

# High Visibility Medical Office Stabilized Investment Opportunity



3434 Midway Drive  
San Diego, CA 92110  
OFFERING MEMORANDUM

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# 01 Property



# Executive Summary

3434 Midway Drive  
San Diego, CA 92110



3434 Midway Drive is a 26,500 SF Medical Office Building (MOB) with a Medicare certified Ambulatory Surgery Center (ASC). The building is located in San Diego at the intersection of I-5 and I-8, two of the busiest highways in California, with a combined daily traffic of 330,000+ cars. It is situated adjacent to the Pechanga Arena, a leading sports and entertainment venue in California with \$468 Million annual revenue and over 750,000 visitors. The area is undergoing a **\$2 Billion+** redevelopment that will bring an NBA and hockey team to the new 16,000-seat stadium, create a 130,000 SF shopping and entertainment center, build 4,250 new apartments and 200+ hotel rooms.

The Property was recently renovated at the cost of **\$600,000+** and it is 96% occupied by long-term tenants. It presents an ideal cash-flow investment opportunity with stable long-term returns.



# Investment Highlights

- High-Quality Sale Leaseback Investment Opportunity by the Largest Privately owned Pain Management Company in the Southwest with 30+ Multistate Locations
- Company has been in Operation for 34 Years
- Institutional Quality Investment in the Rapidly Growing San Diego Healthcare / Life Science Market
- 96% Occupancy / Stabilized Cash-Flow
- 100% of Tenants are Long-Term - Surgery Center, Pain Management, Urgent Care and Diagnostic Lab
- Limited Inventory – Institutional Quality MOB with a Surgery Center as Anchor Tenant
- Attractive Stable Returns:
  - All Cash IRR 10.02%
  - Levered IRR 16.43%
- Value Add Location - \$2 Billion Pechanga Stadium Redevelopment Project
- 49 Acres Mixed-Use Entertainment, Retail & Hotel District
  - 16,000 Seat New Stadium
  - Future Home of an NBA or Hockey Team
  - 4,250 Residential Units
  - 200 Hotel Rooms





## Property Highlights

- 26,500 SF Medical Office Building with a Surgery Center
- High-Quality Building in Good Condition / \$600,000+ Recent Renovation
- High Visibility – Large Monument Signage
- Dramatic Features Include – High Ceiling with Expansive Skyline Over Lobby, Energy Efficient Windows, Covered Entrance with Spacious Drop-Off Area
- Convenient Floor Plan with 360 Degree Window Lining
- 2 Story Building with Elevator
- Wheelchair ADA/Access
- Fire Sprinkler System
- Security Key Access/ Motion Sensors / Security Cameras

## Surgery Center

- 3 Operating Rooms
- 3 Chair Pre-Op Area
- 4 Bed Recovery Area
- 2 In-Unit ADA Bathrooms & Changing Areas
- Laundry Area – Clean / Dirty / Bio Waste
- Nurse's Station
- Reception / Waiting Area
- Convenient Floor Plan with Independent Exit
- High-Capacity Back-Up Generator
- Medicare and Joint Commission Certified
- 10 Year Lease with 2 x 5 Year Options



# Property Details

3434 Midway Drive  
San Diego, CA 92110



## PROPERTY DETAILS

Year Built	1993 / 2024 R
Total Building Area	26,500 SF
Parking	55 Surface Parking
Lot Size	37,026 SF
Zoning	CC-1-3 / Commercial / Retail/ Medical Uses Public Standards Transit Priority Area (PSTPA)
APN#	441-650-22-00
For Sale	\$9,450,000



# Tenants

3434 Midway Drive  
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## Surgery Center of San Diego

A multispecialty Ambulatory Surgery Center focusing on interventional pain management, orthopedic, spine, plastic and neurosurgeries. Synovation Medical Group operates 7 additional Surgery Centers in California, Florida and South Carolina.

## Synovation Medical Group

<https://www.synovationmedicalgroup.com/>

Synovation Medical Group is the largest privately held Pain Management group in the Southwest United States. The company has more than 30 locations in 4 states and is contracted to provide integrated pain management services to 1 million+ insured lives. Clients include most major insurance providers and the US Army. The company offers paid fellowship training to physicians; provides Continuing Medical Education (CME) training; and conducts clinical trials to decrease opioid use, healthcare utilization, and improve the treatment of chronic pain. The company was founded in 1990 by Dr. Varga, the former head of anesthesiology at Keck School of Medicine. It has been in operation for 34 years.





# Tenants (Continued)

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## Emergency Care Dynamics

<https://www.urgentcareandmore.com>

Emergency Care Dynamics is a well-known Urgent Care center open 7 days a week. They offer physical examinations by board certified emergency physicians, sport injury and worker's compensation treatments, lab testing and X-rays. They have been at the location for over 14 years.

## Progressive Therapy Center

<http://achievementcenterfortherapy.com/>

Progressive Therapy Center has over 16 years of experience offering multidisciplinary therapies to treat children and families living with feeding disorders, speech and language disabilities, and other augmentive communication and sensory challenges. The company has 3 locations in San Diego, Camarillo and Las Vegas.

## ARC Point Labs

<https://www.arcpointlabs.com/>

ARC Point Labs is a national full-service health screening and lab testing company. 142 locations nationwide / 250 access partners / 1,000,000+ customers.





## 02 Location





3434 Midway Drive  
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## Location

- Desirable Location Just Minutes North of Downtown San Diego Supported by Two the Busiest Highways in California
- Direct Access to I-8 and I-5 / 330,000 Average Daily Traffic
- About 30,000 Average Daily Traffic on Midway Drive
- Signalized Intersection / Dedicated Traffic Lights
- Convenient Patient and Employee Access
- Public Transit Bus Stop in front of Property
- Minutes from the San Diego International Airport
- Gateway to the Greater Medical Markets
- Millions of Square Feet of Retail, Restaurant, Shopping Centers and Office Parks

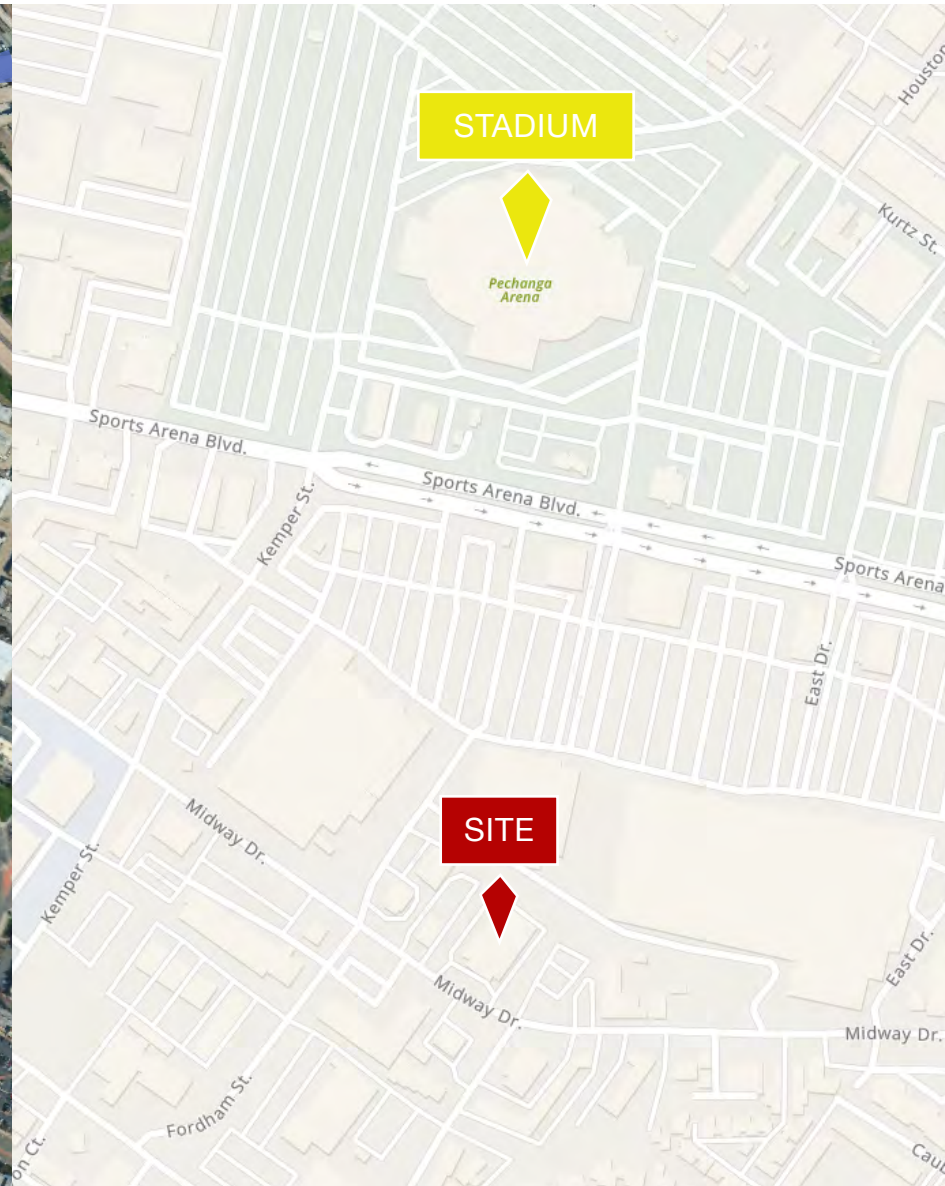
## Value-Add Location

- **\$2Billion+** Pechanga Stadium Redevelopment Project Headed by Stan Kroenke's Owner of Los Angeles Rams
- City Council Approval (2022)
- **16,000 Seat New Stadium** / 125 Events / 750,000+ Visitors
  - Annual Revenue: **\$500 Million+**
  - Future Home to an NBA or Hockey Team
  - Top Sport and Concert Venue in California
  - **Top 5 Facility** in the US (Venues 10,001 – 15,000 Seats)
  - **Top 10 Facility** in the World (Venues 10,001 – 15,000 Seats)
  - 59 Years at Historic Location
- 49 Acres Mixed-Use Retail & Entertainment:
  - 130,000 SF Mall – Entertainment / Shopping / Restaurants
  - 4,250 New Residential Units
  - 200+ Hotel Rooms
  - 14.5 Acres of Park



# Location

3434 Midway Drive  
San Diego, CA 92110





## Brand Name Hotels in the District

- Hilton Garden Inn
- Hilton San Diego Mission Valley
- Hilton Homewood Suites
- Hilton Double Tree
- Hyatt Regency
- Sheraton Hotel & Marina
- Sheraton Mission Valley
- Wyndham Garden SeaWorld
- Wyndham Super 8
- Wyndham Days Inn
- Wyndham Ramada Suites
- Wyndham Howard Johnson
- Best Western Inn Zoo World
- Best Western Plus Hacienda
- Holiday Inn Sea World
- Holiday Inn Old Town
- Holiday Inn Mission Valley
- Holiday Inn Express
- Extended Stay America
- Travelodge
- Town and Country
- Comfort Inn
- Fairfield Inn
- Cosmopolitan Hotel and Restaurant
- Legacy Resorts Hotel & Spa
- Baha'i Resort Hotel

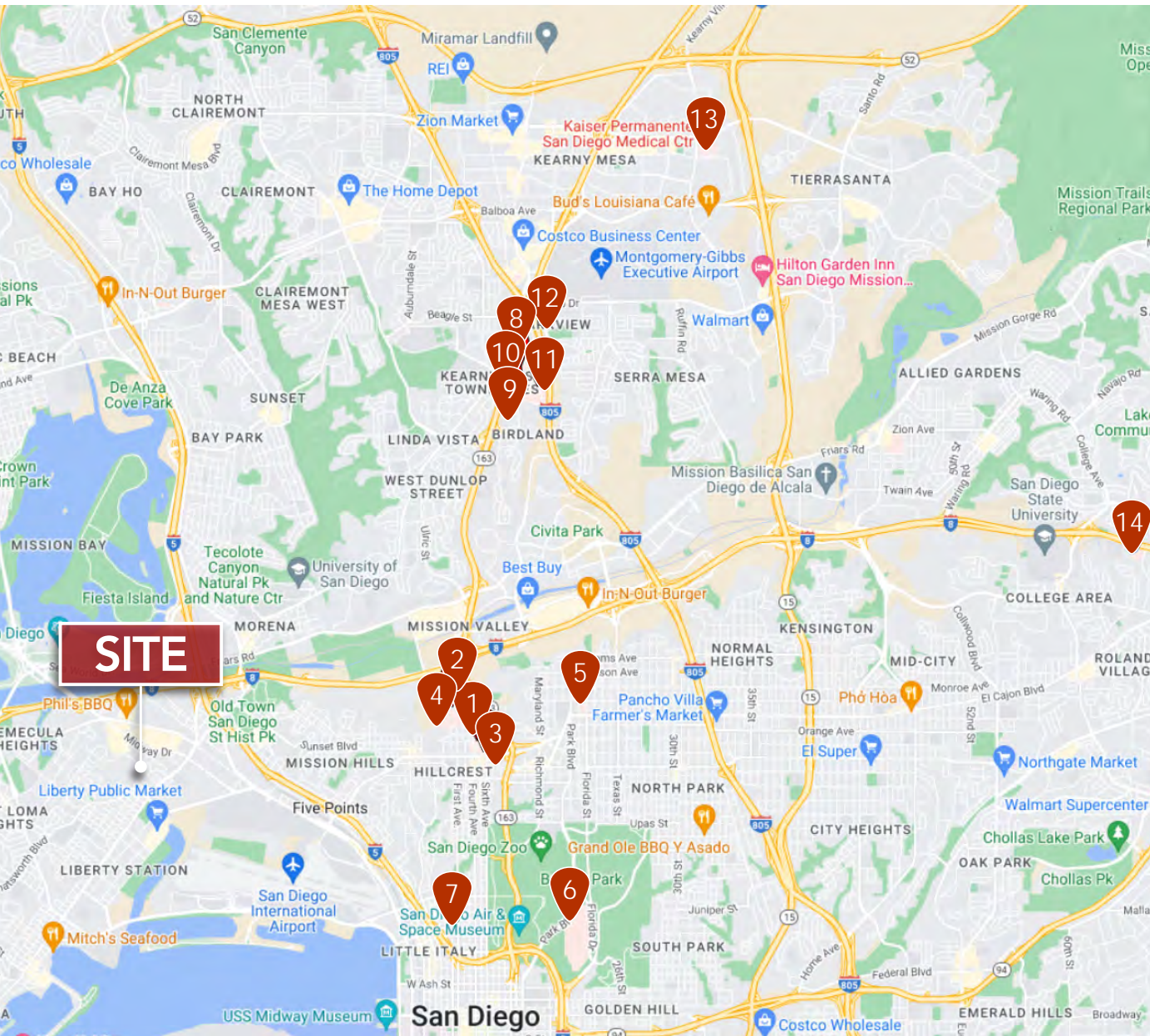




# Hospital Area Map

Hospital Revenues \$28 Billion+ / Hospital Beds 3500+

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1. Scripps Mercy Hospital San Diego  
Patient Revenue: \$5,717,517,916  
Beds: 523
2. UC San Diego Medical Center  
Patient Revenue: \$10,831,377,502  
Beds: 750
3. Select Specialty Hospital of San Diego  
Patient Revenue: \$661,005,923  
Beds: 110
4. UC San Diego IPCE Unit
5. Kindred Hospital of San Diego  
Patient Revenue: \$153,734,756  
Beds: 418
6. Naval Medical Center
7. Sonic-Blaze-Mighty Medical Center
8. Sharp Memorial Hospital  
Patient Revenue: \$7,003,297,779  
Beds: 775
9. Sharp Mesa Vista Hospital  
Patient Revenue: \$402,254,737  
Beds: 159
10. Sharp Mary Birch Hospital for Women & Newborns
11. Rady Children's Hospital - San Diego
12. Coast Medical Center  
Patient Revenue: \$3,620,354,352  
Beds: 425
13. Kaiser Permanente San Diego Medical Center
14. UC San Diego Health East Campus Medical Center  
Patient Revenue: \$505,111,659  
Beds: 306





## 03 Economy



# Economy

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With a population of over 1.3 million residents, San Diego is the 2nd Most Populous Metro Area in California after Los Angeles:

- Home to several University Systems Including UC San Diego, San Diego State University, and the University of San Diego.
- San Diego International Airport - the Busiest Single-Runway Airport in the World
- The Main Economic Drivers - Defense Spending, Tourism, International Trade, Biotech Research and Manufacturing

## San Diego Metro:

Population:	3.3 Million
Households:	1.18 Million
Metro GDP:	\$315 Billion
Unemployment Rate:	3.9%
Average HH Income:	\$111,700
Healthcare Spending:	\$5,700 per HH
Hospital Revenues:	\$28 Billion+



# Economy

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## TECH ECOSYSTEM

- #1 City for Entrepreneurship
- 2nd Highest Tech Talent Concentration in the Country Attracting Apple, Google, Amazon, Microsoft, Dell, Broadcom, Expedia etc. Who Quickly Outgrew Their Current Locations

## DEFENSE SECTOR

- The Largest Segment of the Economy (+/-25% of GDP)
- 350,000+ Jobs / 140,000+ Active Duty & Civilian Employees
- The Navy Continues to be the Leading Employer in the Midway District with 3 Major Facilities:
- Naval Base Point Loma (NBPL),
- Naval Information Warfare Systems Command (NAVWAR)
- U.S. Marine Corps Recruit Depot (MCRD) - a 400-Acre Campus
- The Navy's Renewed Focus on the Pacific Theater Solidifies San Diego's Status as a Leading Navy Hub





# Economy

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## SAN DIEGO RESEARCH AND DEVELOPMENT DISTRICT (RaDD)

- **\$1.5 Billion / 10+ acres / 6 City Blocks / 3 Million+ SF** Mixed-Use Life Science, Creative Office, and Retail Space
- Largest Urban Commercial Waterfront Site on the California Coast

## BIOTECHNOLOGY

- **\$3 Billion+** in New Life Science and Mixed-Use Developments
- **80+ Research Institutes and 5 Major Universities** in the Golden Triangle Created One of the Top Life Science Sectors in the Country
- Scripps Research Institute (1st to decode the DNA) Announced a **\$2.6 Billion** Facility Investment
- The Salk Institute is a Top 5 Internationally Recognized Biotech Innovator that Focuses on Neuroscience, Cancer, Anti-Aging and Immunotherapies







# 04 Financials



# Income & Expense Summary

NOI SUMMARY					
REVENUES	SIZE (SF)	MONTHLY RENT	\$ AMOUNT	\$/SF	%PGI
Contract Rent	24,106	69,969	839,634	2.78	79.1%
Vacant	1,090	3,270	39,240	3.00	3.7%
Rental Income	25,196 SF	\$ 73,239	\$ 878,874		82.8%
Reimbursement Income			182,129	6.87	17.7%
POTENTIAL GROSS INCOME			\$ 1,061,003	40.04	100.0%
Vacancy & Collection Loss (3%)			(31,830)	(1.20)	-3.0%
EFFECTIVE GROSS INCOME			\$ 1,029,173	\$ 38.84	97.0%
OPERATING EXPENSES					
Real Estate Taxes			113,400	4.50	10.7%
Insurance			17,438	0.69	1.6%
Management			30,875	1.23	3.0%
Maintenance			42,491	1.69	4.0%
Janitorial			5,363	0.21	0.5%
Landscape			9,553	0.38	0.9%
Security			17,807	0.71	1.7%
Utilities			148,036	5.88	14.0%
TOTAL OPERATING EXPENSES			\$ 384,963	\$ 15.28	36.3%
NET OPERATING INCOME			\$ 644,210	\$ 25.57	60.7%
DIRECT CAPITALIZATION					
OVERALL RATE			6.82%	\$ 356	\$ 9,445,890
PURCHASE PRICE			\$ 9,450,000	\$ 357	



# Cash Flow Projections

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
	12/1/2025	11/30/2026	11/30/2027	11/30/2028	11/30/2029	11/30/2030	11/30/2031	11/30/2032	11/30/2033	11/30/2034	11/30/2035	11/30/2036
RENTAL REVENUE	FY 2020 \$/SF/MO											
Potential Base Rent	2.87	868,419	912,411	939,748	988,874	1,015,898	1,068,249	1,108,397	1,137,902	1,172,187	1,207,204	1,212,987
Absorption & Turnover Vacancy	0.00	0	0	0	0	0	(14,298)	(24,495)	0	(4,868)	0	(12,771)
Free Rent	0.00	0	0	0	0	0	(12,163)	0	(25,230)	(942)	0	(2,472)
Total Rental Revenue	2.87	868,419	912,411	939,748	988,874	1,015,898	1,041,788	1,083,902	1,112,672	1,166,377	1,207,204	1,197,744
Expense Recoveries	0.55	165,765	173,827	182,183	190,434	200,075	206,757	218,242	234,021	245,581	259,337	309,592
POTENTIAL GROSS REVENUE	3.42	1,034,184	1,086,238	1,121,931	1,179,308	1,215,973	1,248,545	1,302,144	1,346,693	1,411,958	1,466,541	1,507,336
Vacancy & Credit Loss	-0.10	(31,026)	(32,587)	(33,658)	(35,379)	(36,479)	(33,600)	(37,398)	(40,401)	(40,097)	(43,996)	(40,585)
EFFECTIVE GROSS REVENUE	3.32	1,003,158	1,053,651	1,088,273	1,143,929	1,179,494	1,214,945	1,264,746	1,306,292	1,371,861	1,422,545	1,466,751
OPERATING EXPENSES												
Real Estate Taxes	0.38	113,400	115,668	117,981	120,341	122,748	125,203	127,707	130,261	132,866	135,523	138,234
Property Insurance	0.06	17,438	17,961	18,500	19,055	19,627	20,215	20,822	21,447	22,090	22,753	23,435
Property Management Fee	0.10	30,095	31,610	32,648	34,318	35,385	36,448	37,942	39,189	41,156	42,676	44,003
Maintenance	0.14	42,038	43,396	44,698	46,039	47,420	48,401	49,605	51,817	53,232	54,973	56,110
Janitorial	0.02	5,363	5,544	5,710	5,881	6,058	6,150	6,284	6,620	6,790	7,023	7,129
Landscaping	0.03	9,553	9,840	10,135	10,439	10,752	11,075	11,407	11,749	12,101	12,464	12,838
Security	0.06	17,807	18,341	18,891	19,458	20,042	20,643	21,262	21,900	22,557	23,234	23,931
Utilities	0.49	148,035	152,850	157,435	162,159	167,023	170,328	174,477	182,511	187,446	193,626	197,457
Total Operating Expenses	1.27	383,729	395,210	405,998	417,690	429,055	438,463	449,506	465,494	478,238	492,272	503,137
NET OPERATING INCOME	2.05	619,429	658,441	682,275	726,239	750,439	776,482	815,240	840,798	893,623	930,273	963,614
CAPITAL COST												
Tenant Improvements	(0.07)	(21,800)	0	0	0	0	(71,736)	0	(117,738)	0	0	(83,162)
Leasing Commissions	(0.03)	(8,958)	0	0	0	0	(25,165)	0	(44,300)	0	0	(22,713)
Capital Reserves	(0.01)	(2,650)	(2,730)	(2,811)	(2,896)	(2,983)	(3,072)	(3,164)	(3,259)	(3,357)	(3,458)	(3,561)
Total Leasing & Capital Cost	(0.11)	(33,408)	(2,730)	(2,811)	(2,896)	(2,983)	(99,973)	(3,164)	(165,297)	(3,357)	(3,458)	(109,436)
OPERATING CASH FLOW	1.94	586,021	655,711	679,464	723,343	747,456	676,509	812,076	675,501	890,266	926,815	854,178
ACQUISITION / RESIDUAL SALE												
Acquisition	(9,450,000)	-	-	-	-	-	-	-	-	-	-	All Cash
Net Residual Sale	-	-	-	-	-	-	-	-	-	-	13,158,316	IRR
Cash Flow Before Debt Service	(9,450,000)	586,021	655,711	679,464	723,343	747,456	676,509	812,076	675,501	890,266	14,085,130	10.02%
Rolling - All Cash IRR												
Loan Funding (1% Fee)	6,681,150					6,289,617						
Loan Payoff						(6,227,343)				(5,765,976)		Leveraged
Annual Debt Service		(493,644)	(493,644)	(493,644)	(493,644)	(493,644)	(405,168)	(405,168)	(405,168)	(405,168)	(405,168)	IRR
Cash Flow After Debt Service	(2,768,850)	92,377	162,067	185,820	229,699	316,086	271,341	406,908	270,333	485,098	7,913,986	16.43%
NOI Return / Cap Rate		6.55%	6.97%	7.22%	7.69%	7.94%	8.22%	8.63%	8.90%	9.46%	9.84%	
UNLEVERAGED Cash Return		6.20%	6.94%	7.19%	7.65%	7.91%	7.16%	8.59%	7.15%	9.42%	9.81%	
LEVERAGED Cash Return		3.34%	5.85%	6.71%	8.30%	11.42%	9.80%	14.70%	9.76%	17.52%	18.84%	
Debt Service Coverage Ratio (NOI)		1.25 x	1.33 x	1.38 x	1.47 x	1.52 x	1.92 x	2.01 x	2.08 x	2.21 x	2.3 x	
Debt Service Coverage Ratio (CF)		1.19 x	1.33 x	1.38 x	1.47 x	1.51 x	1.67 x	2. x	1.67 x	2.2 x	2.29 x	
Debt Yield (NOI)		9.27%	9.86%	10.21%	10.87%	11.23%	12.35%	12.96%	13.37%	14.21%	14.79%	
Debt Yield (CF)		8.77%	9.81%	10.17%	10.83%	11.19%	10.76%	12.91%	10.74%	14.15%	14.74%	
Rolling - All Cash IRR		1.35%	5.87%	8.26%	8.79%	9.13%	9.45%	9.56%	9.81%	9.95%	10.02%	
Rolling - Leveraged IRR		-10.17%	5.19%	12.85%	14.19%	14.89%	15.51%	15.72%	16.18%	16.30%	16.28%	



# Discounted Cash Flow Assumptions

## ASSUMPTIONS

Property Type: Medical Office Building Area: 26,500 SF

### GENERAL ASSUMPTIONS

Analysis Start Date: December 2025  
Occupancy: 96%

Market Rent: Monthly \$2.10, Yearly \$25.20/SF  
Lease Term: 5 Years

### Leasable Area (SF)

Total Rentable Building Area	25,196 SF	2 Months / 1 Month
Occupied	24,106 SF	Tenant Improvement \$30 / \$10
Available	1,090 SF	Leasing Commissions 6.0% / 2.0%
		Months Vacant 3 Months

### Growth / Inflation Rates

Consumer Price Index (CPI)	3%	Downtime Between Leases
Market Rent	3%	Rent Abetment (New) 1 Months
Expenses	3%	Rent Abetment (Renew) 1 Month
Property Taxes	3%	

### Allowances

Vacancy	2%	Resale
Credit Loss	1%	Terminal Cap Rate 7.25%
		Cost of Sale 1.00%

### Expense Assumptions

Management Fee	3.0%	Loan
Property Taxes Assessment	New	LTV 70%
Reserves	\$0.1/SF	Interest Rate (Swap) 6.25%
Reimbursement	NNN Core Tenants	Interest Rate (Perm) 5.00%
	Full Service	Amortization 30 Yrs
		Finance Charge 1%

### SPECULATIVE IN LINE RENEWALS





# KW Commercial Southern California Office Locations

Headquarters  
12711 Ventura Blvd #110  
Studio City, CA 91604

Calabasas  
23975 Park Sorrento  
Calabasas, CA 91302

Larchmont  
118 N. Larchmont Blvd  
Los Angeles, CA 90004

West Hollywood  
9000 W. Sunset Blvd Suite  
1100

Inglewood  
208 S. La Brea Ave  
Inglewood, CA 90301

Cerritos  
17785 Center Ct. DR. N #120  
Cerritos, CA 90703

Beverly Hills  
439 N. Canon Dr. 3rd Floor  
Beverly Hills, CA 90210

Bakersfield  
5601 Truxtun Ave Ste 150  
Bakersfield, CA 93309

Long Beach  
6621 E. Pacific Coast Highway Ste 150 Long  
Beach, CA 90803

Westwood  
10960 Wilshire Blvd Unit 100  
Los Angeles, CA 90024

Newport Beach  
680 Newport Center Dr. Ste 250  
Newport Beach, CA 92660

El Segundo  
830 S, CA-1 Ste 200  
El Segundo, CA 90245

Los Feliz  
1660 Hillhurst Ave  
Los Angeles, CA 90027

La Mirada  
14241 Firestone Blvd Ste  
100 La Mirada, CA 90638

## High Visibility Medical Office Stabilized Investment Opportunity

No warranty, expressed or implied, is made as to the accuracy of the information contained herein. This information is submitted subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and is subject to any special listing conditions imposed by our principals. Cooperating brokers, buyers, tenants and other parties who receive this document should not rely on it, but should use it as a starting point of analysis, and should independently confirm the accuracy of the information contained herein through a due diligence review of the books, records, files and documents that constitute reliable sources of the information described herein. CA BRE #01428774



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