



**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.



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## Table of Contents



## Rancho Coachella Business Center

86695 – 86705 Avenue 54, Coachella, CA 92236



# 1

### EXECUTIVE SUMMARY

Investment Overview  
Investment Highlights  
Property Highlights  
Site Plan



# 2

### FINANCIAL OVERVIEW

2019 Income & Expense  
Market Lease Assumptions  
Rent Roll  
10 Year Cash Flow Model



# 3

### COMPARABLES DATA

Competing Multi-Tenant  
Industrial Parks  
Lease Comps



# 4

### MARKET OVERVIEW

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)

<b>Current Year 1 Rent (In Place)</b>	<b>\$0.75 PSF</b>	<b>\$38,061</b>	<b>\$456,732</b>
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## 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>\$0.51</b>	<b>\$25,786</b>	<b>\$309,435</b>

# Executive Summary

## Property Highlights



### Sale Price

\$6,500,000



### 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

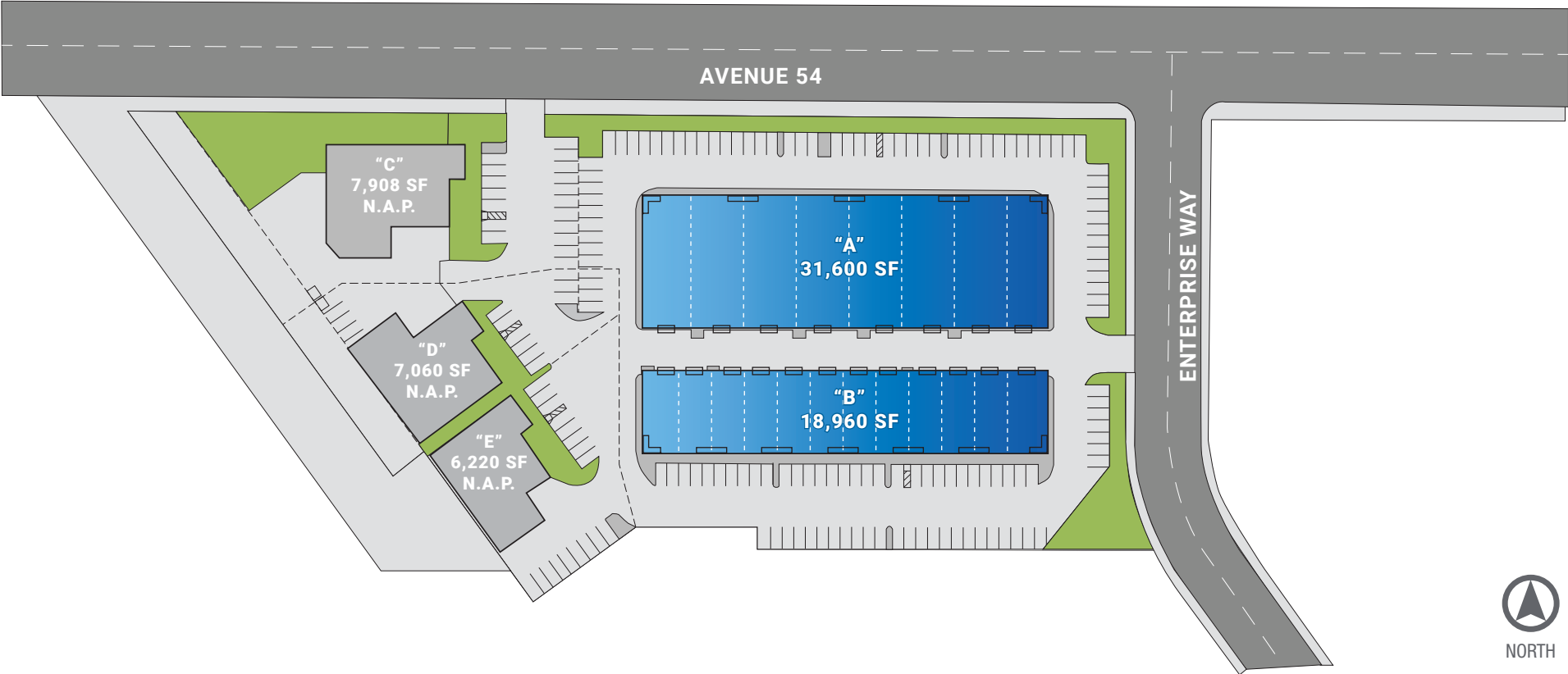


### Zoning

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	Yes
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	12/1/2019	11/30/2020	\$3,500.00	\$0.92	\$7,000.00	
<b>BUILDING A   Sub-Totals:</b>	<b>31,600</b>				<b>\$22,550.00</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	10/1/2018	9/30/2020	\$1,635.00	\$0.83	\$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	Headstart Nursey, Inc.	12/1/2019	11/30/2021	\$1,250.00	\$0.83	\$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>\$38,061.00</b>	<b>\$0.75</b>		
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# Financial Overview

## 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	\$469,109	\$499,788	\$525,058	\$539,431	\$548,477	\$554,008	\$566,052	\$575,694	\$581,252	\$594,198
Absorption & Turnover Vacancy	(14,512)	(25,429)	(4,663)	(15,401)	(26,984)	(4,948)	(12,514)	(32,544)	(5,251)	(13,279)
Base Rent Abatements	(3,630)	(5,999)	(1,165)	(2,948)	(7,151)	(1,237)	(3,128)	(6,479)	(2,309)	(2,513)
Scheduled Base Rental Revenue	450,967	468,360	519,230	521,082	514,342	547,823	550,410	536,671	573,692	578,406
CAM Reimbursement Revenue	526	1,515	3,769	5,785	3,581	3,353	5,389	3,865	3,495	5,855
<b>Total Potential Gross Revenue</b>	451,493	469,875	522,999	526,867	517,923	551,176	555,799	540,536	577,187	584,261
General Vacancy	(1,798)		(13,805)	(3,578)		(14,516)	(7,377)		(15,134)	(7,635)
<b>Effective Gross Revenue</b>	449,695	469,875	509,194	523,289	517,923	536,660	548,422	540,536	562,053	576,626
<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	22,485	23,494	25,460	26,164	25,896	26,833	27,421	27,027	28,103	28,831
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>	140,042	143,403	147,767	150,916	153,142	156,625	159,809	162,063	165,840	169,323
<b>Net Operating Income</b>	309,653	326,472	361,427	372,373	364,781	380,035	388,613	378,473	396,213	407,303
<b>Leasing &amp; Capital Costs</b>										
Tenant Improvements	17,830	31,213	5,505	14,410	37,721	5,842	15,292	35,151	11,180	12,418
Leasing Commissions	20,048	32,928	6,442	16,291	39,299	6,836	17,287	35,578	12,758	13,889
<b>Total Leasing &amp; Capital Costs</b>	37,878	64,141	11,947	30,701	77,020	12,678	32,579	70,729	23,938	26,307
<b>Cash Flow Before Debt Service &amp; Taxes</b>	<b>\$271,775</b>	<b>\$262,331</b>	<b>\$349,480</b>	<b>\$341,672</b>	<b>\$287,761</b>	<b>\$367,357</b>	<b>\$356,034</b>	<b>\$307,744</b>	<b>\$372,275</b>	<b>\$380,996</b>

# 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

# 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

# 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.



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