FOR SALE

ECONOMOS DEWOLF
COMMERCIAL REAL ESTATE BROKERAGE & INVESTMENTS

26035 Acero, Mission Viejo, CA 92691

Freestanding 6,790-SF Owner-User Office Building
Creative Buildout and Within Close Proximity to Amenities

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Property. This section opens with a brief property description followed by the property's compelling highlights and a location aerial showcasing its prominent location with nearby amenities. **Pages 3-6**

Images. Here you'll find attractive interior and exterior building photographs along with the floor plan. **Pages 7-14**

Financials. Providing solid support to purchase and occupy this property, the financials consist of a description of the owner-user opportunity, a purchase-vs-lease analysis, loan illustration, and the tax benefits of depreciation. **Pages 15-18**

Market. This section contains key sale comps demonstrating 26035 Acero is priced competitively. **Page 19**

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Property

SUMMARY

Offering	26035 Acero, Mission Viejo, California 92691 Centerpointe Office Park Freestanding, single-story, creative office building built in 2005 with a Class-A reception area, a data center with card-based security locks, multiple private offices with windows, conference room, open area with cubicles, restrooms, and a kitchenette/employee lounge. Owner-user opportunity for a buyer to occupy the entire building.
Size	±6,790 square feet
Sale Price	$2,709,000 (±$399 per square foot)
Parking	There are three reserved stalls and surface parking is free and in-common within Centrepointe Office Park.
Condition	There are nine medical-grade HEPA installed HVAC units (2020), and a new roof was installed in 2019.
Associations	There are two associations with a cost of $1,858 per month. The associations are responsible for landscaping, parking lot, and common area maintenance thus ensuring a first-class professional environment.

Property

HIGHLIGHTS

- Office building configured for single occupant in turn-key condition with dual entry points and a centrally located data center.

- Owner-user opportunity – The owner currently occupies the entire building but will vacate upon close of escrow.

- The layout of the building is a very functional mix of private offices with large windows, an open cubicle area, a conference room, a lobby/reception area, restrooms, and an employee lounge/kitchen.

- As a single-story building usable square footage is maximized. Two-story buildings have wasted space for stairwells, sometimes an elevator, and two sets of restrooms on both floors to meet building code.

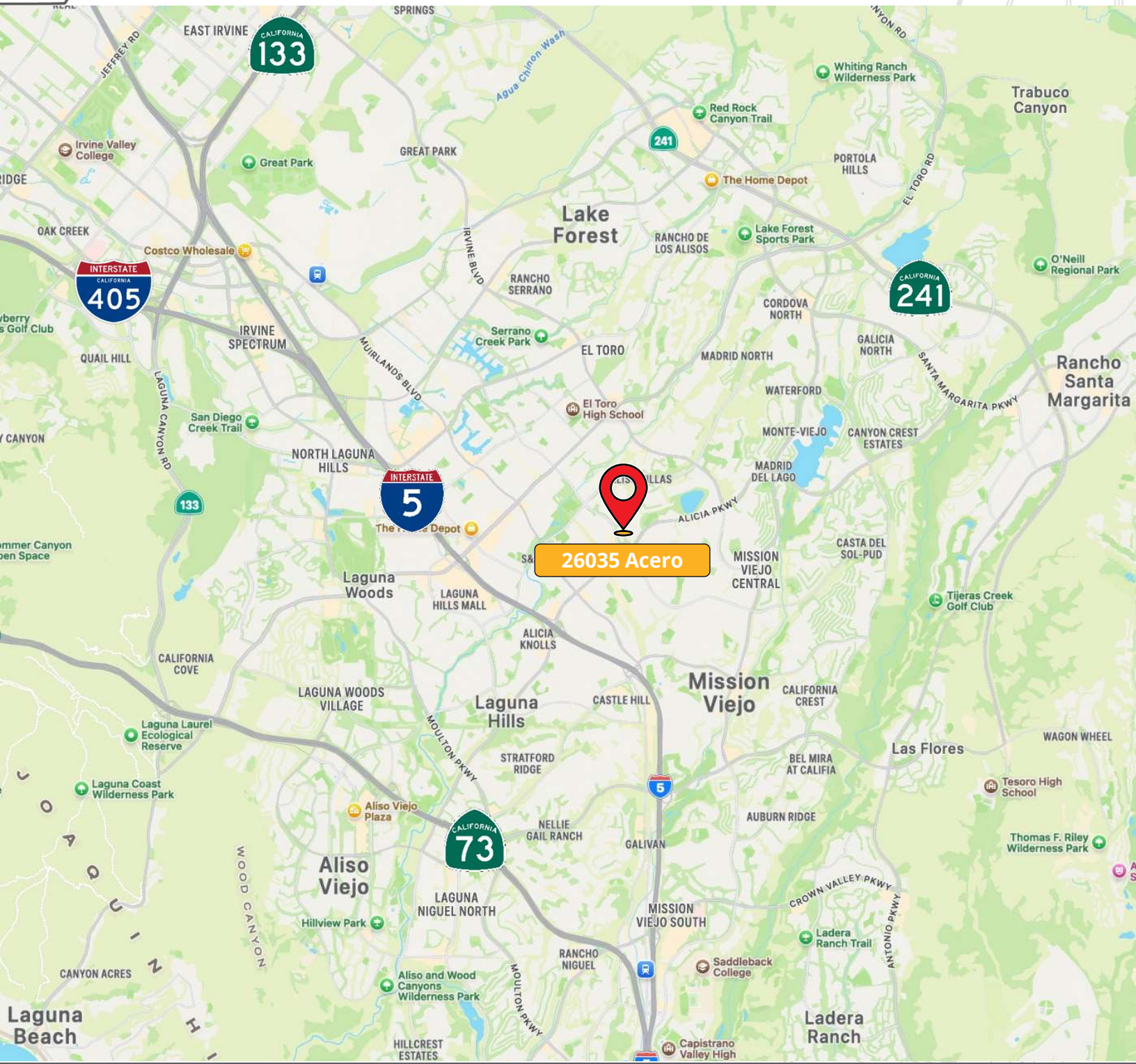
- The dynamic location is within close-proximity to the 5 Freeway near the intersection of Alicia Parkway and Jeronimo Road, minutes from numerous restaurants and other amenities.

- 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.

- Priced to sell, this offering is a more attractive value compared to the sale comps on Page 19.

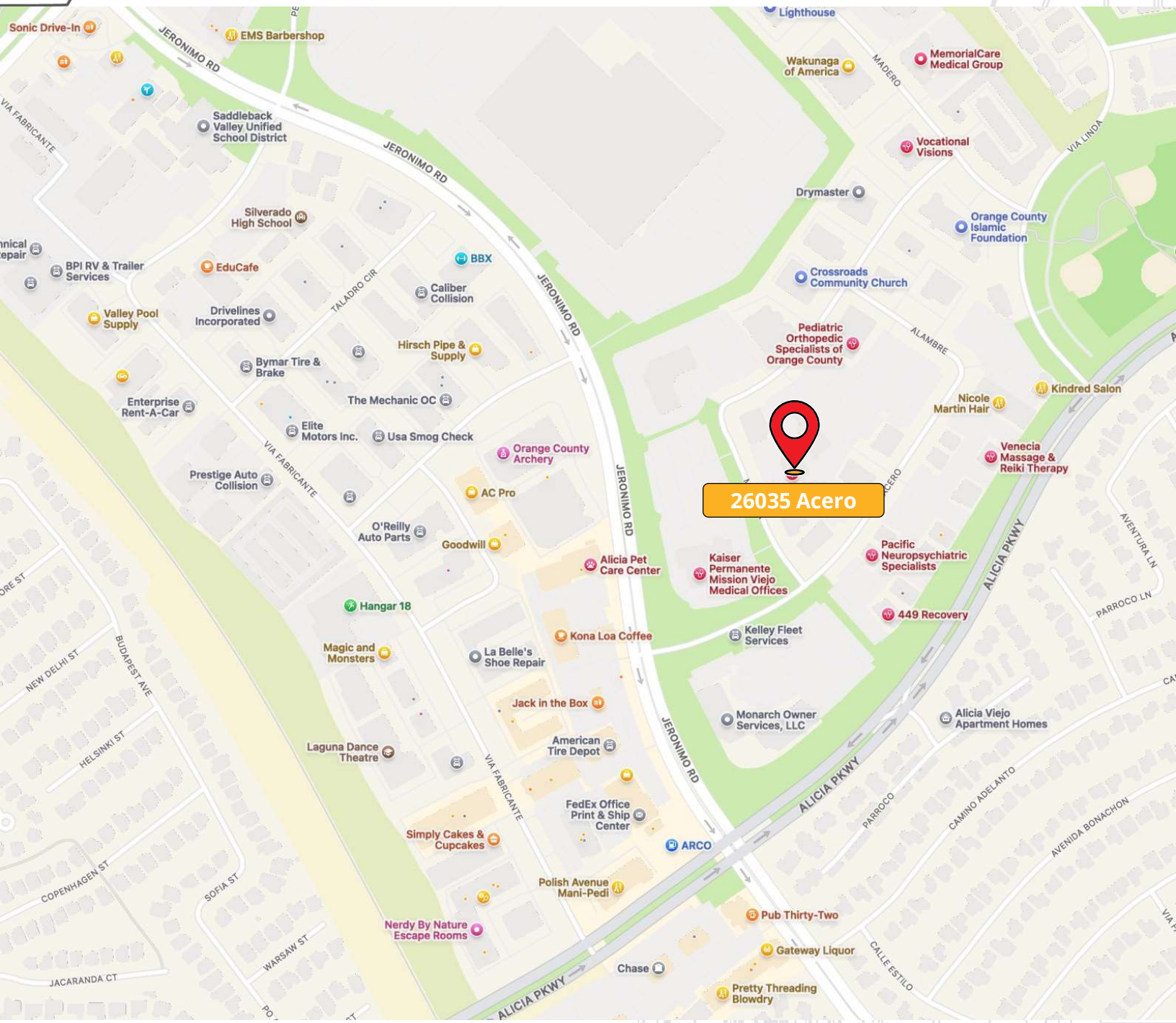
Property

LOCATION



Property

AMENITIES



Images

PHOTOGRAPHS

High Image Freestanding Office Building

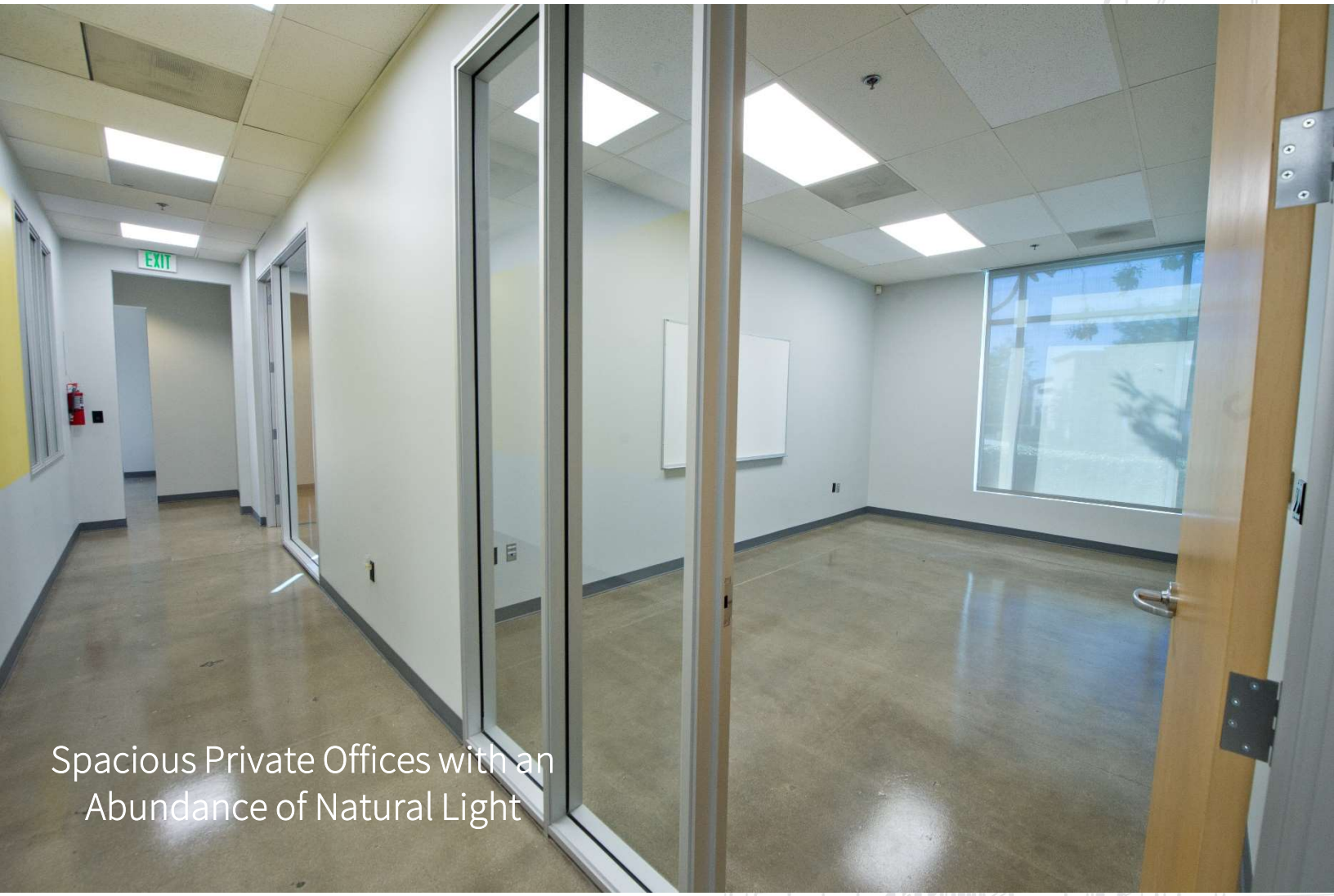
Images

PHOTOGRAPHS

Expansive Conference
Room With Large Windows

Images

PHOTOGRAPHS



Spacious Private Offices with an Abundance of Natural Light

Images

PHOTOGRAPHS

Inviting Entrance and
Reception Area with Class-A Finishes

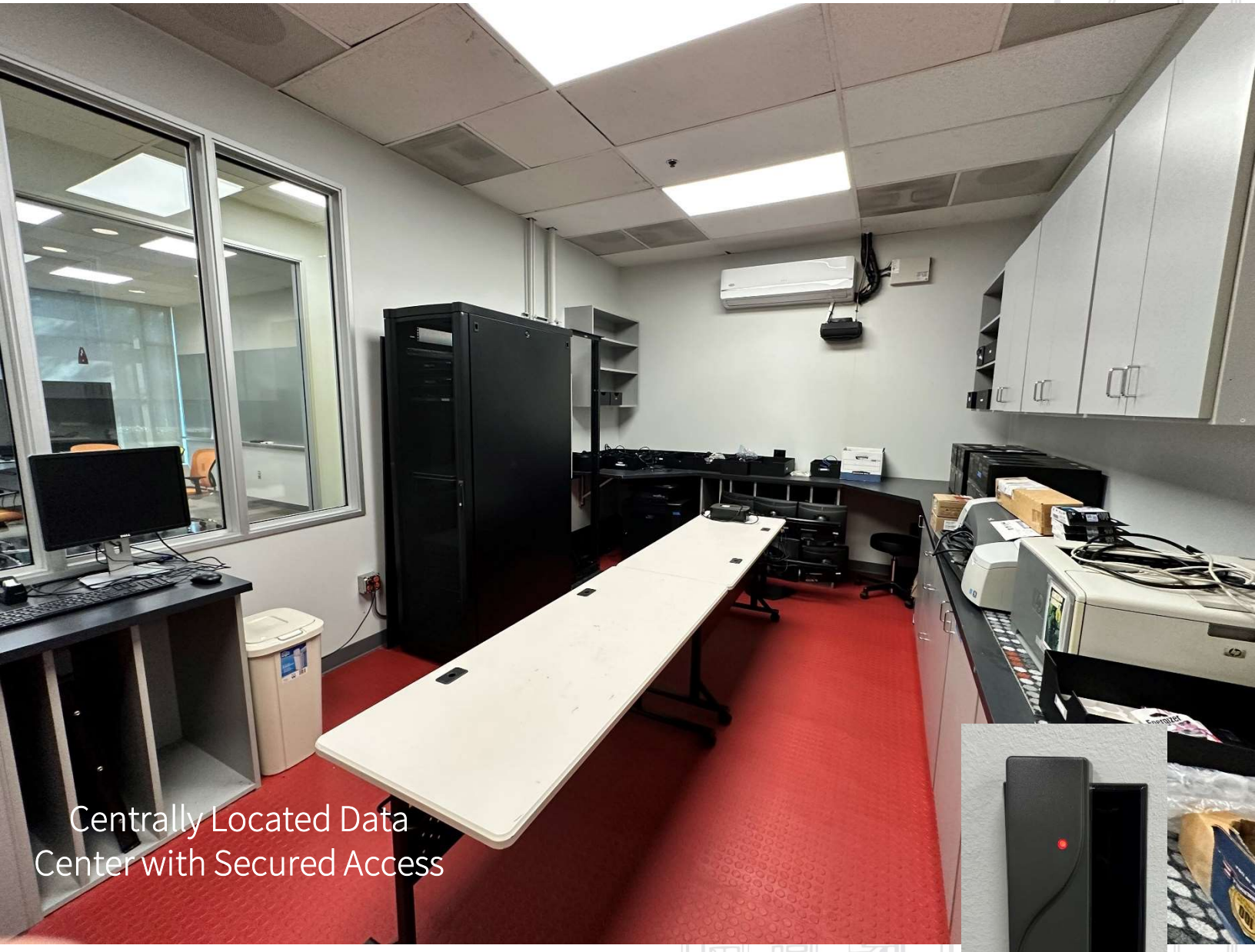
Images

PHOTOGRAPHS

Medical-Grade HEPA
Installed HVAC Units

Images

PHOTOGRAPHS



Centrally Located Data Center with Secured Access

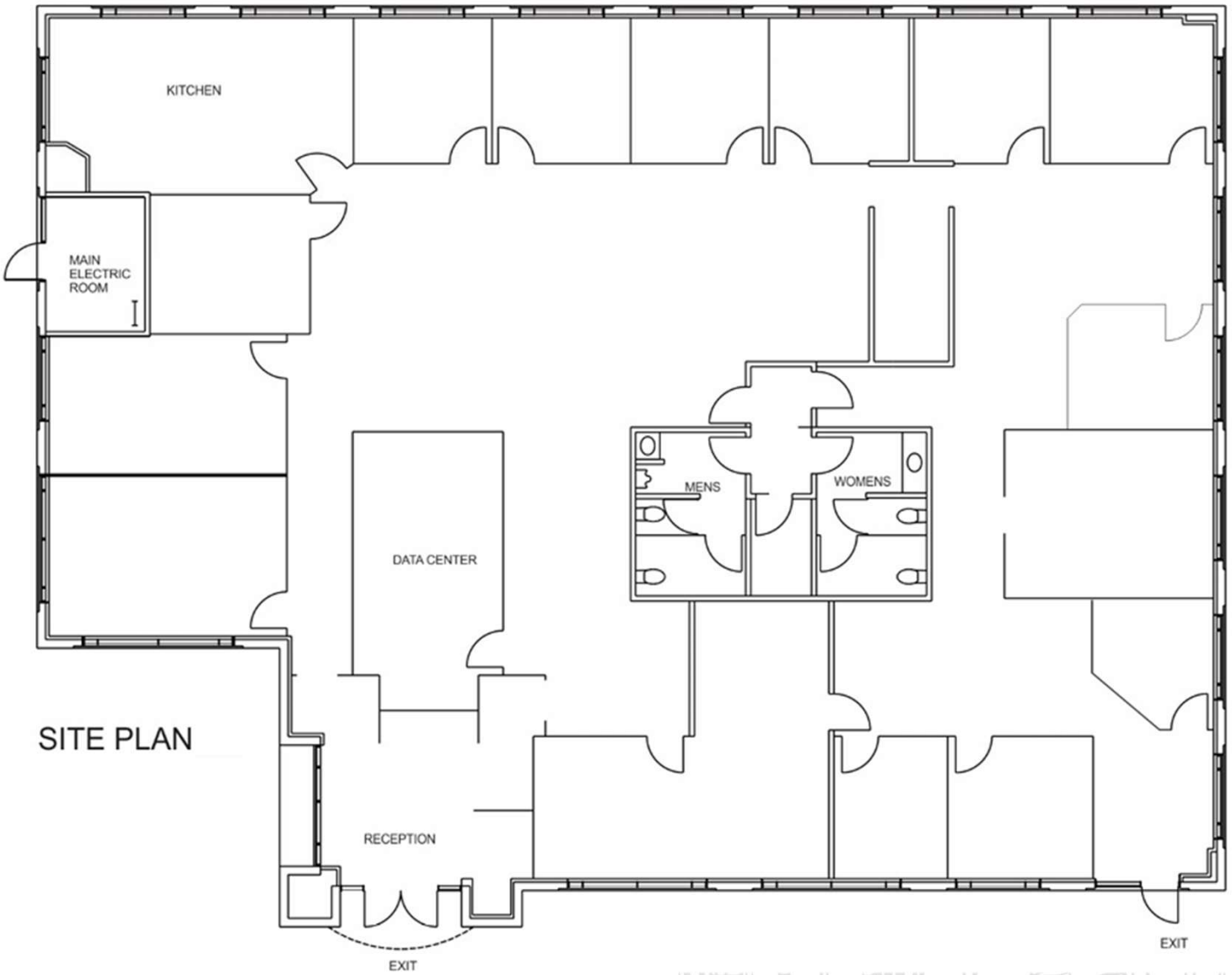
Images

PHOTOGRAPHS

Open Cubicle Area

Images

FLOOR PLAN



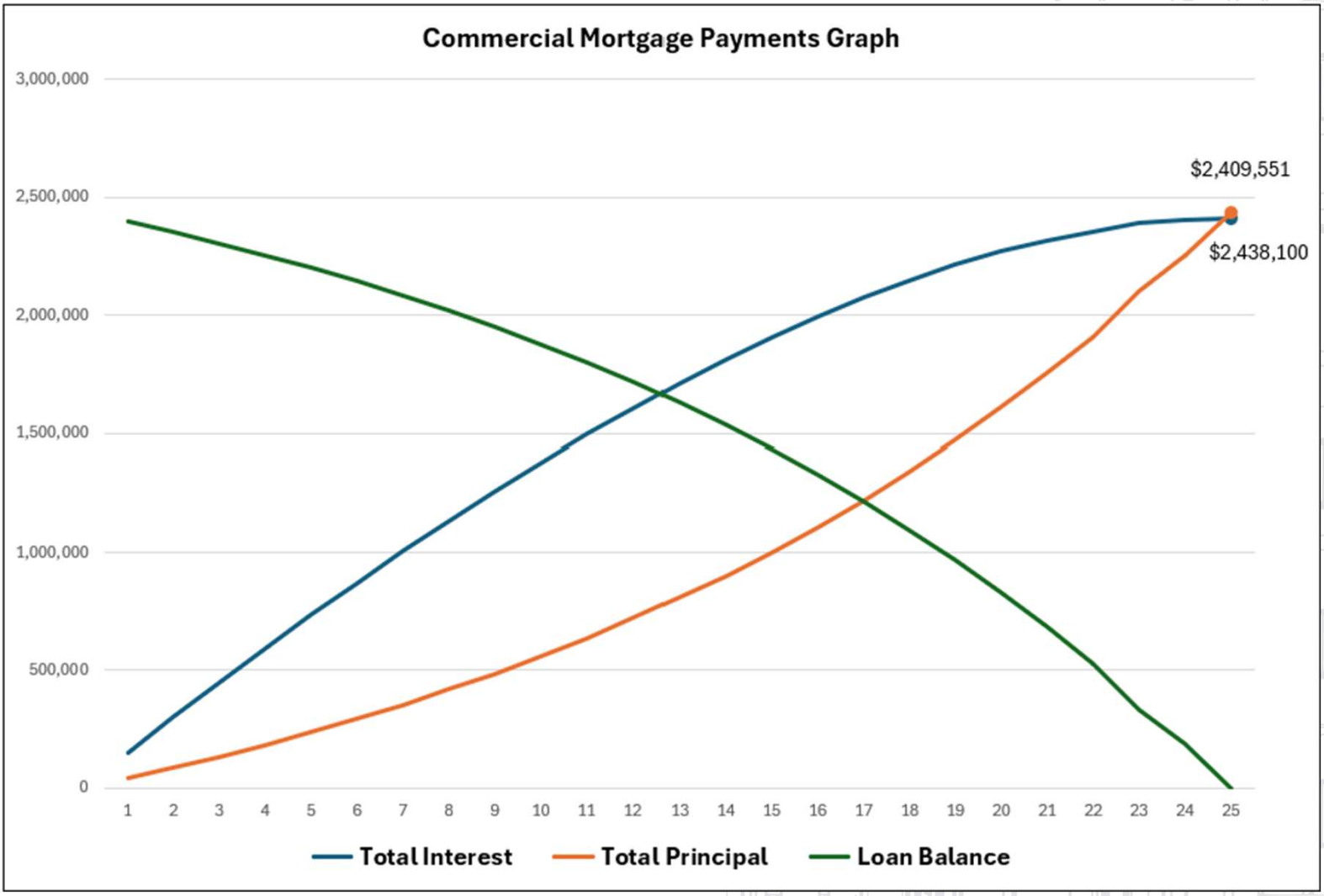
SITE PLAN

Images

OWNER-USER OPPORTUNITY

In the analysis on the following page, we assume that a user secures a 25-year, fully-amortized SBA 7A 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:



Images

PURCHASE VS LEASE ILLUSTRATION

Situation: Business owner purchases and occupies 26035 Acero for $399/SF, with an initial investment of $40/SF (10% down + estimated closing costs).

Estimated Monthly Costs

Typical Operating Expenses	$0.80
Mortgage Payment	$2.38
Amount of Principal in Mortgage Payment*	$0.49

*This money is simply cash being converted to savings

Estimated Monthly Cost to Own Year 1	$2.69
Estimated Starting Lease Rate + Expenses	$2.50

The advantage of owning over leasing increases every year. Assuming lease rates increase by 3% annually and operating expenses increase by 2.5% annually, below is a ten-year comparative analysis of purchasing vs. leasing (per square foot):

Year	Lease Rate	Ownership Cost	Annual Savings	Cumulative
1	$2.50	$2.69	($2.22)	($2.22)
2	$2.58	$2.67	($1.18)	($3.40)
3	$2.65	$2.66	($0.09)	($3.48)
4	$2.73	$2.64	$1.05	($2.43)
5	$2.81	$2.63	$2.24	($0.19)
6	$2.90	$2.61	$3.49	$3.30
7	$2.99	$2.59	$4.79	$8.08
8	$3.07	$2.56	$6.14	$14.23
9	$3.17	$2.54	$7.56	$21.79
10	$3.26	$2.51	$9.05	$30.84
			$30.84	

Images

LOAN ILLUSTRATION

Project Price	$2,709,000

	SBA 7(a)
	Fixed
Down Payment	$270,900
Combined LTV%	90%
Loan Amount	$2,438,100
Financed Fee	$0
Rate (%)	6.30%
Amortization (Years)	25
Term (Years)	25
1st & 2nd TD Payments	
Total Monthly Loan Payments	$16,159

Estimated Closing Costs

	SBA 7(a)
SBA Guaranty Fee (Financed)	$0
Apraisal	TBD
Environmental Report	TBD
SFR	TBD

Images

TAX BENEFITS OF DEPRECIATION

Assume a business owner or trust personally purchases 26035 Acero 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:	$2,709,000
Building Size:	6,790
Percentage of Building to Land:	45/55%
Owner's personal income tax bracket:	33%

The amount subject to depreciation, in this example, is 45% of $2,709,000, or $1,219,050. Spread over the IRS' mandated 39 years, the deduction per year is approximately $31,258. At a tax rate of 33%, the tax savings due to depreciation is $10,315 per year of ownership. If you are considering this on a monthly per-square-foot basis consistent with the example on the previous page, this tax savings equates to an additional ownership benefit of $0.13/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.

It is important to note that this example may differ from your situation. Please consult with your tax advisor.

Market

OFFICE SALE COMPS

Property	Sale Date	Size	Price P.S.F.	Market Insight
23201 Orange Ave Lake Forest	Jun 2024	2,072 SF	$1,070,000 $516	This freestanding office building sold in June for $516/sf. 26035 Acero is a newer building and in nicer condition yet is priced-to-sell at $117/sf less.
24800 Chrisanta Dr, #230 Mission Viejo	May 2024	2,887 SF	$1,045,000 $362	This is the sale of an office condo to an owner-user. As a freestanding, single-story building with maximized usable square footage 26035 Acero should be priced much higher yet the asking price is only at a 10% premium.
26090 Towne Center Foothill Ranch	Feb 2023	5,672 SF	$2,400,000 $423	This office condo sold for $423/sf and is similar in age and size to 26035 Acero. As a freestanding building with much higher quality finishes, 26035 Acero should be more valuable, yet is priced less per square foot.
26023 Acero Mission Viejo	Jan 2023	4,632 SF	$2,130,000 $459	This building is in the same Centrepointe Office Park as 26035 Acero, and sold in January 2023 for $459/sf. As a similar single-story building with much nicer finishes, 26035 Acero should command a premium, yet is priced $60/sf less.

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