



INNOVATION  
PROPERTIES  
GROUP

# The Hills Apartments

707 Diablo, Novato, California



## 707 Diablo Ave Novato, CA 94947

### The Hills Apartments - 24 Units

\$9,400,000

[ipgsf.com](http://ipgsf.com)

**Innovation Properties Group**  
181 2nd Street, San Francisco, CA  
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## Hills Apartments

707 Diablo Ave & 1606 Hill Rd, Novato, CA

Newly renovated 24-Unit apartment complex located in affluent Marin County, one of the strongest and most coveted rental markets in the Bay Area. Consisting of two buildings surrounding a central courtyard, The Hills Apartments is situated at the corner of Diablo Ave and Hill Rd, just minutes from Downtown Novato. Comprised of an excellent unit mix of twenty-one (21) 2-bedroom, 1-bath units and three (3) 1-bedroom, 1-bath units, the complex features a swimming pool, on-site laundry room, carport parking, individual meters for gas and electric and RUBS utility billing.

Fourteen (14) of the units have been fully remodeled with updated kitchens, bathrooms, flooring, paint, fixtures, and lighting. Eleven (11) of the remodeled units have been upgraded with an in-unit stacked washer and dryer. All the units feature forced air heating, wall AC units in the living rooms, dual-pane windows throughout and most units have either a deck or fenced patio.

Recent property improvements include new decks and patios, hardscaping, landscaping, exterior paint, parking surface and striping, perimeter fencing, mailboxes, and building signage. The current ownership has invested over \$800,000 in overall property improvements, and the previous ownership fully replaced the swimming pool and installed new roofs on both buildings in 2018.

The Hills Apartments is an exceptional investment opportunity for a new owner looking for a fully stabilized asset that has been substantially upgraded throughout and still includes rental upside in one of the best locations in Northern California.

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### Renovated Units:

- Fourteen (14) total renovated units
- New kitchens (countertops, cabinets, stainless-steel appliances, flooring, fixtures, lighting, paint)
- New bathrooms (vanities, tile surrounds, flooring, fixtures, lighting, paint)
- New electrical panels
- New flooring, lighting and paint throughout
- New washer/dryer in most renovated units

### Property Upgrades:

- Completely reengineered replacement of all the upper decks and lower patios including structural supports, metal railings, and horizontal fencing
- New hardscaping for all walkways, central courtyard, and pool surround
- Updated landscaping throughout
- New parking surface and striping
- New perimeter fencing
- New mailboxes
- New building signage

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**Address:**  
**707 Diablo Ave & 1606 Hill Rd Novato, CA 94947**

Parcel Number(s):	140-273-43, 140-273-41
Year Built/Renovated:	1971/2018
# of Units:	24
# of Buildings:	2
Building SF:	16,215 SF*
Lot SF:	33,250 SF (0.76 Acres)
Construction:	Wood Frame
Exterior:	Wood Shingles
Roof:	Pitched; Comp Shingle
Foundation:	Concrete Slab
Parking:	24 Carports; 12 Open Spaces
HVAC:	Forced-Air Heat; Wall AC
Electrical:	Circuit Breakers
Laundry:	Common Room; (11) W/D In-Unit
Utilities (Tenants):	PG&E, Cable/Internet
Utilities (Owner):	Water, Sewer, Trash

\*Square Footage Estimated







# The Hills Apartments



STOP

HILLS

HILLS





707 Diablo Ave





## Novato, CA

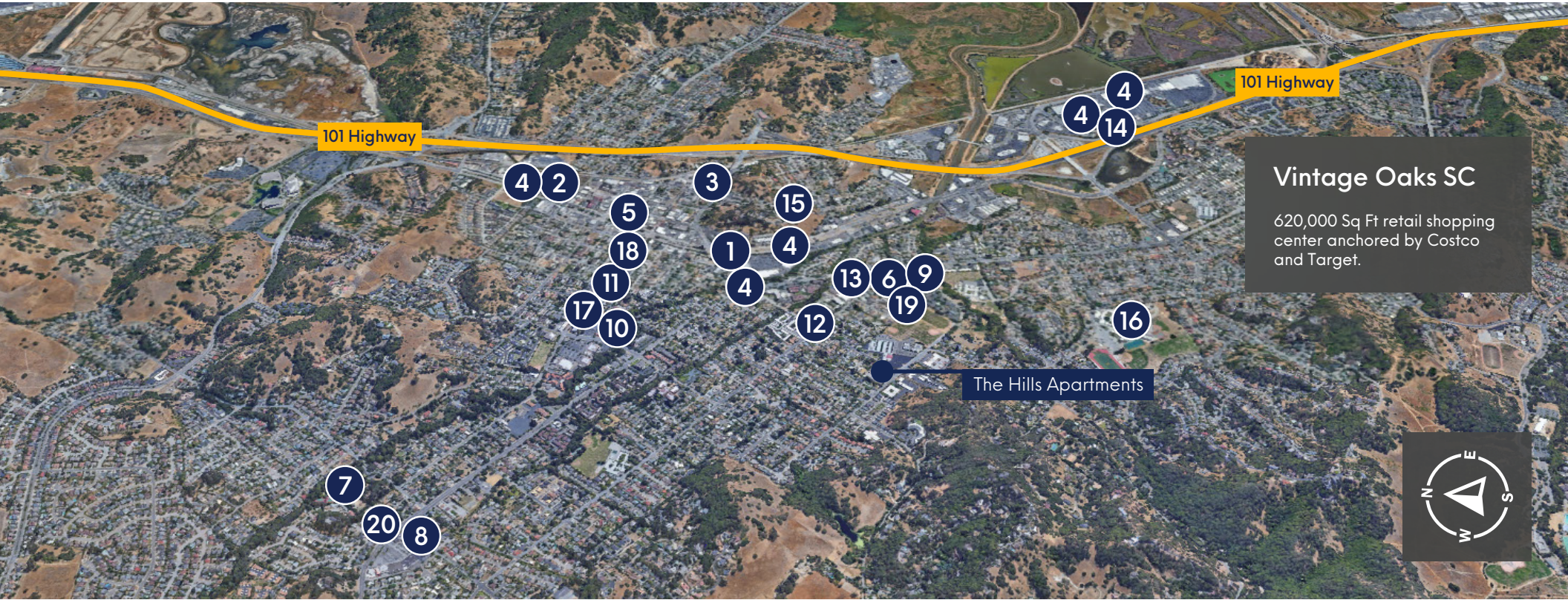
Situated just 25 miles north of San Francisco, the subject property provides easy access to schools, shopping, restaurants, and public transportation, including Downtown Novato, Marin Country Club, Vintage Oaks Shopping Center, Novato High School and Indian Valley Golf Club.

Novato is the northernmost city in Marin County, and is located approximately 29 miles north of San Francisco, 12 miles south of Petaluma and just a short drive to Sonoma and Napa wineries. Novato has a rural atmosphere largely due to the low population density and the high amount of open space and parks in and near the City.

Novato's newly restored Grant Avenue has made downtown Novato a welcoming place for visitors and residents to shop and dine. Highly rated eateries in the downtown area include Rustic Bakery, Marvin's Restaurant, Grazie Restaurant and Dr. Insomniac's. The nearby Vintage Oaks Shopping Center is comprised of more than 50 retail stores and restaurants, including Costco and Target.

Novato's business mix includes corporate headquarters, state-of-the-art technology companies, and a variety of retail centers. The most well-known technology company in Novato, is the Buck Institute for Aging, one of the foremost non-profit, biomedical research institutes in the world. The Novato Unified School District is the City's largest employer with approximately 1,280 employees and it serves over 8,000 students in kindergarten through high school.





**Vintage Oaks SC**  
620,000 Sq Ft retail shopping center anchored by Costco and Target.

The Hills Apartments

- |                       |                            |                                  |                                   |
|-----------------------|----------------------------|----------------------------------|-----------------------------------|
| <b>1</b> Safeway      | <b>6</b> Sam's Place       | <b>11</b> Rustic Bakery          | <b>16</b> Novato High School      |
| <b>2</b> Trader Joe's | <b>7</b> Pioneer Park      | <b>12</b> 7-Eleven               | <b>17</b> Bacon                   |
| <b>3</b> Whole Foods  | <b>8</b> La Carreta Novato | <b>13</b> Redwood Bagel Company  | <b>18</b> Marvin's Breakfast Club |
| <b>4</b> Starbucks    | <b>9</b> Pini Hardware     | <b>14</b> Vintage Oaks SC        | <b>19</b> The Donut Works         |
| <b>5</b> Trek Winery  | <b>10</b> Novato DMV       | <b>15</b> Ayawaska Hiltop Novato | <b>20</b> Sloat Garden Center     |

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San Francisco to Novato  
**Transportation**

BUS	DRIVE	DISTANCE
McAllister St & Polk St - Redwood Blvd & Grant Ave	1h 8min	28.6 mi

FERRY/TRAIN	DRIVE	DISTANCE
San Francisco Ferry Terminal - Novato Downtown SMART	1h 27min	28.6 mi

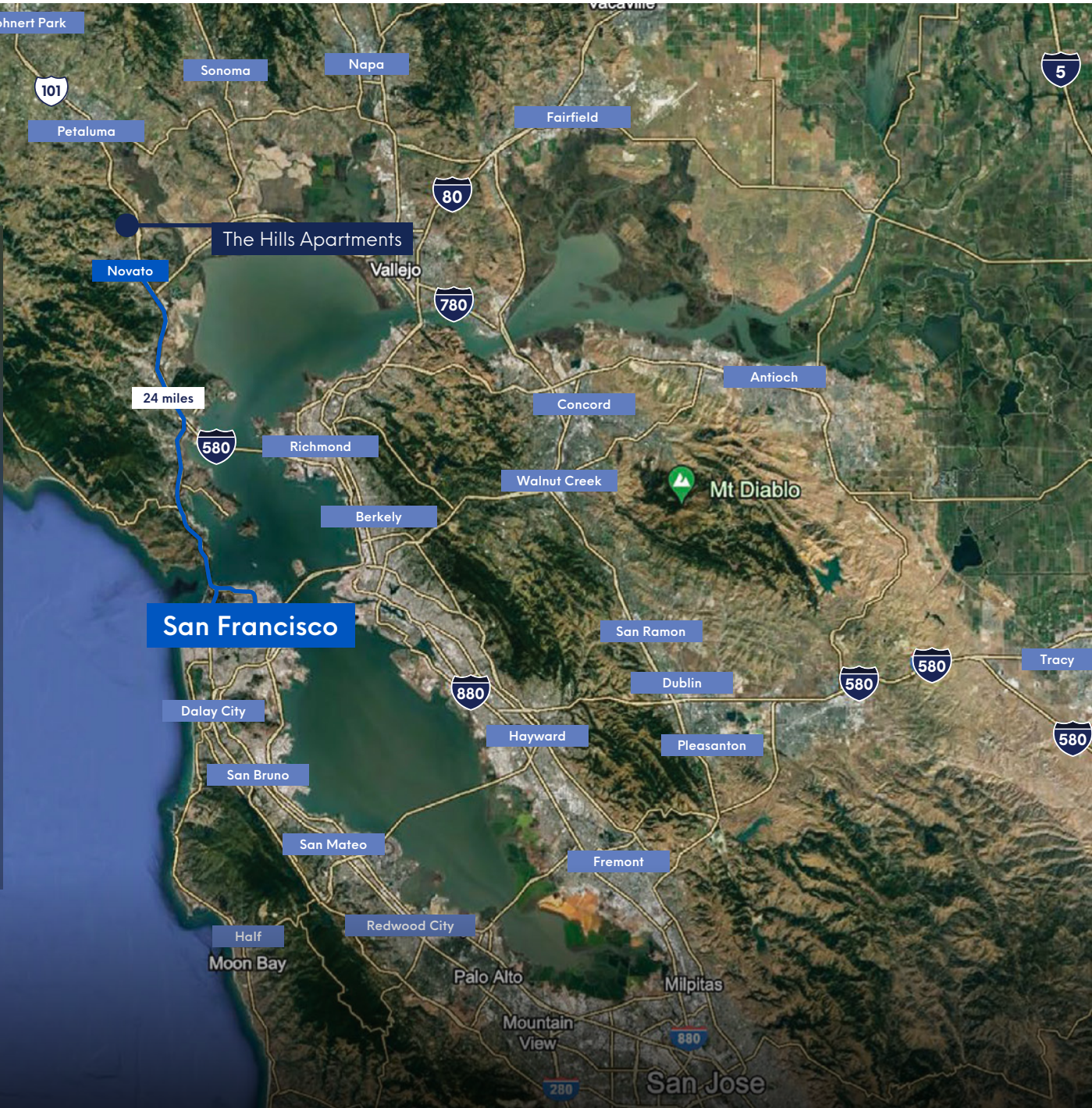
FERRY/TRAIN	DRIVE	DISTANCE
San Francisco to Novato	37min	28.39 mi

DRIVE	DRIVE	DISTANCE
San Francisco to Novato	37min	28.39 mi

AIRPORT	DRIVE	DISTANCE
Concord (CCR)	52 min	36 mi







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Unit #	Unit Type	SF*	Current Rent	Market Rent	Remodeled	W/D In-Unit
1**	2 Bed / 1 Bath	685	\$2,950	\$3,095	x	x
2	2 Bed / 1 Bath	685	\$2,950	\$3,095	x	x
3	2 Bed / 1 Bath	685	\$2,390	\$3,095	-	-
4	2 Bed / 1 Bath	685	\$2,950	\$3,095	x	x
5	2 Bed / 1 Bath	685	\$2,215	\$3,095	-	-
6	2 Bed / 1 Bath	685	\$2,950	\$3,095	x	x
7	2 Bed / 1 Bath	685	\$2,325	\$3,095	-	-
8***	2 Bed / 1 Bath	685	\$2,950	\$3,095	x	x
9	2 Bed / 1 Bath	685	\$2,950	\$3,095	x	x
10	2 Bed / 1 Bath	685	\$2,230	\$3,095	-	-
11	2 Bed / 1 Bath	685	\$2,215	\$3,095	-	-
12	2 Bed / 1 Bath	685	\$2,950	\$3,095	x	x
13	2 Bed / 1 Bath	685	\$2,215	\$3,095	-	-
14	2 Bed / 1 Bath	685	\$2,900	\$3,095	x	-
15	2 Bed / 1 Bath	685	\$2,850	\$3,095	x	x
16	2 Bed / 1 Bath	685	\$2,270	\$3,095	-	-
17	1 Bed / 1 Bath	610	\$1,925	\$2,550	-	-
18	2 Bed / 1 Bath	685	\$2,270	\$3,095	-	-
19	2 Bed / 1 Bath	685	\$2,390	\$3,095	-	-
20	1 Bed / 1 Bath	610	\$2,390	\$2,550	x	x
21	2 Bed / 1 Bath	685	\$2,950	\$3,095	x	x
22	2 Bed / 1 Bath	685	\$2,950	\$3,095	x	-
23	2 Bed / 1 Bath	685	\$2,850	\$3,095	x	x
24	1 Bed / 1 Bath	610	\$2,290	\$2,550	x	-
<b>Totals</b>		<b>16215</b>	<b>\$62,275</b>	<b>\$72,645</b>	<b>14</b>	<b>11</b>
<b>Gross Scheduled Rents</b>			<b>\$747,300</b>	<b>\$871,740</b>		

\* Unit SF estimated \*\*Manager Unit - estimated at market rent. \*\*\*Vacant - estimated at market rent.





Income	Current	Market
<b>Gross Scheduled Rents</b>	\$747,120	<b>\$871,740</b> See Rent Roll
Laundry	\$5,149	\$ 5,149 Actual
RUBS	\$20,606	\$20,606 Actual
<b>Gross Potential Income</b>	<b>\$772,875</b>	<b>\$897,495</b>
Vacancy Reserve	\$(14,942)	\$(17,435) 2%
<b>Gross Effective Income</b>	<b>\$757,933</b>	<b>\$880,060</b>

Metrics	Current	Market
GRM	12.40	10.68
Cap Rate	5.28%	6.53%
Expense Ratio	34.47%	30.24%
Expenses/Unit	\$10,885	\$11,088

Expenses	Current	Market
Property Tax	\$ 106,051	\$ 106,051 New @ 1.1282%
Fixed Assessments (from taxbill)	\$ 6,313	\$ 6,313 Actual
Sewer Assessments (from taxbill)	\$ 16,248	\$ 16,248 Actual
Insurance	\$ 30,640	\$ 30,640 Actual
Water	\$ 10,253	\$ 10,253 Actual
PG&E	\$ 12,947	\$ 12,947 Actual
Trash	\$ 10,583	\$ 10,583 Actual
Property Management	\$ 30,317	\$ 35,202 Estimated @ 4%
On-Site Manager	\$ 17,700	\$ 17,700 Estimated
Pool Maintenance	\$ 8,178	\$ 8,176 Actual
Maintenance	\$ 12,000	\$ 12,000 Estimated @ \$500/Unit
<b>Total Operating Expenses</b>	<b>\$ 261,230</b>	<b>\$ 266,113</b>
<b>Net Income</b>	<b>\$ 496,702</b>	<b>\$ 613,947</b>

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Pricing	
Asking Price	\$ 9,400,000
Price/Unit	\$ 391,667
Price/SF	\$ 580

Valuation Metrics	Current	Market
Gross Income Multiplier	12.40	10.68
Capitalization Rate	5.28%	6.53%

Investment Return	Current	Market
Net Operating Income%	\$ 496,702	\$ 609,434
Debt Service	\$ 413,874	\$ 413,874
Net Cash Flow After Debt Service	\$ 82,829	\$ 200,073
Principal Reduction	\$ 59,224	\$ 59,224
Total Return	\$ 142,053	\$ 259,297
Total Return %	3.55%	6.48%

New Loan Assumptions	
Loan Type	3 Yr. Fixed
Loan Amount	\$ 5,400,300
Down Payment	\$ 3,999,700
Interest Rate / Amortization	6.60% / 5 year





Subject Property	City	Status	Price	Unit	\$/Unit	\$ PSF	GRM	Cap Rate	Unit Mix
707 Diablo Ave	Novato	Subject	\$9,400,000	24	\$391,667	\$580	12.40	5.28%	21(2BR) 3(1BR)

Property	City	Status	Price	Unit	\$/Unit	\$ PSF	GRM	Cap Rate	Unit Mix
419 Prospect Ave	San Rafael	COE 01/11/24	\$3,630,000	11	\$330,000	\$563	12.81	4.78%	9(1BR) 2(Studio)
25 & 35 Thomas Dr	Mill Valley	COE 01/08/24	\$10,400,000	24	\$433,333	\$524	-	-	24(2BR)
49 Ignacio Ln	Novato	COE 11/30/23	\$2,900,000	10	\$290,000	\$617	12.88	5.17%	10(Studio)
1506 Vallejo Ave	Novato	COE 10/13/23	\$1,840,762	7	\$262,966	\$462	13.15	4.79%	6(1BR) 1(Studio)
147 Ross St	San Rafael	COE 09/21/23	\$3,900,000	6	\$650,000	\$776	17.29	3.76%	4(2BR) 2(1BR)
608 C St	San Rafael	COE 08/15/23	\$2,300,000	5	\$460,000	-	-	-	2(1BR) 3(Studio)
699 Logan St	Novato	COE 08/01/23	\$1,780,000	6	\$296,667	\$410	13.11	4.87%	6(2BR)
106 Union St	San Rafael	COE 03/30/23	\$2,075,000	5	\$415,000	\$590	12.95	5.02%	2(2BR) 2(1BR) 1(Studio)
5 Hutchins Way	Novato	COE 11/30/23	\$97,000,000	220	\$440,909	-	-	-	70(3BR) 150(2BR)
1704 Lincoln Ave	San Rafael	COE 11/30/22	\$5,350,000	12	\$445,833	\$500	13.66	4.69%	6(2BR) 6(1BR)
<b>Averages</b>					<b>\$402,471</b>	<b>\$555</b>	<b>13.69</b>	<b>4.73%</b>	





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