

865

ISABELLA STREET
OAKLAND, CA

**FOR
SALE/LEASE**

OWNER/USER SITE OR DEVELOPMENT SITE



NEWMARK

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Newmark Knight Frank (the “Agent”) has been engaged as the exclusive sales representative for the sale of 865 Isabella Street, Oakland, CA (the “Property”) by ‘Ownership’ (the “Seller”). This Memorandum does not constitute a representation that the business or affairs of the Property or Seller since the date of preparation (April 2023) of this Memorandum have remained the same. Analysis and verification of the information contained in this Memorandum are solely the responsibility of the prospective purchaser. Additional information and an opportunity to inspect the Property will be made available upon written request of interested and qualified prospective purchasers. Seller and Agent each expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers regarding the Property, and/or terminate discussions with any party at any time with or without notice. Seller reserves the right to change the timing and procedures for the Offering process at any time in Seller’s sole discretion. Seller shall have no legal commitment or obligations to any party reviewing this Memorandum, or making an offer to purchase the Property, unless and until such offer is approved by Seller, and a written agreement for the purchase of the Property has been fully executed and delivered by Seller and the Purchaser thereunder. This Memorandum and the contents, except such information which is a matter of public record or is provided in sources available to the public, are of a confidential nature. By accepting this Memorandum, you agree that you will hold and treat it in the strictest confidence, that you will not forward, photocopy or duplicate it, that you will not disclose this Memorandum or any of the contents to any other entity (except to outside advisors retained by you, if necessary, for your determination of whether or not to make a proposal and from whom you have obtained an agreement of confidentiality) without the prior written authorization of Seller or Agent, and that you will not use this Memorandum or any of the contents in any fashion or manner detrimental to the interest of Seller or Agent.

The Newmark Knight Frank Team, whose names appear in the Offering Memorandum, represents the Seller only. Buyer may represent themselves or seek representation at their own expense.



EXECUTIVE SUMMARY

865 Isabella Street is a 53,793 square foot, three-story industrial building, which includes a very large basement area (± 17,931 SF) that was built as an armory in the 1940s to support wartime efforts, but more recently, has supported several garment and outdoor apparel related businesses. With its open floorplates, robust concrete construction, and industrial freight elevator, the property lends itself to a major adaptive reuse development with the possibility of taking advantage of its 60-foot height limit by adding additional floors for a variety of potential uses. The proximity to five (5) major highways and within walking distance to Downtown Oakland, public transportation, and biking options make this a unique offering and should attract a variety of developers and investors with unique visions for the property.

Over the past ten years, West Oakland has experienced significant changes as this area was once home to a high concentration of industrial businesses, artists, and a deep-rooted African-American population. With the expansion and legalization of the cannabis industry, a large number of warehouses have been leased to higher-paying cannabis industry tenants and has severely limited the supply of available low-cost warehouse space for makers, artists, and manufacturing businesses which has translated into a loss of jobs in the area, a reduced tax base, and has pushed several businesses, artists, and makers to seek lower-cost neighborhoods and cities. Also, during this time of economic recovery, the Bay Area also saw increased traffic patterns and higher utilization of public transportation. As a result, West Oakland quickly became a viable option to developers and investors with its easy access to job centers in Oakland and San Francisco. West Oakland also maintains a large number of turn of the century historic residential properties that continue to be acquired, renovated, and sold to upwardly mobile buyers. The Isabella property could be approached to continue to serve a manufacturing use, or transformed into work/live or live/work lofts. The property is also located within a Federal Opportunity Zone, designed to promote major investment in targeted communities. The possibilities are encouraging, and we can provide several examples of where these strategies have been executed successfully.

PROPERTY INFORMATION

ADDRESS:	865 Isabella Street, Oakland 94607
APN:	3-19-9-1
CITY AND COUNTY:	Oakland, Alameda County
ZONING:	<ul style="list-style-type: none"> • CC-2 • Community Commercial Zoning • 60' Height Limit • Opportunity Zone - Yes
CURRENT USE:	Light Industrial – Manufacturing, Apparel

SQUARE FOOTAGE

BUILDING	LAND
53,793 SF plus additional Basement Area ±17,931 SF 71,724 Total SF	39,181 SF/.90 Acres

* County Records indicate Building SF is 53,793 SF

PROPOSED DEVELOPMENT

UNITS	
Base Density: (Using CN Zoning Density Parameters)	105 Units
Additions with maximum 50% State density bonus:	53 Units
Total Potential Residential Units	158 Units
<i>This is an estimate and does not account for setback and retail/commercial storefront requirements.</i>	
RESIDENTIAL IMPACT FEES	
Zone 2 – \$25,953 per unit rate thru 6/30/24 This fee may be waived for affordable housing providers, or developers providing affordable housing through the State Density Bonus	
Non-Residential - Light Industrial Impact Fees are \$2.10 / SF for additional square footage	
DEVELOPMENT DENSITY	375 Square Feet per unit of land (CC Zoning)
PRICE	\$8,495,000
PRICE PER UNIT	
By Right: \$80,905	With CA State Density Bonus: \$53,766
PRICE PER SF (Land) \$217 PSF	PRICE PER SF (Bldg) \$158 PSF PRICE PER SF (Bldg + Basement) \$118 PSF

Lease Rate: Negotiable

PROPERTY OVERVIEW

- Current and Proposed Development Legislation** Currently, the California State Density Bonus has proven to be a useful tool to promote the development of affordable housing while providing development incentives to exceed local limitations. Senate Bill related to promoting development in the near transit hubs continue to (e.g., Senate Bill-50) continues to resurface at the State legislature.

- Impact Fees** The City of Oakland has a program of region-specific Im- pact Fees. This property is subject to the middle tier, Zone 2, residential impact fees that are paid on a per-unit basis but may be waived if certain thresholds of providing affordable housing are met. Payment of impact fees allows a developer to create market-rate housing that includes a 15- year exemption from local rent control.

Zone 2: Residential Impact Fees (Per Housing Unit) for 7/1/23 – 6/30/24
 Multifamily Impact Fees = \$25,952.72. (Affordable Housing : \$23,928.72 + Capital Improvement: \$1,012.12 + Transportation \$1,012.12)

- Broad Demographic** The location and open exposure along West Grand Avenue make this location unique and accessible for a variety of residential and commercial uses.

- Convenient to Employment** With the demand for light industrial space, work/live & live/work space, and additional workfrce housing adjacent to Downtown, this property provides a unique opportunity to create a unique project to serve the needs of the community.

- Environmental Condition** The Owner does not have Enviromental Documentation, but scanning the State Water Resources Control Board Geotracker Database, there appears to be no environmental issues on-site. Adjacent properties, 850 Grand has a completed LUST site that was cleaned and closed in 1997, and 800 West Grand Avenue appears to have a LUST Cleanup in process. Seller makes no warranty of enviornmental condition. Buyer to verify.

- Historic Significance** The property is not considered a local landmark; and has an Oakland Cultural Heritage Survey rating of D3 – Minor Importance and not located in a historic district.

- Potential Assemblage** 800 West Grand Avenue, vacant land (next door), consists of 2 Parcels totaling 29,704 SF (.68 Acres) which may be purchased under a separate purchase agreement can be acquired to create a much larger develop- ment opportunity.

- Lease Obligation** The current tenants have expiring leases in place. Addi- tional Due Diligence is required to identify the length and terms of the leases. The current in-place rents are as follows:

Floor	User	Rent & SFs	Notes
1st Floor ±17,931 SF	Tenant A (± 10,759 SF)	\$10,000/mo (±6,000 SF Available)	Garment Manu- facturer Month to Month
2nd Floor ±17,931 SF	Vacant	Available (±17,000 SF)	
3rd Floor ±17,931 SF	Vacant	Available (±17,000 SF)	
Basement ±17,931 SF	Tenant B (± 2,000 SF)	\$450/mo (±15,931 SF Available)	File Storage Month to Month

\$10,450 Per month (\$125,400 Annualized)

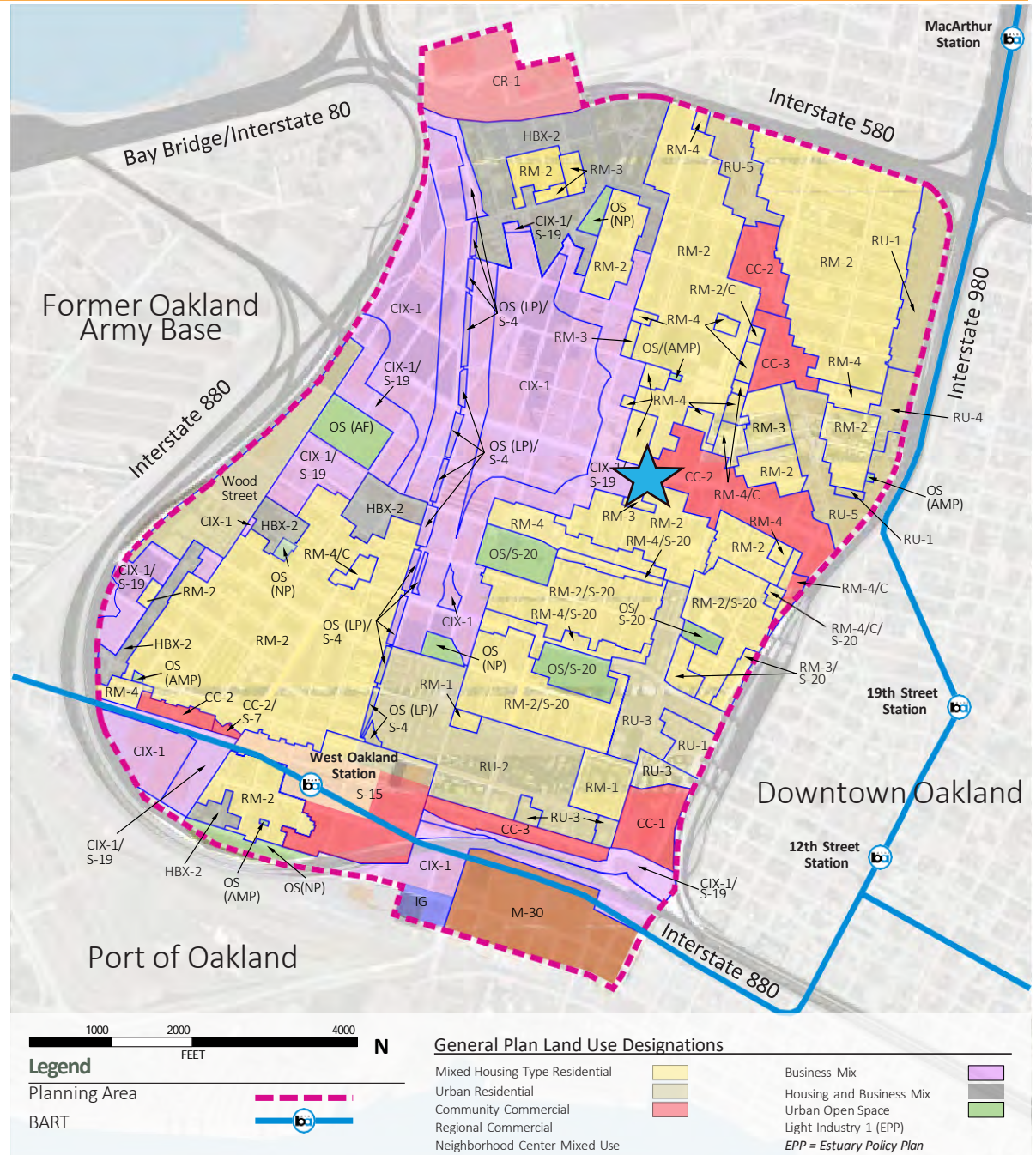
WEST OAKLAND SPECIFIC PLAN

Community Commercial

The City of Oakland's Land Use and Transportation Element's (LUTE) Community Commercial land use designation is applied to properties in the 7th Street Opportunity Area along 7th Street from Wood Street to Peralta Street and on some of the blocks southeast of the BART station; on San Pablo Avenue from 27th Street to 32nd Street and along West Grand Avenue from Linden Street to San Pablo Avenue in the San Pablo Opportunity Area.

This land use designation is intended for areas suitable for a wide variety of larger-scaled retail, business and personal services, and institutional operations along major corridors and in shopping districts. Community Commercial areas can be complemented by the addition of urban residential development and compatible mixed-use development.

Through the West Oakland Specific Plan, investors looking to redevelop the property can move swiftly with approved uses identified in the West Oakland Specific Plan. This comprehensive approach to planning makes for a more efficient and streamlined planning and development process. The 865 Isabella property has the potential to be a significant redevelopment with its high visibility, access to major transportation infrastructure, and its central location.



AREA DEVELOPMENT



Live/Work

- | | | | |
|----------|--|----------|--|
| A | 23rd Street
2019 Completion
24 Live/Work Units
New affordable housing | A | 24th Street
2021 Completion
13 Live/Work Units &
5 Apartments |
|----------|--|----------|--|

Housing

- | | | | | | |
|----------|--|----------|--|----------|--|
| B | 1919 Market Street - 2021
Completion
102 Live/Work Units | C | Ice-House - Complete 2021
126 Units of Ownership
Townhomes 2-3 BR Townhomes with Garages | D | 2400 Filbert - Entitled, In
Predevelopment
87 Rental Units,
Mix of Studios & 1-3 BR Units |
|----------|--|----------|--|----------|--|

SCENARIO 1 - DEVELOP TO 60' OR MORE

If a developer chooses to use the California State Density Bonus, heights and density may exceed local limits and additional residential units may be added to the overall unit count. The physical structure appears to be quite robust and potentially able to carry additional loads above the existing three (3) stories. The property could continue to serve garment manufactures as it has historically, or expand to other uses including makers, artists, catering, or other light-industrial uses. In addition to these uses, additional floors could be used for Live/Work, Work/Live, and residential for a mixed-use approach, as the need for both light industrial and housing are both very much in need in the West Oakland area. The $\pm 18,000$ SF basement area can be reimagined for a variety of uses. The adjacent parcels located at 800 West Grand Avenue, totaling 37,829 SF or 0.87 acres could be purchased separately to create a much larger footprint for development.



SCENARIO 2 - EXISTING BUILDING ENVELOPE

Working within the existing building envelope offers many options for an investor or developer.

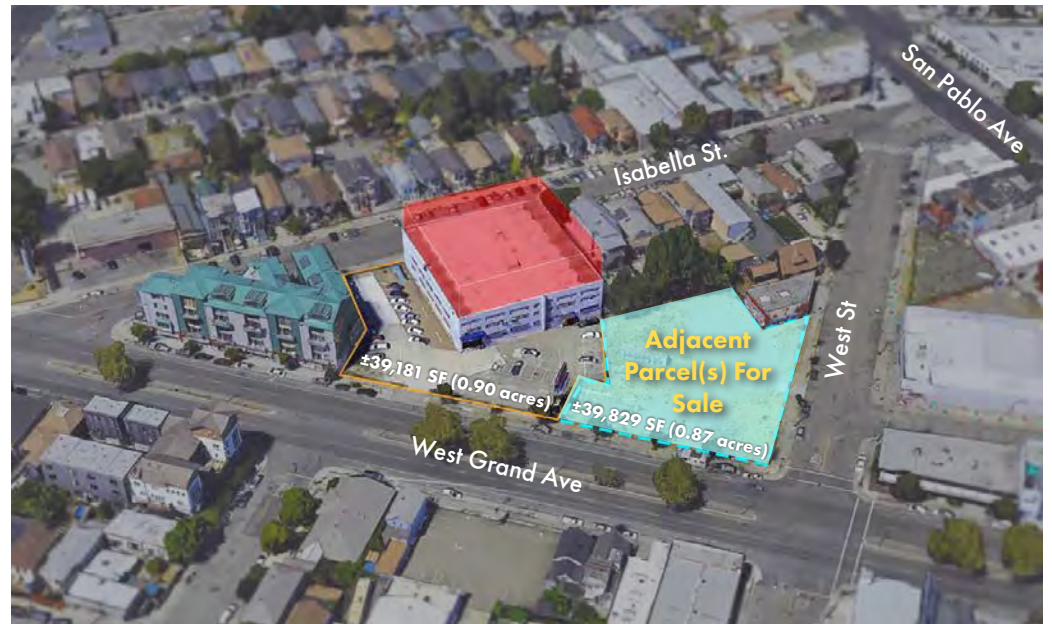
- The property can continue to remain as-is with open floorplates. This option does not maximize the rental income potential.
- The floorplates could be divided into suites to serve more tenants and command a higher per square foot rent for a variety of manufacturers, artists, makers or light industrial users. With the light industrial supply shrinking throughout Oakland to more lucrative housing and cannabis-related uses, this should become a very valuable asset.
- The floorplates could also be separated to serve a live/work, or work/live tenant base, and increasing the cost per square foot. There is a high demand for these types of uses, and now with social distancing and remote work accommodations, entrepreneurs, and small businesses see an opportunity to save money by combining living and working-spaces.
- An investor, or developer, could continue to employ one of the strategies above while planning and entitling the upper airspace of the property for a future use. This will ultimately maximize value by increasing the income generated in the existing building, and planning for future development. It also allows a new owner to see the direction of market trends and future needs. The $\pm 18,000$ SF basement area can be reimagined for a variety of uses. Depending on the approach an investor/developer takes, the basement area can be expanded to include additional parking for tenants. Other redevelopments have redesigned the basement space into self-storage units which add tremendous value, with minimal operating expenses. With the increased density and residential growth in the surrounding neighborhoods, convenient self-storage options will be in high demand.

SCENARIO 3 - OWNER/USER

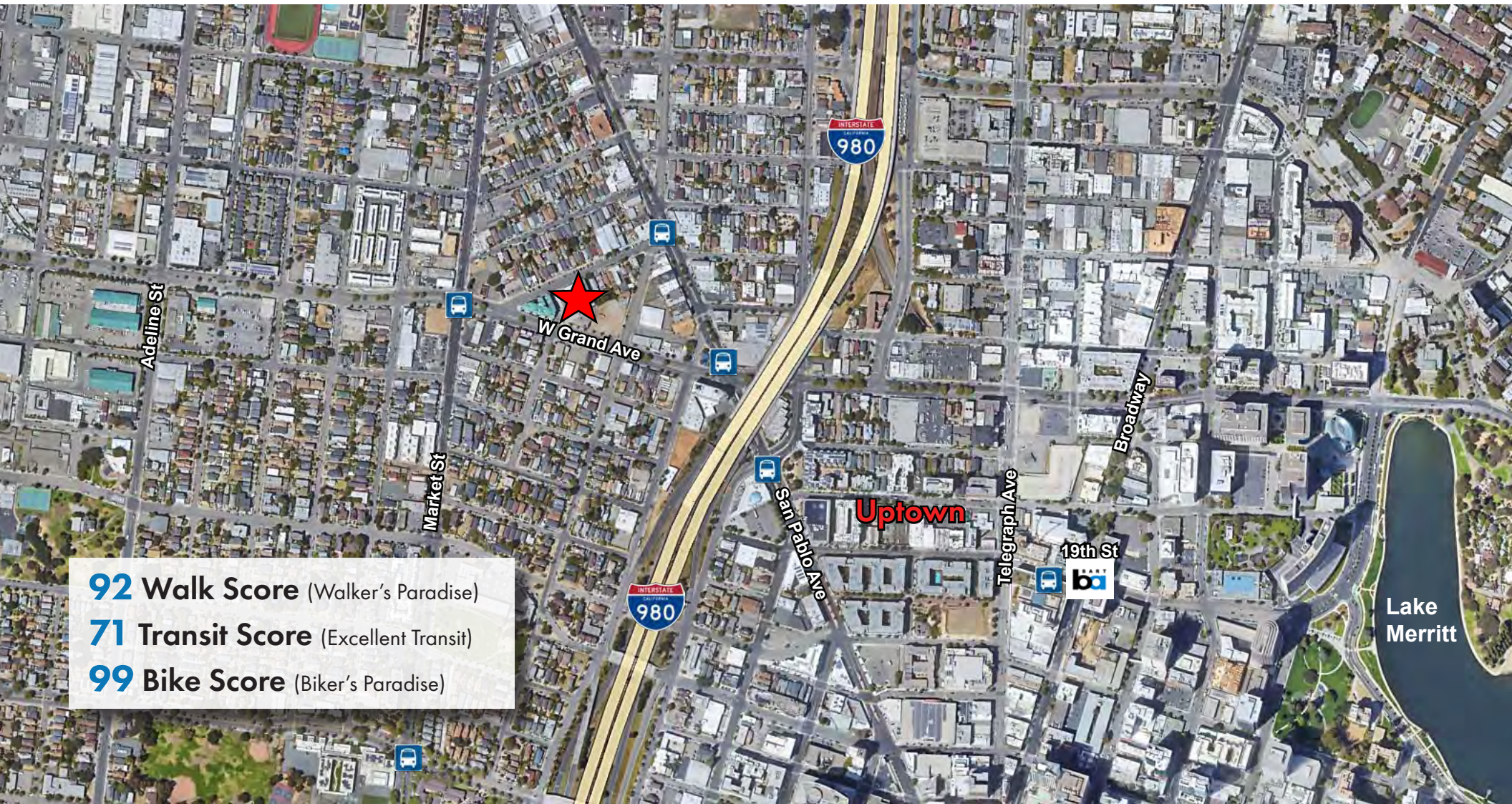
An owner/user can purchase the property and maintain the existing building envelope and floorplans and tailor the property to the needs of their business. The property has adequate office space, power distribution, loading, yard space, storage and manufacturing space to host myriad of uses.

SCENARIO 4 - LEASE

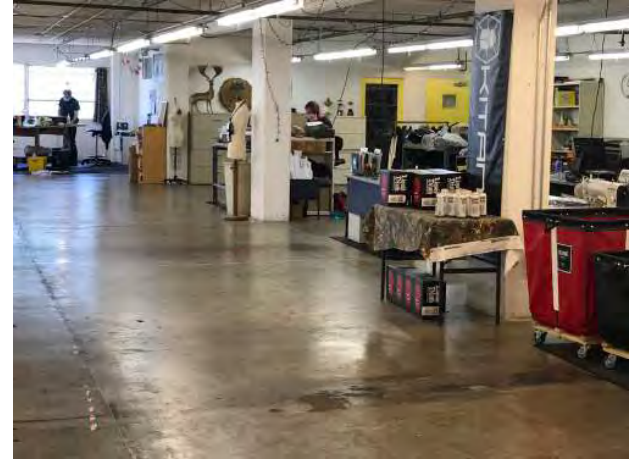
A prospective tenant can utilize this property in a multifunctional industrial space with unique floorplans, loading, office, and power distribution. With close proximity to downtown Oakland and easy access to San Francisco, this property provides flexibility for various uses, businesses and zoning.



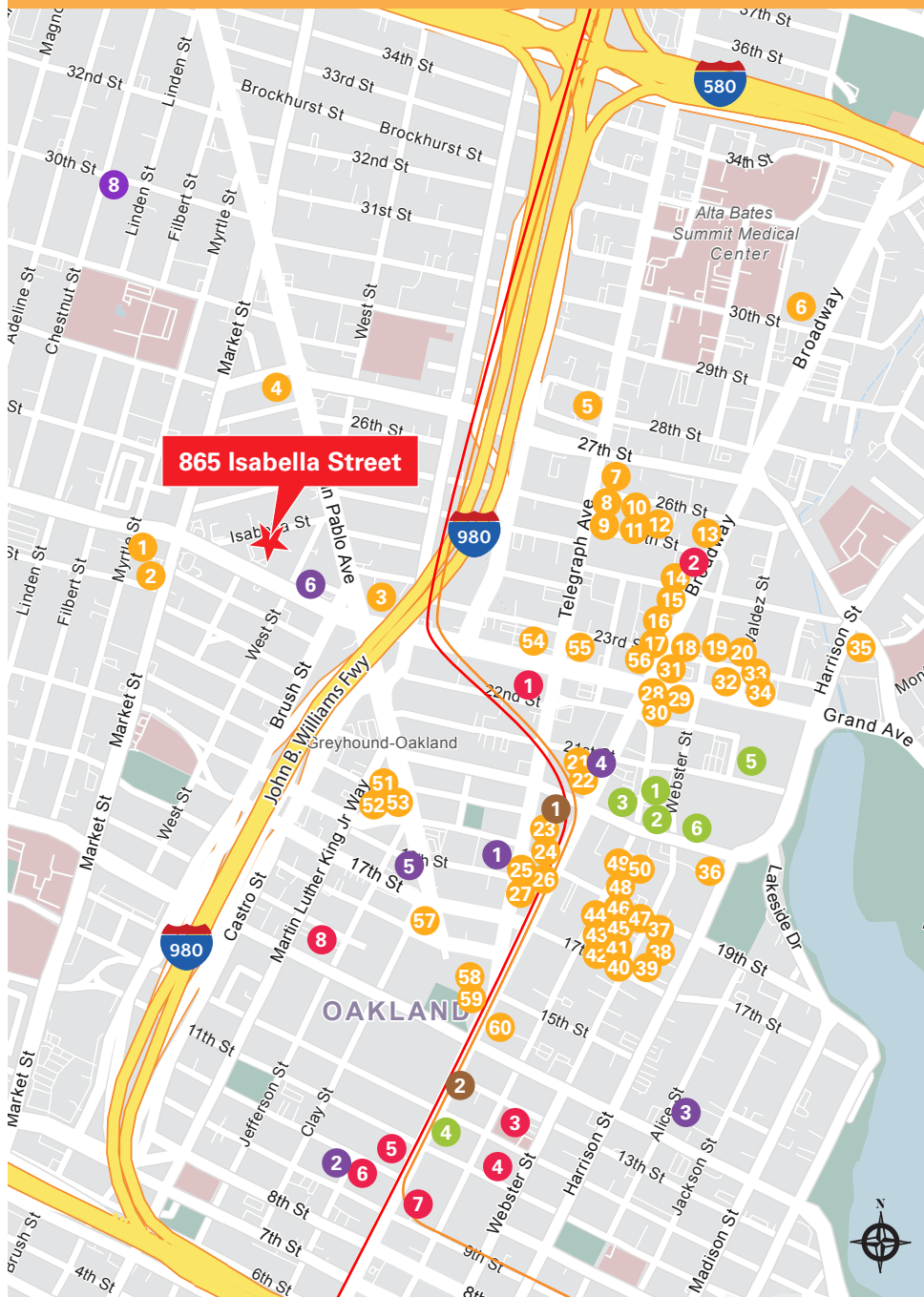
AERIAL MAP



PROPERTY PHOTOS



AMENITIES MAP



RESTAURANTS

- JJ Fish and Chicken
- Chile Bravo Grill
- St. Vincent De Paul Dining Room
- Stay Gold Deli
- Dan Sung Sa Restaurant
- Starbucks
- Gogi Time
- Koffee Pot
- Cafe Dareye
- Taava Kitchen
- Holder's House
- Friends & Family
- The Crown
- Parche
- Sweet Bar Bakery
- Firebrand Artisan Breads
- Drakes Dealership
- Javi's Empanadas Oakland
- Osha Thai Express
- Todos
- Shiloh's Cuisine
- Tierra Mia Coffee
- Xolo Taqueria
- Duende
- Yonsei Handrolls
- Itani Ramen
- Cairo Station Café
- Dave's Hot Chicken
- Mama's Boy
- Ike's Love & Sandwiches
- The Melt
- alaMar Kitchen
- Gregory's Gourmet Desserts
- Trueburger
- Equator Coffees
- Poke Parlor
- Mountain Mike's Pizza
- Molcajete Cocina Mexicana
- Timeless Coffee
- Pho 84
- ABURAYA
- Lion Dance Café
- Wise Sons Jewish Deli
- Lunch Box
- YOKEE MILK TEA
- Lotus Falafel and Shawerma
- Parlour
- Genji Japanese Restaurant

SERVICES

- Wells Fargo Bank
- Chase Bank
- California Bank & Trust
- City National Bank
- Oakland Trust Bank
- U.S. Bank

HOTELS

- Moxy Oakland Downtown
- Kissel Uptown
- Ramada by Wyndham
- Hampton Inn
- Marriott
- Washington Inn
- Courtyard by Marriott
- AC Hotel By Marriott

BART STATIONS

- 19th St Oakland
- 12th St / Oakland

ENTERTAINMENT

- Fox Theater
- The Museum of Art and Digital
- Malonga Casquelour Center
- Paramount Theatre Oakland
- The New Parish
- GearBox Gallery

PARCEL MAP

ASSESSOR'S MAP 3

Code Area Nos. 17-046

19 Scale: 1" = 50'

GUNN TRACT (Bk. 1 Pg. 109)
C.L. TAYLOR PROPERTY (Bk. 15 Pg. 74)
CURTIS AND WILLIAMS TRACT (Bk. 2 Pg. 20)
P.M. 7668 266/7



Drawn: 12-67 SY. Revised: 5-76 RM
1-28-03 LL
4-27-04 EB

Bk. 255

865

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