



3750

SUSAN STREET
SOUTH COAST METRO, CA



HIGHLY IMPROVED ±15,715 SF CREATIVE OFFICE
OWNER/USER BUILDING FOR SALE AND LEASE

Lee & Associates® - Newport Beach (the "Agent") has been engaged as the exclusive sales representative for the sale of 3750 S Susan Street, South Coast Metro, 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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 **LEE & ASSOCIATES**
COMMERCIAL REAL ESTATE SERVICES
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PROPERTY DESCRIPTION

BUILDING PROFILE

<i>Property Address</i>	3750 South Susan Street, South Coast Metro CA
<i>APN</i>	931-671-148-155
<i>Location</i>	Orange County
<i>Year Built</i>	1983
<i>Building Size</i>	±15,715 Square Feet
<i>Zoning</i>	Specific Development No. 58 (SD-58)
<i>Parking</i>	62 Free Surface In Common
<i>Flooring</i>	Polished Concrete and Carpet
<i>Construction</i>	Steel Frame
<i>Land</i>	0.94 AC (An undivided 14.20% interest in Lot 2, a 6.69 AC lot)
<i>Energy</i>	Solar (19 Panels) *Energy Cost Savings Estimated to be \$20,000 Per Year



PROPERTY OVERVIEW

OFFERING SUMMARY

Lee & Associates® – Newport Beach, as exclusive advisor, is pleased to present the opportunity to acquire the fee simple interest in 3750 S Susan Street. Built in 1983 this 2-story, Design SD-58 zoned, office building consists of approximately 15,715 square feet and is located in the prestigious South Coast Metro submarket. 3750 S Susan Street offers close proximity to the South Coast Plaza as well as other food and retail centers, and has convenient access to both the 405, 73, and 55 freeways.

The property was fully renovated in 2019 and has the highest end finishes of any owner user building in South Coast Metro, with improvements that would cost over \$150/PSF to build.

PROPERTY HIGHLIGHTS

- High image creative office
- 10 private offices, 48 workstations, and storage/lab area
- Fully functioning kitchen and lounge, fitness center, and an outdoor area with a putting green and firepit
- On-site café serving breakfast and lunch with community walk paths
- Four (4) 2nd floor outdoor patios
- Conference room and Two (2) meeting rooms
- Corner location and prominent signage
- Close proximity to South Coast Plaza and other retail centers
- Convenient access to 405, 73, and 55 freeways
- Building top signage available
- Flexibility to exit: Potential to split the building into Six (6) Condo units

OFFERING SUMMARY

Offering Price:	\$6,599,000
Lease Price:	\$1.75/SF NNN
Interest Offered:	Fee Simple
10 Year Occupancy Cost to Purchase:	Negative \$0.43 PSF Per Month
10 Year Cost to Lease:	Negative \$1.86 PSF Per Month

**Per financial analysis on page 12 and 13, including 3.5% appreciation per year*

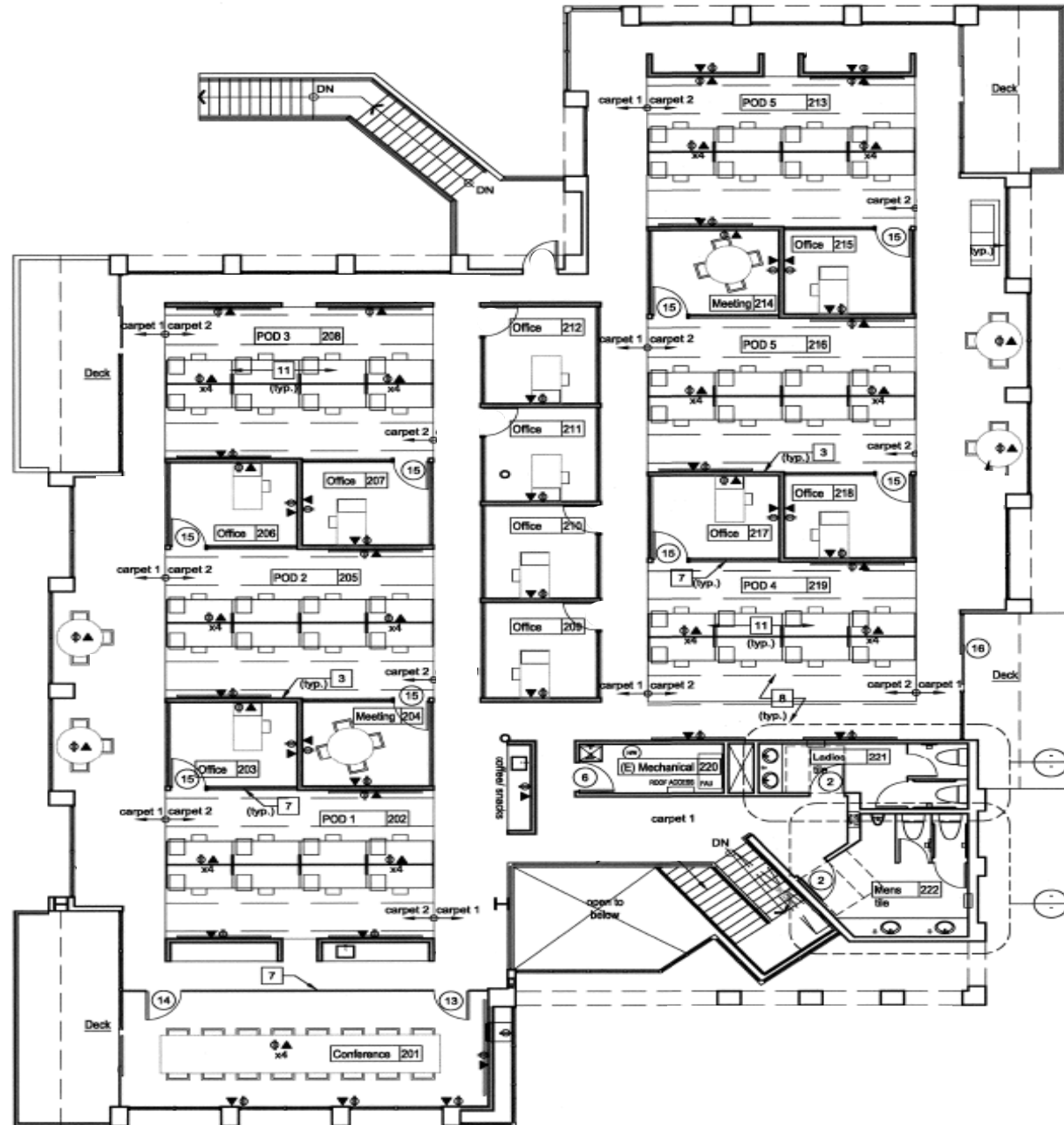




LOWER LEVEL



UPPER LEVEL





SOUTH COAST DR

HARBOR BLVD

W SUNFLOWER AVE

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E SUSAN ST

S SUSAN ST

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W SUNFLOWER AVE

FINANCIAL ANALYSIS

PURCHASE VS LEASE ANALYSIS

3750 South Susan Street Purchase vs Lease Analysis

PROPERTY ASSUMPTIONS		DEBT AND EQUITY			APPRECIATION & TAXES		
Purchase Building Size in SF	15,715	1st TD	2nd TD	Total	Price Appreciation	3.5%	
Occupy Building Size in SF	15,715	Loan Amounts	\$3,930,000	\$1,960,000	\$5,890,000	Building Value After 10 Years	\$9,308,541
Market Rent - NNN	\$1.75	Loan to Value Ratio	60%	30%	89%	Cost of Sale	5%
Monthly NNN Expense PSF	\$0.73	Loan Fees		\$68,315	\$68,315	Standard Tax Rate	41%
Annual Rent + Exp. Growth	3%	Equity Amount			\$777,315	Portion of Price For Building - %	80%
Total Building Cost	6,599,000	Interest Rate	5.05%	5.76%		Portion of Price For Building	\$5,279,200
Total Building Cost PSF	419.92	Amortization Period	30	25		Years to Depreciate Asset	39.5
		Monthly Debt Service	-21,217	-12,342	-33,560	Annual Depreciation Deduction	\$133,651
		Annual Debt Service	-254,608	-148,108	-402,716		
		Loan Balance - End of Yr. 10	\$3,201,550	\$1,485,336	\$4,686,886		

SCENARIO 1-PURCHASE BUILDING	Initial	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Initial Equity Investment	-777,315										
Annual Operating Expenses		-137,663	-141,793	-146,047	-150,429	-154,941	-159,590	-164,377	-169,309	-174,388	-179,620
Annual Debt Service		-402,716	-402,716	-402,716	-402,716	-402,716	-402,716	-402,716	-402,716	-402,716	-402,716
Reversion Value After 10 Years		-	-	-	-	-	-	-	-	-	\$9,308,541
Cost of Sale		-	-	-	-	-	-	-	-	-	-465,427
Pay off Remaining Loan Balance		-	-	-	-	-	-	-	-	-	-4,686,886
Tax Benefit For Operating exp		56,442	58,135	59,879	61,676	63,526	65,432	67,395	69,417	71,499	73,644
Tax Benefit For interest exp		121,143	119,318	117,398	115,380	113,257	111,025	108,677	106,208	103,611	100,880
Tax Benefit For depreciation		54,797	54,797	54,797	54,797	54,797	54,797	54,797	54,797	54,797	54,797
Capital Gain Tax Due at Sale											-895,155
After Tax Cost of Ownership	-777,315	-307,998	-312,260	-316,689	-321,292	-326,078	-331,053	-336,225	-341,604	-347,198	2,908,058
Discounted value	-777,315	-289,200	-275,307	-262,170	-249,748	-237,998	-226,882	-216,363	-206,408	-196,984	1,549,198

COST TO OWN		TAXABLE GAIN ON SALE	
Undiscounted Cash Flow	-809,653		6,599,000
Undiscounted Avg. Cost PSF/mo.	\$ -0.43		-1,336,506
			5,262,494
Cash flow discounted @ 6.5%	-1,389,176		
Discounted Avg. Income (cost) PSF/mo	-0.74		
		Sale	8,843,114
		taxable gain	3,580,620
		capital gain tax	895,155

FINANCIAL ANALYSIS

PURCHASE VS LEASE ANALYSIS

3750 South Susan Street Purchase vs Lease Analysis

SCENARIO 1-LEASE BUILDING	Initial	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
NNN - Rent		-330,015	-339,915	-350,113	-360,616	-371,435	-382,578	-394,055	-405,877	-418,053	-430,595
NNN - Expense *		-188,580	-194,237	-200,065	-206,066	-212,248	-218,616	-225,174	-231,930	-238,888	-246,054
Tax Benefit For Lease Payment		135,306	139,365	143,546	147,853	152,288	156,857	161,563	166,409	171,402	176,544
Tax Benefit For Operating exp		77,318	79,637	82,026	84,487	87,022	89,633	92,321	95,091	97,944	100,882
After Tax Cost of Lease	-	-305,971	-315,150	-324,605	-334,343	-344,373	-354,704	-365,345	-376,306	-387,595	-399,223
Discounted value		-287,297	-277,855	-268,724	-259,892	-251,351	-243,091	-235,102	-227,376	-219,903	-212,676
COST TO LEASE											
Undiscounted Cash Flow		-3,507,615									
Undiscounted Avg. Cost PSF/mo.	\$	-1.86									
Cash flow discounted @ 6.5%		-2,483,268									
Discounted Avg. Income (cost) PSF/mo		-1.32									

Building Appreciation over 10 years 2,709,541
Cash flow saving of ownership PSF -1.43

*Based on market comparable buildings

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TECHMD

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