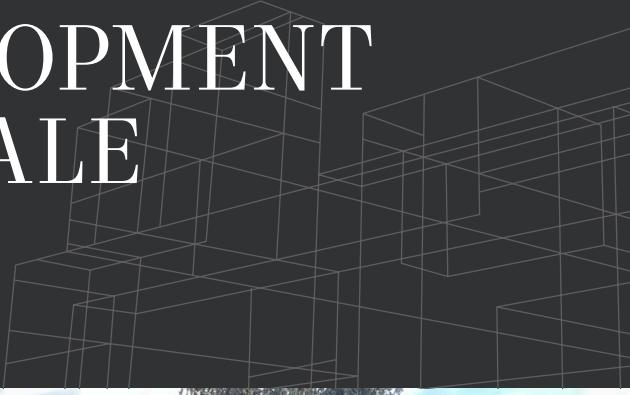


MULTIFAMILY DEVELOPMENT OPPORTUNITY FOR SALE

899 E. GRAND AVENUE, ESCONDIDO, CA 92025



±3,560 SF Owner/User Medical Office

Comprised of multiple clean rooms, training rooms and admin offices

Existing dental implant lab improvements to stay in place

On site parking 11 spaces

In place income from dentist practice tenant leasing 1st floor suit. \$2,000/month.

Zoning: H-P (SPA 16 specific plan, allows for 30 residential units per acre - 6-7 units in this case)

Three blocks away from Palomar Heights
Re-Development project: 510 multi-family units & retail space

Price: \$1,250,000

FOR MORE
INFORMATION
PLEASE CONTACT

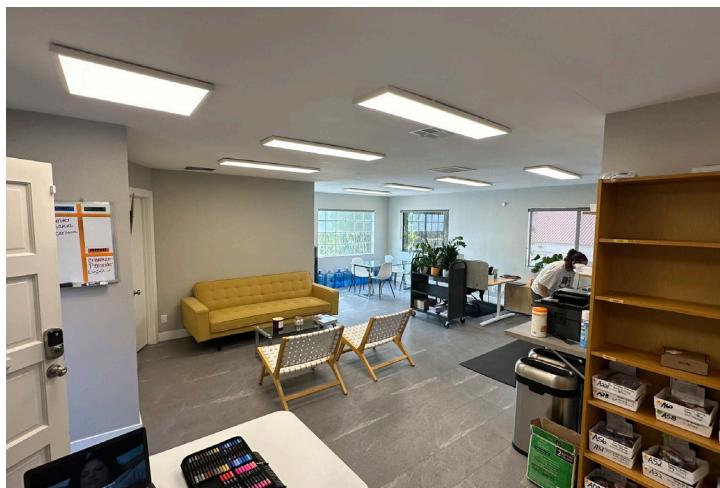
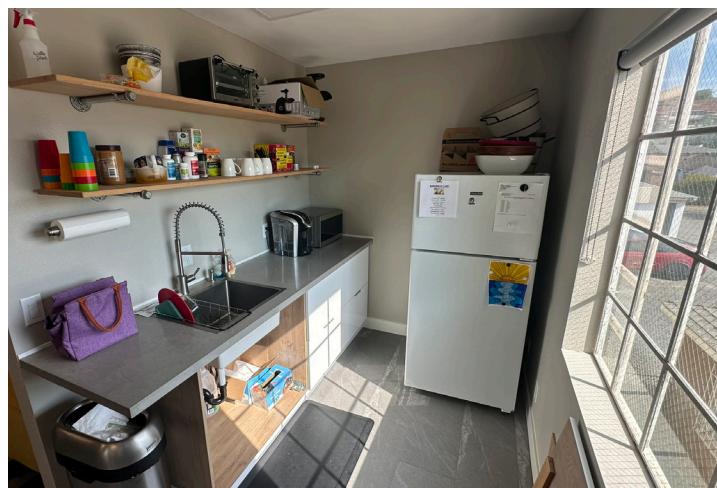
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km **Kidder**
Mathews

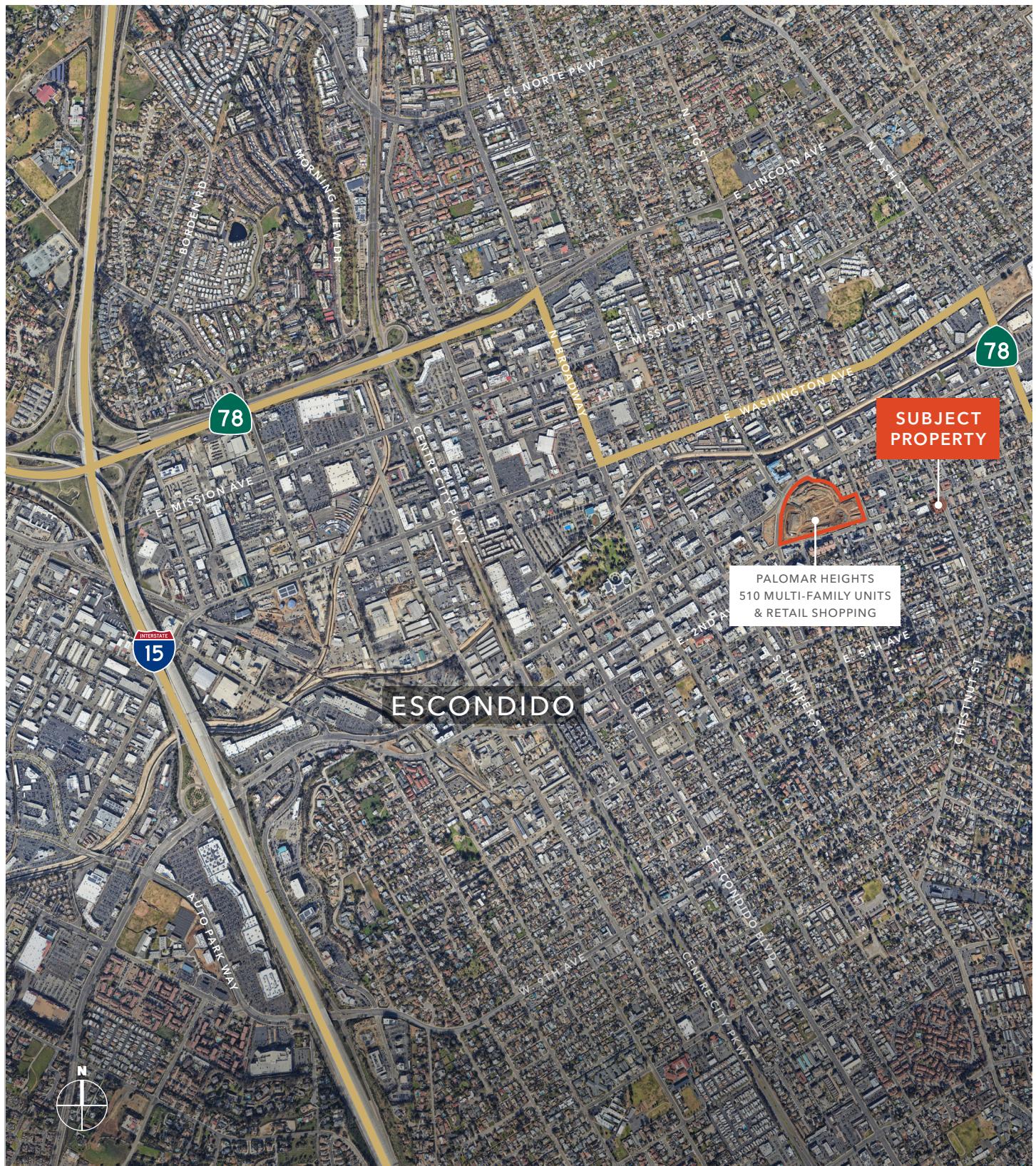
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km **Kidder**
Mathews



Lease vs. SBA 504 Purchase Scenario

Purchase	Lease
Purchase Terms	Lease Terms
Building Size - Square Feet 3,560	Square Footage Leased by Small Business 3,560
Project Amount \$1,175,000	Security Deposit \$15,000
Price Per Square Foot \$330	Tenant Improvement Cost (purchase budget) \$0
Required Down Payment <u>\$117,500</u>	Total Cash Outlay <u>\$15,000</u>
Total Mortgage Debt \$1,057,500	
Proposed Interest Rate (Combined) 6.46%	Lease Obligation (Years) 5
Monthly Payment \$7,234	Rent Per Square Foot \$1.83
Monthly Payment (Per Square Foot) \$2.03	Monthly Rent \$6,515
Annual Loan Payments \$86,808	Annual Rent Payments \$78,178
Buyer's Assumed Tax Bracket 20.00%	Tax Benefits Of Renting
Expected Appreciation Rate 3.00%	Tax Deduction (Rent) \$78,178
Annual Benefits Of Ownership (ROI)	Tax Deduction (Depreciated T.I.'s) <u>\$0</u>
Tax Deduction - Depreciation \$29,375	Tax Deduction - Total \$78,178
Tax Deduction - Interest Paid <u>\$67,229</u>	Less Tax Savings \$15,636
Tax Deduction - Total \$96,604	After Tax Rent Expense \$62,542
Annual Tax Savings (Total X Tax Rate) \$19,321	Alternative Earnings On Down Payment
Annual Appreciation \$35,250	Required Down Payment \$117,500
Equity Build Up in Loan Payments \$19,989	Less Cash Outlay When Renting <u>\$15,000</u>
Annual Lease Income Net of Tax Rate <u>\$0</u>	Net Cash Available For Investment \$102,500
Annual Return On Investment \$74,560	Assumed Rate On Investment 5.00%
Annual Rate Of Return On Investment 6.35%	Annual Income From Investment \$5,125
Recap Purchase Transaction Costs	Less Applicable Taxes \$1,025
Annual Return On Investment \$74,560	Annual After Tax Gain \$4,100
Less Annual Loan Payments <u>-\$86,808</u>	Recap Of Lease Transaction Costs
Net Annual Gain (Profit) <u>-\$12,248</u>	After Tax Rent Expense <u>-\$62,542</u>
Annual Equity Gain * <u>\$55,239</u>	Less Annual After Tax Gain <u>\$4,100</u>
<i>* Year 1 Equity + Appreciation</i>	Net Cost To Lease (Loss) <u>-\$58,442</u>
	Annual Equity Gain \$0

PREPARED BY

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This analysis is for illustration purposes only. Please contact your tax professional for additional information. Analysis assumes operating costs to be equal when renting or buying.

Other General Assumptions:

Improvement Ratio	75%
Depreciation Building - Years	30
Depreciation Period TI's - Years	10
Down Payment Required	10.00%

Occupancy costs for buying and renting are assumed to be the same.

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km **Kidder Mathews**