



2575

M^CCABE WAY

IRVINE, CALIFORNIA



HIGHLY IMPROVED FREEWAY FRONTING
INDUSTRIAL/MIXED-USE OFFICE/RETAIL BUILDING
OWNER/USER BUILDING FOR SALE // ± 28,300 SF

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

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MAXIMIZING PROPERTY VALUES™

Lee & Associates® - Newport Beach (the "Agent") has been engaged as the exclusive sales representative for the sale of 2575 McCabe Way, Irvine 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.

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2575
MCCABE WAY
irvine, california

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property description

BUILDING PROFILE

Asking Price:	\$11,988,000
Property Address	2575 McCabe Way Irvine, CA 92630
APN	435-132-18
Location	Orange County
Land Size	±69,696 SF
Year Built	1980
Building Size	±28,300 Square Feet
Zoning	5.1 IBC Multi-Use
Parking	110 Free Surface In Common
Flooring	Carpet & Tile
Construction	CTU





property overview

OFFERING SUMMARY

Lee & Associates® – Newport Beach, as exclusive advisor, is pleased to present the opportunity to acquire the fee simple interest in 2575 McCabe Way. This 2-story, industrial/mixed-use office/retail building consists of approximately 28,300 square feet and is located in the prestigious city of Irvine, California.

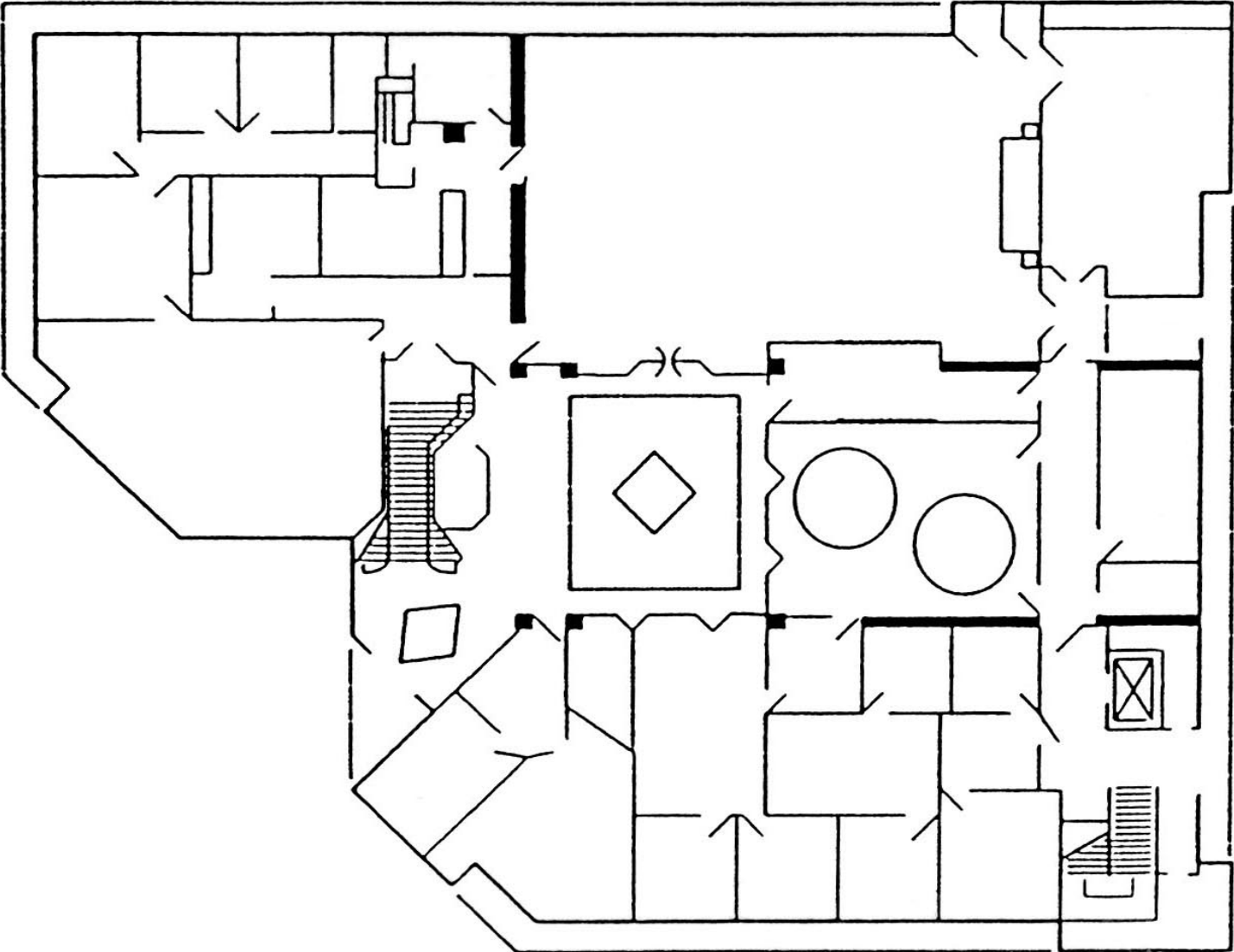
2575 McCabe Way offers close proximity to the John Wayne Airport as well as other food and retail centers, and offers freeway visibility with over 300,000 cars passing each day.

Potential medical users to occupy 50% of the building with agreement adjacent building owner to lease 15 additional stalls.

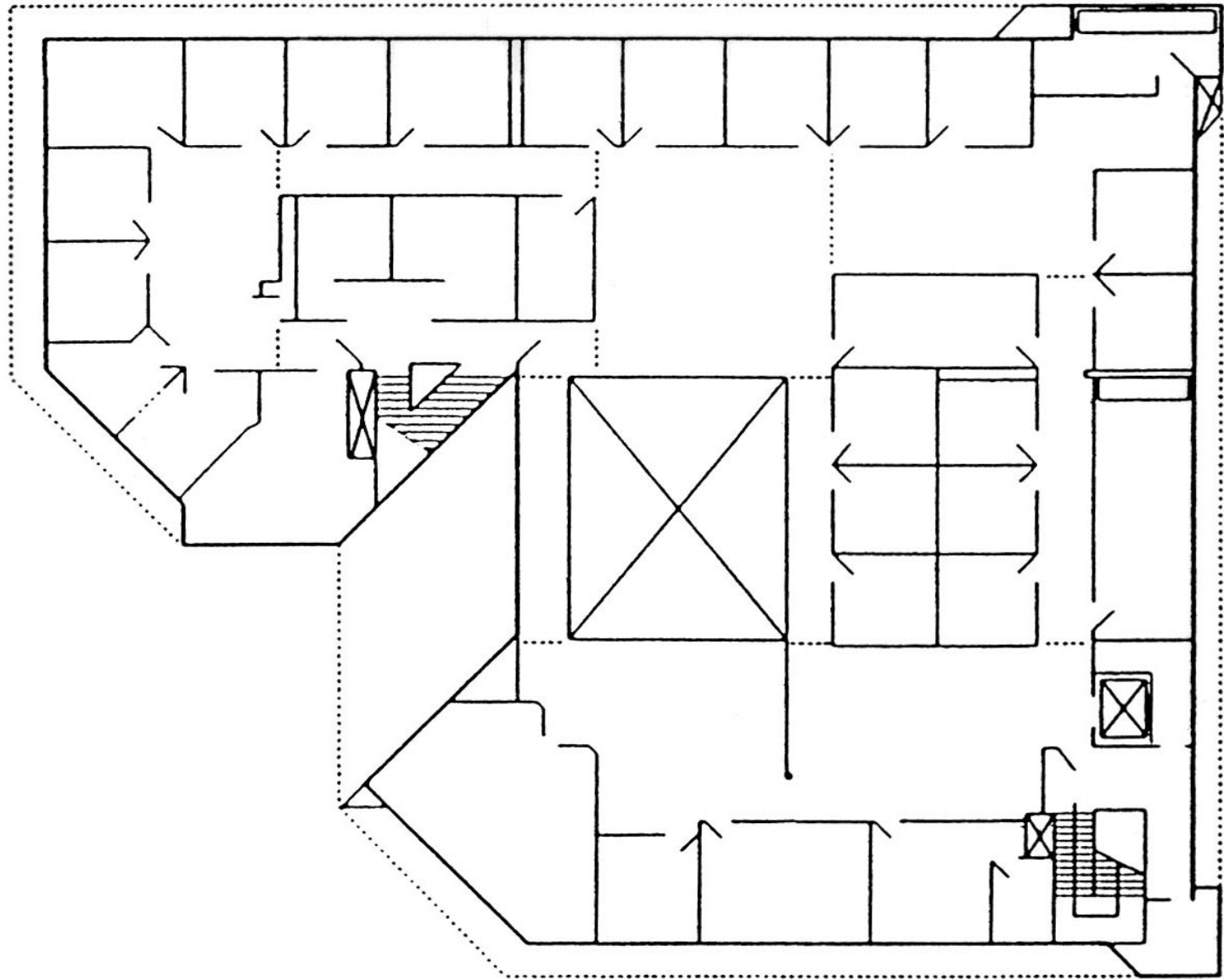
PROPERTY HIGHLIGHTS

- High Image Freestanding Industrial/Mixed Use Office/ Retail Building
- Dramatic Atrium Lobby
- 405 Freeway Frontage with over 300,000 cars passing daily
- Elevator Served
- Currently five (5) signs on the property offering the opportunity for up to \$10,000/month additional income from signage
- Functional Layout with private offices, conference rooms, and open areas

1ST FLOOR



2ND FLOOR





Edinger Ave

Warner Ave

Red Hill Ave

Alton Pkwy

Barranca Pkwy

Bristol S

Von Karman Ave

Main St

Jamboree Rd



2575 M^CCABE WAY
Irvine, California



Main St

White Rd

2575
MCCABE WAY
Irvine, California

McCabe Way



financial analysis

PURCHASE VS. LEASE ANALYSIS

2575 McCabe Way

Purchase vs. Lease Analysis

Scenario: Buyer to occupy 28,300 sq. ft. and lease 0 sq. ft. to tenants

PROPERTY ASSUMPTIONS

Purchase Building Size in SF	28,300
Occupy Building Size in SF	28,300
Market Rent - NNN	\$2.25
Monthly NNN Expense PSF	\$0.84
Annual Rent + Exp. Growth	3.00%
Total Building Cost	\$11,988,000
Total Building Cost PSF	\$423.60

DEBT & EQUITY

	1st TD	2nd TD	Total
Loan Amounts	\$5,994,000	\$4,795,200	\$10,789,200
Loan to Value Ratio	50%	40%	90%
Loan Fees	\$64,940	\$47,952	\$112,892
Equity Amount			\$1,311,692
Interest Rate	4.25%	4.00%	
Amortization Period	30	20	
Monthly Debt Service	\$29,487	\$29,058	\$58,545
Annual Debt Service	\$353,843	\$348,696	\$702,538
Loan Balance - End of Yr. 10	\$4,761,827	\$2,870,061	\$7,631,888

APPRECIATION & TAXES

Price Appreciation	3.00%
Building Value After 10 Years	\$16,110,870
Cost of Sale	3.00%
Standard Tax Rate	41.00%
Portion of Price For Building - %	80.00%
Portion of Price For Building - \$'s	\$9,590,400
Years to Depreciate Asset	39.50
Annual Depreciation Deduction	\$242,795

SCENARIO 1 - PURCHASE BUILDING

28,300 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	(1,311,692)	-	-	-	-	-	-	-	-	-	-
Annual Operating Expenses		(284,981)	(293,530)	(302,336)	(311,406)	(320,749)	(330,371)	(340,282)	(350,491)	(361,005)	(371,836)
Annual Debt Service		(702,538)	(702,538)	(702,538)	(702,538)	(702,538)	(702,538)	(702,538)	(702,538)	(702,538)	(702,538)
Reversion Value After 10 Years		-	-	-	-	-	-	-	-	-	16,110,870
Cost of Sale		-	-	-	-	-	-	-	-	-	(483,326)
Pay Off Remaining Loan Balance		-	-	-	-	-	-	-	-	-	(7,631,888)
Tax Benefit For Operating Expenses		116,842	120,347	123,958	127,677	131,507	135,452	139,516	143,701	148,012	152,453
Tax Benefit For Interest Expense		181,093	176,629	171,977	167,132	162,083	156,824	151,345	145,637	139,691	133,496
Tax Benefit For Depreciation		99,546	99,546	99,546	99,546	99,546	99,546	99,546	99,546	99,546	99,546
Capital Gain Tax Due at Sale											(1,516,873)
After Tax Cost of Ownership	(1,311,692)	(590,038)	(599,547)	(609,393)	(619,590)	(630,150)	(641,087)	(652,413)	(664,144)	(676,294)	5,789,903

COST TO OWN

Undiscounted Cash Flow	(\$1,204,446)
Undiscounted Avg. Income (cost) PSF/mo.	(\$0.35)
Monthly PSF income (cost) based on occupied area of 28,300 SF	

COST TO OWN

Cash Flow Discounted @ 6.50%	(\$2,400,109)
Discounted Avg. Income (cost) PSF/mo.	(\$0.71)
Monthly PSF income (cost) based on occupied area of 28,300 SF	

TAXABLE GAIN ON SALE

Original Basis at Purchase	\$11,988,000
Depreciation Taken	(2,427,949)
Basis at Sale	\$9,560,051
Taxable Gain on Sale	\$6,067,493
Capital Gain Tax - Rate @ 25.00%	\$1,516,873

2575 McCabe Way

Purchase vs. Lease Analysis

Scenario: Buyer to occupy 28,300 sq. ft. and lease 0 sq. ft. to tenants

SCENARIO 2 - LEASE BUILDING

28,300 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 - 28,300 SF x \$2.25 + 3.0% / yr.		(764,100)	(787,023)	(810,634)	(834,953)	(860,001)	(885,801)	(912,375)	(939,747)	(967,939)	(996,977)
NNN Expense - 28,300 SF x \$0.84 + 3.0% / yr.		(284,981)	(293,530)	(302,336)	(311,406)	(320,749)	(330,371)	(340,282)	(350,491)	(361,005)	(371,836)
Tax Benefit For Lease Payment		313,281	322,679	332,360	342,331	352,601	363,179	374,074	385,296	396,855	408,761
Tax Benefit For Operating Expenses		116,842	120,347	123,958	127,677	131,507	135,452	139,516	143,701	148,012	152,453
After Tax Cost of Lease	-	(618,958)	(637,527)	(656,652)	(676,352)	(696,642)	(717,542)	(739,068)	(761,240)	(784,077)	(807,600)

COST TO LEASE

Undiscounted Cash Flow (\$7,095,657)
Undiscounted Avg. Cost PSF/mo. (\$2.09)

COST TO LEASE

Cash Flow Discounted @ 6.50% (\$5,023,475)
Discounted Avg. Cost PSF/mo. (\$1.48)








SUMMARY OF PURCHASE VS. LEASE

Building Appreciation Over 10 Years \$4,122,870
Cash Flow Savings of Ownership PSF \$1.73

<< final sale value minus original purchase price

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

SALE COMPARABLES

	<i>Building Address</i>	<i>Building Area</i>	<i>Sold Price</i>	<i>Price PSF</i>	<i>Sale Date</i>	<i># of Stories</i>	<i>Year Built</i>
1)	 9 Corporate Park. Irvine, CA 92606	23,179 SF	\$8,115,000	\$350.10	02/14/2020	Two (2)	1985
2)	 2392 Morse Ave Irvine, CA 92614	20,392 SF	\$7,500,000	\$367.79	09/01/2020	Two (2)	1980
3)	 3140 Pullman St Costa Mesa, CA 92626	23,748 SF	\$9,596,500	\$404.10	01/15/2020	Two (2)	1966 Renov 2000
4)	 2260 University Dr Newport Beach, CA 92660	26,561 SF	\$12,500,000	\$470.61	01/14/2020	Two (2)	1983 Renov 2015
5)	 15 Whatney Irvine, CA 92618	39,696 SF	\$14,800,000	\$372.83	01/21/2020	Two (2)	1987
6)	 930 Roosevelt Irvine, CA 92620	20,228 SF	\$11,089,000	\$547.00	10/07/2019	Two (2)	2007
7)	 2495 Campus Dr Irvine, CA 92612	17,695 SF	\$7,868,000	\$443.00	01/4/2019	Two (2)	1979
Averages:		24,500 SF	\$10,209,786	\$422.20			

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