



**OFFERING
MEMORANDUM**

SHANE PARK PLAZA

240 & 260 S. Rancho Santa Fe Road, San Marcos
23 New Construction Apartment Homes

km Kidder
Mathews

SHANE PARK PLAZA

240 & 260 S. Rancho Santa Fe Road
San Marcos, CA 92078

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SHANE PARK PLAZA

01

Executive
Summary

The Offering
Investment Highlights



THE OFFERING

Shane Park Plaza

240 & 260 S. Ranch Santa Fe Road, San Marcos, CA 92078
23 New Construction Multifamily Units

Kidder Mathews is pleased to present Shane Park Plaza, a new construction mixed-use community located in San Marcos, California. Completed in 2018, Shane Park Plaza consists of a gated community of 23 residential units on floors 2 and 3, with 6,028 square feet of six commercial retail condominium suites on the first floor. *The commercial space is not a part of this offering.*

Shane Park Plaza is a newly constructed complex situated in the growing San Marcos rental market with walkable proximity to schools, shopping and amenities. The well-designed, high quality architecture, large floor plans and walkable San Marcos location makes this a prime investment opportunity.

Shane Park Plaza has a recorded condominium map, which consists of two residential condominiums (11 apartment units and 12 apartment units) plus 6 separate commercial retail units. The condominium map would allow an investor to sell a portion of the apartment units separately as a potential exit strategy. Refer to page 14 for a site plan.

Please contact Merrick Matricardi to receive additional information and to schedule a tour.

Investment Summary

Offering Price	\$7,200,000
# of Units	23
Year Built	2018
Price Per Unit	\$313,043
Price Per Rentable SF	\$453
Cap Rate	4.02%
Market Cap Rate	4.17%



PALOMAR COLLEGE
1,627 Faculty & Staff
30,000 Students

INTERSTATE 15 FWY
Main North/South
5.9 miles

CAL STATE SAN MARCOS
1,791 Faculty & Staff
13,893 Students

KAISER PERMANENTE
2,000 Employees

Paloma College
Transit Center

GRAND PLAZA MALL

W. San Marcos Blvd



La Mirada Dr

BRADLEY PARK

Linda Vista Dr



S. Rancho Santa Fe Rd

ALVIN DUNN ELEMENTARY



SHANE PARK PLAZA

Grand Ave

Creek St.

Investment Highlights

QUALITY UNIT INTERIORS

Each unit at Shane Park Plaza has been tastefully designed with high-end finishes and amenities. With large one bedroom floor plans, each unit features high ceilings, full sized washer and dryer, stainless steel kitchen appliances, mirrored wardrobe doors and abundant natural lighting and airflow.

THOUGHTFULLY DESIGNED WITH QUALITY CONSTRUCTION

Shane Park Plaza is a pride of ownership project and designed as a long-term hold investment. Foundations were poured 30% more than required and the building has over \$300,000 in steel beams and beefed-up skeletal members. The development has superior soundproofing with added insulation, staggered stud construction and no back-to-back electrical or plumbing. Doors are solid core and all windows were upgraded to Milgard dual pane. All street and courtyard facing windows have extra sound reduction.

NEW CONSTRUCTION TURN-KEY BUILDING

Many multifamily properties on the market come with minor to major deferred maintenance. Shane Park Plaza is the perfect opportunity for an investor to purchase a brand new, turn-key building. This new building has no deferred maintenance allowing the new owner to collect income on day-one without a lengthy and expensive renovation schedule.

INDIVIDUALLY METERED UTILITIES

The owner of Shane Park Plaza will not have to deal with the costs of rising utilities like other apartment buildings. This dramatically reduces owner expenses. Electric is individually metered. Water is sub-metered and individually billed directly to tenant from Urban Meters. Units also have individual water heaters.

CONVENIENT AND WALKABLE LOCATION

With a walkscore of 74, Shane Park Plaza is located within walking distance to numerous shopping, restaurants, services and schools. Big box retail such as Grocery Outlet, 99 Cent Store, Nordstrom Rack, Marshalls, Petco and Ross Dress for Less are less than a mile from the property. Starbucks is a 5 minute walk.





Investment Highlights

CLOSE TO PUBLIC TRANSPORTATION

Shane Park Plaza is conveniently located four blocks from I-78 freeway. The Palomar College Transit Center is located less than a mile from Shane Park Plaza and is served by bus routes and the Sprinter train. The Sprinter, a North County rail line, runs east to Escondido and West to Oceanside which connects commuters to the other rail lines serving San Diego and North to Orange County. Bus route 304 is located right in front of the property and goes westbound through Carlsbad and ends at Encinitas Station. Bus 304 eastbound ends at Palomar College Transit Center.

HOUSING FOR STUDENTS

Shane Park Plaza is within a few minutes of two academic institution, California State University San Marcos and Palomar College. Between the two schools, there are approximately 43,000 enrolled students. With limited student housing at these institutions, Shane Park Plaza is a great option.

PROXIMITY TO EMPLOYMENT

San Marcos has 39,000+ existing jobs including major employers CSU San Marcos, Palomar College, Hunter Industries and San Marcos Unified School District. San Marcos' unemployment rate is only 3.7%, significantly lower than the regional, state and US rate.

AREA POISED FOR GROWTH

San Marcos' population has grown by more than 11 percent since 2010, outpacing the other four cities along the I-78 corridor by at least four percent and growing 1.8 times faster than the San Diego region. Regarding the area median income, San Marcos' average annual growth rate of 8.9 percent fares significantly better than the region's rate of 1.4 percent. San Marcos boasts a robust and diverse economic base with nearly 40,000 jobs and more than 4,000 businesses.





SHANE PARK PLAZA

02

Property Description

Property Summary & Details

Unit & Property Amenities

Site Plan

Floor Plans

 **Kidder
Mathews**

Property Description

Property Address	240 & 260 S. Rancho Santa Fe Road San Marcos, CA 92078
Units	23 luxury apartment units located on two parcels and 6 commercial condominiums
Rental Website	ShanePark23.com
APN	219-074-21-01 & 02
Rentable SF	15,882 SF (residential only)
Year Built	2018
Parcel Size	30,500 SF
Density	34 units per acres
Construction	Two (2), three-story wood and steel framed buildings, with slab-on-grade foundation.
Elevator	Full sized elevator serving all three floors
Parking	54 spaces, including: 2 ADA spaces, 22 tuck-under stalls, 23 carport spaces and 7 open stalls. 35 parking spots are dedicated to the 23 apartments. All concrete driveways.
Laundry	Full sized in-unit washer and dryer
Building Configuration	Two buildings with breezeways connecting the upper floors and a central elevator tower servicing both buildings.
Access	Pedestrian access to the upper residential floors is restricted through the use of gates at all three (3) sets of stairs.



CONSTRUCTION

Roof Covering	Flat, 3-layer cool roof, 15 year leak free warranty
Foundation	Slab-on-grade with extra strength foundation walls
Windows	Milgard dual pane

MECHANICAL/ELECTRIC

Metering	Individually metered with electric. Submetered for water.
Water Heater	Individual 30-gallon water heater per unit
Cooling/Heating	Split heating and air conditioning system
Cooking Energy	Electric
Gas	No gas service to residential units



PROPERTY FEATURES

Brand New Construction

Elevator Served

Covered Parking for Each Apartment

Gated Community

Activities Game Room

Fitness Center

Covered Outdoor Terrace Lounge and Barbecue Patio

Key Fob Security Entries

Note: A comprehensive list of amenities and construction features are available with due diligence material.



Game Room & Fitness



Community Terrace Lounge



UNIT FEATURES

High Ceilings

Ceiling Fans

Stainless Steel Kitchen Appliances

Large Pantries

Quartz Counters & Wood Cabinets

Full Size Washer & Dryer In Unit

Doubled Mirror Wardrobe Doors

Private Balconies

Dual Pane Milgard Windows

Designer Trim Crown Molding, Chair Rails, Base and Case

Energy Saving Appliances

Individual Split Heating & Air Conditioning System

Skylights on 3rd Floor

Large, Livable Floor Plans

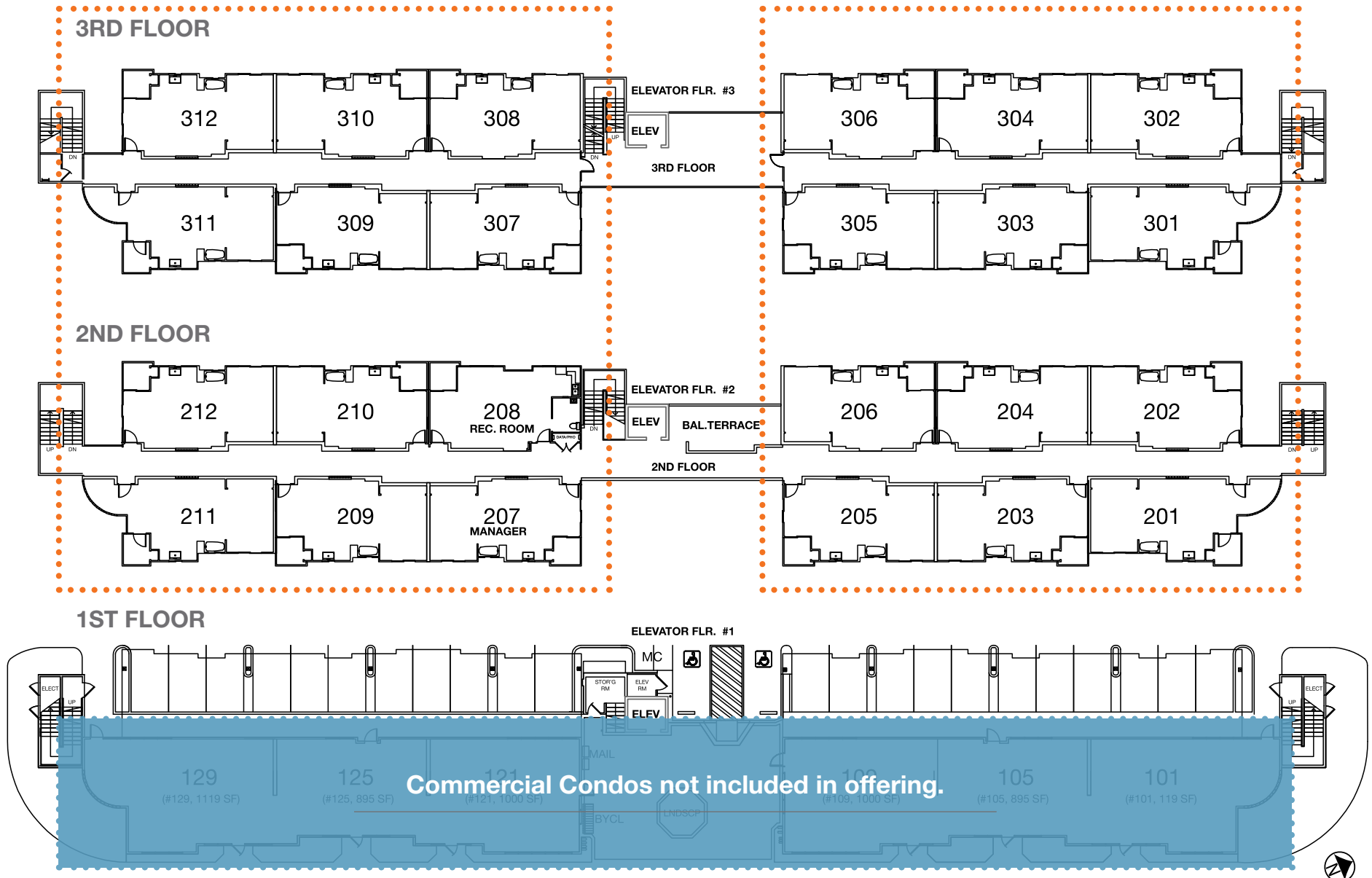
Loads of In-Unit Storage

Superior Soundproofing to Mitigate Noise from Adjacent Units

Site Plan

CONDO #1 (11 Apt Units)

CONDO #2 (12 Apt Units)



South Rancho Santa Fe Road

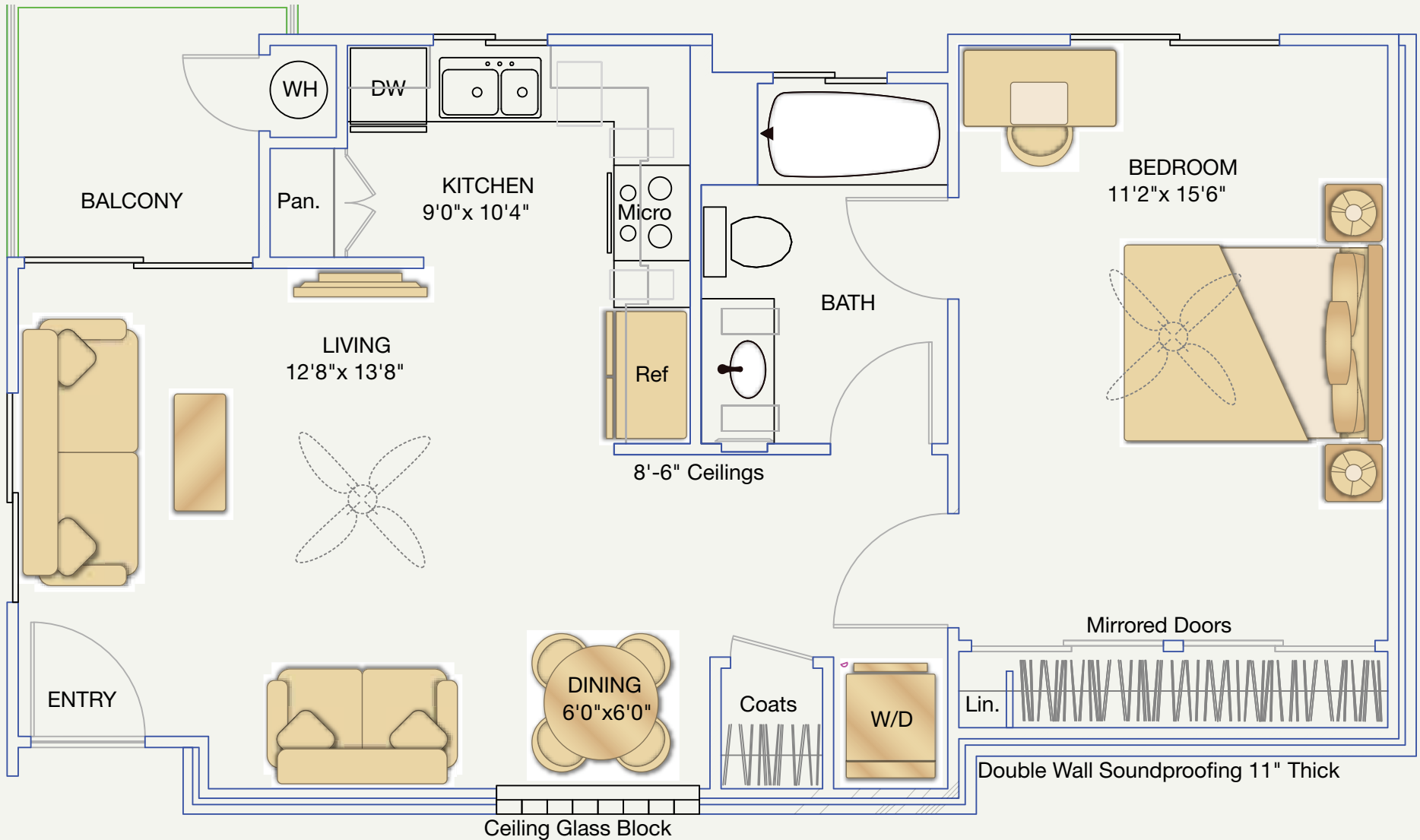


Floor Plans

Plan 1

1 bedroom/1 bath

682 SF

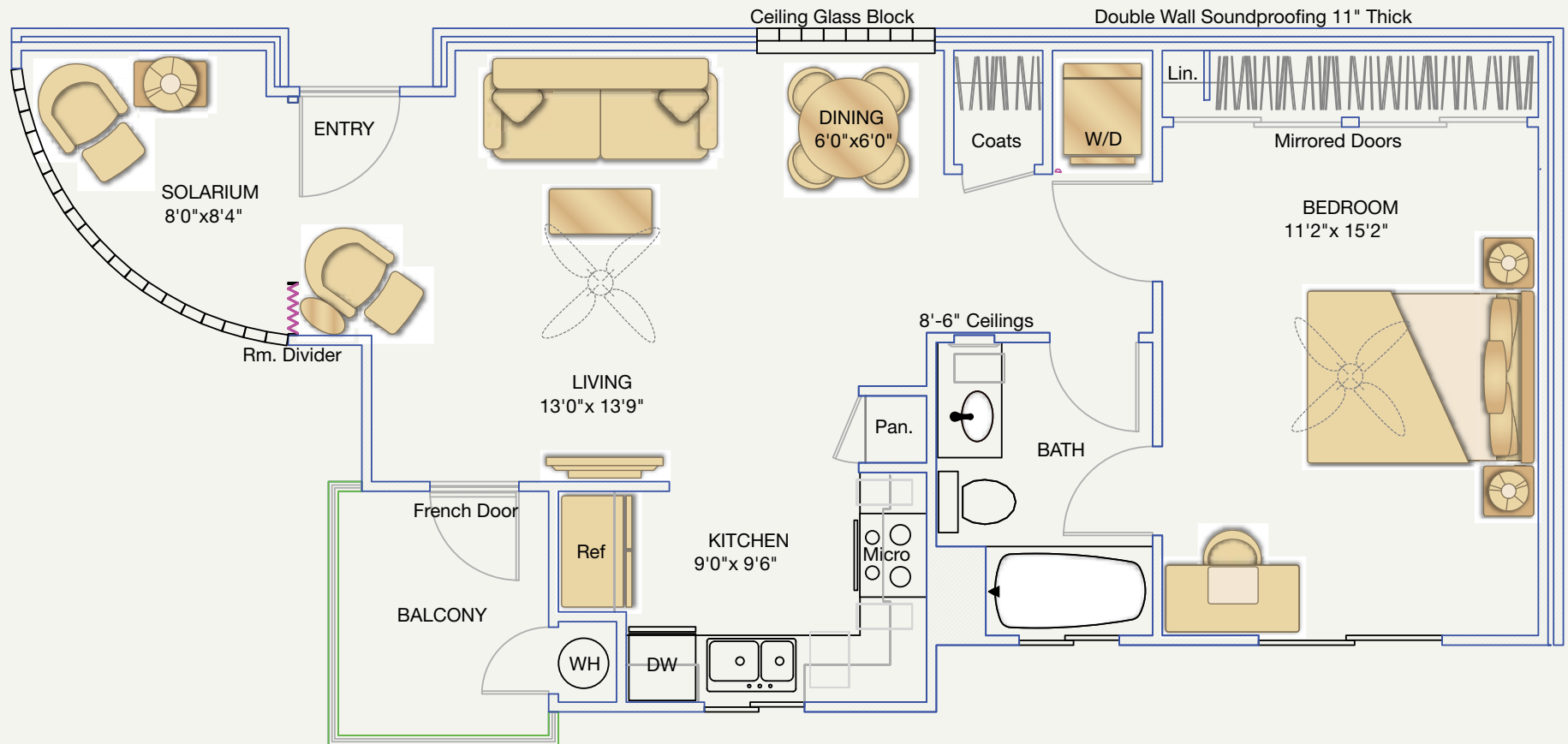


Floor Plans

Plan 2

1 bedroom/1 bath

731 SF





LUSARDI

260

RENTAL SIGN

RENTAL SIGN

RENTAL SIGN



SHANE PARK PLAZA

03

Financial Analysis

Financial Summary
Sale Comparables
Rent Comparables



Financials

INCOME SUMMARY

# Units	Unit Type	Sq. Ft.	Total Sq.Ft.	Actual Rent	\$/Sq.Ft.	Total Rent	Mkt Rent	\$/Sq.Ft.	Total Mkt
9	2nd Floor 1BD/ 1BA	682	6,138	\$1,585	\$2.32	\$14,265	\$1,645	\$2.41	\$14,805
2	2nd Floor 1BD/ 1BA	731	1,462	\$1,725	\$2.36	\$3,450	\$1,755	\$2.40	\$3,510
10	3rd Floor 1BD/ 1BA	682	6,820	\$1,670	\$2.45	\$16,700	\$1,695	\$2.49	\$16,950
2	3rd Floor 1BD/ 1BA	731	1,462	\$1,755	\$2.40	\$3,510	\$1,795	\$2.46	\$3,590
23	Total/Avg	691	15,882	\$1,649	\$2.39	\$37,925	\$1,689	\$2.45	\$38,855

ANNUALIZED GROSS INCOME

\$455,100

\$466,260

RUBS (Ratio Util. Billing Reimbursements, \$38 p/unit, p/month)

\$10,488

\$10,488

ADJUSTED GROSS INCOME

\$465,588

\$476,748

Vacancy 3.00%

(\$13,968)

(\$14,302)

EFFECTIVE GROSS INCOME

\$451,620

\$462,446

LESS ESTIMATED EXPENSES:

		<u>ESTIMATED</u> <u>EXPENSES</u>	\$/UNIT	\$/YEAR
Property Taxes	1.11202%		\$3,481	\$80,065
Taxes Fixed Assessment (69.654% of \$23,495.34CFD)			\$712	\$16,365
Insurance*			\$149	\$3,420
Contracted Services*			\$310	\$7,121
Utilities*			\$575	\$13,218
Repairs /Maintenance/ Turnover			\$217	\$5,000
Off-Site Management	4.00%		\$785	\$18,065
On-Site Management/ Burden			\$522	\$12,000
Administrative/ Misc			\$130	\$3,000
Reserves			\$174	\$4,000
			\$162,255	
			Exp./unit:	\$7,055
			Exp./psf:	\$10.22
			Exp. % of AGI:	35.7%

\$289,366

\$300,191

NET OPERATING INCOME

Amortization 30

Rate 4.25%

Debt Service (Principle and Interest) \$4,100,000 @

\$242,034

\$242,034

CASH FLOW

\$47,331

\$58,156

Cash on Cash Return	1.53%	1.88%
Principle Loan Reduction	\$67,784	\$67,784
Total Return	\$115,116	\$125,941
Return on Equity	3.71%	4.06%
Cap Rate	4.02%	4.17%
DCR	1.20	1.24

Pricing Snapshot

Offering Price **\$7,200,000**

Price Per Unit **\$313,043**

Price Per SF **\$453.34**

Year Built **2018**

In-Place Cap Rate **4.02%**

Proforma Cap Rate **4.17%**

In-Place GRM **16.3**

Market GRM **15.9**

Down Payment **\$3,100,000**

% Down **43%**

Expense Notes

- Insurance: Covers the pro-rata share of the annual insurance premium for the apartments
- Utilities: House Electric is nearly offset by the 95 solar panels on Roof. Includes Sewer, electric, trash, and water for irrigation. Tenants responsible for own water and electric.
- Contracted Services includes elevator, fire alarm, landscaping, pest control and security camera monthly contracts

INTERSTATE 5 FWY

Major North/South

5.7 miles



Carlsbad Beaches
9.3 mile drive



Palomar Airport Rd

INTERSTATE 15 FWY

Main North/South

5.9 miles



GRAND PLAZA MALL



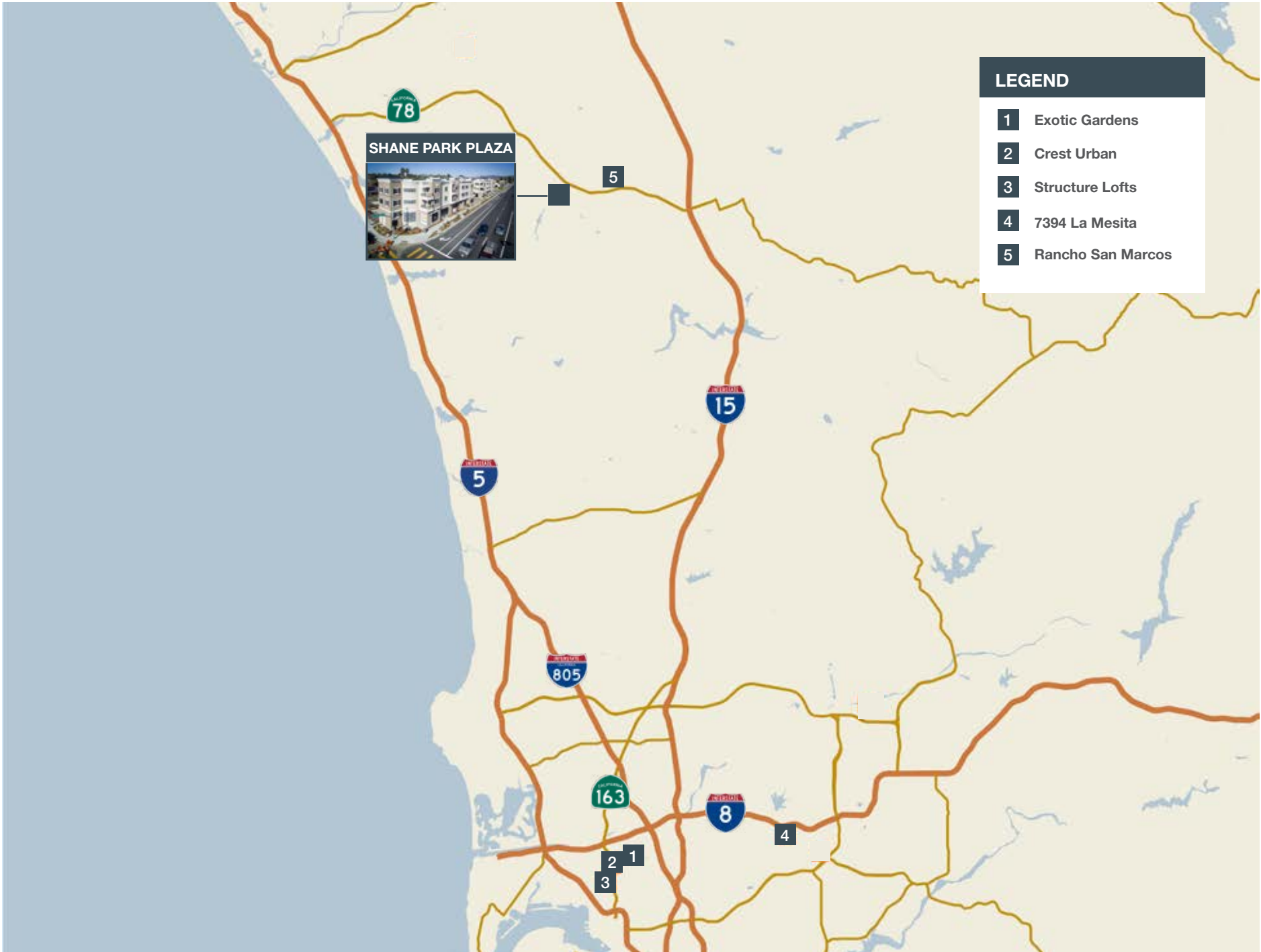
SHANE PARK
PLAZA

S. Rancho Santa Fe Rd









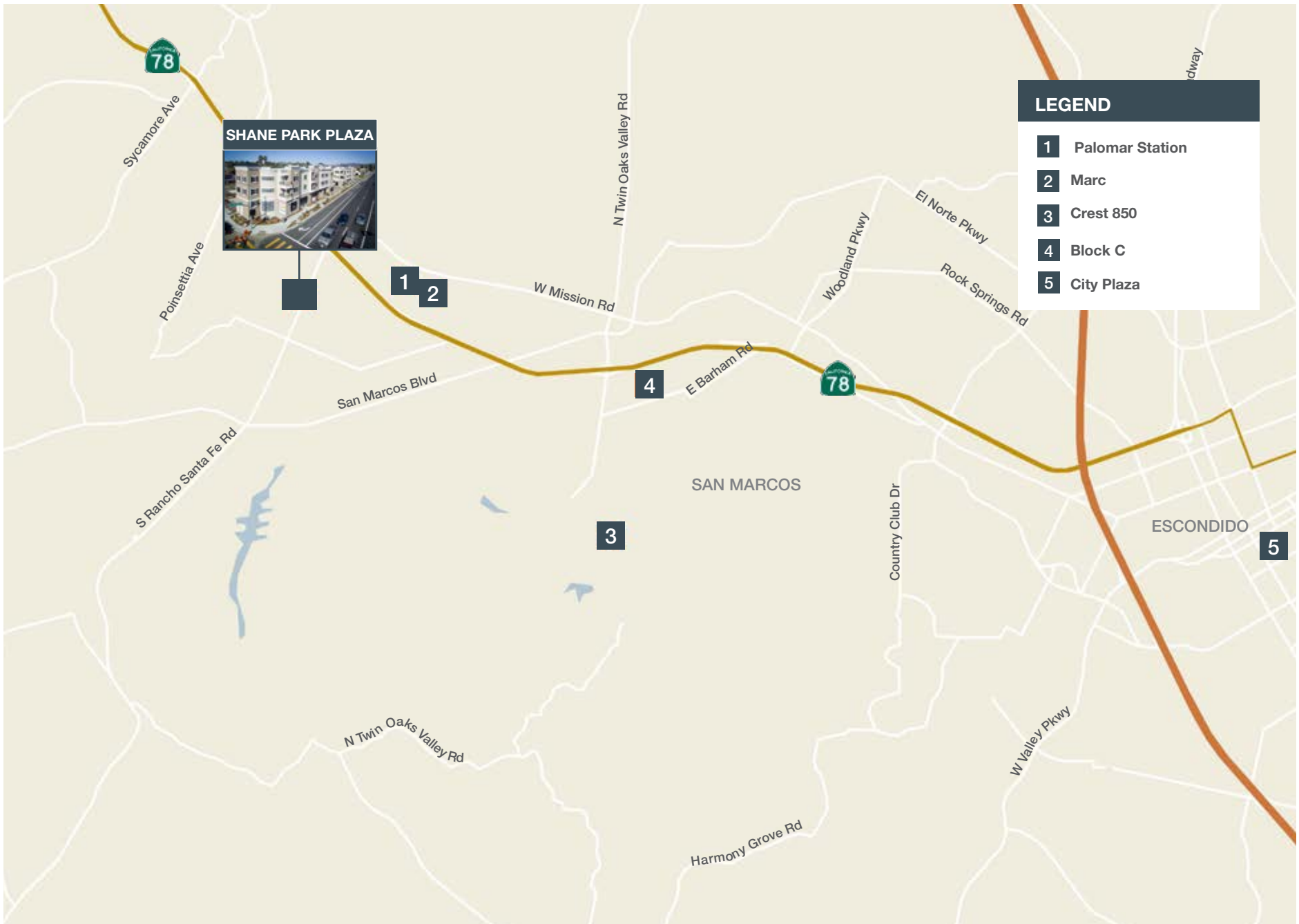
Sale Comparables & Map

	SUBJECT Shane Park Plaza	1 Exotic Gardens	2 Crest Urban	3 Structure Lofts	4 7394 La Mesita	5 Rancho San Marcos
						
ADDRESS	240 & 260 S. Rancho Santa Fe Road	4319 Mississippi St	4021 8th Ave	440 Upas Drive	7394 La Mesita Place	269 W San Marcos Blvd
SUBMARKET	San Marcos	North Park	Hillcrest	Bankers Hill	La Mesa	San Marcos
# OF UNITS	23	21	36	25 + 1 Retail	13	26
RENTABLE SF	15,882	15,190	30,460	27,122	20,904	21,952
BUILT	2018	2017	2016	2014	2016	1980
CLOSE OF ESCROW	FOR SALE	2/28/18	6/26/17	2/7/17	9/12/17	2/28/18
SALES PRICE	\$7,200,000	\$10,700,000	\$16,500,000	\$14,700,000	\$5,925,000	\$5,600,000
PRICE / BUILDING SF	\$453	\$704	\$542	\$528	\$283	\$255
PRICE / UNIT	\$313,043	\$509,524	\$458,333	\$588,000	\$455,769	\$215,388
NOI / UNIT (In-Place)	\$7,053	\$18,606	\$17,022	\$13,020	\$18,663	\$9,477
CAP RATE (In-Place)	4.02%	3.50%	3.7%	3.8%	4.09%	4.40%
CAP RATE (Proforma)	4.17%		-	4.3%	5.40%	5.32%
GRM (Proforma)	15.9		16.9	16.11	13.92	11.7
AVERAGE UNIT SIZE	691	723	840	1,014	1,608	844
UNIT MIX	23 - 1bd/1ba	10 - 1bd/1ba * 4 - Lofts 5 - 2bd/2ba TH 2 - 1bd/2ba Penthouse	24 - 1bd/1ba * 4 - 2bd/1ba + Den 8 - 2bd/2ba * *includes 3 affordable units	25 - lofts	13 -3bd/2.5ba	16 - 2bd/1ba * 8 - 2bd/1.5ba 1 - 2bd/1ba 1 - 4bd/2ba
COMMENTS	Concrete driveways, new construction, gated community, activities game room, fitness center	76% leased at time of sale.	Off market deal. A location. Kidder Mathews sale.	Adaptive re-use. Converted from office building. Type I concrete construction. Luxury loft interiors. Kidder Mathews listing	Similar location.	Some deferred maintenance.



Rent Comparables & Map

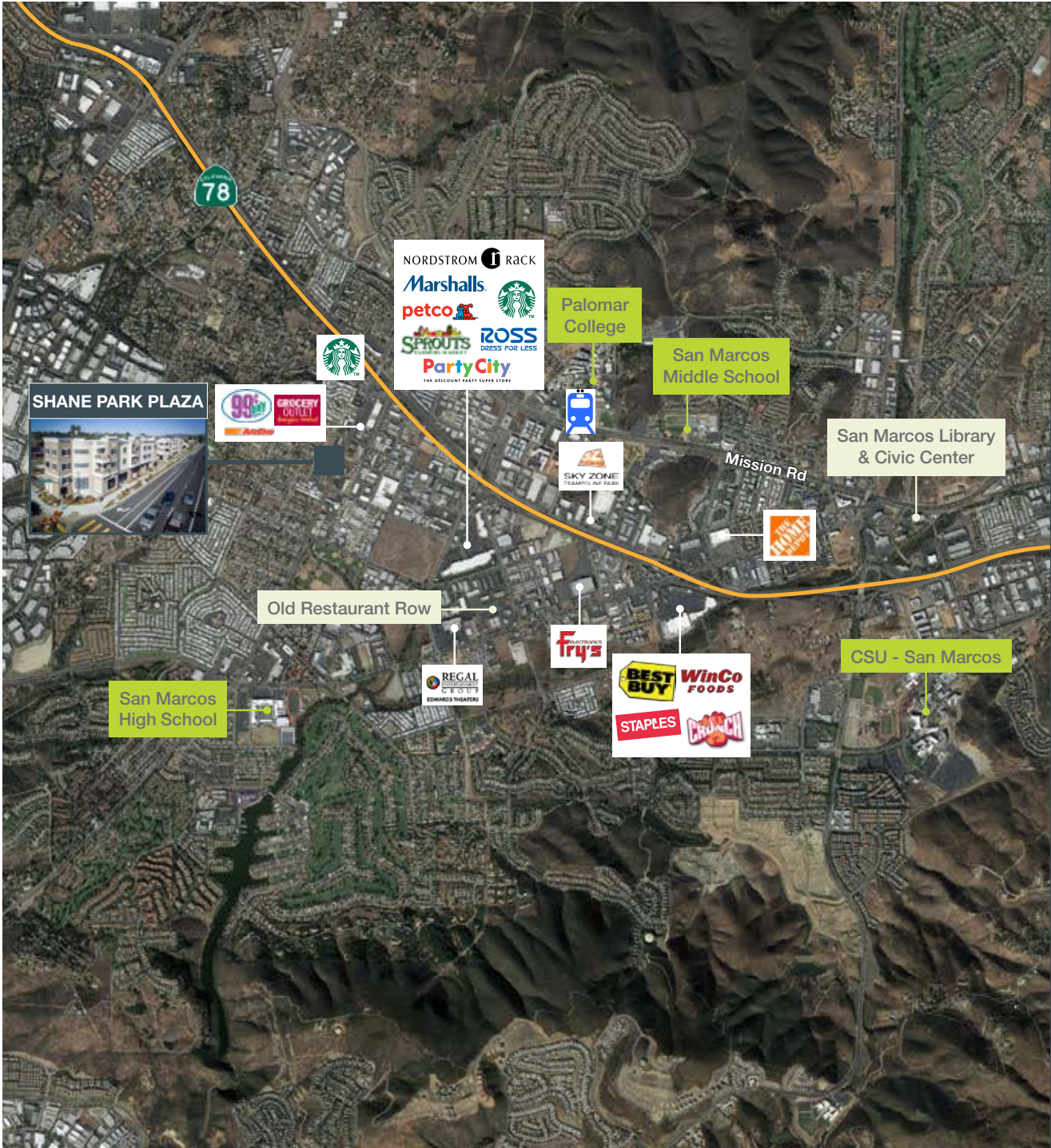
Property	SUBJECT Shane Park Plaza	1 Palomar Station	2 Marc	3 Crest 850	4 Block C	5 City Plaza
Photo						
Address	240 S. Rancho Santa Fe	1257 Armorlite Dr	1045 Armorlite Drive	850 Village Drive	250 North City Drive	300 S. Escondido Blvd
City	San Marcos	San Marcos	San Marcos	San Marcos	San Marcos	Escondido
# Units	23	370	416	108	197	55
Built	2018	2014	2017	2012	2016	2018
1 Bedroom						
No. of Each	19	42		27		4
Rent	\$1,585-\$1,695	\$1,695 - \$1,926	\$1,920	\$1,705	\$1,775	\$1,595
SF	682	675-688	749	578	520	744
Rent/SF	\$2.32-\$2.48	\$2.51-\$280	\$2.56	\$2.95	\$3.41	\$2.14
1 Bedroom						
No. of Each	4	21		39		2
Rent	\$1,695-\$1,755	\$1,815	\$2,175	\$1,857	\$1,830	\$1,645
SF	731	722	805	694	595	778
Rent/SF	\$2.32-\$2.40	\$2.51	\$2.70	\$2.68	\$3.08	\$2.11
1 Bedroom						
No. of Each		20				
Rent		\$1,947	\$2,115		\$2,110	
Avg SF		829	924		855	
Rent/SF		\$2.35	\$2.29		\$2.47	
Interior Finishes	Quartz counters, stainless steel appliances, vinyl plank flooring, top-mount sink	Black appliances, quartz counters, vinyl plank flooring, drop-in sinks	Stainless steel appliances, quartz counters, vinyl plank flooring, undermount sink	Black appliances, quartz counters, vinyl plank flooring, drop-in sinks	Stainless steel appliances, quartz counters, vinyl plank flooring, undermount sink	Stainless steel appliances, European cabinets, granite counters, vinyl plank flooring, over-mount sink
Community Amenities	Game room, fitness center, outdoor terrace lounge and barbecue	Swimming pool, spa, controlled access, dog park, fitness center, outdoor entertainment area, pet spa, business center	Swimming pool, spa, controlled access, playground, resident lounge with kitchen, fitness center, outdoor entertainment area, pet spa, business center	Swimming pool, spa, controlled access, resident lounge, fitness center, outdoor entertainment area	Swimming pool, spa, resident lounge, pet spa, fitness center, outdoor entertainment area	Fitness center, community courtyard area with patio seating
RUBS	Yes	Yes	Yes	Yes	Yes	Yes
Laundry	In-Unit	In-Unit	In-Unit	In-Unit	In-Unit	In-Unit
Parking	Covered and surface on-grade parking on solid	Garages and carport parking	Covered on-grade garage.	Carports and surface parking	Subterranean parking	Subterranean parking



LEGEND

- 1 Palomar Station
- 2 Marc
- 3 Crest 850
- 4 Block C
- 5 City Plaza





SHANE PARK PLAZA

04

Market Overview



Market Overview

Located in the beautiful foothills of Northern San Diego County, San Marcos is a total area of 24 square miles bordered by Escondido to the east, Encinitas to the southwest, Carlsbad to the west and Vista to the northwest. From miles of trails in the local hills, to unique dining and shopping opportunities in its retail centers, San Marcos has all the ingredients that make visiting enjoyable. The city has become the heart of education in San Diego with many colleges/universities. A dedication to parks and community services is another huge priority for the city of San Marcos. In addition to its rich recreational and cultural programs, the city offers over 17 major parks and 18 minor parks.



COMMUNITY AMENITIES

OLD CALIFORNIA RESTAURANT ROW - San Marcos is the homes to the premier Old California Restaurant Row, where there are 15 impressive restaurants and a diverse selection of cuisines from around the world. Restaurants feature great live entertainment, dancing, happy hour and group dining.

LOCAL BREWERIES - In recent years North County has seen an explosion of local craft breweries and tasting rooms. San Marcos offers an array of breweries such Rip Current Brewing, Stumblefoot Brewing Company, San Marcos Brewery and Wild Barrel Brewing Company to name a few.

PALOMAR HOSPITAL - Medical Center is a 740,000-foot, 11-story hospital facility opened in 2012. Considered as one of the country's largest hospital construction project and first new North County hospital in 30 years, this hospital brought 3,000 jobs to the submarket in 2012. The facility has captured the attention of health care professionals worldwide for its use of nature, light and space. Among the natural features is our 1.5-acre green roof that sits atop the second floor, lush with drought-resistant vegetation for visitors to enjoy.

LAKE SAN MARCOS - Lake San Marcos is a small resort-like community just south of Shane Park Plaza. Within this community are homes, recreational activities, dining, shopping and entertainment. Outdoor activities in this area include golf at the St. Mark Golf Club, a marina with full line of boat-related service, fishing, water sports equipment rental such as pontoons, pedal boats, kayaks and more.

PARKS & RECREATION - San Marcos offers abundant parks, trails and outdoor activities. Bradley Park located at the junction of Linda Vista Drive and Rancho Santa Fe Road and offers picnic areas, , indoor soccer arena, playgrounds and 24-acre community space. At Double Peak Park, there is an amphitheater, picnic areas, adventure playground and hiking trails with spectacular 360-degree views of the surrounding area. Discovery Lake and Lakeview Park offers 24-acre community space with four miles of hiking trails and a splashing fountain. This park is popular for picnicking, fishing, biking, jogging, hiking, walking and horseback riding.

Market Overview Continued

NORTH 1-15 CORRIDOR APARTMENT OVERVIEW

According to Costar, a long commute to San Diego’s employment hub in UTC has done little to dampen enthusiasm among developers as they continue to focus on adding supply in San Marcos and Escondido. Vacancies are typically low outside of a supply-induced bump, and rents remain strong among the more affordable in the metro. While investor interest in the North I-15 corridor might not match some of the more active neighborhoods in the south county submarkets, activity remains constant and yields average north of 5%.

SAN MARCOS RENTAL TRENDS

Type	Rents
1-bedroom	\$1,429
2-bedroom	\$1,591
Vacancy Rate	4.3%

Source: Costar

SAN MARCOS DEMOGRAPHICS

Type	Rents
Population	94,345
2022 Project Population	100,555
Average Household Size	3.09
Housing Units	31,212
Owner Occupied Units	60%
Renter Occupied Units	37 %
Median Household Income	\$59,733
2022 Project Median Household Income	\$65,264
Average Household Income	\$86,644
2022 Project Average Household Income	\$99,412
Average Home Value	\$510,029

“San Marcos is among the cities with the highest income growth in the country over the last several years.” - Costar



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