

OWNER/USER MEDICAL OFFICE 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. \$1,600/month. Lease expires September 2025

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: \$1,175,000

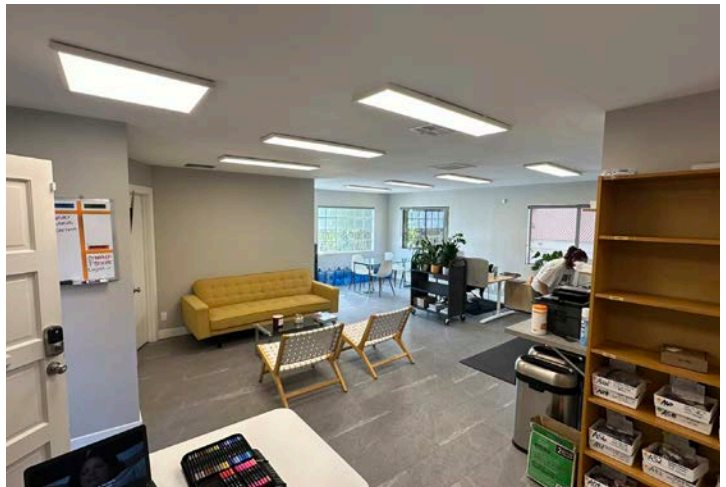
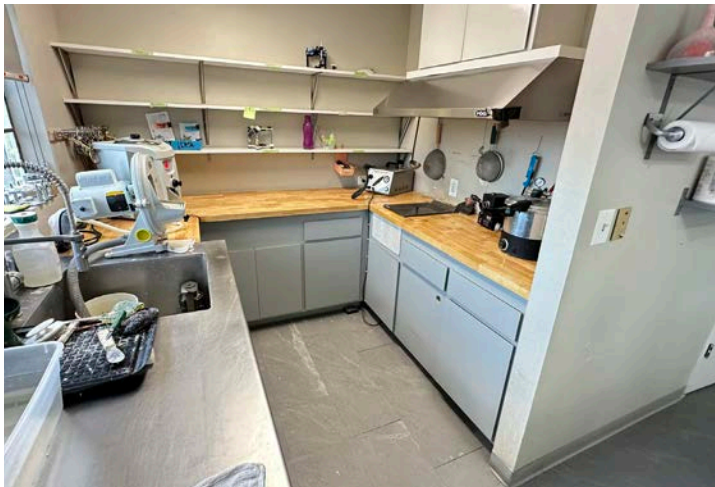
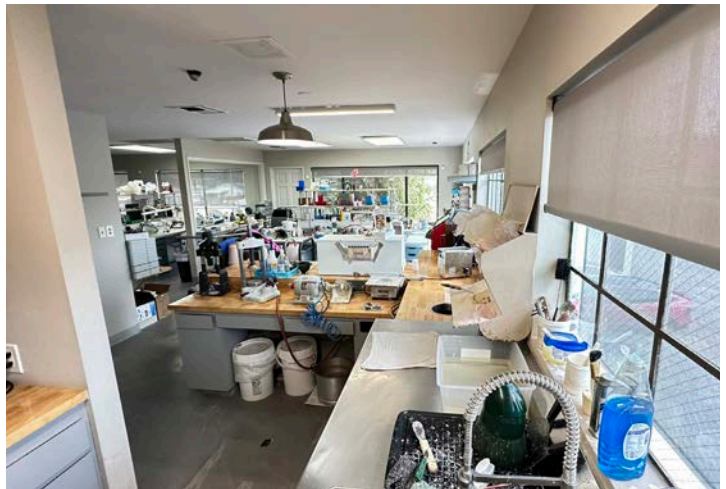
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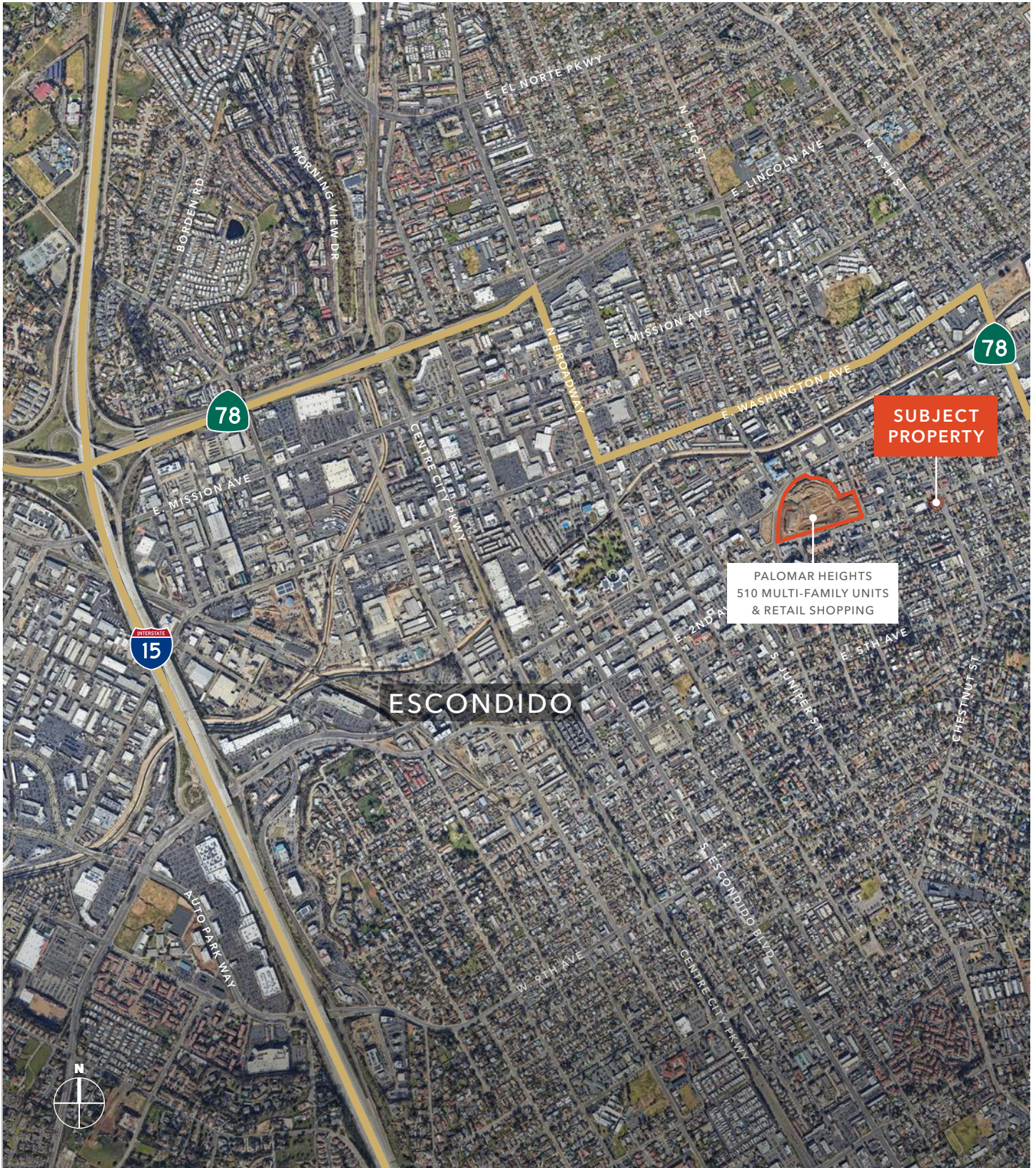
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Lease vs. SBA 504 Purchase Scenario

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