

2428 NEWPORT BLVD., COSTA MESA, CA 92627



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# NEWPORT CENTER

2428 NEWPORT BLVD.  
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OFFERING MEMORANDUM



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# NEWPORT CENTER

SANTA CLARITA, CALIFORNIA

OFFERING MEMORANDUM

EXCLUSIVELY LISTED BY:

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## Introduction – Disclaimer

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## NEWPORT CENTER

2428 Newport Blvd., Costa Mesa, CA 92627

19,800 S.F. Land &amp; 5,625 S.F. Building

APN# 439-281-04

- ✓ Extremely visible Retail Center on major thoroughfare – Newport Blvd. and Freeway 55.
- ✓ Conveniently located Close to major freeways 55, 405 and 73
- ✓ Well Maintained, Attractive Commerce location
- ✓ Flat lot 100% usable land
- ✓ Commercial, Retail use
- ✓ Zoning for C2 Commercial
- ✓ Adjacent to Comfort INN
- ✓ Across from Vanguard University of Southern California, Lebard Stadium & Pacific Amphitheater
- ✓ Few blocks away from Santa Ana Country Club, Upper Newport Bay
- ✓ Minutes away from IKEA and major Shopping centers
- ✓ Nearby Orange Coast Collage
- ✓ 5 Minutes away from the most prestige high end South Cost Plaza Mall
- ✓ Easy Freeway access
- ✓ Excellent signage and exposure
- ✓ ADT – 50,000+ Cars per day (Average Daily Traffic)
- ✓ Minutes away from Newport Beach and Huntington Beach
- ✓ Central location
- ✓ 21 Parking





## LOCATION

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Newport Center  
 2428 Newport Blvd.  
 Costa Mesa, CA 92627

## OFFERING SUMMARY

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Price:	\$ 1,480,000
Down Payment:	\$592,000
Capitalization Rate:	6.54%
Cash-on-Cash Return:	5.31%
Net Rentable Area (NRA):	5,625
Price per Square Foot (NRA):	\$263.11
Year Built:	1961
Lot Size (SF/Acres):	19,800 SF / 0.45 AC
Zoning:	C2

## FINANCIAL SUMMARY

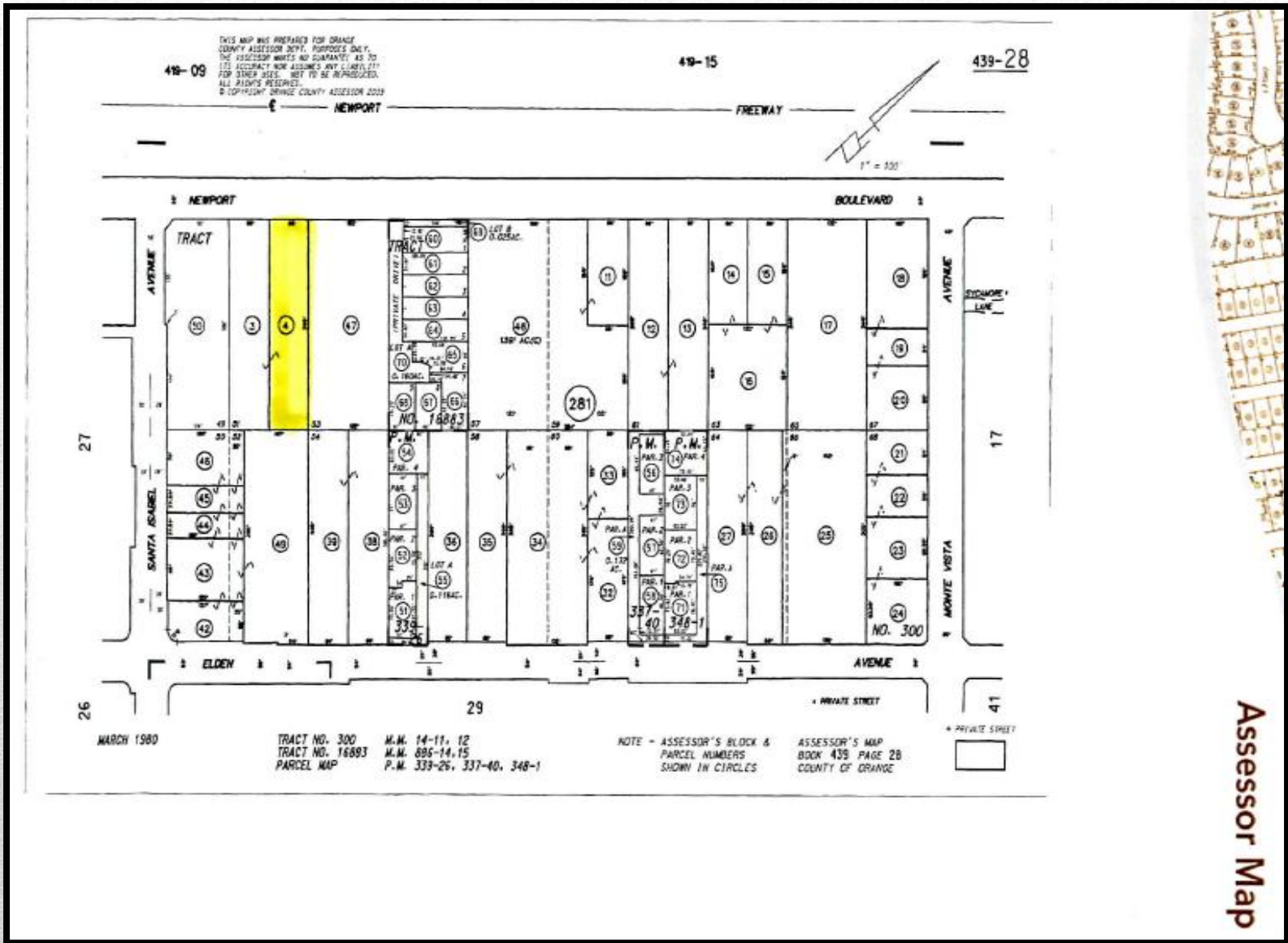
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### Cash to New Loan

Loan Amount:	\$888,000
ADS / MO:	\$5,453
Amortization (Years):	25
Est. Interest Rate:	5.5%

(Contact Listing Broker for Further Details)





**RENT ROLL**  
**2428 Newport Blvd, Costa Mesa, CA 92627**

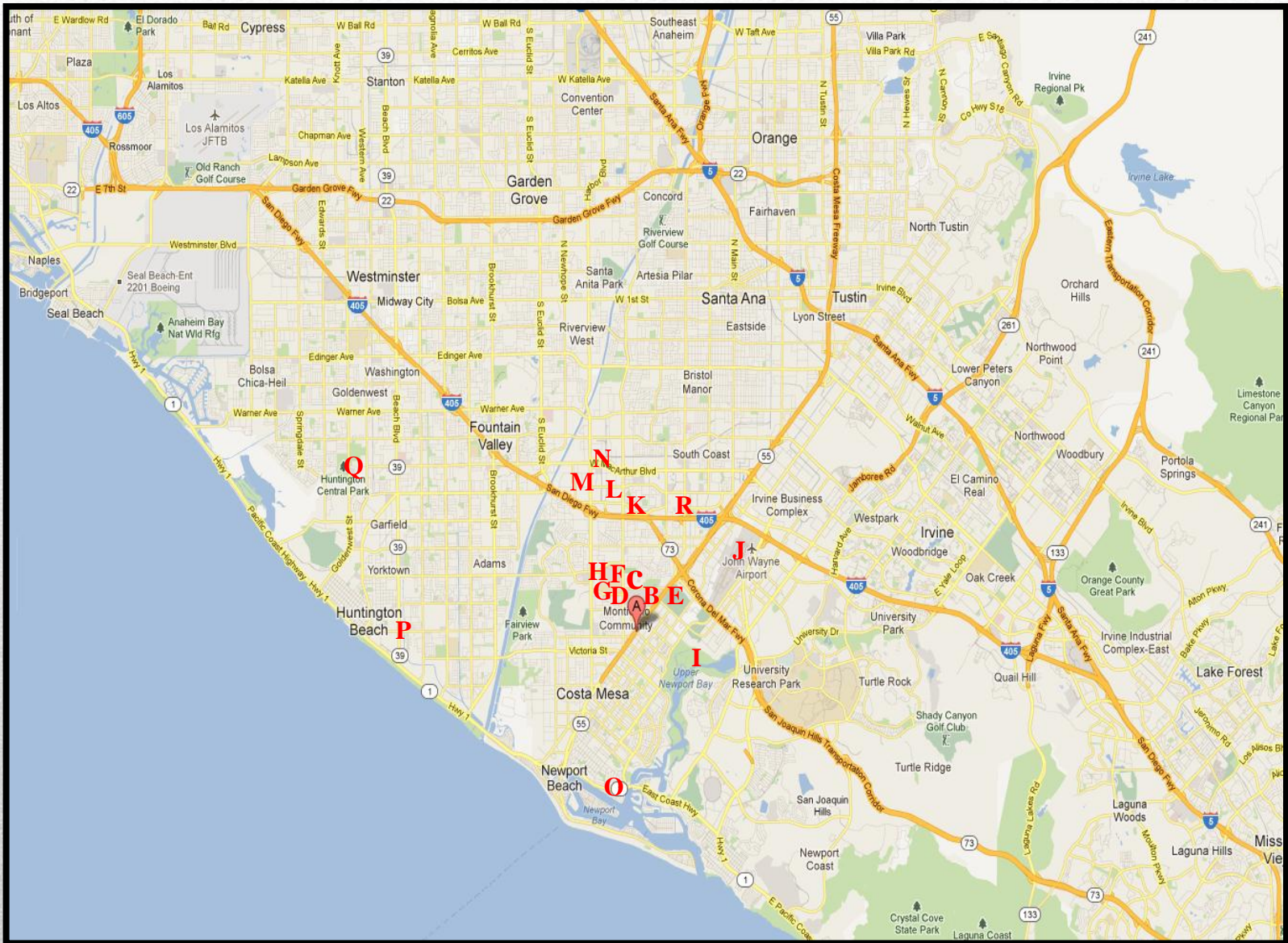
#	TENANT	RENT	NNN	TOTAL	DEPOSIT	SF.	NNN Per SF.	RENT INCREASE	START & EXP. DATE
1	Low-rider Tattoo Unit # 1,2 & 3	\$2,297.32	\$556.94	\$2,854.26	\$4,000	1,500	\$0.37	5% - June	06/01/2006 – 05/31/2012 Currently M – to - M
2	JoAnne Hendricks Unit # 4	\$892.50	\$210.00	\$1,102.50	\$860	750	\$0.28	5% - Feb.	02/01/2006 – Currently M – to - M
3	Green Health Association Unit #5	\$3,300.00	\$300.00	\$3,600.00	\$14,000	750	\$0.40	5% - May	05/16/2012 – 04/30/2013
4	Europlay Unit # 6	\$518.16	\$0.00	\$518.16	\$500	400	\$0.00	CPI - July	10/01/2010 – 06/30/2013
5	Greenpeace, Inc. Unit # 7	\$1,093.96	\$121.55	\$1,215.51	\$1,000	750	\$0.16	5% - Sept.	09/01/2007 – 08/31/2012
6	Europlay Unit # 8	\$1,044.47	\$0.00	\$1,044.47	\$1,900	750	\$0.00	CPI - July	07/07/2007 –
7	Independent Recovery Storage Yard	\$1,050.00	\$0.00	\$1,050.00	\$2,000	3400	\$0.00	5% - Oct.	10/01/2010 – 09/30/2013

<b>TOTALS:</b>	<b>RENT</b>	<b>NNN</b>	<b>TOTAL</b>	<b>SF.</b>
<b>TOTAL GROSS MONTHLY INCOME BREAKDOWN:</b>	\$10,196.41 / M	\$1,188.49 / M	\$11,384.90 / M	8,300
<b>TOTAL GROSS MONTHLY INCOME RENT + NNN:</b>	\$11,384.90			
<b>ANNUAL GROSS INCOME:</b>	\$136,618.80			



**EXPENSES:**

<b>Repair and Maintenance:</b>	<b>\$ 2,700.00</b>
<b>Cleaning:</b>	<b>\$ 2,650.00</b>
<b>Trash:</b>	<b>\$ 1,516.00</b>
<b>Gardening:</b>	<b>\$ 600.00</b>
<b>Utilities:</b>	<b>\$ 1,800.00</b>
<b>Accounting:</b>	<b>\$ 1,830.00</b>
<b>Insurance:</b>	<b>\$ 3,551.00</b>
<b>Corp. Legal Fee</b>	<b>\$ 470.00</b>
<b>Property Tax:</b>	<b>\$18,500.00</b>
<b>Management:</b>	<b>\$ 6,000.00</b>
<hr/>	
<b>TOTAL EXPENSES:</b>	<b>\$39,617.00</b>
<b>GROSS ANNUAL INCOME:</b>	<b>\$136,618.00</b>
<b>NET INCOME:</b>	<b>\$97,000</b>



- A. Subject Property
- B. Comfort INN
- C. Vanguard University of Southern California
- D. Civic Center
- E. Santa Ana Country Club
- F. Orange Coast Collage
- G. Lebard Stadium
- H. Pacific Amphitheater
- I. Upper Newport Bay
- J. John Wayne Airport
- K. IKEA
- L. National University
- M. Whittier Law School
- N. Santa Anita Park
- O. Newport Beach
- P. Huntington Beach
- Q. Huntington Central Park
- R. South Cost Plaza Mall



## SECTION II – INVESTMENT OVERVIEW



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## NEWPORT CENTER

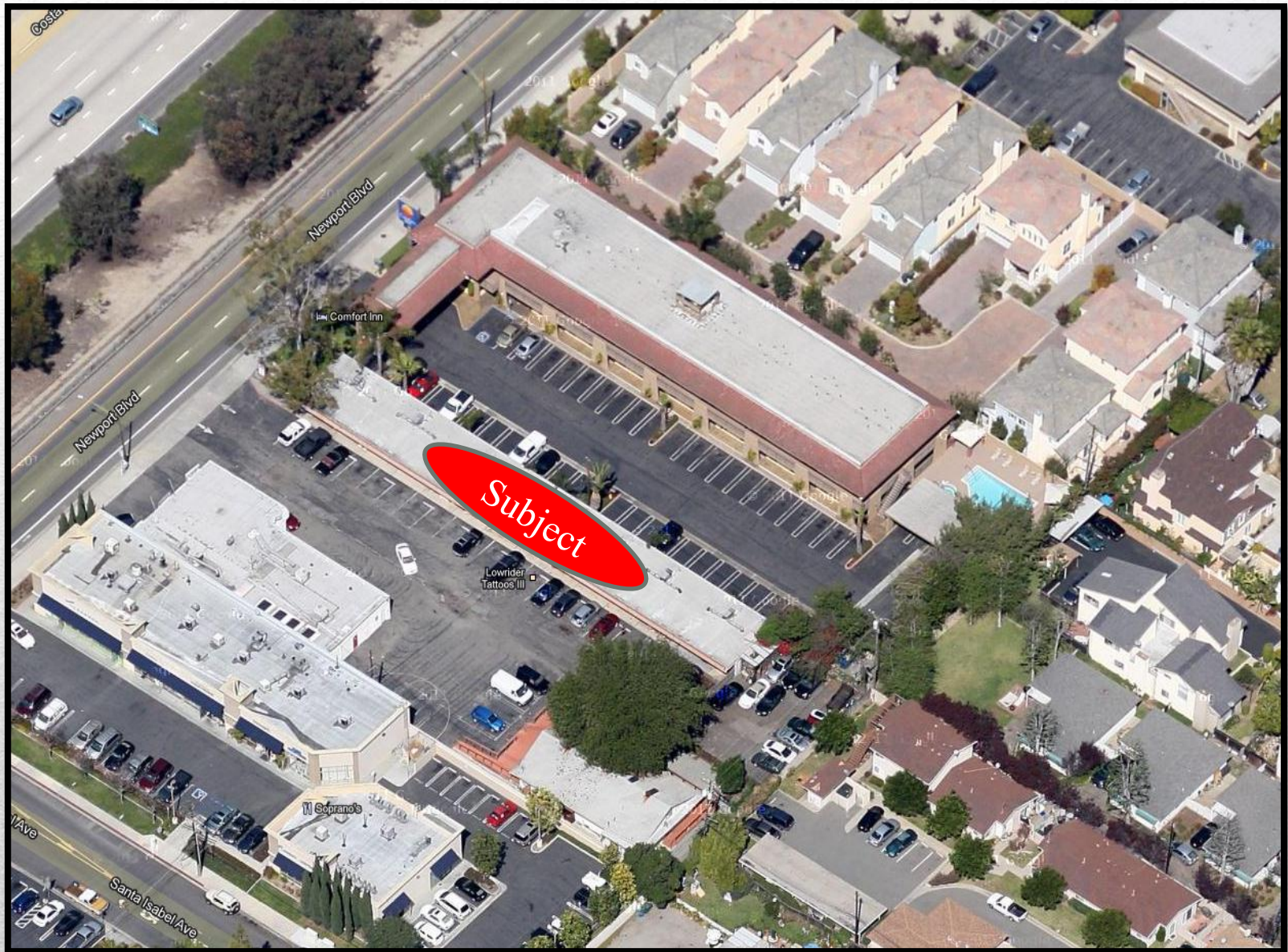
2428 Newport Blvd., Costa Mesa, CA 92627

19,800 S.F. Land & 5,625 S.F. Building

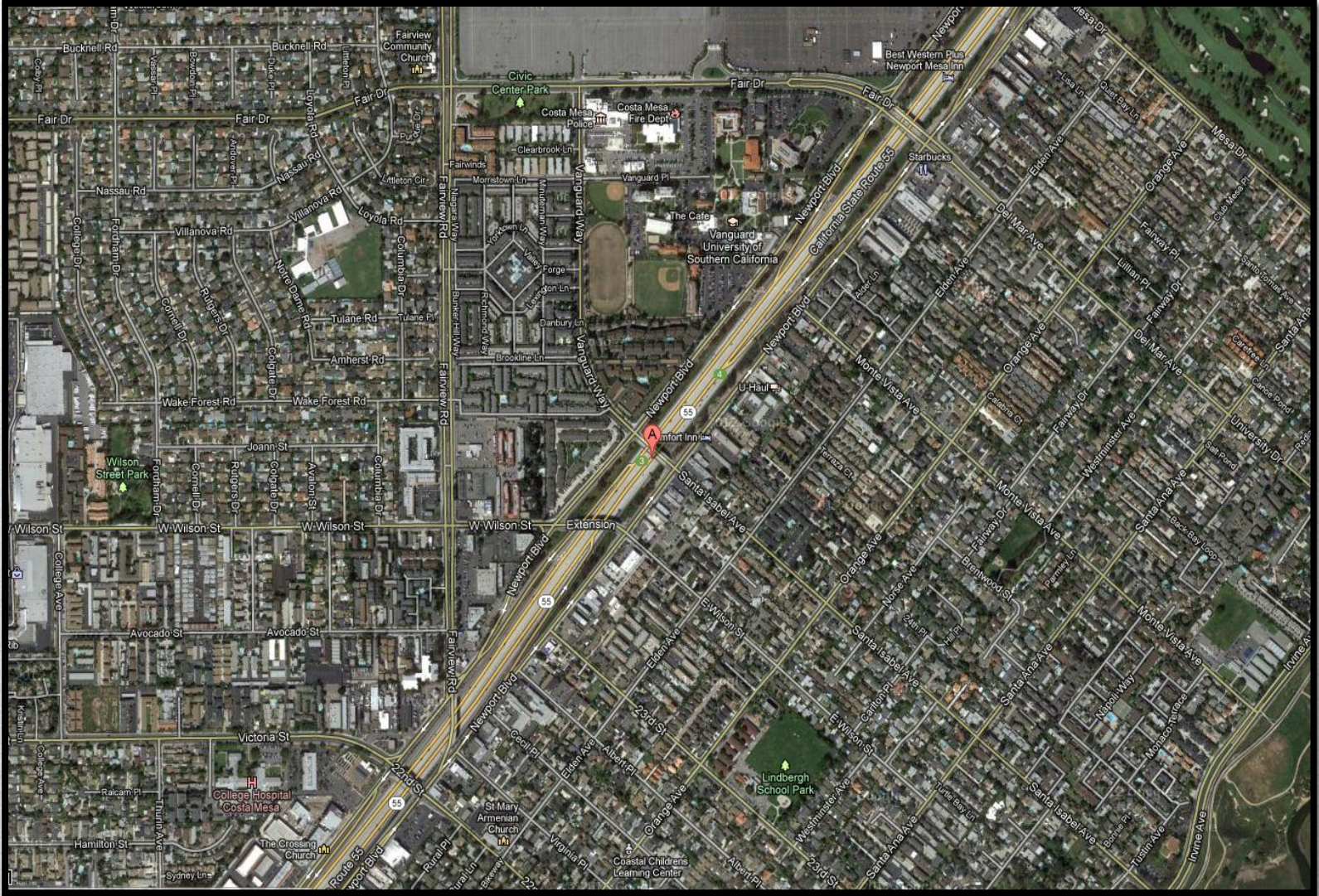
- ✓ Conveniently located Close to major freeways 55, 405 and 73
- ✓ Adjacent to Comfort INN
- ✓ Across from Vanguard University of Southern California, Lebard Stadium & Pacific Amphitheater
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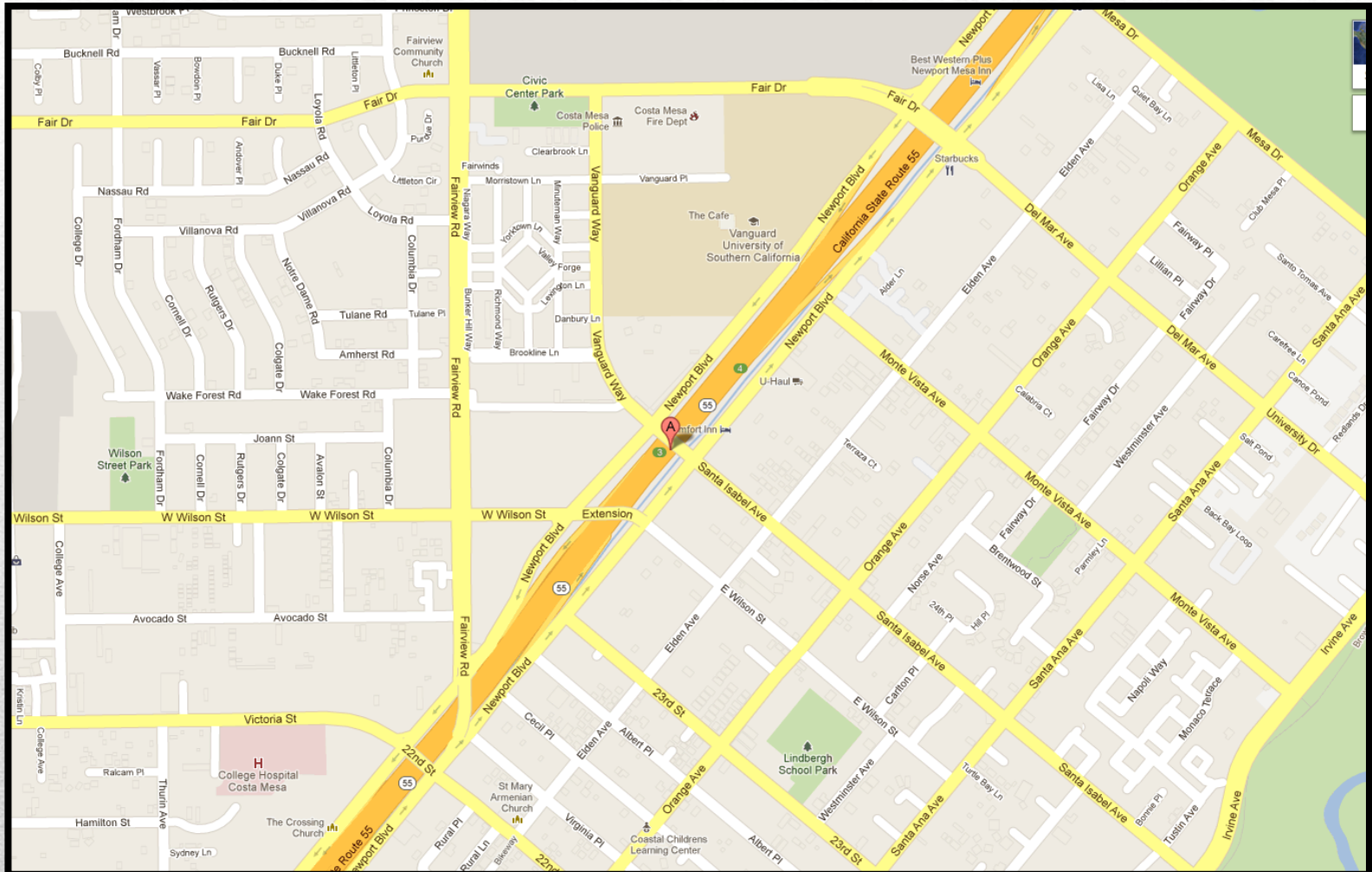


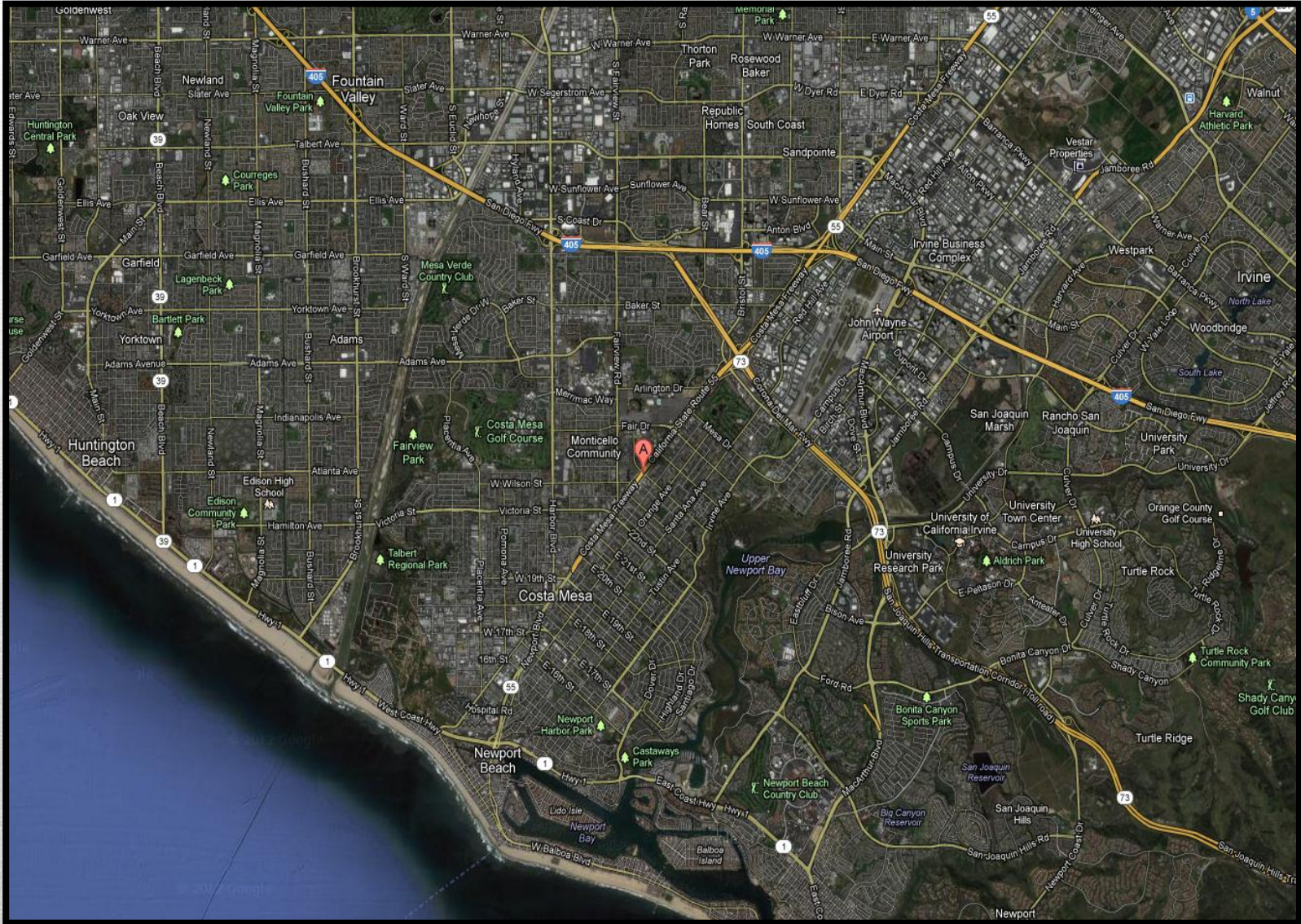














# Costa Mesa



This is an annual publication prepared by the Development Services Department including Planning, Building and Code Enforcement Divisions. For any questions regarding current or future development, please contact the department at (714) 754-5245.

## Location

The City of Costa Mesa is located in central Orange County and encompasses 16.8 square miles. It is bordered by the cities of Santa Ana, Newport Beach, Huntington Beach, Fountain Valley, and Irvine. The City is approximately 37 miles southeast of Los Angeles, 88 miles north of San Diego, and 475 miles south of San Francisco. Costa Mesa is accessible from the San Diego Freeway (I-405), the Costa Mesa Freeway (SR-55), and the Corona del Mar Freeway (SR-73).

## Climate

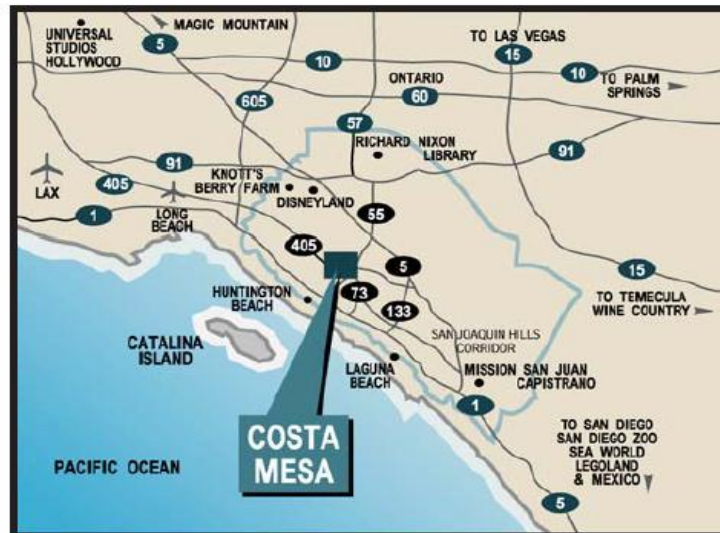
The climate is characterized by mild winters, warm summers, moderate rainfall, and generally year-round sunshine.

Average temperature: January high 69°, low 41°  
July high 81°, low 60°

Average rainfall: 14.5 inches, humidity- 71%

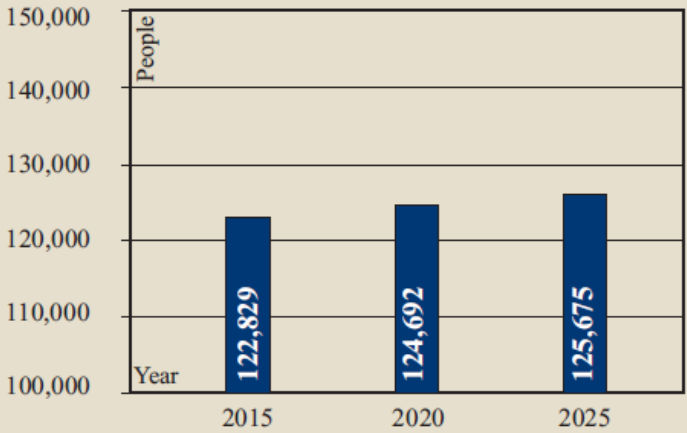
## City Hall

Incorporated in June, 1953, Costa Mesa has a Council/City Manager form of government. The 9.5 acre Civic Center is located at 77 Fair Drive. City Hall is a five-story building where the primary City administrative functions are conducted. The Civic Center complex also includes the Council Chambers, the Police Facility, the Communications Building and Fire Station No. 5.



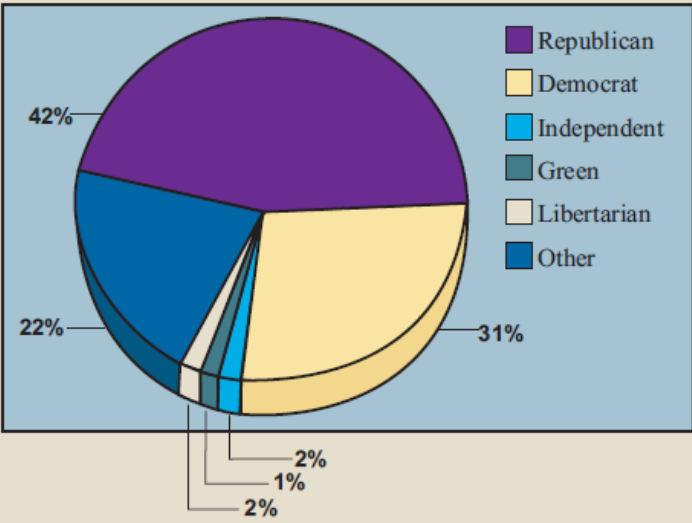
### Population Characteristics

#### POPULATION PROJECTIONS



Population:	117,178
Median Age:	32
Average Household Size:	2.81
Average Family Size:	3.32

#### VOTER REGISTRATION





## Growth and Trends

	1980	1999	2009	2015	2020
<b>Population Orange County<sup>1</sup></b>	1,932,709	2,788,767	3,139,017	3,451,757	3,533,935
<b>Population Costa Mesa</b>	82,562	106,103	117,178	122,829	124,692
<b>Costa Mesa Retail Sales Tax Revenue<sup>2</sup></b>	\$11.2 million	\$30.3 million	\$39.8 million	–	–

1. Center for Demographic Research (2010), State Department of Finance  
 2. Costa Mesa Finance Department (2010)

**Land Use**

A diversity of land uses exists within the City. Approximately 48% of all incorporated land is designated for residential use, 14% is designated for commercial uses, 14% is set aside for industrial uses, and 24% is allocated for public and semi-public uses.<sup>3</sup>

3. Costa Mesa General Plan (2000)

**Home Sales Price in Costa Mesa<sup>4</sup>  
on the market (December 2009)**

**Costa Mesa - 92626**

Homes Listed		65
Highest	\$	1,199,000
Lowest	\$	399,000
Median	\$	605,045
Condos Listed		18
Highest	\$	525,000
Lowest	\$	220,000
Median	\$	338,180

**Costa Mesa - 92627**

Homes Listed		68
Highest	\$	1,700,000
Lowest	\$	315,500
Median	\$	654,391
Condos Listed		41
Highest	\$	595,000
Lowest	\$	165,000
Median	\$	363,943

4. Torelli Realty

**2000 Housing Units Distribution<sup>5</sup>**

	<u>Units</u>	<u>%</u>
Single Detached:	15,347	38.0%
Single Attached:	4,116	10.2%
2 to 4 units/ structure:	5,854	14.5%
5+ units/ structure:	13,869	34.3%
Mobile homes:	1,141	2.8%
Other	72	.2%
<b>Total housing units:</b>	<b>40,399</b>	<b>100.0%</b>
<b>Occupied units:</b>	<b>39,188</b>	<b>97%</b>
<b>Vacant units:</b>	<b>1,211</b>	<b>3%</b>
<b>Persons per unit:</b>	<b>2.77</b>	

5. Center for Demographic Research (2009)

**Orange County Fair Market Rental Rates<sup>6</sup>**

Studio apartments	\$	1,147
One-bedroom apartments	\$	1,211
Two-bedroom apartments	\$	1,442

6. Department of Housing and Urban Development (2008)

**2000 Households<sup>7</sup>**

	<u>Units</u>	<u>%</u>
Owner occupied	15,811	40%
Renter occupied	23,377	60%

7. Center for Demographic Research (2009)

## Property Valuation

In 2009-2010, the total assessed property valuation for the City was \$14.4 billion. The total valuation for the City may be broken down into the following categories<sup>8</sup>.

<b>Single family</b>	\$	6.3 billion
<b>Multi-family</b>	\$	1.9 billion
<b>Commercial</b>	\$	4.0 billion
<b>Industrial</b>	\$	1.3 billion
<b>Other</b>	\$	1.2 billion

8. County Assessor's Office

## Employment

The major industries in the City are services and trade followed by manufacturing. The projection of future employment within the City is a total of 97,192 jobs in Year 2010, increasing to a total of 99,743 jobs in Year 2020<sup>3</sup>. Wages, rates, extent of unionization, fringe benefits and related information for specific industries and job classifications may be obtained from the State Employment Development Department at (714) 558-6406. General information for the State of California is available at (916) 445-8008.

## Major Employers

<u>Name of Company</u>	<u>Estimated Employees</u>
Auto Club of Southern California	2,300
Experian Information Solutions	3,700
Associated Students of Orange	2,500
Coast Community College District	3,044
White Cap Construction Supply	2,200

3. Center for Demographic Research (2010)

	<u>Number</u>	<u>Percent of Total</u>
Employed	60,700	91.5%
Unemployed	5,600	8.5%
Total Labor Force	66,300	100%

4. Center for Demographic Research (2009)

## Major Development Projects/Areas

**Harbor Gateway** (78 acres) – north of Sunflower Ave., east of Hyland Ave., and west of Harbor Blvd.

**Automobile Club of Southern California** (39 acres) – 3333 Fairview Road.

**Segerstrom Home Ranch** (93 acres) – north of I-405, east of Harbor Blvd., west of Fairview Road, and south of Sunflower Ave.

**Metro Pointe** (50 acres) – 901-907 South Coast Drive.

**South Coast Plaza** (115 acres) – 3333 Bristol Street and 3333 Bear Street

**South Coast Plaza Town Center** (54 acres) – east of Bristol Street, south of Sunflower Ave., north of I-405, and west of Avenue of the Arts.

**South Coast Metro Center/ Experian Solutions** (45 acres) – 475-595 Anton Blvd.



**Sakioka Farms Lot 1<sup>5</sup>** (40 acres) – east of Sakioka Dr., north of Anton Blvd., and south of Sunflower Ave.

**Sakioka Farms Lot 2<sup>5</sup>** (33 acres) – north of I-405, west of Main Street and SR-55, east of Experian Solutions, and south of Sunflower Ave.

**1901 Newport Plaza** (8 acres) – 1901 Newport Blvd.

5. Major Undeveloped Areas

## Major Medical Facilities

**Fairview Developmental Center (714) 957-5000**  
2501 Harbor Blvd

**Hoag Health Center (714) 668-2550**  
1190 Baker Street

**College Hospital of Costa Mesa (714) 642-2734**  
301 Victoria Street

### Labor Market<sup>2</sup>

Agriculture	less than 1.0%
Mining	less than 1.0%
Transportation & Public Utilities	3.0%
Construction	4.0%
Self-employed	6.0%
Finance, Insurance & Real Estate	8.0%
Government	9.0%
Manufacturing	12.0%
Trade	27.0%
Services	28.0%

2. Center for Demographic Research (2010)

### 2000 Income

<b>Median Household Income</b>	<b>\$50,732</b>
<b>Income Distribution</b>	
Up to \$ 14,999	10.4%
\$ 15,000 - \$ 24,999	10.1%
\$ 25,000 - \$ 34,999	11.3%
\$ 35,000 - \$ 49,999	17.2%
\$ 50,000 - \$ 74,999	22.5%
\$ 75,000 or greater	28.5%

U.S. Census Bureau (2000)

### Education

Newport Mesa Unified School District:	
Elementary Schools	10
Junior High Schools	2
High Schools	2
Orange Coast Community College	
Private Schools	19
Vanguard University	
Whittier Law School	
National University	



<u>Labor Market</u>	<u>Percentage</u>
Agriculture	Less than 1.0
Mining	Less than 1.0
Transportation & Public Utilities	3.0
Construction	4.0
Self-employed	6.0
Finance, Insurance & Real Estate	8.0
Government	9.0
Manufacturing	12.0
Trade	27.0
Services	28.0
*Center for Demographic Research (2010)	
<u>Major Employers</u>	<u>Est. Employees</u>
Experian Information Solutions	3,700
Coast Community College District	3,044
Associated Students of Orange	2,500
Auto Club of Southern California	2,300
White Cap Construction Supply	2,200
*Center for Demographic Research (2010)	





Top Ten Hotels

- Costa Mesa Marriot
- Hilton Orange County/Costa Mesa
- Wyndham Hotel Orange County
- The Westin South Coast Plaza
- Ayers Hotel and Suites
- Best Western Newport Mesa
- Residence Inn by Marriott
- The Hotel Hanford
- Holiday Inn Express Hotel & Suites
- Ramada costa mesa



\*South coast metro alliance

Real Estate Market Data

	<u>Retail</u>	<u>Office</u>
Median Sale Price	\$294.73	\$254.55
Average Sale Price	\$295.78	\$203.69
Vacancy	7.1%	18.0%
Average Asking Lease Rate	\$3.99	\$2.35

\*CBRE Research (2012)

Note: Sales prices based on 2012 sales as of 5/14/12.

Vacancy and asking lease rate are for Q1, 2012

Residential Land Values

<u>Ft.</u>	<u>Price/Sq.</u>
Single Family	\$47.77
Multiple-Family (R2)	\$46.29
Multiple-Family (R3+)	\$51.99

\*Estimates



## 2010-2011 Property Valuation

Total City Assessed Property Valuation: **\$14.03 billion**

Single- family	\$6.0 billion
Multi-family	\$2.1 billion
Commercial	\$4.1 billion
Industrial	\$1.2 billion
Other	\$0.6 billion

2010 Households	Units	Percentage
Owner occupied	15,799	39
Renter occupied	24,147	61

\*Center for Demographic Research (2010)



### Population Characteristics

Population - 109,960

Median Age - 33.60

Average Household Size - 2.69

Average Family Size - 3.30

\* US Census Bureau

### Distribution by Ethnicity and Race

White - 51.8%

Asian - 7.8%

Black - .2%

Other - 3.4%

\*US Census, CDR (2010)

### 2010 Income

Median Household Income: \$64,844

Income	Distribution
Up to \$14,999	10.4%
\$15,000-\$24,999	10.1%
\$25,000-\$34,999	11.3%
\$35,000-\$49,999	17.2%
\$50,000-\$74,999	22.5%
\$75,000 or greater	28.5%

\*US Census Bureau (2010)

### Higher Education

Orange Coast Community College

Vanguard University

Whittier Law School

National University

University of Phoenix

<u>Employment</u>	<u>Number</u>	<u>Percentage</u>
Employed	59,885	92.74
Unemployed	4,687	7.26
Total Labor Force	64,572	100

**One of California's most eclectic and vibrant cities**

The City of Costa Mesa—just one mile from the Pacific Coast in the heart of Orange County—is one of California's most eclectic and vibrant cities. The city is home to South Coast Plaza, one of the nation's largest shopping centers, and the world-class Segerstrom Center for the Arts and South Coast Repertory theater. Costa Mesa is also the capitol of the action sports industry and the headquarters for companies such as Hurley International, Volcom, RVCA and Paul Frank Industries.

The city's diverse dining scene has earned Costa Mesa the award from Rand/McNally and USA Today as being the best small town for restaurants west of the Mississippi River. Costa Mesa's creative bent has given rise to The Lab and The Camp, two counter-culture retail developments, and the SoCo Collection, a cutting edge, environmentally friendly shopping center.

Costa Mesa encompasses 16 square miles and has a population of about 110,000. Since its incorporation in 1953, Costa Mesa has evolved from a semi-rural farming community of 15,000 to a city with robust local economy that generates tax revenues of about \$100 million annually. A general law city, Costa Mesa has a council-manager form of government and staff of approximately 450 full-time employees.

Costa Mesa offers 28 parks, two municipal golf courses, 20 public schools and three libraries. Orange Coast College, Coastline Community College, Vanguard University, and Whittier Law School have their campuses in Costa Mesa. The Orange County Fair and Event Center is also within the city limits.

The 9.5-acre Costa Mesa Civic Center at 77 Fair Drive. City Hall is a five-story, mid-century modern building. The complex also includes the Council Chambers, Police Department Headquarters, a 911 Dispatch building and Fire Station No. 5.

Costa Mesa residents enjoy a mild Southern California climate. The City's location provides easy access to many of Southern California's major attractions, including beaches, mountain areas, high and low deserts, Disneyland, Knott's Berry Farm, Palm Springs and Los Angeles.

**Statistics**

**Population:** 110,000

**Median age:** 33.6 years

**Median household income:** \$65,532

**Median home value:** \$591,400

**Zip codes:** 92626, 92627, 92628

Please visit our Virtual Tour available at:

**[WWW.TOURFACTORY.COM/894174](http://WWW.TOURFACTORY.COM/894174)**





NEWPORT CENTER QR CODE