

A TRUE MIXED-USE PROPERTY

835 S Brea Blvd

Brea, CA



FOR SALE

Offering Memorandum

NAICapital
COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE

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Exclusive Advisors

John Manion

Executive Vice President
949.468.2306
jmanion@naicapital.com
Cal DRE Lic #01247695

Jeanene Stolrow

Senior Associate
949.468.2345
jstolrow@naicapital.com
Cal DRE Lic #02019674

OPPORTUNITY OVERVIEW

This 8,707 square foot property is one Mixed-Use parcel encompassing three individual structures and 32 surface level parking spaces. A new investor or owner user can really maximize value on this Property due to the current condition of the structures.

The Property is fully operational and has been managed by an absentee medical group resulting in significant upside for a new owner with current leases on month-to-month basis and each well below market.

There is nothing like this in Orange County. For an owner-user the possibilities are tremendous. Use the medical space for the business office and collect significant rent revenue from the tenants. For an investor a hands-on approach, reworking existing leases and re-renting the medical space for market rent provides for close to a 6% CAP in a premium location and low risk rental environment.

The Property is located on the corner of S. Brea Boulevard and Juniper Street in the Brea / La Habra Submarket. It's main street frontage on the cusp of Downtown Brea provides a building in the path of progress and any new owner will realize a sharp rise in quick appreciation.

Sellers are motivated; bring all offers.



SITE OVERVIEW



A TRUE MIXED-USE PROPERTY

8,707 SF Mixed-Use, Single Parcel with Three Individual Structures:



- 4,532 square foot **Medical Office Building** accounting for 51% of the property to be delivered vacant at close of escrow
- Two-story **Apartment Duplex** with two-bedroom, two-bath units on the second floor with first floor parking and private garage doors
- 1,900 square foot two-story **Industrial Building**

Opportunities to Optimize Value:

- Current long term thriving Physical Therapy business to vacate at close of escrow
- Current rents are well below Average Rents of \$2,200 per month each
- 900 square foot of the 1,900 Industrial Building is dead warehouse / storage space that remains vacant
- Great time to remodel or renovate the entire property!

PROPERTY AERIAL



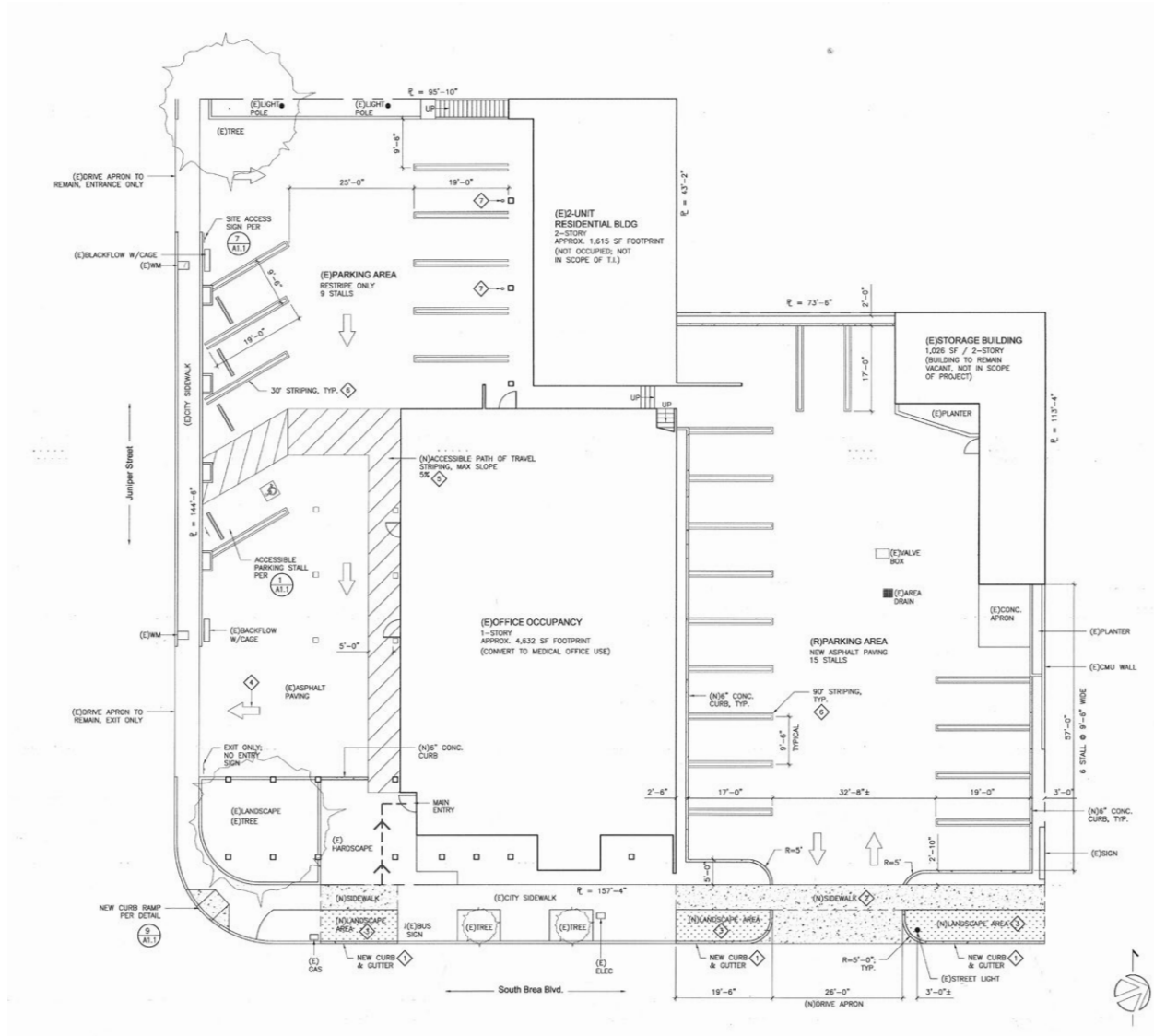
EXTERIOR OVERVIEW



INTERIOR OVERVIEW



SITE PLAN



BREA OVERVIEW



The City of Brea is located in northern Orange County. Brea lies between the cities of La Habra and Yorba Linda, adjacent to Chino Hills State Park and Firestone Scout Reservation, approximately 30 miles southeast of Downtown Los Angeles. The city

encompasses 12.1 square miles and enjoys a pleasant Mediterranean climate. Brea offers easy commuting with fast access to Interstate 5 as well as State Routes 57, 90, and 142. Known for its public art program, Brea serves as a local retail hub thanks to its popular mall and recently redeveloped downtown district.

Brea's commercial real estate market is a microcosm of Orange County overall with a robust retail sector alongside iconic office properties. Brea Union Plaza, a 600,000+ SF power center anchored by Walmart, Home Depot and Nordstrom Rack, attracts visitors from all over the area. Brea Mall (1M+ SF) hosts upscale tenants, such as Apple, Nordstrom and lululemon as well as specialty boutiques and extensive dining options. Brea Marketplace is another prominent 352,289 SF community center anchored by Target, Sprouts, and 24 Hour Fitness. Brea Marketplace is within walking distance of Brea Place, a six-

building class A office campus equipped with a fitness center and game room.

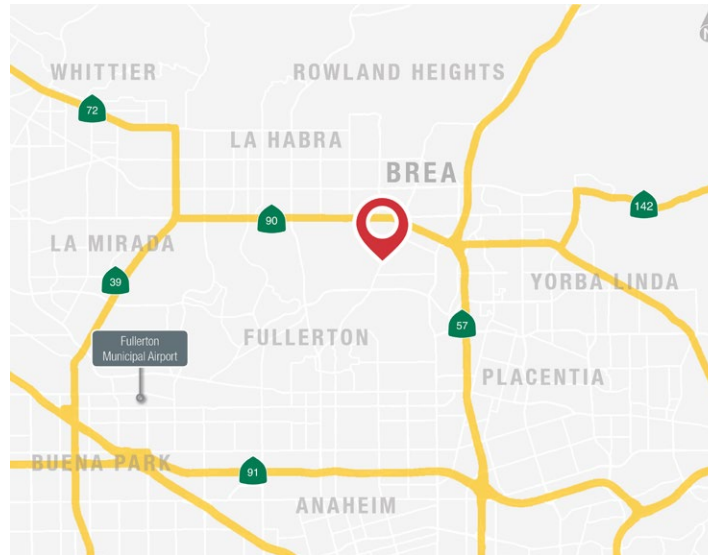
Medical office buildings are seeing strong demand in Brea with 16.5% of the City's population aged 65+ and more approaching retirement age. Brea Community Hospital closed its doors in 2005 and later was demolished, leaving a void for other healthcare providers to fill. Silverado Brea Memory Care Community, a nearly 34,000 SF assisted living facility at 149 Lambert Rd. is currently under construction with an expected completion date in 4Q 2019. This community will serve 70 memory-impaired residents with conditions such as Alzheimer's, dementia, and other diseases.

Brea's population reached 43,208 residents in 2019 amounting to 16,014 households with an average annual income of \$120,765. The City expects to add roughly 608 people or 693 households by 2024 with annual incomes projected to increase 3.4% to \$143,307 over the same period. In fact, 13% of the population earns more than \$200,000 per year. The median age for Brea residents is 40.3 and 61% of the population are 20 to 64 years old. Brea's residents are highly educated as 79% attended some college or higher and 48% achieved a bachelor's degree or above. There are 4,105 total businesses in the area, 25 of which are company headquarters, including Nature's Best, Ventura Foods, LLC and ViewSonic North America.

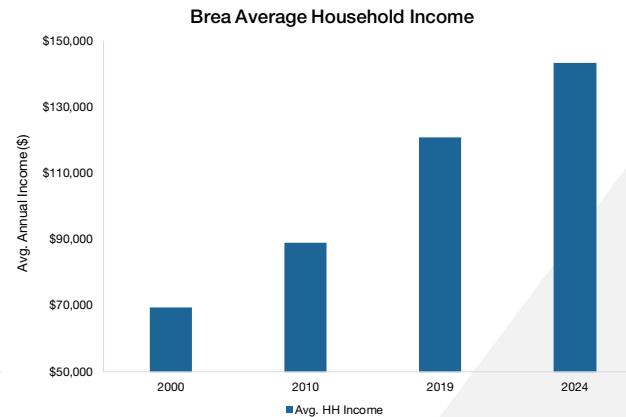
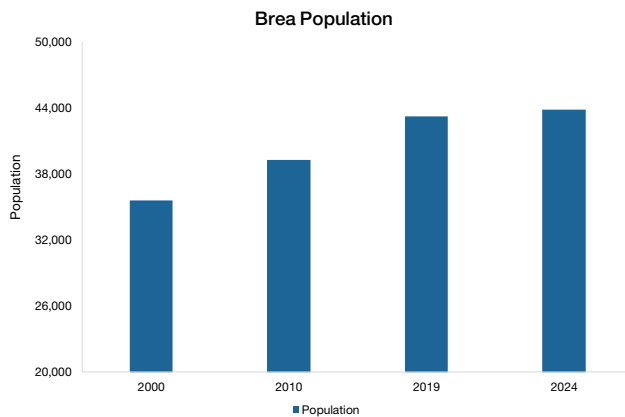


BREA OFFICE MARKET

Brea's office market inventory consists of 4,546,117 SF across 106 properties. As of 2Q 2019, the vacancy rate for Brea's office market registered 5.4%, down 90 basis points from 1Q 2019 and 190 basis points year over year. This represented one of the lowest vacancy rates seen since 4Q 2006. The average asking rent declined 3.3% below the prior quarter, down 0.8% from 2Q 2018, to \$2.37/SF FSG. Since no new inventory was added to the market in 2019 YTD and there have been no new construction starts during this time, vacancy will continue to tick down as tenants compete for limited space.



On the sales side, nearly 300,000 SF changed hands in 2Q 2019 in nine transactions. The average sales price sat at \$146/SF while cap rates climbed 130 basis points over 2Q 2018 to 7.8%. In one of the largest sales transactions this quarter, Dollinger Properties purchased the 145,467 SF Fairway Center I property for \$33.5M or \$230/SF at a 7.8% cap rate. The property was 90% leased at the time of sale.



Brea Top Employers

Top Employers	Employees	% of Workforce
Mercury Insurance Group	1,675	7.3%
Bank of America	1,500	6.5%
Albertsons, Inc.	1,335	5.8%
Beckman Coulter, Inc.	1,000	4.4%
Kirkhill - TA Company	779	3.4%
Brea Olinda Unified School District	709	3.1%
Bristol Industries	413	1.8%
Nationwide formerly Veterinary Pet Ins.	400	1.7%
Nordstrom	352	1.5%
Zodiac Inflight Innovations	285	1.2%

Source: City of Brea CAFR, 2018

ORANGE COUNTY OVERVIEW

Orange County is situated in Southern California, bordering the Pacific Ocean to the West, Los Angeles County to the North, Riverside County to the east, and San Diego County to the south. Orange County is home to more than 3.22M and represents the third-most populous county in California, the sixth-most populous in the United States. Orange County is the second most densely populated county in California, behind San Francisco County. At 948 square miles, Orange County is the smallest in Southern California by land area.

The County's economy was originally dominated by agriculture, with the widespread cultivation of oranges and other citrus crops giving the eponymous county its name. Following World War II, Orange County witnessed massive growth as it became a major bedroom community for Los Angeles and a pillar of the aerospace industry. Population projections show the County will add 50,389 residents in 50,813 households by 2024. Orange County residents are highly educated and affluent. Roughly 40% of residents attained a bachelor's degree or higher, while 68% have completed some college. The average annual household income in 2019 sits at about \$123,004 and is expected to exceed \$144,000 by 2024.

Orange County is considered a highly desirable residential area in California, particularly with respect to owner-occupied and single-family residences. As of 2019, there were approximately 1.1M total housing units, 59% of which were owner-occupied and 41% renter-occupied. As of 2Q 2019, the median price for a single-family home sold in Orange County was \$800,000 and the minimum qualifying income was \$168,340.

The County's expected to see modest employment growth for the remainder of 2019 due to the area being near full employment. The County's unemployment rate was 3.2% in July 2019, up 20 basis points from June 2019. This is compared to California's 4.4% rate and the nation's 4% during the same period. From July 2018 to July 2019, total nonfarm employment gained 24,400 jobs with leisure and hospitality reporting the largest year-over-year increase of 6,500 positions. Education and health services also saw 5,100 jobs added while Professional and business services gained 4,300 jobs over the same time. Two traditional office-occupying sectors, financial activities and information, reported year-over-year declines.



ORANGE COUNTY OFFICE MARKET TRENDS 2Q 2019

ASKING RENTS HIT RECORD HIGH

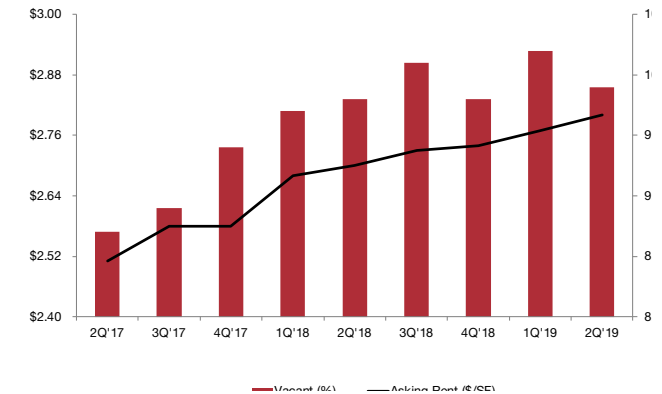
VACANCY REMAINED LOW AT 6.5%

The Orange County office market average asking rent continued to break records while the vacancy rate remained in single digits. The average asking rent hit \$2.80/SF, the highest level on record, up 1.1% over the prior quarter and 3.7% from 2Q 2018. The average rent is now 2.6% higher than the 3Q 2007 peak. Vacancy registered 9.9%, down 30 bps over 1Q 2019, up 10 bps year over year. The rise in vacancy over the past year is a direct result of a large volume of new construction. Since 1Q 2018, nearly 1.9M SF of new construction was delivered to the market in several major projects, including Discovery Park (655,000 SF), the Five Points Gateway (480,000 SF), and the Flight at Tustin Legacy (460,000 SF). As of the end of 2Q 2019, nearly 58% of this space remains vacant.

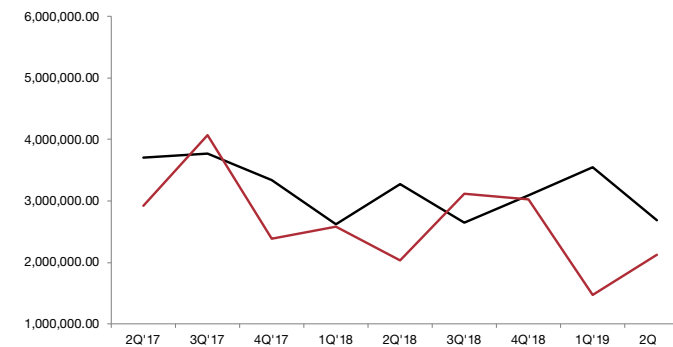
Still, overall occupancy remains at 90.1%, just 320 bps below the pre-recession peak in 2006. The occupancy rate is inching up as the County reaches the end of its construction pipeline, with deliveries outpacing new construction starts over the past year. By 2020 the 630,000 SF under construction are expected to be completed.



ASKING RENT AND VACANCY



LEASED AND SOLD



MARKET TRENDS

	2Q19	1Q19	2,698,407 2Q18
Total Inventory (SF)			
Asking Rent (\$/SF)*	\$2.80	\$2.77	\$2.70
Vacancy (%)	9.9%	10.2%	9.8%
Leased (SF)	2,681,120	3,546,545	3,269,952
Sold (SF)	2,127,010	1,477,223	2,031,210
Under Construction (SF)	630,153	709,711	1,054,268
Deliveries (SF)	460,558	445,400	-

DEMOGRAPHICS

Population

	1 Mile	3 Mile	5 Mile
2019 Male Population	8,180	75,738	210,797
2019 Female Population	8,550	79,586	217,197
% 2019 Male Population	48.9%	48.8%	49.3%
% 2019 Female Population	51.1%	51.2%	50.7%
2019 Total Population: Adult	16,730	155,324	427,994
2019 Total Daytime Population	13,442	141,652	311,821
2019 Total Businesses	1,067	9,680	20,570

Race

	1 Mile	3 Mile	5 Mile
2019 White	11,175	92,169	227,438
2019 Black or African American	329	3,782	10,382
2019 American Indian or Alaska Native	89	888	2,840
2019 Asian	2,737	28,287	88,865
2019 Hawaiian or Pacific Islander	44	305	808
2019 Other Race	1,612	22,881	79,561
2019 Two or More Races	744	7,012	18,101
2019 Hispanic	4,602	54,092	184,868
2019 Not Hispanic	12,128	101,232	243,126

Income

	1 Mile	3 Mile	5 Mile
2019 Household Income: Average	\$125,510	\$109,408	\$106,310
2019 Household Income: Median	\$99,046	\$89,591	\$87,680
2019 Per Capita Income	\$45,883	\$39,501	\$34,731

Households

	1 Mile	3 Mile	5 Mile
2019 Estimated Households	5,698	51,235	125,281
2024 Projected Households	5,928	52,323	130,625
2010 Census Households	6,108	55,851	139,375
2000 Census Households	6,365	58,463	145,581

Age

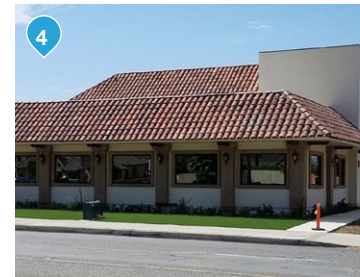
	1 Mile	3 Mile	5 Mile
Median Age	40.3	39	37.6
Age 19 Years or Less	3,841	36,044	105,933
Age 20 to 64 Years	9,982	93,365	258,561
Age 65 Years or Over	2,907	25,915	63,500
2019 Total population: 10 to 14 years	1,035	9,108	27,260
2019 Total population: 15 to 19 years	925	10,549	28,320
2019 Total population: 20 to 24 years	981	12,004	30,602
2019 Total population: 25 to 29 years	1,156	11,949	32,724
2019 Total population: 30 to 34 years	1,108	10,269	29,258
2019 Total population: 35 to 39 years	1,102	9,539	27,681
2019 Total population: 40 to 44 years	1,079	9,147	26,624
2019 Total population: 45 to 49 years	1,186	10,254	29,247
2019 Total population: 50 to 54 years	1,159	10,516	29,130
2019 Total population: 55 to 59 years	1,200	10,465	28,388
2019 Total population: 60 to 64 years	1,011	9,221	24,907
2019 Total population: 65 to 69 years	791	7,513	19,771
2019 Total population: 70 to 74 years	693	6,232	15,504
2019 Total population: 75 to 79 years	580	4,704	11,267
2019 Total population: 80 to 84 years	402	3,503	8,077
2019 Total population: 85 years and over	441	3,963	8,880
% 2019 Total population: Under 5 years	5.6%	5.2%	5.8%
% 2019 Total population: 5 to 9 years	5.6%	5.4%	6.0%
% 2019 Total population: 10 to 14 years	6.2%	5.9%	6.4%
% 2019 Total population: 15 to 19 years	5.5%	6.8%	6.6%
% 2019 Total population: 20 to 24 years	5.9%	7.7%	7.2%
% 2019 Total population: 25 to 29 years	6.9%	7.7%	7.6%
% 2019 Total population: 30 to 34 years	6.6%	6.6%	6.8%
% 2019 Total population: 35 to 39 years	6.6%	6.1%	6.5%
% 2019 Total population: 40 to 44 years	6.4%	5.9%	6.2%
% 2019 Total population: 45 to 49 years	7.1%	6.6%	6.8%
% 2019 Total population: 50 to 54 years	6.9%	6.8%	6.8%
% 2019 Total population: 55 to 59 years	7.2%	6.7%	6.6%
% 2019 Total population: 60 to 64 years	6.0%	5.9%	5.8%
% 2019 Total population: 65 to 69 years	4.7%	4.8%	4.6%
% 2019 Total population: 70 to 74 years	4.1%	4.0%	3.6%
% 2019 Total population: 75 to 79 years	3.5%	3.0%	2.6%
% 2019 Total population: 80 to 84 years	2.4%	2.3%	1.9%
% 2019 Total population: 85 years and over	2.6%	2.6%	2.1%

SOLD COMPARABLES



Bldg 1
17491 Bastanchury Rd | Yorba Linda, CA
92886

Sale Date: 6/18/2018
Sale Price: \$1,740,000 - Full Value
Building SF: 5,564 SF
Price/SF: \$312.72
Bldg Type: Office
Bldg Class: C
Year Built/Renovated: 1986



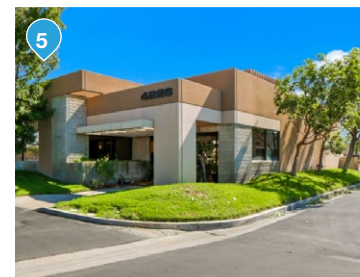
1940 E Chapman Ave
Fullerton, CA 92831

Sale Date: 2/2/2018
Sale Price: \$2,135,000
Building SF: 6,230 SF
Price/SF: \$208.33
Bldg Type: Office
Bldg Class: C
Year Built/Renovated: 1965



1441 N Brea Blvd
Fullerton, CA 92835

Sale Date: 12/5/2017
Sale Price: \$2,045,000
Building SF: 5,200 SF
Price/SF: \$343.70
Bldg Type: Office/Medical
Bldg Class: B
Year Built/Renovated: 1996



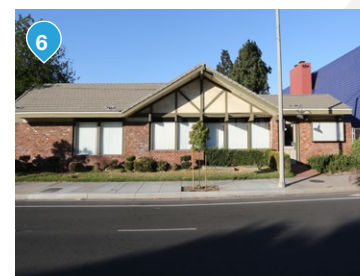
4226 E La Palma Ave
Anaheim, CA 92807

Sale Date: 5/23/2018
Sale Price: \$1,900,000
Building SF: 6,500 SF
Price/SF: \$292.31
Bldg Type: Office
Bldg Class: C
Year Built/Renovated: 1982



663 S Brea Blvd
Brea, CA 92821

Sale Date: 12/15/2017
Sale Price: \$2,805,000
Building SF: 8,474 SF
Price/SF: \$331.01
Bldg Type: Office/Medical
Bldg Class: C
Year Built/Renovated: 1980



201 W Orangethrope Ave
Fullerton, CA 92832

Sale Date: 3/8/2018
Sale Price: \$2,200,000
Building SF: 6,882 SF
Price/SF: \$319.67
Bldg Type: Office
Bldg Class: C
Year Built/Renovated: 1966

SOLD COMPARABLES



2522 N Santiago Blvd
Orange, CA 92867

Sale Date: 2/20/2019
Sale Price: \$2,600,000
Building SF: 6,547 SF
Price/SF: \$397.13
Bldg Type: Office
Bldg Class: C
Year Built/Renovated: 1982



1023 E Chapman Ave
Fullerton, CA 92831

Sale Date: 8/20/2019
Sale Price: \$979,000
Building SF: 2,750 SF
Price/SF: \$356.00
Bldg Type: Office/Medical
Bldg Class: C
Year Built/Renovated: 1903

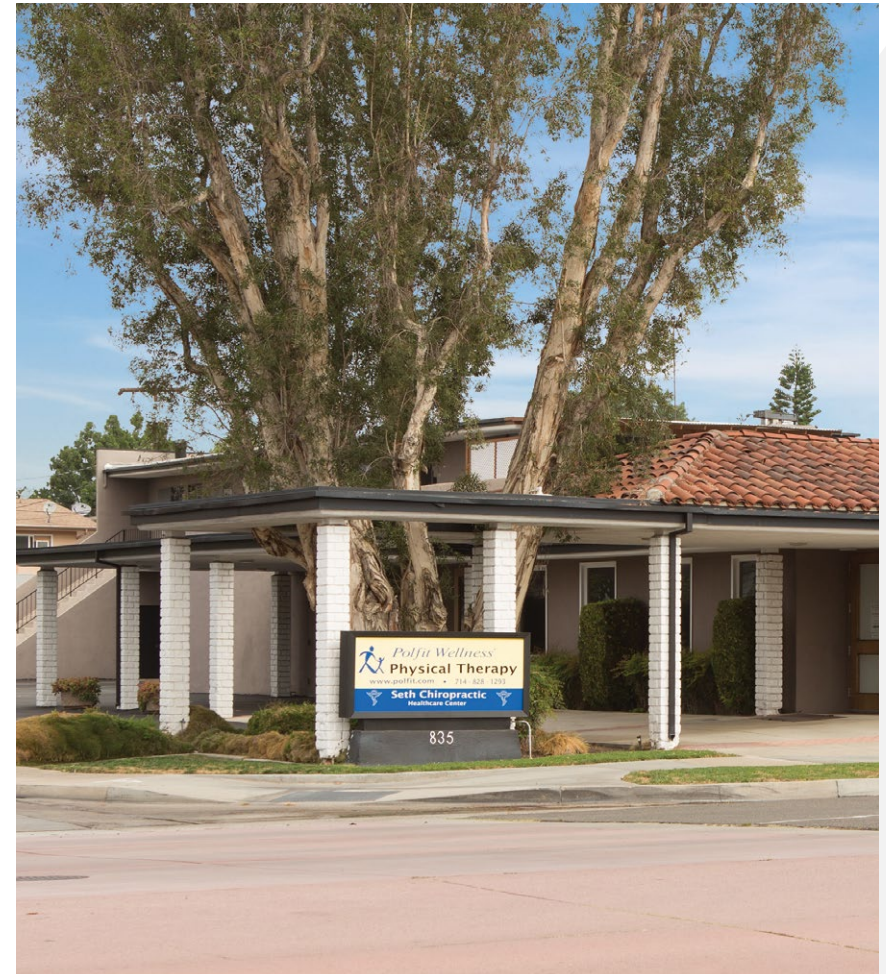


100 N State College Blvd
Fullerton, CA 92831

Sale Date: 2/1/2019
Sale Price: \$2,200,000
Building SF: 8,644 SF
Price/SF: \$254.51
Bldg Type: Office/Medical
Bldg Class: B
Year Built/Renovated: 1964

EXPENSES

	ANNUALLY	MONTHLY
New Estimated Real Estate Taxes	\$37,000.00	\$3,083.33
Property Insurance	\$5,717.00	\$476.42
Trash	\$1,200.00	\$100.00
Utilities (Electric, Gas)	\$7,570.00	\$630.83
Telephone	\$0.00	\$0.00
Landscape Maintenance	\$1,800.00	\$150.00
Repairs and Maintenance	\$2,250.00	\$187.50
Water, Sewer	\$1,250.00	\$104.17
Janitorial	\$1,200.00	\$100.00
Legal Fees	\$0.00	\$0.00
Misc. Expenses	\$750.00	\$62.50
Property Management	\$0.00	\$0.00
Total Expenses	\$58,737.00	\$4,894.75
Cost Per Total 8,707 SF	\$6.75	\$0.56



RENT ROLL & PURCHASE PRICES

PERCENT OCCUPANCY

RENT ROLL	TENANT / OTHER OPERATING INCOME	ACTUAL	PROFORMA
Tenant / Other Operating Income	Polfit	\$7,500.00	\$9,750.00
First Floor 1000 SF	OC Sanitation District	\$2,652.00	\$2,652.00
Suite 200- 900 SF	Industrial Upstairs Storage	\$0.00	\$1,000.00
Unit A	Two Bedroom, Two Bathroom	\$1,750.00	\$2,200.00
Unit B	Two Bedroom, Two Bathroom	\$1,400.00	\$2,200.00
Miscellaneous	Parking	\$300.00	\$450.00
Monthly Gross		\$13,602.00	\$18,252.00
Gross Income		\$163,224.00	\$219,024.00
NOI		\$104,487.00	\$160,287.00

PURCHASE PRICE

CAP	ACTUAL	PER SF	PROFORMA	PER SF
5%	\$2,089,740.00	\$240.01	\$3,205,740.00	\$368.18
5.50%	\$1,899,763.64	\$218.19	\$2,914,309.09	\$334.71
6%	\$1,741,450.00	\$200.01	\$2,671,450.00	\$306.82

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Brea, CA



Exclusive Advisors

John Manion
Executive Vice President
949.468.2306
jmanion@naicapital.com
CA BRE Lic #01247695

Jeanene Stolrow
Senior Associate
949.468.2345
jstolrow@naicapital.com
CA BRE Lic #02019674

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