VALE TERRACE
MEDICAL OFFICE BUILDING

933-937 VALE TERRACE DR
VISTA, CA 92084

INVESTMENT OFFERING

MEDICAL OFFICE BUILDING

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

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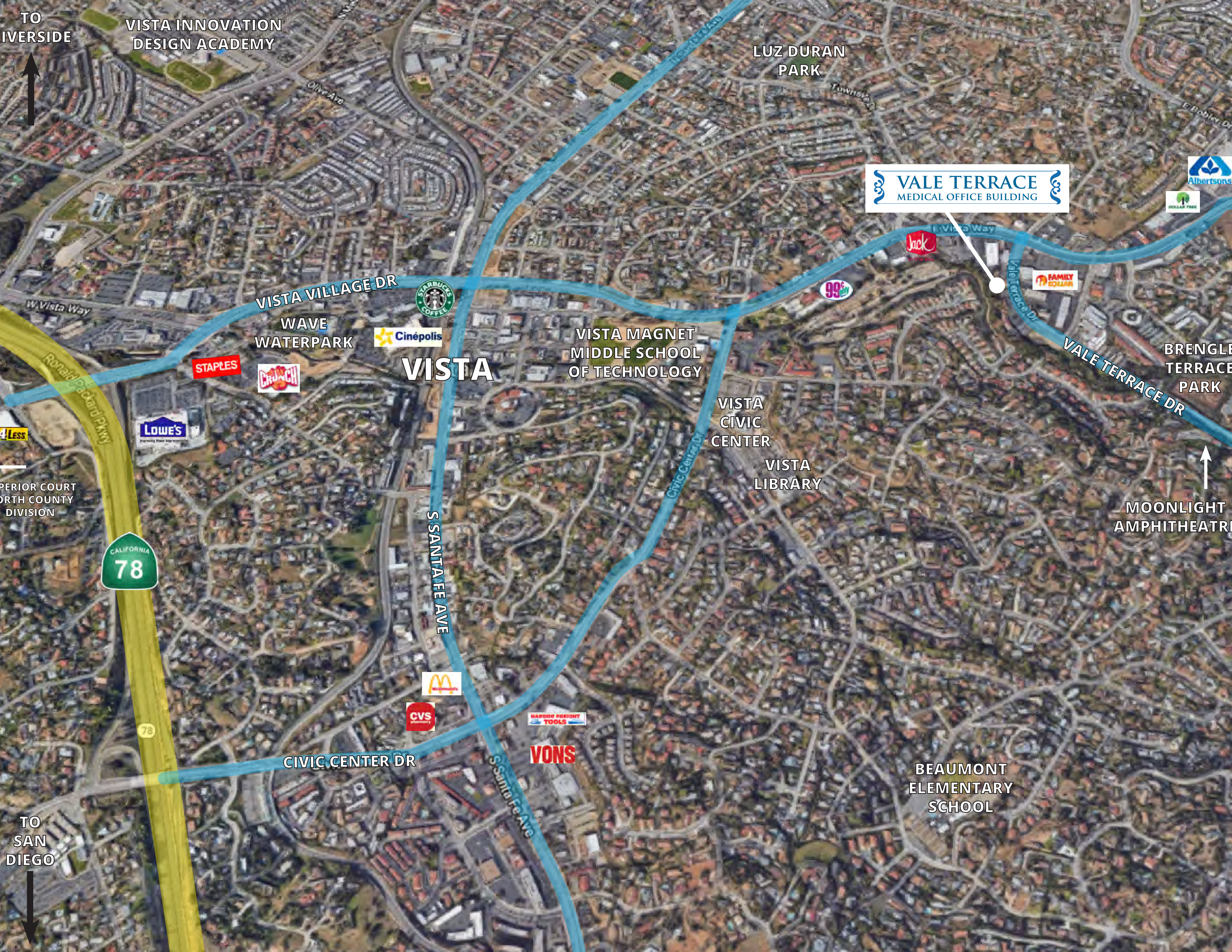


TO
RIVERSIDE
VISTA INNOVATION
DESIGN ACADEMY
LUZ DURAN
PARK
VALE TERRACE
MEDICAL OFFICE BUILDING
E Vista Way
VISTA VILLAGE DR
W Vista Way
WAVE
WATERPARK
VISTA
VISTA MAGNET
MIDDLE SCHOOL
OF TECHNOLOGY
VISTA
CIVIC
CENTER
VISTA
LIBRARY
VALE TERRACE DR
BRENGLE
TERRACE
PARK
MOONLIGHT
AMPHITHEATRE
SUPERIOR COURT
NORTH COUNTY
DIVISION
S SANTA FE AVE
Civic Center Dr
CALIFORNIA
78
CIVIC CENTER DR
S Santa Fe Ave
BEAUMONT
ELEMENTARY
SCHOOL
TO
SAN
DIEGO

VALE TERRACE
MEDICAL OFFICE BUILDING

LOCATION:	933-937 Vale Terrace Drive Vista, CA 92084
OFFERING SUMMARY:	March 15, 2018
PROPERTY TYPE:	Multi-Tenant Medical Office Building
PRICE:	$750,000
NET OPERATING INCOME:	$32,832.96
CAPITALIZATION RATE:	Year 1: 4.38%
PRICE PER SQUARE FOOT (NRA):	$187.50 Per Total SF / $188.68 NRA
OCCUPANCY:	100%
TOTAL SQUARE FEET:	4,000 SF
NET RENTABLE AREA (NRA):	3,975 SF
YEAR BUILT:	1978
CONSTRUCTION:	Wood Frame & Stucco
NUMBER OF FLOORS:	Single
NUMBER OF SUITES:	3
NUMBER OF TENANTS:	3
APN:	176-300-19-00
LOT SIZE (ACRES):	.38 Acre
PARKING RATIO:	23 Stalls - 5.79/1,000 NRA

Investment Highlights

- **Rare 100%** Leased Medical Office Investment Opportunity in North San Diego County - Rare opportunity for an investor to purchase a 100% leased and stable Medical Office Investment for under $1,000,000 in San Diego MSA. Open, flexible office improvements with significant upside and flexibility. The current site has an above standard parking ratio of 5.79/1,000 RSF

- **Improving Returns** – Through embedded rental increases, and below market rents, the Net Operating Income is estimated to grow significantly during the projected hold period.

- **Below Market Rents** – Existing rents submarket wide are $18.00 PSF/YR NNN, while in-place NOI of just $7.94 PSF/YR which are approximately 44% below market.

- **Below Replacement Cost Opportunity** – At the list price of $188.68 PSF, the property will trade at a deep discount to its land-inclusive replacement cost estimated to be $250 PSF

- **Very Strong Market Fundamentals** - Very low vacancy rate for medical office buildings in the immediate submarket.

- **Strategic North County Location** - The immediate submarket is home to Brengle Terrace Park which houses the historic Moonlight Amphitheatre, Alta Vista Gardens (a city-owned botanical garden and the city community center. Vista is just 7 miles from the Pacific Ocean and accessible by the 78 Freeway and Interstate 5, 15.

- **No Existing Financing/Free and Clear** – With no existing financing in place, Vale Terrace allows an investor the opportunity to obtain a new loan at historically low rates, enhancing leveraged cash on cash returns

PRICED AT $750,000 ($189 PSF); SIGNIFICANTLY BELOW THE ESTIMATED REPLACEMENT COST OF $1,000,000 ($250PSF).

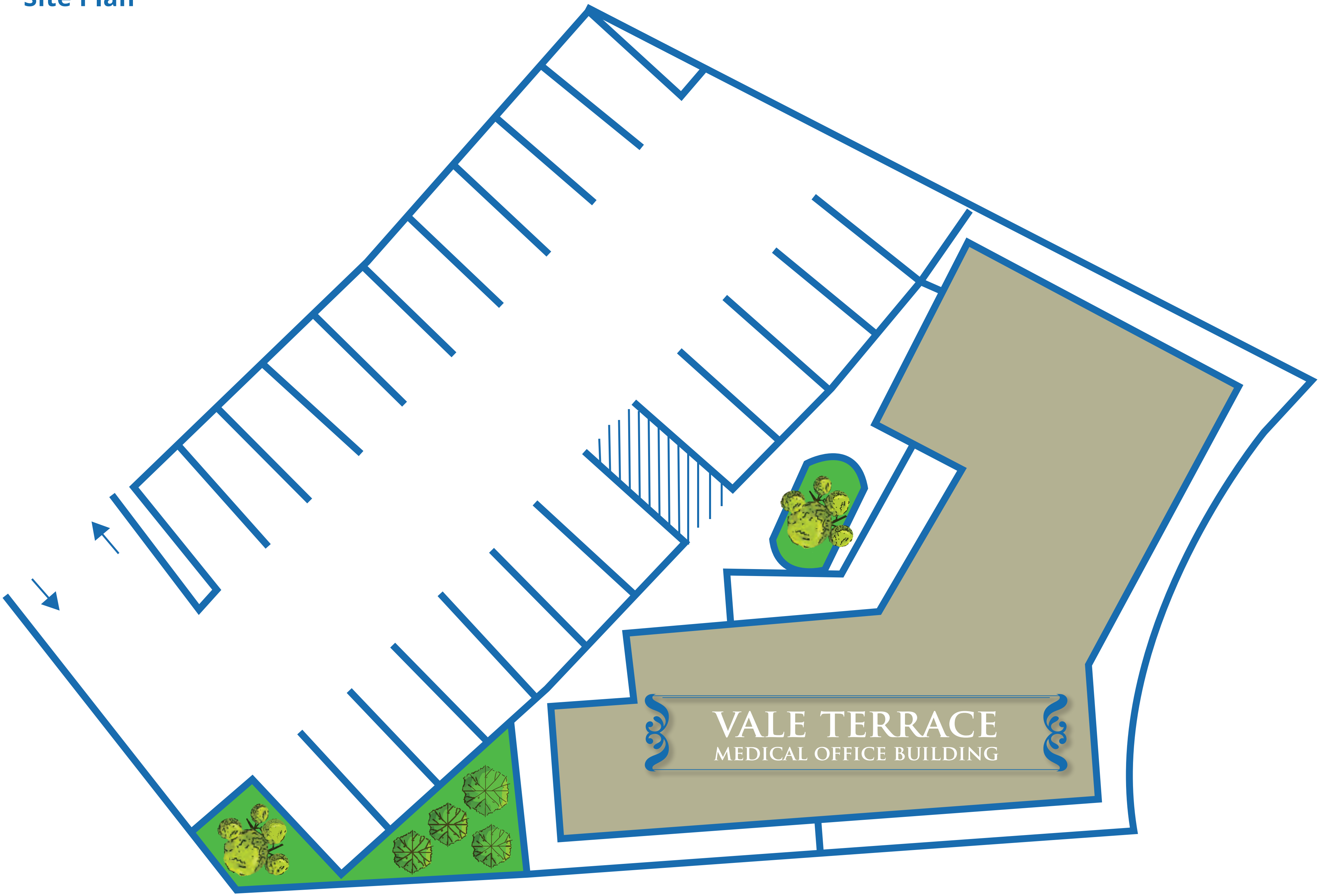
Tenant Information and Financial Analysis

Static (Income/Expense) Analysis

Suite	Tenant	RSF	Lease End	Options	Increases	Years in Building	Monthly Rent Total	Monthly Rent Per Sq Ft	Annual Rent Total	Annual Rent Per Sq Ft
A	Prof. Dental Corp	2,400	2/22/2020	(3), Five	3% in Option Yrs.	40 Years	$2,850.00	$1.19	$34,200.00	$14.25
B	Holistic Health	575	5/10/2020	(1), Three	3% in Option Yrs.	21 Years	$610.00	$1.06	$7,320.00	$12.73
C	Chiropractor	1000	6/21/2019	(1), Two	3% in Option Yrs.	34 Years	$1,304.00	$1.30	$15,648.00	$15.65
Totals:		**3,975**					**$4,764.00**	**$1.240**	**$57,168.00**	**$14.38**
								Vacancy Factor - 3%	$(1,715.04)	$(0.75)
								Total Gross Income:	**$55,452.96**	**$13.63**

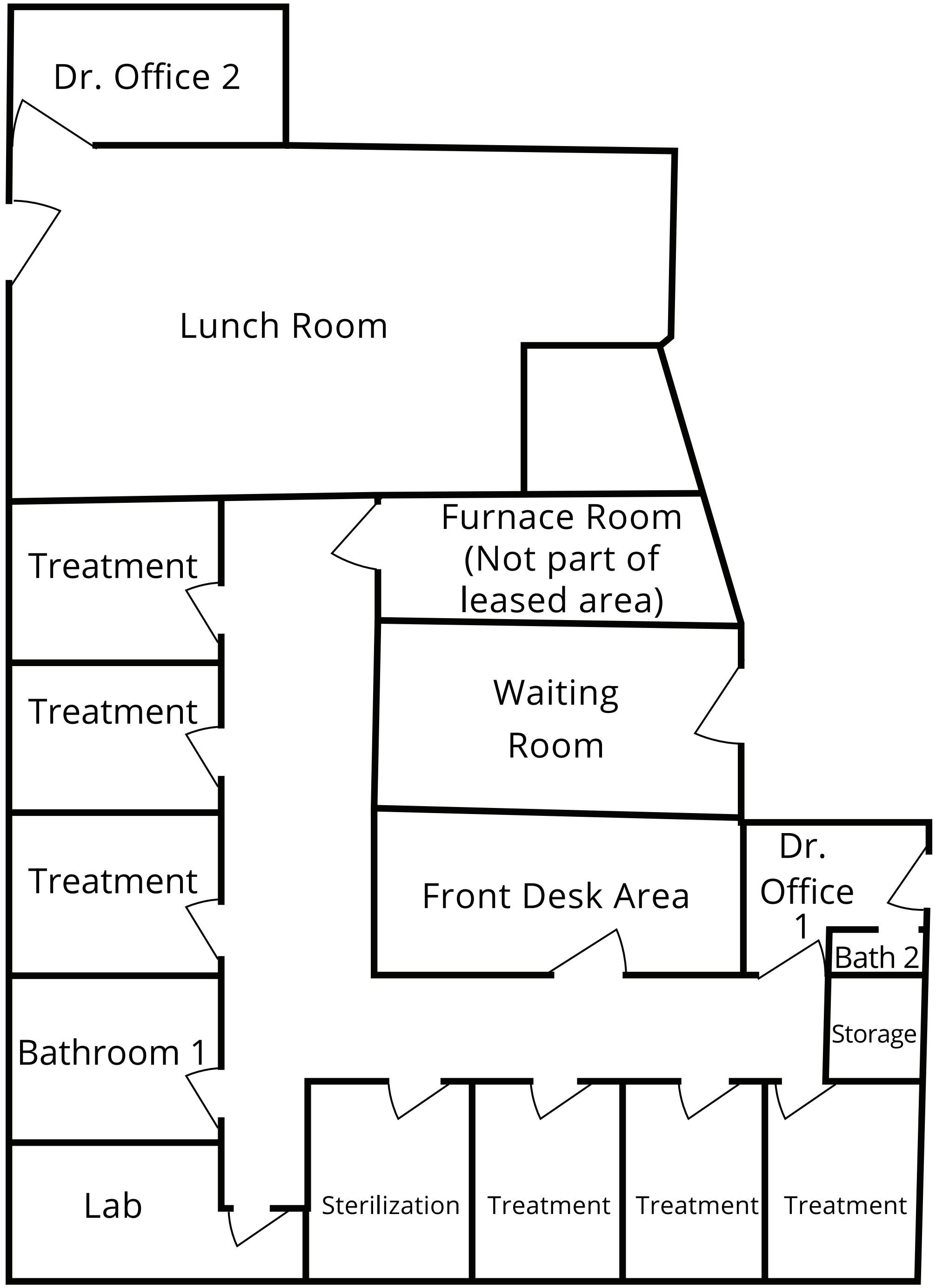
OPERATING EXPENSES	**2017 BUDGET**		
Description	**Annual PSF**	**Monthly PSF**	**Total**
Day Porter	$0.24	$0.02	$960.00
Management Fees - Owner Managed	$-	$-	$-
Pest Control	$0.08	$0.01	$318.00
Grounds, Maintenance and Repairs	$0.63	$0.05	$2,500.00
Utilities - Electricity	$1.72	$0.14	$6,841.00
Utilities - Water and Sewer	$0.26	$0.02	$1,025.00
Utilities - Trash	$0.35	$0.03	$1,385.00
Property Insurance	$0.34	$0.03	$1,341.00
Property Taxes (1.10% based on asking price)	$2.08	$0.10	$8,250.00
Total Operating Expenses:	**$5.69**	**$0.47**	**$22,620.00**
NET OPERATING INCOME (NOI):	**$7.94**		**$32,832.96**
PURCHASE PRICE:			**$750,000.00**
CAP RATE:			**4.38%**
PRICE PER SQUARE FOOT:			**$187.50**

Site Plan



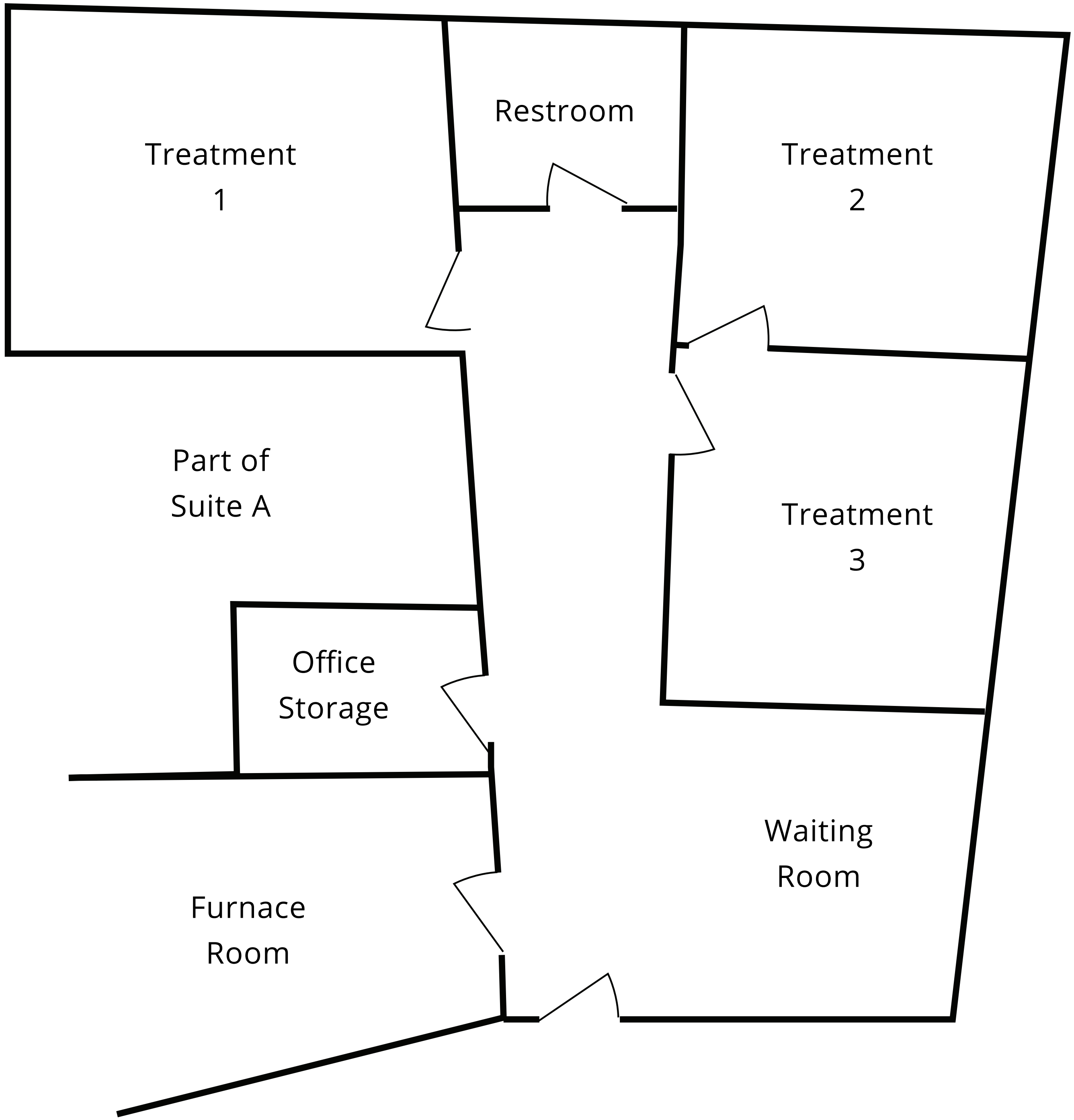
Floorplates

Prof Dental Corp
Suite A



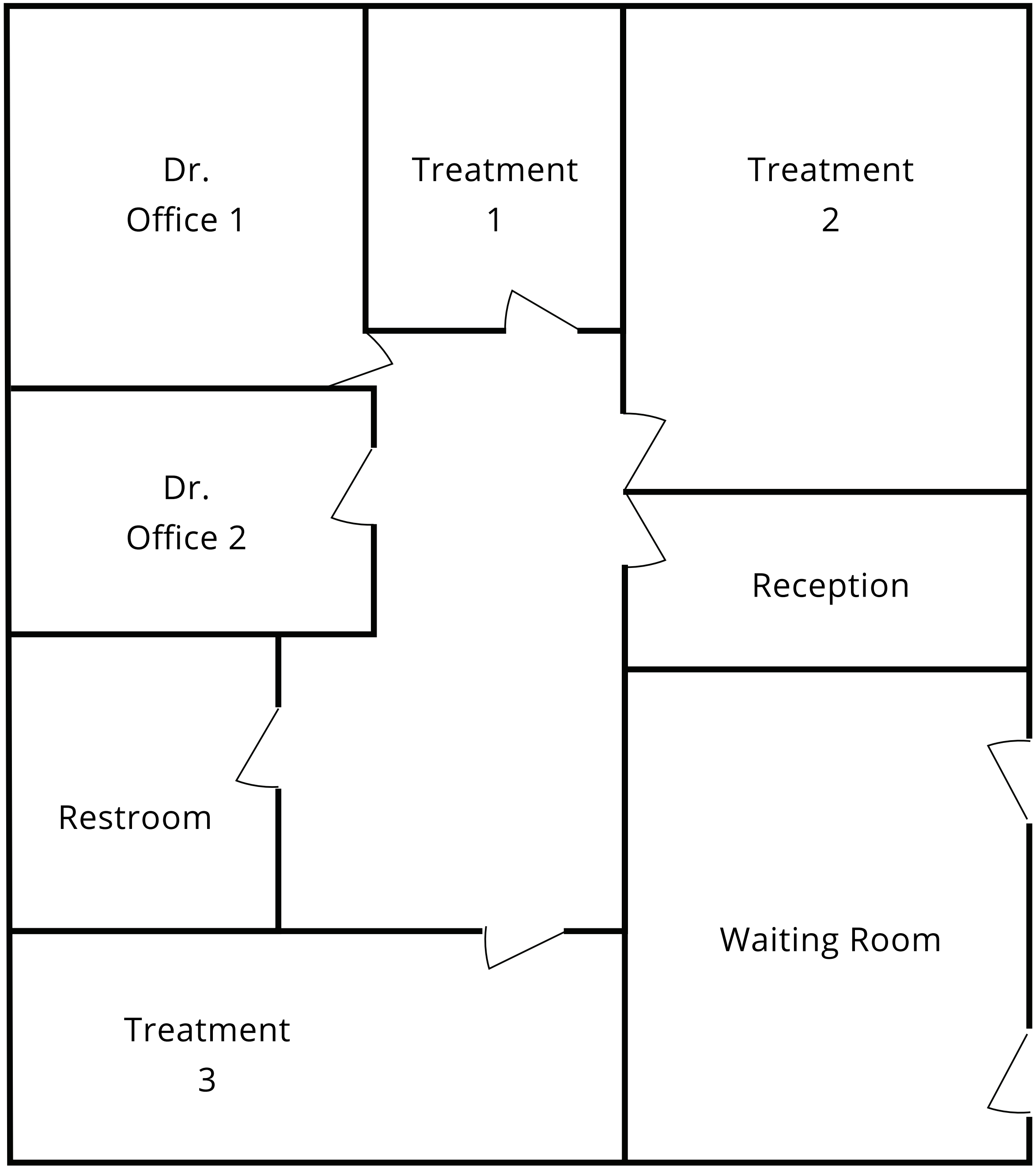
Floorplates

Holistic Health
Suite B

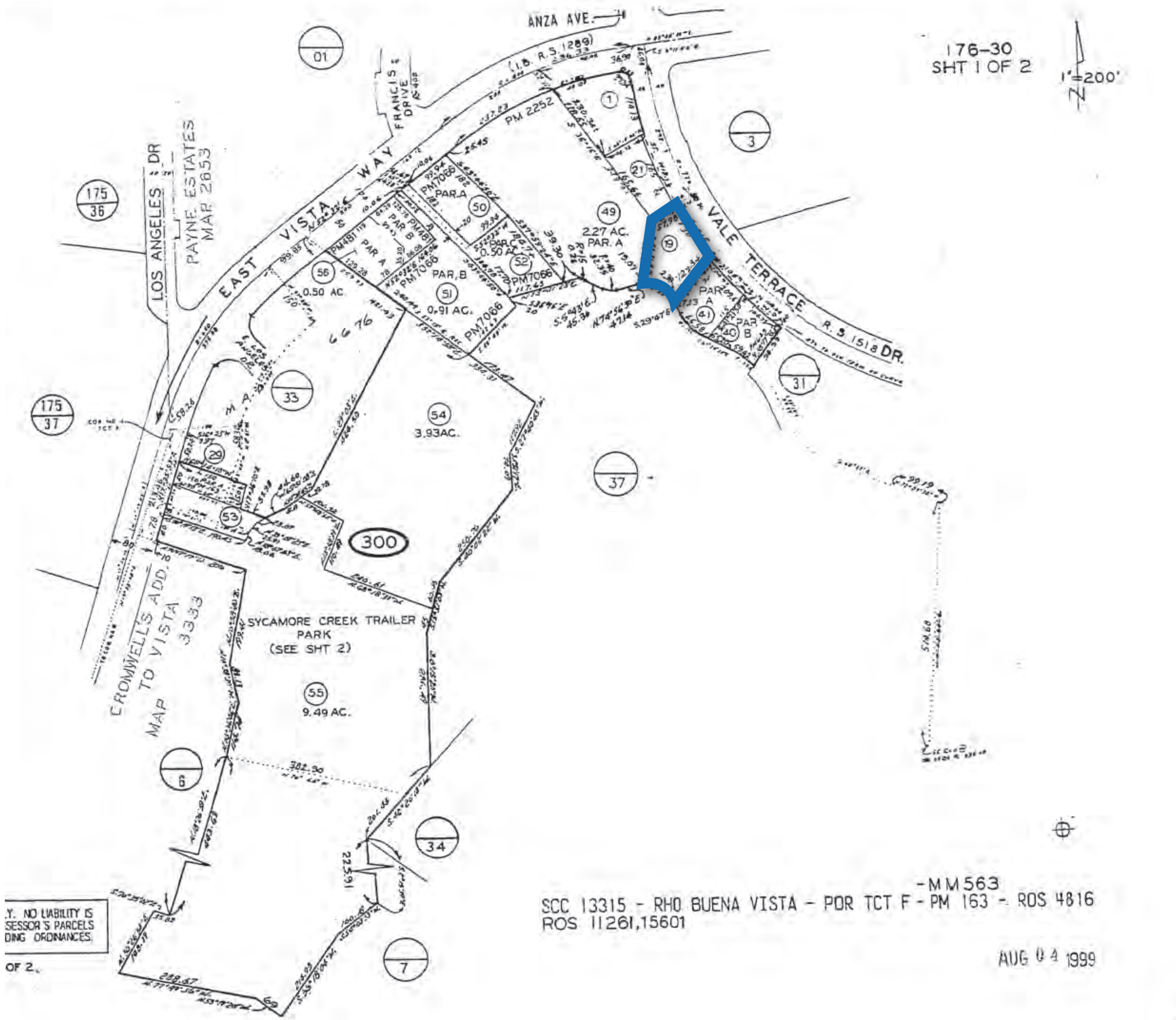


Floorplates

Chiropractor
Suite C



Parcel Map



ANZA AVE.
176-30
SHT 1 OF 2
1"=200'
EAST VISTA WAY
VALE TERRACE
R. S. 1518 DR.
FRANCIS DRIVE
LOS ANGELES DR
PAYNE ESTATES MAP 2653
PM 2252
PM7066
PM481
2.27 AC.
PAR. A
0.50 AC.
0.91 AC.
3.93AC.
9.49 AC.
300
SYCAMORE CREEK TRAILER PARK
(SEE SHT 2)
CROMWELL'S ADD. TO VISTA MAP 3333
-MM563
SCC 13315 - RHO BUENA VISTA - POR TCT F - PM 163 - ROS 4816
ROS 11261,15601
AUG 04 1999

Site Aerial

Los Angeles
605
10
110
Riverside
710
Anaheim
Palm Springs
405
Long Beach
15
Palm Desert
Irvine
Indio
Lake Elsinore
La Quinta
Wildomar
Murrieta
Temecula
Catalina Island
Essential
Fish Habitat...
Cleveland
National Forest
SITE
Vista
Carlsbad
Anza-Borrego
Desert
State Park
Escondido
El Cajon
8
San Diego

New Developments

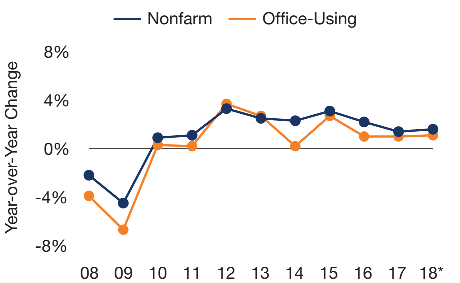
San Diego Market

Job Growth Resurgence Prompts Investors To Expand Footprints

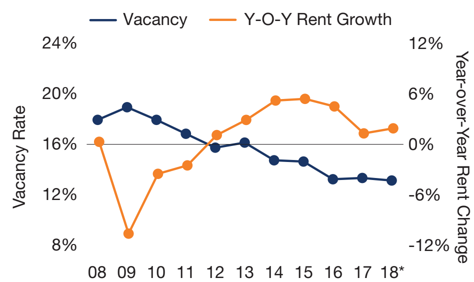
Historically low vacancy persists amid sparse development. Employer expansions that will add professional service, biotech and government contractor positions will support stronger office absorption in 2018. This heightened level of leasing activity will outpace new supply, with delivery volume slated to notably trail the previous five-year average. A 150,000-square-foot property in UTC leased by Takeda Pharmaceuticals and the adaptive reuse of the old Union Tribune building in Mission Valley account for the bulk of new space this year. Limited construction throughout most of the metro coupled with steady demand have enabled the average metro vacancy to slightly compress, hovering below 13 percent for a third straight year. North of downtown, within the central area of San Diego, the average vacancy rate is 9 percent, particularly in the Mission Valley and Kearny Mesa sections where the rate dips into the low-8 percent range. Unwavering vacancy will allow rents to rise at a moderate pace for a second consecutive period, with more pronounced gains in the Class B/C space.

Investors comb submarkets for value-add opportunities. After rising substantially earlier this cycle, office asset values have stabilized throughout San Diego County, swaying some owners to hold while vacancy stays historically low and rents climb modestly. Attracted to the metro's diverse employment base and a high-5 percent average cap rate, a larger mix of investors could battle for a reduced number of listings this year. Local and in-state buyers remain active in North San Diego and the I-15 Corridor, neighboring submarkets that offer below-average pricing and high-5 percent to mid-7 percent yields. Here, upside-focused investors target 1980s-built assets with significant vacancies in Miramar, Sorrento Valley and Scripps Ranch, which boast many office parks and minimal new supply. Home to many corporate headquarters, the city of Carlsbad should continue to attract institutional firms targeting post-2000-built properties.

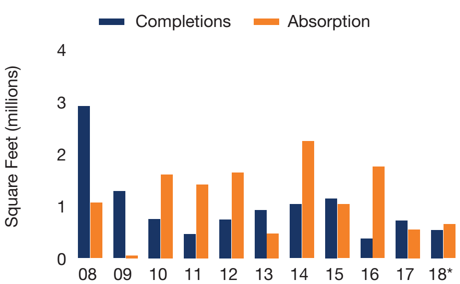
Employment Trends



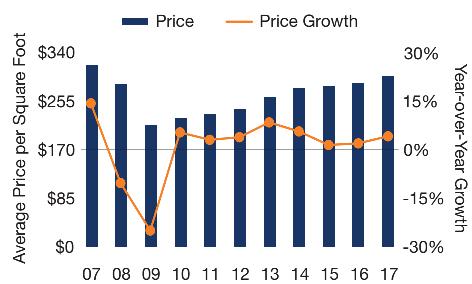
Vacancy and Rent Trends



Office Supply and Demand



Sales Trends



2018 Market Forecast

NOPI Rank 15, down 2 places — San Diego nudges down two steps but remains in the top tier of the NOPI as vacancy continues to tighten.

Employment up 1.6% — Employers create 23,800 positions this year, up from 20,500 jobs in 2017. The number of office-using workers increases by 3,800 in 2018.

Construction 540,000 sq. ft. — Office deliveries moderate in 2018 after developers completed 720,000 square feet last year. Four of the five projects slated for finalization are speculative, multi-tenant buildings.

Vacancy down 20 bps — On net absorption of over 650,000 square feet, metro vacancy compresses to 13.1 percent. In 2017, office availability rose 10 basis points.

Rent up 1.9% — The average asking rent advances at a modest pace for a second straight year, ending 2018 at $31.10 per square foot.

Investment — Opportunistic buyers pursue listings in downtown San Diego, betting a wave of new rentals influences employers to lease core-located space to attract well-educated millennials wanting to both live and work in the area.

San Diego County Facts

With more than 1.37 million people, San Diego is the eighth-largest city in the United States and the second-largest in California.

14 advanced industries produce $42.1 billion and pay $116,600/year on average *(Brookings Institute)*

San Diego County Demographics	
2017 Estimated Population	**3,317,749**
2019 Projected Population	**3,095,342**
2010 Census Population	**3,095,313**
2000 Census Population	**1,545,387**
Growth 2010-2014	**6.40%**
Growth 2014-2016	**7.2%**
2016 Estimated Median Age	**35**
2015 Estimated Average Age	**36**
2016 Estimated Households	**1,187,644**
2010 Census Households	**1,154,874**
Growth 2010-2016	**2.76%**
2016 Est. Median Household Income	**$66,529**

Wave Waterpark - Vista, CA


South Carlsbad Beach - Carlsbad, CA

Vista Demographics	
2016 Estimated Population	**98,560**
2010 Census Population	**93,946**
2000 Census Population	**89,857**
Growth 2000-2016	**8.5%**
2016 Estimated Median Age	**33.5**
2016 Estimated Average Age	**35**
2016 Estimated Households	**32,145**
2010 Census Households	**30,986**
Growth 2000-2016	**5.9%**
2016 Est. Median Household Income	**$54,203**
The Average Housing Value	**$289,401**

Batiquitos Lagoon - Carlsbad, CA

Rancho Guajome Adobe - Vista, CA

Alta Vista Botanical Garden - Vista, CA

City of Vista

Vista is a city in Southern California and is located in northwestern San Diego County. Vista is a medium-sized city within the San Diego Metropolitan Area and has a population of 101,659. Vista's sphere of influence also includes portions of unincorporated San Diego County to north and east, with a county island in the central west.[10] Located just seven miles inland from the Pacific Ocean, it has a Mediterranean climate.

Originally the lands of Rancho Buena Vista and Rancho Guajome, Vista was founded on October 9, 1882 with the establishment of a post office.[11] It was incorporated on January 28, 1963 and became a charter city on June 13, 2007.

Vista has more than 25 educational institutions for youth, and a business park home to over 800 companies. Vista is ranked as the 173rd-best place in California out of 240 for families, based on factors such as family life, recreational opportunities, education, health, safety, and affordability in a 2015 review.

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