

# 20271

SW ACACIA STREET

NEWPORT BEACH, CALIFORNIA

**TOP  
BUILDING  
SIGNAGE  
AVAILABLE**

**50c LifesMiles**  
PROGRESSIVE DENTISTRY

20271

**LEE &  
ASSOCIATES**  
COMMERCIAL REAL ESTATE SERVICES

**W** PROPERTY GROUP  
MAXIMIZING PROPERTY VALUES™

## FOR SALE

RARE OPPORTUNITY FOR A USER TO PURCHASE A ±6,500 SF  
BUILDING IN NEWPORT BEACH WITH ±3,250 SF AVAILABLE TO OCCUPY

Lee & Associates® - Newport Beach (the "Agent") has been engaged as the exclusive sales representative for the sale of 20271 Acacia Street, CA (the "Property") by 'Ownership' (the "Seller").

The Property is being offered for sale in an "as-is, where-is" condition, and the Seller and Agent make no representations or warranties as to the accuracy of the information contained in this Offering Memorandum. The enclosed materials include confidential information and are being furnished solely for the purpose of review by prospective purchasers ("Purchasers") of the interest described herein for which it shall be fully and solely responsible. Neither the enclosed materials, nor any information contained herein, are to be used for any other purpose, or made available to any other person without the express written consent of the Seller. Each recipient, as a prerequisite to receiving the enclosed information, should be registered with the Agent as a "Registered Potential Investor" or as a "Buyer's Agent" for an identified "Registered Potential Investor". The use of this Offering Memorandum, and the information provided herein, is subject to the terms, provisions and limitations of the Confidentiality Agreement furnished by the Agent prior to delivery of this Brochure.

The material contained herein is based on information and sources deemed to be reliable, but no representation or warranty, express or implied, is being made by the Agent or the Seller or any of their respective representatives, affiliates, officers, employees, shareholders, partners, and directors, as to its accuracy or completeness. Summaries contained herein of any legal or other documents are not intended to be comprehensive statements of the terms of such documents, but rather only outlines of some of the principal provisions contained therein. Neither the Seller nor the Agent shall have any liability whatsoever for any other written or oral communication or information transmitted, or made available, or any action taken, or decision made by the recipient with respect to the Property.

The Seller reserves the right, at its sole and absolute discretion, to withdraw the Property from the market for sale at any time and for any reason without notice, to reject any and all expressions of interest or offers regarding the Property, and/or to terminate discussions with any entity at any time, with or without notice. This Offering Memorandum is made subject to omissions, correction of errors, change of price or other terms, prior sale or withdrawal from the market without notice. The Agent is not authorized to make any representations or agreements on behalf of the Seller. The Seller shall have no legal commitment or obligation to any recipient reviewing the enclosed materials, performing additional investigation, and/or making an offer to purchase the Property unless and until a binding written agreement for the purchase of the Property has been fully executed, delivered, and approved by Seller and any conditions required under the contract for title to pass from the Seller to the buyer have been satisfied or waived.

By taking possession of and reviewing the information contained herein, the recipient agrees that (a) the enclosed materials and their contents will be held and treated in the strictest of confidence; and (b) the recipient shall not contact employees, contractors, sub-contractors or lien-holders of the Property directly or indirectly regarding any aspect of the enclosed materials or the Property without the prior written approval of the Seller or the Agent; and (c) no portion of the enclosed materials may be copied or otherwise reproduced without the prior written authorization of the Seller or the Agent or as otherwise provided in the Confidentiality Agreement executed and delivered by the recipient(s) to Agent.

The Seller will be responsible for any commission due to the Agent in connection with a sale of the Property. However, any broker engaged by Purchaser ("Buyer's Broker") shall seek its commission only from the Purchaser. Under no circumstances will the Agent or the Seller be liable for same and recipient will indemnify and hold the Agent and the Seller harmless from any claims by any brokers having dealt with recipient other than the Agent. Any Buyer's Broker must provide a registration signed by the recipient acknowledging said Buyer's Broker's authority to act on the recipient's behalf.

**EXCLUSVELY LISTED BY:**

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**20271**

SW ACACIA STREET

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SALES  
COMPARABLES

# Property Description

## BUILDING PROFILE

<i>Asking Price:</i>	\$3,299,000
<i>Property Address:</i>	20271 Acacia Street Newport Beach, CA 92660
<i>APN:</i>	439-391-17
<i>Location:</i>	Acacia and Orchard
<i>Land Size:</i>	On Pad Part of Larger Association
<i>Year Built:</i>	1987
<i>Building Size:</i>	±6,500 Square Feet
<i>Zoning:</i>	SP-7 (BP)
<i>Flooring:</i>	Concrete and Carpet
<i>Construction:</i>	Wood Frame
<i>Exterior walls:</i>	Stucco
<i>Roof Cover:</i>	Flat, Portion Tiles
<i>Walls:</i>	Gypsum Board and Drywall
<i>Ceiling:</i>	Acoustical Tiles
<i>Light Fixtures:</i>	Prismatic and Parabolic Lenses
<i>Parking:</i>	4:1,000 SF





# Property Overview

## OFFERING SUMMARY

Lee & Associates® – Newport Beach, as exclusive advisor, is pleased to present the opportunity to acquire the fee simple interest in 20271 Acacia Street. Built in 1987 this 2-story, professional, administration and commercial zoned, office building consists of approximately 6,500 square feet and is located in the prestigious city of Newport Beach, California.

20271 Acacia Street offers close proximity to the John Wayne Airport, Newport Back Bay and the 73, 55, and 405 Freeways with golf course views from second-floor.

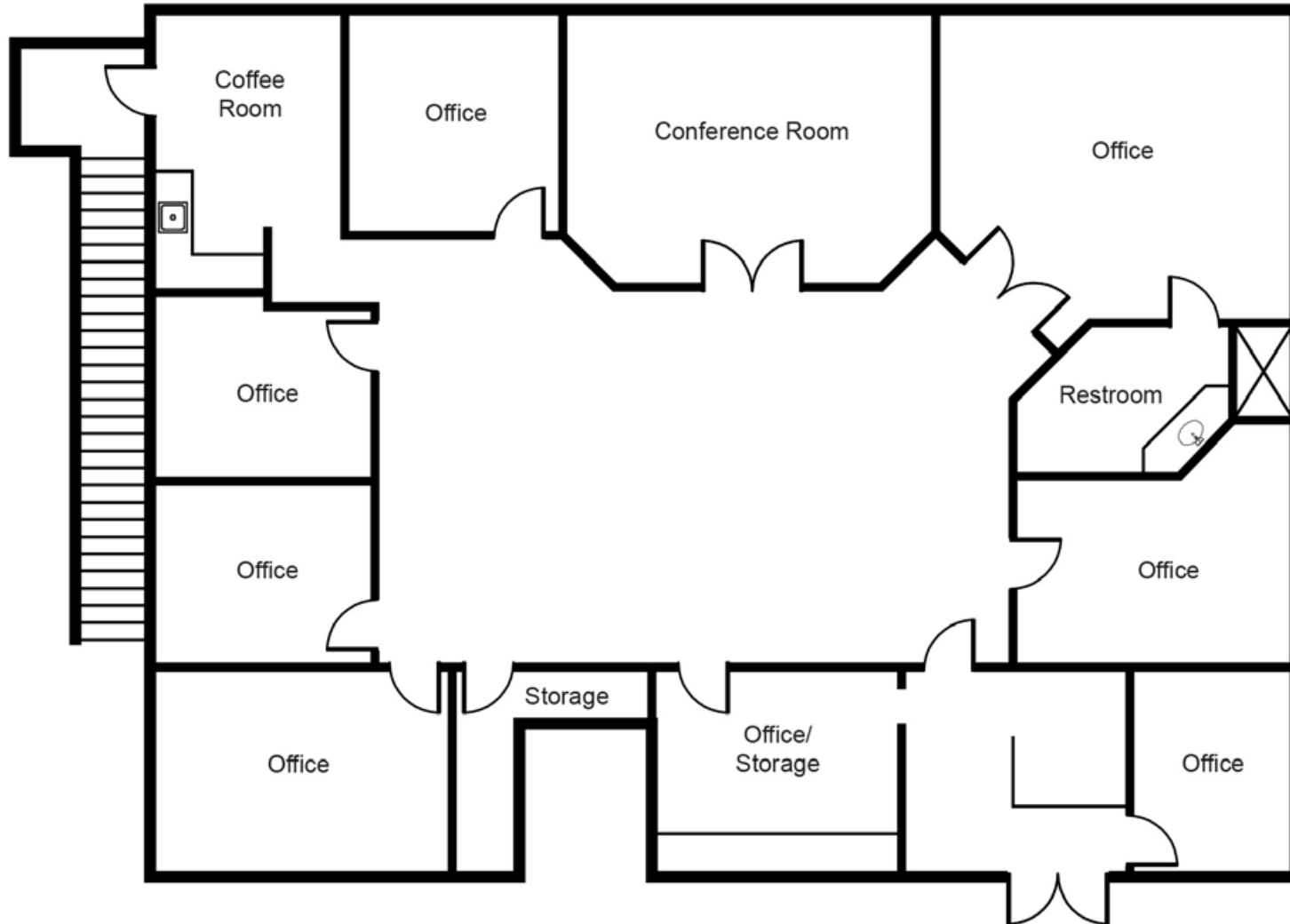
This opportunity offers an owner/user the ability to occupy half of the building with income in place from existing tenants. The three tenants on the ground floor have leases expiring at the end of 2021, offering an opportunity to expand within the property

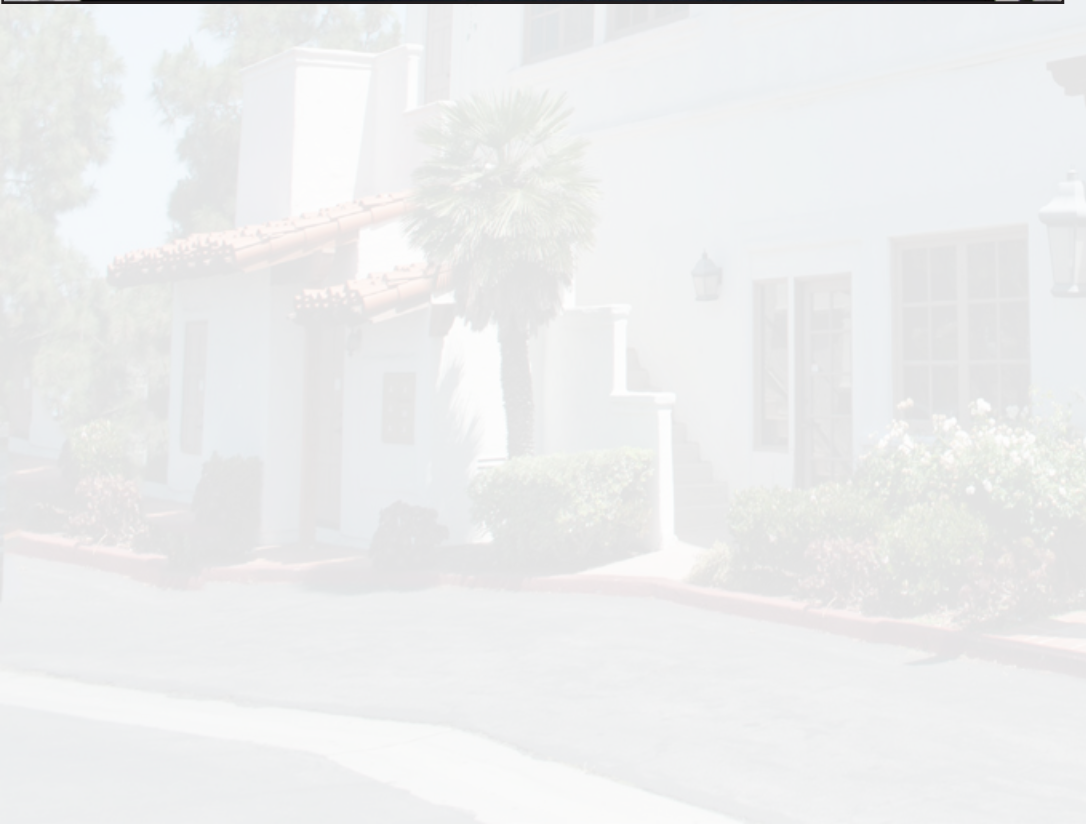
## PROPERTY HIGHLIGHTS

- Rare opportunity to purchase a 6,500 SF Condo that is 50% leased with income in place.
- Discounted cost to own \$783,142 profit over a 10 year period compared to \$1,214,894 to lease.
- Monthly Association Fee of \$1,087 per month.
- Golf course views from second-floor.
- Convenient access to 73, 55 and 405 freeways.
- Corner location within project with Signage visibility from Irvine Avenue.

# Floor Plan

SUITE 200: SPACE AVAILABLE FOR USER TO OCCUPY







**20271**  
SW ACACIA STREET  
NEWPORT BEACH, CALIFORNIA

Bristol St

Red Hill Ave

Santa Ana Ave

Campus Dr

N Bristol St

SE Bristol St

Irvine Ave

SW Birch St

SW Acacia St

Mesa Dr



SOUTH COAST PLAZA

405

Bear St

Bristol St

Flower St



55

Red Hill Ave

73

Bristol St

Mesa Dr

Santa Ana Ave



20271  
SW ACACIA STREET  
NEWPORT BEACH, CALIFORNIA

Campus Dr

Irvine Ave

SW Acacia St

SW Birch St

N Bristol St

SE Bristol St

SW Cypress St

Google

# Rent Roll

Unit	Tenant	Size	Start	End	Monthly Rent
100	John Cross	2,170 SF	01/01/2006	12/31/2021	\$8,223.79
110	John Morris	550 SF	05/01/2018	01/30/2021	\$1,760.00
120	Daniel Pederson	450 SF	09/01/2017	12/31/2021	\$1,622.25
300	User	3,250 SF			

*\*Annual rent increase: 3%*



 **OC Lifesmiles**  
PROGRESSIVE DENTISTRY 261-1123

 **DAVID A. PEDERSEN**  
**LANDSCAPE ARCHITECTURE 8999**

# Financial Analysis

## PURCHASE VS. LEASE ANALYSIS

### 20271 Acacia Street

#### Purchase vs. Lease Analysis

Scenario: Buyer to occupy 3,250 sq. ft. and lease 3,250 sq. ft. to tenants

PROPERTY ASSUMPTIONS		DEBT & EQUITY			APPRECIATION & TAXES		
		1st TD	2nd TD **	Total			
Purchase Building Size in SF	6,500	\$1,600,000	\$1,200,000	\$2,800,000	Price Appreciation	3.00%	
Occupy Building Size in SF	3,250	48%	36%	85%	Building Value After 10 Years	\$4,433,580	
Market Rent - NNN	\$3.58	Loan Fees	\$21,000	\$31,800	\$52,800	Cost of Sale	3.00%
		Equity Amount		\$551,800			
Monthly NNN Expense PSF	\$1.03	Interest Rate	2.90%	3.03%	Standard Tax Rate	41.00%	
Annual Rent + Exp. Growth	3.00%	Amortization Period	30	25	Portion of Price For Building - %	80.00%	
		Monthly Debt Service	\$6,660	\$5,709	\$12,369	Portion of Price For Building - \$'s	\$2,639,200
Total Building Cost	\$3,299,000	Annual Debt Service	\$79,916	\$68,511	\$148,427	Years to Depreciate Asset	39.50
Total Building Cost PSF	\$507.54	Loan Balance - End of Yr. 10	\$1,211,721	\$825,010	\$2,036,731	Annual Depreciation Deduction	\$66,815

\*\* SBA loan has no payments due months 1-6; this feature has not been modeled in the projection

#### SCENARIO 1 - PURCHASE BUILDING

6,500 sq. ft.	Initial	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Initial Equity Investment	(551,800)	-	-	-	-	-	-	-	-	-	-
Annual Operating Expenses	(80,000)	(82,400)	(84,872)	(87,418)	(90,041)	(92,742)	(95,524)	(98,390)	(101,342)	(104,382)	
Tenant RENT - 3,250 SF x \$3.58 + 3.0% / yr.	139,620	143,809	148,123	152,567	157,144	161,858	166,714	171,715	176,866	182,172	
Tenant CAM - 3,250 SF x \$1.03 + 3.0% / yr.	-	-	-	-	-	-	-	-	-	-	
Annual Debt Service	(148,427)	(148,427)	(148,427)	(148,427)	(148,427)	(148,427)	(148,427)	(148,427)	(148,427)	(148,427)	
Reversion Value After 10 Years	-	-	-	-	-	-	-	-	-	4,433,580	
Cost of Sale	-	-	-	-	-	-	-	-	-	(133,007)	
Pay Off Remaining Loan Balance	-	-	-	-	-	-	-	-	-	(2,036,731)	
Tax Benefit For Operating Expenses	32,800	33,784	34,798	35,841	36,917	38,024	39,165	40,340	41,550	42,797	
Tax COST For RENT From Tenants	(57,244)	(58,962)	(60,730)	(62,552)	(64,429)	(66,362)	(68,353)	(70,403)	(72,515)	(74,691)	
Tax COST For CAM From Tenants	-	-	-	-	-	-	-	-	-	-	
Tax Benefit For Interest Expense	33,563	32,743	31,898	31,028	30,132	29,209	28,258	27,279	26,270	25,231	
Tax Benefit For Depreciation	27,394	27,394	27,394	27,394	27,394	27,394	27,394	27,394	27,394	27,394	
Capital Gain Tax Due at Sale	-	-	-	-	-	-	-	-	-	-	(417,431)
<b>After Tax Cost of Ownership</b>	<b>(551,800)</b>	<b>(52,295)</b>	<b>(52,059)</b>	<b>(51,817)</b>	<b>(51,567)</b>	<b>(51,310)</b>	<b>(51,046)</b>	<b>(50,773)</b>	<b>(50,492)</b>	<b>(50,203)</b>	<b>1,796,505</b>

#### COST TO OWN

Undiscounted Cash Flow	\$783,142
Undiscounted Avg. Income (cost) PSF/mo.	\$2.01
Monthly PSF income (cost) based on occupied area of 3,250 SF	

#### COST TO OWN

Cash Flow Discounted @ 6.50%	\$63,163
Discounted Avg. Income (cost) PSF/mo.	\$0.16
Monthly PSF income (cost) based on occupied area of 3,250 SF	

#### TAXABLE GAIN ON SALE

Original Basis at Purchase	\$3,299,000
Depreciation Taken	(668,152)
Basis at Sale	\$2,630,848
Taxable Gain on Sale	\$1,669,725
Capital Gain Tax - Rate @ 25.00%	\$417,431

# Financial Analysis

## PURCHASE VS. LEASE ANALYSIS

### 20271 Acacia Street

#### Purchase vs. Lease Analysis

Scenario: Buyer to occupy 3,250 sq. ft. and lease 3,250 sq. ft. to tenants

#### SCENARIO 2 - LEASE BUILDING 3,250 sq. ft.

	Initial	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
NNN Rent - 3,250 SF x \$3.58 + 3.0% / yr.		(139,620)	(143,809)	(148,123)	(152,567)	(157,144)	(161,858)	(166,714)	(171,715)	(176,866)	(182,172)
NNN Expense - 3,250 SF x \$1.03 + 3.0% / yr.		(40,000)	(41,200)	(42,436)	(43,709)	(45,020)	(46,371)	(47,762)	(49,195)	(50,671)	(52,191)
Tax Benefit For Lease Payment		57,244	58,962	60,730	62,552	64,429	66,362	68,353	70,403	72,515	74,691
Tax Benefit For Operating Expenses		16,400	16,892	17,399	17,921	18,458	19,012	19,582	20,170	20,775	21,398
<b>After Tax Cost of Lease</b>	-	(105,976)	(109,155)	(112,430)	(115,803)	(119,277)	(122,855)	(126,541)	(130,337)	(134,247)	(138,274)

#### COST TO LEASE

Undiscounted Cash Flow (\$1,214,894)  
Undiscounted Avg. Cost PSF/mo. (\$3.12)

#### COST TO LEASE

Cash Flow Discounted @ 6.50% (\$860,102)  
Discounted Avg. Cost PSF/mo. (\$2.21)

#### SUMMARY OF PURCHASE VS. LEASE








Building Appreciation Over 10 Years \$1,134,580  
Cash Flow Savings of Ownership PSF \$5.12

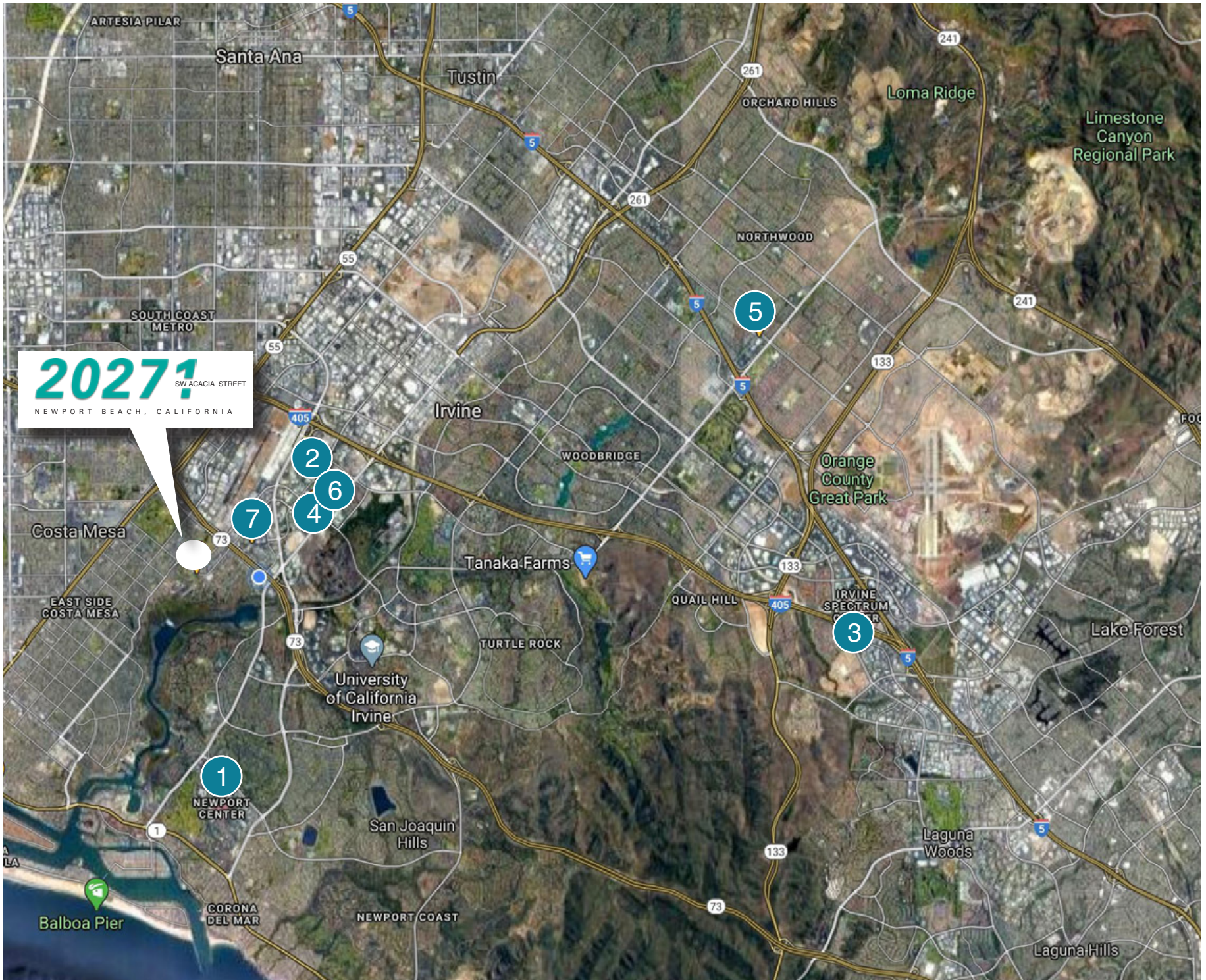
<< final sale value minus original purchase price

<< difference between undiscounted average monthly cost to purchase vs. undiscounted average monthly cost to lease

This information is for illustration purposes only. Lee & Associates makes no representations or warranties as to the accuracy or validity of this report.  
Rates and terms are assumptive and each buyer should consult with their own tax accountant and attorney as to their own individual circumstances.

# Sales Comparables

	Building Address	Building Area	Asking Price	Price PSF	# of Stories	Year Built
1)	 1601 Avocado Ave. Newport Beach, CA	12,547 SF	\$14,150,000	\$1,127.76	Two (2)	1986
2)	 5190 Campus Dr. Newport Beach, CA	10,200 SF	\$6,103,846	\$598.42	One (1)	1980
3)	 9100 Irvine Center Dr. Irvine, CA	6,000 SF	\$2,940,000	\$490.00	One (1)	2006
4)	 5140 Birch St., Newport Beach, CA	7,800 SF	\$3,975,000	\$509.61	Three (3)	1981
5)	 5510 Trabuco Rd. Irvine, CA	6,933 SF	\$3,500,000	\$504.83	One (1)	2004
6)	 4699 Jamboree Rd. Newport Beach, CA	11,524 SF	\$6,896,154	\$598.42	One (1)	1976
7)	 1900 Quail St. Newport Beach, CA	10,000 SF	\$4,550,000	\$455.00	One (1)	1972
Averages:		9,328 SF	\$5,993,857	\$606		



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