



# 7038 SUNSET BOULEVARD

HOLLYWOOD, CALIFORNIA

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DEVELOPMENT OPPORTUNITY

OFFERING MEMORANDUM

# 7038

## SUNSET BOULEVARD

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HOLLYWOOD, CALIFORNIA 90028

**PACIFIC  
UNION**

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COMMERCIAL

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# Dario Svidler

Senior Vice President,  
Commercial Division

License 01884474

I grew up with Real Estate all around me. My father, a Structural Engineer and practicing General Contractor, and my mother, an Architect, have been bringing me to their job sites since I was born.

I have experienced all facets of the Construction and Real Estate Businesses, ranging from Commercial and Industrial to all types of Residential. As a Real Estate Salesperson, I have sold in excess of \$200 million in Real Estate and am well on my way to doubling that number. My talent in finding Value-Add Properties have made me an indispensable asset to a select group of Clients and Investors looking to add higher-yielding properties to their portfolio.

I am a member of the Real Estate and Construction Division of the Jewish Federation and an alumnus of the American Jewish University.

# Shaya Braverman

Senior Associate,  
Commercial Division

License 01861842

Shaya Braverman is a commercial real estate pro. Having established himself as an expert in the field over the past 9 years, Shaya Braverman is known for finding creative and ingenious solutions to assist in the acquisition and disposition of Retail, NNN, and Multi-family properties as well as big box and mom and pop leasing. He has brokered over \$150 million nationwide and has led teams of up to 8 agents underneath him. His numerous clients have included, Ralph Lauren Polo, Sur Lounge, Doughboys Café, among others and works hand in hand with numerous talent and money managers to assist their clients in placing their money strategically in Real Estate.

Shaya Braverman has lived in Los Angeles barring a brief stint in the Israeli army. He currently resides in West Hollywood and enjoys fine dining and concerts.

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# A COMMITMENT TO YOU

## WHAT WE ARE.

First, and foremost, Pacific Union is a California-based real estate brokerage that leverages our global network, media savvy and command of the market to provide our clients with a discreet and peerless level of real estate services.

We are a select group of the finest, principled and reputable agents in the market.

We are distinguished in the marketplace by our emphatic sales volume, and reputed for our integrity, market intelligence and a genuine connection to our communities. We are proud of these accomplishments. We work diligently everyday to maintain them.

This is what we are.

## WHO WE ARE.

What a company is should be driven by who they are at the core and what they believe in that drives them to do what they do.

In this regard, Pacific Union is a group of professionals that believe in the sanctity of real estate ownership and the inalienable right everyone has to own real estate.

To support our beliefs, we create optimum conditions required to provide the deepest level of regard, respect, care, empathy, commitment and services possible to buyers, sellers, our associates and our competitors.

We are people who care about the lives, the careers, the families, the financial securities and the peace of mind for everyone we touch.





# THE OFFERING

## PRIME CENTRAL HOLLYWOOD

A set of 5 lots under one APN at the corner of Sunset Blvd. and Sycamore Ave. Currently a 9,511 SqFt restaurant with excess parking.

This property is situated on the eastern end of the block at Sunset and La Brea and three tiny blocks west of Highland Ave...two of the most famous intersections in the world.

With the current zoning, Transit Oriented Communities designation of Tier 3 and the Regional Center Commercial General Plan, this property is a developer's dream.

This site will be among the most desired new developments in the City, with it's tremendously central location, surrounded by one of Los Angeles' strongest economic centers, a stone's throw to restaurants, bars and all that the nightlife has to offer. The property is located less than a mile from the Hollywood Arclight, 24 Hour Fitness, Hollywood and Highland (with the Dolby Theater and Metro Red Line Subway Station), The Magic Castle, Yamashiro's, Trader Joe's, Ralphs and so much more! From this site, your tenants, customers and/or condo buyers will have easy access to the 101 Freeway and all that the City has to offer.

What a perfect development site for any project your imagination desires...build a mixed-use project with apartments, condos, a hotel, restaurants, offices...it is just waiting for your touch.

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## Your Vision. Your Direction. Prime Hollywood Location.



## PROPERTY OVERVIEW

7038 Sunset Blvd., Hollywood, Los Angeles, CA

PRICE	\$20,800,000
CURRENT USE	Restaurant with Excess Parking
BUILDING SIZE	9,511 Sq. Ft.
LOT SIZE	33,520 Sq. Ft.
LOTS	5
ZONING	C4-2D-SN and P-2D
TRANSIT ORIENTED COMMUNITIES	Tier 3
GENERAL PLAN LAND USE	Regional Center Commercial
HEIGHT LIMIT	None
APN	5548-017-052

## PROPERTY HIGHLIGHTS

- Between two of the most famous intersections in the world
- New [Hollywood Community Plan](#) imminent.
- Walking distance to Hollywood & Highland
- Strong rental market with high barriers to entry.
- TOC with Density Bonus and Lower Parking Requirements
- Metro Red Line Station 0.4 Miles away



*Buyer and Buyer's Representative to rely solely on their own research and investigations. This information is provided as a courtesy.*



# PROPERTY PHOTOS

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# PROPERTY PHOTOS

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# POINTS OF INTEREST

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# POINTS OF INTEREST

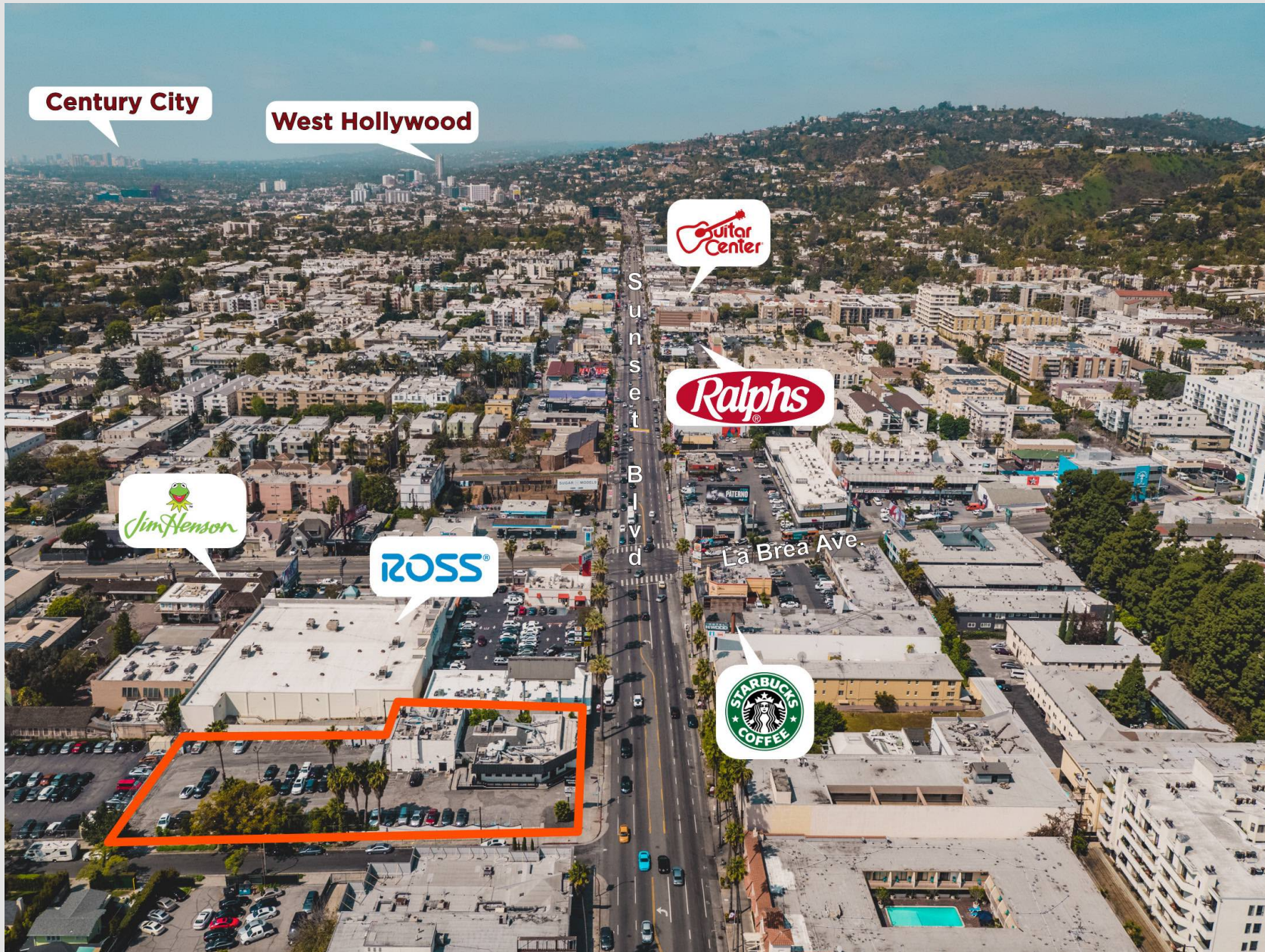
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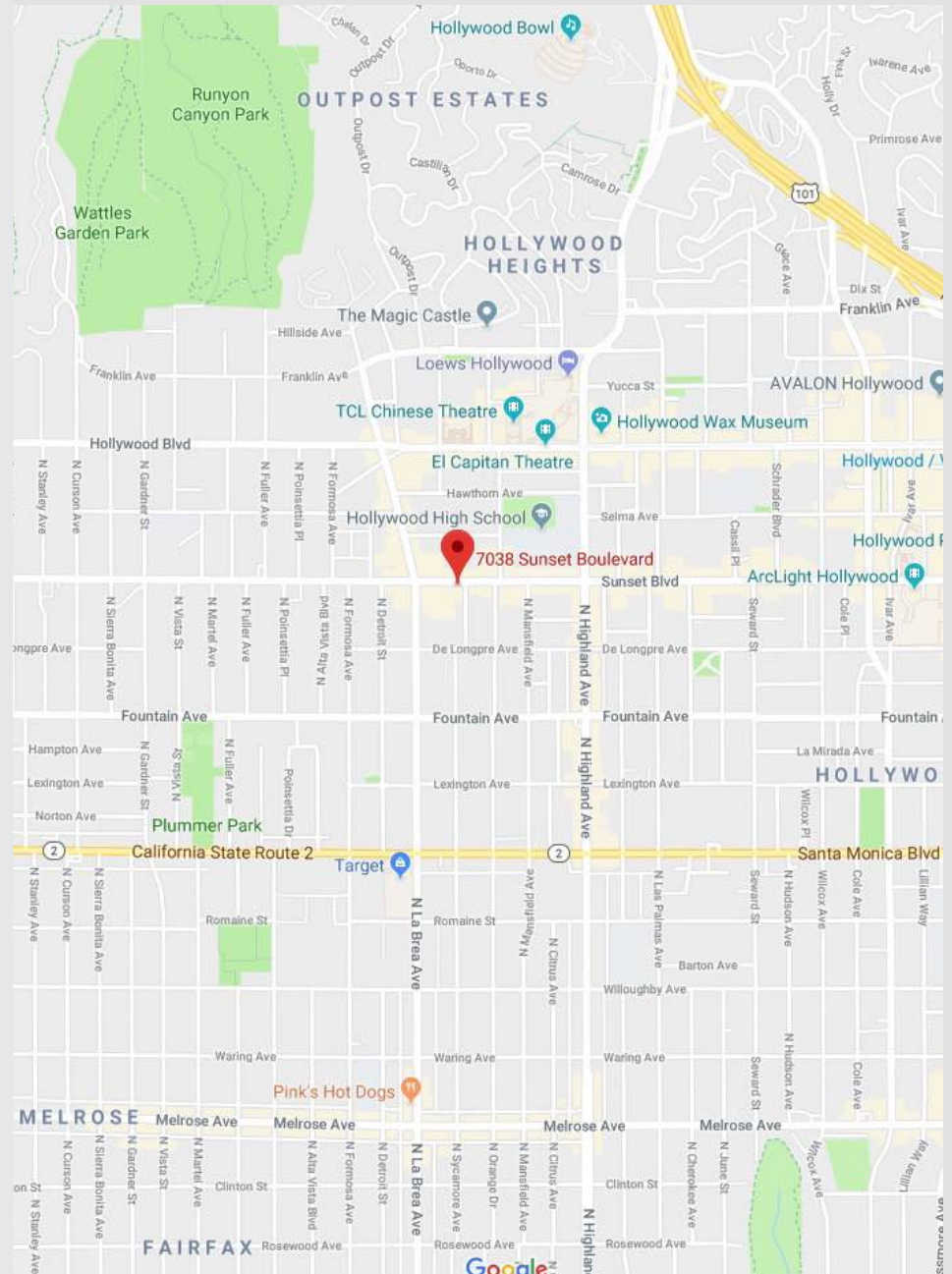
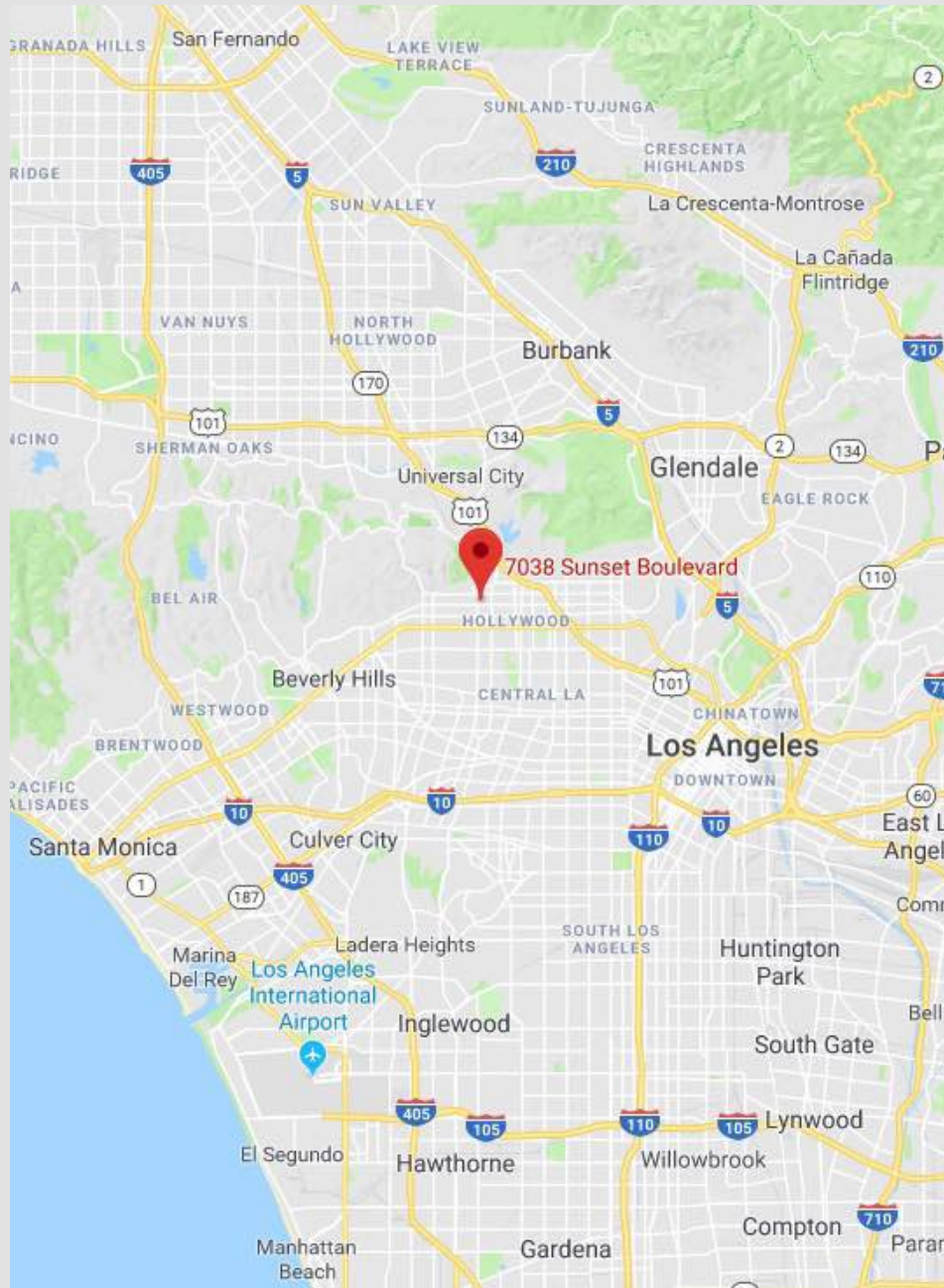
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# MAPS

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# AREA/MARKET OVERVIEW

## CONSTRUCTION

Hollywood's multifamily inventory consists of about 36,000 apartments. Stock skews toward smaller units, with more than 80% in studios or one-bedrooms, compared with the metro's average of roughly 65%. About 15% of units are 4 & 5 Star assets, and that percentage is set to rise because current development favors the high end of the market. This cycle's 4 & 5 Star deliveries are providing the type of top-end luxury product the submarket previously lacked.

While Hollywood was not a development hot spot early in this cycle, low vacancies combined with healthy rent growth and low homeownership rates have increased its appeal for developers. Hollywood is in the midst of a full-blown development boom, with over 3,000 units under construction at the start of 2018. One of the largest projects underway is South Block, a 513-unit mixed-use development on Hollywood Boulevard. The complex, which is being developed by a joint partnership between Clarett West and DLJ Real Estate Capital Partners, is the second phase of a development that includes the 535-unit Easttown across the street. Easttown delivered in 14Q3 and was fully stabilized within a year, despite rents (\$3.28/SF) nearly 25% higher than the submarket average (\$2.55/SF). Avalon Bay's AVA Hollywood broke ground in 16Q2 and will total nearly 700 units when completed in 2019.

# HOLLYWOOD

## SALES

Pricing in Hollywood has historically mirrored metrowide averages, but it has significantly outpaced the metro's since the recession. Average sale prices in the submarket were around \$315,000/unit in 2017, and they have nearly doubled since the beginning of 2013. Investment activity remains well above the submarket's historical pace in 2017, although things have slowed since a record-setting 2016. More than 2,000 units traded in 2016, and total sales volume of over \$550 million ranked near the top of LA submarkets. Of the five largest multifamily sales ever recorded in Hollywood, three were in 2016. The type of major institutional deals that drove record volume in 2016 did not often materialized in 2017, though the overall number of trades increased.

It looks like momentum is set to carry over into 2018. The largest deal of 2017 came right before the calendar turned, when Mosser Companies acquired the 1920s-era, 100-unit Lido Apartments for \$32 million (about \$323,000/unit). The property was 98% leased at the time of sale and traded at a miniscule 2.8% cap rate, although given the buyer's plans for an extensive value-add program, they were not overly concerned with in-place rents. The new year got off to a hot start as well, with the 2-Star, 40-unit Yucca Argyle Apartments trading hands for \$17 million (\$425,000/unit) in the first week of 2018.

The largest recent sale was Redwood Partners' January 2017 acquisition of the 5 Star 270-unit 1724 Highland for \$132.5 million, or about \$490,000/unit. The property (then known as The Jefferson at Hollywood), which is near amenities including the Hollywood & Highland retail center, a Red Line Metro stop, and the Kodak Theater, was built in 2010 and traded at a 3.7% cap rate. Despite the asset's relatively recent vintage, Redwood viewed the acquisition as a value-add play, anticipating substantial rental upside following a renovation program.

During what proved to be a record-setting 2016, Equity Residential kicked things off in March when it acquired the 4 Star 298-unit Vantage Hollywood for \$98 million, or about \$330,000/unit, at a 4.4% cap rate. The property, which was built in 1987 and renovated in 2005, was 95% leased at the time of sale. Next up was Madison Core Multifamily Fund's September acquisition of the 5 Star 218-unit Rubix Hollywood for \$109 million (about \$500,000/unit). The property was 96% leased when sold and traded at a 3.75% cap rate. Redwood Partners closed the flurry of institutional deals with the 1724 Highland trade in the first few days of 2017.





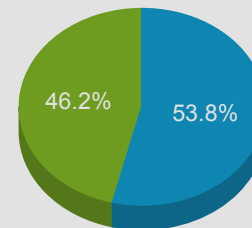
# Hollywood

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## Hollywood Population Demographics

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Total Population	106,104
Male Population	57,128
Female Population	48,976
Percent Change Since 2000	-9.9 %
Percent Change Since 2010	0.9 %
Median Age	34.00

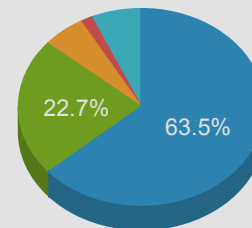


● Male Population  
● Female Population

## Marital Status in Hollywood

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Never Married	47,038
Married	16,795
Separated	4,128
Widowed	1,154
Divorced	4,939



● Never Married  
● Married  
● Separated  
● Widowed  
● Divorced



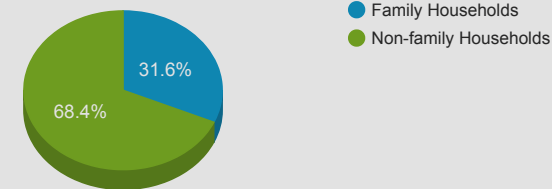


# Hollywood

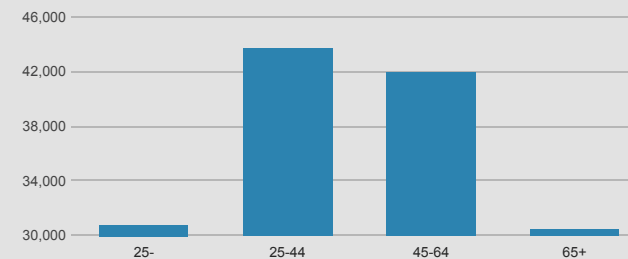
## Number of Households in Hollywood

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Total Households	55,298
Family Households	17,476
Non-family Households	37,822
Households With Children	7,526
Households Without Children	47,772
Average People Per Household	1.96



Median Income Under 25	\$30,812
Median Income 25-44	\$43,707
Median Income 45-64	\$42,027
Median Income Over 65	\$30,447

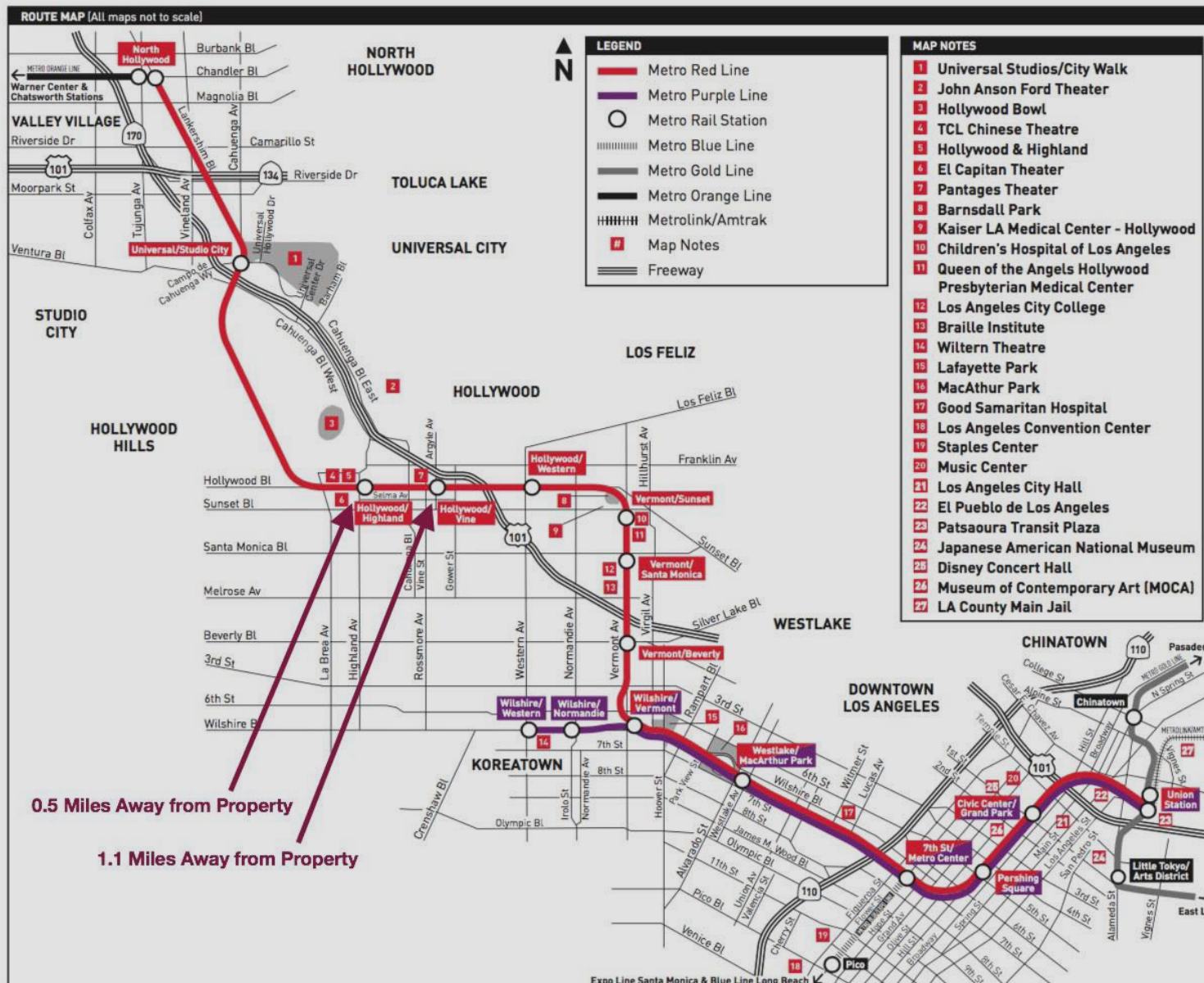


Average Household Income	\$59,668
Median Household Income	\$40,010
Percent Increase/Decrease in Income Since 2000	44%
Percent Increase/Decrease in Income Since 2010	2%
Average Household Net Worth	\$426,429
Median Home Sale Price	\$572,500
Sales Tax Rate	9%
Average Household Total Expenditure	\$48,348



# METRO

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## EXECUTIVE SUMMARY

ODIC Environmental (hereinafter referred to as ODIC) performed a *Phase I Environmental Site Assessment* (hereinafter *Phase I ESA* or *Report*) of the subject property (hereinafter referred to as the Property) in conformance with the scope and limitations of ASTM Standard Practice E1527-13. Any exceptions to or deletions from this practice are described in the individual sections of this Report. A summary of findings is provided below:

REPORT COMPONENT	SUMMARY OF FINDINGS
<b>Current Property Address(es)</b>	The Property addresses are 7038 West Sunset Boulevard and 1439, 1443, and 1445 North Sycamore Avenue, Los Angeles, CA 90028.
<b>Property Description</b>	The Property is a 0.77-acre rectangular-shaped parcel, and is improved with a restaurant building that measures 26,311 square feet. The Property is occupied by Sycamore Tavern, a bar/restaurant and event space. An asphalt-paved driveway/parking area is on the east side of the building. The remainder of the Property is an asphalt-paved parking lot. Access to the Property is from the north via West Sunset Boulevard and from the east via North Sycamore Avenue.
<b>Summary of Property Reconnaissance</b>	The Property is occupied by a bar/restaurant. Site reconnaissance revealed no evidence of underground storage tanks, clarifiers, sumps, hazardous materials, or other environmental concerns.
<b>Historical Use of the Property and Vicinity</b>	<p>The Property was vacant land until it was developed with a single-family residence sometime before 1919. By 1928, the Property was developed with a portion of the current restaurant building and four single-family residences. A title company property profile indicates a construction of 1940 for current restaurant building. However it appears the restaurant building was converted from an existing residence. Between 1950 and 1955, a banquet room was added south of the restaurant building. In 1951, a tire/brake shop was constructed on the northeast corner of the Property. The Property occupant was listed as A &amp; B Brake &amp; Wheel Service. By 1960, a residence just south of the tire/brake shop had been demolished. The tire/brake shop was demolished in 1963 and the northeastern portion of the Property was developed as a parking lot. In 1966 a one-story addition was built onto to the existing restaurant building. In 1972, three single-family residences on the southern portion of the Property were demolished. In 1973, an addition was built onto the existing restaurant building, bringing it to the current configuration. Since at least 1951, the building has been occupied by various restaurants. It currently operates under the name of Sycamore Tavern.</p> <p>The vicinity has been developed residentially and commercially since the 1920s with increased commercial development by the early 1960s.</p>
<b>Federal, State, and Local Agency Records Research</b>	<p>The Property is listed on the EMI and FINDS environmental databases. These listings relate to restaurant charbroil operations, which are not assessed as environmental concerns for the Property.</p> <p>Refer to Section 5.2 for records research details.</p>
<b>Potential Off-site Concerns</b>	No properties within the specified search distances were identified that are assessed to pose a significant environmental risk to the Property.
<b>Non-Scope Items</b>	Unless the <i>Client</i> contracted ODIC to investigate specific Non-Scope or Non-CERCLA items, evaluation of Non-Scope or Non-CERCLA items, including those addressed in Section 3.5 of this Report, is neither required nor relevant for compliance with the AAI Rule or E1527-13.

REPORT COMPONENT	SUMMARY OF FINDINGS
<b>Inaccessible or Un-surveyed Portions of the Property</b>	Full access to the entire Property was provided to ODIC, and there were no notable portions of the Property excluded from the survey and field inspection.
<b>Significant Data Gap</b>	No significant data gaps were identified during the course of this Phase I Environmental Site Assessment.
<b>Conclusion</b>	<p>                     REC identified: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                      HREC identified: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                      CREC identified: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                      Significant data gap identified: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                 </p> <p>For detailed discussion of Recognized Environmental Conditions (RECs), Historical Recognized Environmental Conditions (HRECs), and/or Controlled Recognized Environmental Conditions (CRECs) in connection with the Property, see Section 8.0 of this <i>Report</i>.</p>
<b>Recommendations and Opinions</b>	Refer to Section 8.0 for ODIC's professional opinions and recommendations.



Pacific Union Commercial and Pacific Union International do not guarantee the accuracy of estimates, square footages, lot size, government approvals, government conditions, government allowances, construction feasibility, construction concepts, construction plans, construction progress, inspections, investigations, reports or other information concerning the condition or features of the property, project or possible projects provided by the seller or obtained from public records or other sources and the buyer is advised to independently verify the accuracy of all information through personal inspection, with appropriately licensed professionals and city officials. All pro-formas, possibilities, projections, assumptions, concepts, construction plans, studies, estimates, etc. are presented as a possible scenarios; buyer, their agents and everyone else associated with the purchase of this property is to rely on their own pro-formas, projections, assumptions, investigations, consultations, estimates, etc. If images of construction projects are listed, they are shown for illustrative purposes and not necessarily meant to be an actual depiction of what can be built. | Svidler License 01884474 | Braverman License 01861842.

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