

OFFERING MEMORANDUM

OWNER/USER OPPORTUNITY

FOR SALE | \$3,950,000 (\$129.90/SF)
401 W Baseline Rd

Ownership opportunity with income to offset cost.

CONTROL OCCUPANCY COSTS
COST OF OCCUPANCY:

\$16.00/SF

LESS EXPENSIVE THAN LEASING

ATTRACTIVE PRICE
\$129.90/SF

SBA FINANCING - \$10% DOWN

APPRECIATION POTENTIAL

Possible Tax Advantages

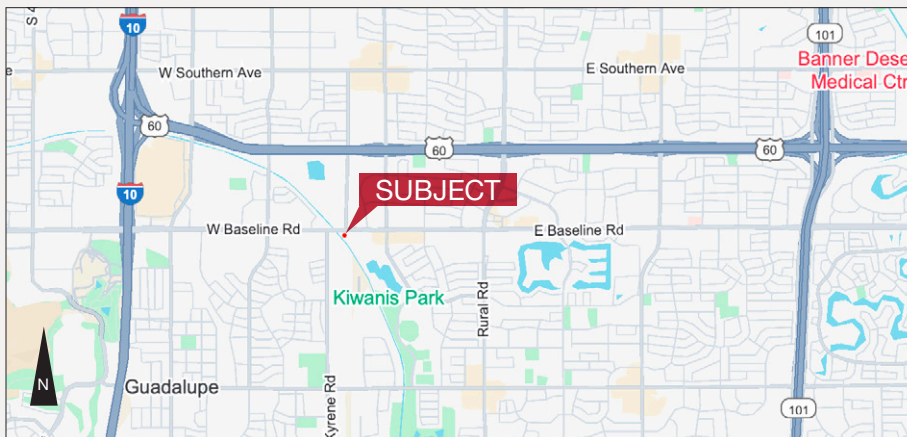
Offered Exclusively by:

NAIHorizon

THE MERIDIAN | 30,408 SF | TEMPE, AZ 85283

2944 N 44th St, Suite 200, Phoenix, AZ 85018
602 955 4000 | naihorizon.com

PROPERTY OVERVIEW



Offering Summary

Name:	The Meridian
Address:	401 W Baseline Rd, Tempe, AZ 85283
Price:	\$3,975,000 (\$130.72/SF)
Owner/user cost of occupancy:	\$16.13/SF

(This is with a loan of 90% of the acquisition price – and if you plan on a smaller loan, we will recalculate your cost of occupancy with the adjusted loan.)

Building size:	30,408 SF
Parcel:	301-03-018
Land area:	1.35 acres
Parking ratio:	5.0/1,000
Year built:	1986
Elevators:	One
Zoning:	C-G, Tempe

Building and Area Features

- Excellent visibility with prominent frontage on Baseline Rd a major arterial.
- Easy freeway access with the US-60 freeway located just north of the property, and I-10 just to the west.
- Near Kiwanis Park with numerous recreational amenities.
- Adjacent to Western Canal Path for walking, jogging, or cycling activities.
- Nearby shopping, dining, and hotel facilities
- Excellent parking with 5.0 spaces per 1,000 square feet, and abundant covered parking.

INVESTMENT OVERVIEW



Investment Highlights

- **Income to lower occupancy cost:** There are in-place leases with third party tenants where their rent can reduce the Owner/user's occupancy cost.
- **Room to expand:** The Owner/user can occupy 51% of the building by July of 2026, and can expand into other space as leases expire, or retain third party tenants to produce income.
- **Build equity:** The building is priced at an attractive price and could easily appreciate over time increasing the owner's equity. In addition, the loan will be paid down, reducing the debt, and further adding to the owner's equity.
- **SBA financing creates advantageous benefits:**
 - A 10% down payment is required minimizing the cost of entry.
 - The building acquisition, tenant improvements, renovations, and even the Buyer's FF&E can be financed over a 25-year amortization period.
- **Control future occupancy costs:**
 - Debt service, which is one of the largest components of cost will be fixed over time.
 - Expenses will likely increase, but only the increased amount will affect the cost of occupancy going forward, and the third party tenants will pay their share of the expense increases.
- **Below market rents:** The average current rental rate in the property is \$17.12/SF full-service gross, and we believe these rents are below market, and the income from third-party tenants will likely increase, helping to lower the owner's occupancy cost.

FINANCIAL ANALYSIS Proforma

The Meridian | 401 W Baseline Rd, Tempe, AZ 85283

	<u>In-Place Income</u>
Price:	\$3,950,000
Price/SF:	\$129.90
Net Operating Income:	\$52,497
Building Size:	30,408 SF

This analysis shows the income and expenses for the property prior to the owner/user taking occupancy. The financial metrics AFTER the owner/user occupies space are shown in the "Owner/User Cost of Occupancy."

**** The additional income is from all tenants and if several vacate to allow owner/user to occupy these would go down**

			2024
INCOME:			IN-PLACE
Gross Scheduled Income:		SF	Annually
Income from occupied space:		14,799	\$248,308
Owner/user space:		15,609	
TOTAL POTENTIAL BASE INCOME:		14,799	\$248,308
Miscellaneous Income:			
**Operating cost recovery:			\$17,488
**Parking Income:			\$4,260
**Utility recapture:			\$4,800
Less Vacancy:		Vacancy %: 5.00%	
		Vacancy amount:	
Effective Gross Income:			\$274,856

***OPERATING EXPENSES:			From 2024 Year End
Less Expenses:		Per Sq Ft	Annual
Utilities-Electricity:		\$1.59	\$48,400
Utilities-Water:		\$0.50	\$15,200
Utilities-Gas:		\$0.19	\$5,750
Janitorial (Includes day porter):		\$1.22	\$37,100
HVAC maintenance and repair:		\$0.53	\$16,250
Landscaping:		\$0.38	\$11,450
Elevator:		\$0.12	\$3,500
Parking lot sweeping:		\$0.05	\$1,560
General repairs & maintenance:		\$0.61	\$18,555
Management & Misc:		\$0.61	\$18,550
Insurance:		\$0.35	\$10,680
Property taxes (Actual 2024):		\$1.16	\$35,365
TOTAL EXPENSES:		\$7.31	\$222,360

NET OPERATING INCOME: \$52,497

PROSPECTIVE FINANCING: (SBA loan terms provided by CDC Small Business Finance)

Loan to value:	90%	Loan amount:	\$3,555,000
Ammortization period (Yrs):	25	Down payment:	\$395,000
Interest rate:	7.00%	Monthly	Annually
Debt service payments:			(\$301,512)

FINANCIAL ANALYSIS Rent Roll

The Meridian | 401 W Baseline Rd, Tempe, AZ 85283

Suite	Tenant Name:	Lease Start Date:	Lease Expiration Date:	Square Footage	Lease Rate/Sq Ft	Current Monthly Base Rent	Annual Base Rent	Escalations **	Lease Type
101	Sai Kiran Undrala	6/1/22	5/31/26	1,132	\$16.44	\$1,551	\$18,615		FSG
102	Navi Technologies	7/1/25	6/30/28	1,312	\$15.50	\$1,695	\$20,336	7/1/25 to 6/30/26 - \$11,695 - \$15.50/SF 7/1/26 to 6/30/27 - \$1,749 - \$16.00/SF 7/1/27 to 6/30/28 - \$1,831 - \$16.75/SF	FSG
103	A F and P CPAS	8/1/14	5/31/26	1,310	\$17.16	\$1,873	\$22,480		FSG
104	JB Taxes & Multi-Services	5/1/23	4/30/26	1,818	\$17.31	\$2,622	\$31,470		FSG
106-107-108	Find Your Shine	5/1/20	6/30/29	4,924	\$17.00	\$6,974	\$83,683	7/1/25 to 6/30/26 - \$6,974 - \$17.00/SF 7/1/26 to 6/30/27 - \$7,183 - \$17.50/SF 7/1/27 to 6/30/28 - \$7,398 - \$18.03/SF 7/1/28 to 6/30/29 - \$7,620 - \$18.57/SF	FSG
200	The Epoch Media Group	9/15/23	10/31/28	1,119	\$17.08	\$1,592	\$19,110	12/1/23 to 11/30/24 \$1,539 - \$16.50/SF 12/1/24 to 11/30/25 - \$1,592 - \$17.08/SF 12/1/25 to 11/30/26 - \$1,648 - \$17.68/SF 12/1/26 to 11/30/27 - \$1,706 - \$18.29/SF 12/1/27 to 11/30/28 - \$1,766 - \$18.93/SF	FSG
105A-105B	Thriving Mind Solutions	2/1/24	6/30/29	2,290	\$16.48	\$3,145	\$37,739	7/1/25 to 6/30/26 - \$3,145 - \$16.48/SF 7/1/26 to 6/30/27 - \$3,239 - \$16.97/SF 7/1/27 to 6/30/28 - \$3,336 - \$17.48/SF 7/1/28 to 6/30/29 - \$3,437 - \$18.01/SF	FSG
204B	Blooming Clematis	10/1/23	9/30/28	894	\$16.64	\$1,240	\$14,876	10/1/24 to 9/30/25 - \$1,240 - \$16.64/SF 10/1/25 to 9/30/26 - \$1,290 - \$17.31/SF 10/1/26 to 9/30/27 - \$1,341 - \$18.00/SF 10/1/27 to 9/30/28 - \$1,395 - \$18.72/SF	FSG

OCCUPIED SQUARE FOOTAGE			14,799	\$16.78	\$19,141	\$248,308
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It is assumed that the owner/user will occupy 51% of the space; however, they could occupy up to 65.3% by July 2026

109	Vacated for owner/user			559					FSG
201-207-208-210	Vacated for owner/user			6,415					FSG
203	Vacated for owner/user			1,032					FSG
204A	Available			2,783					FSG
205	Vacated for owner/user			1,235					FSG
206	Vacated for owner/user			1,499					FSG
209	Vacated for owner/user			2,086					FSG

VACANT SQUARE FOOTAGE			15,609		\$0	\$0
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TOTAL PROJECT			30,408		\$19,141	\$248,308
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*** The rental amounts shown for the time periods in bold type are used in this analysis*

SUMMARY	SIZE	Physical Vacancy	Averag Rent/SF	MONTHLY INCOME	ANNUAL INCOME
OCCUPIED SPACE:	14,799	48.67%	\$16.78	19,141	\$248,308
OWNER/USER SPACE:	15,609	51.33%	An owner user will have 51% for SBA Loan		
TOTAL SQUARE FOOTAGE:	30,408			19,141	\$248,308

FINANCIAL ANALYSIS Cost of Occupancy

The Meridian | 401 W Baseline Rd, Tempe, AZ 85283

Building square footage: **30,408**
 Price/SF: \$135.00
Asking price: \$3,950,000

Owner/User Cost of Occupancy

IN PLACE INCOME

INCOME FROM SUBLEASE SPACE:	Monthly	Annual
Total income from third party tenants:	\$20,692	\$248,308
** Operating cost recovery:	\$1,457	\$17,488
** Parking Income:	\$355	\$4,260
** Utility recapture: (AFTER HOURS?)	\$400	\$4,800
TOTAL BASE INCOME FROM SUBLEASE:	\$22,905	\$274,856

OPERATING EXPENSES:

Less Expenses:	Per Sq Ft	Annual
Utilities-Electricity:	\$1.59	\$48,400
Utilities-Water:	\$0.50	\$15,200
Utilities-Gas:	\$0.19	\$5,750
Janitorial (Includes day porter) :	\$1.22	\$37,100
HVAC maintenance and repair:	\$0.53	\$16,250
Landscaping:	\$0.38	\$11,450
Elevator:	\$0.12	\$3,500
Parking lot sweeping:	\$0.05	\$1,560
General repairs & maintenance:	\$0.61	\$18,555
Management & Misc:	\$0.61	\$18,550
Insurance:	\$0.35	\$10,680
Property taxes (Actual 2024):	\$1.26	\$38,200
TOTAL EXPENSES:	\$7.41	\$225,195
NET INPLACE INCOME		\$49,662

INCOME:

Total income from third party tenants:	\$248,308
Operating cost recovery:	\$17,488
Parking income:	\$4,260
Utility recapture:	\$4,800
GROSS INCOME:	\$274,856
OPERATING EXPENSES:	(\$225,195)
Net Income:	\$49,662

**LOAN INFORMATION:

Valuation:	\$3,950,000
Down payment:	\$395,000
Loan to value:	90%
Loan amount:	\$3,555,000
Interest rate:	7.00%
Amortization (Yrs):	25
Debt service: *	(\$301,512)
Debt service/SF	(\$9.92)
OWNER USER TOTAL COST/SF/YR:	(\$251,850)
Square footage/User:	15,609

Owner/User Occupancy cost per SF: (\$16.13)

This includes the owner/user's expenses & loan payments

FINANCIAL ANALYSIS Lease Expiration by Year

The Meridian | 401 W Baseline Rd, Tempe, AZ 85283

Suite	Tenant Name:	Lease Expiration Date:	Square Footage
205	Jim Barton	12/31/25	1,235
204 A	Currently vacant		2,783

TOTAL 2025: 4,018

201-207-208-210	Taproot Therapy	1/31/26	6,415
109	ACCHM	2/28/26	559
203	Law Office of Matthew Schultz, PC	2/28/26	1,032
206	Integrated Medical Evaluations	2/28/26	1,499
104	JB Taxes & Multi-Services	4/30/26	1,818
101	Sai Kiran Undrala	5/31/26	1,132
103	A F and P CPAS	5/31/26	1,310
209	Optimal Health & Wellness	7/31/26	2,086

TOTAL 2026: 15,851

TOTAL POTENTIAL FOR OWNER/USER TO OCCUPY BY JULY 2026: 19,869

Percentage of total building: **65.3%**

102	Navi Technologies	6/30/28	1,312
204B	Blooming Clematis	9/30/28	894
200	The Epoch Media Group	10/31/28	1,119

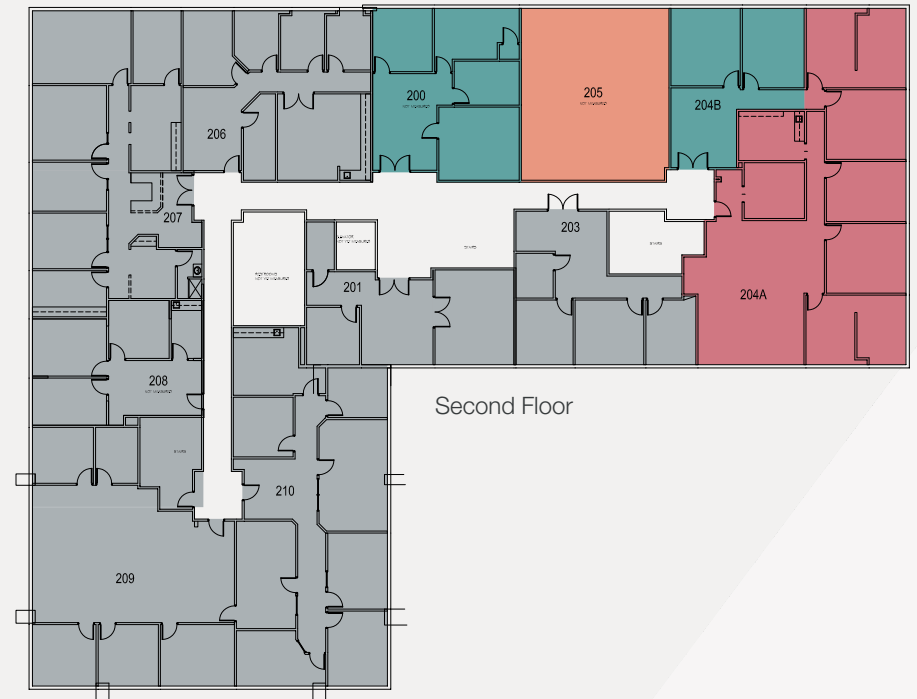
TOTAL 2028: 3,325

106-107-108	Find Your Shine	6/30/29	4,924
105A-105B	Thriving Mind Solutions	6/30/29	2,290

TOTAL 2029: 7,214

TOTAL BUILDING SIZE: 30,408

FLOOR PLANS



Lease Expirations by Year

Suite	Tenant Name:	Lease Exp Date:	Rental Rate at Lease Exp
205	Jim Barton	12/31/25	\$18.01
204 A	Currently Vacant		—
TOTAL 2025: \$18.01			
201-207-208-210	Taproot Therapy	1/31/26	\$17.54
109	ACCHM	2/28/26	\$16.88
203	Law Office of Matthew Schultz, PC	2/28/26	\$17.31
206	Integrated Medical Evaluations	2/28/26	\$17.31
104	JB Taxes & Multi-Services	4/30/26	\$17.31
101	Sai Kiran Undrala	5/31/26	\$16.44

Suite	Tenant Name:	Lease Exp Date:	Rental Rate at Lease Exp
103	A F and P CPAS	5/31/26	\$17.16
209	Optimal Health & Wellness	7/31/26	\$17.51
TOTAL 2026: \$17.18			
102	Navi Technologies	6/30/28	\$16.75
204B	Blooming Clematis	9/30/28	\$18.72
200	The Epoch Media Group	10/31/28	\$18.93
TOTAL 2028: \$18.13			
106-107-108	Find Your Shine	6/30/29	\$18.57
105A-105B	Thriving Mind Solutions	6/30/29	\$18.01
TOTAL 2029: \$18.29			

PHOTOS



OFFICE MARKET OVERVIEW



Phoenix

Summary:

The Valley recorded 850,000 SF of positive net absorption since October 2024, driven by steady leasing volume, growing in-person office attendance, and increased renewal activity. As a result, vacancy ticked down to 16.6% as of early 25Q3, making Phoenix one of just 10 major U.S. markets with a year-to-date decline in vacancy.

Supporting the sector's recent stabilization is a near-total lack of supply-side pressure. Just 1.3 million SF of net new office space delivered over the past three years combined, trailing the average annual completion total from 2015 to 2019 by more than 40%.

Many owners have invested in renovations and spec suites to make their buildings more desirable, and to drive rent increases.

Further diminishment of the supply has come from some of Phoenix's older obsolete offices having already been demolished or repurposed for new uses like infill industrial, a trend gaining steam in suburban areas.

Sales:

Sales activity in the Phoenix office market continued to accelerate in the first half of 2025, building on the recovery that began forming last year. About \$1.6 billion worth of office properties traded hands over the past 12 months, a meaningful increase compared to 2023's decade-low total of about \$1.2 billion.

Private investors and owner/users have driven the rebound in sales activity, with these buyers often focused on upside potential rather than in-place income, seeking quality assets that can be purchased at an attractive basis.

SUBMARKET OVERVIEW



Tempe

Summary:

Tempe is one of the most active and desirable submarkets in the Valley. The area's deep labor pool, impressive amenity base, strong location, and proximity to Arizona State University draw strong attention from office users, particularly technology-related tenants.

The Tempe office submarket recorded positive demand in 2024, a trend that has continued into 2025. Several sizable move-ins drove 390,000 SF of net absorption over the past 12 months and reduced the overall vacancy in the submarket from 24.4% in early 2024 to 21.9% today.

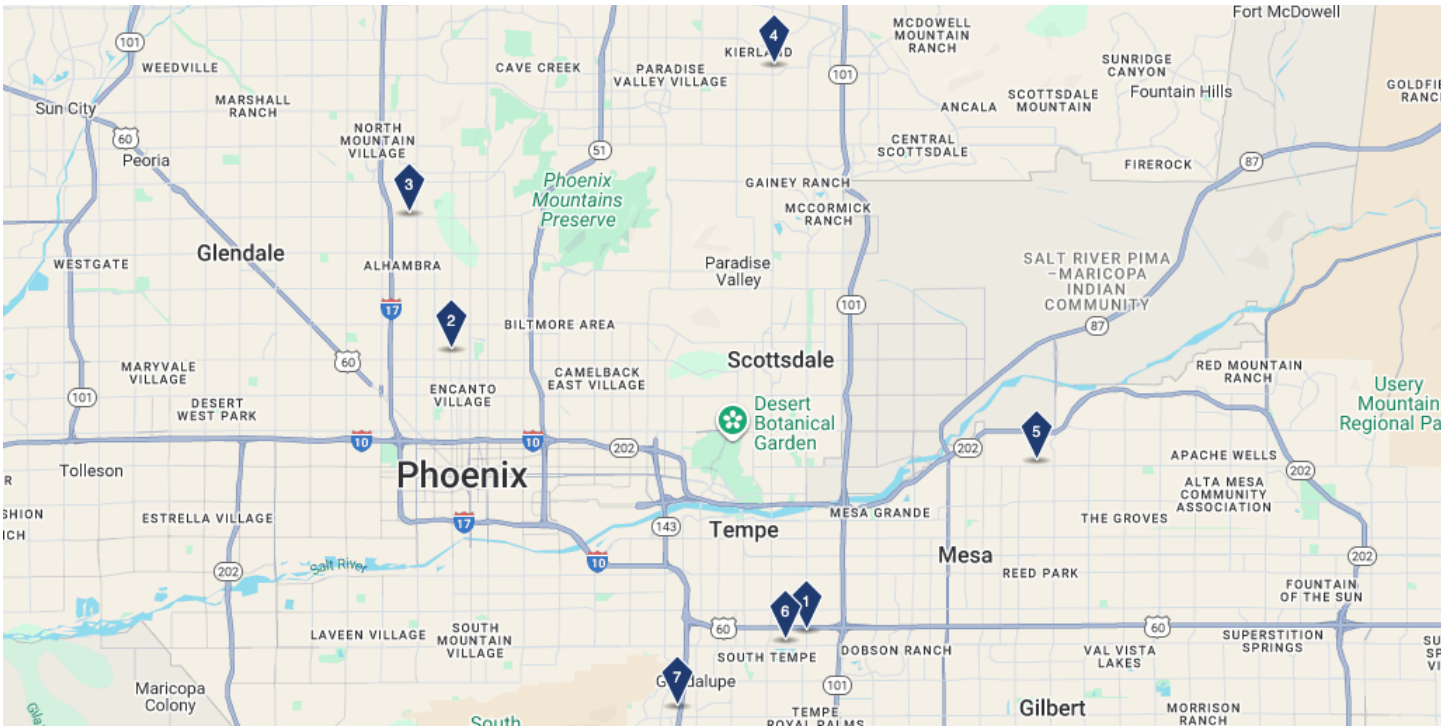
The construction pipeline has quickly thinned with just a handful of non-medical office projects being delivered over the past few years. Moving forward, the lack of supply-side pressure along with the area's stout demand drivers could support a further recovery over the near term.

Sales:

Sales volume is showing signs of acceleration in the Tempe office submarket. Over the past 12 months, about \$74.2 million worth of office assets traded hands, up from less than \$50 million in 2023.

Local private investors and owner/users are the predominant buyers for the smaller properties in the submarket.

SALES COMPARABLES



Sale Comparables Summary Statistics

Sale Attributes	Low	Average	Median	High
Sale Price	\$2,325,000	\$4,282,143	\$4,050,000	\$6,175,000
Sale Price Per SF	\$114	\$146	\$141	\$184
Cap Rate	7.5%	7.8%	8.0%	8.0%
Sale Price Per AC	\$1,270,208	\$2,029,452	\$2,197,309	\$4,166,667
Property Attributes	Low	Average	Median	High
Building SF	20,430 SF	29,254 SF	29,806 SF	42,961 SF
Year Built	1982	1991	1987	2001
Stories	1	2	2	3
Typical Floor SF	8,249 SF	17,837 SF	15,063 SF	33,575 SF
% Leased At Sale	50.0%	81.3%	87.7%	100%
Star Rating	★★☆☆☆ 2	★★☆☆☆ 2.6	★★★★☆ 3	★★★★☆ 3

Summary Statistics exclude For Sale and Under Contract listings

SALES COMPARABLES

1	McClintock Professional Center 4700 S McClintock Dr Tempe, AZ 85282	Office ★★★★☆	1986	23,055 SF	7/7/2025	\$3,525,000 (\$152.90/SF)	8.00% Pro Forma
2	The Agora 4205 N 7th Ave Phoenix, AZ 85013	Office ★★★★☆	1987	24,746 SF (100%)	4/14/2025	\$3,500,000 (\$141.44/SF)	-
3	Northern Business Center 2051 W Northern Ave Phoenix, AZ 85021	Office ★★★★☆	2000	30,205 SF (50.0%)	2/10/2025	\$4,050,000 (\$134.08/SF)	-
4	Scottsdale Executive Square 13951 N Scottsdale Rd Scottsdale, AZ 85254	Office ★★★★☆	1983	29,806 SF	1/31/2025	\$4,900,000 (\$164.40/SF)	8.00% Actual
5	Harris Professional Plaza 1550 E McKellips Rd Mesa, AZ 85203	Office ★★★★☆	2001	33,575 SF	11/12/2024	\$6,175,000 (\$183.92/SF)	-
6	1204 E Baseline Rd Tempe, AZ 85283	Office ★★★★☆	1982/1996	20,430 SF (84.8%)	7/18/2025	\$2,325,000 (\$113.80/SF)	-
7	Freeway Executive Center 10429 S 51st St Phoenix, AZ 85044	Office ★★★★☆ Part of a Portfolio	2001	42,961 SF	8/26/2024	\$5,500,000 (\$128.02/SF)	7.50% Actual

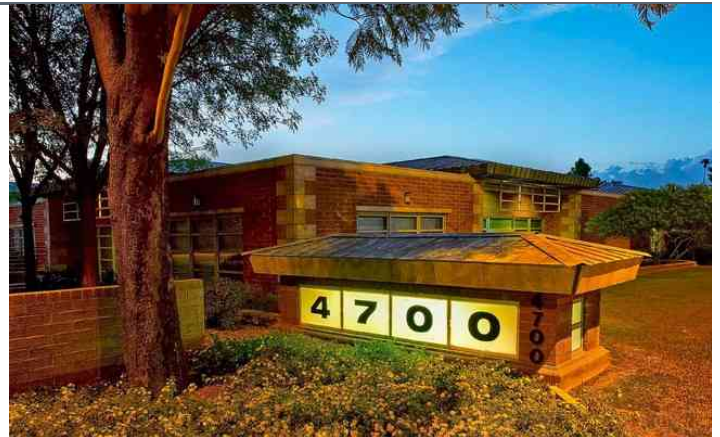
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4700 S McClintock Dr - McClintock Professional Center
 Tempe, AZ 85282 (Maricopa County) - Tempe Submarket

★★★★★
 Office

Sale Summary

Sold	7/7/2025
Sale Price	\$3,525,000 (\$152.90/SF)
RBA	23,055 SF
Price Status	Affidavit
Built	1986
Land Area	1.67 AC/72,745 SF
Pro Forma Cap Rate	8.00%
Sale Comp Status	Research Complete
Sale Comp ID	7232439
Parcel Numbers	133-39-008B



SALES COMPARABLES

2

4205 N 7th Ave - The Agora
Phoenix, AZ 85013 (Maricopa County) - Midtown Submarket

★★★★☆
Office

Sale Summary

Sold	4/14/2025
Sale Price	\$3,500,000 (\$141.44/SF)
RBA (% Leased)	24,746 SF (100%)
Price Status	Confirmed
Built	1987
Land Area	0.84 AC/36,590 SF
Sale Comp Status	Research Complete
Sale Comp ID	7128562
Parcel Numbers	155-39-001 +1



3

2051 W Northern Ave - Northern Business Center
Phoenix, AZ 85021 (Maricopa County) - Northwest Phoenix Submarket

★★★★☆
Office

Sale Summary

Sold	2/10/2025
Sale Price	\$4,050,000 (\$134.08/SF)
RBA (% Leased)	30,205 SF (50.0%)
Price Status	Confirmed
Built	2000
Land Area	1.66 AC/72,310 SF
Sale Comp Status	Research Complete
Sale Comp ID	7049169
Parcel Numbers	157-20-001



4

13951 N Scottsdale Rd - Scottsdale Executive Square
Scottsdale, AZ 85254 (Maricopa County) - Scottsdale Airport Submarket

★★★★☆
Office

Sale Summary

Sold	1/31/2025
Sale Price	\$4,900,000 (\$164.40/SF)
RBA	29,806 SF
Price Status	Confirmed
Built	1983
Land Area	2.23 AC/97,139 SF
Actual Cap Rate	8.00%
Sale Comp Status	Research Complete
Sale Comp ID	7041600
Parcel Numbers	215-56-013A



SALES COMPARABLES

5 **1550 E McKellips Rd - Harris Professional Plaza**
Mesa, AZ 85203 (Maricopa County) - Mesa East Submarket

★★★★☆
Office

Sale Summary

Sold	11/12/2024
Sale Price	\$6,175,000 (\$183.92/SF)
RBA	33,575 SF
Price Status	Confirmed
Built	2001
Land Area	2.50 AC/108,900 SF
Sale Comp Status	Research Complete
Sale Comp ID	6943104
Parcel Numbers	136-07-031A +1



6 **1204 E Baseline Rd**
Tempe, AZ 85283 (Maricopa County) - Tempe Submarket

★★★★☆
Office

Sale Summary

Sold	7/18/2025
Sale Price	\$2,325,000 (\$113.80/SF)
RBA (% Leased)	20,430 SF (84.8%)
Price Status	Confirmed
Built/Renovated	1982/1996
Land Area	1.54 AC/67,082 SF
Sale Comp Status	Research Complete
Sale Comp ID	7248966
Parcel Numbers	133-38-003E



7 **10429 S 51st St - Freeway Executive Center (Part of a 2-Property...)**
Phoenix, AZ 85044 (Maricopa County) - South Tempe/Ahwatukee Submarket

★★★★☆
Office

Sale Summary

Sold	8/26/2024
Sale Price	\$5,500,000 (\$128.02/SF)
RBA (% Leased)	42,961 SF (90.6%)
Price Status	Confirmed
Built	2001
Land Area	4.33 AC/188,615 SF
Actual Cap Rate	7.50%
Sale Comp Status	Research Complete
Sale Comp ID	6828232
Parcel Numbers	301-41-331
Sale Conditions	Bulk/Portfolio Sale



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OFFERING MEMORANDUM

OWNER/USER OPPORTUNITY

FOR SALE | \$3,950,000 (\$129.90/SF)
401 W Baseline Rd

Offered Exclusively by:

Don Morrow

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25-04-050

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