



**NOW FOR SALE**

**RANCHO COACHELLA BUSINESS CENTER**  
86695 – 86705 AVENUE 54, COACHELLA, CA 92236

OFFERING MEMORANDUM





## Rancho Coachella Business Center

86695 – 86705 Avenue 54, Coachella, CA 92236



### Now On the Market For Sale:

A Multi-tenant Industrial / Flex Commercial Business Park consisting of Twenty (20) units in Two (2) concrete tilt modern finish buildings totaling 50,560 Rentable Square Feet on 3.03 Acres of Land.



### Exclusively listed by:

**Mark Brecheen**  
Senior Vice President  
mbrecheen@naicapital.com  
909.243.7618  
CA DRE Lic. #01067898

**Nicholas Chang, CCIM, SIOR**  
Executive Vice President  
nchang@naicapital.com  
909.243.7614  
CA DRE Lic. #01341826

**Richard Lee, SIOR**  
Executive Vice President  
rlee@naicapital.com  
909.243.7601  
CA DRE Lic. #01757870

**Justin Kuehn**  
Vice President  
jkuehn@naicapital.com  
909.243.7627  
CA DRE Lic. #01966182

**Sione Fua**  
Senior Associate  
sfua@naicapital.com  
909.243.7619  
CA DRE Lic. #02006432



## Table of Contents



## Rancho Coachella Business Center

86695 – 86705 Avenue 54, Coachella, CA 92236

1	2	3	4
EXECUTIVE SUMMARY	FINANCIAL OVERVIEW	COMPARABLES DATA	MARKET OVERVIEW
Investment Overview Investment Highlights Property Highlights Site Plan	2019 Income & Expense Market Lease Assumptions Rent Roll 10 Year Cash Flow Model	Competing Multi-Tenant Industrial Parks Lease Comps	Industrial Market Summary A Dream Destination The Coachella Valley Music Festival

**A Multi-tenant Industrial / Flex Commercial Business Park** consisting of Twenty (20) units in Two (2) concrete tilt modern finish buildings totaling 50,560 Rentable Square Feet on 3.03 Acres of Land.



# Executive Summary



**NAI Capital, Inc** as the Exclusive Advisor is pleased to present the opportunity to acquire 86695 – 86705 Avenue 54, Coachella CA consisting of two (2) modern concrete tilt multi tenant buildings located in the Rancho Coachella Business Center. The property features twenty (20) industrial / office units from 1,500 SF up to 4,000 SF. The property is 100% leased to sixteen (16) diverse tenants.

In 2019, the property enjoyed 100% occupancy generating a gross income of \$423,290.00 representing a blended average of \$0.75 PSF Gross Income. After netting out the 2019 expenses, the 2019 historical NOI equated to \$320,429 or \$0.53 PSF NNN.

For the current year 2020, the Investor will realize that true market rents are upwards of \$0.85 to \$0.90 PSF Gross and the Investor will take advantage of the staggered, relatively short term lease expirations to build stable, long term, increased net cash flow quickly. This makes for an attractive and unique value-add offering.

## Investment Highlights

Historical Snapshot (2019)	Rate PSF	Monthly Amount	Annual Amount
2019 YE Reported Income:	\$0.70 PSF	\$35,274	\$423,290
2019 YE Scheduled Expenses:	\$0.15 PSF	\$7,482	\$89,785

## Current Income (2020)

Current Year 1 Rent (In Place)	\$0.76 PSF	\$38,224	\$458,690
--------------------------------	------------	----------	-----------

## Operating Expenses (adjusted on resale)

Property Taxes	\$0.113	\$5,708	\$68,500
Property Insurance	\$0.017	\$841	\$10,094
Management Fee	\$0.037	\$1,873	\$22,471
R&M:	\$0.064	\$3,243	\$38,913
<b>Total Operating Expenses:</b>	<b>\$0.231</b>	<b>\$11,665</b>	<b>\$139,978</b>
<b>Net Operating Income (In Place)</b>	<b>\$0.53</b>	<b>\$26,559</b>	<b>\$318,712</b>



# Executive Summary

## Property Highlights



### Sale Price

\$6,250,000



### Rentable Square Feet

50,560 RSF



### Property Type

Multi Tenant Industrial / Flex



### Address

86695 – 86705 Avenue 54  
Coachella CA



### APN's

763-280-010  
763-280-011



### Individual Building Area

86705 Avenue 54 | Building A:  
31,600 Rentable SF  
86695 Avenue 54 | Building B:  
18,960 Rentable SF



### Land Area

3.03 Acres



### Occupancy

100% Leased to 16 tenants  
occupying 20 total units



### Unit Sizes

From 1,500 SF to 4,000 SF



### Office Buildout

Various units have Office Buildout  
from 350 SF of office to full suite  
build out



### Fire Sprinklers

All Units have Grade Level Loading  
at Rear (10' x 14')



### Clear Height

16' Minimum Warehouse  
Clear Heights



### Loading

All Units have Grade Level Loading  
at Rear (10' x 14')



### Year Built

1990 | Modern Concrete Tilt-Up  
Construction



### Parking / Parking Ratio

141 | 2.9:1,000



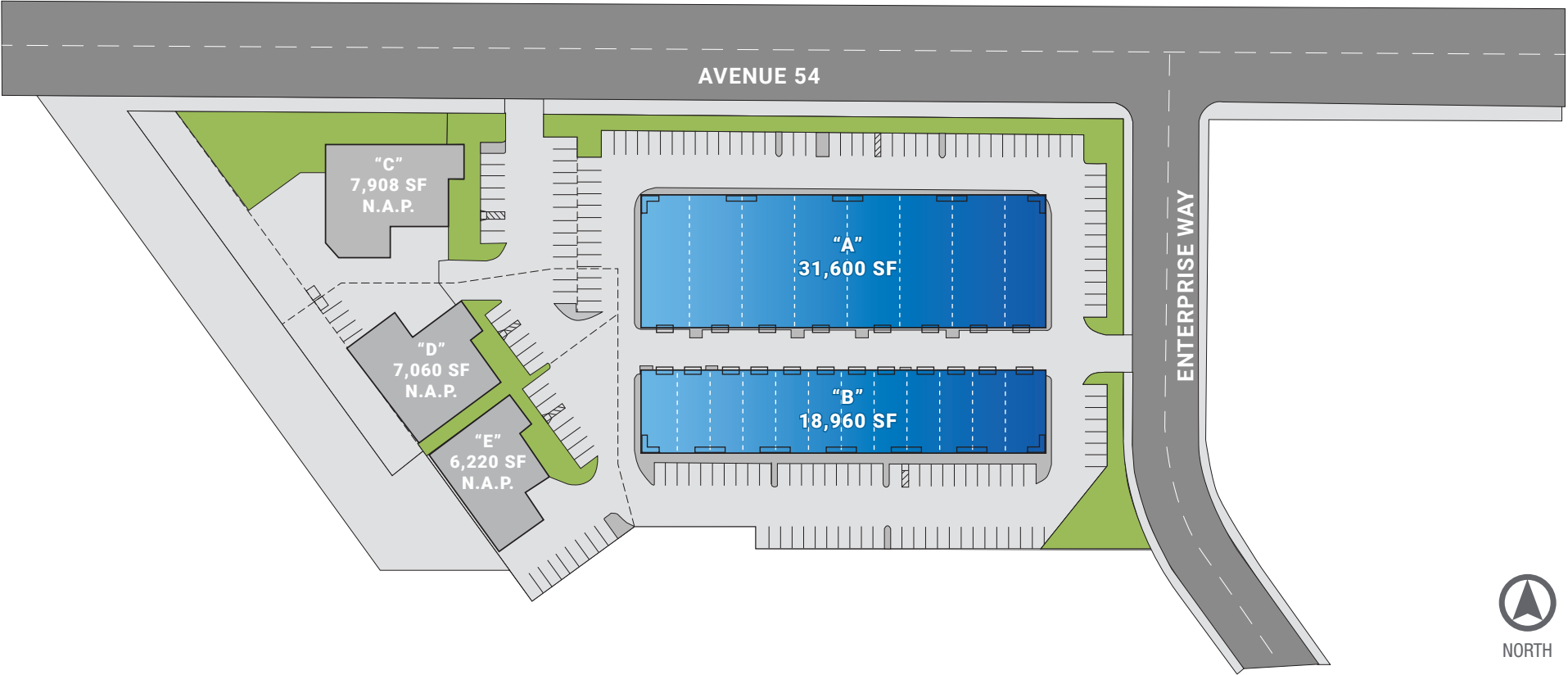
### Zoning

MH-Indio



# Executive Summary

Site Plan





# Executive Summary

## Property Photos





# Financial Overview

## 2019 Income & Expense

### Profit and Loss Standard January through December 2019

#### Ordinary Income/Expense

Income	
Rental Income	\$423,290.00
Total Income	\$423,290.00

**Gross Profit** \$423,290.00

#### Expense

Office Miscellaneous	\$197.50
Insurance Expense	\$10,094.00
Landscaping	\$4,500.00
Professional Fees	\$3,534.92
PROPERTY TAX	\$27,891.20
Repairs and Maintenance	\$24,689.79
Security	\$600.00
Telephone Expense	\$181.24

#### Utilities

Electricity	\$2,518.61
Waste Removal	\$5,586.01
Water	\$9,992.08
Total Expense	\$89,785.35

**Net Operating Income** \$320,439.00

## Market Lease Assumptions

	<b>Building A</b> 86705 Avenue 54 Units up to 4,000 RSF	<b>Building B</b> 86695 Avenue 54 Units from 1,500 RSF
<b>New Deals</b>		
Lease Rate	\$0.85 PSF Gross	\$0.90 PSF Gross
Free Rent (Mos)	3	2
Tenant Improvement Allowance	\$1.25 PSF	\$1.00 PSF
<b>Lease Renewals</b>		
Renewal %	75%	75%
Renewal Lease Rate	\$0.85 PSF Gross	\$0.90 PSF Gross
Renewal Free Rent (Mos)	0	0
Renewal Tenant Improvement Allowance	\$1.00 PSF	\$1.00 PSF





# Financial Overview

## Rent Roll

Address/Suite	RSF	Tenant	Start Date	End Date	Current Monthly Rent Amount (Gross)	Current Monthly Rent (Gross PSF)	Security Deposit	Option to Renew
86705 - A/B/C	11,800	PTI Farmer's Cooperative	1/1/2017	1/31/2022	\$8,600.00	\$0.73	\$4,278.91	Yes
86705 - D	4,000	Christian Church		MTM	\$1,500.00	\$0.38	\$600.00	
86705 - E	4,000	Madison Club	6/3/2014	12/31/2021	\$2,750.00	\$0.69	\$2,000.00	
86705 - F	4,000	Redstone, Inc.	4/1/2019	3/31/2022	\$2,800.00	\$0.70	\$2,600.00	
86705 - G (Office)	900	Galvan Farm Labor, Inc.	6/1/2020	4/30/2021	\$1,000.00	\$1.11	\$1,000.00	
86705 - G (Warehouse)	3,100	Ernie Ball, Inc.	5/1/2019	4/30/2021	\$2,400.00	\$0.77	\$2,400.00	
86705 - H	3,800	Umberto Bagnara	12/1/2020	11/30/2030	\$3,610.00	\$0.95	\$7,000.00	
<b>BUILDING A   Sub-Totals:</b>	<b>31,600</b>				<b>\$22,660.00</b>	<b>\$0.76</b>		

Address/Suite	RSF	Tenant	Start Date	End Date	Current Monthly Rent Amount (Gross)	Current Monthly Rent (Gross PSF)	Security Deposit	Option to Renew
86695 - A	1,980	Antonio Pacheco, DBA Agro Labor Services	10/1/2020	9/30/2023	\$1,663.20	\$0.84	\$0.00	
86695 - B	1,500	Premium Packing, Inc.	3/1/2020	2/28/2021	\$1,275.00	\$0.85	\$0.00	
86695 - C/D	3,000	Preside Management (Three Gen)	3/1/2020	2/28/2023	\$2,400.00	\$0.80	\$0.00	
86695 - E	1,500	Riverside Construction Company, Inc.	3/1/2020	7/31/2021	\$1,275.00	\$0.85	\$1,275.00	
86695 - F/G	3,000	Thermiculture Management, LLC	10/1/2018	9/30/2021	\$2,400.00	\$0.80	\$0.00	
86695 - H	1,500	Alejandro Cervantes	12/1/2020	11/30/2021	\$1,275.00	\$0.85	\$1,250.00	
86695 - I	1,500	Chuy and Sons, Inc.	3/1/2019	2/28/2021	\$1,250.00	\$0.83	\$0.00	
86695 - J	1,500	Coachella Valley Teachers Association	11/4/2016	12/31/2021	\$1,140.00	\$0.76	\$1,050.00	Yes
86695 - K	1,500	Pacific Earth Resources	8/1/2019	6/31/21	\$1,250.00	\$0.83	\$0.00	
86695 - L	1,980	Junior Enterprises, LLC	7/1/2019	6/30/2022	\$1,636.00	\$0.83	\$0.00	
<b>BUILDING B   Sub-Totals:</b>	<b>18,960</b>				<b>\$15,511.00</b>	<b>\$0.82</b>		

<b>PROJECT TOTALS:</b>	<b>50,560</b>				<b>\$38,224.20</b>	<b>\$0.76</b>		
------------------------	---------------	--	--	--	--------------------	---------------	--	--

# Financial Overview

Schedule Of Prospective Cash Flow

In Inflated Dollars for the Fiscal Year Beginning 7/1/2020

## 10 Year Cash Flow Model

For the Years Ending	Year 1 Jun-2021	Year 2 Jun-2022	Year 3 Jun-2023	Year 4 Jun-2024	Year 5 Jun-2025	Year 6 Jun-2026	Year 7 Jun-2027	Year 8 Jun-2028	Year 9 Jun-2029	Year 10 Jun-2030
<b>Potential Gross Revenue</b>										
Base Rental Revenue	\$470,628	\$502,850	\$527,960	\$544,160	\$554,387	\$559,870	\$572,310	\$582,767	\$588,205	\$601,386
Absorption & Turnover Vacancy	(9,500)	(25,429)	(4,663)	(11,973)	(26,984)	(4,948)	(8,876)	(32,544)	(5,251)	(9,419)
Base Rent Abatements	(2,376)	(5,999)	(1,165)	(2,091)	(7,151)	(1,237)	(2,219)	(6,479)	(2,309)	(1,548)
Scheduled Base Rental Revenue	458,752	471,422	522,132	530,096	520,252	553,685	561,215	543,744	580,645	590,419
CAM Reimbursement Revenue	458	1,179	2,982	5,340	3,497	3,028	5,112	3,866	3,234	5,489
<b>Total Potential Gross Revenue</b>	459,210	472,601	525,114	535,436	523,749	556,713	566,327	547,610	583,879	595,908
General Vacancy	(6,905)		(13,879)	(7,186)		(14,710)	(11,256)		(15,369)	(11,767)
<b>Effective Gross Revenue</b>	452,302	472,601	511,235	528,250	523,749	542,003	555,071	540,536	568,510	584,141
<b>Operating Expenses</b>										
Property Taxes	68,500	69,870	71,267	72,693	74,147	75,630	77,142	78,685	80,259	81,864
Property Insurance	10,094	10,296	10,502	10,712	10,926	11,145	11,367	11,595	11,827	12,063
Property Management	22,615	23,630	25,562	26,413	26,187	27,100	27,754	27,381	28,426	29,207
Landscaping	4,500	4,590	4,682	4,775	4,871	4,968	5,068	5,169	5,272	5,378
Professional Fees	3,535	3,606	3,678	3,751	3,826	3,903	3,981	4,061	4,142	4,225
R&M	12,000	12,240	12,485	12,734	12,989	13,249	13,514	13,784	14,060	14,341
Security Alarm	600	612	624	637	649	662	676	689	703	717
Telephone	181	185	189	192	196	200	204	208	212	217
Utilities - Electrical	2,519	2,569	2,620	2,673	2,726	2,781	2,836	2,893	2,951	3,010
Utilities - Waste Removal	5,586	5,698	5,812	5,928	6,046	6,167	6,291	6,417	6,545	6,676
Utilities - Water	9,992	10,192	10,396	10,604	10,816	11,032	11,253	11,478	11,707	11,941
RC Park Association	50	51	52	53	54	55	56	57	59	60
<b>Total Operating Expenses</b>	140,172	143,539	147,869	151,165	153,443	156,892	160,142	162,417	166,163	169,699
<b>Net Operating Income</b>	312,133	329,062	363,366	377,085	370,316	385,111	394,929	385,193	402,347	414,442
<b>Leasing &amp; Capital Costs</b>										
Tenant Improvements	11,688	31,213	5,505	10,125	37,721	5,842	10,745	35,151	11,180	7,593
Leasing Commissions	13,124	32,928	6,442	11,556	39,299	6,836	12,262	35,578	12,758	8,556
<b>Total Leasing &amp; Capital Costs</b>	24,812	64,141	11,947	21,681	77,020	12,678	23,007	70,729	23,938	16,149
<b>Cash Flow Before Debt Service &amp; Taxes</b>	<b>\$287,321</b>	<b>\$264,921</b>	<b>\$351,419</b>	<b>\$355,404</b>	<b>\$293,296</b>	<b>\$372,433</b>	<b>\$371,922</b>	<b>\$314,464</b>	<b>\$378,409</b>	<b>\$398,293</b>



### Rancho Coachella Business Center Tenant Roster Descriptions

**PTI Farmer's Cooperative** – PTI is the largest tenant in the park and is the largest bell pepper grower in the country. PTI is a long term tenant. PTI's lease expires 1/31/22 and has an option to renew at market.

**Christian Church** – The Christian Church is currently MTM and pays well below market. This space, if recaptured, would lease to a new long-term tenant at a market rate of \$0.85 IG. This space provides an opportunity for the new owner to create value and increase revenue.

**Madison Club <https://madisonclubca.com/>** - The Madison Club is a high end country club and ultra-high end custom home and residential land site development. The subject space is used for additional storage. This unit represents another opportunity to create additional value with a long-term tenant.

**Redstone Inc.** – Agricultural tenant paying a below market rate. Market rate is \$0.85 IG

**Galvin Farm Labor, Inc.** – Agricultural labor contracting firm that provides labor to the local agricultural companies in the Coachella Valley. As a note the current space is the office portion of Ernie Ball's space.

**Ernie Ball, Inc.** – This tenant is the world's leading manufacturer of premium electric and acoustic guitar strings, bass strings, and guitar accessories and have been played on many of the best-selling albums of all time.

**Umberto Bagnara** – This tenant is working through the process to obtain a cannabis dispensary license with the city of Coachella. The space is currently built out to 100% office, with quality improvements. A renewal on a new 10 year lease has been executed.

**Antonio Pacheco, DBA Agro. Labor Services** – Agricultural labor contracting firm that provides labor to the local agricultural companies in the Coachella Valley.

**Premium Packaging Inc.** – Premium Packaging Is a grower headquartered in Salinas.

**Preside Management (Three Gen)** - Farm labor contractor providing labor for the Coachella Valley agricultural market.

**Riverside Construction Company** - RCC is currently contracted by the city of Riverside to build a new bridge nearby. Construction is scheduled to be completed mid-2021.

**Thermaculture Management, LLC** – Thermaculture Management, LLC is an agricultural grower in the Coachella Valley.

**Alejandra Certvantes** – Agricultural labor Contractor for the agricultural industry in the Coachella Valley.

**Chuy and Sons** - Agricultural labor contracting firm that provides labor to the local agricultural industry in the Coachella Valley.

**Coachella Valley Teachers Association** – Corporate offices for the CVTA, long term stable tenant.

**Pacific Earth Resources** – An agricultural grower in the Coachella Valley grower headquartered in Oxnard.

**Junior Enterprises, LLC** – Junior Enterprises is an agricultural grower in the Coachella Valley.

# Comparables Data

## Lease Comps

	Project	Rent Term	Start Date End Date	Year Built Parking Ratio
1	<b>4,500 SF Industrial Lease Signed Jan 2020</b> 1130 N Valdivia Way, Leased by SR Construction, Inc. Palm Springs, CA 92262	\$0.85 PSF MG 2 Year Term	February, 2020 February, 2022	1980 1.90 / 1,000
2	<b>3,000 SF Industrial Lease Signed Jan 2020</b> 45090 Golf Center Pky, Leased by Northwest Designs Ink, Inc. Indio, CA 92201	\$0.85 PSF MG 2 Year Term	February, 2020 June, 2022	2006 3.00 / 1,000
3	<b>3,245 SF Industrial Lease Signed Dec 2019</b> 1243 N Gene Autry Trl - Leased by Pet Hotel Indio, CA 92201	\$0.85 PSF MG 5 Year Term	January, 2020 January, 2025	1970 1.79 / 1,000
4	<b>2,500 SF Industrial Lease Signed Nov 2019</b> 42700 Aegean Street, Leased by Gen3 Earthworks Palm Springs, CA 92262	\$0.89 PSF MG 2 Year Term	November, 2019 November, 2021	2007 1.19 / 1,000
5	<b>2,525 SF Industrial Lease Signed Nov 2019</b> 45625 Citrus Ave Indio, CA 92201	\$0.76 PSF + Util 2 Year Term	December 2019 December 2021	1987 2.5 / 1,000
6	<b>4,412 SF Industrial Lease Signed Mar 2019</b> 38698 El Viento Rd, Leased by Wee Haul Moving & Storage Palm Desert, CA 92211	\$0.90 PSF MG 3 Year Term	April, 2019 April, 2022	2006 2.7 / 1,000
7	<b>3,600 SF Industrial Lease Signed Nov 2018</b> 81824 Trader Pl Indio, CA 92201	\$0.75 PSF MG 5 Year Term	December, 2018 November, 2023	1980 1.19 / 1,000



# Comparables Data

## Competing Multi-Tenant Industrial Parks

	Address	Square Feet # of Buildings Land Area	In Place Lease Rate Year Built	Occupancy As of June 2020
	82855 Market Street Indio, CA	122,151 RSF 9 Buildings	\$0.78 PSF Gross 2008	85% Units from 2,500 SF
	44903-44909 Golf Center Parkway Indio, CA	108,661 RSF 7 Buildings	\$1.00 PSF Gross 1998	100% Units from 1,440 SF
	82579 Fleming Way Indio, CA	53,512 RSF 1 Building	\$0.75 PSF Gross 1990	100% Single Tenant
	45116 Commerce Street Indio, CA	20,565 RSF 1 Building	\$1.15 PSF Gross 1987	100% Units from 900 SF
	45090 Golf Center Parkway, Indio CA 92210	21,000 SF 1 Building	\$0.85 MG 2006	100% Multi-Tenant
	45435 Van Buren Street Indio, CA	41,390 SF 2 Building	\$0.65 NNN (+\$0.40 NNN) 1987	100% Multi-Tenant
	45625 Citrus Indio, CA	16,976 SF 1 Building	\$0.80 IG 1987	100% Multi-Tenant

# Market Overview

## Industrial Market Summary

Coachella Valley is a desert area located west of Joshua Tree National Park and home to the popular resort cities of Palm Springs and Palm Desert. Over 15 million SF of industrial product is in the submarket, a sizable portion of which is specialized industrial and flex. The submarket straddles I-10—east of the most populated portions of the metro and a route to the East Coast. Like the metro, fundamentals have improved throughout this cycle. However, the submarket has not experienced the industrial boom that has developed throughout much of the Inland Empire. The vacancy rate improved from a recession high of 16% in 2010 to 3.4% and rent growth has been robust for over five years. Only two buildings larger than 100,000 SF have delivered this cycle—a 150,000-SF FedEx Distribution Center in Palm Springs that delivered in 2015 and a 225,000-SF warehouse in Desert Hot Springs near the corner of Two Bunch Palms Trail and Little Morongo Road that delivered in June 2018. The largest delivery of 2019 is a 40,000-SF warehouse in Desert hot Springs and there are no large developments underway.

Given the size of its inventory, Coachella Valley posted several large trades which closed in January and February of 2020, including a six-property portfolio traded in April 2019 for \$27.1 million (\$263/SF) involving 1 & 2 Star properties. Innovative Industrial Properties purchased the portfolio and has entered into a triple-net lease at each property with a buyer that is licensed for cannabis cultivation, manufacturing, and processing. The submarket's average sale price is about \$190.00/SF.





# Market Overview

## A Dream Destination

Nestled between the mesmerizing San Jacinto and Santa Rosa mountains and Joshua Tree National Park on either side, the Coachella Valley is like no other place on earth. Some might even say it's magical. Health-seekers, adventurers, artists, and more have flocked here since the early 1900s in search of inspiration, solitude, and serenity. Here, there's room to breathe and just be, frolicking among the palm oases, hidden waterfalls, and blooming bougainvillea beneath sun-kissed skies.

While our nine cities — Palm Springs, Desert Hot Springs, Cathedral City, Rancho Mirage, Palm Desert, Indian Wells, La Quinta, Indio, and Coachella — have distinct histories and personalities, all enchant and offer endless ways to chill. Visit the infamous San Andreas Fault and its twisted desert canyons with a sunset Jeep tour. Soak in our healing hot mineral springs, some of the purest in the world. Treat yourself to a blissful spa day at one of our many luxurious resorts and hotels. Tee off at a championship golf course, where the likes of Arnold Palmer, Phil Mickelson, and Tiger Woods have played. Or simply bask in the sun at a secluded poolside retreat. Regardless of where your Greater Palm Springs journey begins, you're guaranteed to experience that same magic in the air that keeps travelers coming back, time and time again.

The City of Palm Springs also has a long history as a Southern California getaway. Located approximately 100 miles from Orange County and Los Angeles it is the perfect blend of midcentury and modern. The city's laid-back vibe and year-round perfect weather have enticed sun-seekers and celebrities for a century, and there's something here for everyone, whether you're looking to explore the city's architectural history or discover your own private piece of paradise or maybe play golf at one of the 250 world class courses in the Coachella Valley.

## The Coachella Valley Music Festivals

The Coachella Valley is home to one of the world's largest annual music festivals. The event is simply known as Coachella and began in 1999 and hosted 37,000 people at the first event. When Coachella 2019 opened its second weekend, more than a hundred thousand music fans from the United States and all over the world will have made their way to California to see their favorite artists perform. This year's festival sold out within a few hours, with all general admission ticket the first weekend gone within 40 minutes despite the steep price of \$429. Located at the Empire Polo Club in Indio, California, the Coachella Valley Music and Arts Festival is held annually on two consecutive weekends in April. After the attendance cap for the festival was recently raised from 99,000 to 125,000 per day by the City of Indio, total attendance of the festival will amount to roughly 750,000 people over the course of six days. That makes Coachella one of the largest music festivals in the world, when looking at aggregate attendance over the entire course of the respective event.



# Rancho Coachella Business Center

86695 – 86705 Avenue 54, Coachella, CA 92236

## Exclusively Listed By:

### Mark Brecheen

Senior Vice President

[mbrecheen@naicapital.com](mailto:mbrecheen@naicapital.com)

909.243.7618

CA DRE Lic. #01067898

### Nicholas Chang, CCIM, SIOR

Executive Vice President

[nchang@naicapital.com](mailto:nchang@naicapital.com) • 909.243.7614

CA DRE Lic. #01341826

### Richard Lee, SIOR

Executive Vice President

[rlee@naicapital.com](mailto:rlee@naicapital.com) • 909.243.7601

CA DRE Lic. #01757870

### Justin Kuehn

Vice President

[jkuehn@naicapital.com](mailto:jkuehn@naicapital.com) • 909.243.7627

CA DRE Lic. #01966182

### Sione Fua

Senior Associate

[sfua@naicapital.com](mailto:sfua@naicapital.com) • 909.243.7619

CA DRE Lic. #02006432



COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE