

INNOVATION

15255 Innovation Drive, San Diego, CA

A ±68,489 SF Multi-Tenant Creative Office Building



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THE OFFERING

Property

Address	15255 Innovation Drive, San Diego, CA
Parcels / APN	313-382-09 & 313-400-22
Submarket	Rancho Bernardo
Zoning	IH-2-1
No. of Tenants	3
Occupancy	100%
Rentable Square Feet	68,489
Site Area	4.02 net acres
Year Built	1986
Year Renovated	2015
Stories	2
Suites	3
Parking Ratio	3.8 per 1,000 USF

Pricing Summary

Asking Price	\$25,500,000 (\$372.32/SF)
In-Place Cap Rate	6.51%
Rentable Square Feet	68,489
Occupancy	100%
In Place NOI	\$1,660,050
Average Rent in Place	\$2.03 PSF, NNN
Average Market Rent	\$2.23 PSF, NNN

**DO NOT DISTURB TENANTS
CALL BROKERS TO ARRANGE TOUR**



Innovation is a two-story, 68,489 square foot corporate facility with creative office finishes situated within the desirable Rancho Bernardo submarket, which is one of San Diego's most sought-after corporate research markets. The property was repositioned in 2015 and subsequently leased to three tenants. The average remaining lease term is approximately three years, each lease reflects triple-net (NNN) expenses and all include option periods at Fair Market Rent levels. Additional value is evident as each of the tenants have below market contract rent.

Investment Highlights

Premier Design:

In 2015, the property was uniquely renovated to offer companies an architecture and design credibility not witnessed at traditional office towers. The modern style and quality via floor-to-ceiling glass lines, landmark wood trellis accents, drought-tolerant landscaping, and aluminum panel entry features sets Innovation apart from the competition.

Creative Workspace:

Given the competitive nature to attract and retain the top creative and executive talent, Innovation has been uniquely positioned to appeal to high-quality tech-related companies. Another defining attribute at Innovation is large floor plates that are conducive to promote collaboration and interactivity. Other positive attributes include outdoor common spaces along with new Title 24 compliant lighting throughout the interior.

High-Tech Location:

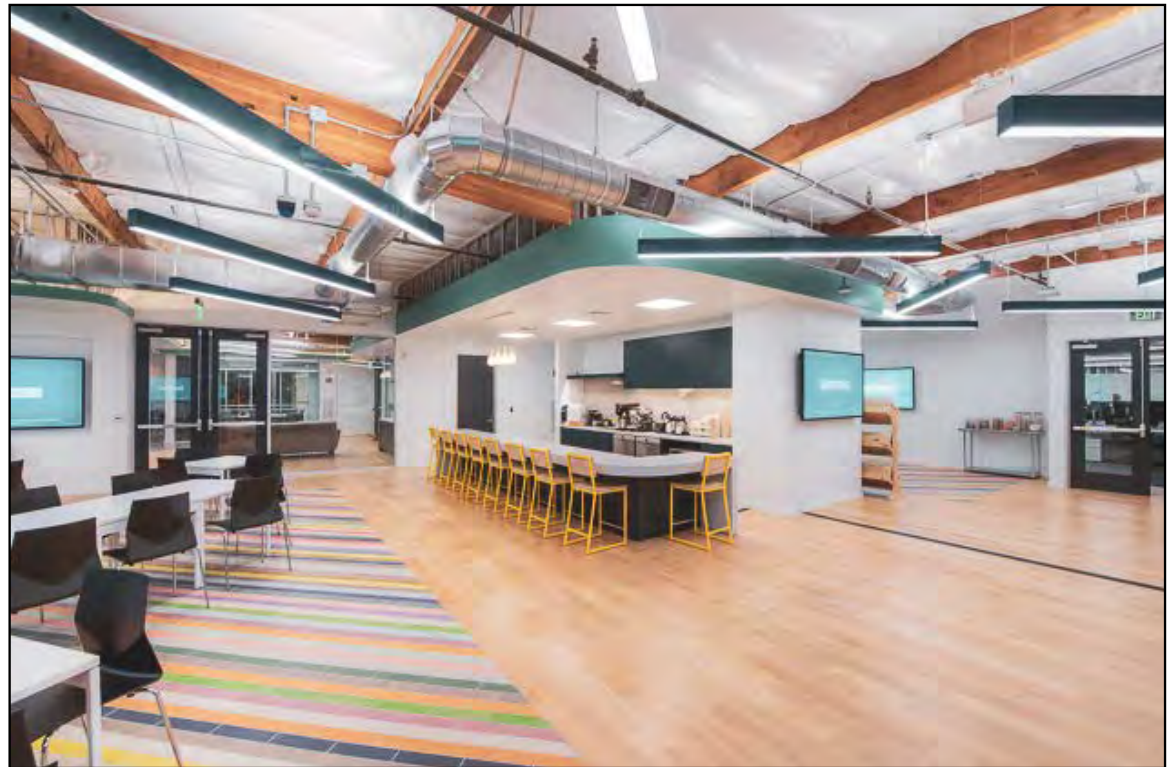
The innovation sector has been a driving force in San Diego's economy fueled by local universities and research institutions. Rancho Bernardo has continued to be one of the most desirable submarkets for life science, cleantech, cyber defense, communications, and software industries. A mix of international and start-up companies have been drawn to this area due to ease of access and quality of life. Notable corporations include Northrop Grumman, Hewlett Packard, Broadcom, General Atomics, and Hitachi.

Proven Ability to Attract Tenants:

Given Rancho Bernardo's presence in the tech sector labor pool, tenants are attracted to the building. The average weighted term of four years provides durable in-place cash flow with a globally recognized tenant roster that includes FitBit: \$1.78 billion market cap, NXP USA: \$36.36 billion market cap, and Pulse Electronics: \$5.27 billion market cap (Market caps as of January 2020). In November 2019, Google moved to acquire FitBit for \$2.1B. The purchase is to combine FitBit's excellent hardware and Google's smart software to provide competition to the Apple Watch. The purchase still has to be approved by both companies' boards.

Strong Submarket:

At 9.70% vacant, Rancho Bernardo submarket has been one of the region's most consistent and is projected for a strong 2020. The average rental rate of \$3.11 PSF, Full Service as of the end of Fourth Quarter 2019 in Rancho Bernardo is the sixth highest amongst 32 submarkets in San Diego. Product scarcity has contributed to the continued rent growth for the top buildings; in addition, there are no office buildings under construction in Rancho Bernardo. As a large-tenant office market with a multitude of corporate headquarter users, the suites sizes at Innovation are a perfect fit to accommodate demand.



Offer Submissions

The ownership intends to respond to offers when received on a first come, first served basis. Offers should be addressed to Avison Young.