

CRATER LAKE OFFICE

401 CRATER LAKE AVENUE, MEDFORD, OREGON 97504

HIGH RETURN INVESTMENT



Marcus & Millichap

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By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

PURCHASE PRICE | \$1,495,000
CAP RATE | 8.11%

NET OPERATING INCOME:	\$121,318
PRICE PER SQUARE FOOT:	\$175.22
RENTABLE SQUARE FEET:	8,532 SF
LOT SIZE:	.41 Acres
YEAR BUILT:	1965

ADDRESS

401 CRATER LAKE AVENUE
MEDFORD, OREGON 97504



CLICK ME!



OVERVIEW

The subject property is an 8,532 square foot office building with a ninety percent physical occupancy and leased to a quality mix of local, regional, and national tenants. The largest tenant at the property, Breeze Financial Solutions, will sign a new lease at close of escrow, with that income being guaranteed. Annual income will be further enhanced by a ten percent rental increase for American Family Insurance in September of 2016.

The property is highly visible off Crater Lake Avenue with daily traffic counts exceeding 16,000 vehicles per day and in close proximity to Interstate five with traffic counts exceeding 52,000 vehicles per day.

INVESTMENT OVERVIEW

The office building is well positioned to the adjacent Tinseltown Shopping Center which includes national retailers Cinemark, Safeway, Starbucks, Sears, Rite-Aid, Bank of America, Red Robin, Jimmy John's, Ashley Furniture Home Store and Coldstone Creamery. Office space nearby includes Pain Specialists of Southern Oregon and Medford Rehabilitation and Healthcare Center.

RENT ROLL

TENANT INFO		LEASE TERMS		CURRENT RENT		RENT INCREASES		OPTIONS	LEASE TYPE
TENANT NAME	SIZE	COMMENCEMENT DATE	LEASE EXPIRATION	ANNUAL BASE RENT	RENT/SF/YR	DATE	ANNUALLY	OPTIONS	LEASE TYPE
PACIFIC COAST HEARING CENTER	745 SF	12/1/2006	M-T-M	\$15,271	\$20.50	N/A	N/A	N/A	NNN
VACANT	900 SF	0	0	\$0	\$0	0	0	0	N/A
SEVENTH HEAVEN	752 SF	11/26/2012	M-T-M	\$9,600	\$12.77	N/A	N/A	N/A	NNN
AMERICAN FAMILY INSURANCE	725 SF	9/1/2015	8/31/2018	\$14,560*	\$20.08	9/1/2016 9/1/2017	\$14,784 \$16,262	N/A	NNN
BREEZE FINANCIAL GROUP	3,150 SF	0	0	\$56,700**	\$18.00	N/A	N/A	N/A	NNN
BEAR CREEK PHYSICAL THERAPY	2,260 SF	2/1/2009	1/31/2019	\$32,139	\$14.22	2/1/2018	\$33,424	N/A	NNN
TOTALS:	8,532 SF	90% OCCUPANCY		\$128,270	\$14.26				

*Annual income based on a July 1st closing assumption.

**Breeze Financial to sign a new lease at close of escrow.

INCOME AND EXPENSES

INCOME AND EXPENSES |

PRICE	\$1,495,000
CAPITALIZATION RATE	8.11%
PRICE PER FOOT	\$175.22



NET OPERATING INCOME SUMMARY |

SCHEDULED INCOME	AVERAGE PSF	
SCHEDULED RENT	\$14.26	\$128,270
(+) EXPENSE REIMBURSEMENT	\$3.54	\$30,201
(=) GROSS POTENTIAL INCOME		\$158,471
(=) SCHEDULED/EFFECTIVE GROSS INCOME		\$158,471
(-) TOTAL OPERATING EXPENSES		\$37,153
	(TAXES)	\$14,633
	(INSURANCE)	\$957
	(CAM CHARGES)	\$12,730
	(VACANCY UTILITY EXPENSES)	\$56
	(MANAGEMENT EXPENSE NOT RECOVERED @5.00% OF EGI)	\$7,924
	(RESERVES FOR ROOF AND STRUCTURE @ .10 PSF)	\$853
NET OPERATING INCOME		\$121,318

LEVERAGED RETURN CALCULATION |

PROPOSED NEW LOAN	65%	\$971,750
INTEREST RATE	4.50%	
AMORTIZATION	300 MONTHS	
PAYMENT - PRINCIPAL & INTEREST		(\$5,401)
EQUITY REQUIREMENT		\$523,250
DEBT COVERAGE RATIO		1.87
DEBT CONSTANT		6.67%
NET OPERATING INCOME		\$121,318
(-) TOTAL ANNUAL DEBT SERVICE		(\$64,816)
(=) PRE-TAX CASH FLOW		\$56,503
PRE-TAXED LEVERAGING CASH-ON-CASH RETURN		10.80%
(+) PRINCIPAL PAYDOWN YEAR ONE		\$21,527
(=) CASH FLOW INCLUDING PAYDOWN		\$78,030
YIELD AFTER PRINCIPAL REDUCTION		14.91%

HIGHLIGHTS

HIGH RETURN INVESTMENT

The Subject Property's Current Income Yields a Seven and a Half Percent Cap Rate, with a Cash-On-Cash Return of Nine Percent to Investors. Rental Increases Occurring in September 2016, along with Potential Lease-Up of Vacant Spaces, Provide Ample Opportunity to Further Enhance Yield.

LEASE GUARANTEE

Breeze Financial, the Property's Largest Tenant Occupying Approximately Forty Percent of the Leasable Square Feet, Guarantees Their Rental Income for the Full Duration of Their Lease to be Signed at Close of Escrow.

MEDFORD MSA

Medford's MSA is Home to Approximately 208,545 People, Making it the Fourth Largest Metro Area in Oregon.

EXCELLENT VISIBILITY

Highly Visible Location with Direct Access to Crater Lake Avenue. Daily Traffic Counts on Crater Lake Avenue Exceed 16,000 Vehicles Per Day. The Subject Property also Benefits from Easy Access to Interstate 5 with Daily Traffic Counts Exceeding 52,000 Vehicles Per Day.

DENSE LOCAL POPULATION

Dense Population Location with Over 110,500 People within a Five Mile Radius.

NEARBY NATIONAL RETAILERS

The Property is Adjacent to the Tinseltown Shopping Center which Includes National Retailers Cinemark, Safeway, Starbucks, Sears, Rite-Aid, Bank of America, Red Robin, Jimmy John's, Ashley Furniture Home Store and Coldstone Creamery.

HEALTHCARE DRIVEN ECONOMY

Two Major Medical Centers, Asante Rogue Regional, One of the Nation's Top 100 Cardiovascular Hospitals and Rated One of Safest Hospitals in Oregon, and Providence Medford Medical Center, One of the Most Comprehensive Rehabilitation Programs in the Region. The Property is Less Than a Mile from Providence Hospital and Less Than Three Miles from Asante Rogue Regional Medical Center.



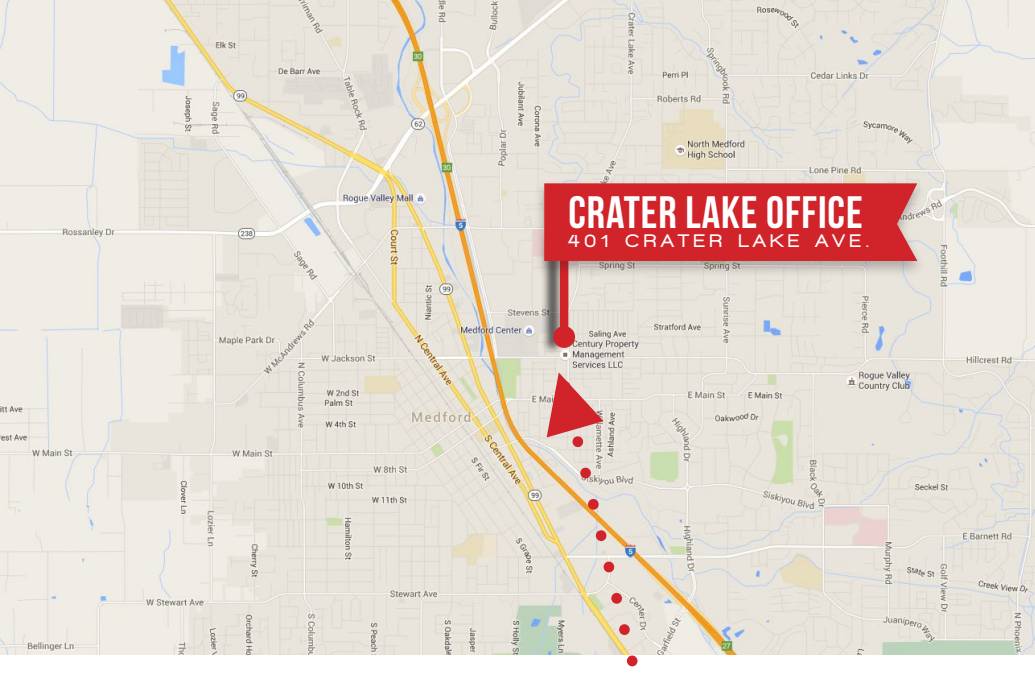




ADDRESS
401 Crater Lake Ave
Medford, OR 97504

TRAFFIC COUNTS
16,336 VPD - Crater Lake Avenue | 2014
14,219 VPD - East Jackson Street | 2014
52,351 VPD - Interstate 5 | 2010

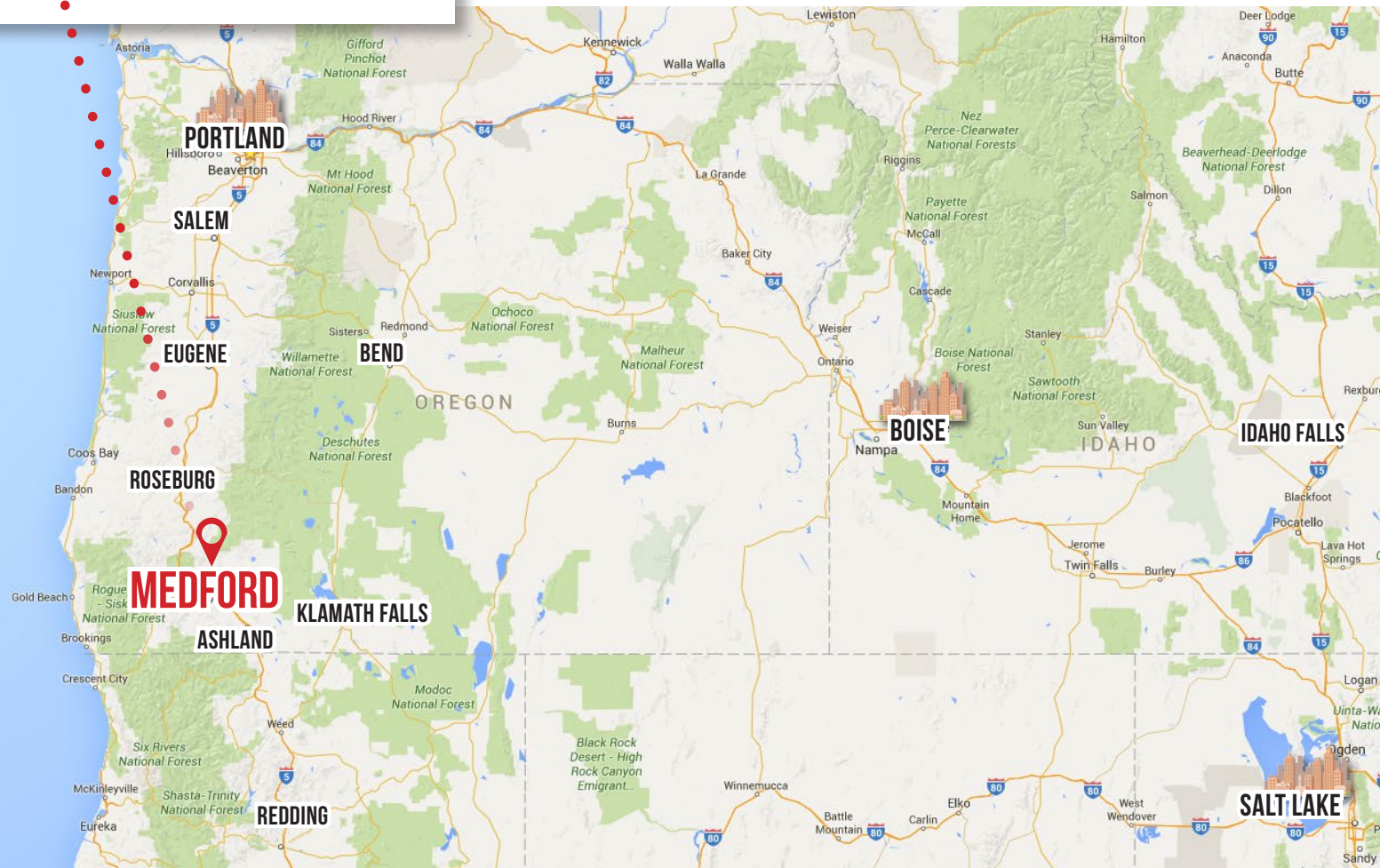




LOCATION

PROPERTY LOCATION

Medford sits directly on north-south Interstate 5 with Highway 99 running parallel and directly through the city's center. Highway 62/238 provides access through the northern portion of town.



EMPLOYERS



SHAKESPEARE FESTIVAL
- ASHLAND, OREGON

HOUSEHOLD INCOMES 2014 |

	1 MILES	3 MILES	5 MILES
AVERAGE	\$47,523	\$60,278	\$61,834
MEDIAN	\$32,448	\$44,297	\$46,500

POPULATION |

	1 MILES	3 MILES	5 MILES
2010	13,537	76,154	107,509
2014	13,862	78,221	110,561
2019	14,039	81,641	116,778

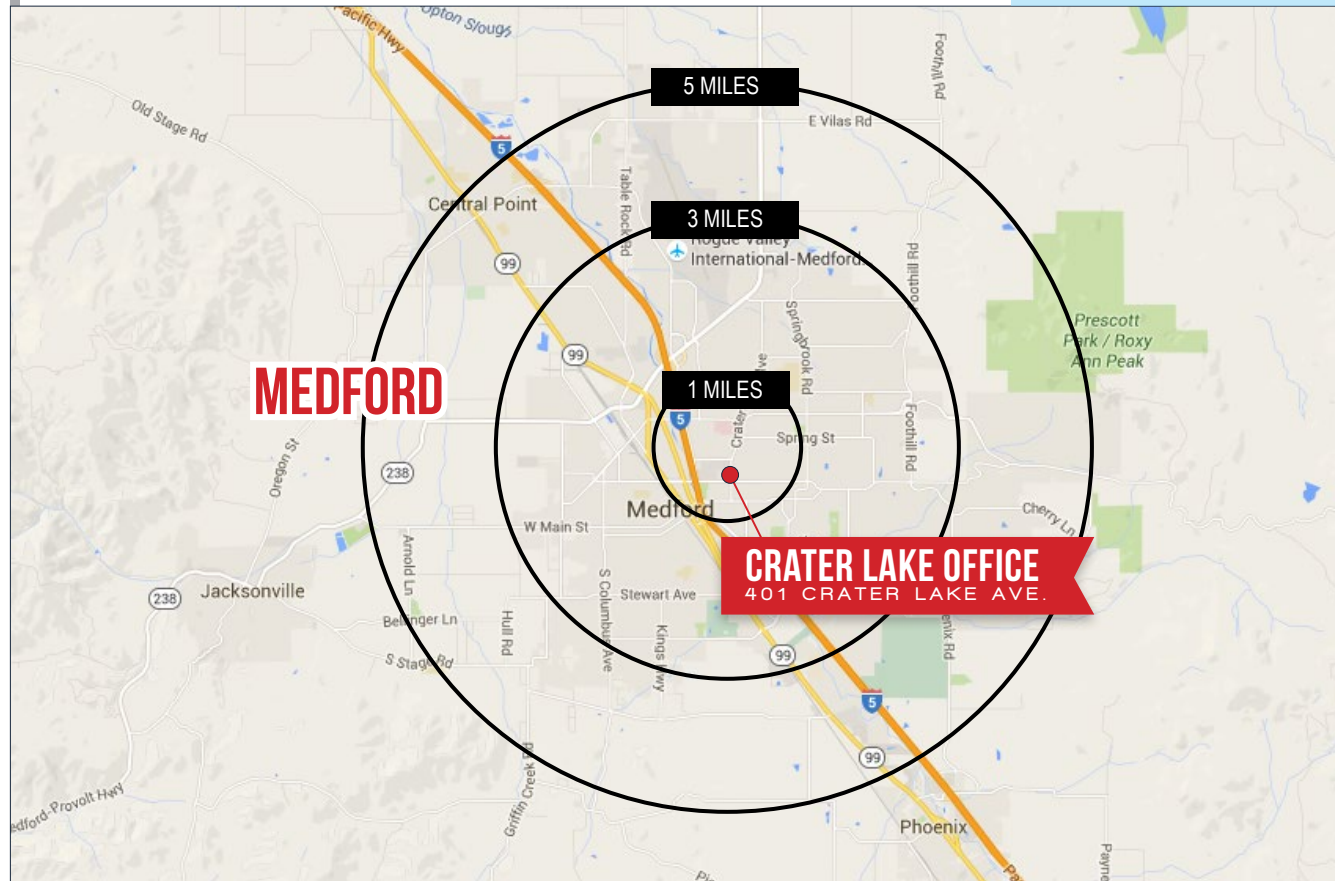
MAJOR EMPLOYERS



CLICK ON BUSINESS NAME
TO LEARN MORE

*Sourced from MapNet, Marcus & Millichap

Harry & David	3,500
Asante Health System	2,943
Providence Health System	1,271
Lithia Motors Inc.	800
Boise Building Solutions	750
Amy's Kitchen	715
Timber Products	650
Erickson Air-Crane	561
Master Brand Cabinets	560
Fire Mountain Gems	510



MEDFORD OREGON



Medford is a city in Jackson County, Oregon. As of 2013, the city had a total population of 77,677 and a metropolitan area population of 208,545, making the Medford MSA the fourth largest metro area in Oregon. Medford is located approximately 27 miles north of the northern California border, 75 miles from the Pacific Ocean, with nearby cities including Grants Pass, Klamath Falls, Ashland, Roseburg, Redding (California), and Crescent City (California).

Medford's economy is driven primarily by the health care industry. The two major medical centers are Asante Rogue Regional Medical Center and Providence Medford Medical Center. Asante Rogue Medical Center is Asante's flagship hospital with 378-beds. It is also the region's only neonatal intensive care unit, diabetes care, hospice services, a primary stroke center, and the only accredited hospital-based sleep center in Southern Oregon. Asante Rogue Regional was also named one of the nation's top 100 Cardiovascular Hospitals and one of its 15 Top Health Systems in 2013, with Consumer Reports 2013 Hospital Rankings naming Asante Rogue Regional the safest hospital in Oregon. Providence Medford Medical Center is a full-service, 168-bed, acute care hospital offering emergency services, stroke care, cardiac and vascular care, birth center, total joint replacement and spine health programs, robotic surgery, pain management services, and one of the most comprehensive rehabilitation programs in the region.



| Harry and David

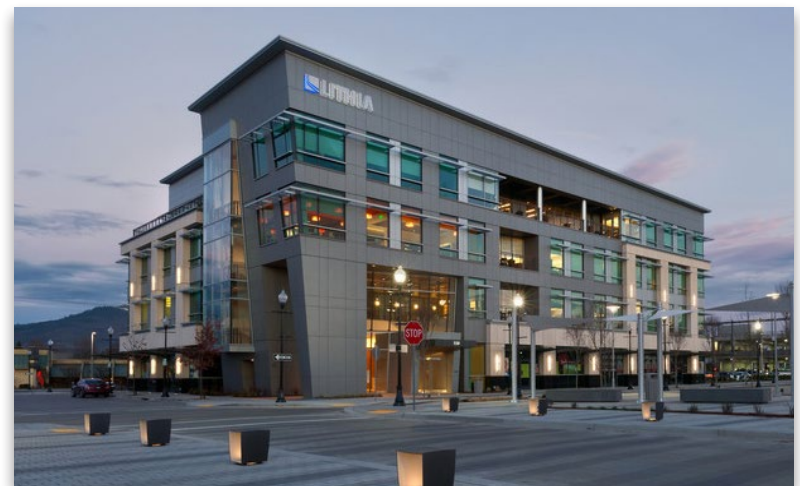


Harry and David Holdings, Inc, the largest direct marketer of fruits and food gifts in the United States, is headquartered in Medford. It is the largest employer in Southern Oregon, with 1,700 year round and about 6,700 seasonal employees in the Medford area. The company sells its products through direct mail, online and in retail stores nationwide, and operates the brands Harry & David, Wolferman's and Cushman's. Lithia Motors, the 9th largest auto retailer in the U.S., has been headquartered in Medford since 1970. The city's historic downtown has undergone an economic recovery in recent years, using a combination of public funds and private investment. The revitalization effort led to the renovation of underutilized downtown properties and the construction of a new Lithia Motors headquarters building in the district, completed in 2012.



Ashland, 10 miles south of Medford and located at the convergence of the Cascade and Siskiyou Mountains, is a small college town and arts community anchored by Southern Oregon State University and a renowned Shakespeare festival. The Shakespeare festival is one of the largest and oldest regional theaters in the country and annually produces eleven plays on three stages during a season that lasts from February to early November, attracting a quarter of a million tourists a year. Southern Oregon University balances the tourist population with students throughout the year with a student enrollment of approximately 5,302 and Ashland's largest employer.

| Lithia Motors



| View of Table Rock, Medford, Oregon



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PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.**



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