

# POMERADO

## PROFESSIONAL PLAZA

VALUE - ADD MEDICAL OFFICE OPPORTUNITY ACROSS FROM PALOMAR MEDICAL CENTER POWAY

Inquire with listing agents for confidentially agreement to receive full offering memorandum

EXCLUSIVELY LISTED FOR SALE BY:

**TRAVIS IVES**  
Senior Director  
858 334 4041  
travis.ives@cushwake.com  
Lic. #01889097

**JOE ZUREK**  
Associate  
858 558 5612  
joe.zurek@cushwake.com  
Lic. #01967813



# POMERADO

## PROFESSIONAL PLAZA

15706 - 15708 Pomerado Road, Poway, CA 92064



**PALOMAR  
MEDICAL CENTER**  
Poway



POMERADO ROAD

# POMERADO

PROFESSIONAL PLAZA

[Link to  
drone video](#)



**POMERADO**  
PROFESSIONAL PLAZA

# THE OFFERING



# INVESTMENT OVERVIEW

## BUILDING PROFILE

|                  |  |
|------------------|--|
| BUILDING ADDRESS | 15706-15708 Pomerado Road<br>Poway, CA 92064 |
| PARCEL NUMBER    | 275-461-11                                   |
| YEAR BUILT       | 1982   |
| YEAR RENOVATED   | 2017   |
| SQUARE FOOTAGE   | 46,183                                       |
| LAND AREA        | 177,289 SF (4.07 acres)                      |
| FLOOR AREA RATIO | 26 %   |
| PERCENT LEASED   | 86%  |
| PARKING          | 159 stalls (35 covered)                      |
| ZONING           | CO (Commercial Office)                       |
| ASKING PRICE     | \$15,850,000 (\$343 PSF)                     |
| YEAR 1 NOI       | \$957,827*                                   |
| CAP RATE         | 6%   |

\* Includes Seller credit for \$23,774 in base rent abatement

Cushman & Wakefield is pleased to present the opportunity for qualified investors to acquire fee-simple interest in Pomerado Professional Plaza, an attractive multi-tenant medical office building in the City of Poway, CA.

Located across the street from Palomar Medical Center Poway, the property benefits from its proximity to the hospital campus without any of the typical restrictions of on-campus space. Seller has recently invested millions into building systems, common area improvements, exterior enhancements and tenant improvements which brought occupancy up from 55% to 86% in just 3 years.

The remaining lease-up of vacant space and the ability to push rents provides an attractive value-add opportunity for investors supported by a reliable stream of in-place cash flow. The weighted average remaining lease term is over 4 years and in-place rents are 8% below market.



# POMERADO

PROFESSIONAL PLAZA



# PROPERTY HIGHLIGHTS

- 82% of tenant spaces have been built or renovated in the last 3 years
- New roof in 2011 under warranty through 2031
- Rare opportunity to provide tenants signage on Pomerado Road
- Proximity to hospital is major demand driver
- Separately metered tenant spaces
- Operable doors and windows is unique in the market
- Private patios attached to most ground floor suites
- Major renovations in 2017 included:
  - Flooring, ceiling grid and lighting in hallways
  - Common area restrooms
  - New smooth trowel finish applied to exterior
  - New landscaping



Across street from Palomar  
Medical Center Poway



Monument signage available  
on Pomerado Road



Synergistic base of existing  
medical and dental tenants



\$130,351 - Average 3-mile  
radius Household Income

## BUILDING CONSTRUCTION

|                     |  |
|---------------------|--|
| CONSTRUCTION TYPE   | Steel frame with wood joists and plywood concrete-topped decks   |
| ROOF                | Flat roofs with built-up membrane replaced September 2011<br>Under warranty through 2031   |
| HVAC                | Water source heat pumps in tenant spaces<br>73-ton closed loop boiler/chiller system with cooling tower  |
| ELEVATOR            | Single 2000-lb two-stop hydraulic elevator built by Oliver Williams  |
| FIRE & LIFE SAFETY  | Fire sprinklers in common areas, hydrants, smoke detectors and extinguishers   |
| CEILING HEIGHTS     | 12' floor to ceiling with varying floor to grid heights  |
| ELECTRICAL          | North Building: 1,600 amps, 120/208 volt, three-phase, four-wire power<br>South Building: 1,200 amps, 120/208 volt, three-phase, four-wire power |
| ELECTRICAL METERS   | Single house meter for each building with separate meters for tenant spaces  |
| SANITARY SEWER      | City of Poway  |
| STORM SEWER         | City of Poway  |
| DOMESTIC WATER      | City of Poway  |
| ELECTRIC SERVICE    | San Diego Gas & Electric   |
| NATURAL GAS SERVICE | San Diego Gas & Electric   |
| TELECOM SERVICE     | AT&T and Cox Communications  |

**POMERADO**  
PROFESSIONAL PLAZA

# PROPERTY LOCATION

**POMERADO**  
PROFESSIONAL PLAZA

**PALOMAR MEDICAL  
CENTER POWAY**

BERNARDO CENTER DR

BERNARDO HEIGHTS PKWY

POMERADO RD

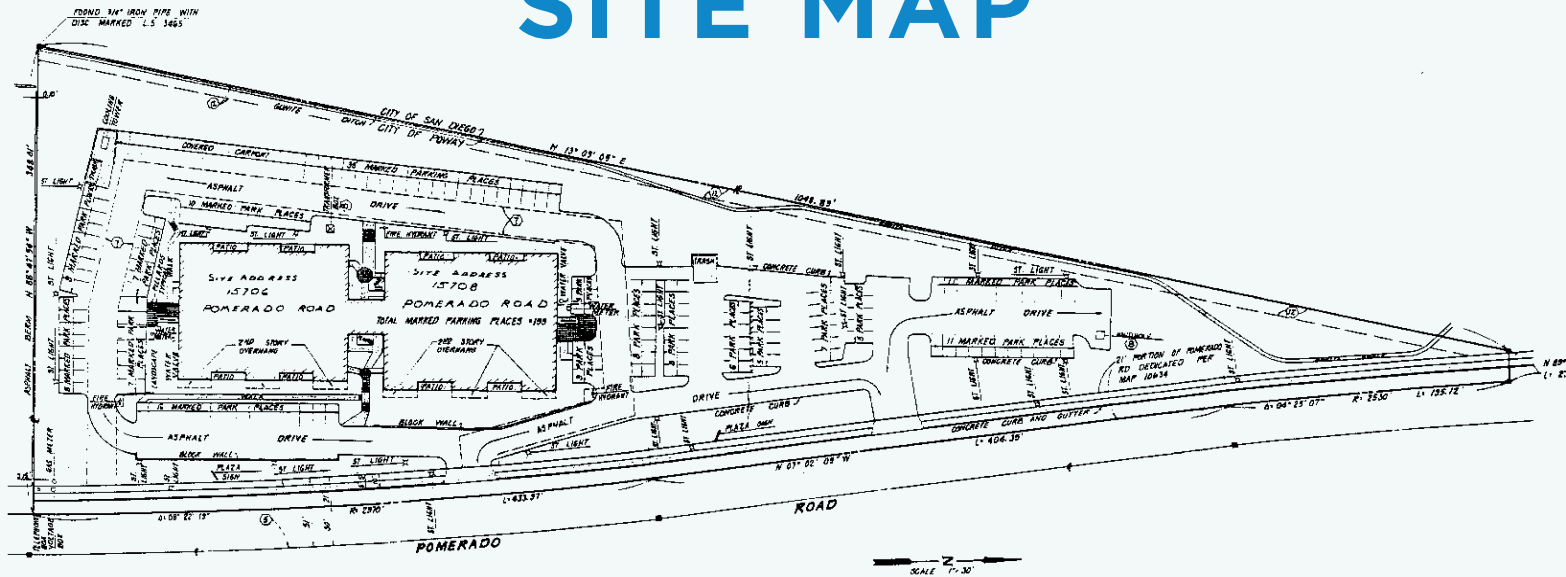
CAMINO DEL NORTE



| POPULATION           |               |                               |               |
|----------------------|---------------|-------------------------------|---------------|
|                      | 1-Mile Radius | 3-Mile Radius                 | 5-Mile Radius |
| 2017                 | 10,867        | 89,134                        | 174,986       |
| 2022 Projected       | 11,332        | 91,185                        | 185,042       |
| % Increase           | 4.3%          | 2.3%                          | 5.7%          |
| Avg Household Income | \$124,920     | \$130,351                     | \$136,407     |
| Median Age           | 51.7          | 44.4                          | 41.1          |
| Traffic Count        | 23,319        | Pomerado Rd & Gateway Park Rd |               |



# SITE MAP



## City of Poway Profile

The City of Poway incorporated in December 1980 as a full-service, general law city and operates under the Council/Manager form of government. Poway, with a population of approximately 48,382 residents, is a unique community in San Diego County.

Located in northeast San Diego County, Poway is known as “The City in the Country” and prides itself on the fact that over half of the city’s 39.4 square-mile area is preserved as dedicated open space. The community offers a diverse range of housing options, an outstanding school district, a thriving business park with over 19,000 jobs, a broad range of dining and shopping opportunities, beautiful parks, over 55 miles of trails, 50 community events each year, and more. Poway is a great place to live, work, and play!

- o Poway is strategically located in the center of San Diego County.
- o Convenient freeway access to Los Angeles, Riverside and Orange counties, as well as Mexico.
- o Lowest overall crime rates of the cities in San Diego County since 1981, and one of the overall lowest in the state.

Poway has a high standard of living and is characterized as an upper middle class community with a median family income of \$105,099.

Poway is ranked the 6th best city in California to locate a business according to Outlook Magazine. Poway maintains its business excellence with a state-of-the-art Poway Business Park, a 700-acre complex, which encompasses the city’s main commercial area. As part of the South Poway Planned Community, the Business Park offers tenants high-quality infrastructure, numerous amenities, and plenty of open space in keeping with the city’s rural surroundings.

The project was specifically designed to meet the needs of light industrial and manufacturing, warehousing and distribution, and research and development businesses. Currently, over 462 businesses with more than 19,000 employees are located in the Business Park. There is a total of 7,798,651 square feet of buildings, with a low vacancy rate of 4.3%. Additional office space is currently under construction, including the 835,000 square foot Parkway Business Center Development, which is ideal for a master planned office/corporate headquarter location. The Poway Business Park is a mix of commercial and retail space and is headquarters to Geico Direct Insurance, Sysco Foods, First American Credco Corporation, and Toppan Optical Products, Incorporated.

The City of Poway’s Economic Development Department also works with the Poway Chamber of Commerce to attract and assist local businesses.

# SAN DIEGO COUNTY MEDICAL OFFICE MARKET - 2Q18

## San Diego County Overview

Pomerado Professional Plaza is located in San Diego County, one of the most populous and diverse economic regions in the country. San Diego is home to a thriving, dynamic economy fueled by biotechnology, international trade, high-tech, the defense industry, tourism, and a host of other industry clusters that have helped this region continue to grow and broaden its already deep economic base.

San Diego offers industry-leading companies, beautiful year round weather, unmatched quality of life, and access to one of the most skilled and highly educated workforces in the country. The region's unique and unparalleled demographic and economic base make San Diego County a top-tier market positioned for continued long term economic growth.

**3.7%**

San Diego County's  
unemployment rate.

**7.5%**

Medical Office Vacancy  
Countywide

**\$3.06**

Average Asking  
Rate Countywide

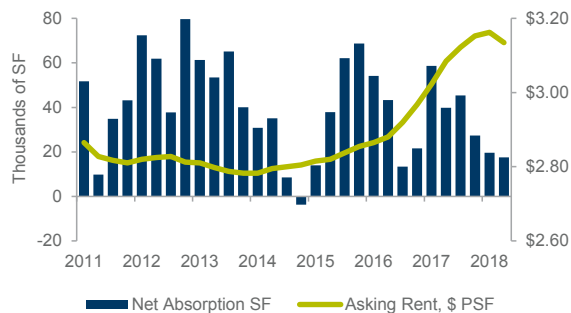
**\$3.38**

Average Asking  
Rate I-15 Corridor

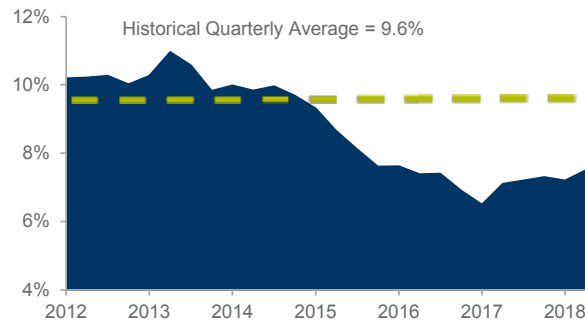
| SUBMARKET        | INVENTORY (SF)    | SUBLET VACANT (SF) | DIRECT VACANT (SF) | OVERALL VACANCY RATE | CURRENT DIRECT NET ABSORPTION (SF) | YTD DIRECT NET ABSORPTION (SF) | YTD LEASING ACTIVITY (SF) | UNDER CNSTR (SF) | OVERALL AVERAGE ASKING RENT |
|------------------|-------------------|--------------------|--------------------|----------------------|------------------------------------|--------------------------------|---------------------------|------------------|-----------------------------|
| North County     | 3,179,588         | 11,416             | 281,248            | 9.2%                 | 4,233                              | 4,362                          | 40,501                    | 76,400           | \$3.09                      |
| Mid City         | 2,305,289         | 13,002             | 160,819            | 7.5%                 | -12,621                            | 129,989                        | 13,821                    | 0                | \$3.69                      |
| I-15 Corridor    | 1,021,293         | 25,799             | 111,705            | 13.5%                | 1,639                              | -2,794                         | 70,647                    | 0                | \$3.38                      |
| Central Suburban | 3,509,015         | 2,694              | 187,526            | 5.4%                 | -9,474                             | -53,819                        | 47,960                    | 0                | \$2.96                      |
| East County      | 1,064,541         | 1,600              | 54,201             | 5.2%                 | -15,662                            | -11,021                        | 8,005                     | 17,654           | \$2.32                      |
| South County     | 1,490,159         | 3,064              | 89,010             | 6.2%                 | -12,638                            | -14,726                        | 29,741                    | 0                | \$2.67                      |
| On Campus        | 4,513,348         | 26,975             | 304,863            | 7.4%                 | -8,834                             | 123,626                        | 46,807                    | 76,400           | \$3.04                      |
| Off Campus       | 8,056,537         | 30,600             | 579,646            | 7.6%                 | -35,689                            | -71,635                        | 163,868                   | 17,654           | \$3.07                      |
| Single Tenant    | 4,109,517         | 0                  | 60,288             | 1.5%                 | -2,868                             | 142,132                        | 72,780                    | 0                | \$0.00                      |
| Multi Tenant     | 8,460,368         | 57,575             | 824,221            | 10.4%                | -41,655                            | -90,141                        | 137,895                   | 94,054           | \$3.06                      |
| <b>TOTAL</b>     | <b>12,569,885</b> | <b>57,575</b>      | <b>884,509</b>     | <b>7.5%</b>          | <b>-44,523</b>                     | <b>51,991</b>                  | <b>210,675</b>            | <b>94,054</b>    | <b>\$3.06</b>               |

\*Rental rates reflect full service (FS) asking \$psf/month. Vacancy rate includes direct and sublease. Net absorption excludes sublease.

Direct Net Absorption/Direct Asking Rent  
4-QTR TRAILING AVERAGE



Overall Vacancy



Market Indicators

|                            | Q2 17  | Q2 18  | 12-Month Forecast |
|----------------------------|--------|--------|-------------------|
| Vacancy                    | 7.1%   | 7.5%   | ▲                 |
| Direct Net Absorption (sf) | -36k   | -45k   | ▲                 |
| Under Construction (sf)    | 232k   | 94k    | ■                 |
| Average Asking Rent        | \$3.17 | \$3.06 | ▲                 |

\*Rental rates reflect full service (FS) asking \$psf/month.

## Big Deadline

Property tours available by appointment late October and early November with call for offers to come shortly thereafter. Exact date to be announced.

Please contact listing agents with any questions.

### EXCLUSIVELY LISTED FOR SALE BY:

**TRAVIS IVES**

Senior Director  
858 334 4041  
travis.ives@cushwake.com  
Lic. #01889097

**JOE ZUREK**

Associate  
858 558 5612  
joe.zurek@cushwake.com  
Lic. #01967813



# Evaluation Considerations



**OFFERING PRICE**



**CONTINGENCIES**



**TIMING OF CLOSE**



**FINANCIAL CAPACITY TO PERFORM**



**PROPOSED CAPITALIZATION STRUCTURE**



**EXPERIENCE IN SIMILAR TRANSACTIONS**

**ALL OFFERS MUST BE SUBMITTED VIA EMAIL AND INCLUDE THE FOLLOWING:**

- 1) The source of the purchaser's capital (including debt and equity).

---

- 2) The amount of earnest money deposit.

---

- 3) A detailed list of contingencies, including but not limited to committee approvals, required to close the transaction.

---

- 4) A detailed outline of the proposed schedule and timing for the due diligence period and closing.

# POMERADO

## PROFESSIONAL PLAZA

15706 - 15708 Pomerado Road, Poway, CA 92064

**Inquire with listing agents for confidentially agreement to receive full offering memorandum**

### **EXCLUSIVELY LISTED FOR SALE BY:**

#### **TRAVIS IVES**

Senior Director  
858 334 4041  
travis.ives@cushwake.com  
Lic. #01889097

#### **JOE ZUREK**

Associate  
858 558 5612  
joe.zurek@cushwake.com  
Lic. #01967813

