

OFFERING MEMORANDUM

# 903 ISLAND AVE

SAN DIEGO, CA, 92101



**\$500,000 PRICE REDUCTION**

**NEW 10-YEAR NNN LEASE | NEW BUILDING RENOVATIONS | \$4,300,000**

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# INVESTMENT SUMMARY

Tenant	Villains Brewing Company
Address	903 Island Ave, San Diego, CA, 92101
Price	<del>\$4,800,000</del> <b>\$4,300,000</b>
NOI	\$216,000
Cap Rate (Year 1)	5%
Lease Term	10 years
Lease Expiration	March 31, 2034
Lease Type	NNN Lease
Base Rent	\$18,000/month + NNN
Options	Two (2) 5-year Options
Increases	Month 60 → \$19,800/month + NNN
Land Area	3,150 SF
Building Area	5,802 SF
Built	1906 / Complete Rebuild 2015 Latest Renovation 2025











# INVESTMENT HIGHLIGHTS



## **New 10-Year NNN Lease**

Villains Brewing recently expanded from Anaheim, CA to open their 2nd location in SoCal. Villains Brewing is the team behind Orange County's rapidly growing Smoke & Fire Hospitality Group.

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## **Tenant Renovation Work**

### **No Tenant Improvement Allowance**

The Tenant did a beautiful new renovation to the Property showcasing their long-term commitment. The Property showcases 2 large bars, a full kitchen, 2 large outdoor patio seating areas, plus a 10-Barrel Brewhouse.

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## **Location & Visibility**

One of East Village's most iconic buildings sits on a prime trophy corner on 9<sup>th</sup> & J Street. With about 100 ft of frontage and steps from Petco Park the Property has direct views into the stadium. The Property benefits significantly from tourism and local/visiting baseball fans.

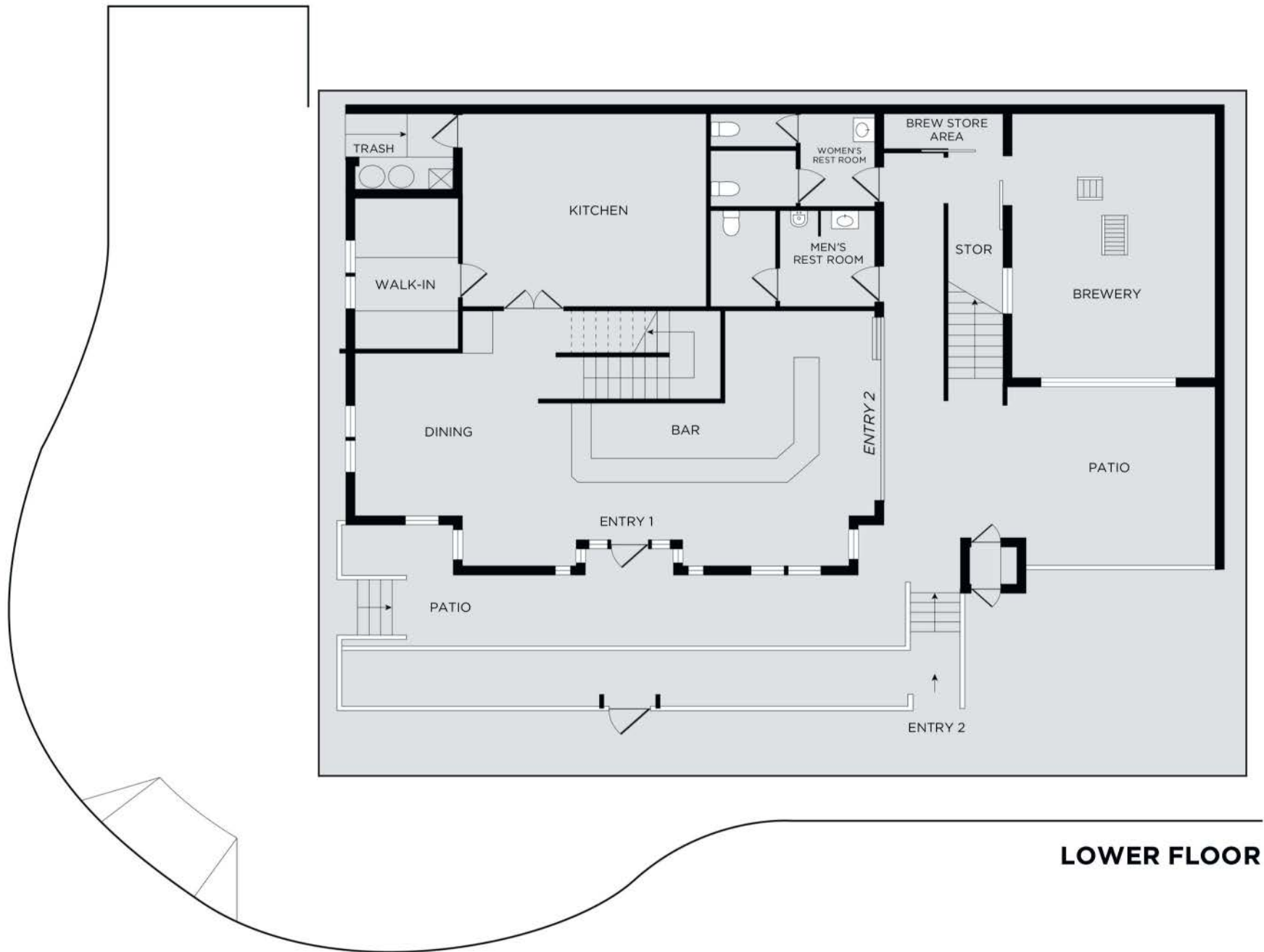
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## **Redevelopment Potential**

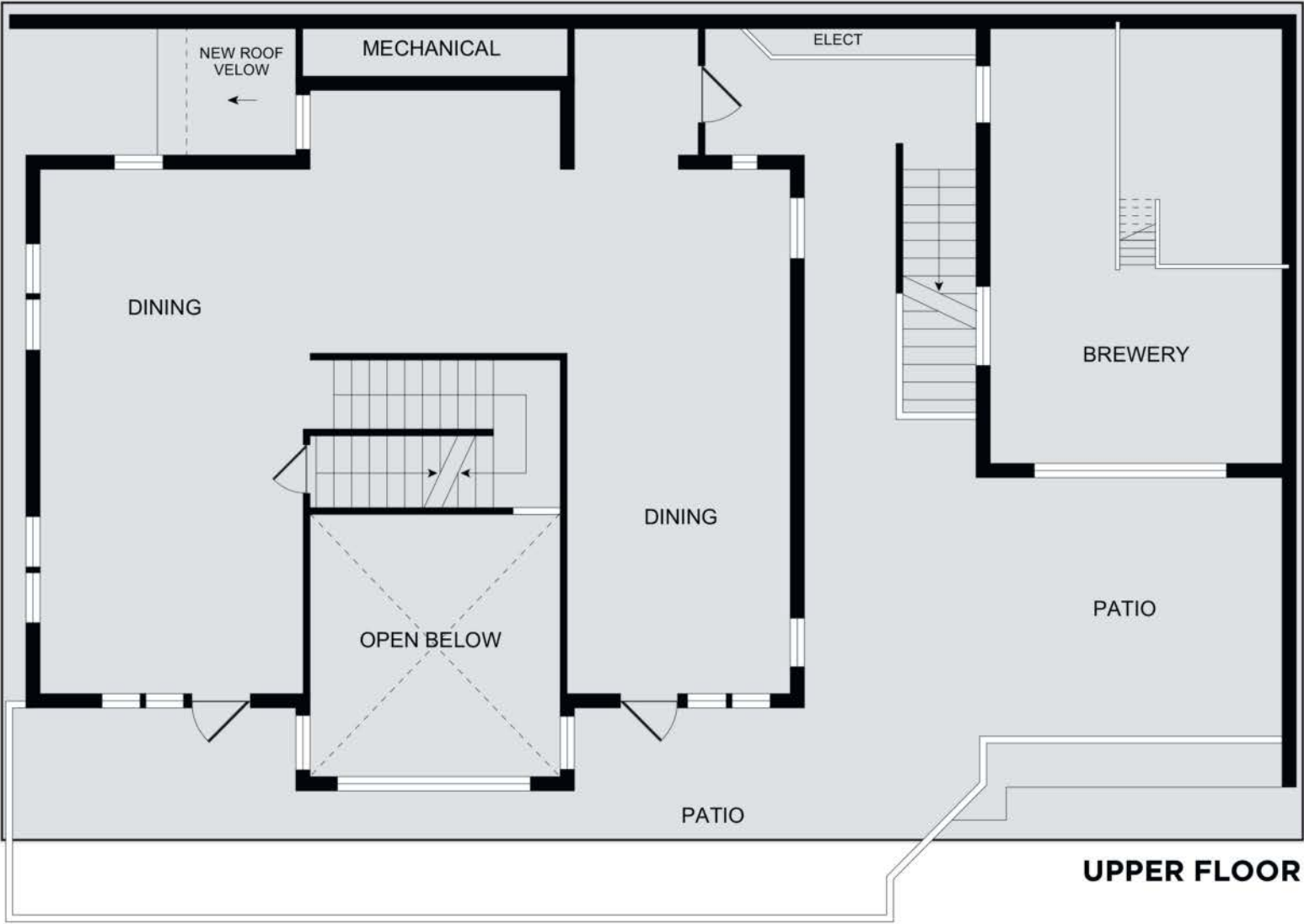
A patient investor can take advantage of the potential to redevelop the Property up to 25,000 SF by right. The flexible commercial zoning allows an investor to develop a hotel, multifamily, office, retail, or mixed-use.

# FLOOR PLAN





**FLOOR PLAN**



# POTENTIAL FUTURE REDEVELOPMENT RENDERINGS



Development potential for a multifamily, office, or a boutique hotel  
with ground floor restaurant shown



# AERIAL MAP









# CITY OF SAN DIEGO

Rank	Employer	# of Employees
1	Qualcomm	12,186
2	YMCA San Diego County	5,102
3	Sempra Energy	5,025
4	Northrop Grumman	4,388
5	SeaWorld San Diego	4,109
6	General Dynamics NASSCO	3,576
7	BD	3,300
8	Solar Turbines	3,129
9	Illumina	2,398
10	UTC Aerospace Systems	2,050



## Top Retail Attractions

- Downtown San Diego
- Fashion Valley Mall
- SeaPort Village
- Horton Plaza
- Little Italy
- Gaslamp Quarter
- La Jolla
- Carlsbad Premium Outlets
- The Forum Carlsbad
- Del Mar Highlands Town Center
- Flower Hill Promenade
- Mission Hills
- Hillcrest
- North Park
- South Park
- Old Town
- Ocean Beach
- Village of La Jolla
- Coronado
- Cedros Design District
- Encinitas

## Top Tourist Attractions

- Downtown San Diego (Gaslamp Quarter)
- US S Midway Museum
- Balboa Park
- SeaWorld
- San Diego Zoo
- San Diego Zoo Safari Park
- Belmont Park
- San Diego Railroad Museum
- San Diego Natural History Museum
- Reuben H Fleet Science Center
- Old Town State Historic Park
- Birch Aquarium
- Maritime Museum
- San Diego Hall of Champions Sports Museum
- San Diego Museum of Man
- Museum of Photographic Arts
- Point Loma and Cabrillo National Monument
- San Diego Museum of Art
- Midway Aircraft Carrier Museum
- San Diego Air and Space Museum
- San Diego Automotive Museum
- San Diego Zoo's Nighttime Zoo
- Seaport Village
- Petco Park
- Qualcomm Stadium



# CITY OF SAN DIEGO

- With a total population of over 1.3 million, San Diego is the second largest city in California behind Los Angeles and the eighth largest city in the United States. It also is home to the fourth-largest of 11 deep water ports in California. The Port of San Diego is the fourth largest port in the state.
- San Diego is well-served by a large network of interstate freeways and state highways. The four major interstates serving San Diego include I-5, I-15, I-8, and I-805.
- San Diego's historic surf culture has evolved over the last 30 years into a new subculture called action sports. With hundreds of companies focused on surfing, skating, biking and other new sporting adventures, San Diego is considered the action sports capital of the world.
- The city of San Diego encompasses 372 square miles in Central San Diego County and includes densely populated coastal and inland communities. With over 70 miles of coastline, unique beach communities have developed their own identities from Imperial Beach near the Mexican border to Oceanside and Camp Pendleton.
- San Diego's pioneering mentality combined with the region's military/defense industries, a flourishing tech sector, the third largest biotech cluster in the country, and one of the world's strongest tourism industries, creates a diversified economic engine.
- Mexico and NAFTA are key factors in San Diego's continued economic prosperity, export production, and growth. International trade accounts for more than one-third of San Diego manufacturing dollars.
- San Diego's biotechnology cluster is the third largest concentration of life science companies in the United States behind San Francisco and Boston. There are over 1,100 life sciences companies employing 36,000 people in the San Diego region with a \$7.5 billion annual economic impact. Due to the region's strong concentration of life science and biotech companies, San Diego has earned the moniker Biotech Beach. The region is one of the largest recipients of NIH funding for new projects and advancements in life science research.
- Convention booking service Cvent ranked San Diego as the fifth most popular destination for conventions in 2016. At the San Diego Convention Center, 158 total conventions and trade shows were held in 2016 with an estimated attendance of 824,276 individuals creating a \$1.1 billion economic impact and \$23.9 million in tax revenue.
- San Diego has approximately 461 hotel and motel properties with over 56,000 rooms available to visitors.
- The Port of San Diego Unified Port District was proposed a world class waterfront development called Seaport. This new waterfront development concept will be anchored with an aquarium, varieties of restaurants and retail shops, office space, an event center, full service hotel and a micro hotel, underground parking, a new dock for the marina, and a spire type architectural restaurant that rises 480 feet above the city containing a restaurant and observation level.
- The Mid-Coast Trolley project began in fall 2016, which will expand the trolley into major activity centers with nine new stations. This project will accommodate existing and future travel demand and service is expected to begin in 2021.



## SOLD COMPARABLES

	#	PROPERTY ADDRESS	BUILT / RENOVATED	SIZE	SALE PRICE	CAP RATE
	1	2404 University Ave San Diego, CA 92104	2000	10,040 SF 0.23 AC	\$2,105,000 (\$738.60/SF)	4.00%
	2	4651-4657 College Ave San Diego, CA 92115	1960	14,810 SF 0.34 AC	\$1,350,000 (\$568.18/SF)	5.03%
	3	3211-3215 Adams Ave San Diego, CA 92116	1936	6,625 SF 0.15 AC	\$1,465,000 (\$1,008.95/SF)	3.00%
	4	3692-3696 5th Ave San Diego, CA 92103	1913/1941	2,614 SF 0.06 AC	\$1,625,000 \$566.79/SF)	2.52%
	5	5416 Lake Murray Blvd - Starbucks La Mesa, CA 91942	1961	15,246 SF 0.35 AC	\$1,775,000 (\$1,643.52/SF)	4.52%



## SOLD COMPARABLES

	#	PROPERTY ADDRESS	BUILT / RENOVATED	SIZE	SALE PRICE	CAP RATE
	6	7750-7756 Starling Dr San Diego, CA 92123	2000	21,780 SF 0.50 AC	\$4,000,000 (\$833.33/SF)	5.33%
	7	316-320 Highland Ave National City, CA 91950	1970	9,583 SF 0.22 AC	\$1,100,000 (\$275.00/SF)	4.03%
	8	3026-3030 Canon St - Canon Street San Diego, CA 92106	1960	4,792 SF 0.11 AC	\$1,550,000 (\$518.57/SF)	3.86%
	9	4664 Clairemont Mesa Blvd San Diego, CA 92117	1970/2021	15,481 SF 0.36 AC	\$4,950,000 (\$788.47/SF)	5.00%
	10	4898 Convoy St - Dixieline Center San Diego, CA 92111	2004	30,492 SF 0.70 AC	\$5,658,888 (\$1,045.04/SF)	4.51%

**AVERAGE CAP RATE = 4.1%**





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