

OFFERING MEMORANDUM

FOR SALE | MULTITENANT INDUSTRIAL & OFFICE PROPERTY



371 - 375
s rancho santa fe road
san marcos, ca 92078

371
S RANCHO SANTA FE RD
SAN MARCOS, CA 92078

375
S RANCHO SANTA FE RD
SAN MARCOS, CA 92078

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

James Bengala
jbengala@lee-associates.com
760.208.8798

Selina Sounakhene
selina@lee-associates.com
760.209.1140



table of contents

- 4** property overview
- 5** property highlights
- 6** new development | san marcos
- 7** path to progress
- 8** rent roll
- 9** financial analysis/proforma
- 10** san marcos
- 11** nearby retail & amenities
- 12** location map

property overview

| | |
|-----------------------------|--|
| STREET ADDRESS: | 371 - 375 S Rancho Santa Fe Road San Marcos, CA 92078 |
| BUILDING SIZES: | 371 S Rancho Santa Fe Road: 4,519 RSF 375 S Rancho Santa Fe Road: 17,737 RSF Total RBA: 22,256 RSF |
| BUILDING TYPE: | 371 Auto/Industrial 375 Auto/Office/Retail |
| NUMBER OF BUILDINGS: | 2 |
| LOT SIZE: | ±56,628 SF |
| OWNERSHIP: | Fee Simple |
| APN: | 219-221-48 |
| # OF SUITES: | 22 |
| CURRENT OCCUPANCY: | 78% Occupied |
| ZONING: | MU - 1 |
| PURCHASE PRICE: | \$4,000,000 (\$179.73/SF) |

****Do Not Disturb Tenants; Call Brokers to Schedule Tour***

All information furnished regarding property for sale, rental or financing is from sources deemed reliable, but no warranty or representation is made to the accuracy thereof and same is submitted to errors, omissions, change of price, rental or other conditions prior to sale, lease or financing or withdrawal without notice. No liability of any kind is to be imposed on the broker herein.



371 & 375 S RANCHO SANTA FE RD // 4

property highlights

Strategic Location

- Prime frontage on S Rancho Santa Fe Rd
- Quick access to Highway 78, Interstate 5 & Interstate 15
- Located in the Path of Progress

Tenant Configuration

- Current configuration can accommodate retail/office/automotive/industrial
- Desirable unit sizes
- High probability of tenant retention

Two Adjacent Building Purchase Opportunity

- Well maintained structure and grounds
- Current income in place
- Huge upside potential
- Staggered tenant rollover



new development | san marcos

1 Karl Strauss

Coming Soon!

Brewery & tasting room and outdoor area

2 Area of the Arts

A 9-acre site for a creative food and entertainment concept from the developers that created the popular "LAB Anti-Mall" in Costa Mesa and the Anaheim Packing District.

3 My Yard Live

A new 17,500 SF space featuring an experiential food and gathering space.

4 Mesa Rim

A 28,000 SF state of the art rock climbing facility.

5 Hotel Site

Within walking distance to San Marcos' #1 voted hotel, the Residence Inn San Diego North by Marriott, featuring 112 suites ranging in size.

6 North City

Future Downtown San Marcos!

A 195-acre development consisting of 2,600 residential units, 652,000 SF of office, 300,000 SF of medical office, 700,000 SF of retail/commercial, and more.

371 & 375
S RANCHO SANTA FE RD
SAN MARCOS, CA 92078

1

3



FURNITURE ROW

78

San Marcos Blvd

CALIFORNIA
STATE
UNIVERSITY
SAN MARCOS

4

2

RESTAURANT
ROW

GRAND
PLAZA

Las Posas Rd

5

6



BREWRIES



RESTAURANTS



BUSINESSES



JOBS

path to progress



1

Mercado / 109-195 S Rancho Santa Fe Rd

- 96,606 SF Neighborhood Center
- Purchased in 2019 for \$19.25M
- Major Exterior Renovation & Rebranding (2020)

2

San Marcos Square / 156-190 S Rancho Santa Fe Rd

- 21,352 SF Neighborhood Center
- Fully Renovated Exterior & Landscaping (2020)

3

Shane Park Plaza / 240 -260 S Rancho Santa Fe Rd

- 21,910 Mixed Use Development
- 23 Apartments & 6,000+ SF Retail
- New Construction (2018)

4

Super Star Car Wash Express / 1660 Linda Vista Drive

- 11,198 SF Car Wash
- New Operator & Major Repositioning of Business (2021)

5

Orthodontics Operator / 339 S Rancho Santa Fe Rd

- 1,672 SF Retail Building
- Purchased in 2020 & Undergoing Exterior Renovations (2021)

6

West Pace Dental Center / 1706 Descanso Ave

- 19,592 SF Medical Office Building
- Purchased 2019 for \$3.27M
- Major Exterior Renovations & New Operator (2020)

7

Awaken Church / 1760 Descanso Ave

- 74,000 SF Retail/Religious Facility
- Purchased in 2019 for \$7.95M
- Major Exterior Renovations & Repositioning (2020)

rent roll

| Unit | Square Ft | % RBA | Business Name | Lease Commencement | Lease Expiration | 2021 Base Rent | \$/Sq Ft | Notes |
|---------------|-----------|--------|-------------------------------|--------------------|------------------|----------------|----------|------------------------------|
| 371 101/2 | 1,735 | 8.14% | Haskell Motors | 1/1/2020 | 6/1/2022 | \$1,906 | \$1.10 | |
| 371 103 | 945 | 4.44% | Shane Sikes | 1/21/2021 | 1/1/2026 | \$1,200 | \$1.27 | * New Lease COMP - Auto |
| 371 104/5/6 | 2,649 | 12.43% | Paoulo's Auto Service | 1/21/2021 | 4/1/2026 | \$2,649 | \$1.00 | |
| 375 101 | 1,413 | 6.63% | Centric Motors | 9/1/2021 | 9/1/2024 | \$2,125 | \$1.50 | * New Lease COMP - Office |
| 375 102 | 852 | 4.00% | Vacant | | | \$0 | \$0.00 | |
| 375 103 | 1,022 | 4.80% | Jai Wurfbain | 9/1/2021 | 9/1/2026 | \$1,277 | \$1.25 | * New Lease COMP - Office |
| 375 104 | 1,022 | 4.80% | Dr. Mary Chen | | MTM | \$1,085 | \$1.06 | |
| 375 105 | 943 | 4.43% | Harding Insurance | 9/21/2021 | 9/1/2026 | \$943 | \$1.00 | |
| 375 106/7/8 | 2,842 | 13.34% | Centric Motors | 9/1/2021 | 9/1/2024 | \$3,130 | \$1.10 | |
| 375 109/10 | 1,917 | 9.00% | Smog Central | | MTM | \$2,139 | \$1.12 | |
| 375 111 | 967 | 4.54% | Union Auto Exchange | | MTM | \$1,314 | \$1.36 | |
| 375 201 | 952 | 4.47% | Michael Nata | | MTM | \$950 | \$1.00 | |
| 375 202 | 1,031 | 4.84% | Vacant | | | \$0 | \$0.00 | |
| 375 203 | 1,031 | 4.84% | Evening School for AA Program | 3/19/2021 | 3/1/2024 | \$1,422 | \$1.38 | |
| 375 204 | 1,031 | 4.84% | Vacant | | | \$0 | \$0.00 | |
| 375 205 | 952 | 4.47% | Vacant | | | \$0 | \$0.00 | |

| Total | Occupied | % Occupied | Monthly Gross Revenue | Avg \$/Sq Ft |
|-----------|-----------|------------|-----------------------|--------------|
| 22,256 SF | 17,438 SF | 78% | \$20,140 | \$1.15 |

financial analysis/proforma

SALE & FINANCING INFORMATION

| | | |
|-----------------------|-------|--------------|
| Sale Price | | \$4,000,000 |
| Down Payment | 50.0% | \$2,000,000 |
| Mortgage Balance | | \$2,000,000 |
| Loan Type | | Conventional |
| Interest Rate | | 4.25% |
| Amortization (Years) | | 25 |
| Loan To Value | | 50.0% |
| Total Building Size | | 22,256 |
| Price per SF Building | | \$179.73 |

investment highlights

- 5.84% Cap Rate - 5-Year Avg
- 7-Year Hold
 - » 6.82% Cap Rate
 - » 7.13% Cash on Cash
 - » 9.42% Total Return
- 10-Year Hold
 - » 7.63% Cap Rate
 - » 8.76% Cash on Cash
 - » 11.06% Total Return

*estimated operating expenses

POST-CLOSE - 78% LEASED

| INCOME | | |
|----------------------------------|------|-----------|
| Gross Income | | \$241,680 |
| Less: Vacancy/Credit Loss | 0.0% | \$0 |
| Expense Reimbursement | | \$0 |
| Effective Gross Income | | \$241,680 |
| Less: Expenses | | \$86,447 |
| Net Operating Income | | \$155,233 |
| Debt Service | | \$130,017 |
| Net Cash Flow After Debt Service | | \$25,216 |
| Cash on Cash Return | | 1.3% |
| Principal Reduction | | \$45,904 |
| Total Return | | 3.6% |
| Capitalization Rate | | 3.88% |
| Debt Coverage Ratio | | 1.19 |

PROFORMA OPERATING EXPENSES

| | |
|-----------------------|-----------------|
| Building Maintenance | \$3,000 |
| Janitorial | \$3,600 |
| Landscape | \$3,360 |
| Insurance | \$8,100 |
| Management @ 4% | \$9,667 |
| Taxes @ 1.09% | \$43,600 |
| Trash | \$4,320 |
| Utilities | \$10,800 |
| TOTAL EXPENSES | \$86,447 |

Year 3 (2024) - PROFORMA 100% LEASED

| INCOME | | |
|----------------------------------|------|-----------|
| Gross Income | | \$337,188 |
| Less: Vacancy/Credit Loss | 0.0% | \$0 |
| Expense Reimbursement | | \$0 |
| Effective Gross Income | | \$337,188 |
| Less: Expenses | | \$92,571 |
| Net Operating Income | | \$244,617 |
| Debt Service | | \$130,017 |
| Net Cash Flow After Debt Service | | \$114,600 |
| Cash on Cash Return | | 5.7% |
| Principal Reduction | | \$45,904 |
| Total Return | | 8.0% |
| Capitalization Rate | | 6.12% |
| Debt Coverage Ratio | | 1.88 |

PROFORMA OPERATING EXPENSES

| | |
|-----------------------|-----------------|
| Building Maintenance | \$3,090 |
| Janitorial | \$3,708 |
| Landscape | \$3,461 |
| Insurance | \$8,343 |
| Management @ 4% | \$13,488 |
| Taxes @ 1.09% | \$44,908 |
| Trash | \$4,450 |
| Utilities | \$11,124 |
| TOTAL EXPENSES | \$92,571 |

demographics
(within 3 mile radius)



102,824
population



\$114,467
avg. household income



35,326
households



\$686,872
median home value



96,188
traffic count
s. rancho santa fe road



35.7
average age

San Marcos

north county's fastest growing community

Located in the beautiful foothills of northern San Diego County is San Marcos (Spanish for Saint Mark). The city is located along Highway 78 bordered by Escondido to the east, Encinitas to the southwest, Carlsbad to the west, and Vista to the northwest.

From miles of trails in the local hills, to its leading educational institutions and commercial districts, San Marcos has plenty to offer.

Although San Marcos has experienced rapid growth over the last decade, it continues to maintain the small town atmosphere and values that attracted so many new residents here. Throughout the years, San Marcos emerging urban core has transformed the city from a "drive through" location to a "drive to" destination. Home to Palomar College and California State University San Marcos, the City has also become the heart of education in San Diego North.

Quality centers like Creekside Marketplace, Nordahl Center, Grand Plaza and Old California Restaurant Row have all become popular shopping and dining destinations, and plans for thoughtful future developments like the San Marcos Downtown Creek District, Palomar Station and University Village will soon put San Marcos on the map as a regional shopping, dining and entertainment destination.

These elements all combine together to create the unique community that is San Marcos.

nearby retail & amenities



371 & 375
S RANCHO SANTA FE RD
SAN MARCOS, CA 92078

**SAN MARCOS
HIGH SCHOOL**

**ST. MARK
GOLF CLUB**

**PALOMAR
COLLEGE**

FURNITURE ROW

Mission Ave

Bassett



**NORTH CITY
DEVELOPMENT**



**CAL STATE
UNIVERSITY
SAN MARCOS**

Twin Oaks Valley Oaks Rd

Las Posas Rd



San Marcos Blvd

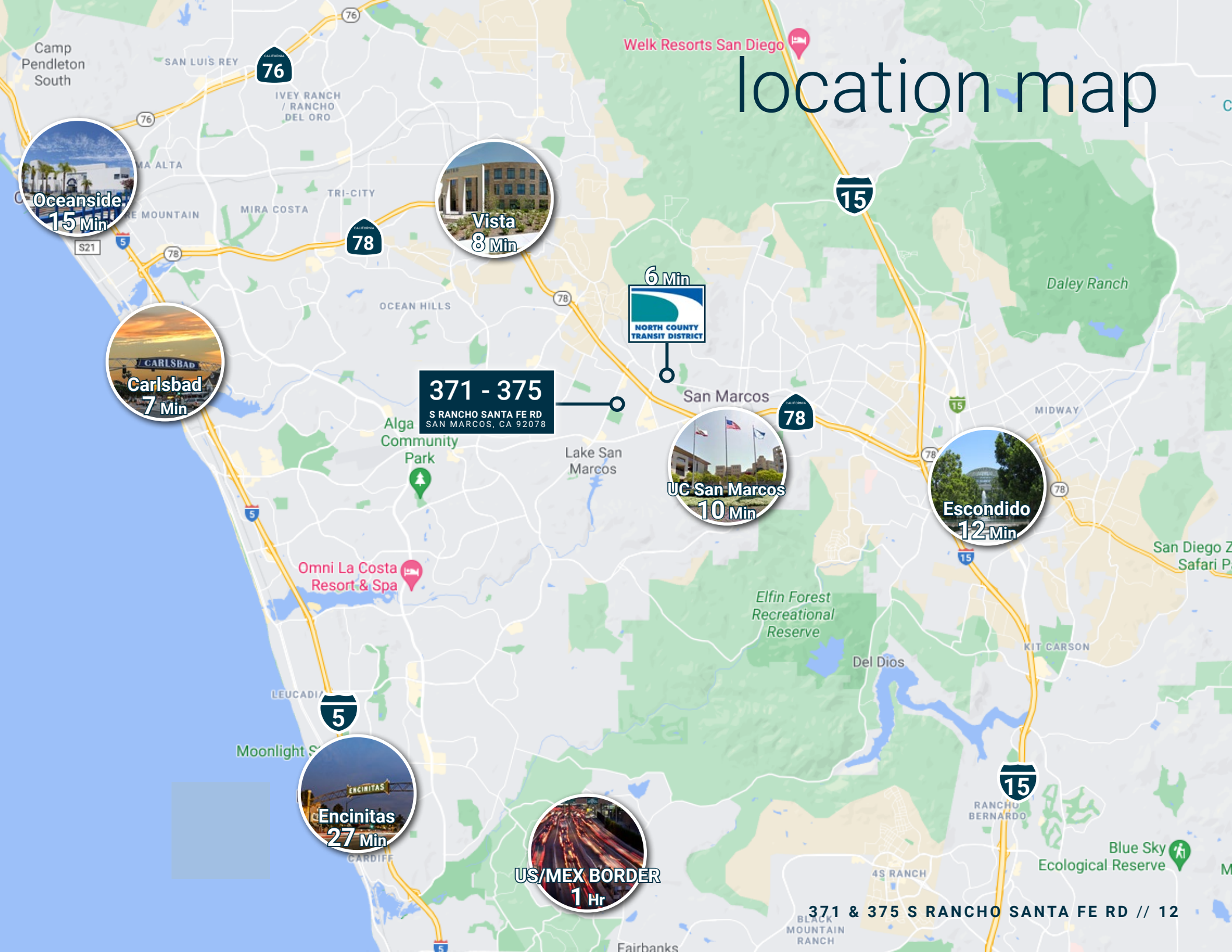
Bowlero

WinCo FOODS

STAPLES



location map





371-375

s rancho santa fe road

san marcos, ca 92078

James Bengala
jbengala@lee-associates.com
760.208.8798
CalDRE Lic#01950077

Selina Sounakhene
selina@lee-associates.com
760.209.1140
CalDRE Lic#02105358



LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Lee & Associates Commercial Real Estate Services, Inc. - NSDC | 1900 Wright Place, Suite 200, Carlsbad, CA 92008 | P: (760) 929-9700 | F: (760) 929-9977

No warranty or representation is made to the accuracy of the foregoing transaction. Terms of sale or lease and availability are subject to change or withdraw without notice.