

# HILLCREST OFFICE FOR SALE OR LEASE

3969 1ST AVENUE, SAN DIEGO CA 92103



**REMODEL  
UNDERWAY!**



**9,354 SF Office with 4,854 SF Available for Occupancy**



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<b>OFFERING PRICE:</b>	<b>\$3,650,000</b>
<b>ASKING RENT:</b>	<b>\$2.25/sf Gross Plus Utilities</b>
<b>ADDRESS:</b>	<b>3969 1st Ave. San Diego, CA 92103</b>
<b>YEAR BUILT:</b>	<b>1971 (2009 Renovated)</b>
<b>NET RENTABLE AREA:</b>	<b>9,354 SF with 4,854 SF Available for Immediate Occupancy</b>
<b>PERCENT OCCUPIED:</b>	<b>48%</b>
<b>LAND:</b>	<b>10,423 SF</b>
<b>APN:</b>	<b>444-661-26</b>
<b>PARKING SPACES:</b>	<b>15 Spaces</b>
<b>ELEVATOR:</b>	<b>One (1)</b>
<b>ZONING:</b>	<b>CC-3-8 Allows for Medical, Business, and Professional Office</b>



Commercial Asset Advisors is pleased to present the opportunity to lease or purchase 3969 1st Avenue, a unique two-story Class B office building located in San Diego's most vibrant neighborhood. The building is approximately 9,354 SF, was constructed in 1971, and has plans for a significant renovation to the building façade and interiors. The building is just walking distance to world class restaurants, medical facilities and amenities and offers incredible freeway access to the 5 and 163. The location is within 5 minutes of Downtown San Diego, Bankers Hill, North Park, and the San Diego International Airport. Fifteen (15) Secured onsite parking spots are provided free of charge to tenants and guests.

## PROPERTY SUMMARY



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## RARE HIGH-PROFILE LEASE OR OWNER-USER OPPORTUNITY IN THE HEART OF HILLCREST

- Well-established medical tenant occupies approximately 48% of the building and provides immediate income with no extra leasing expenses for an Owner/User.
- Planned improvements to the building façade and interiors will create a modern, trendy work environment with incredible branding opportunities for your company.
- Existing under market rent and low core factor present a rare opportunity for adding value.
- Incredible building top signage opportunity.
- Priced well below replacement cost.
- Direct elevator service to the 2nd floor.
- Hillcrest is one of the most dynamic neighborhoods in San Diego with an exceptional walkable amenity base and unmatched central centrality.

## PROPERTY HIGHLIGHTS



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**LOCATION MAP**



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Welcome to Hillcrest, the fabulous epicenter of fun and hip places to eat, play, shop and stay and is San Diego's most colorful, vibrant, proud and diverse neighborhood!



**HILLCREST**

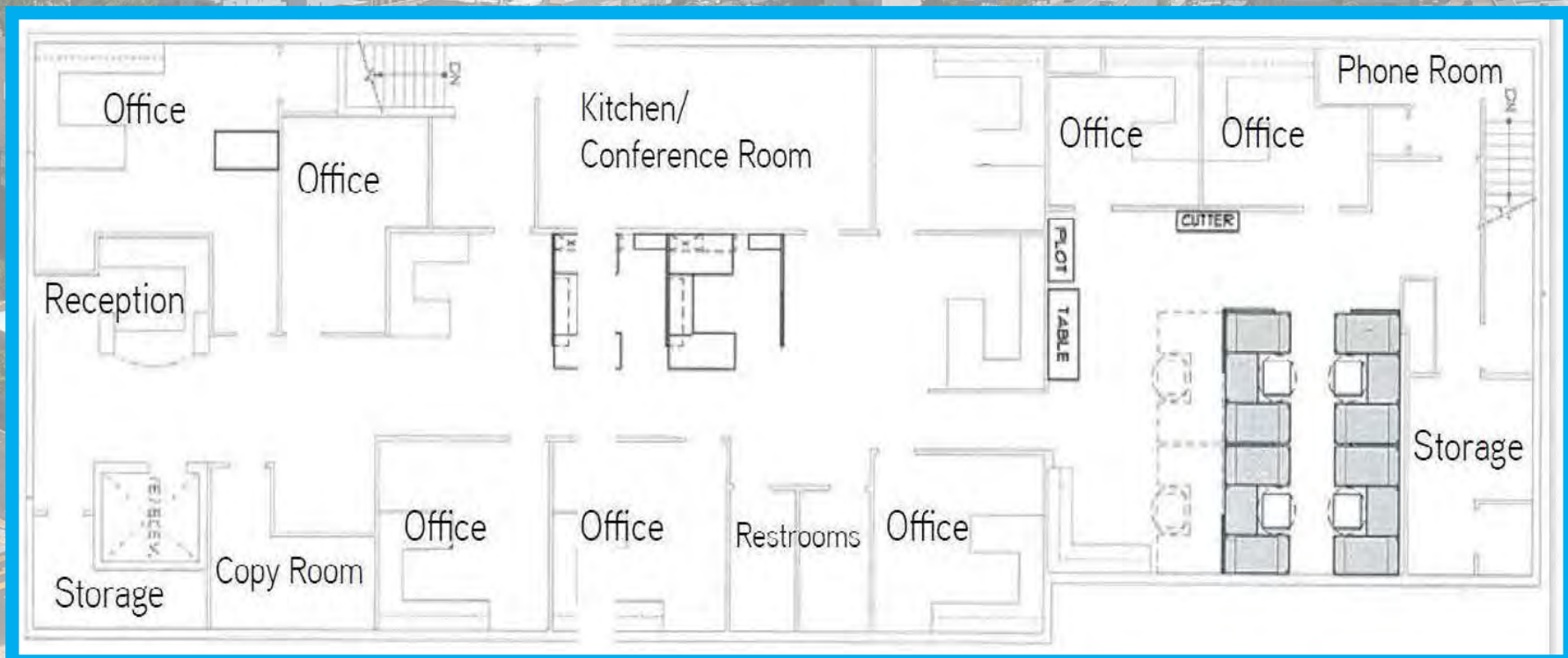


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- 4,854 Available RSF
- Significant TI dollars available to create your preferred layout
- Additional storage space available
- New building facade and lobby improvements planned

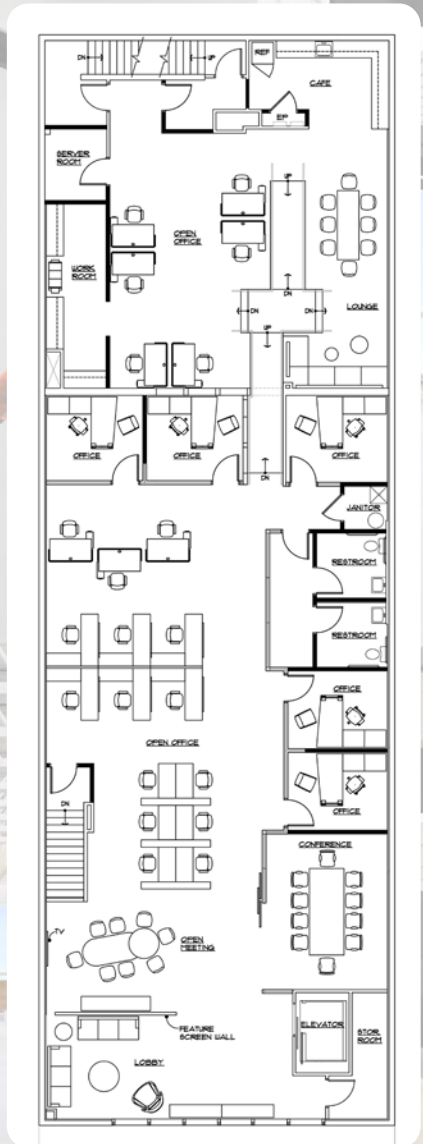


**SECOND FLOOR - FLOOR PLAN**



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**PROJECT RENDERING**



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### HISTORY

In 1870, Mary Kearney obtained a deed from the city for the land that eventually became Hillcrest. In 1871 Arnold and D. Choate, two real estate developers, obtained that property. George Hill, a wealthy railroad tycoon, then purchased the land. Real estate development began in 1910 and the area was built out by 1920. During the 1920s and 1930s Hillcrest was considered a suburban shopping area for downtown San Diego.

In the 1910s, Hillcrest became one of the many San Diego neighborhoods connected by the Class 1 streetcars and an extensive San Diego public transit system that was spurred by the Panama-California Exposition of 1915 and built by John D. Spreckels. These streetcars became a fixture of this neighborhood until their retirement in 1939.

In 1940 the "HILLCREST" lighted sign at the intersection of University and Fifth Avenue was first erected, donated by the Hillcrest Women's Association, a group of local female shopkeepers. After falling into disrepair, it was taken down and rebuilt in 1984.

The Hillcrest Business Association has existed since 1921; in 1984 it became a city-approved Business Improvement District. The association supports most beautification projects in the neighborhood, stewards the iconic Hillcrest sign, organizes street festivals, runs the Hillcrest Farmers Market, and sponsors the annual "Taste of Hillcrest," which offers food and drink samples from over 50 local bars and restaurants. In 2012 the Hillcrest Business Association, with the support of many business people, created the Hillcrest Pride Flag. Hillcrest is a very walkable neighborhood with cafés, restaurants, and shops near the main residential pockets. (Source: Wikipedia)

### MARKET OVERVIEW

Hillcrest is a suburban neighborhood in San Diego, California, northwest of Balboa Park and south of Mission Valley. Hillcrest is known for its "tolerance and acceptance" gender diversity, and locally owned businesses, including restaurants, cafés, bars, clubs, trendy thrift-stores, and other independent specialty stores. Hillcrest has a high population density compared to many other neighborhoods in San Diego. Hillcrest is an older neighborhood which has gone through gentrification. Many streets are lined with trees. There are Craftsman homes and Mid-Century modern condominium buildings. The neighborhood is bounded by Mission Hills to the northwest, Bankers Hill and Balboa Park to the south, University Heights to the north, and North Park to the east. A large ridge overlooking San Diego Bay borders the neighborhood to the west.

Hillcrest is part of the Uptown community planning area, which consists of the neighborhoods of Mission Hills, Hillcrest, Bankers Hill, Park West, and University Heights.

### CURRENT SUBMARKET - UPTOWN WEST/PARK WEST SUBMARKET

Uptown's centrality, freeway access, numerous points of ingress and egress, lack of congestion, surrounding strong and diverse labor pool, and host of retail conveniences have been and continue to be the cornerstones of its value and success. Bracketed by three freeways and Balboa Park and stretching from Mission Hills nearly to Cortez Hill, Uptown West/Park West is located in a sweet spot of Central San Diego. While it generally lacks the office towers of the adjacent Downtown Submarket, the diverse set of smaller employers interested in tapping into the urban live/work/play environment and the large millennial presence can take advantage of cheaper rents relative to other office nodes. (Source: CoStar)

#### VACANCY

4 %

#### AVERAGE GROSS RENT

\$2.51 /SF

#### AVERAGE 12 MONTH SALES PRICES/SF

\$351 / SF

## MARKET OVERVIEW



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## SAN DIEGO COUNTY

San Diego County with more than 3.3 million residents is the fifth largest county in America. Bordered by the Pacific Ocean to the west, the Anza-Borrego Desert and the Laguna Mountains to the east, Marine Corps Base Camp Pendleton to the North and Mexico to the south, the diverse neighborhoods of San Diego are spread out over 4,200 square miles. With its year-round warm climate, 60 miles of coastline and appealing work, live, play lifestyle, the city is highly desirable. Referred to as America's Finest City, San Diego boasts a citywide population of nearly 1.3 million residents and more than 3 million residents county-wide. It encompasses 18 incorporated cities and numerous other charming neighborhoods and communities, including downtown's historic Gaslamp Quarter, Little Italy, Coronado, La Jolla, Del Mar, Carlsbad, Escondido, La Mesa, Hillcrest, Barrio Logan and Chula Vista, just to name a few.

The city is the heart of San Diego County and is the economic center of the San Diego-Tijuana metropolitan area. San Diego's main economic engines are military and defense-related activities, tourism, international trade, manufacturing and the especially rapidly growing high tech industry.

San Diego hosts several major producers of wireless cellular technology. Qualcomm was founded and is headquartered in San Diego and is one of its largest private-sector employers. The presence of the University of California, San Diego (UCSD), with the affiliated UCSD Medical Center, has helped make the area a center of research in biotechnology.

Recently, San Diego was designated by a Forbes columnist as the best city in the country to launch a small business or startup company.

San Diego is the fifth largest county in the United States and the second largest in California with a population in 2014 of 3.21 Million. By 2020, the County's population is forecasted to be 3.54 million people.

According to most recent US Internal Revenue Service data, the median household income in San Diego County is \$59,414. The California Department of Transportation is forecasting real average salaries rising by an average of 1.4 percent per year.

San Diego is served by a network of freeways and highways, the San Diego Trolley light rail system, the SDMTS bus system, and Coaster and Amtrak Pacific Surfliner commuter rail. There are two Amtrak stations in San Diego; in Old Town and the Santa Fe Depot downtown.

The city's primary commercial airport is the San Diego International Airport, also known as Lindbergh Field. It is located along the San Diego Bay, approximately four miles from the subject property. In addition, the city itself operates two general-aviation airports, Montgomery Field and Brown Field.

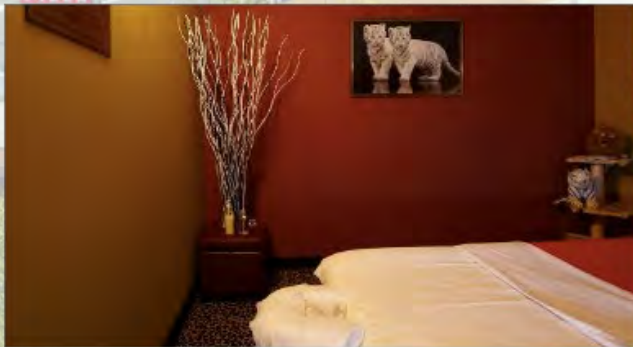
**SAN DIEGO OFFICE MARKET** - According to CoStar, the San Diego Office market ended the 1st quarter 2018 with a vacancy rate of 9.8%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 46,300 square feet in the first quarter.

## MARKET OVERVIEW



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**TENANT NAME** Karma Relaxation Spa  
**WEBSITE** [www.karmamassage.com](http://www.karmamassage.com)  
**HEADQUARTS** San Diego, California  
**RSF** 4,500 SF  
**% of RBA** 48%  
**LEASE EXPIRATION** 09/30/2023  
**# of LOCATIONS** 2



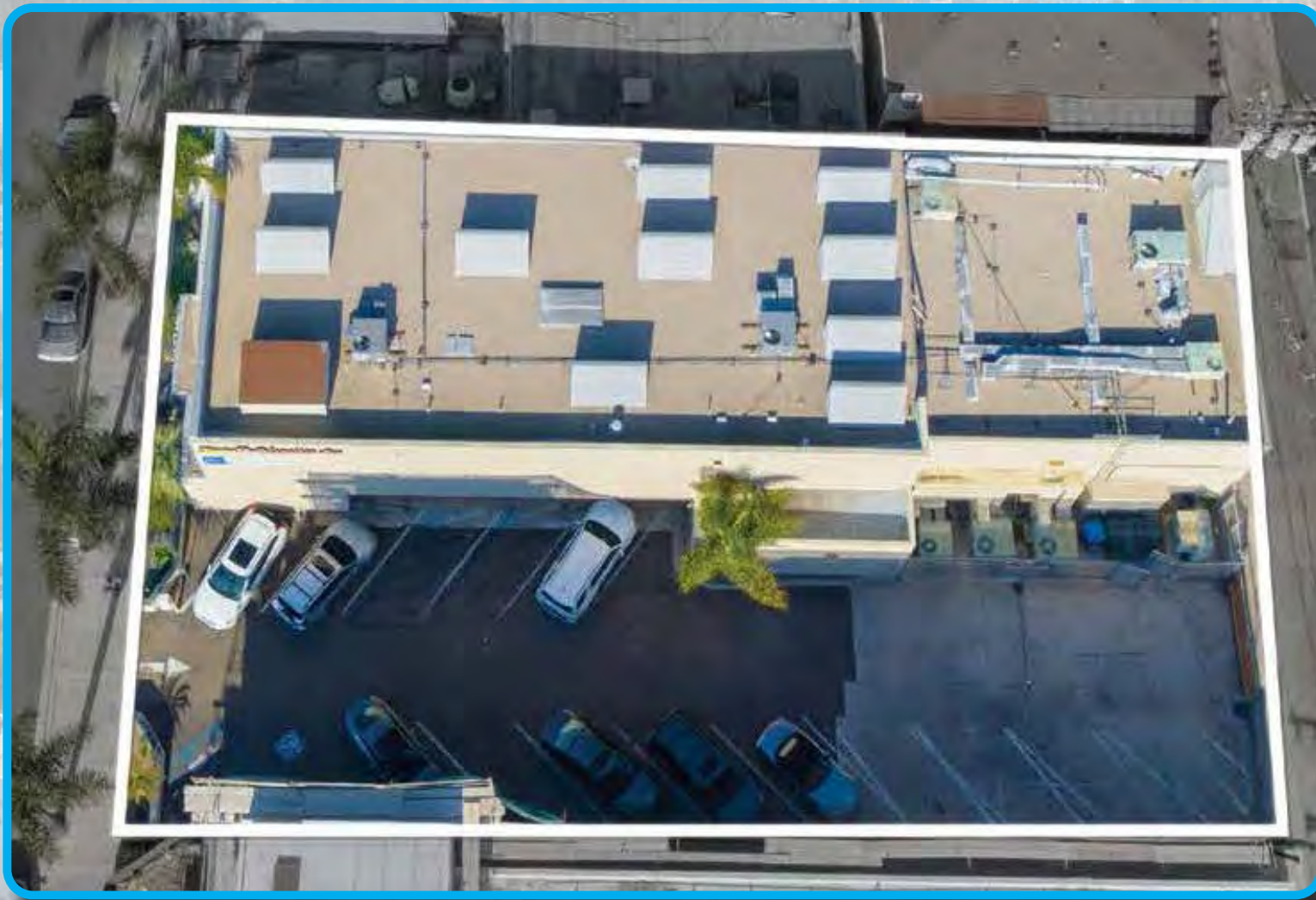
Karma Relaxation Spa currently occupies the first floor and is one of the best medical spas in San Diego providing services from deep tissue massage, to Swedish, reflexology, prenatal massage, couples & more. Karma spas are designed with ultimate relaxation in mind with 2 locations in San Diego and Carlsbad.

## FIRST FLOOR - TENANT PROFILE



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**SITE PAN**



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## 1899 MCKEE STREET, SAN DIEGO CA 92110



Price: \$5,000,000  
Building Size: 11,298 SF  
Price/SF: \$443  
Building Class: Office  
Type: Owner/User  
Date Sold: July 2019  
Built: 1987

## 3580 5TH AVENUE, SAN DIEGO CA 92103



Price: \$4,800,000  
Building Size: 13,253 SF  
Price/SF: \$362  
Building Class: Office  
Type: Owner/User  
Date Sold: March 2019  
Built: 1963  
2018 Renovated

## 1747 HANCOCK STREET, SAN DIEGO CA 92101



Price: \$4,200,000  
Building Size: 14,679 SF  
Price/SF: \$283  
Building Class: Office  
Type: Owner/User  
Date Sold: November 2018  
Built: 1913  
Parking: None

## 3636 4TH AVENUE, SAN DIEGO CA 92103



Price: \$4,300,000  
Building Size: 13,184 SF  
Price/SF: \$326  
Building Class: Office  
Type: Owner/User  
Date Sold: June 2019  
Built: 1984

## SALES COMPARABLES



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### AFTER TAX EFFECTIVE MONTHLY COST PER RENTABLE SQUARE FOOT ANALYSIS OWNER / USER

<b>APPROXIMATE OCCUPIED RENTABLE SQUARE FOOTAGE:</b>	4,854						
<b>APPROXIMATE TOTAL SQUARE FOOTAGE:</b>	9,354						
<b>PRICE PER SQUARE FOOT (shell plus tenant improvements):</b>	\$390.21						
<b>TOTAL PROJECT COST:</b>	\$3,650,000						
<b>DOWN PAYMENT %:</b>	15%						
<b>DOWN PAYMENT \$:</b>	\$547,500						
<b>LOAN AMOUNT:</b>	\$3,102,500						
<b>INTEREST RATE:</b>	4.25%						
<b>AMORTIZATION:</b>	25.00						
<b>SCHEDULED IN PLACE RENTAL INCOME</b>							
TENANT INCOME (ANNUAL)	\$112,044						
<b>ESTIMATED ANNUAL PROPERTY EXPENSES (4):</b>							
COMMON AREA MAINTENANCE (estimate)	27,373						
INSURANCE (Estimate)	3,044						
TAXES (1.17461% of Sales Price)	42,873						
<b>TOTAL (5)</b>	<b>\$73,290</b>						
<b>ANNUAL MORTGAGE EXPENSE (1)</b>	<b>ANNUAL PROPERTY EXPENSES</b>	<b>ANNUAL TENANT INCOME</b>	<b>(=) Equals SUB TOTAL ANNUAL DEBT SERVICE EXP.</b>	<b>AVG. ANNUAL PRINCIPAL PAYDOWN (2)</b>	<b>(=) Equals NET PRE-TAX DEBT SERVICE EXP.</b>	<b>DEPRECIATION ANNUAL TAX SAVINGS (3)</b>	<b>(=) Equals EFFECTIVE ANNUAL DEBT SERVICE EXP.</b>
(\$201,689)	(\$73,290)	\$112,044	(\$162,935)	\$86,830	(\$76,106)	\$21,292	(\$54,814)
<b>MONTHLY COST PER SF (PROPERTY)</b>			\$1.45		\$0.68		\$0.49
<b>MONTHLY COST PER SF (OCCUPIED SPACE)</b>			<b>\$2.80</b>		<b>\$1.31</b>		<b>\$0.94</b>

1. Based on Loan Amortization Table

2. Average annual principal paydown based on 10 year accumulation from Loan Amortization Table

3. Assumes 35% effective tax rate (state & federal) plus deduction for depreciation based on 39 year straightline estimated schedule - 65% (bldg value) of sale price. Consult your tax advisor.

4. Estimated expenses include est. property taxes, plus est. insurance, est. maintenance, and est. utilities. Please consult your tax advisor about property expenses which may be tax deductible.

Note: Consult with your tax advisor. There are no representations, recommendations or warranties as to the validity of this information or the impact of such on a sale.

## EFFECTIVE COST OF OWNERSHIP



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This Memorandum contains selected information pertaining to the Property and does not purport to be a representation of the state of affairs of the property or the owner of all Property (the "Owner"), to be all-inclusive or to contain all or part of the information are provided for general reference purposes only and are based on assumptions relating to the general economy, market conditions, competition and other factors being the control of the Owner and Commercial Asset Advisors. Therefore, all projections, assumptions and other information provided and made herein are subject to material variation. All references to acreages, square footages, and other measurements are approximations. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective purchasers. In this Memorandum, certain documents, including leases and other materials, are described in summary form. These summaries do not purport to be complete nor necessarily accurate descriptions of the full agreements referenced. Interested parties are expected to review all such summaries and other documents of whatever nature independently and not rely on the contents of this Memorandum in any manner. Neither the Owner or Commercial Asset Advisors nor any of their respectful directors, officers, affiliates or representatives make a representation or warranty, expressed or implied, as to the accuracy or completeness of this Memorandum or any of its contents. You are to rely solely on your investigations and inspections of the Property in evaluating a possible purchase of the real property.

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**CONFIDENTIALITY | CONDITIONS**



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