

FULLY LEASED R&D INVESTMENT



Technology Circle

OFFERING MEMORANDUM

225-231 Technology Circle
Scotts Valley CA 95066



Technology Circle

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1200 Pacific Avenue, Suite 390
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01 **Executive Summary**
Investment Summary
Location Summary

TECHNOLOGY CIRCLE

OFFERING SUMMARY

ADDRESS	225-231 Technology Circle Scotts Valley CA 95066
COUNTY	Santa Cruz
MARKET	Santa Cruz County
SUBMARKET	Northern California
NET RENTABLE AREA (SF)	16,111
LAND SF	47,916 SF
YEAR BUILT	1983
APN	022-042-26
OWNERSHIP TYPE	Fee Simple

FINANCIAL SUMMARY

OFFERING PRICE	\$3,700,000
PRICE PSF	\$229.66
OCCUPANCY	100 %
NOI (YEAR 1)	\$192,007
CAP RATE (YEAR 1)	5.19 %
CAP RATE (YEAR 3 PRO FORMA)	6.80 %

DEMOGRAPHICS	1 MILE	3 MILE	5 MILE
2018 Population	5,454	19,628	51,924
2018 Median HH Income	\$127,177	\$110,547	\$106,364
2018 Average HH Income	\$167,797	\$153,027	\$146,685



225-231 Technology Circle is an approximate 16,111 square foot R&D building located in the heart of Scotts Valley. The building has had a stellar rental history with a wide variety of tenants. The flexibility of the building allows for R&D, office and warehouse uses.

The nature of the existing leases, which are below market, allow an investor to increase the return on investment over a short time horizon.

SANTA CRUZ COUNTY INDUSTRIAL MARKET OVERVIEW

Santa Cruz County industrial vacancies have been tight for several years, including again in 2019. The metro is a boutique market favored by tech and business firms interested in a small-town atmosphere that can tap into the talent of graduates from UC Santa Cruz. A well-educated workforce and strong economy provide a stable market.

Large-scale construction is a rare sight here. However, limited inventory growth, in addition to steady demand, have led to tight vacancies and surging rents.

Santa Cruz is an actively traded metro, but volume is typically modest because of the limited scope of product. Investment activity in 2019 is roughly on pace with the historical average.

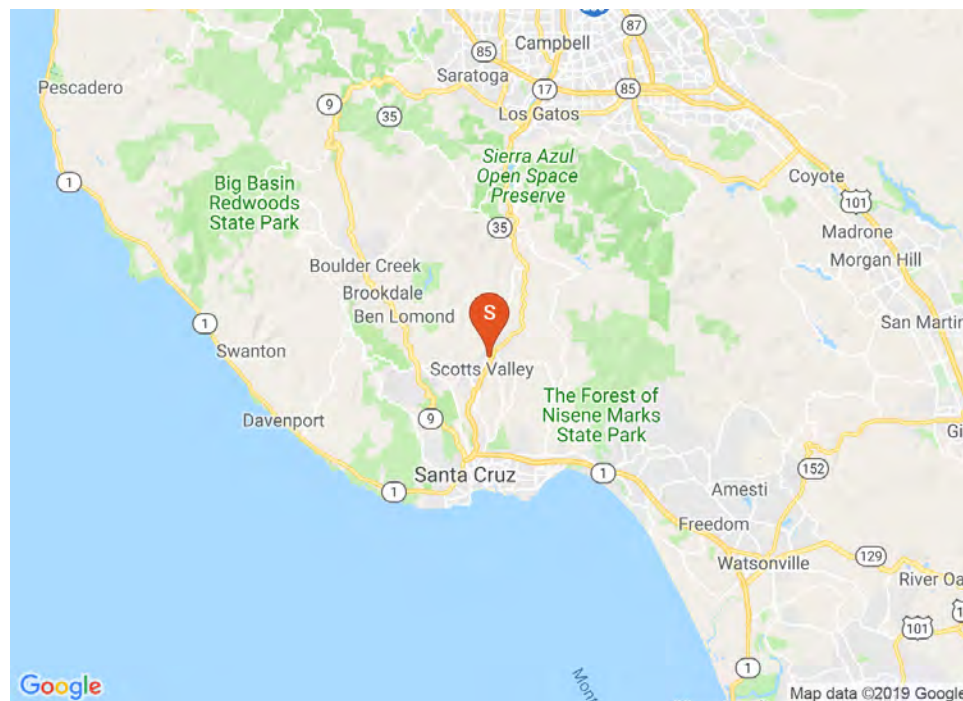
SANTA CRUZ COUNTY INDUSTRIAL ECONOMY OVERVIEW

The Education, High Tech and Health Services sector is a mainstay of the Santa Cruz economy and consistently produces significant job gains. Gains in Education, High Tech and Health Services stretch about 30% above the recession peak of employment.

Traditional metros with a strong employment base in Education and Health Services have had less market volatility, particularly during a recession, as it is the only sector to produce positive annual job gains since World War II. The industry's job growth is supported by the presence of the University of California, Santa Cruz (UCSC), which routinely posts hundreds of jobs for academic, staff, and medical-related positions. The County of Santa Cruz Health Services Department highlights the area's strong healthcare industry.

Drawn to the area by its beaches, water sports, marine life, hiking, and food and wine, over 3 million visitors come to Santa Cruz every year. Tourism continues to grow, with visitor spending reaching 950 million in 2017. Santa Cruz has become a popular tourist destination for The Bay Area.

Regional Map



Locator Map





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Property Description

Property Features

Aerial Map

Parcel Map

Additional Maps

Property Images

PROPERTY FEATURES

NUMBER OF UNITS	3
NET RENTABLE AREA (SF)	16,111
LAND SF	47,916
LAND ACRES	1.10
YEAR BUILT	1983
# OF PARCELS	1
ZONING TYPE	Commercial Service
BUILDING CLASS	B
LOCATION CLASS	B
NUMBER OF STORIES	1
NUMBER OF BUILDINGS	1
NUMBER OF PARKING SPACES	49
PARKING RATIO	3/1000
CEILING HEIGHT	12'
GRADE LEVEL DOORS	4
OFFICE TO WAREHOUSE RATIO	33%

MECHANICAL

HVAC	Yes
FIRE SPRINKLERS	Yes

CONSTRUCTION

FOUNDATION	Slab
FRAMING	Wood Frame
EXTERIOR	Stucco
PARKING SURFACE	Asphalt
ROOF	Membrane

TENANT INFORMATION

MAJOR TENANT/S	AV Now, Digital Dynamics, Production Ventures
LEASE TYPE	Gross





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Sale Comps

Sale Comparables

Sale Comparables Charts

Sale Comparables Map

1



Tree Circus Center

4652 Scotts Valley Drive
Scotts Valley, CA 95066

RSF	6,070
YEAR BUILT	2007
SALE PRICE	\$1,481,217
PRICE/SF	\$244.02
OCCUPANCY	100.00 %
LEASE TYPE	Multi
CLOSING DATE	8/12/2016
DAYS ON MARKET	67

Cap Rate Range



Price/Square Ft

\$203 - \$346



GLA SF

3,437 - 17,215



2



Research Park Warehouse

2851 Research Park Drive
Soquel, CA 95073

RSF	5,468
YEAR BUILT	1988
SALE PRICE	\$1,893,500
PRICE/SF	\$346.29
OCCUPANCY	100.00 %
LEASE TYPE	Multi
CLOSING DATE	2/6/2018
DAYS ON MARKET	174

Cap Rate Range



Price/Square Ft

\$203 - \$346



GLA SF

3,437 - 17,215



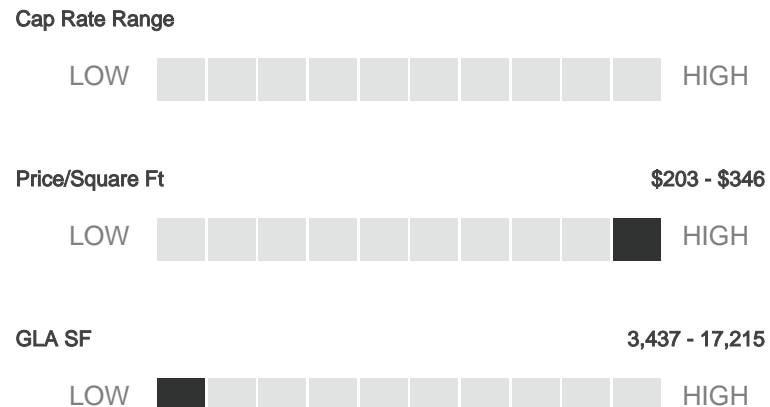
3



Fern Street Showroom

211 Fern Street
Santa Cruz, CA 95060

RSF	3,600
YEAR BUILT	2002
SALE PRICE	\$1,230,000
PRICE/SF	\$341.67
OCCUPANCY	100.00 %
LEASE TYPE	Single
CLOSING DATE	5/12/2017
DAYS ON MARKET	38



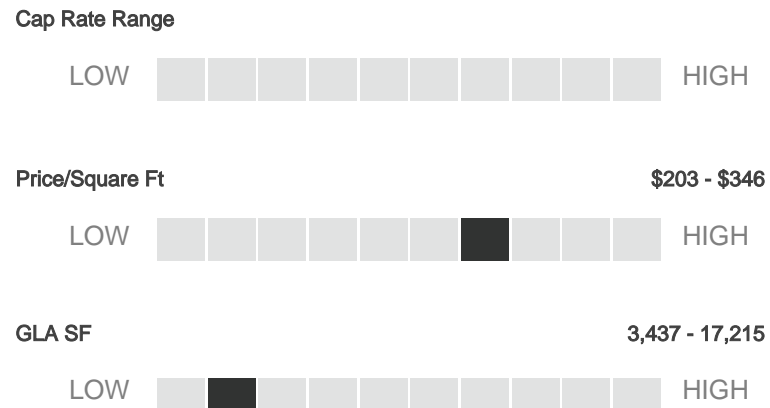
4



Commercial at Woodside

5011 Scotts Valley Drive
Scotts Valley, CA 95066

RSF	5,000
YEAR BUILT	2015
SALE PRICE	\$1,500,000
PRICE/SF	\$300.00
OCCUPANCY	100.00 %
LEASE TYPE	Multi
CLOSING DATE	6/29/2018
DAYS ON MARKET	120



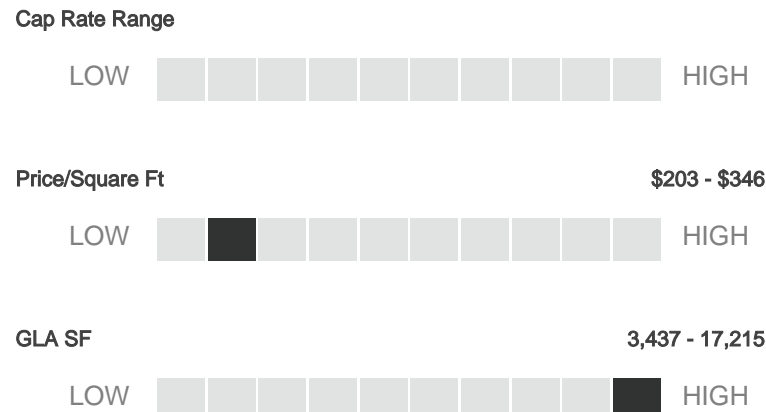
5



Sweets in the Nude

3131 Soquel Drive
Soquel, CA 95073

RSF	17,215
YEAR BUILT	1980
SALE PRICE	\$3,750,000
PRICE/SF	\$217.83
OCCUPANCY	100.00 %
CLOSING DATE	5/16/2019



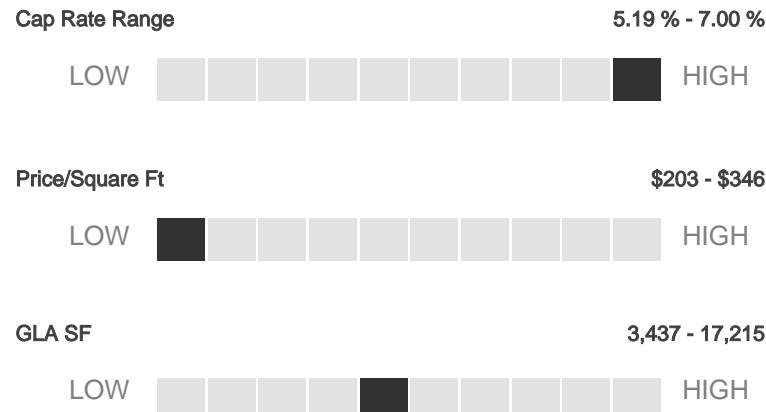
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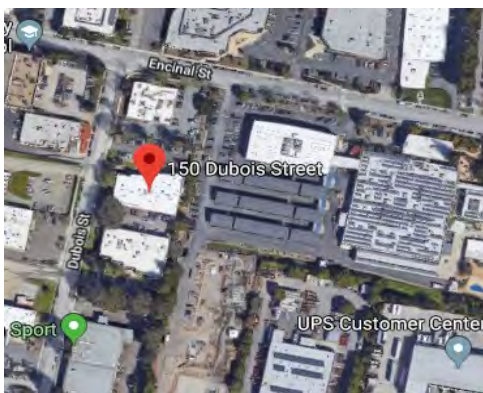
Technology Flex Space

275 Technology Circle
Scotts Valley, CA 95066

RSF	9,450
SALE PRICE	\$1,920,000
PRICE/SF	\$203.17
CAP RATE	7.00 %
OCCUPANCY	100.00 %
CLOSING DATE	7/5/2018



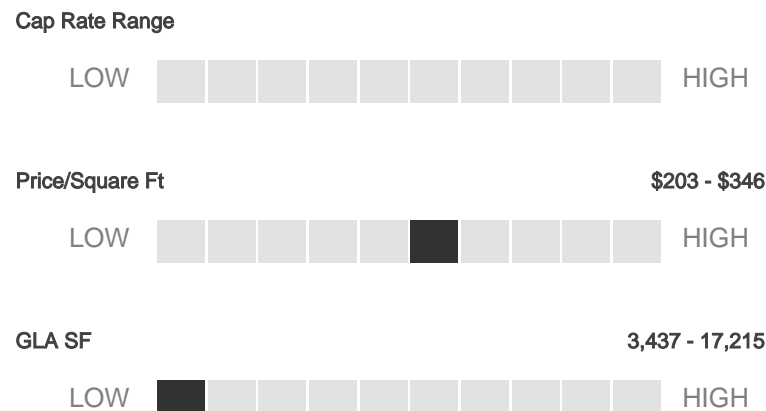
7



150 Dubois

150 Dubois Street
Santa Cruz, CA 95060

RSF	3,437
YEAR BUILT	1986
SALE PRICE	\$975,000
PRICE/SF	\$283.68
OCCUPANCY	100.00 %
CLOSING DATE	9/28/2018



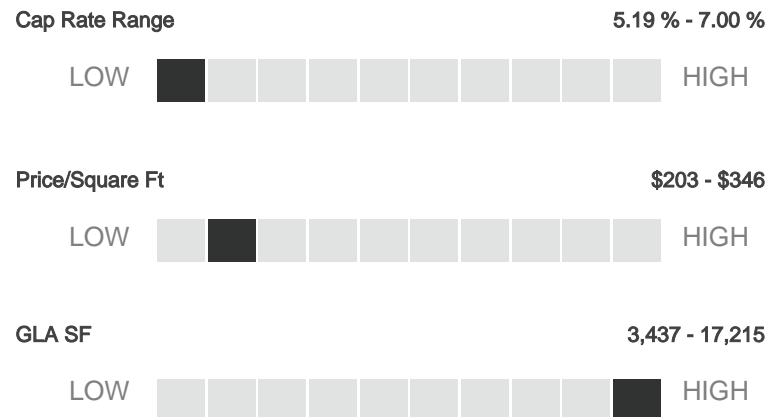
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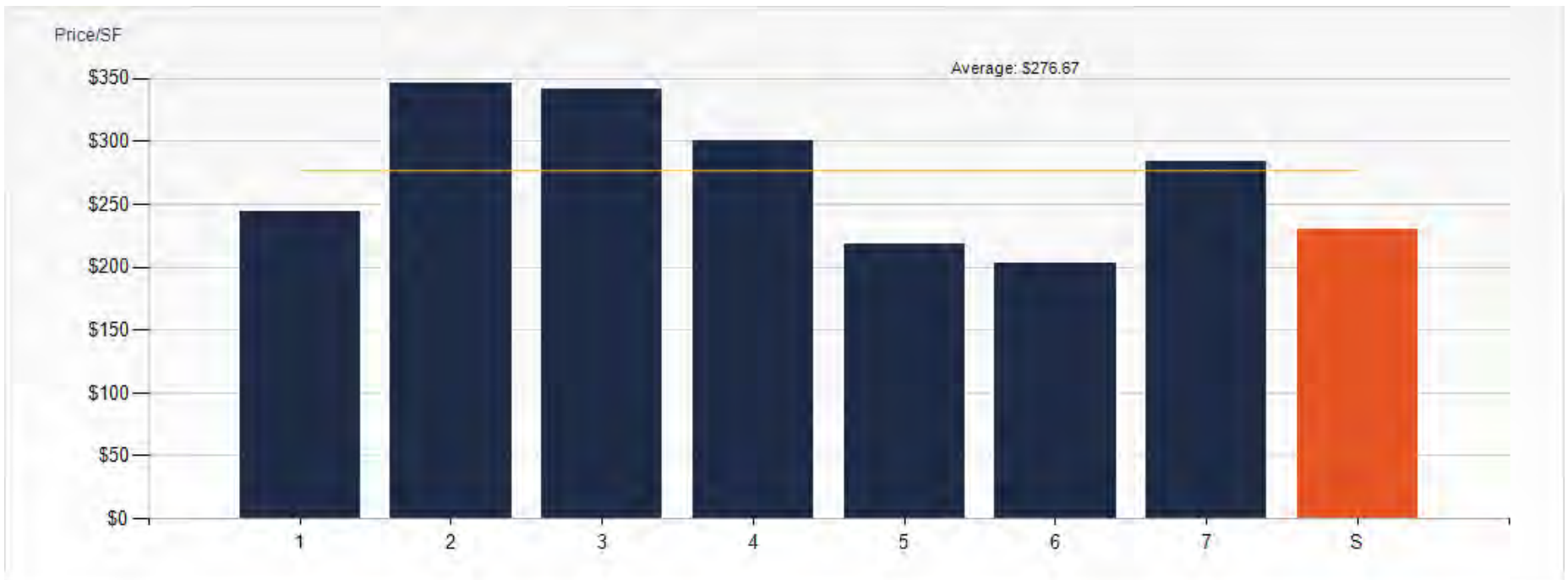
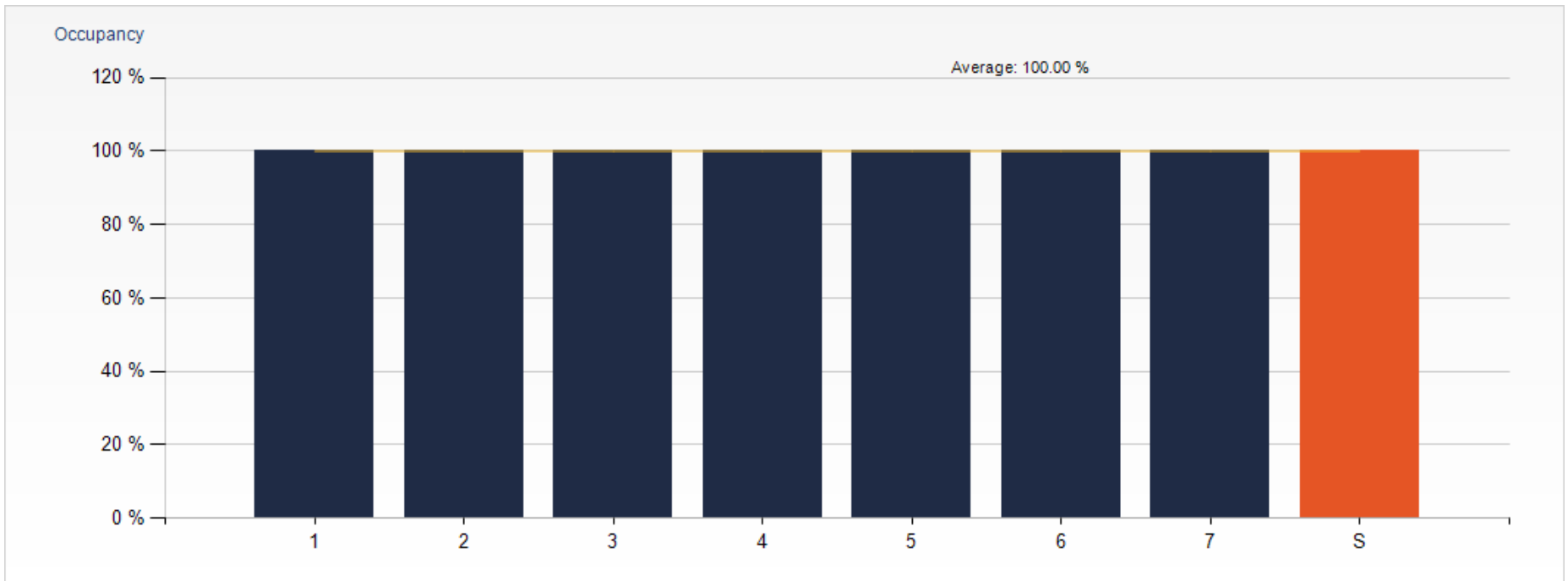


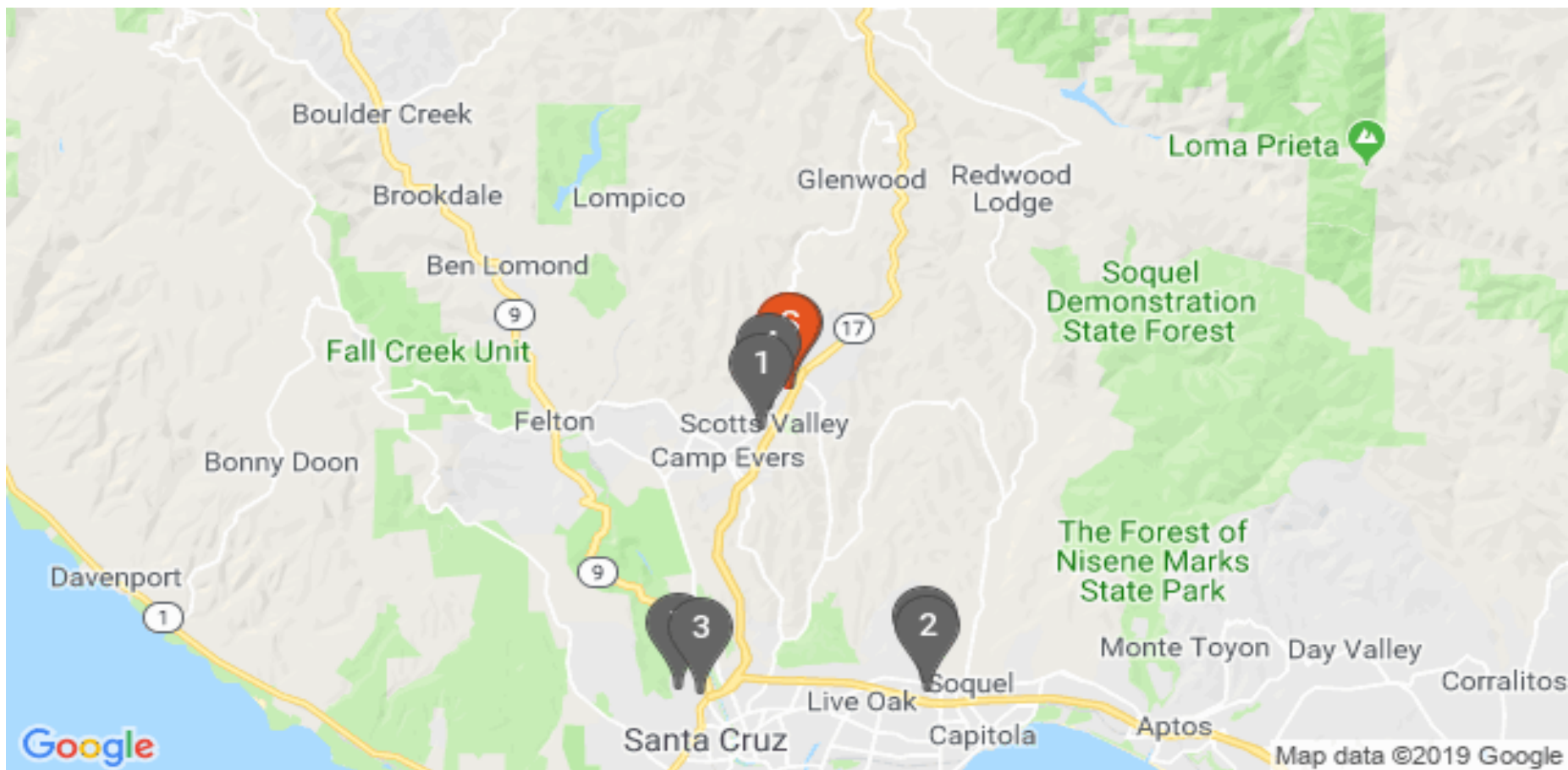
Technology Circle

225-231 Technology Circle
Scotts Valley, CA 95066

RSF	16,111
YEAR BUILT	1983
ASKING PRICE	\$3,700,000
PRICE/SF	\$229.66
CAP RATE	5.19 %
OCCUPANCY	100.00 %
LEASE TYPE	Gross







#	Property Name	Address	City
S	Technology Circle	225-231 Technology Circle	Scotts Valley
1	Tree Circus Center	4652 Scotts Valley Drive	Scotts Valley
2	Research Park Warehouse	2851 Research Park Drive	Soquel
3	Fern Street Showroom	211 Fern Street	Santa Cruz
4	Commercial at Woodside	5011 Scotts Valley Drive	Scotts Valley
5	Sweets in the Nude	3131 Soquel Drive	Soquel
6	Technology Flex Space	275 Technology Circle	Scotts Valley
7	150 Dubois	150 Dubois Street	Santa Cruz



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Rent Roll

Rent Roll Details

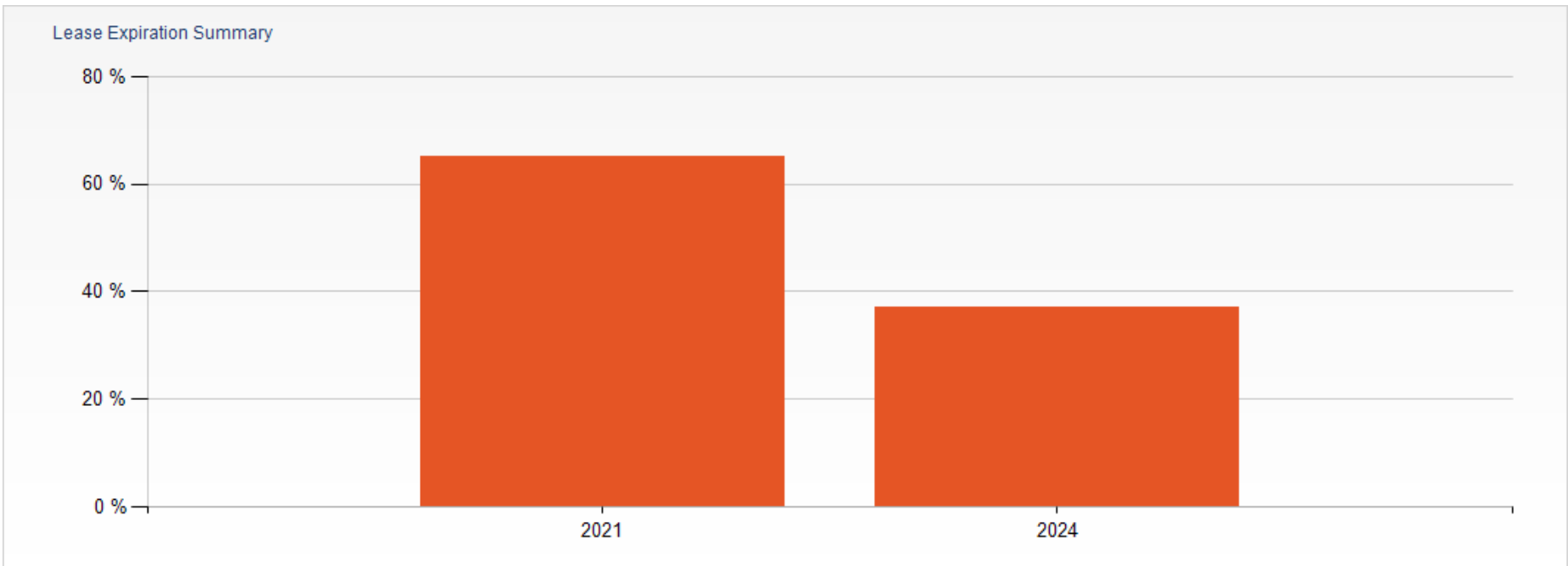
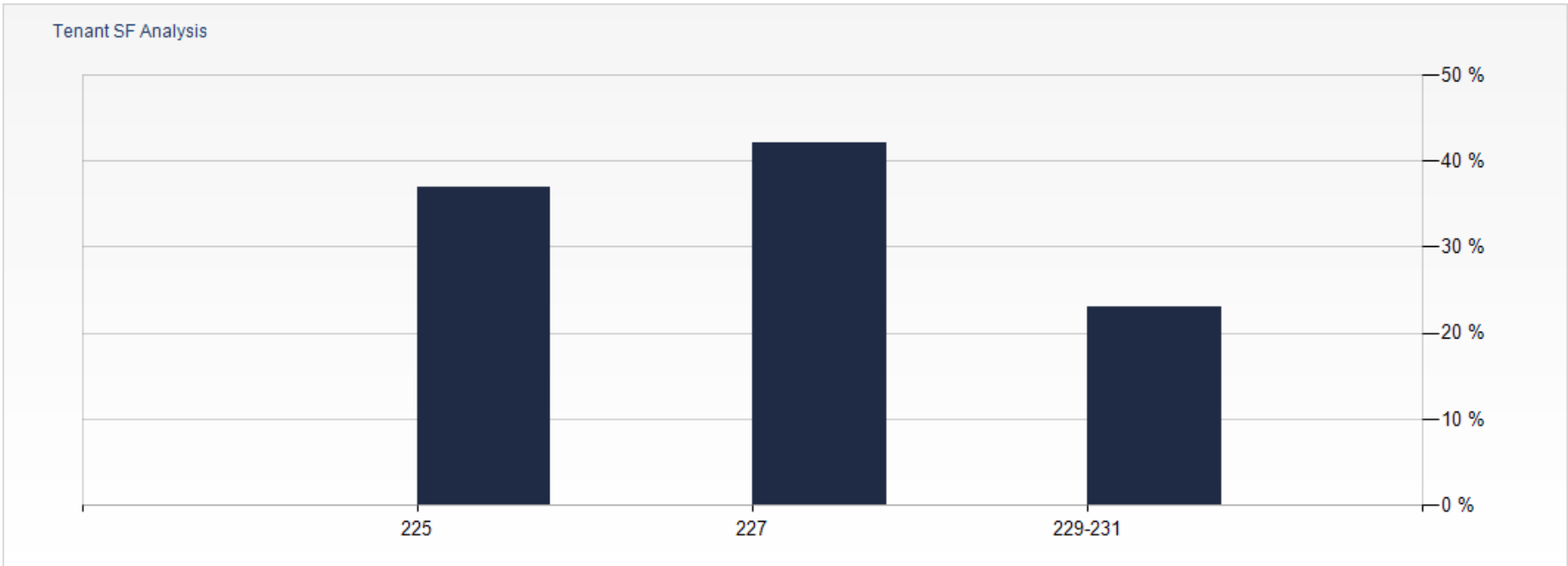
Lease Expiration Summary

Tenant Profile

TECHNOLOGY CIRCLE

Suite	Tenant Name	Square Feet	% of NRA	Lease Term		Begin Date	Rental Rates				Lease Type	Options/Notes
				Lease Start	Lease End		Monthly Base Rent	Monthly PSF	Annual Base Rent	Annual PSF		
225	AV NOW	5,895	36.59%	01/01/19	07/31/24	CURRENT	\$9,727	\$1.65	\$116,721	\$19.80	GROSS	
						08/01/2020	\$10,019	\$1.70	\$120,223	\$20.40		
						08/01/2021	\$10,319	\$1.75	\$123,829	\$21.00		
						08/01/2022	\$10,629	\$1.80	\$127,544	\$21.60		
						08/01/2023	\$10,948	\$1.86	\$131,371	\$22.32		
227	PRODUCTION VENTURES	6,731	41.78%	08/01/17	07/31/21	CURRENT	\$7,606	\$1.13	\$91,272	\$13.56	GROSS	
						08/01/2019	\$7,834	\$1.16	\$94,011	\$13.92		
						08/01/2020	\$8,069	\$1.20	\$96,831	\$14.40		
229-231	DIGITAL DYNAMICS	3,642	22.61%	06/01/18	05/31/21	CURRENT	\$4,370	\$1.20	\$52,440	\$14.40	GROSS	
						06/01/2019	\$4,501	\$1.24	\$54,013	\$14.88		
						06/01/2020	\$4,636	\$1.27	\$55,634	\$15.24		
Totals		16,268					\$21,703		\$260,433			







Name	Value
Trade Name	AV NOW
Headquartered	SANTA CRUZ
Website	AVNOW.COM
# of Locations	ONE

Description

AV Now Fitness Sound is a one-stop solution for everything related to group-ex, aqua-aerobic, and portable sound. Over the last 25 years, AV Now has become the #1 provider of fitness sound gear in the US.

Their gear is used every day in thousands of facilities across the USA and at Military installations around the world. Everything they offer is Fitness-Rated to withstand the unique demands put on it by fitness professionals in rugged group exercise environments.

PRODUCTION VENTURES, INC.

Name	Value
Trade Name	PRODUCTION VENTURES
Headquartered	SCOTTS VALLEY
Website	
# of Locations	ONE

Description

Custom and Refurbished Heaters, magnets, and sensors for the Semiconductor industry



Name	Value
Trade Name	DIGITAL DYNAMICS
Headquartered	SCOTTS VALLEY
Website	DIGITALDYNAMICS.COM
# of Locations	ONE

Description

Digital Dynamics®(DDI) was founded in 1977 by James Jerde. The company's goal was to capitalize on digital valve technology pioneered by Mr. Jerde. Over the years, DDI has evolved into a multi-product supplier of OEM computer equipment.

Digital Dynamics®' core business is based on sophisticated engineering, high quality manufacturing and aggressive customer support. DDI manufactures a broad product line of innovative OEM control System Products. DDI is located in Scotts Valley, California, where the corporate headquarters, engineering and manufacturing are located. DDI uses a comprehensive computerized Enterprise Resource Planning (ERP) System to help manage all aspects of its operations. DDI is well positioned to meet customer expectations and efficiently grow their business.

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Financial Analysis

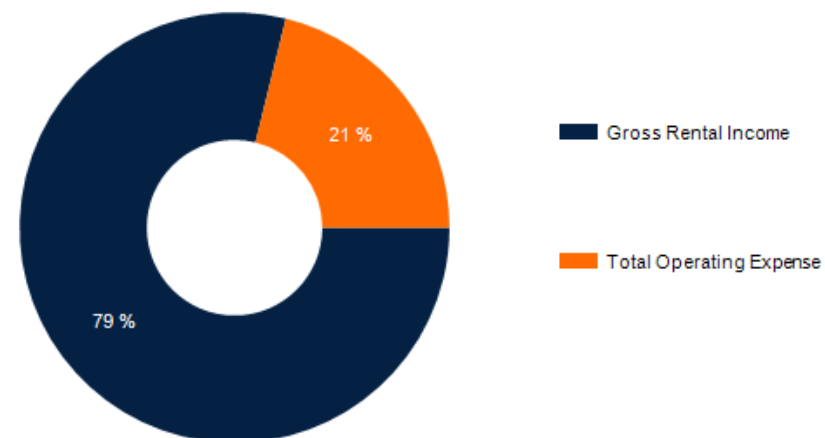
Income & Expense

Disposition Sensitivity Analysis



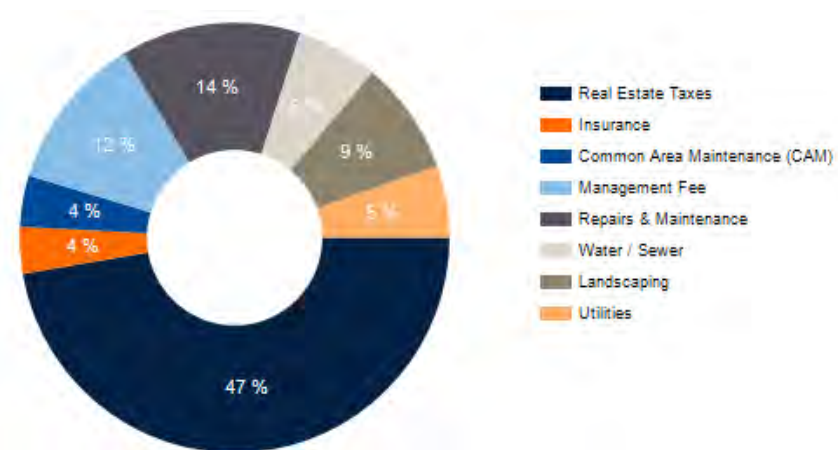
INCOME	YEAR 1	YEAR 3 PRO FORMA
Effective Gross Income	\$262,490	\$322,107
Less: Expenses	\$70,483	\$70,648
Net Operating Income	\$192,007	\$251,459

REVENUE ALLOCATION



EXPENSES	YEAR 1	YEAR 3 PRO FORMA
Real Estate Taxes	\$33,342	\$33,342
Insurance	\$2,478	\$2,478
Common Area Maintenance (CAM)	\$2,710	\$2,710
Management Fee	\$8,260	\$8,425
Repairs & Maintenance	\$9,557	\$9,557
Water / Sewer	\$4,320	\$4,320
Landscaping	\$6,000	\$6,000
Utilities	\$3,816	\$3,816
Total Operating Expense	\$70,483	\$70,648
Expense / SF	\$4.37	\$4.38
% of EGI	26.85 %	21.93 %

DISTRIBUTION OF EXPENSES





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Demographics

Demographic Details

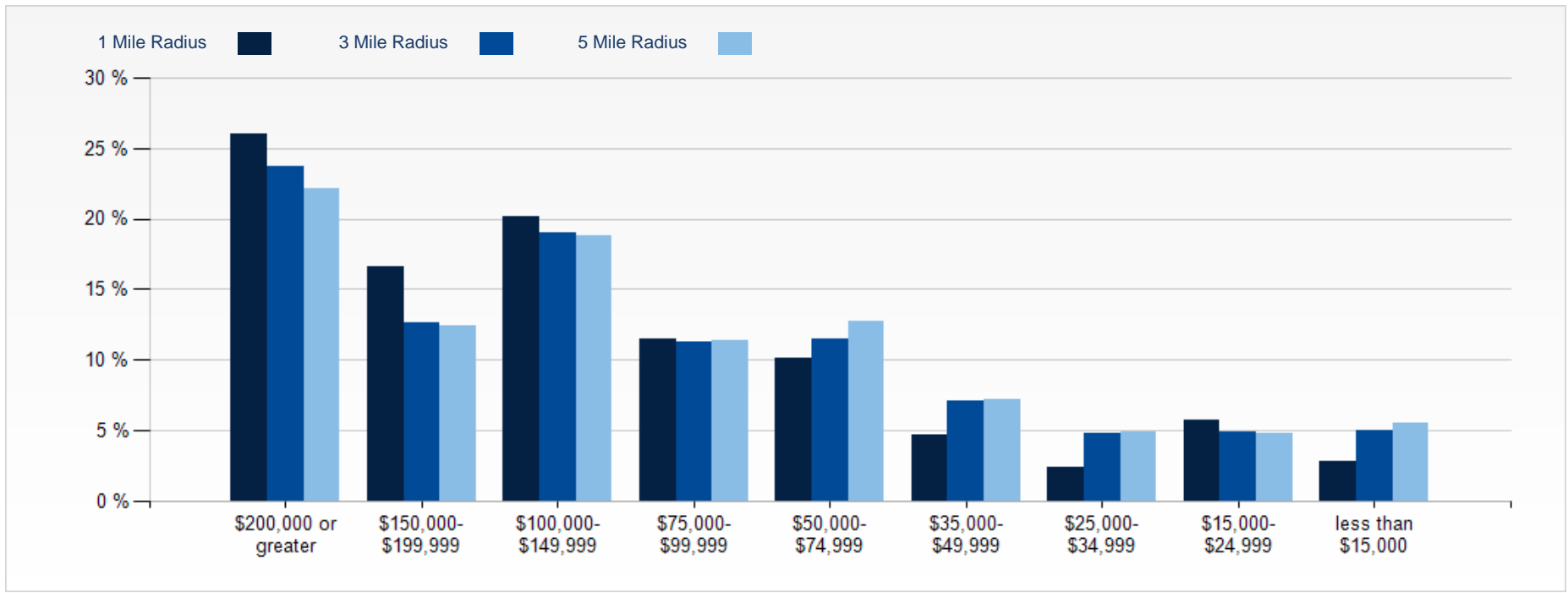
Demographic Charts

POPULATION	1 MILE	3 MILE	5 MILE
2000 Population	4,940	18,440	49,128
2010 Population	5,117	18,472	48,457
2018 Population	5,454	19,628	51,924
2023 Population	5,652	20,292	53,474
2018 African American	52	166	478
2018 American Indian	32	98	287
2018 Asian	281	879	2,637
2018 Hispanic	650	2,050	6,151
2018 White	4,539	16,898	43,705
2018 Other Race	218	544	1,931
2018 Multiracial	319	1,018	2,808
2018-2023: Population: Growth Rate	3.60 %	3.35 %	2.95 %

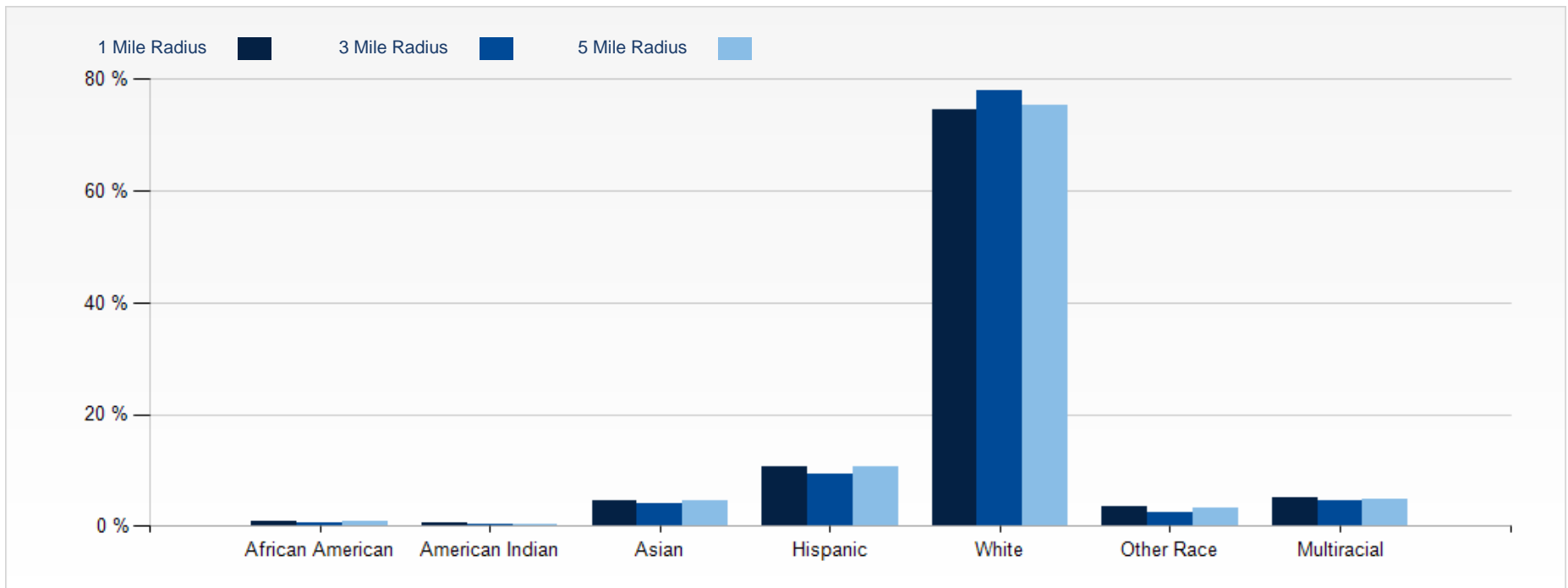
2018 HOUSEHOLD INCOME	1 MILE	3 MILE	5 MILE
less than \$15,000	55	371	1,028
\$15,000-\$24,999	113	366	891
\$25,000-\$34,999	46	357	920
\$35,000-\$49,999	92	526	1,350
\$50,000-\$74,999	198	860	2,377
\$75,000-\$99,999	225	842	2,120
\$100,000-\$149,999	396	1,420	3,509
\$150,000-\$199,999	327	946	2,321
\$200,000 or greater	512	1,773	4,130
Median HH Income	\$127,177	\$110,547	\$106,364
Average HH Income	\$167,797	\$153,027	\$146,685

HOUSEHOLDS	1 MILE	3 MILE	5 MILE
2000 Total Housing	1,812	7,359	18,709
2010 Total Households	1,861	7,102	17,814
2018 Total Households	1,964	7,461	18,647
2023 Total Households	2,026	7,685	19,174
2018 Average Household Size	2.73	2.58	2.55
2000 Owner Occupied Housing	1,241	5,151	12,979
2000 Renter Occupied Housing	522	1,740	4,381
2018 Owner Occupied Housing	1,352	5,435	13,556
2018 Renter Occupied Housing	612	2,026	5,090
2018 Vacant Housing	26	455	1,317
2018 Total Housing	1,990	7,916	19,964
2023 Owner Occupied Housing	1,464	5,804	14,406
2023 Renter Occupied Housing	562	1,881	4,767
2023 Vacant Housing	23	444	1,285
2023 Total Housing	2,049	8,129	20,459
2018-2023: Households: Growth Rate	3.10 %	2.95 %	2.80 %

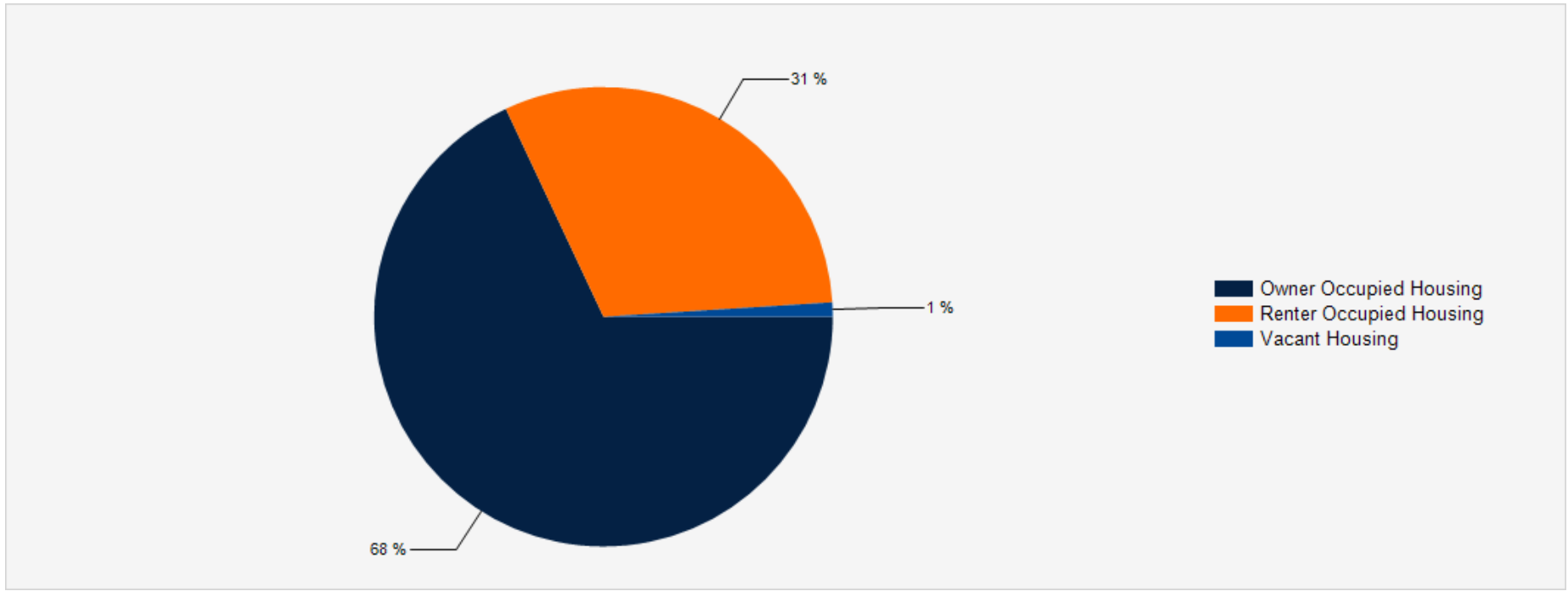
2018 Household Income



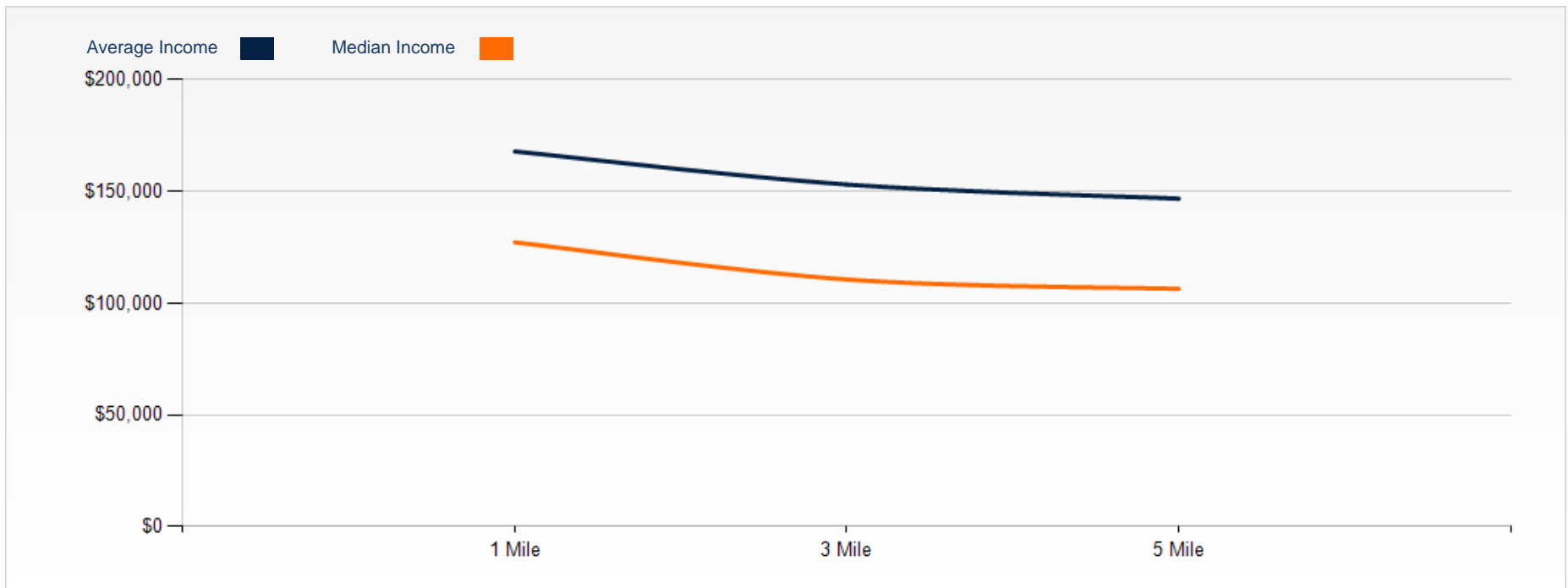
2018 Population by Race



2018 Household Occupancy - 1 Mile Radius



2018 Household Income Average and Median



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The information contained herein is not a substitute for a thorough due diligence investigation. Sheldon Wiseman Commercial has not made any investigation, and makes no warranty or representation with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCBs or asbestos, the compliance with local, state and federal regulations, the physical condition of the improvements thereon, or financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property.

The information contained in this offering memorandum has been obtained from sources we believe reliable; however, Sheldon Wiseman Commercial has not verified, and will not verify, any of the information contained herein, nor has Sheldon Wiseman Commercial conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein. Prospective buyers shall be responsible for their costs and expenses of investigating the subject property.

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