

FOR SALE
8,620 SF

100% Single Tenant Leased
By the US Government

340 E. Yosemite Ave.

Merced, California 95340

8,620 Total Bldg. Sq. Ft.

Sale Price: \$3,795,000

Cap Rate: 7.84%

Property Highlights

- Single-Tenant Investment with AAA Credit -U.S. Government Leased through April 30, 2020
- 2010 Finish-to-Suit Construction
- No Termination Options
- Rare Annual Increases of 2.5%
- The building is part of a three building office condo project known as "Millennium Center"
- Less than one mile from Mercy Medical Center a 186-bed hospital



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Tenant Summary

The Merced VA Outpatient Clinic is a single-tenant medical facility that is 100% leased to the Veterans Administration. The building is single-story, with steel construction and stucco exterior. The finish-to-suit construction was completed for the VA in May 2010. The building features high quality construction, meeting the strict standards of the U.S. Government. The VA occupies this building on a 10-year lease, with no termination rights. The lease is guaranteed by the United States of America, which has the highest grade credit available. The lease features annual rent increases of 2.5%, which is rare for a Federal Government lease. The building is part of a three building office condo project known as "Millennium Center." It is located next to the Millennium Sports Center, a full service fitness facility offering fitness training, swimming, tennis, racquetball, and aerobics. The property is located in a fast growing area of North Merced on East Yosemite Avenue, which is a major thoroughfare just minutes from the new UC Merced campus. It is also in immediate proximity to Merced College.

The United States Department of Veterans Affairs (VA) is a government-run military veteran benefit system with Cabinet-level status. It is responsible for administering programs of veterans' benefits for veterans, their families, and survivors. The benefits provided include disability compensation, pension, education, home loans, life insurance, vocational rehabilitation, survivors' benefits, medical benefits and burial benefits. It is administered by the United States Secretary of Veterans Affairs.

The VA is a single-payer government-run health-care system, and the American government's second largest department, after the United States Department of Defense. With a total 2015 budget of about \$163.9 billion, VA employs nearly 280,000 people at hundreds of Veterans Affairs medical facilities, clinics, and benefits offices.

Merced is located in the San Joaquin Valley. It is named after the Merced River which flows nearby. Commonly referred to as the Gateway to Yosemite, Merced is a mere two hour drive to the Yosemite National Park. Also two hours to the west is the popular town of Monterey Bay. Merced is home to the well known Merced Falls and is in close proximity to Lake Yosemite. A variety of outdoor activities surround the city such as bike trails, hiking trails, Applegate park, a zoo, the Castle Air Museum, and the historic County Courthouse Museum. Merced's population has grown faster than the state's average since 1980. Over the past nine years, the annual growth rate is 3.4%. Traditionally, the economy was agricultural-based but now has a more diversified industry with warehousing and distribution, fiberglass boat building, and packaging industries with an overall increase in industrial development. In 2005, the city of Merced became home to the tenth University of California campus, the University of California Merced (UCM), and was the first research university built in the U.S. in the 21st century. Merced has one community college, Merced college, home to over 10,480 students.

Lease Summary

Year One May 3, 2010- April 30, 2011 (\$21,099.48 May)	\$22,554.62/mo.
Year Two May 1, 2011 - April 30, 2012	\$23,129.99/mo.
Year Three May 1, 2012 - April 30, 2013	\$23,732.07/mo.
Year Four May 1, 2013 - April 30, 2014	\$24,333.92/mo.
Year Five May 1, 2014 - April 30, 2015	\$24,963.10/mo.
Year Six May 1, 2016 - April 30, 2017	\$25,611.15/mo.
Year Seven May 1, 2016 - April 30, 2017	\$26,278.66/mo.
Year Eight May 1, 2017 - April 30, 2018	\$26,966.18/mo.
Year Nine May 1, 2018 - April 30, 2019	\$27,674.33/mo.
Year Ten May 1, 2019 - April 30, 2020	\$28,403.73/mo.

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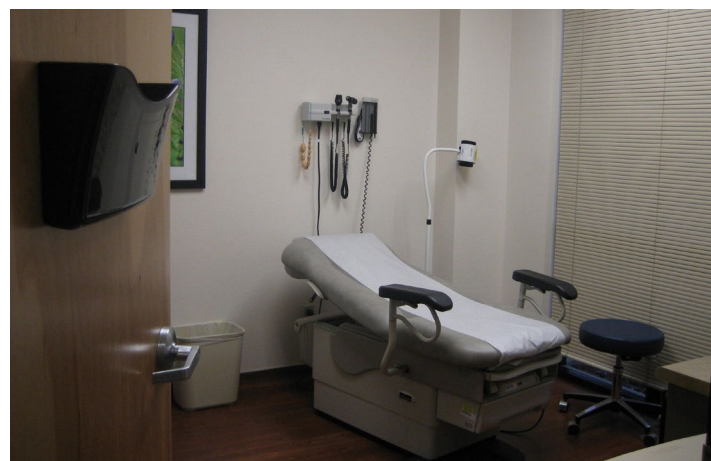
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Interior Photos

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Economic Proforma Based Upon Current Rent

ADDRESS		
340 E Yosemite		
Units:		1
Price:		\$3,795,000
Down Payment:(30%)		\$1,215,000
Price /s.f.		\$469.84
BUILDING SIZE		
Sq.Ft.*	Rent	
8,620	27,653.70	\$3.21
FINANCING		
Loans		Loan #1
Amount		\$2,835,000
Interest Rate/Type		4.50% Fixed
Lender		Best Available
New or Assume		New
Amort. Period Yrs.		25
Due Date Years		10
Monthly Payment		\$15,757.85
PROFORMA INCOME & EXPENSE SUMMARY		
Scheduled Gross Income:		\$331,844
Plus Reimbursed Exp.		11,000
Gross Operating Income:		\$342,844.40
Less Expenses		\$(46,327.22)
Net Operating Income:		\$296,517.18
Less Debt Service:		\$(189,094.21)
Estimated Pre-Tax Cash Flow:		\$107,423

ESTIMATED ANNUAL EXPENSES	
Property Taxes	\$36,749
Insurance	\$3,600
Utilities	\$3,338
Management	
Replacement Reserve	
Landscape	2,160
Alarm	480
Total Expenses	\$46,327
VALUE INDICATORS	
Year Built	2010
# of Units	1
Bldg. Sq.Ft.	8,620
Lot Size	27,769
Price/Sq.Ft.	\$469.84
Rent/Sq.Ft. (Average)	\$3.208
Expense Ratio	14.0%
Expense/Sq.Ft.	\$0.45
Debt Coverage Ratio	\$1.568
CAP Rate	7.84%
Pre-Tax Cash Flow	\$107,423
Cash-on-Cash Return	8.84%

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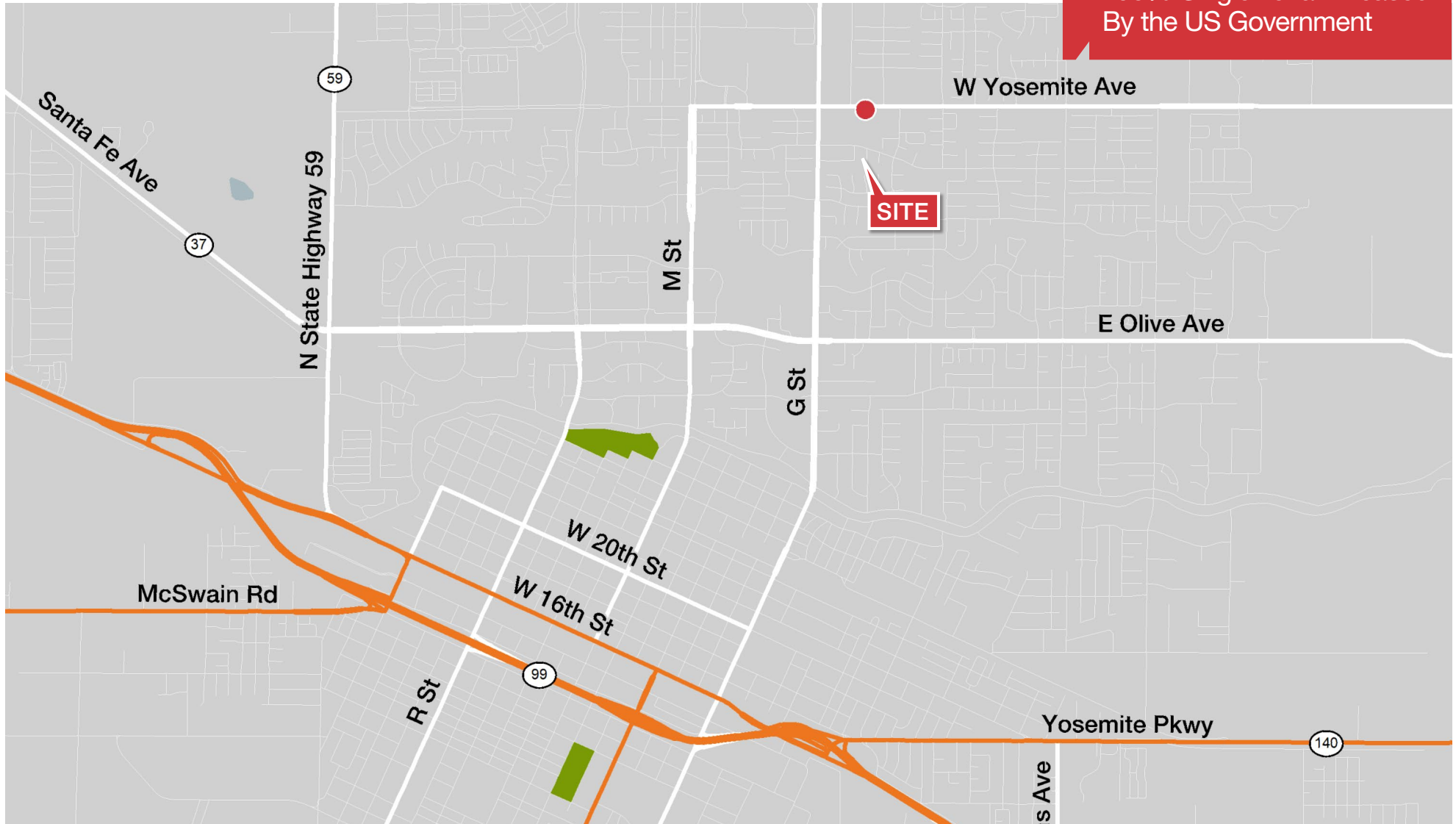
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