

864-868 2ND STREET

TWO-BUILDING MEDICAL/DENTAL OFFICE PROPERTY

Marcus & Millichap



864-868 2ND STREET, SANTA ROSA, CA 95404

OFFERING MEMORANDUM

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PROPERTY SUMMARY



PROPERTY DESCRIPTION

The subject property presents an owner-user opportunity on a two-building, +/-37,500 SF parcel in Santa Rosa. The seller, a dentist, is retiring and will vacate the 2,100 SF main building upon sale, making it available for occupancy by a dental or medical buyer. The building features existing dental plumbing and is in excellent condition. The two co-tenants will remain in place, with their rental income available to offset debt service and operating expenses. The second building, approximately 4,000 SF, provides additional income potential or expansion space. Dedicated parking is provided for both buildings.

The property is also well suited to an arms-length, value-add investment strategy, combining lease-up of the vacating main building with the existing co-tenant income and further upside potential from the second building.

OFFERING SUMMARY

Sale Price:	\$1,750,000
Price/SF:	\$282.99
Lot Size:	37,461 SF
Building Size:	6,184 SF
Current Net Income:	\$24,544
Current Occupancy:	32.08%
Pro Forma Net Income:	\$173,426
Pro Forma Cap Rate:	9.91%

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OWNER-USER UNDERWRITING SUMMARY

ACQUISITION SUMMARY

PURCHASE PRICE

\$1,750,000

\$282.99 / SF

TI / CAPITAL IMPROVEMENT BUDGET

\$309,200

\$50.00 / SF

TOTAL ACQUISITION COST

\$2,059,200

\$332.99 / SF

FINANCING STRUCTURE — SBA-504

SOURCE	AMOUNT	RATE	TERM	LTV	MONTHLY P&I	ANNUAL P&I
Equity / cash down payment	\$205,920	—	—	10%	—	—
SBA-504 first loan	\$1,029,600	6.25%	25 yr	50%	\$6,792	\$81,503
SBA-504 second loan	\$823,680	6.40%	25 yr	40%	\$5,510	\$66,122
Total capitalization	\$2,059,200	—	—	90%	\$12,302	\$147,626

OWN VS. LEASE — COST PER SF / MONTH

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Market lease rate	\$3.00	\$3.09	\$3.18	\$3.28	\$3.38	\$3.48	\$3.58	\$3.69	\$3.80	\$3.91
Owner debt-service equiv.	\$2.79	\$2.79	\$2.79	\$2.79	\$2.79	\$2.79	\$2.79	\$2.79	\$2.79	\$2.79

Ownership cost stays at or below the prevailing market lease rate in every year of the hold period, while the owner simultaneously accrues **\$679,828** in principal equity build-up through year 10 — capital a tenant paying market rent would forgo entirely.

Contact **Ash Patel, MMCC** for more information · (415) 625-2169

This analysis is based on assumptions provided and is not a guarantee of future performance. DRE #02074286

YEAR ONE OPERATING EXPENSES

■ Property taxes \$13,800 ■ Insurance \$10,000 ■ CAM expenses \$35,000

Total year one OpEx: **\$58,800** (\$9.51/SF), escalating ~2–3%/yr.

10-YR EQUITY BUILD-UP

Cumulative principal paydown via first and second loan amortization:

\$679,828

by end of year 10, plus 39.5-yr depreciation shelter of \$141,772 cumulative through year 10.

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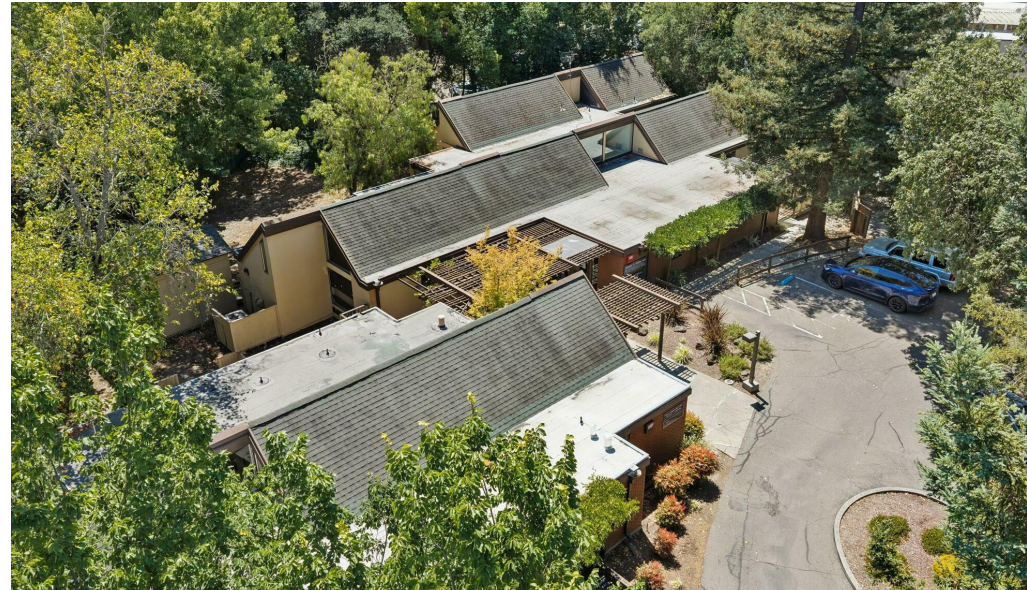
PRO FORMA RENT ROLL

Total GLA (SF)	Occupied SF	Vacant SF	Occupancy	Total Monthly Rent	Total Annual Rent
6,184	1,984	4,200	32.1%	\$16,058	\$192,696

Suite	Tenant Name	Sq. Ft.	% of GLA	Lease Type	Monthly Rent	Rent/SF/Mo	Annual Rent	Rent Increases	Monthly CAM/ Expense Reimb.	Comments
868	VACANT – Dental Suite	2,100	34.0%	NNN	\$6,300.00	\$3.00	\$75,600			Projected/pro forma rent; suite is currently vacant and configured as a dental suite.
864A	VACANT – Medical Suite	2,100	34.0%	NNN	\$5,671.00	\$2.70	\$68,052			Suite is currently vacant and configured as a medical suite.
864B	California Pain Clinics	1,984	32.1%	NNN	\$4,087.00	\$2.06	\$49,044	3% Annually	\$1,500	Leased tenant in occupancy.
TOTAL		6,184	100.0%		\$16,058	\$2.60	\$192,696			

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ADDITIONAL PHOTOS



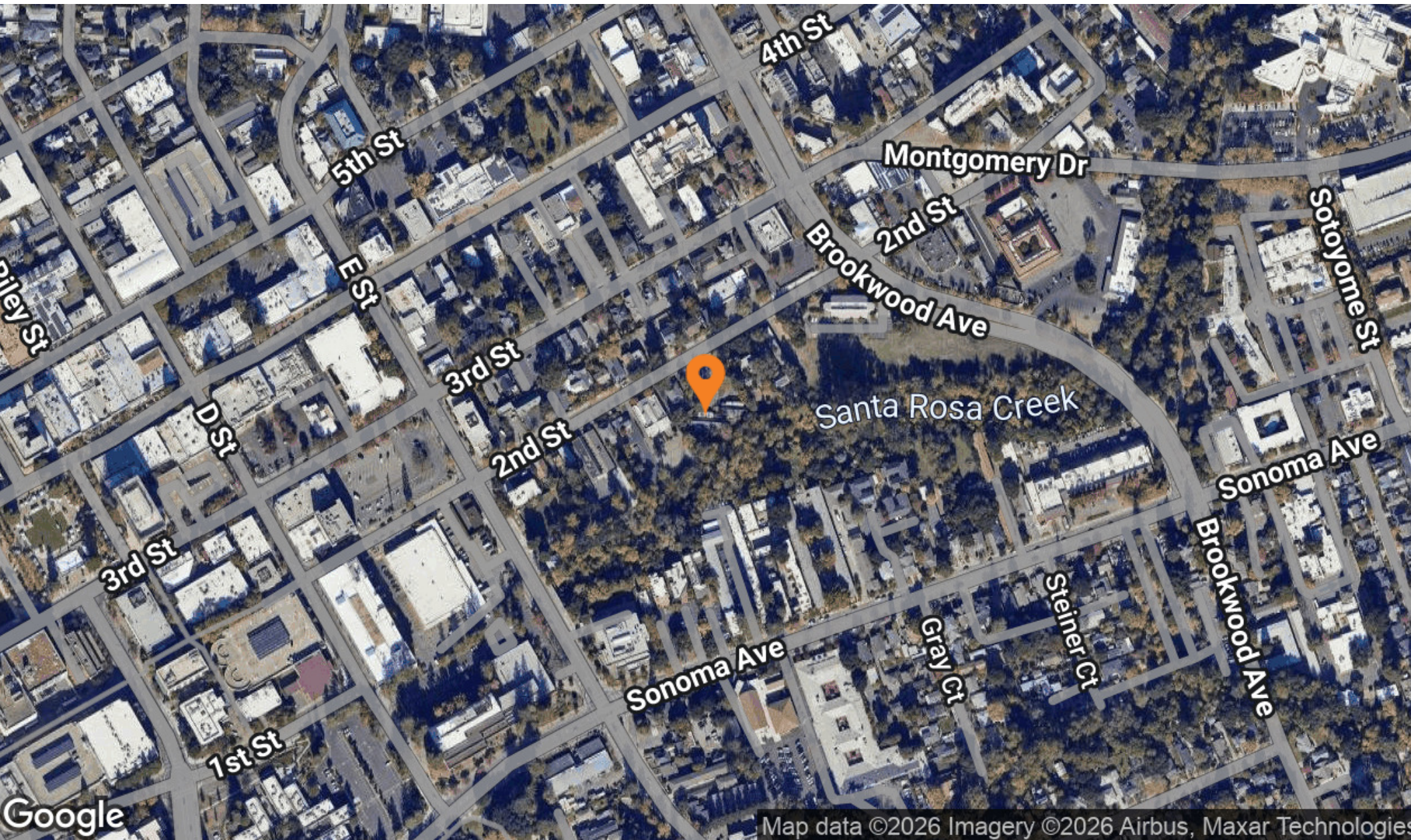
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DENTAL SUITE - 868 2ND STREET



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LOCAL MAP



Map data ©2026 Imagery ©2026 Airbus, Maxar Technologies

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DEMOGRAPHICS

POPULATION	1 Mile	3 Miles	5 Miles
2030 Projection			
Total Population	19,893	143,673	199,607
2025 Estimate			
Total Population	19,524	139,493	194,338
2020 Census			
Total Population	19,520	138,788	193,990
2010 Census			
Total Population	19,718	135,210	191,095
Daytime Population			
2025 Estimate	23,810	133,817	185,256
HOUSEHOLDS	1 Mile	3 Miles	5 Miles
2030 Projection			
Total Households	8,621	55,313	76,633
2025 Estimate			
Total Households	8,501	53,767	74,649
Average (Mean) Household Size	2.3	2.6	2.6
2020 Census			
Total Households	8,271	50,813	70,868
2010 Census			
Total Households	8,126	49,304	70,143
HOUSEHOLDS BY INCOME	1 Mile	3 Miles	5 Miles
2025 Estimate			
\$200,000 or More	9.9%	12.0%	14.3%
\$150,000-\$199,999	10.3%	11.4%	12.5%
\$100,000-\$149,999	19.4%	20.2%	20.3%
\$75,000-\$99,999	13.8%	13.7%	13.3%
\$50,000-\$74,999	17.0%	16.1%	14.8%
\$35,000-\$49,999	9.4%	9.1%	8.5%
\$25,000-\$34,999	5.7%	5.3%	4.8%
\$15,000-\$24,999	5.9%	4.8%	4.7%
Under \$15,000	8.6%	7.4%	6.8%
Average Household Income	\$104,906	\$112,649	\$121,004
Median Household Income	\$82,110	\$91,900	\$99,612
Per Capita Income	\$46,326	\$43,923	\$46,957

POPULATION PROFILE	1 Mile	3 Miles	5 Miles
Population By Age			
2025 Estimate Total Population	19,524	139,493	194,338
Under 20	20.3%	23.7%	23.1%
20 to 34 Years	21.4%	20.2%	19.2%
35 to 49 Years	21.7%	21.2%	20.8%
50 to 59 Years	12.0%	11.9%	12.2%
60 to 64 Years	6.5%	5.9%	6.2%
65 to 69 Years	6.0%	5.4%	5.7%
70 to 74 Years	5.3%	4.7%	5.0%
Age 75+	6.7%	7.0%	7.8%
Median Age	40.0	39.0	41.0
Population by Gender			
2025 Estimate Total Population	19,524	139,493	194,338
Male Population	48.9%	49.4%	49.4%
Female Population	51.1%	50.6%	50.6%
Travel Time to Work			
Average Travel Time to Work in Minutes	23.0	25.0	25.0

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DEMOGRAPHICS



POPULATION

In 2025, the population in your selected geography is 194,338. The population has changed by 1.70 percent since 2010. It is estimated that the population in your area will be 199,607 five years from now, which represents a change of 2.7 percent from the current year. The current population is 49.4 percent male and 50.6 percent female. The median age of the population in your area is 41.0, compared with the U.S. average, which is 40.0. The population density in your area is 2,472 people per square mile.



HOUSEHOLDS

There are currently 74,649 households in your selected geography. The number of households has changed by 6.42 percent since 2010. It is estimated that the number of households in your area will be 76,633 five years from now, which represents a change of 2.7 percent from the current year. The average household size in your area is 2.6 people.



INCOME

In 2025, the median household income for your selected geography is \$99,612, compared with the U.S. average, which is currently \$78,171. The median household income for your area has changed by 65.38 percent since 2010. It is estimated that the median household income in your area will be \$115,945 five years from now, which represents a change of 16.4 percent from the current year.

The current year per capita income in your area is \$46,957, compared with the U.S. average, which is \$41,680. The current year's average household income in your area is \$121,004, compared with the U.S. average, which is \$103,571.



EMPLOYMENT

In 2025, 100,805 people in your selected area were employed. The 2010 Census revealed that 56.7 percent of employees are in white-collar occupations in this geography, and 20 percent are in blue-collar occupations. In 2025, unemployment in this area was 4.0 percent. In 2010, the average time traveled to work was 24.00 minutes.



HOUSING

The median housing value in your area was \$701,991 in 2025, compared with the U.S. median of \$333,538. In 2010, there were 38,272.00 owner-occupied housing units and 31,870.00 renter-occupied housing units in your area.



EDUCATION

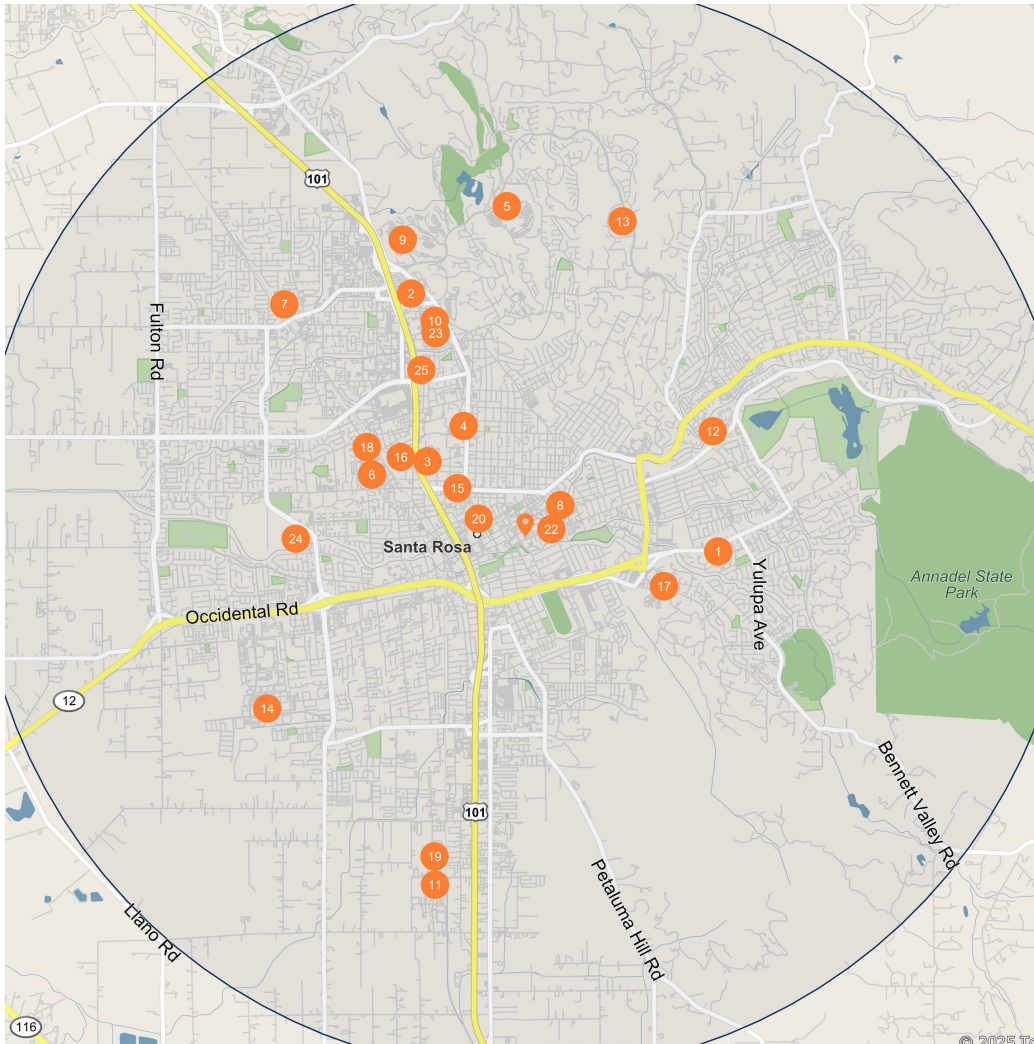
The selected area in 2025 had a lower level of educational attainment when compared with the U.S. averages. 32.0 percent of the selected area's residents had earned a graduate degree compared with the national average of only 13.7 percent, and 9.8 percent completed a bachelor's degree, compared with the national average of 21.2 percent.

The number of area residents with an associate degree was higher than the nation's at 15.7 percent vs. 8.8 percent, respectively.

The area had fewer high-school graduates, 3.1 percent vs. 26.1 percent for the nation, but the percentage of residents who completed some college is higher than the average for the nation, at 26.1 percent in the selected area compared with the 19.6 percent in the U.S.

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DEMOGRAPHICS



Major Employers

Employees

1	Sisters of St Joseph Orange-	5,024
2	Kaiser Foundation Hospitals-Kaiser Prmnnte Snta Rosa Med C	2,474
3	Santa Rosa City School Dist-Santa Rosa City Schools	1,700
4	Sonoma Cnty Junior College Dst-SANTA ROSA JUNIOR COLLEGE	1,500
5	Keysight Technologies Inc-Keysight	1,370
6	Federted Indans Grton Rncheria-	776
7	Tapetech Tool Company-	633
8	St Joseph Hlth Nthrm Cal LLC-SANTA ROSA MEMORIAL HOSPITAL	633
9	Permanente Medical Group Inc-	632
10	County of Sonoma-Sonoma County Sheriff Coroner	600
11	Recology Sonoma Marin-	450
12	Ensign Group Inc-Park View Gardens	429
13	Tekberry Inc-	400
14	Optical Coating Laboratory LLC-Ocli	400
15	St Joseph Home Care Network-	372
16	First Alarm SEC & Patrol Inc-	337
17	State Compensation Insur Fund-Santa Rosa District Office	330
18	Boys & Girls CLB Sonoma-Marin-	305
19	Mv Transportation Inc-	283
20	Santa Rosa Press Democrat Inc-Press Democrat The	270
21	County of Sonoma-Sonoma County Dept Hlth Svcs	258
22	Santa Rosa City of-Police Department	250
23	County of Sonoma-Statewide Fngprnt Ingng Sys	249
24	Pacific Gas and Electric Co-PG&e	238
25	County of Sonoma-	237

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