

Main Street Commercial Presents

The Sullivan Building Complex



526-540 SOQUEL & 545 OCEAN VIEW AVE

SANTA CRUZ, CA

\$5,500,000



PROPERTY SUMMARY

The Sullivan Building Complex is a pride of ownership collection of mid-century Medical, Personal Care and Professional Offices spread out across three parcels on a prime corner in the thriving Midtown district. The longtime owners have taken great pride in the property with updates and renovations made to many of the interior and exterior components of the buildings through the years.

Located in an Opportunity Zone, with access to public transit, the assemblage is also eligible for multi-story mixed-use development of high-density residential over street-level retail pedestal with significant tax benefits. This is an excellent opportunity either for an investor seeking to maximize cap rate with upside potential in rents on some of the larger suites which are currently leased month-to-month, or for a developer with the benefit of existing carrier income during entitlement.

EXISTING IMPROVEMENTS

The property consists of 15,185 +/- square feet spread across 3 parcels in multiple buildings with a diverse tenancy mix of predominantly professional, personal services and health-related uses.

The complex currently generates \$29,644/month in income, with a blended rent rate of \$1.95/SF. Long-term tenants and relatively short leases provide stable cash flow with flexibility of duration and upside potential on several of the spaces.

DEVELOPMENT POTENTIAL

The property is situated in a high-density corridor with zoning that allows for up to six-stories of mixed-use over street-level retail podium, and there is a possibility that these limits may be expanded under density bonus rules. With the growing demand for housing and the current state mandates, this property is well-positioned for future mixed-use redevelopment.

The assemblage includes three key parcels with a combined land size of 29,622 SF, with the possibility of acquiring additional adjacent parcels for even greater development flexibility. Two of the buildings have historic designations which it is believed can be addressed during entitlement, and the parcels are predominantly zoned CC, with one parcel zoned RL, which presents an interesting argument for rezoning.

STRATEGIC LOCATION

Commanding a high-visibility corner with high traffic counts in the thriving MidTown commercial district, the assemblage sits alongside many of the area's most iconic and popular anchors, such as Shopper's Corner, The Buttery, Rio Theatre, Whole Foods and the much-anticipated Santa Cruz Athletic Club. The corridor between and Downtown is also in the process of setting up a Business Improvement District, and the region's vibrant retail and residential mix further supports the potential for high-density residential development.

PROPERTY HIGHLIGHTS

Address:	526-540 SOQUEL AVE & 545 OCEAN VIEW, SANTA CRUZ
Parcel Number:	010-051-12, 010-051-11, 010-051-51
Parcel Size:	29,622 SqFt /0.680 AC
Building Total SF:	15,185 SqFt
Price Per SF	\$362.20
Price Per LSF	\$185.67
Style:	Offices, Retail
Floors:	1
Year Built:	1930
Zoning:	CC
Parking Spaces:	24



TENANCIES & FINANCIAL SUMMARY

		LSF, Land SF, Buildings															
Address		APN: 010-051-12		Suite	Tenant	Condition	Usable SF	Leasable SF	Base Rent	Rate w/Load	CAM Utilities	CAM Rate	Total Month	Total Rate	Term		
545 Ocean View Ave. (Sullivan Building)					Heart Therapy Center	A	1,306	1306	\$ 2,800	\$ 2.14	\$ 50	\$ 0.04	\$ 2,850	\$ 2.18	5/1/25		
540 Soquel Ave. (Sullivan Building)				Shared Entry Suites:													
				A & 2	A Colonic Studio	A	245	349	\$ 1,450	\$ 4.16	\$ 100	\$ 0.41	\$ 1,550	\$ 4.44	10/1/33		
				B	Bloom	A	512	729	\$ 1,640	\$ 2.25	\$ 100	\$ 0.20	\$ 1,740	\$ 2.39	1/31/27		
				1	Lady Luck Beauty Parlor	A	155	221	\$ 1,200	\$ 5.44	\$ 100	\$ 0.65	\$ 1,300	\$ 5.89	MTM		
				3	M & H Architects	A	167	238	\$ 700	\$ 2.94	\$ 75	\$ 0.45	\$ 775	\$ 3.26	8/1/25		
				4	Erika Abrahamian	A	110	157	\$ 550	\$ 3.51	\$ 50	\$ 0.45	\$ 600	\$ 3.83	7/31/27		
				5	Erika Abrahamian	A	165	235	\$ 650	\$ 2.77	\$ 50	\$ 0.30	\$ 700	\$ 2.98	MTM		
				8 & 9	FOR LEASE	A	365	520	\$ 1,400	\$ 2.69	\$ 100	\$ 0.27	\$ 1,500	\$ 2.89	TBD		
				C	Lobby/Conference/Common Areas		728										
				Private Entry Suites:													
				6	SC Light Therapy	A	366	554	\$ 800	\$ 1.62	\$ 100	\$ 0.27	\$ 900	\$ 2.46	Negotiable		
7	SC Light Therapy			A	156	236	\$ 400	\$ 1.69	\$ -	\$ -	\$ 400	\$ 2.56	Negotiable				
				D	Private Entry Lobby/Waiting Area		268										
534 Soquel Ave. (Sullivan Building)					Mike, Linda Strong LFMT	A	625	625	\$ 1,260	\$ 2.02	\$ 50	\$ 0.08	\$ 1,310	\$ 2.10	MTM		
536 Soquel Ave.	Parcel Total:			8,475	6,294		Bloom	A	1,126	1,126	\$ 2,800	\$ 2.49	\$ -	\$ -	\$ 2,800	\$ 2.49	6/1/26
				APN: 010-051-11													
530-532 Soquel Ave.	Parcel Total:	5,801	3,041	A & B	Parent Center (Demisable Suites)	B	3,041	3,041	\$ 4,408	\$ 1.45	\$ -	\$ -	\$ 4,408	\$ 1.45	7/31/28		
		APN: 010-051-51															
526-528 Soquel Ave. (Medical Arts Building)				A	Weisner Legal, APC	A	1,050	1,050	\$ 2,000	\$ 1.90	\$ 50	\$ 0.05	\$ 2,050	\$ 1.95	6/30/27		
				B	1.6 Aesthetics	A	1,500	1,500	\$ 2,400	\$ 1.60	\$ -	\$ -	\$ 2,400	\$ 1.60	5/1/25		
				C	Dr. Vu Le	A	300	300	\$ 400	\$ 1.33	Submeter	\$ 0.00	\$ 400	\$ 1.33	MTM		
				D	Myofacial Release	A	1,350	1,350	\$ 2,154	\$ 1.60	\$ 50	\$ 0.04	\$ 2,204	\$ 1.63	MTM		
				E	Dr. Vu Le	A	1,650	1,650	\$ 2,475	\$ 1.50	Submeter	\$ 0.00	\$ 2,475	\$ 1.50	MTM		
Parcel Total:		15,346	5,850														
TOTALS:		29,622	15,185				15,185	15,185	\$ 29,487	\$ 1.94	\$ 875		\$ 30,362	\$ 2.00			
Average														Average			

Summary Valuation Analysis

Estimated Value:	\$ 5,501,201
Annual GSI	\$ 364,338
Less Op Ex	\$ 107,432
Estimated NOI	\$ 256,906
Estimated Cap Rate	4.67%
Price Per SF	\$ 362.28
Price Per LSF	\$ 185.71

Stated GSI Includes GSI for Spaces Currently Vacant:

\$ 24,600 6.8%

530-532 Soquel adjusts to \$1.75 after \$30K TI Recapture:

\$ 10,971 3.0%

Tenant	Condition	Usable SF	Leasable SF	Base Rent	w/Load	Utilities	Rate	Month	Rate	Term
530-532 Soquel Ave/Post Renovation	A	3,041	3,041	\$ 5,322	\$ 1.75	\$ -	\$ -	\$ 5,322	\$ 1.75	at Extension
								\$ 63,861	Annual Estimate	
								\$(52,890)	Rent thru 7/31/28	
								\$ 10,971	After TI Recapture	
Pro Forma Taxes							\$ 70,800			
PG&E							\$ 6,156			
Water							\$ 8,008			
Insurance							\$ 10,132			
Security System Service							\$ 1,800			
Maintenance/Repairs							\$ 1,800			
Ext Cleaning and Landscaping							\$ 8,736			
Estimated Expenses							\$ 107,432			

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EXPANDED DEVELOPMENT POTENTIAL

Assemblage being evaluated at 526-540 Soquel and adjacent parcels. Possible assemblage which would involve adjacent property owners.

The sites are the following:

Sullivan Building Complex Parcels:

1. 526 Soquel	APN: 010-051-51.	15,346 SF Lot
2. 530 Soquel	APN: 010-051-11.	5,801 SF Lot
3. 536-540 Soquel	APN: 010-051-12.	8,475 SF Lot
LSF Combined:		29,622 SF Total

Assemblage Opportunity 1 (If Available):

522 Soquel - APN: 010-051-09. 2,387 SF Lot. (Mission Printers)

Assemblage Opportunity 2 (If Available):

541 Ocean View Ave - APN: 010-051-13. 4,762 SF Lot. (Residential Use)

This one is less obvious as to whether it adds significant value given it is zoned RL, is residential (SFH or maybe duplex that's non-conforming).

522, 530, and 536-540 Soquel are all zoned CC, however 526 Soquel is zoned RL for designation 1 but CC for its zoning designation 2. This may just be an administrative error on the city's part. It seems odd that the whole frontage here is zoned CC, the abutting parcels are high-density residential, but this one has RL for designation 1, albeit has CC for its zoning designation 2.

Total Assemblage (If Both Adjacent Properties Available:

• $29,622 \text{ SF} + 2,387 \text{ SF} + 4,762 \text{ SF} = 36,771 \text{ SF} / 0.84 \text{ Acres}$

Additional Considerations:

- Qualifies for Opportunity Zone Development
- High Density Corridor allows up to 6 story development, possibly higher w/density bonus rules.
- Recent Phase 1 report references contamination at Mission Printers Site (522 Soquel Ave)
- Historic Designation 7 years ago on 526 Soquel and 540 Soquel (other buildings not historic)
- Possibility exists that State mandate for housing would supersede historic designation.



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MARKET DATA

COMPARABLE SALES



530 Ocean Street

3,121 SF Office Building on
6,098 SF Developable Parcel
Zoned CC (+ in Opportunity Zone)
Listed 10/5/23 for \$1,100,000
Sold 2/29/24 for \$1,050,000 as part of assemblage
\$336.43 per SF
\$172.19 per LSF



545 Ocean Street

6,600 SF Office Building on
15,115 SF Developable Parcel
Zoned CC (+ in Opportunity Zone)
Sold 9/21/2023 for \$1,800,000
Re-Sold 3/1/2024 for \$2,400,000 as part of assemblage
\$336.43 per SF
\$172.19 per LSF



548 Ocean Street

5,072 SF Office Building on
13,678 SF Developable Parcel
Zoned CC (+ in Opportunity Zone)
Sold Off Market 4/4/24 for \$2,522,000 as part of assemblage
\$497.24 per SF
\$184.38 per LSF



911 Center Street

5,642 SF Office Building on
11,892 SF Developable Parcel
Zoned CC
Listed 5/31/23 for \$1,950,000
Sold 2/29/24 for \$1,925,000
\$342.19 per SF
\$161.87 per LSF



1734 Seabright Avenue

2,644 SF Office Building on
6,795 SF Parcel
Zoned CC
Listed 1/8/24 for \$1,100,000
Sold 4/5/24 for \$1,025,000
\$387.67 per SF
\$150.85 per LSF



2020 N Pacific Avenue

8,732 SF Office Building on
20,735 SF Developable Parcel
Zoned CBD
Listed 1/28/23 for \$4,600,000
Sold 7/19/23 for \$4,375,000
\$501.03 per SF
\$211.00 per LSF

MARKET DATA LEASE COMPARABLE



Senior Legal Services

317 Soquel Avenue, Santa Cruz, CA 95062

Size: 2,167 sq. ft.

Lease Rate: \$1.75 sq. ft. (Modified Gross Lease)

Annual Increases: 2.5% Annual

Current Rent: \$1.79 sq. ft.

Lease Term: 5 Year Lease (Starting January 1st, 2023)

Comment: Lease of office space located along Soquel Ave. in Santa Cruz.

Starting rent was reduced for the first year in lieu of concessions: \$2,500 for first six months; \$2,650 for next six months; \$3,792 thereafter with 2.5% annual increases. Data Source: Compstak



Black Pearl Tattoo

1135 17th Avenue, Santa Cruz, CA 95062

Size: 2,732 sq. ft.

Lease Rate: \$2.06 sq. ft., NNN

Lease Type: Triple Net Lease

Annual Increases: Not Provided

Current Rent: \$2.06 sq. ft., NNN

Lease Term: 5 Year Term; Starting Date: 11/11/2023.

Comment: Located at the Live Oak Crossing complex, a newly built mixed use center. Source: Compstak & Loopnet



Rhythm Chiropractic

6892-6898 Soquel Avenue, Santa Cruz, CA 95062

Size: 1,160 sq. ft.

Lease Rate: \$2.05 sq. ft. (Modified Gross Lease)

Lease Type: Modified Gross Lease

Annual Increases: Not Noted

Current Rent: Not Reported

Lease Term: 1 Year, Lease Began: September 1st, 2022

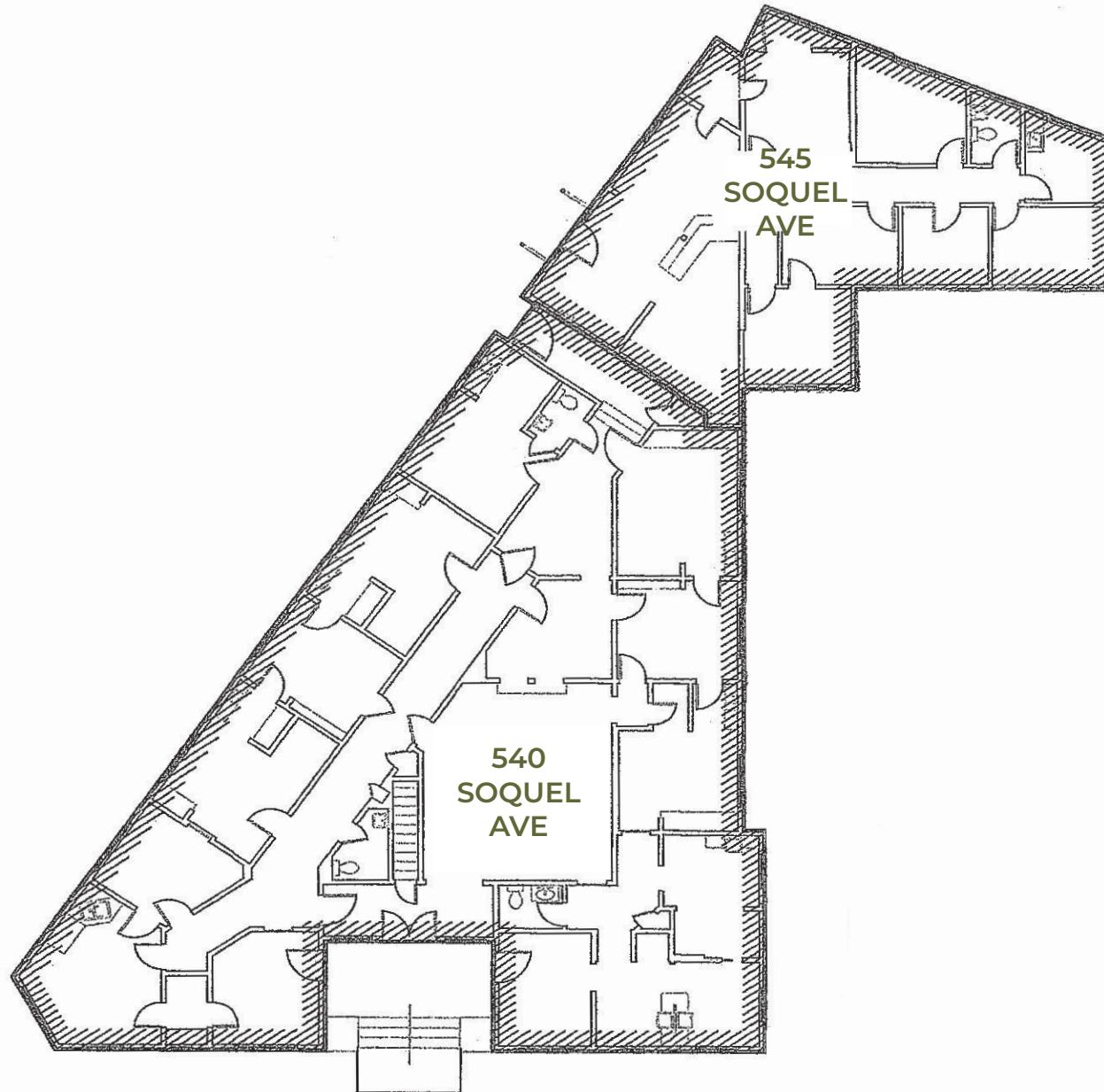
Comment: No concessions were noted. Data Source: Compstak.

THE SULLIVAN BUILDING PHOTO GALLERY





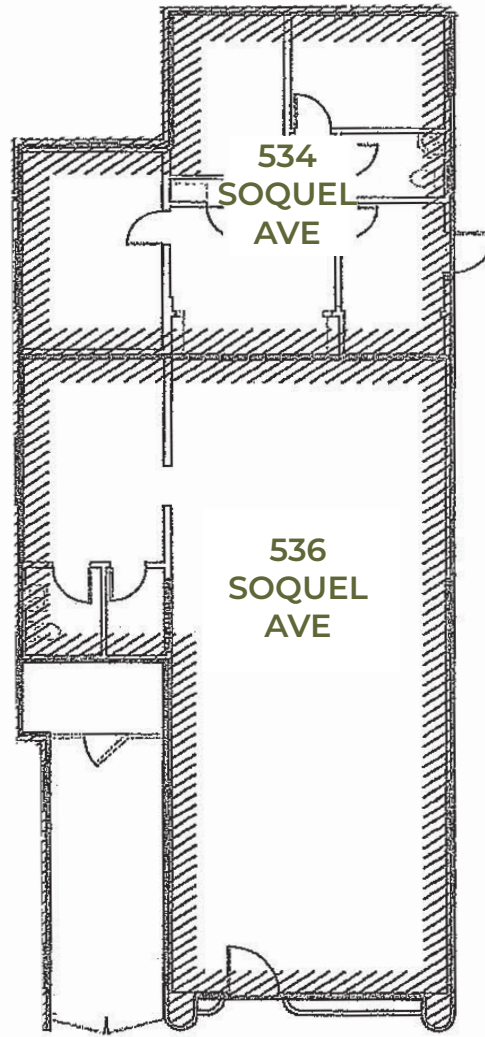
THE SULLIVAN BUILDING FLOOR PLAN



534-536 SOQUEL AVE PHOTO GALLERY



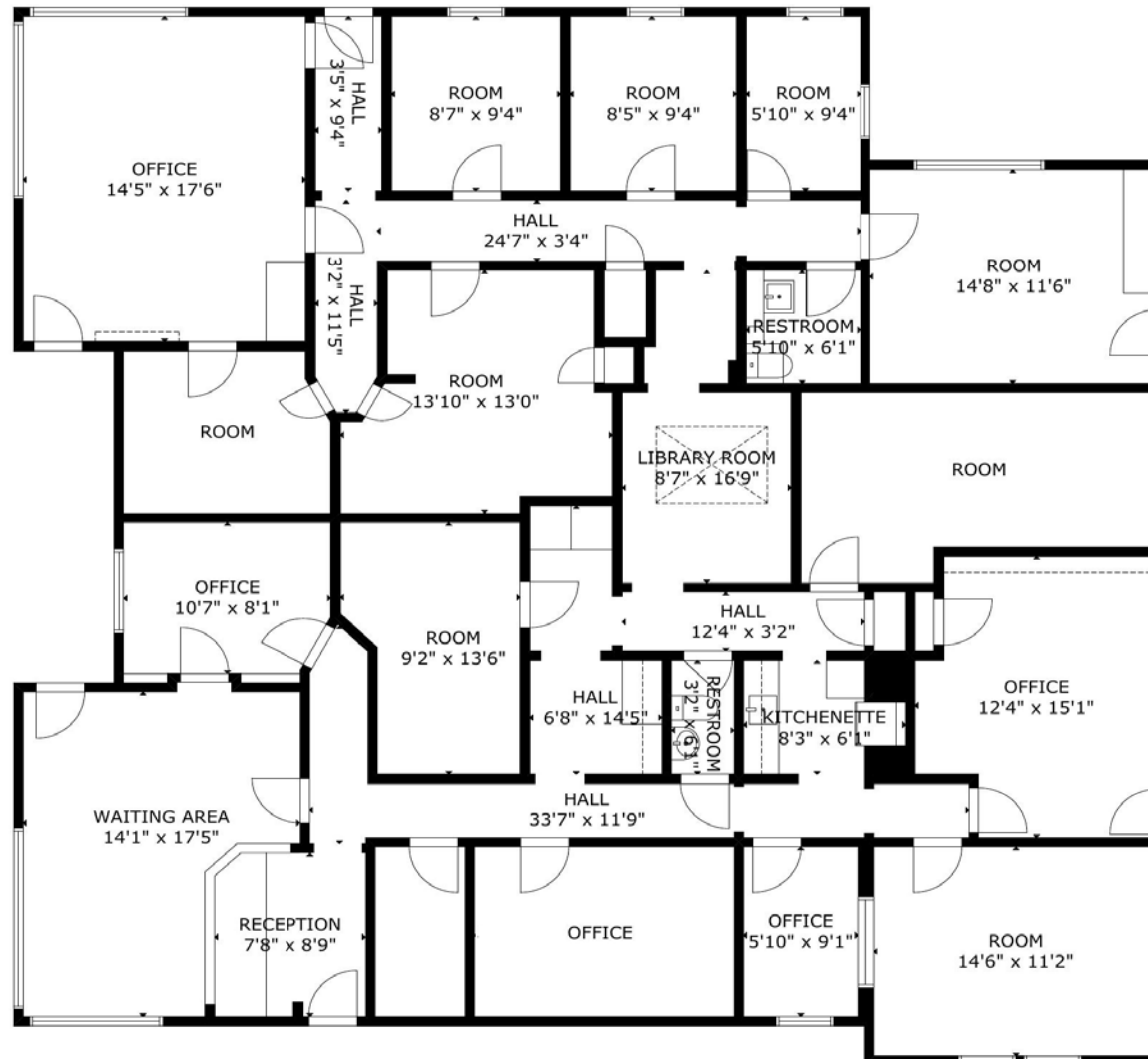
534-536 SOQUEL AVE FLOOR PLAN



530-532 SOQUEL AVE PHOTO GALLERY



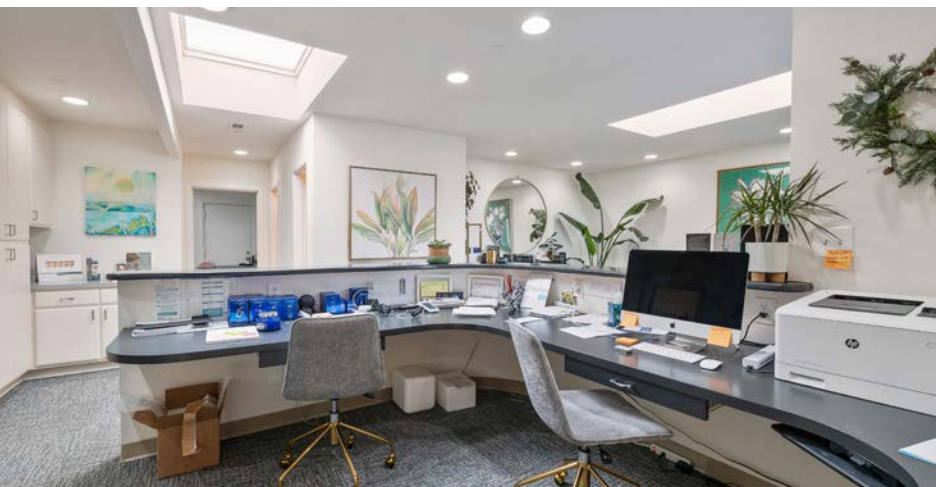
530-532 SOQUEL AVE FLOOR PLAN



526 -540 SOQUEL & 545 OCEAN VIEW AVENUE | SANTA CRUZ, CA 95062

MEDICAL ARTS BUILDING PHOTO GALLERY



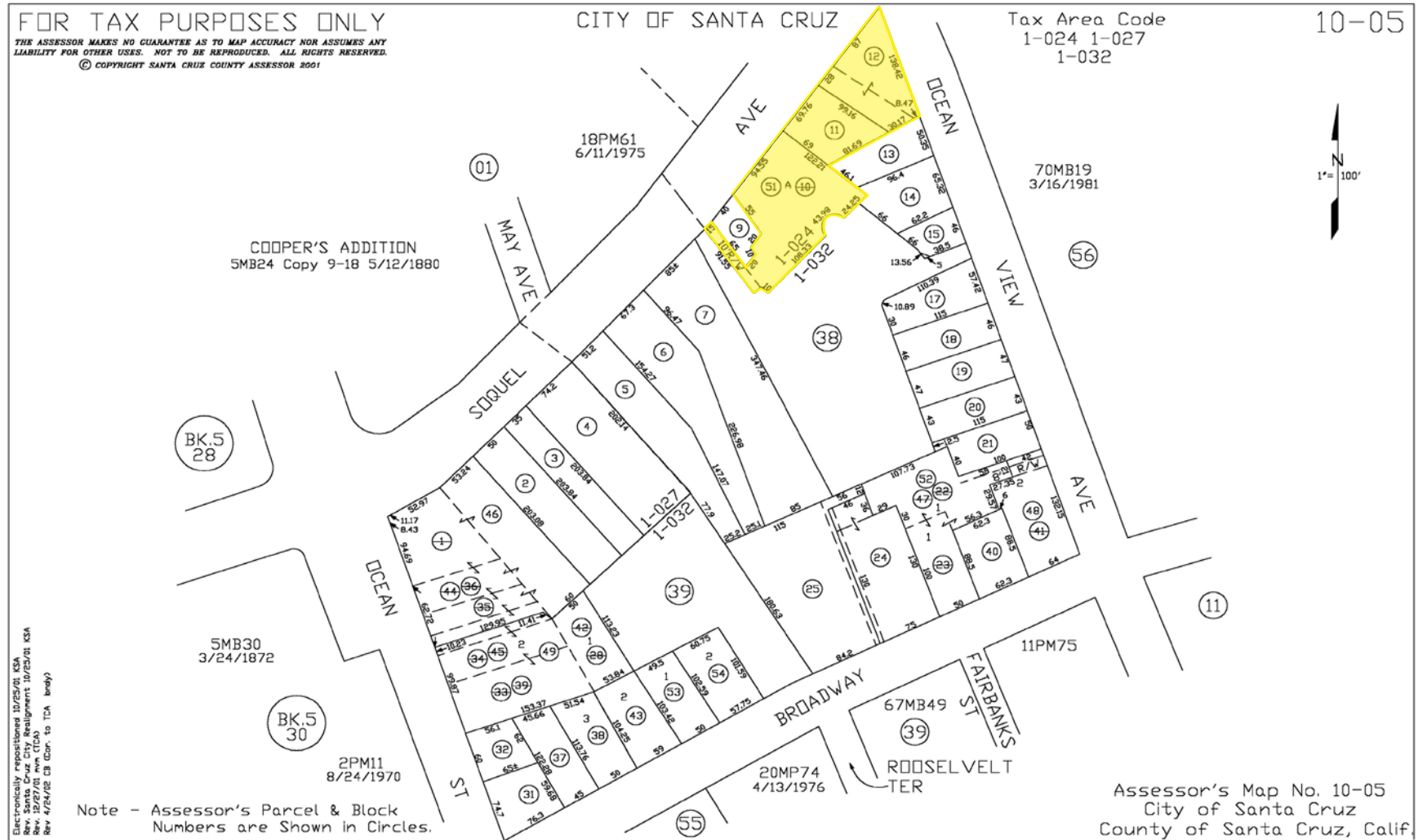




MEDICAL ARTS BUILDING FLOOR PLANS



PARCEL MAP



PROXIMITY MAP



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PROXIMITY MAP



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LOCATION OVERVIEW

Santa Cruz is undoubtedly the quintessential California beach town, awakening nostalgic memories of summers past and inspiring a new generation. But while Santa Cruz is the classic spot to dig your toes into the warm sand and soak up the sun, the fun only begins at the beach.

See the iconic Santa Cruz Beach Boardwalk. This seaside amusement park features the Giant Dipper, a wooden roller coaster that will celebrate its 100th birthday in 2024! The Boardwalk features free summertime fun including family-friendly movies on the beach and live bands on the colonnade.

Take part in California's official sport: surfing! As the birthplace of mainland surfing, Santa Cruz offers visitors many ways to dive into the surf culture. Want to dip your toe into the sport of surfing? Try a lesson with a local surf school like Club Ed or Richard Schmidt. For an historical perspective, check out the Santa Cruz Surfing Museum or watch the wave riders at other hot spots around town.

Visit the Santa Cruz Wharf, more than a century old. Stretching out a half-mile into the waters of the Monterey Bay, the wharf is lined with shops and restaurants. Make your way to the very end of the wharf to see sea lions and other underwater treasures! Head to Downtown Santa Cruz during your next visit. Anchored by a clock tower, this lively town center features eateries, boutiques, art galleries, and Abbott Square Market – a communal, art-inspired gathering space. Enjoy a vibrant dining setting and unique dining experiences like Laili, Bad Animal, and Flower Bar, or grab a fresh baked cookie from Pacific Cookie Company or artisan ice cream from The Penny Ice Creamery. Downtown Santa Cruz offers a weekly farmer's market every Wednesday; featuring fresh produce, local art and more! For the outdoor lovers: explore the California Coast on West Cliff Drive. This scenic 3 mile walking path includes easy access and stunning views of the Monterey Bay; including Natural Bridges State Beach, legendary Steamer Lane and a pet-friendly beach



<https://www.santacruz.org/destinations/santa-cruz/>

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