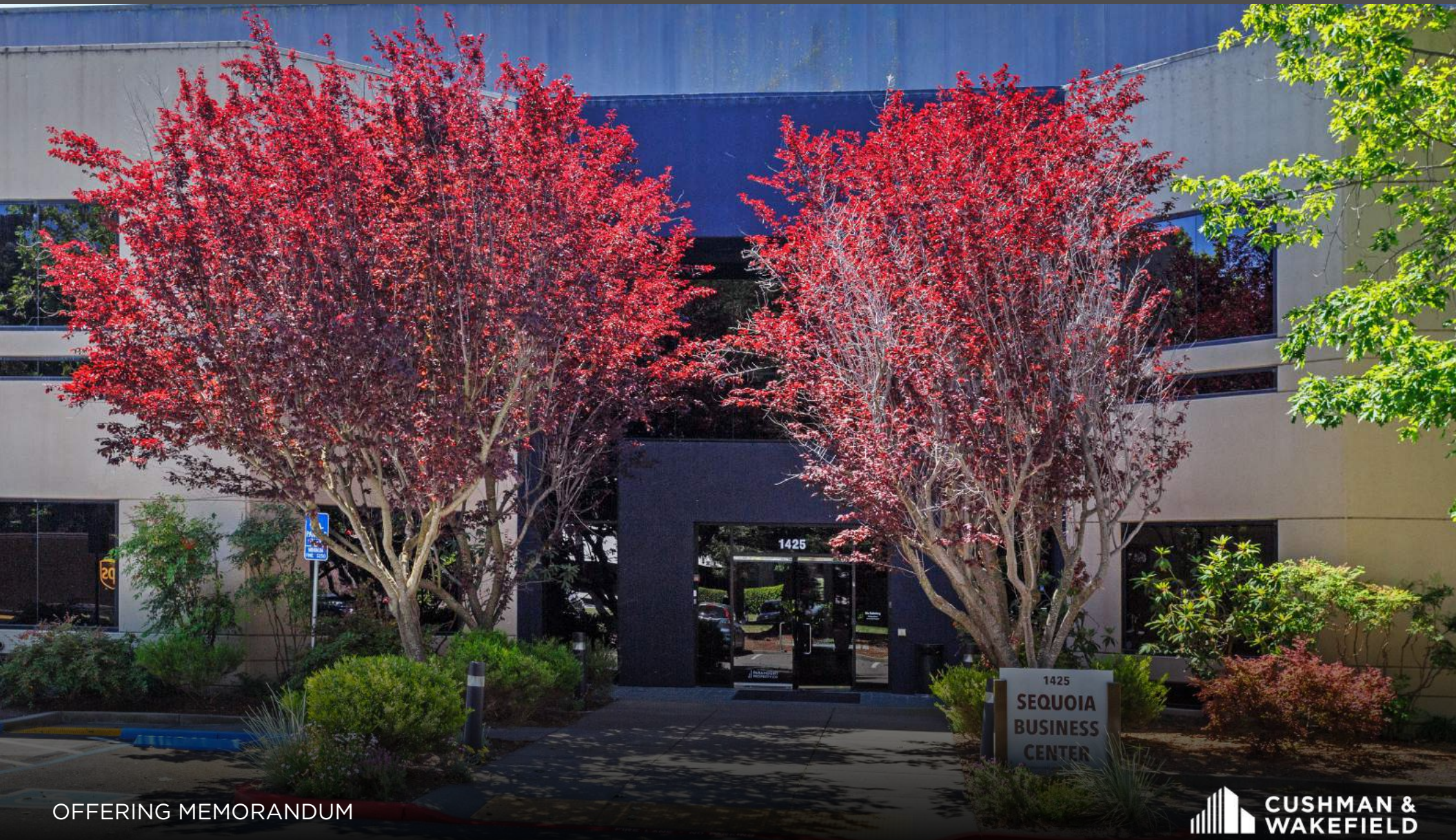


1425 N MCDOWELL BLVD

PETALUMA, CALIFORNIA

OFFICE BUILDING FOR SALE



OFFERING MEMORANDUM

SECTIONS:

1 Property Overview

2 Location Overview

3 Market Overview

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01

Property Overview

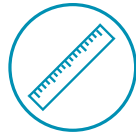
Executive Summary

Property Overview

ADDRESS	1425 North McDowell Blvd - Petaluma
RSF	±39,054 SF
YEAR BUILT	1994
PARKING	Shared with neighboring building
ZONING	PCD (planned community district)
STORIES	2



\$3,900,000
Asking Price

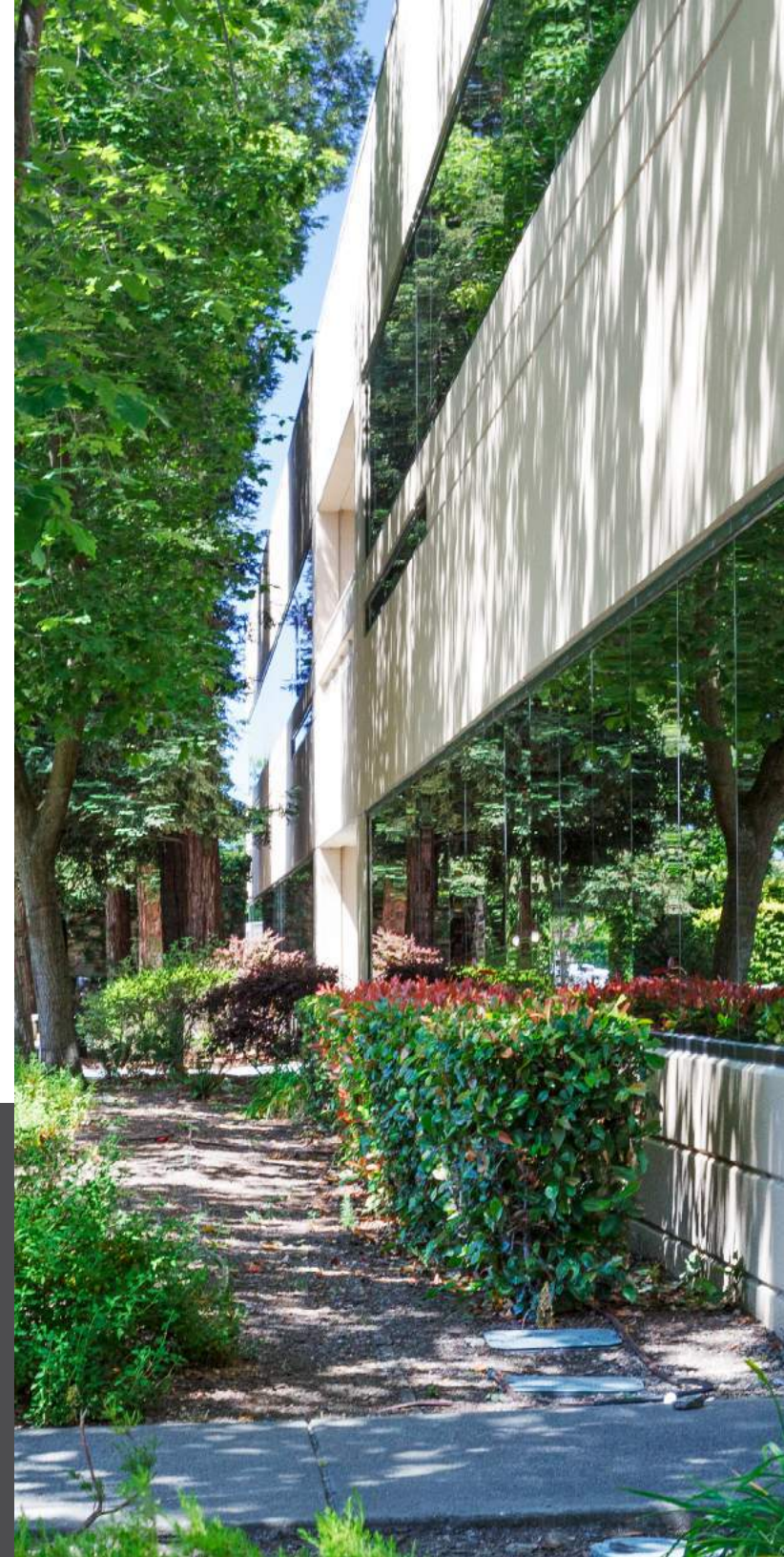


\$100
PPSF

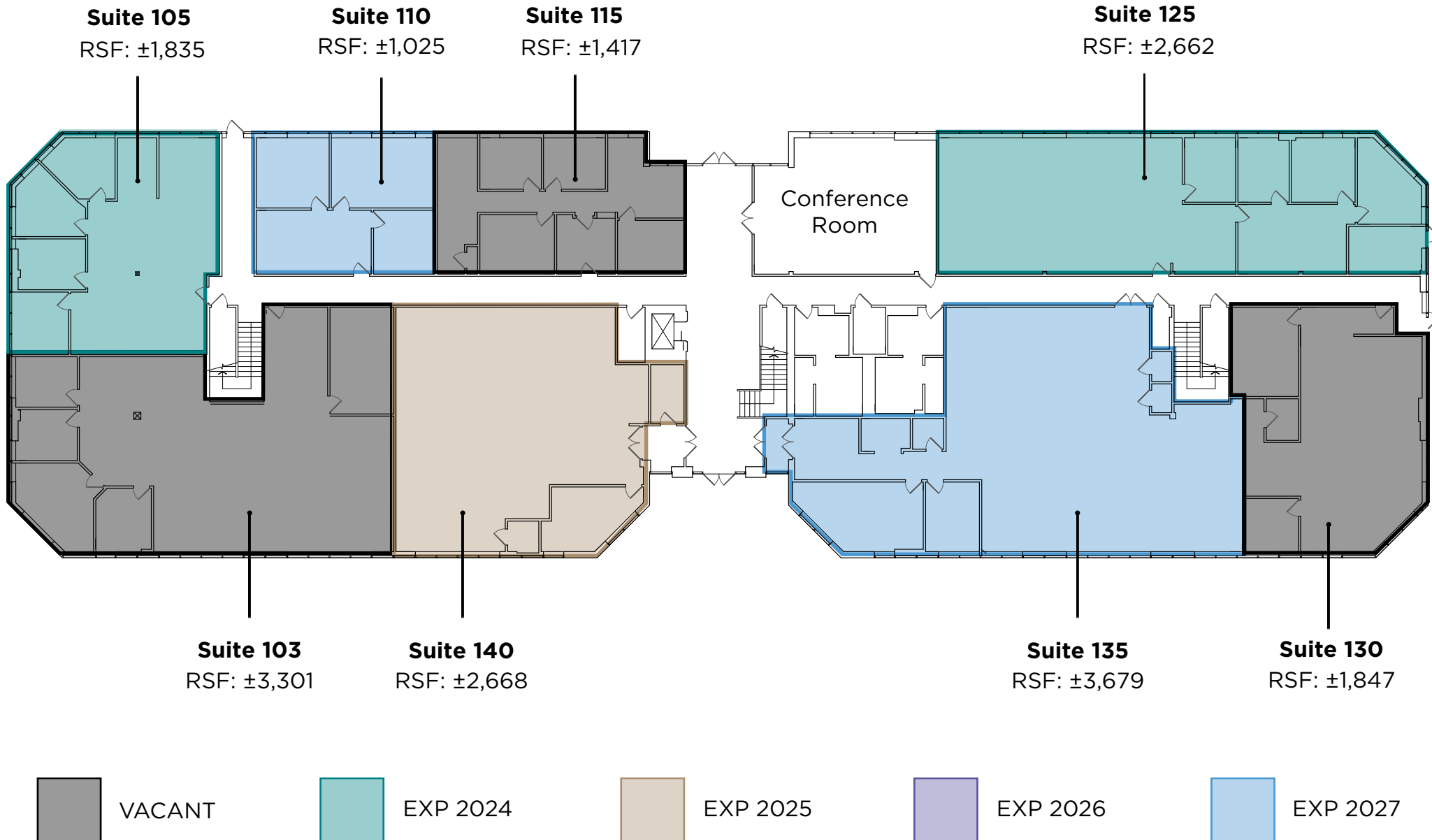


59%
OCCUPANCY

Cushman & Wakefield is delighted to offer 1425 North McDowell, an ideally situated commercial office building in North Petaluma. This impressive property features ±39,054 rentable square feet across two floors, complemented by mature landscaping and exterior patio space. The building includes a conference room, elevator access, excellent signage opportunities, on-site parking, and EV charging stations. The building caters to small to mid-size tenants lowering re-leasing costs and meeting the market demand. Anchored by United Cerebral Palsy North Bay, the property offers strong in-place income with potential for increased rental rates and occupancy. This is a prime opportunity to acquire a prime office building well below replacement costs and boost revenue through leasing or for a company to own their office space and significantly offset occupancy costs through rental income.



1st Floor Plan



2nd Floor Plan

Suite 215
RSF: 3,416

Suite 213
RSF: 910

Suite 209
RSF: 1,038

Suite 211
RSF: 1,709

Suite 207*
RSF: ±2,526

Suite 200
RSF: ±5,429

Suite 206
RSF: ±1,959

Suite 204*
RSF: ±3,129

 VACANT

 EXP 2024

 EXP 2025

 EXP 2026

 EXP 2027

*Suites 204 & 207 can be combined for a total of ±5,655 SF

Parcel Map



1425 N McDowell

047-360-022

Common Area Parking

047-360-023

Property Photos

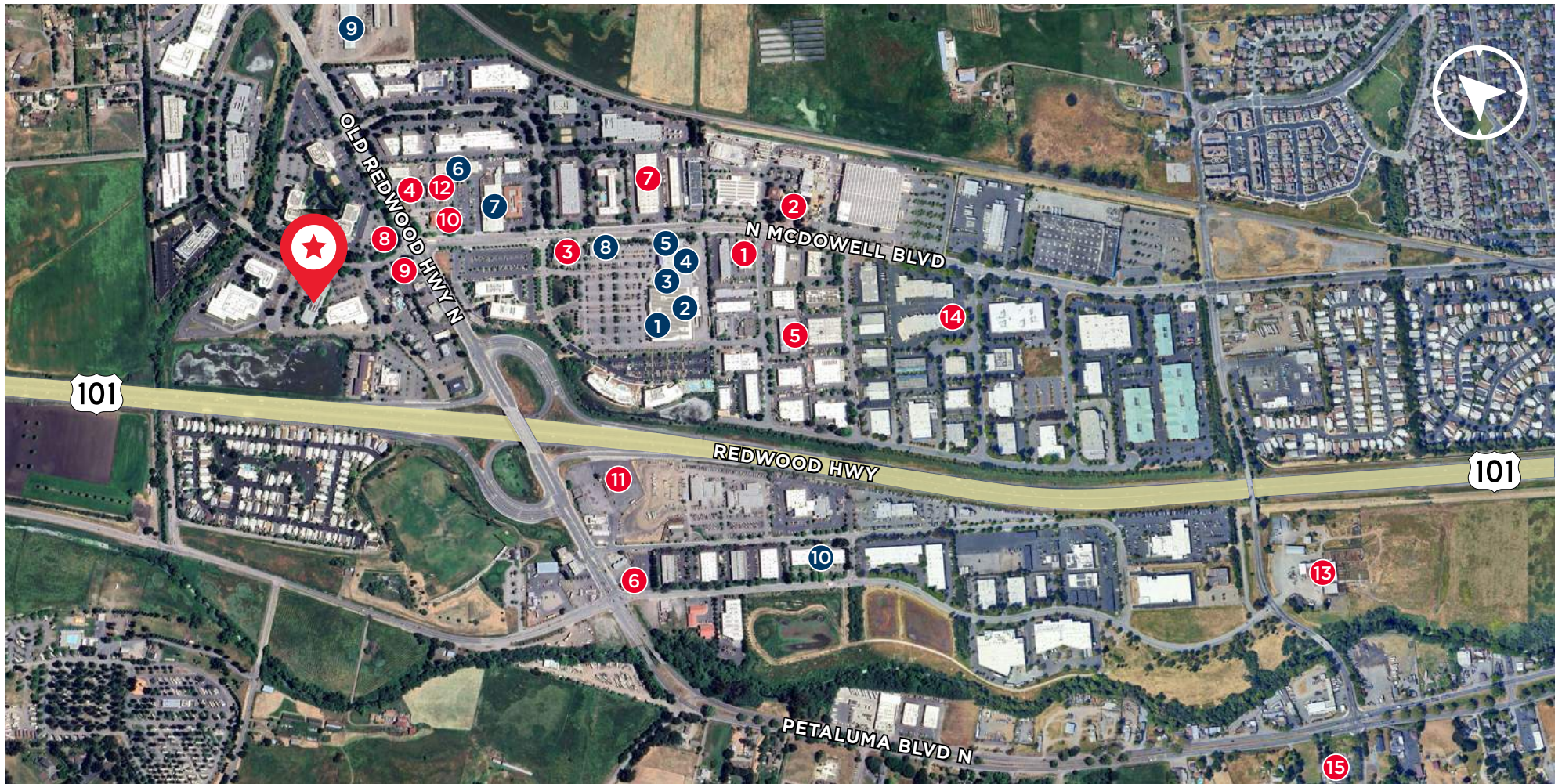




02

Location Overview

Amenities Map



FOOD & BEVERAGE

- | | |
|---|--|
| 1. HenHouse Brewing Company Palace of Barrels | 8. Applebee's Grill + Bar |
| 2. Lagunitas Brewing Company | 9. Jack in the Box |
| 3. Beyond the Glory Sports Bar and Grill | 10. Burger King |
| 4. IHOP | 11. Cattlemens |
| 5. Griffo Distillery & Tasting Bar | 12. Starbucks |
| 6. Denny's | 13. Roy's Chicago Dogs & BBQ at the Yard |
| 7. Goat Rock Cider Company | 14. Ethel's Delicatessen |
| | 15. Lombardi's Gourmet Deli & BBQ |



RETAIL

- | | |
|----------------------|-------------------------------------|
| 1. KOHL'S | 8. A T&T Store |
| 2. Sephora at Kohl's | 9. Feed Cooperative |
| 3. Michaels | 10. Vicci Screen Print & Embroidery |
| 4. Five Below | |
| 5. Dollar Tree | |
| 6. The UPS Store | |
| 7. Wilco Farm Store | |

Aerial View



1425 N MCDOWELL

US HIGHWAY 101



03

Market Overview

Sales Comps



1650 Corporate Circle

Submarket	Petaluma, CA
Sale Date	March 2024
RBA	± 56,456 SF
Sale Price	\$8,000,000
PPSF	\$141.70



1701 4th Street

Submarket	Santa Rosa, CA
Sale Date	May 2024
RBA	± 20,530 SF
Sale Price	\$2,650,000
PPSF	\$129.08



1235 N Dutton Avenue

Submarket	Santa Rosa, CA
Sale Date	December 2022
RBA	± 24,909 SF
Sale Price	\$4,200,000
PPSF	\$168.61



1363-1367 Redwood Way

Submarket	Petaluma, CA
Sale Date	May 2023
RBA	± 17,394 SF
Sale Price	\$2,595,000
PPSF	\$149.19



416 B Street

Submarket	Santa Rosa, CA
Sale Date	August 2021
RBA	± 25,646 SF
Sale Price	\$3,800,000
PPSF	\$148.17



7200 Redwood Boulevard

Submarket	Novato, CA
Sale Date	December 2023
RBA	± 52,019 SF
Sale Price	\$5,400,000
PPSF	\$103.81

North Bay

Office Q1 2024

13.9%

Vacancy Rate

YoY Chg



12-Mo. Forecast



-1K

Net Absorption, SF



\$2.67

Asking Rent, PSF



(Overall, All Property Classes)

**These values are not reflective of the U.S. MarketBeat Tables*

ECONOMIC INDICATORS Q1 2024

322.3K

North Bay Employment

YoY Chg



12-Mo. Forecast



4.2%

North Bay Unemployment Rate



3.8%

U.S. Unemployment Rate



Source: BLS, Moody's Analytics

2024Q1 data are based on latest available data.

Economy: VC Funding Declined

The North Bay, comprising the two counties of Marin and Sonoma, ended the first quarter of 2024 with an unemployment rate of 4.2%, up from 3.2% one year ago. Jobs still recorded an increase of 6,200 non-farm positions, bringing the total to 322,300 by the close of the quarter. Venture capital (VC) funding to start-ups headquartered in the North Bay in the first quarter was \$132.8 million (M), down 3.0% from the fourth quarter of 2023. There were 12 deals, down from 20 in the fourth quarter. The largest deal of the quarter was to San Rafael-based Overmoon (vacation home rentals) in an early-stage round of \$80.0M, followed by Mill Valley-based NewRetirement (retirement planning platform) in a late-stage round of \$20.8M.

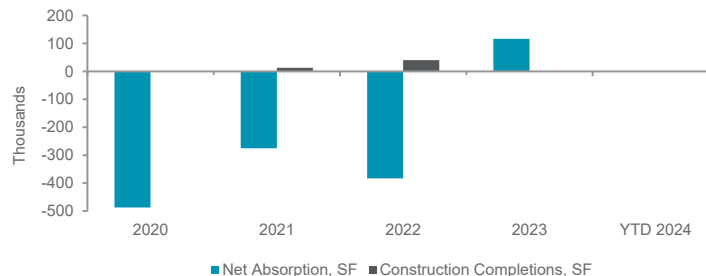
Supply: Vacancy Flattens Out

The North Bay vacancy rate closed the first quarter at 13.9%, flat for three straight quarters and down 20 basis points (bps) year-over-year (YOY). Marin County vacancy rose 20 bps to 16.4% quarter-over-quarter (QOQ) with 1.6 million square feet (msf) of total available space. Northern Marin, the county's largest office market, closed the quarter at 18.6% vacant, down 20 bps YOY. This market's 1.3 msf of available space represents 82.2% of the county, split between San Rafael and Novato at 785,411 square feet (sf) and 526,420 sf respectively. There are two large direct blocks in San Rafael that alone adds 3.5% to Northern Marin's overall vacancy rate; 129,000 sf at 200 Smith Road and 118,000 sf at 111 McInnis Parkway. The Sonoma County vacancy rate of 11.9% had a YOY decrease of 10 bps to 11.9%, primarily attributed to strong leasing activity and fewer new spaces hitting the market. The largest block in Sonoma County is Medtronic's 127,440 sf space at 3850-3880 Brickway Blvd in Santa Rosa. While the increased supply of available space in the North Bay has not recovered since pre-pandemic, it remains significantly below the levels observed in the downtown San Francisco market.

Demand: Leasing Activity Declined

North Bay leasing activity totaled 180,464 sf during the first quarter. Marin County closed first quarter with a historically low 39,437 sf of leasing activity, down 80.4% YOY. Sausalito led Marin County in leasing activity at 14,958 sf. Sonoma County recorded 141,027 sf of leasing activity for the quarter, marking a 53.7% decrease YOY.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



North Bay

Office Q1 2024

Net absorption in the North Bay was negative 1,048 sf in the first quarter of 2024. Marin County recorded 24,330 sf of negative net absorption during the quarter, primarily due to additional vacancy in San Rafael. Sonoma County recorded positive net absorption at 23,282 sf, primarily due to a decrease in direct available space in Petaluma totaling 62,456 sf of positive net absorption. Santa Rosa and Rohnert Park contributed to the county's negative net absorption of -37,627 sf and -1,547 sf respectively.

Rates Remain Steady

The overall average asking rate in the North Bay dropped by just \$0.01 QOQ to \$2.67 per square foot (psf) on a monthly full-service basis, though rates saw a slight decrease of \$0.08 YOY. Marin County's average asking rent was \$3.46 psf, a decrease of \$0.02 over the previous quarter and marking a decrease from \$3.52 psf one year ago. Corte Madera, Mill Valley and Greenbrae/Larkspur are the markets with premium rents over \$5.00 psf while the Northern Marin County's direct Class A asking rate of \$3.23 psf is a reflection of traditional office pricing holding or even increasing in desirable market-ready spaces. The average asking rate in Sonoma County decreased \$0.01 QOQ to \$1.87 psf and down \$0.06 YOY. Petaluma remained the county's priciest market at \$2.08 psf, with limited supply of sublease space and direct Class A pricing at \$2.19 psf. Rohnert Park/Cotati is the most affordable market at \$1.75 psf due to its lack of Class A inventory. The relatively high price of construction costs for tenant improvements are factors in the firm asking rate trends.

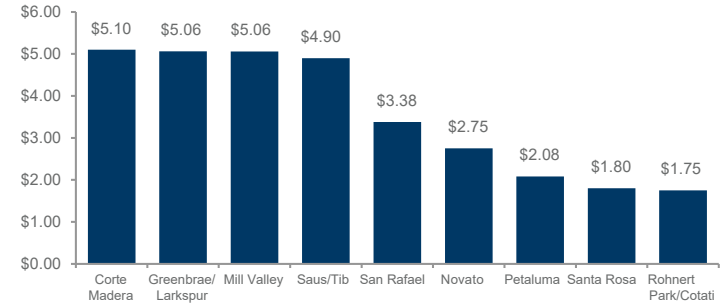
Looking Ahead

In 2024, we expect to see an increase in office sales at prices below those seen before the pandemic, with companies still in the process of deciding their approach to returning to the office. Last year, there was a surge in renewals in the Northern Marin Market, with tenants reaffirming their commitment to staying. However, a significant portion of these renewals were short-term, reflecting the uncertainty surrounding future space requirements. Unfortunately, demand has not been able to outpace spaces returning to the market. Landlords with the highest quality, market-ready spaces and those close to desired amenities will continue to be the most successful in capturing new tenants.

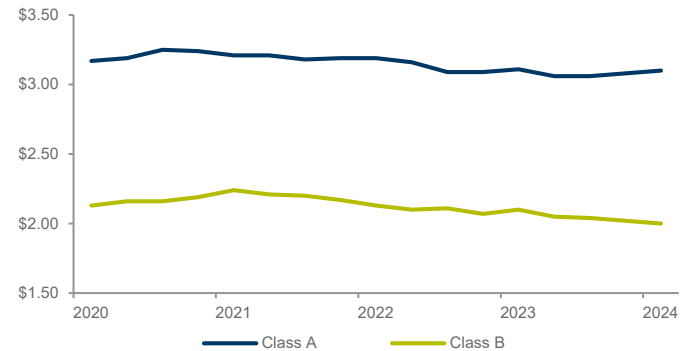
Outlook

- Sales activity is expected to rise throughout the year at a discount from previous evaluations as elevated interest rates and softening market fundamentals persist.
- Top-tier buildings will continue to experience more robust activity than commodity buildings in 2024

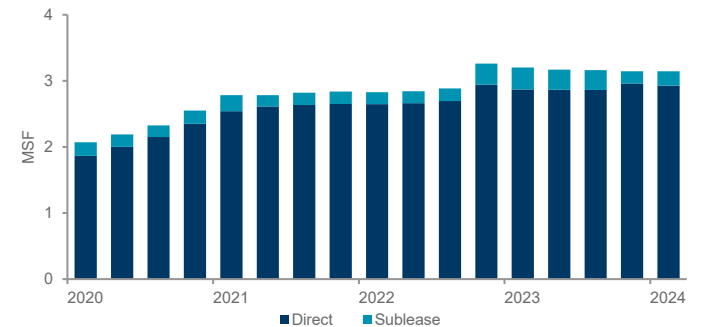
SUBMARKET ASKING RENT



ASKING RENT COMPARISON



DIRECT VS. SUBLEASE SPACE AVAILABLE COMPARISON



North Bay

Office Q1 2024

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Sausalito/Tiburon	856,491	7,228	102,543	12.8%	11,226	11,226	14,958	0	\$4.90	\$5.23
Mill Valley	442,641	2,540	63,952	15.0%	0	0	0	0	\$5.06	\$5.38
Southern Marin County	1,299,132	9,768	166,495	13.6%	11,226	11,226	14,958	0	\$4.96	\$5.28
Corte Madera	459,161	0	21,465	4.7%	-3,880	-3,880	797	0	\$5.10	\$7.11
Greenbrae/Larkspur	890,945	13,689	73,037	9.7%	4,074	4,074	13,728	0	\$5.06	\$5.03
Central Marin County	1,350,106	13,689	94,502	8.0%	194	194	14,525	0	\$5.07	\$5.34
San Rafael	4,434,593	24,877	760,534	17.7%	-1,668	-1,668	8,417	0	\$3.38	\$3.52
Novato	2,636,386	18,466	507,954	20.0%	-34,082	-34,082	1,537	0	\$2.75	\$2.79
Northern Marin County	7,070,979	43,343	1,268,488	18.6%	-35,750	-35,750	9,954	0	\$3.13	\$3.20
MARIN COUNTY TOTAL	9,720,217	66,800	1,529,485	16.4%	-24,330	-24,330	39,437	0	\$3.46	\$3.52
Petaluma	3,014,348	82,646	327,394	13.6%	62,456	62,456	72,728	0	\$2.08	\$2.15
Rohnert Park/Cotati	1,810,410	0	262,690	14.5%	-1,547	-1,547	15,622	0	\$1.75	N/A
Santa Rosa	8,157,523	69,531	806,818	10.7%	-37,627	-37,627	52,677	0	\$1.80	\$1.98
SONOMA COUNTY TOTAL	12,982,281	152,177	1,396,902	11.9%	23,282	23,282	141,027	0	\$1.87	\$2.04
Class Breakdown										
Class A	8,170,418	120,567	1,701,260	22.3%	37,964	37,964		0	\$3.10	
Class B	12,557,096	98,410	1,153,326	10.0%	-35,745	35,745		0	\$2.00	
NORTH BAY TOTAL	22,702,498	218,977	2,926,387	13.9%	-1,048	-1,048	180,464	0	\$2.67	\$3.10

*Rental rates reflect full service asking \$psf/month

*Not reflective of U.S. MarketBeat tables

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
7250 Redwood Blvd	Novato	Hennessy Advisors	13,425	Renewal
1318 Redwood Wy.	Petaluma	City of Petaluma	13,408	New Lease
1670 Corporate Cir	Petaluma	GMPC, LLC,	4,545	Renewal
300 Drakes Landing Rd	Greenbrae	Gala Games	4,030	New Lease

KEY SALE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$PSF
1650 Corporate Cir	Petaluma	Lane Petaluma Properties LLC / Calvary Chapel Petaluma	56,456	\$8.0M / \$142
555 Northgate Dr	San Rafael	Ncp Commercial LLC / AMG & Associates, LLC	23,100	\$8.1M / \$351
1100 4th St	San Rafael	Verrago Properties LLC / Lawrence N And Dulcie	19,082	\$3.2M / \$165
2901 Cleveland Ave	Santa Rosa	Edwards-Coopersmith / Pura Vida Recovery Service	15,000	\$3.2M / \$213

Confidential Offering Memorandum Disclaimer

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