

FOR SALE OR LEASE - ±26,154 SF OFFICE BUILDING





**HARVEST REALTY**  
COMMERCIAL



real

**PACIFIC CORPORATE PARK**  
25391 COMMERCENTRE DRIVE  
LAKE FOREST, CA 92630



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25391 COMMERCENTRE DRIVE | LAKE FOREST, CA 92630



\*OWNER USER CAN OCCUPY UP TO 51% OF THE BUILDING TO COMPLY WITH SBA LENDING REQUIREMENTS\*

Part of a six (6) Building Office ProjeCt: The Park Building Top Signage Available

# EXECUTIVE SUMMARY

## SALE PRICE

\$9,980,000 (\$381 PSF)

## PRO-FORMA YEAR 1 NOI

\$456,000

## PRO-FORMA CAP RATE

5.6%

## LEASE TYPE

Full Service Gross

## NUMBER OF STORIES

Two (2) Story Office, Elevator Served

## NET RENTABLE BUILDING AREA

±26,154 SF

# INVESTMENT HIGHLIGHTS

## HIGH-IMAGE CREATIVE OFFICE INVESTMENT OPPORTUNITY WITH PROXIMITY TO THE IRVINE SPECTRUM

Well-appointed campus setting, featuring generous on-site amenities, well-decorated common areas, exceptional glass line with hillside views, and frontage on Bake Parkway.

## STABLE CASH FLOW

building or keep the upstairs tenant (currently occupying approximately 51% on the second floor).

Upstairs (13,027 SF) is occupied by two tenants with a lease expiring in April 2026 providing stable income for new buyer to occupy downstairs (13,127 SF) significantly offsetting occupancy costs. Flexible occupancy options as a buyer can eventually expand into the entire

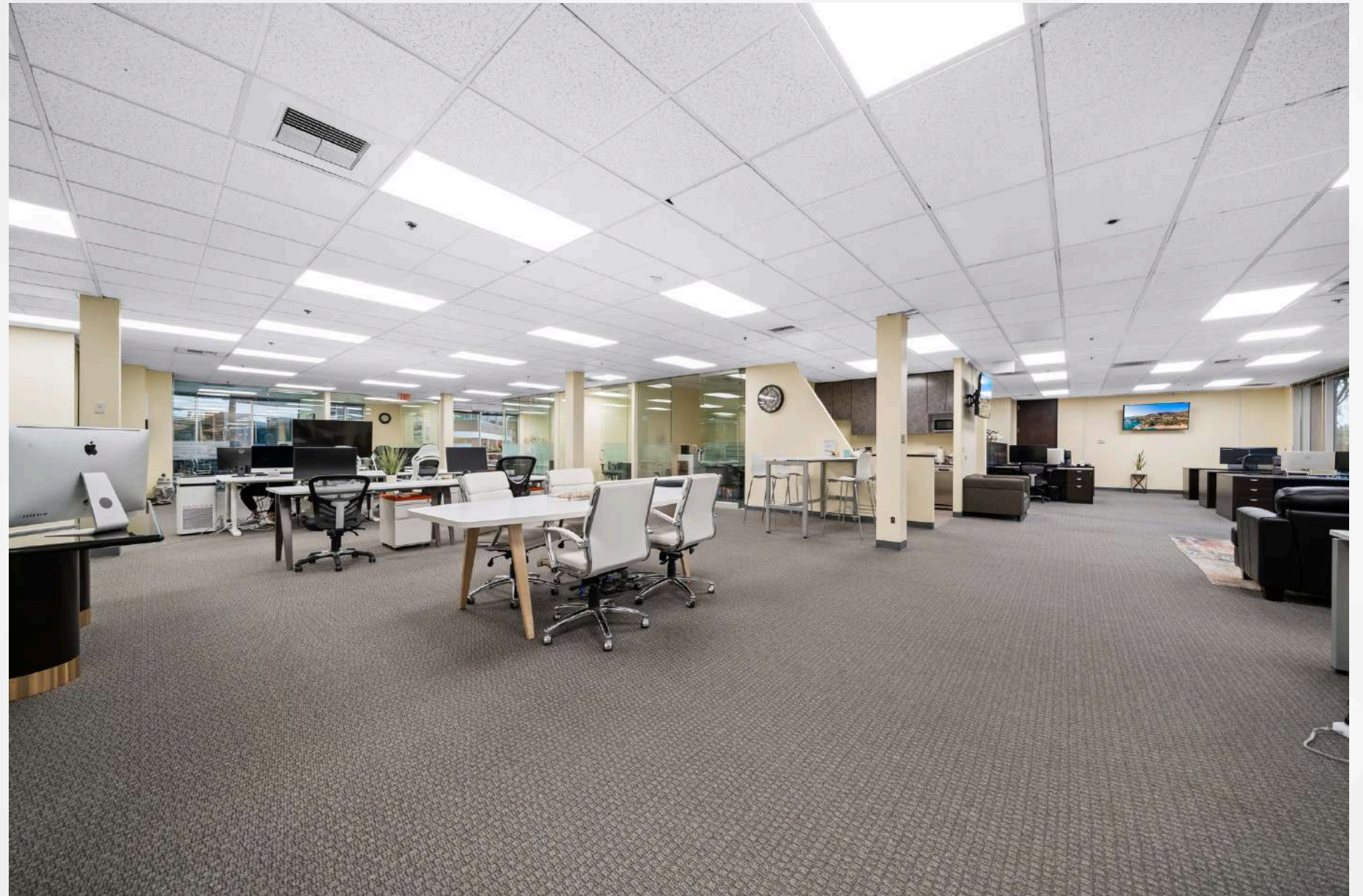
## MULTI-TENANT OFFICE

In general, multi-tenant office lowers investor risk by having a mix of smaller tenants and this building is set up better to 4+ tenants with corridors on each floor allowing suite sizes from 2,539 to 13,12/ SrI

## BELOW MARKET RENTS

25391 Commercentre has rents slightly below market, allowing investor or owner user to reposition the building to create additional income and upside in value in the future.





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# INVESTMENT HIGHLIGHTS

## ONE-OF-A-KIND AMENITY-RICH LOCATION

- **Irvine Spectrum Entertainment Center.**

The renowned retail and lifestyle destination with over 130 stores, services, and restaurants including anchor tenants Nordstrom, Macy's, and Target.

- **Orange County Great Park.**

One of Orange County's most significant development in a generation, covering more than 4,700 acres and with more \$1 billion in development costs, that will deliver a 122-acre arts/culture center, 70 acre botanical garden, 165-acressports park, thousands of homes, and 3-mile long wildlife corridor, among other projects.

- **Foothill Ranch Towne Center.**

Lake Forest's largest retail and entertainment complex totaling 1 MSF.

UNFETTERED ACCESS TO A DEEP AND TALENTED LABOR POOL, WORLD- CLASS SCHOOLS AND UNPARALLELED AMENITIES. THE SURROUNDING 5-MILE RADIUS PROVIDES A COLLEGE-EDUCATED POPULATION THAT IS ABOVE 50% AND A WORKFORCE THAT TOTALS 172,732 EMPLOYEES.





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# INVESTMENT HIGHLIGHTS

## STRATEGIC “TECHNOLOGY COAST” LOCATION

Central location within Orange County’s “Technology Coast”, an area that is ranked 15th in the nation for its density of high-skilled technology talent pool and is home to a large and growing number of technology tenants.

Proximity to an extensive transportation network off Bake and Alton Parkways, touching nearby SR-241, I-5, I-405, SR-133. Within a short drive to John Wayne Airport and Irvine Regional Transportation Center’s Metrolink station.

Excellent access to millennial workforce and executive housing in all directions. Superior location capitalizing on exploding South Orange County population and providing relief to commute- weary tenants, most of whom live within three miles of the Property. Perfect locational alternative to traffic-congested Irvine Spectrum-Greater Airport Area corridor to the north.

Adjacency along Orange County’s most significant corridor of development, with the scheduled delivery of approximately 9,500 new homes at Irvine’s Great Park to the immediate north and 14,000 new homes at nearby Rancho Mission Viejo to the south.



ARCTIC OCEAN DRIVE

**PACIFIC CORPORATE  
PARK**

25391 COMMERCENTRE DR  
LAKE FOREST, CA 92630

COMMERCENTRE DRIVE

BAKE PARKWAY



# PROPERTY OVERVIEW

**APN**

610-362-14

**BUILDING SIZE**

26,154 SF

**LAND SIZE**

16,971 / 0.39 Acres

**STORIES**

two (2)

**PARKING**

4.0 / 1,000 SF surface parking

**CONSTRUCTION TYPE**

Concrete tilt-up

**HVAC SYSTEM**

Rooftop packaged R-22 units manufactured by Carrier.

**ROOFING SYSTEM**

Low-slope asphaltic BUR with granular cap sheet.

**ELECTRICAL SYSTEM**

The building service size is rated at 1,000-amps, 277/480 volt, three phase, four-wire.

**ZONING**

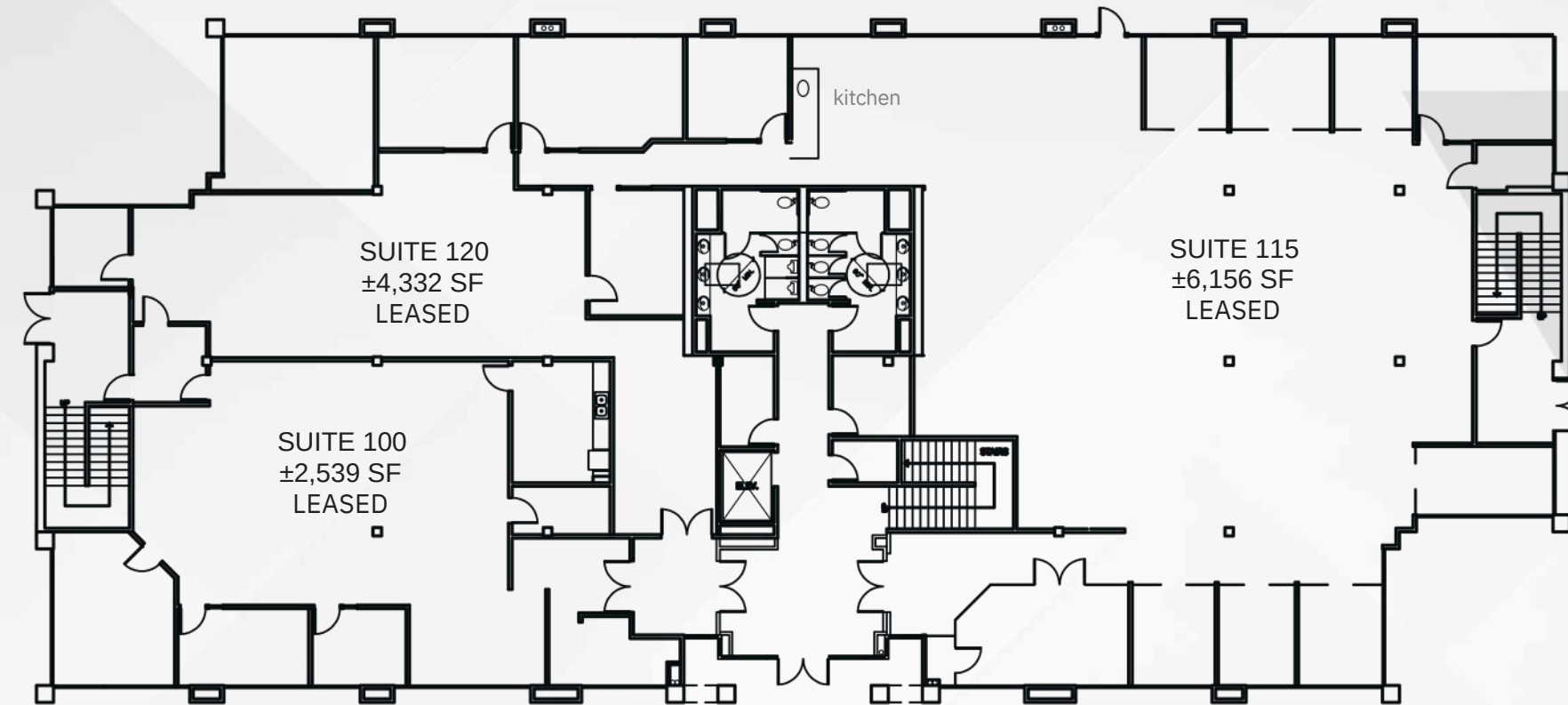
LI

**LAND USE**

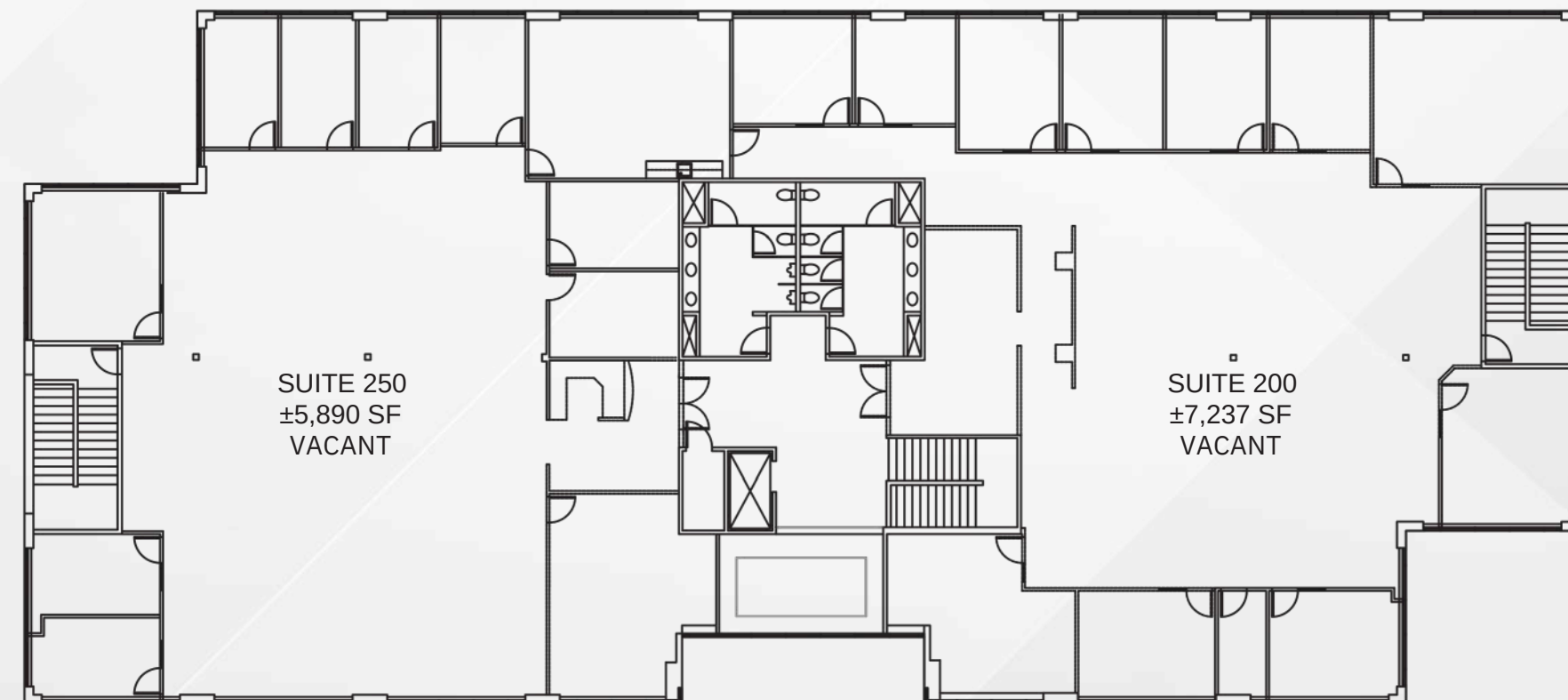
Commercial (NEC)



# PROPERTY FLOOR PLAN



FIRST FLOOR



SECOND FLOOR







# AREA OVERVIEW

## LAKE FOREST, CA

Lake Forest has the charm of a small community with the convenience of a large metropolitan city. The city offers well-planned neighborhoods that are safe and beautiful, as well as an idyllic landscape that includes lush green hills, groves of eucalyptus trees and lakes. Lake Forest is adjacent to the I-5/-405 intersection and the Foothill and Eastern Transportation Corridors, which provide easy access to Los Angeles, San Diego, and the Inland Empire.

Located within the beautiful Saddleback Valley, in the heart of South Orange County. The city, incorporated in 1991, includes the master-planned communities of Foothill Ranch and Portola Hills. From its roots as an agricultural community best known for its eucalyptus trees, the city has developed into one of the best master-planned communities in the United States.





# AREA OVERVIEW

## ORANGE COUNTY, CA

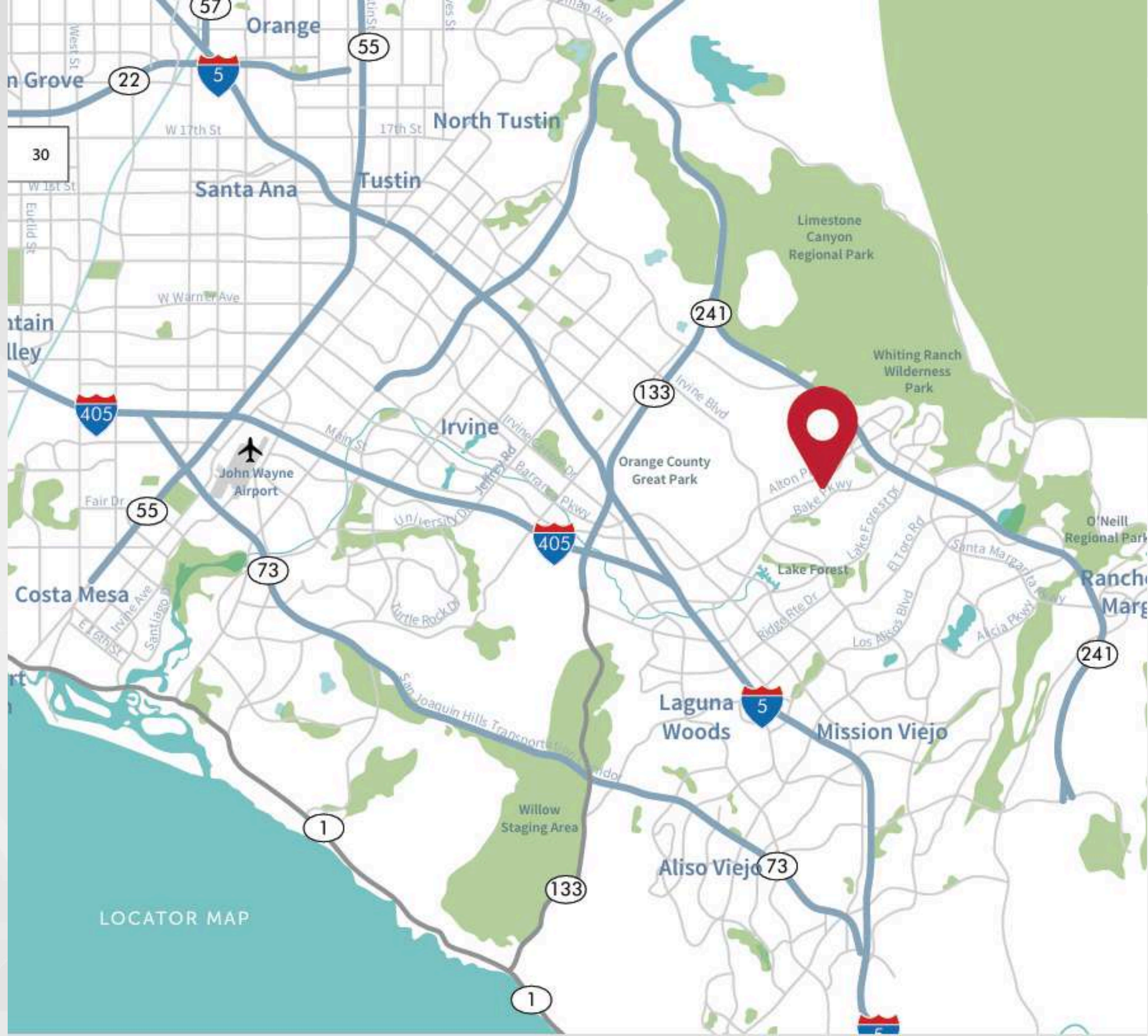
Orange County (OC) is a 948-square-mile coastal community centrally located within Southern California and widely celebrated as the “California Riviera.” Encompassing 34 incorporated cities, this coastline county is one of the most desirable markets in the country. Orange County offers pro-business communities, a robust and entrepreneurial regional economy, an exceptional labor pool supported by first-class universities, a broad infrastructure network and world-class amenities— all the qualities make it a highly sought after commercial location and a great place to live. Orange County’s well-diversified economy, high-quality labor force and “quality-of-life” desirability, superior education and multi-modal transportation systems, and strategic location on the Pacific Rim provide an excellent locational advantage for commercial properties.

## UNRIVALED WORLD-CLASS AMENITIES

42 miles of coastal living filled with sun-soaked Mediterranean weather year-round, Orange County is a destination with endless possibilities. Its natural landscape and breath-taking views provide the backdrop for some of the most iconic real estate in the country.











# OWNER USER OPPORTUNITY

In the analysis on the following page, we assume that a user secures a 25-year, fully-amortized SBA loan option with a 10% down payment and financed loan fees.

As the percentage of principal accumulation increases year-over-year, it becomes increasingly favorable to purchase instead of lease. Following are charts depicting the principal payments paid over 25 years, ending in a loan balance of zero when the building is owned free-and-clear: Lock in your cost of occupancy with a 25- year fully-amortized 90% SBA loan, protecting against runaway lease rates. Build equity for yourself instead of a landlord.

Take advantage of historically low interest rates that may not be seen again for years.



## SITUATION

An owner-user purchases and occupies 25391 Commercentre for \$305/sf with an initial investment of \$30/sf (10% down payment of loan + financed loan fees)

## ESTIMATED MONTHLY COSTS

Typical Operating Expenses:	\$0.85/sf
Mortgage Payment: Amount	\$1.26/sf
of Principal in Mortgage Payment in Year One:	\$0.63/sf

## OWNERSHIP COST IN YEAR ONE:

\$1.48/sf

## ESTIMATED STARTING LEASE RATE:

\$2.50/sf

The advantage of owning over leasing increases every year.

Assume a business owner or trust personally purchases the building and leases it to his/her business at a market rate (this is allowable under the SBA program). Cash flow and taxable income of the business are not affected. However, this owner's personal financial situation would benefit from depreciation of the building. In terms of this scenario, depreciation is the spreading of cost over the useful life of an asset.

The Internal Revenue Service allows for a tax deduction of commercial property improvements depreciation based on a 39-year life. Simply stated, a portion of the cost of the building (excluding land) reduces taxable income, and thus tax liability, for a period of up to 39 years.

In this scenario, let us assume the following facts:

Purchase Price:	\$7,980,000
Building Size:	26,154 Square
Building to Land:	Feet (\$305/sf)
Owner's personal income	45% / 55%
tax bracket:	33%

The amount subject to depreciation, in this example, is 45% of \$7,980,000, or \$3,591,000. Spread over the IRS' mandated 39 years, the deduction per year is approximately \$92,000. At a tax rate of 33%, the tax savings due to depreciation is \$30,000 per year of ownership. If you are considering this on a monthly per square foot basis consistent with the example above, this tax savings equates to an additional ownership benefit of \$0.10/sf per month. As time progresses, the cost basis of the building is being reduced by depreciation accumulated since purchase. Should the owner decide to sell, the depreciation is recaptured and taxed, but it is at a standard 25% as opposed to the 33% ordinary income rate used when the deduction was realized. This yields an overall tax benefit during the building ownership period, especially if the building is kept and passed down to future generations.



# PURCHASE VS LEASE



	Lease	Own	Annual Savings	Cumulative Savings	
Year 1	\$2.50	\$1.47	\$12.36	\$12.36	
Year 2	\$2.58	\$1.48	\$13.14	\$25.50	Return of Initial Investment
Year 3	\$2.65	\$1.48	\$14.07	\$39.57	
Year 4	\$2.73	\$1.49	\$14.90	\$54.47	
Year 5	\$2.81	\$1.49	\$15.89	\$70.35	
Year 6	\$2.90	\$1.49	\$16.90	\$87.25	
Year 7	\$2.99	\$1.50	\$17.82	\$105.07	
Year 8	\$3.07	\$1.50	\$18.90	\$123.97	
Year 9	\$3.17	\$1.50	\$20.00	\$143.97	
Year 10	\$3.26	\$1.51	\$21.02	\$165.00	Own vs. Lease Savings After 10 Years







Dave Friedman / Valerie Ioriatti 949-584-3887

*Note: "Average" payments & interest rate are illustrated for SBA 504 2nd TD*  
*Note: Subject illustration is for discussion purposes only and is not a commitment to lend*  
*Note: Buyer must occupy 51%+ of rentable square footage*  
*Note: Rates are subject to change daily*  
 Date: 1/5/2021

Prepared For: MARK JERUE  
 LEE & ASSOCIATES  
 DIRECT LINE (949) 790-3121 | CELL (949) 874-1549

Project Price	\$7,980,000	
	SBA 504	
	Fixed	Fixed
	Wells Fargo	SBA
Down Payment	\$798,000	
Combined LTV%		90%
Loan Amount	\$3,990,000	\$3,192,000
Financed Fee		\$107,038
Rate (%)	2.85%	2.62%
Amortization (Years)	30	25
Term (Years)	10	25
1st & 2nd TD Payments	\$16,590	\$15,000
Total Monthly Payment(s)		\$31,590