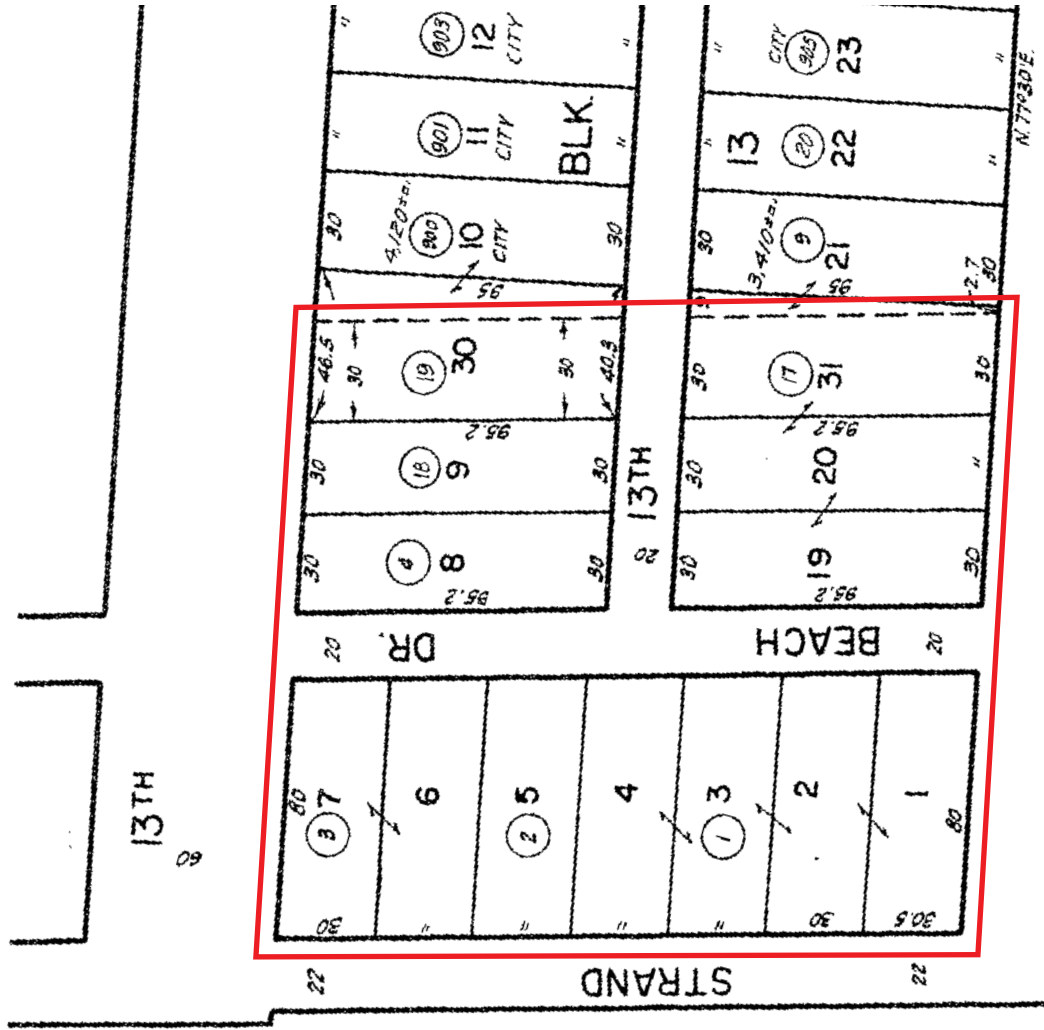
	1-MILE	3-MILE	5-MILE
2023 POPULATION	21,955	153,673	368,377
2023 AVERAGE HH INCOME	\$231,152	\$202,045	\$164,083
% OF HH \$200,000+	41.70%	33.40%	23.90%
2023 AVERAGE HOME VALUE	\$1,658,373	\$1,427,716	\$1,219,839

# Site Plan

SUITE	TENANT	SQ. FT.
20 13th	Hermosa Cyclery	1,428
A-20	9 Short Term Rental Units	3,807
1286	Good Stuff	2,227
1272	Available	2,193
11 Pier	Vista	5,009
19 Pier	Playa Hermosa Fish & Oyster	3,171
21 Pier	Hermosa Beach Trading Co	1,100
25 Pier	Oakberry	800
29 Pier	Waves	1,311
31 Pier	Heavenly Couture	1,312
<b>Total GLA</b>		<b>22,358</b>



# Parcel Map



APN	LAND SF	AC
4183-002-001	9,638	0.22
4183-002-002	2,398	0.06
4183-002-003	4,796	0.11
4183-002-004	2,853	0.07
4183-002-017	8,560	0.2
4183-002-018	2,850	0.07
4183-002-019	2,852	0.07
<b>Total</b>	<b>33,947</b>	<b>0.78</b>

# Area Overview

## HERMOSA BEACH

Hermosa Beach is a quintessential Southern California Beach City offering two miles of coastline between Redondo Beach and Manhattan Beach. Much like its neighbors, the city is home to some of the LA's most affluent individuals, offering its residents and visitors pristine beaches and a variety of sporting tournaments, art festivals, and concerts. Hermosa Beach Pier serves as the city's focal point with a variety of high-end shopping and quality cuisine lining the beach front streets.

## SOUTH BAY

Los Angeles County's South Bay communities offer an outstanding quality of life amidst a thriving economic engine. The area hosts some of the biggest names in the region's key industries along with some of the most prestigious residential addresses in the southland of Los Angeles. Blessed with a temperate coastal climate, and beautiful beaches, the allure of the pacific has brought many visitors and residents to the area, while an attractive business climate has brought dozens of global corporations to the South Bay. The region hosts American Headquarters for Honda, as well as key divisional or headquarters for Raytheon, Lockheed Martin, Computer Sciences Corporation, Boeing, Chevron, British Petroleum, Mattel, Northrop Gruman, Xerox, and many more.

Industries such as aerospace, technology, global communications, medicine, military, and business applications are key areas of excellence in the South Bay. El Segundo is home to Los Angeles Air Force Base. Its Space and Missile Systems Center is responsible for creating much of the nation's preeminent global space platform and over 60,000 jobs in L.A. County. Hawthorne is home to SpaceX, which has become a major employer in space commercialization and a leader in innovation. Other areas of specialization include global telecommunications, media production, advanced manufacturing, financial services, biomedical research, and international trade.





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