Hillcrest Multi-Tenant Fully Leased Investment Offering

1202 - 1228 UNIVERSITY AVENUE SAN DIEGO, CALIFORNIA 92103

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The Hillcrest Neighborhood

Located only a few miles north of San Diego's bustling downtown, the vibrant uptown neighborhood of Hillcrest has welcoming vibe, pedestrian-friendly streets, and sidewalk patios, that create a San Francisco vibe. It's urban nature has attracted a bustling mix of ethnically diverse restaurants, nightclubs and acclaimed wine bars. You'll also discover home decor shops, distinctive boutiques. Whole Foods, Trader Joe's, and Ralph's grocery stores have been long standing establishments in Hillcrest due in part to the residential community is the pinnacle of San Diego's dense dwellings.

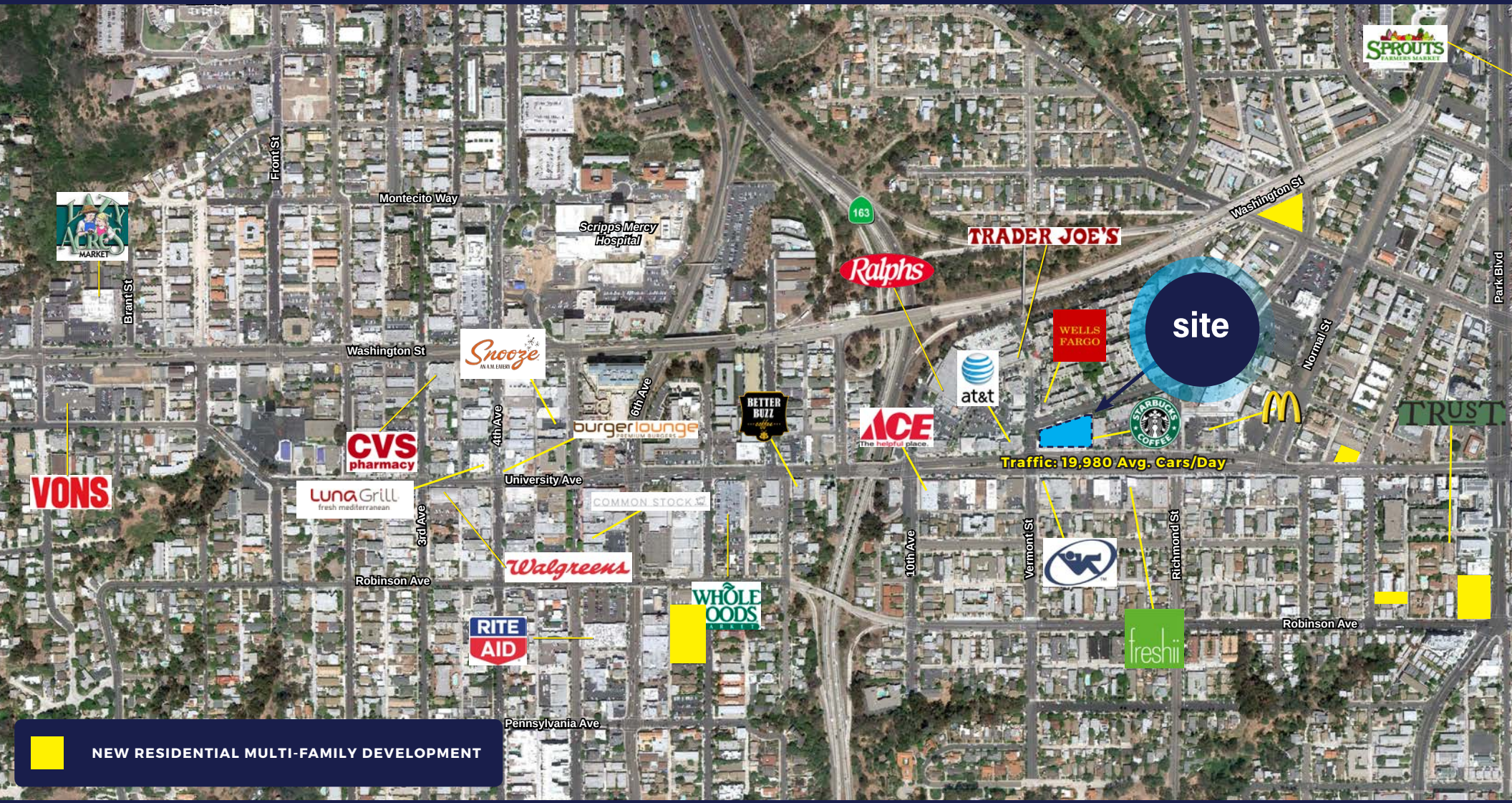
Hillcrest stands as San Diego's LGBTQ+ central hub and host to the city's massive annual Pride parade and the largest farmers markets in San Diego.

Spanning a dozen blocks west along University leads into the neighborhood's "village" area designated by the historic, neon "Hillcrest" sign. On intersecting Fifth Avenue, you'll find a concentration of new and established restaurants, as well as a few dessert-centric eateries. Thrown into the mix are vintage clothing shops, book outlets and the multiplex Landmark Cinemas for taking in independent and foreign films.

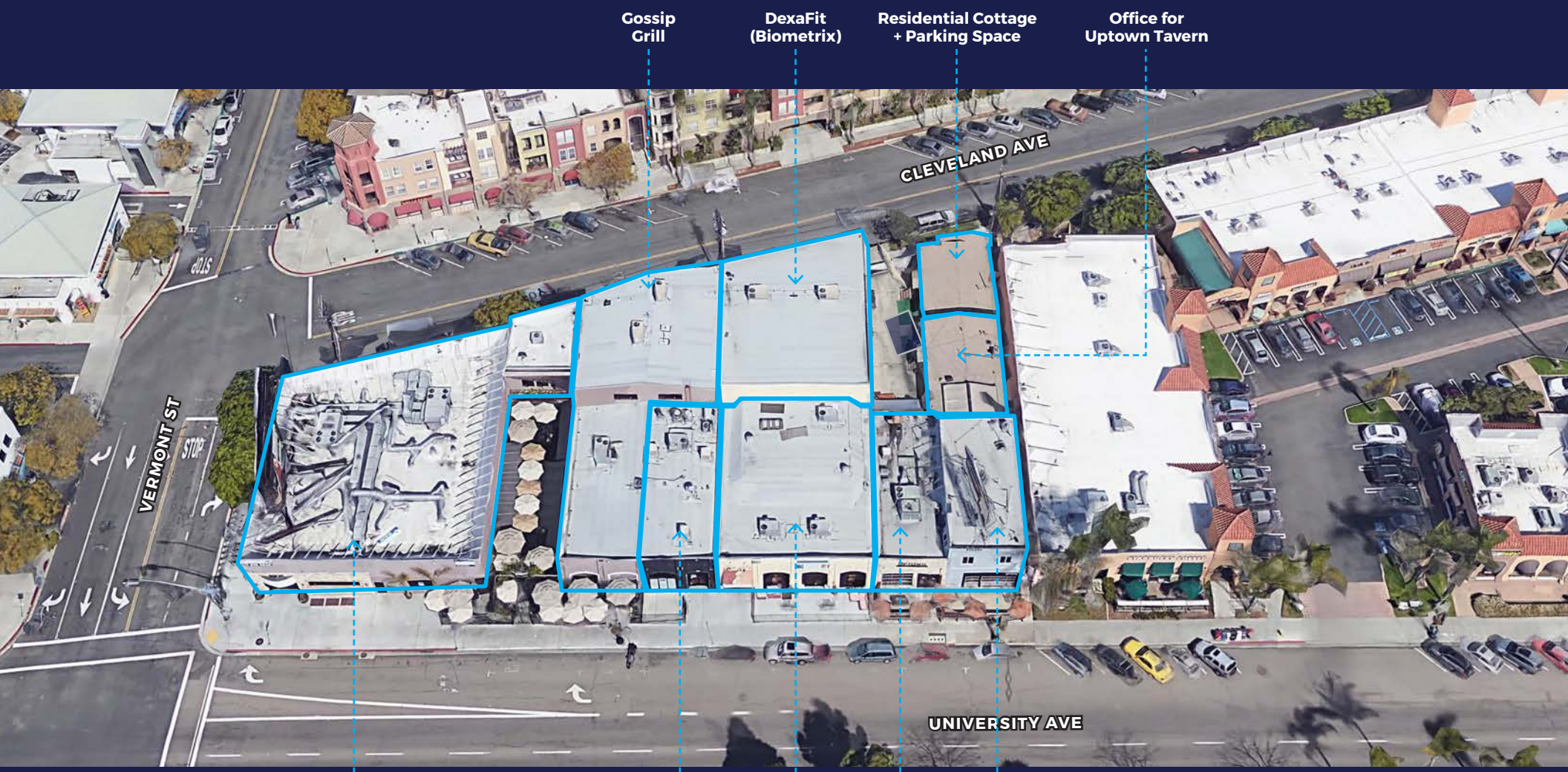
Just south of Hillcrest sits Balboa Park, the largest urban cultural park in North America and a hub for recreation, arts and culture, and community gatherings. The park is home to 16 museums and performing arts venues, ornate Spanish-Renaissance architecture, 1,200 acres of beautiful gardens and the world-famous San Diego Zoo.

East of Hillcrest and bordering Balboa Park, you'll find the diverse and eclectic uptown neighborhoods of North Park and South Park. Catering to a local crowd, streets here are lined with coffee shops, boutiques, art galleries, diverse restaurants and craft beer pubs.

Hillcrest Map



Site Map


Gossip Grill
DexaFit (Biometrix)
Residential Cottage + Parking Space
Office for Uptown Tavern
CLEVELAND AVE
VERMONT ST
STOP
UNIVERSITY AVE
Mattress Firm
Sun Flower Spa
Hillcrest Nail Lounge (TTN)
Uptown Tavern
2nd Floor: Blue Moon Audio

Executive Summary + Parcel Map

This property is 30,951 SF of leased building space on 27,213 SF of Land at 1202-1238 University Ave San Diego, CA 92104.

This property consists on 3 parcels in the heart of Hillcrest's most prominent intersection as it's street facing retail in front of a highly productive Trader Joe's and Ralph's anchored shopping center (The Hub -owned by Regency centers). The property has proven traffic patterns as it's Location between Whole Foods in Hillcrest and the trendy North Park Neighborhood make this front and center for shopping and dining.

It is a fully leased investment property with anchor tenants having long term NNN leases.

Hillcrest has been one of San Diego's most vibrant neighborhoods because

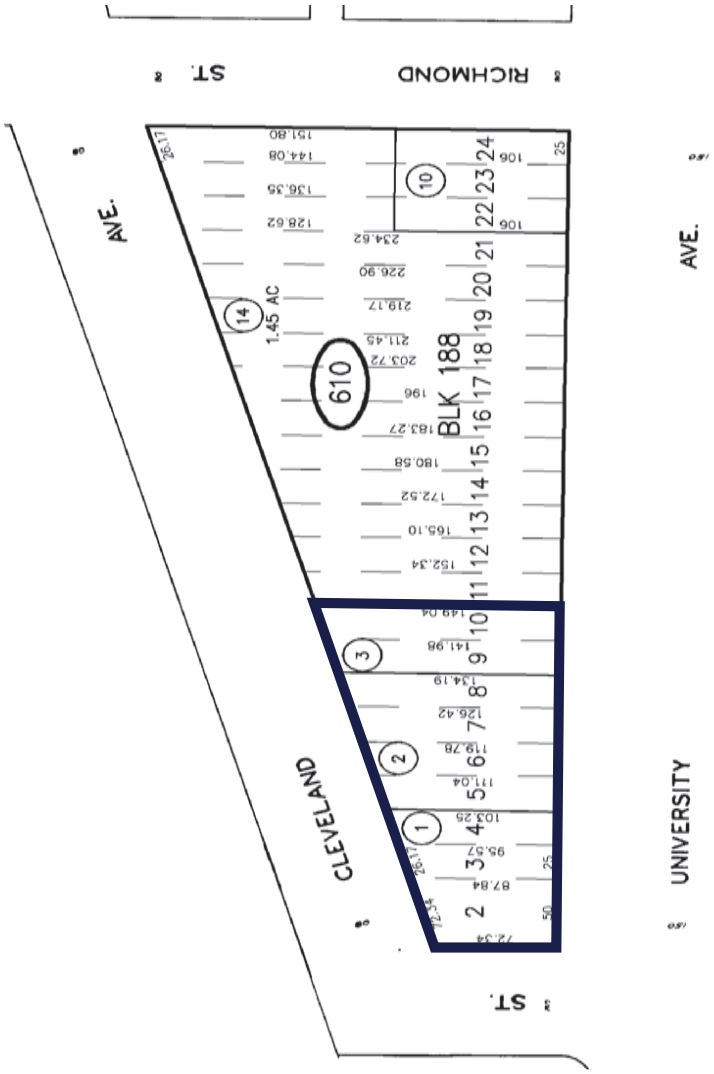
(1) the central location allows easy access to all freeways

(2) the proximity to Balboa Park provides culture from theaters, museums, the zoo, etc.

(3) the highest residential density per square mile(list the stat here) in San Diego providing

(4) directly adjacent to downtown San Diego providing a convenient live/work balance

(5) University Ave has massive car traffic giving strong visibility to the retail



Financial Summary:

Projected Gross Income Annualized as of January 1, 2020: $908,335

Estimated Annual Expenses:

-Common Area Maintenance: $35,928

-Property Taxes: $186,797

-Insurance: $8,571

-Property Management: $41,243

Estimated Annual Non-Reimbursable Expenses Upon Closing: $52,754.84

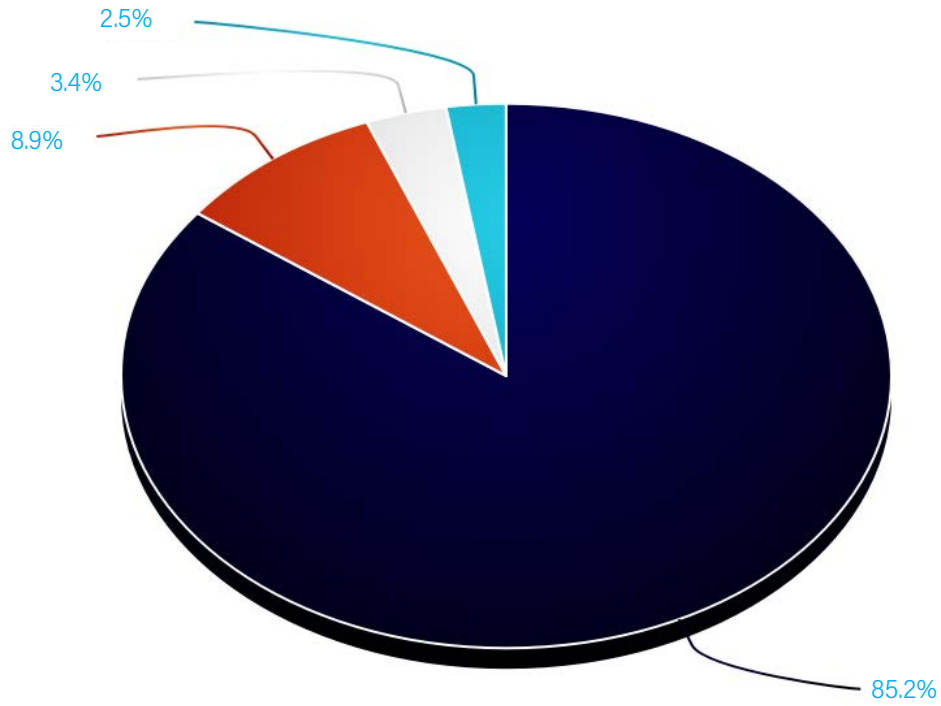
Projected NOI January 1, 2020: $855,580

Sale Price: $15,750,000

CAP Rate: 5.43

Avg. Retail Base Rent / SF per month: $2.64

4 tenants have rental increases before the end of 2019



HILLCREST
MATTRESSFIRM
4TH OF JULY
SALE
FREE
FREE
FREE
SAVE UP TO
$400

MATTRESSFIRM
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$400

Tenant Profile: Mattress Firm

MATTRESSFIRM

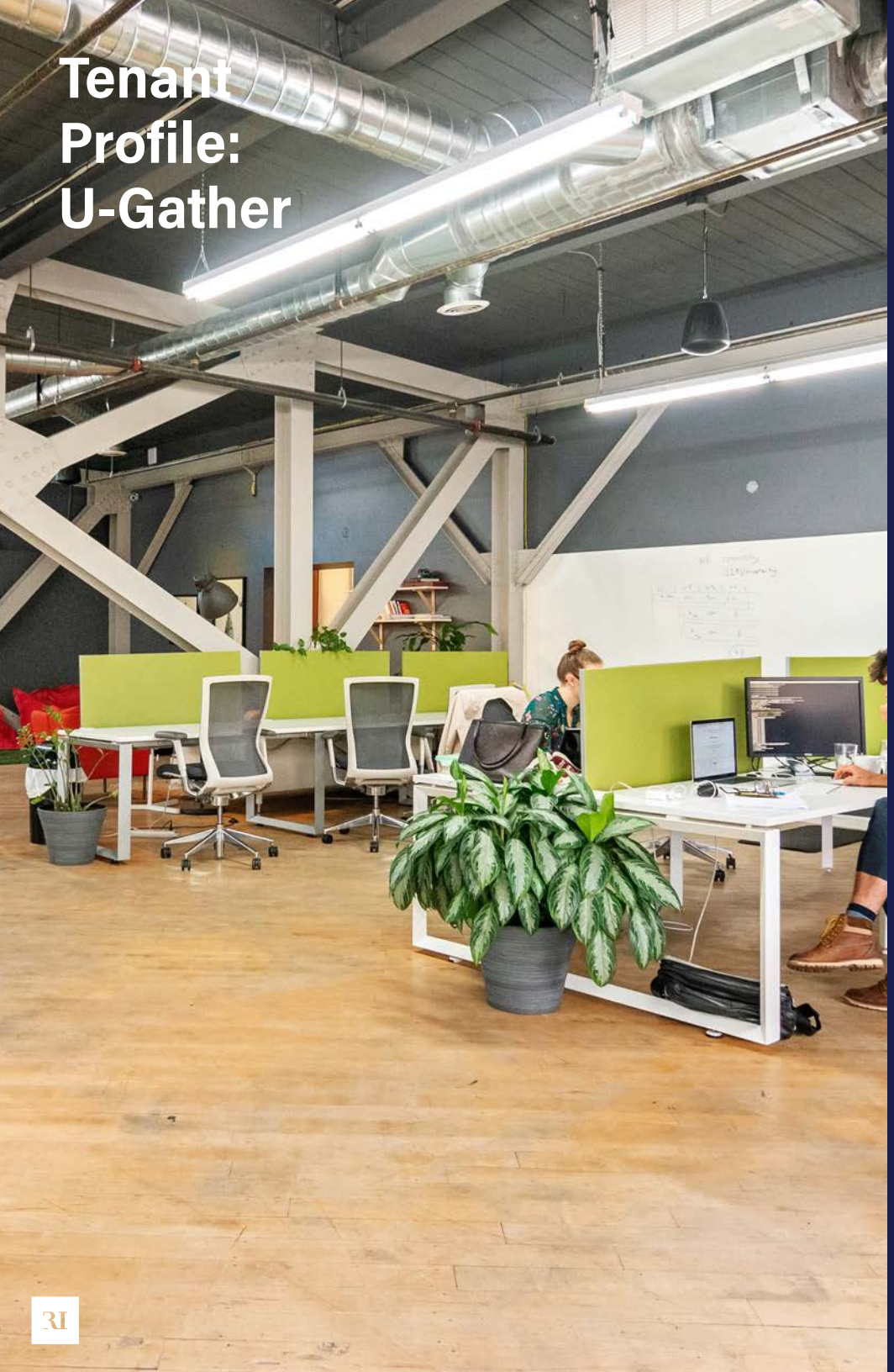
Tenant Profile: **Mattress Firm**

Mattress Firm is one of the nation's premier specialty bedding retailers, offering a broad selection of mattresses, bedding accessories, and related products. This Mattress Firm location is among the top producing group of their current 3,200 corporate stores, according to conversations with store personnel. The high traffic is credited to their proximity to the high density, urban neighborhood and their prime corner which services the highly trafficked retail center which includes Trader Joes, Ralphs, Starbucks, and CVS in its 149,114 SF of retail.

Tenant Profile: Gossip Grill

Tenant Profile: **Gossip Grill**

Gossip Grill is owned and operated by the team who has developed long standing successful Hillcrest bars and restaurants, Urban Mo's, Hillcrest Brewery, and Baja Bettys. Specializing in American Comfort food, Gossip Grill is touted as Southern California's best Woman's bar and since its opening in 2009 and has blossomed into a full patio bar, restaurant, as well as, night club. This group has 4 performing restaurants along University Ave in Hillcrest.



Tenant Profile: U-Gather

Tenant Profile: **U-Gather**

U-gather entered the industry in 2016 as a virtual office to provide members a secure business address and mail handling service, a conference rooms, a podcast room, and an event space. This full service coworking space caters to creative professionals. There is the availability to rent a shared desk, a dedicated desk, a semi-private office, or a private office on a monthly basis. They catering to working professionals in the neighborhood and would like to extend their lease early, according to conversations with their team.

Tenant Profile: Hillcrest Nail Lounge

Tenant Profile: **Hillcrest Nail Lounge**

Owned and Operated by Tracy Nguyen, she has been a neighborhood service provider for for 17 years. After buying and selling other salons in Hillcrest, her current salon, Tippy Toes, also in Hillcrest, is top rated in San Diego in 2400 square feet significantly outperforms their smaller competitors. Her idea of this spa-like facility called Hillcrest Nail Salon was in response to the success of her other location and the cultural shift for her customers to make getting their services done a luxury experience they look forward to. The size and the elegance differentiates the experience and what she is able to offer them, plus her personal touch and industry connections allow her to hire the best manicurists. She plans to open in July 2019.

Tenant Profile: Uptown Tavern

UPTOWN
TAVERN

Tenant Profile: **Uptown Tavern**

Opened in 2012, the owner has 30 year of restaurant experience with a focus on customer service. This popular Hillcrest restaurant has laid-back, rustic atmosphere with over 20 beers on tap and a large outdoor patio and serves American cuisine with a Southern California flair. They cater to the neighborhood and have a private bar space for rental and a back outdoor patio they use an expansion space during Pride Week.

Tenant Profiles:

Blue Moon Audio

Sun Flower Spa

DexaFit

Blue Moon Audio

Len has been operating in the audio business for 30 years and relocated his retail store to this property. He caters new and re-sale audio equipment to connoisseurs and audiophiles.

Sun Flower Spa

This is a traditional Asian massage service provider.

DexaFit

They offer body fat screenings and other health and consultative services for those seeking wellness.

Rent Roll + Renewal Option

Current Rent Roll (Rents reflective as of January 1, 2020)

Property by Parcel #	Unit(s)	Lease	Lease Type	Size in SF (calculated for CAM)	% of total size	Lease From	Lease To	Current Term Months	Monthly Base Rent	Monthly Rent Per SF	Annual Base Rent	Annual Rent Per SF	Current NNN Monthly	NNN per SF	Rent Increases	Options	Gaurantor
Current Leases																	
445-610-01	1202	The Sleep Train, Inc. (DBA. **Mattress Firm**)	NNN with 5% Cap on CAM's, 10% admin fee, no MGMT fee	6,115.00	19.76%	6/3/2016	6/30/2026	121	$15,593.25	$2.55	$187,119.00	$30.60	$4,000.87	$0.65	7/21/21 - 10% increase	2 options for Five years. Rent flat during options. Rent increases at start of each option to $3.08 per SF & $3.39 per SF	Corporate Garuantee
445-610-01	SIGN-1	Outfront Media, LLC (**Billboard above Mattress Firm**)	Gross	0.00		8/31/1990	7/31/2022	384	$2,278.00	$0.00	$27,336.00	n/a	None	N/A	None	None	
445-610-02	1218, 1220	DCSS III, Inc. (DBA, **Gossip Grill**)	NNN	6,379.00	20.61%	11/6/2013	11/30/2023	60	$18,594.15	$2.91	$223,130.00	$34.98	$4,751.35	$0.74	3% Annually	1 Five (5) year option to renew at FMV with annual CPI adjustments	No Personal Garuantee as it expired after Tenant's in initial 5 year lease term. Tenant has 4 performing restaurants, plus LL has security in their inventory, fixtures, equipment, and personal property.
445-610-02	1218-2	DCSS III, Inc. (DBA, **Gossip Grill**)	Gross + Utilities	650.00	2.10%	5/1/2017	11/30/2020	12	$1,220.03	$1.88	$14,640.00	$22.52	$0.00	N/A	3% Annually	See lease	Personal Garuantee expired after Tenant's in initial 5 year lease term.
445-610-02	1226	Stacey Zhong (DBA, **SunFlower Spa**)	NNN	1,000.00	3.23%	11/1/2015	10/31/2020	60	$2,811.39	$2.81	$33,737.00	$33.74	$763.55	$0.76	N/A	1 Five (5) year option to renew at FMV	Personal Gaurantee
445-610-02	1228-101 & 102	TTN, Inc. (DBA, **Hillcrest Nail Lounge**)	NNN	4,200.00	13.57%	6/22/2019	6/21/2029	120	$11,550.00	$2.75	$138,600.00	$33.00	$3,220.49	$0.76	3% Annually starting June 2021	1 Ten (10) year option to renew at FMV	Corporate Garuantee and Personal Gaurantee
445-610-02	1223-100	Biometrix SD LLC (DBA, **Dexa-Fit**)	NNN	1,700.00	5.49%	9/1/2018	11/30/2021	39	$4,027.00	$2.37	$48,324.00	$28.43	$1,162.65	$0.68	3% Annually	2 options for forty -one (41) months. Rent increases the second year of the first option by 3% and then 3% annually throughout the first and 2nd option	Personal Gaurantee
445-610-02	1223-200	Creative Space Development, Inc. (DBA **U-Gather**)	NNN with 5% CAP on NNN	5,637.00	18.21%	8/17/2015	8/31/2020	61	$6,764.40	$1.20	$81,173.00	$14.40	$1,654.49	$0.29	none	1 Five (5) year option to renew at FMV	Personal Gaurantee
445-610-03	1236_37	ETC Adventures, LLC (DBA **Uptown Tavern**)	NNN	3,500.00	11.31%	2/1/2017	1/31/2026	108	$8,641.39	$2.47	$103,697.00	$29.63	$2,186.91	$0.62	2.5% Annually	1 Five (5) Year option to renew at FMV	Personal
445-610-03	1238	**Blue Moon Audio** Inc.	Gross + utilities	1,020.00	3.30%	5/28/2019	11/28/2020	19	$2,250.00	$2.21	$27,000.00	$26.47	None	N/A	None	None	None
445-610-03	COTTAGE	Residential Cottage	Gross + Utilities	750.00	2.42%	8/11/2018	2/29/2020	19	$1,840.00	$2.45	$22,080.00	$29.44	None	N/A	None	None	Personal
445-610-03	SIGN-2	Clear Channel Outdoor (**Billboard Above Uptown Tavern**)	Gross	0.00		3/1/2001	3/1/2021	240	$125.00	$0.00	$1,500.00	n/a	None	N/A	None	None	
Total Current				**30,951.00**	**100%**				**$75,694.61**		**$908,336.00**		**$17,740.31**				

Loan Quote

PERMANENT LOAN SUMMARY		
Loan Amount		$8,500,000
Loan Terms (Years)		10
Amortization (Years)		None/10 Years Interest Only
Interest Rate		
	Index (Treasury/Swap)	2.00%
	Lender's Spread	2.00%
	Interest Rate	4.00%
Mortgage Constant		4.00%
Loan to Value		53.97%
Debt Service Coverage (Interest Only)		2.001x%
Debt Yield		8.01%
Annual Debt Service		$340,000
Monthly Debt Service		$28,333

NORTHMARQ

AARON BECK | NORTHMARQ | VICE PRESIDENT | DEBT/EQUITY | **T.** 858.675.7862 **E.** ABECK@NORTHMARQ.COM

Demographics: 1-Mile Radius

RETAIL INSITE

Market Summary

1228 University Ave, San Diego, California, 92103

* This report was produced using data from private and government sourced deemed to be reliable.The information herein is provided without representation or warranty

INCOME

62,557
Median HH Income

51,862
Median Disposable Income

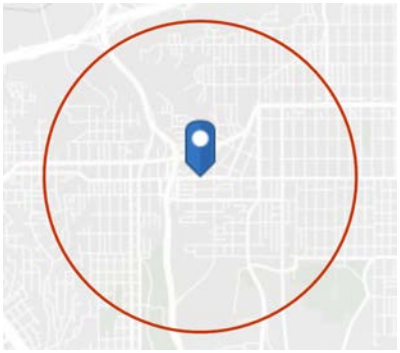
EMPLOYMENT

79% White Collar

7% Blue Collar

14% Services

3.1% Unemployment Rate



EDUCATION

11% High School Graduate

25% Some College

58% Bachelor's/Grad/ Prof Degree

POPULATION

35,567
Total Population

20,821
Total Households

44,007
Total Daytime Population

38.7
Median Age

Tapestry Segments

3C	**Trendsetters** 9,152 households	**44.0** of Households
3B	**Metro Renters** 7,113 households	**34.2** of Households
11B	**Young and Restless** 1,753 households	**8.4** of Households

RACE AND ETHNICITY

White	25,698	72.25%
Black/African American	1,990	5.60%
American Indian/Alaska Native	249	0.70%
Asian	2,580	7.25%
Pacific Islander	143	0.40%
Other Race	2,967	8.34%
Two or More Races	1,939	5.45%
Hispanic	8,017	22.54%

Demographics: 3-Mile Radius

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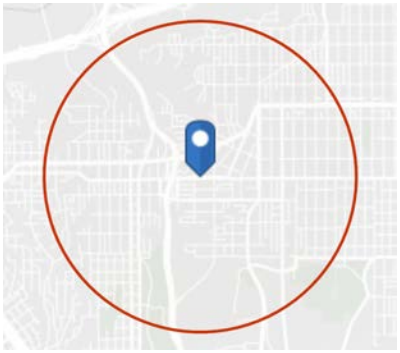

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Confidentiality Agreement

Retail Insite (hereinafter "RI") has been retained as the exclusive advisor and broker regarding the sale of the property at 1228 University Ave, San Diego, California.

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If you have no further interest in the Property, please return this Investment Offering forthwith.