

17232

RED HILL AVENUE, SUITE H
IRVINE, CALIFORNIA 92614



OFFERING MEMORANDUM

NAI Capital
COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE


OWNER USER GROUP

Exclusively Listed by:

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17232

RED HILL AVENUE, SUITE H

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EXECUTIVE SUMMARY

Offering Summary

NAI Capital, Inc. has been retained, as Exclusive Agents, for the disposition of 17232 Red Hill Avenue, Suite H, located in Irvine, California (“Property”). The Property is ideally situated within the 3.91-acre Red Hill McGaw Business Center totaling 62,600 square feet built in 1965. Its original owner/user later converted the entire industrial project into numerous condos, each separate parcels, in 2005. Its central location presents an ideal position for commuting with Interstates 5 and 405 running through the city and numerous nearby highways and toll roads connecting the community to abundant world class shopping, dining, and entertainment as well as the Orange County beaches.

Purchased in 2006, this single-story, 4,950 square foot medical / office condo underwent a contemporary custom build-out accented by high ceilings, high-end finishes and illuminated throughout with 4000 Kelvin color temperature lighting; a natural light ambiance. Additional upgrades include custom sized stained and professionally finished wood doors with aluminum frames and satin chrome hardware.

The build-out also involved the installation of new electrical, mechanical and plumbing systems including triple-zoned and separately controlled HVAC units and security system, and is now technologically supported by the highest data transfer speed connection with Cat8 ethernet cabling as well as high speed fiber optic access. The build out was designed and constructed by an award-winning medical space planner/architect, Ware Malcomb.

The interior layout itself provides 10 Patient Treatment Rooms, X-ray Suite, Surgery Room, 2 Waiting Rooms, 2 Reception Areas, 3 Offices, Multiple Cubicle Areas, Conference Room, Kitchenette/Break Room, separately air conditioned IT/Server Room and Storage/Cleaning space with hospital grade rapid heat water heater and sink.

Among the beautifully designed, landscaped, and well-maintained professional business park, the Property offers ample subsurface parking and prominent building signage and visibility as it fronts Red Hill Avenue and is accentuated by an exterior glass line and high-profile, entrepreneurial image.

Investment Highlight:

This investment opportunity is currently home to ProCare Work Injury Center, an employer’s health resource facility, focusing on evaluation and management of health issues and injuries arising for the workplace or environmental exposures. ProCare Work Injury Center has carved out a unique niche in the medical industry as workers compensation is mandatory for all employers in the state of California. ProCare has the correct processes in place to serve these patients and to navigate through the bureaucratic process to continue providing a successful, thriving medical practice.

ProCare currently operates two locations in Irvine and Huntington Beach with three board certified physicians, three physician assistants, two physical therapists, one PT assistant, and one chiropractor.

This investment comes with a successful tenant in tow!

<https://www.procareworkcomp.com/>





Irvine, California

IRVINE TODAY AND THE FUTURE More than 40 years ago, the City of Irvine was still in its infancy. In 2015, Irvine has more than 200,000 jobs and more than 21,000 businesses have a license here. Today, the City Council supports its public schools with more than \$9.1 million in direct and in-kind support each year; the City Council has approved a public-private partnership to build parkland on 688 acres of the Orange County Great Park; and businesses continue to make Irvine home or, as Broadcom has done, to decide to build a new or permanent campus for the long-term.

Irvine's noteworthy, present-day status didn't evolve from happenstance. It's the outcome of master planners, and those engaged to institute the plan. Each day, the Irvine City leaders and staff work diligently to ensure a quality environment for the City's future.

Using the City's Strategic Business Plan and the General Plan, the Irvine City Council makes decisions that will:

- Maintain and enhance Irvine's physical environment that will prevent community deterioration
- Secure a safe community by assuring the right balance between public safety services and prevention strategies
- Encourage economic prosperity by attracting and retaining businesses and sales tax
- Promote effective government by assuring that the City organization is flexible, market-based and customer focused in its service delivery

For more than 40 years, residents and businesses have been choosing the City of Irvine because of its dedication to maintaining its reputation as one of the safest, master-planned, business-friendly communities in the country.

Source: <https://www.cityofirvine.org/about-irvine/history-city>



Additional Investment Highlights

MARKET OVERVIEW The medical office market continues to thrive in Southern California as a whole. The demographics pushing this sector are also an interesting discussion. Although the baby boomer population is driving the demand discussion, it is the millennial generation who grew up with the internet that has higher expectations for convenience for healthcare delivery and flexibility. They are also more at ease in sharing information electronically and are expected to be key decision makers regarding their aging parents' healthcare in the future and will demand technology to assist these decisions and the information relating to it.

The market is shifting, and medical office tenants must find ways to not only capture new patients; more importantly, retain them.

A clear benefit to a medical office investment is the stability they can offer. Given the recent worldwide pandemic, it is no surprise that interest in medical office buildings/spaces has further increased. There is a need for more, smaller, and localized providers.

MEDICAL OFFICE DEMAND Demand for medical office space nationally has been increasing for the past several years, which reduced available supply. This location is best suited to serve sections of Irvine, Santa Ana, and Costa Mesa where there are a limited amount of medical offices and medical providers. The long-term view reveals a continued scarcity of medical offices and medical providers offering long-term and stable occupancy for ProCare Work Injury Center. The Property's exact location has extremely limited medical office space making it especially unique and therefore valuable.

Additional Investment Highlights (Continued)

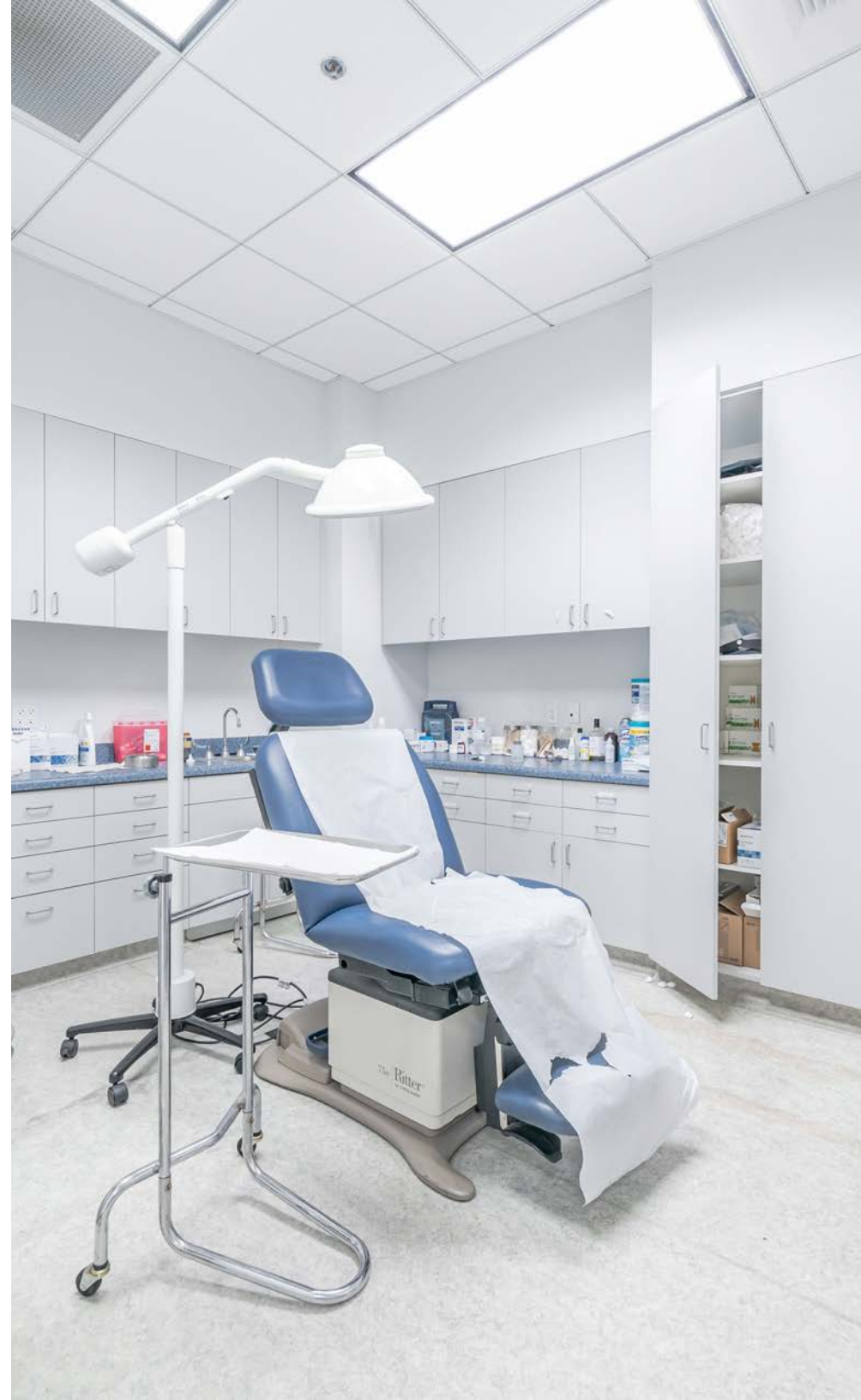
LOCATION 17232 Red Hill Avenue is conveniently located with quick and easy access to the I-55 and I-405 Freeways, as well as the 73 Toll Road. Entrepreneurs, small businesses, and large corporations' value the regions superior transportation system, which offers access to the strong economic base, highly skilled labor pool and diversity of technical resources of Southern California.

VISIBILITY The property fronts Red Hill Avenue between McGaw Avenue and Alton Parkway with building signage rights.

AMENITY-RICH AREA The Property is surrounded by world class dining, shopping and entertainment destinations such as the world famous South Coast Plaza, South Coast Collection (SOCO), Fashion Island, Irvine Spectrum Center, The Market Place, and The District at Tustin Legacy. In addition, smaller retail centers, grocery stores, banks, convenient stores, and other restaurants are in abundance.

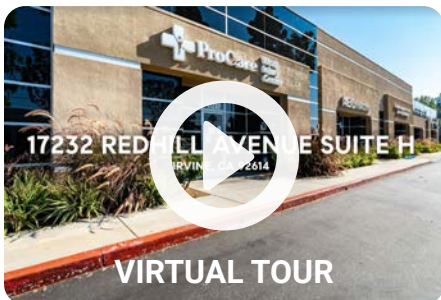
POPULATION / INCOME Due to the Property's location within the densely populated and continuously growing city of Irvine, 17232 Red Hill Avenue's location within the community combined with a long-term established tenant in tow, this investment will remain steady and stable.

STRONG TENANT COMMITMENT ProCare Work Injury Center is well established, has two locations in Orange County, and offers a full scope of occupational medicine services to local Federal, State, County and Fortune 500 companies; they have a long-standing client base.



Project Summary

Address	17232 Red Hill Avenue, Suite H, Irvine, CA
Owner	California Occupational Associates, LLC
Project Name	Red Hill McGaw Business Center
Property Type	Industrial
Parcel Size	Combined 3.91 AC (Multiple)
Parking	24 Spaces (Dedicated with deed)
Construction	Reinforced Concrete
Year Built	1965 (Entire Project Conversion in 2005)
Rentable SF	4,950 SF
Stories	Single
NOI	137,080
CAP	5.1%
Project Occupancy	100%
Project Size	62,600 SF





Market Overview

The City of Irvine is located between Costa Mesa and Lake Forest in central Orange County. Irvine lies approximately 15 miles south of Anaheim and 40 miles southeast of Downtown Los Angeles. The City spans about 66 square miles and prides itself on offering residents a high quality of life as a master-planned community. FBI data ranked Irvine as the safest city of its size for the 15th-consecutive year in 2019.

TRANSPORTATION & ACCESS Irvine's central location presents an ideal position for commuting as well as transport of materials. Interstates 5 and 405 run through the City along with Highways 73, 133, 241 and 261. Nearby Highway 55 connects the community to the Pacific Ocean for convenient access to Orange County's famous beaches.

Irvine provides ample public transportation options along with services from the Orange County Transportation Authority. iShuttle operates within the Irvine Spectrum Area and the Irvine Business Complex to whisk commuters to and from local employment centers. The City also operates the Irvine Transportation Network (ITN) in partnership with local employers for residents in the Irvine Business Complex. Metrolink and Amtrak commuter rail services are other popular options for workers and tourists alike. Irvine's extensive network of 63.3 miles of biking trails and bike-friendly streets give outdoor enthusiasts and commuting cyclists plenty of space to explore or get around town.



POPULATION

299,577



SIZE

65.9 sq. miles



HOUSEHOLDS

117,417



MEDIAN HH INCOME

\$104,120



AVERAGE HH INCOME

\$144,651

Economy & Employment

Located in the heart of Southern California, Irvine is a thriving and remarkably diverse center of business. More than 23,000 businesses have a license in Irvine, producing more than 200,000 jobs, including manufacturing, legal, financial and professional services, software, accounting, scientific and medical research firms. Just minutes from Orange County’s best beaches, Irvine offers coastal amenities with a sustainable lifestyle as America’s No. 1 master-planned community.

Our strategic location, strong partnerships, and values of creativity and innovation, set Irvine apart as an ideal place for businesses to thrive. The City provides at a high level most everything that is of value to a business: opportunities, local high-skilled employees, public education support, safety, and top-quality infrastructure.

Source: <https://www.cityofirvine.org/economic-development>



Principal Employers	Employees
University of California, Irvine (Education)	21,700
Irvine Unified School District (Education)	3,024
Edwards Lifescience Corp. (Heart Valves)	2,987
Blizzard Entertainment	2,724
Broadcom Corp. (Computers - Chipmakers)	2,604
Glidewell Laboratories	1,960
Parker Hannifin (Aircraft Parts)	1,800
Nationstar Mortgage	1,556
B. Braun	1,370
Western Digital	1,300

Source: <https://www.cityofirvine.org/about-irvine/demographics>

REDHILL MCGAW
BUSINESS CENTER
17200 - 17288

PROPERTY DETAILS

McWellness

17272

Area Map



Local Map



Aerial Map

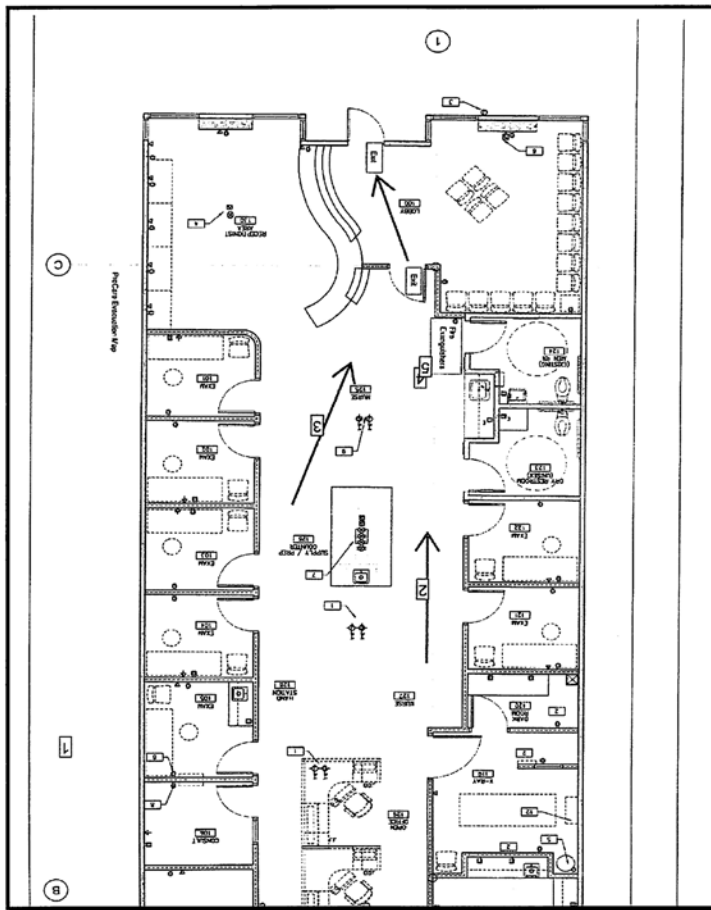


Photos



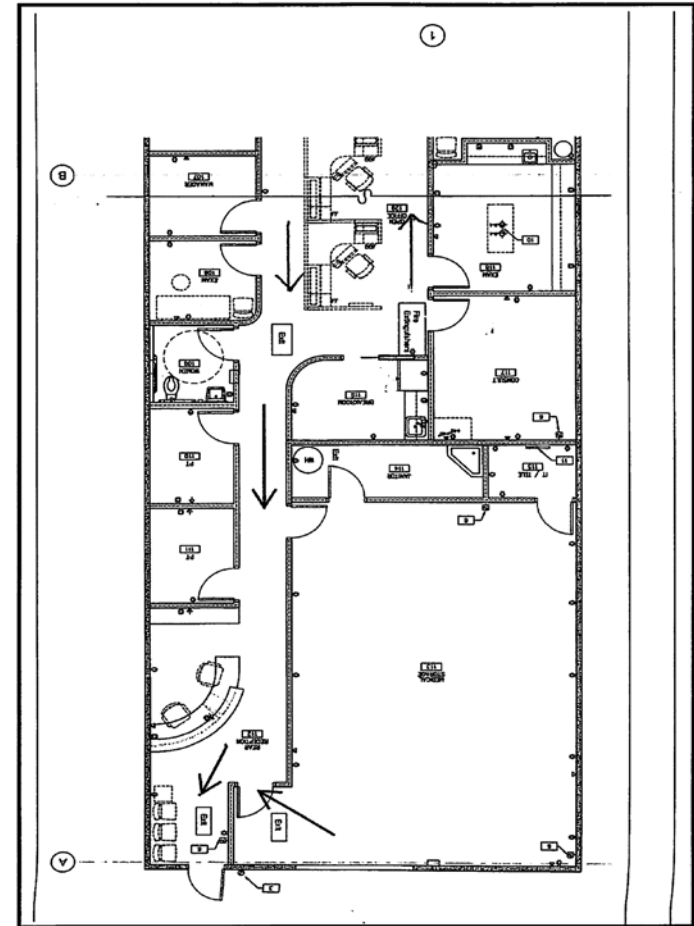
Floor Plan

Appraisal of 17232 Red Hill Avenue, Irvine, CA



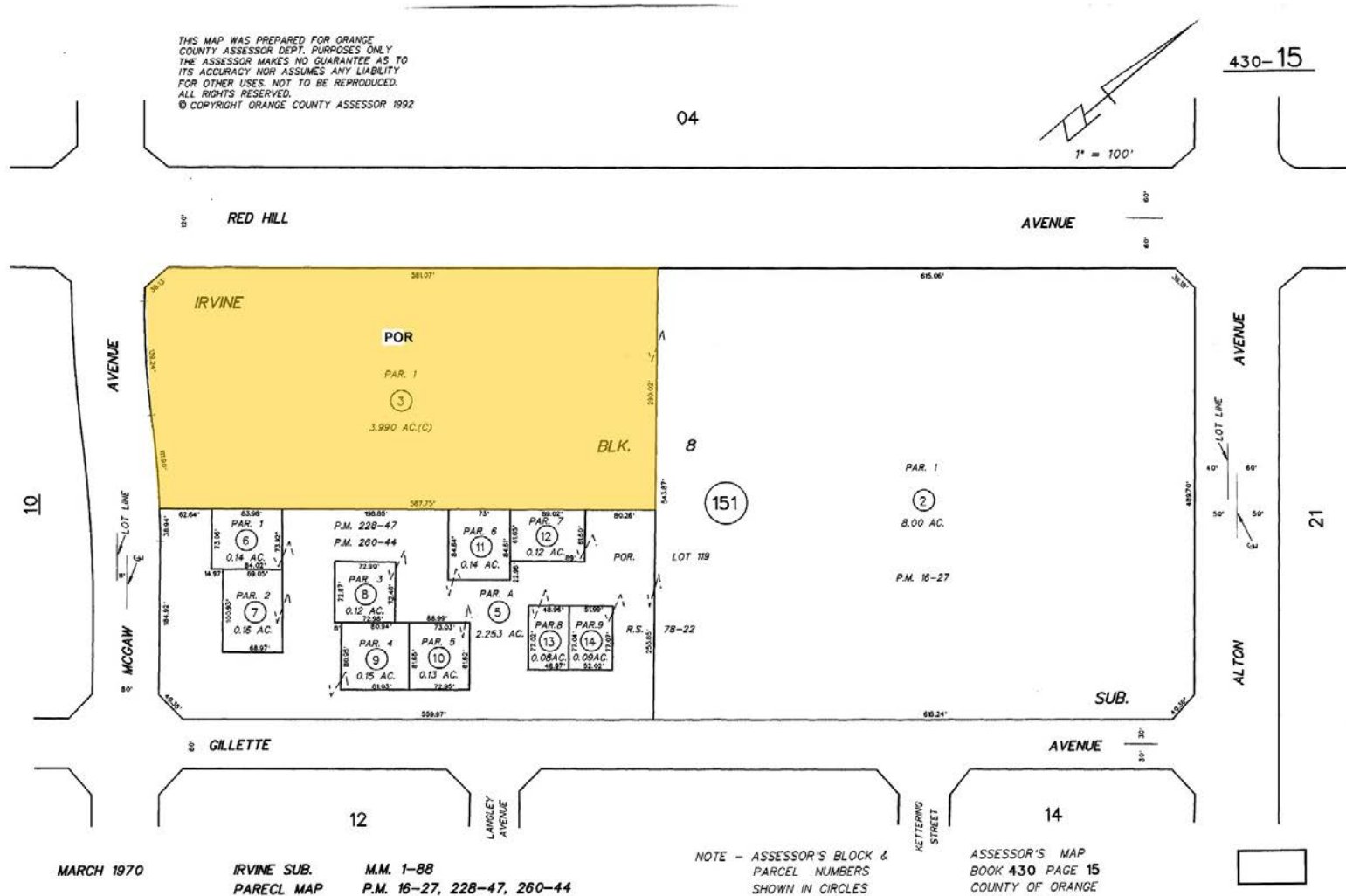
FLOOR PLAN 1 (front of office)

17232 Red Hill Avenue, Irvine, CA



FLOOR PLAN 2 (back of office)

Parcel Map





FINANCIAL ANALYSIS

Sales Analysis

Units	Address	City	Zip
1	17232 Red Hill Ave- Suite H	Irvine	92614

Price	PP PSF	CAP Rate		Market	\$/Unit
		Current	Market		
\$2,699,900	\$545	5.1%	5.9%		\$2,699,900

\$/Square Foot (Approx.)	Gross Sq. Ft. (Approx.)	Parcel Size (Approx.)	Yr. Built (Approx)
\$545.43	4,950	4,950	1965

# Units	Type	Income Detail		
		Rent	Rate/SF/MG	Total
Estimated Actual Average Rents				
1	Offc/Med	\$14,256	2.88	\$14,256
Total Monthly Income				\$14,256
Estimated Market Rents				
1	Offc/Med	\$16,088	3.25	\$16,088
Total Monthly Income				\$16,088

*Utilities paid by Tenant

Estimated Annual Operating Proforma			
		Actual	Market
Gross Scheduled Income		\$171,072	\$193,050
Less: Expenses	20%	(\$33,992)	(\$33,992)
Net Operating Income		\$137,080	\$159,058
Less: 1st TD Payments		(\$107,547)	(\$95,616)
Pre-Tax Cash Flow		\$29,533	\$63,441
Cash-On-Cash Return		3.65%	7.83%

Estimated Annual Operating Proforma	
Maintenance - Plumbing	\$125
Maintenance - HVAC	\$475
Maintenance - Other	\$2,000
Association Fees	\$10,104
Insurance	\$2,200
Property Tax	\$19,088
Total Annual Operating Expenses (estimated):	\$33,992
Actual GSI (%)	20%

Financing Summary		
Down Payment:	\$809,970	30%
Interest Rate:	3.00%	
Amortized over:	25	Years
Proposed Loan Amount:	\$1,889,930	
Debt Coverage Ratio:		
	Current:	1.27
	Market:	1.66



COMPARATIVE MARKET ANALYSIS

WILL MCGAW
BUSINESS CENTER
30 - 17288

Calibres

Nail Society

EXSILIO
solutions

Sale Comparables



22 Odyssey, Unit 265

Sale Date:	12/27/2019
Sale Price:	\$2,105,500
SF	51,865 SF
Price/SF:	\$850.02
Property Type:	Office



22 Odyssey, Unit 275

Sale Date:	11/13/2018
Sale Price:	\$3,500,000
SF	51,865 SF
Price/SF:	\$753.99
Property Type:	Office



68 Discovery

Sale Date:	1/28/2019
Sale Price:	\$2,300,000
SF	4,772 SF
Price/SF:	\$481.98
Property Type:	Office



305 Orange Avenue

Sale Date:	6/8/2020
Sale Price:	\$2,550,000
SF	4,712 SF
Price/SF:	\$541.17
Property Type:	Office

Comparative Market Analysis



10 Post

SF Leased:	4,562 SF
Rent PSF/Type (MG or NNN)	\$4.50/NNN
Property Type / Use	Office/Medical



1520 Nutmeg Place

SF Leased:	4,897 SF
Rent PSF/Type (MG or NNN)	\$2.90/MG
Property Type / Use	Medical



1640 Newport Boulevard

SF Leased:	3,125 SF
Rent PSF/Type (MG or NNN)	\$4.25/MG
Property Type / Use	Office/Medical

ProCare Work Injury Center

17232

BROKER REPRESENTATION

ProCare
Work Injury Center
Hours of Service
Mon-Fri: 8:00 am - 6:00 pm
Saturday: 9:00 am - 3:00 pm
Open 24/7 for case work inquiries
After hours case inquiries, call 951-762-1111
or My Case Manager



Broker Representation



John Manion
Executive Vice President

John has been serving the needs of the local Entrepreneurs and Independent Investors for more than 22 years. He has crafted a concierge level of service to his clients where the relationship prevails over the transaction. Knowing what the Entrepreneur needs to do to grow their business and knowing what risk tolerance and returns an independent investor will handle are all part of the day-to-day activities.

John has built the Division to be forward thinking and trend setting when it comes to working with buyers and sellers of owner-user properties and independent investment opportunities. How to sell for the highest price in the shortest time frame, how to keep properties occupied with credit worthy and consistent paying tenants; curating the buying experience needed to assure our clients locate the right property at the right time.

The Division completes approximately three transactions a week, and John maintains a strong influence and oversees all of them. The volume of transactions provides intimate market knowledge and situational awareness that provides his clients a tactical advantage in all negotiations when the client is the seller, the buyer, the landlord or the tenant.



Jeanene Stolrow
Vice President

Jeanene is a client focused solution oriented commercial real estate agent with the knowledge and expertise to deliver on deals ranging from small multi-year leases to major purchase/sale transactions. She has been instrumental in the team's successful completion of nearly 100 transactions and gross sales and leases totaling nearly \$100 million in the past two years.

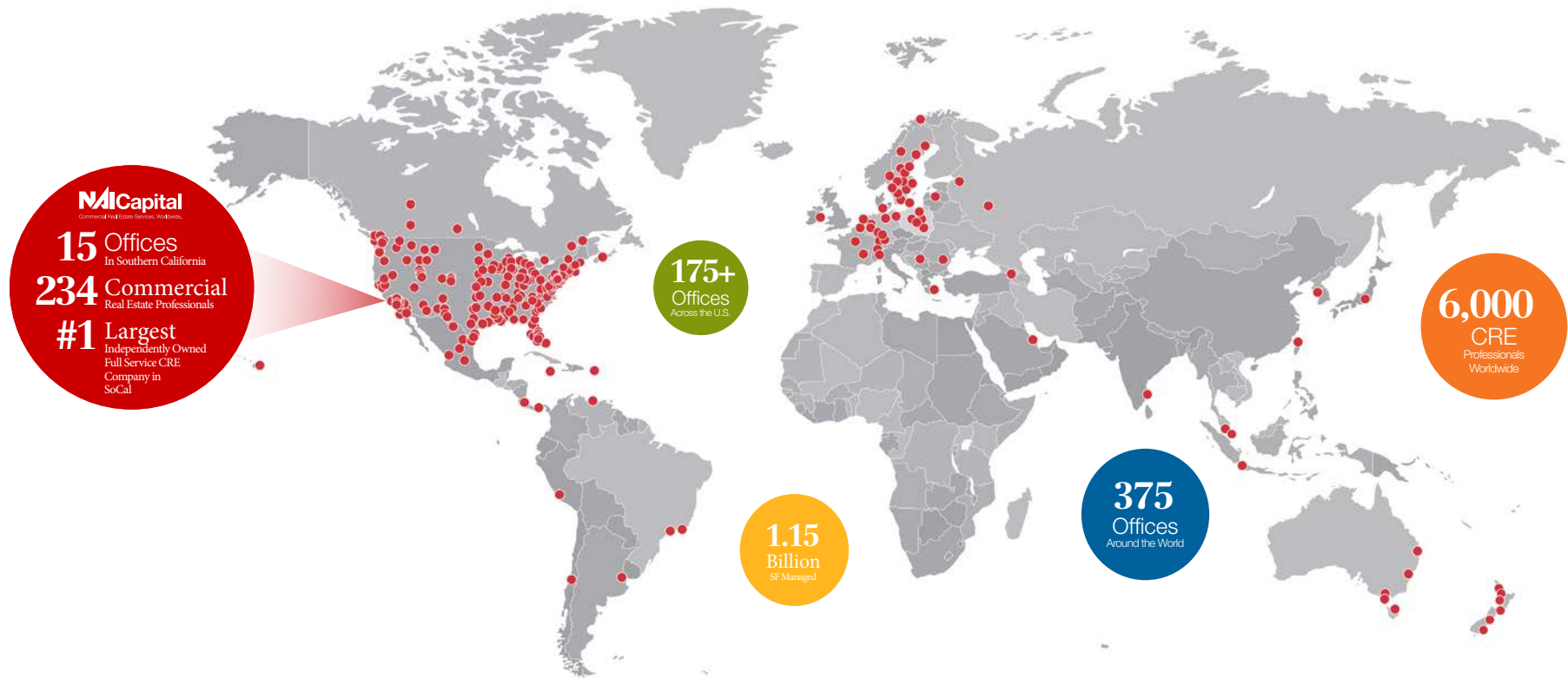
Her primary focus is the Orange County Office and Industrial markets; with additional experience in retail, medical and mixed-use properties within the Irvine Spectrum, Lake Forest, Tustin, Costa Mesa, Santa Ana, OC Airport and Newport Beach sub-markets. Outside of Orange County she has locational experience with the Long Beach metro area and Palm Desert. Non-local regional experience includes the greater Phoenix market where she facilitated the due diligence process of a \$14,000,000, 128,569 SF Retail Center.

In addition to providing exceptional transaction service to her clients, Jeanene supports all operational aspects of the Owner User Group's sales and leasing services, with primary responsibility for risk management and compliance. Distinctive client service demands proper attention to detail and tenacity. Jeanene has earned the respect of her clients with capable navigation and guidance through the entire transaction process. She prides herself on exceptional value-added representation of sellers, buyers, landlords and tenants.

NAI Capital Inc. / NAI Global

NAI Capital is the largest independently owned full service commercial real estate firm headquartered in Southern California. As one of the largest members of NAI Global, the premier managed commercial real estate service network with 375 offices and 6,000 market leaders spanning the globe, NAI Capital provides a complete range of transaction, valuation, investment, property management and consulting services.

By leveraging our local expertise with our global reach, NAI Capital offers innovative, customized solutions and seamless service to owners, tenants, investors and developers throughout Southern California. NAI Capital clients have built their businesses on the power of our expanding network. We are a dynamic growing commercial real estate company. At NAI Capital we work together putting our clients first.



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