



**MIXED USE
COMMERCIAL BUILDING**

**550 HARTZ AVENUE
DANVILLE, CA 94526**



**OFFERED AT
\$2,300,000**

SHAWN WILLIS

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EXECUTIVE SUMMARY



550 Hartz Avenue, Danville is a high identity, mixed use commercial building located in downtown Danville. The building has excellent visibility and identity on Danville's primary thoroughfare. Buildings like this don't become available often and Danville is one of the most sought after investment real estate locations in the East Bay.

The property is zoned "Downtown Zoning District 1," per the Town of Danville. This allows many different types of business uses, thereby offering flexibility for an owner/user or investor. The demographics of Danville are outstanding with a total population of 70,375 within a 3 mile radius and an average daytime population of 104,928. There are 38,792 households within a 3 mile radius with an average income of \$153,100, among the highest in Northern California.

Currently, the ground floor of the property is occupied by retail uses while the second floor is occupied by office uses. Coming lease expirations will allow an owner/user to occupy some of the ground floor space and all of the second floor space, if so desired. Alternatively, an investor could purchase this asset with the intent of extending current lease agreements.

HIGHLIGHTS

Address:	550 Hartz Avenue, Danville, CA 94526
Building square feet:	Approximately 5,792 +/-
Lot size:	10,100 s.f. / .11 Acres +/-
Year built:	1960
APN:	208-022-003
Zoning	Downtown Zoning District 1
Description:	Two story, multi-tenant retail/commercial building
Construction:	Wood frame
Roof:	Pitched composition (front) and Flat (rear)
HVAC:	Individual, forced air units for heat and air conditioning at ground floor. Roof mounted package unit, forced air heat and air conditioning for second floor (one additional wall mounted a/c unit in Suite 202).
Utilities:	Separate meters for electricity and gas; master metered for water
Parking:	Nine (9) on site spaces



LEASE SCHEDULE



SUITE	TENANT	SQUARE FEET	CAM %	LEASE TYPE	BASE RENT	RENT/ SQ FT	LEASE EXPIRES	OPTIONS	NEXT INCREASE DATE	INCREASE TYPE
Ground Floor	Rakestraw Books	1,650	27.000%	NNN	\$3,200	\$1.94	03/31 2016	None	1/1/2014	Fixed 5%
Ground Floor	Marley & Company	1,650	29.000%	NNN	\$3,400	\$2.06	MTM	None	None	N/A
201-203	Trilogy Asset Management	2,500	43.103%	NNN	\$4,594	\$1.84	MTM	None	None	N/A
TOTALS		5,800			\$11,194	\$1.93				



FINANCIAL ANALYSIS



RENTAL INCOME	APP. SQUARE FEET	CURRENT RENTS	CURRENT RENT/ SQ FT
<i>Trilogy Asset Management</i>	2,500	\$4,594	\$1.84
<i>Marley & Company</i>	1,650	\$3,400	\$2.06
<i>Rakestraw Books</i>	1,650	\$3,200	\$1.94
TOTALS	5,800	\$11,194	\$1.93
INCOME			
MONTHLY RENT		\$11,194	
ANNUAL RENT		\$134,328	
VACANCY RESERVE	5.00%	(\$6,716)	
GROSS RENT		\$127,612	
NNN Recapture [1]		\$41,000	
TOTAL INCOME		\$168,612	
EXPENSES			
GROUNDS MAINTENANCE	Estimated	\$1,800	
INSURANCE	Estimated	\$2,400	
OFF-SITE MANAGEMENT	4.0%	\$5,104	
PROPERTY TAXES	1.0886%	\$25,038	
LEVIES AND ASSESSMENTS	Actual	\$1,184	
REPAIRS & MAINTENANCE	Estimated	\$3,000	
REPLACEMENT RESERVES	Estimated	\$1,000	
PG&E	Tenants	\$0	
WATER	Estimated	\$375	
TRASH	Estimated	\$650	
LICENSE & PERMITS	Estimated	\$350	
TOTAL EXPENSES		\$40,901	\$0.59
NET OPERATING INCOME		\$127,710	
DEBT SERVICE		(\$99,716)	
CASH FLOW		\$30,905	
PRINCIPAL PAY-DOWN		\$33,119	
TOTAL RETURN		\$64,024	
CAP RATE		5.55%	
PRICE PER SQUARE FOOT		\$396.55	
CASH ON CASH		3.84%	
TOTAL PRE-TAX RETURN		7.95%	
OFFERING PRICE		\$2,300,000	
DOWN PAYMENT		\$805,000	35%
PROPOSED NEW FIRST [2]		\$1,495,000	65%

[1] Current NNN recapture is approximately \$18,000

[2] 1.2 DCR, 4.5% rate, 25 year amortization



OWNER / USER ANALYSIS



	SCENARIO 1	SCENARIO 2
	BUYER OCCUPIES HALF OF FIRST FLOOR ONLY	BUYER OCCUPIES SECOND FLOOR ONLY
PURCHASE PRICE	\$2,300,000	\$2,300,000
Senior Loan (25 yr / 3.34%)	\$1,150,000	\$1,150,000
SBA 504 Loan (20 yr / 4.15%)	\$944,380	\$944,380
Down Payment	\$230,000	\$230,000
OPERATIONS		
Annual Rental Income	\$101,268	\$79,200
Less Expenses	(\$41,195)	(\$41,195)
Plus NNN Reimbursement (71.6%/57%)	\$29,496	\$23,481
Net Operating Income	\$60,073	\$38,005
DEBT SERVICE		
Senior Loan Payment	(\$67,908)	(\$67,908)
Plus Principal Reduction	\$29,953	\$29,953
SBA/CDC Loan Payment	(\$69,576)	(\$69,576)
Plus Principal Reduction	\$30,965	\$30,965
Total Annual Pre-Tax Costs Of Ownership	(\$16,493)	(\$38,561)
Ownership Costs per Square Foot	(\$0.83)	(\$1.29)



DANVILLE OFFICE RENT SURVEY

The Balford Building 675 Hartz Avenue Danville	939 Hartz Way Danville	301 Hartz Avenue Danville	125 Railroad Avenue Danville	185 Front Street Danville	675 Hartz Avenue Danville
Office building with assigned parking, private offices, close to downtown.	Two story, modern building with excellent identity and parking.	Located in The Clocktower Center, above retail in the heart of active downtown Danville.	New finishes, in quiet space at North end of center. Tenants include law offices. In heart of downtown (Starting rent \$750)	Suite with 4 offices, reception desk, coffee bar, and bathroom. Ample on-site parking 1 block from downtown. (\$1,995)	Ground floor, signage potential, private parking, great downtown location near shopping and dining. Terms are negotiable.
1,500 s.f. \$2.10/s.f.	3,850 s.f. \$2.45/s.f. Industrial Gross	335 s.f. \$2.25/s.f. Full Service	330 s.f. \$2.35/s.f. Full Service	1,000 s.f. \$2.00/s.f.	500-1,500 s.f. \$2.00/s.f.



DANVILLE OFFICE RENT SURVEY PHOTOS



675 Hartz Avenue



939 Hartz Way



301 Hartz Avenue



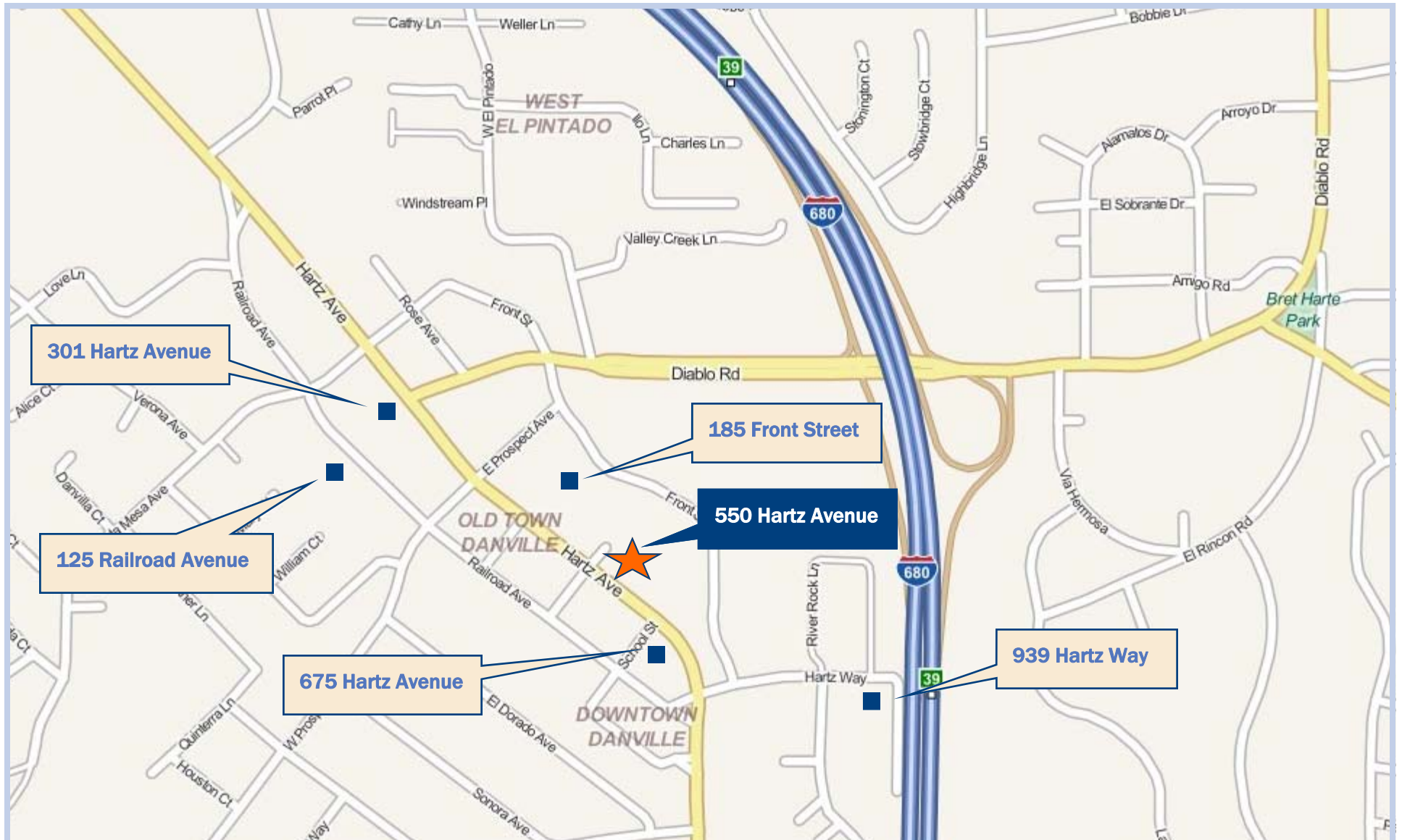
125 Railroad Avenue



185 Front Street



DANVILLE OFFICE RENT SURVEY MAP





DANVILLE RETAIL RENT SURVEY

495 Hartz Avenue Danville	Hartz Avenue Boutique 522 Hartz Avenue Danville	Prospect Arcade 130 East Prospect Danville	Danville Square Shopping Center 1-99 Railroad Avenue Danville	281 Hartz Avenue Danville	345 Railroad Avenue Danville
Modern colors and fixed awnings. 1,400 s.f. on street level with 360 s.f. on second floor for office, storage, or additional display. Off street parking. NNN	Visibility and accessibility on busy downtown corridor of Hartz Avenue. Retail storefront well-suited for a design-centric boutique, private parking. NNN	13 parking spaces, storefront retail in excellent downtown Danville location. NNN	25 parking spaces for building, space is currently vacant and ready to occupy. NNN	Retail or office, private restroom, beautifully landscaped, high identity location.	Currently vacant, 60 parking spaces on site. Located in Lunardi's Marketplace shopping center. NNN
1,760 s.f. \$2.87/s.f. + storage	1,505 s.f. \$3.50/s.f.	800-1,600 s.f. \$2.88/s.f.	1,210 s.f. \$3.75/s.f.	600 s.f. \$2.95/s.f.	600 s.f. \$4.17/s.f.



DANVILLE RETAIL RENT SURVEY PHOTOS



495 Hartz Avenue



522 Hartz Avenue



120 E Prospect Avenue



1-17 Railroad Avenue



281 Hartz Avenue



345 Railroad Avenue



DANVILLE RETAIL RENT SURVEY MAP





DANVILLE & AREA COMMERCIAL SALES COMPARABLES

ADDRESS	SALE PRICE	SQ. FEET	COST/ S.F.	CAP	BUILT	SALE DATE	COMMENTS
294 Railroad Avenue	\$1,250,000	3,260	\$383.44	N/A	2001	2/13/2013	Multi-tenant retail building with 4 parking spaces. Occupied at time of sale by fitness studio and Swings N Things. .11 acre parcel.
171-181 Hartz Avenue	\$1,635,000	5,156	\$317.11	5.60%	1953	6/11/2012	Multi-tenant retail building with high identity location. Fully occupied at time of sale by Lots of Pasta, Danville Bike, Danville Liquors. Seller carried 25% first loan for 2 years, .31 acre parcel.
120 W. Linda Mesa	\$765,000	1,333	\$573.89	N/A	1925	6/5/2012	Single family house converted to commercial at the corner of W. Linda Mesa and Railroad Avenue. Owner/user purchase with 100% cash.
2073 Mt. Diablo Blvd. Walnut Creek	\$503,000	1,462	\$344.05	5.50%	1940	4/2/2012	Single story retail building, occupied by "Tile & Stone." Owner/user purchase who will occupy building in two years as lease expires.
1325 Locust Street Walnut Creek	\$1,450,000	3,024	\$479.50	N/A	1960	3/2/2012	Single story retail building, occupied by salon at close of escrow, but quickly vacated. Investor purchase and property was immediately put back on the market for lease and leased to a new salon.
1323 Locust Street Walnut Creek	\$1,150,000	3,564	\$322.67	N/A	1960	2/7/2012	Single story retail building, occupied by "Studio Blue" at close of escrow, but quickly vacated. Investor purchase and property was immediately put back on the market for lease.
100 Railroad Avenue	\$2,300,000	7,887	\$291.62	5.30%	1978	12/6/2011	Single story, multi-tenant commercial building. Purchased by financial planner who will initially occupy 800 s.f. and gradually move into 3,000 s.f. Office use grandfathered in and added value in sale.

Continued . . .



DANVILLE & AREA COMMERCIAL SALES COMPARABLES

ADDRESS	SALE PRICE	SQ. FEET	COST/ S.F.	CAP	BUILT	SALE DATE	COMMENTS
500 Hartz Avenue	\$1,080,000	2,871	\$376.18	N/A	1935	11/30/2011	"Amber Bistro" restaurant near Faz. 5,009 s.f. lot with 10 parking spaces. 46% LTV financing by Fremont Bank.
180 Hartz Avenue	\$3,850,000	10,811	\$356.12	N/A	2001	9/23/2011	High quality, high identity office/retail building at the corner of Hartz Avenue and W. Linda Mesa. .38 acre parcel with Chicago Title as anchor tenant.
271 Lafayette Circle Lafayette	\$1,200,000	2,500	\$480.00	N/A	1955	8/2/2011	Two story retail building one property south of Mt. Diablo Blvd. Purchased by owner/user with 30% cash down. Buyer will renovate building and open a cooking school.
337-343 Rheem Blvd. Moraga	\$1,400,000	4,304	\$325.28	N/A	1978	6/7/2012	Multi-tenant retail purchased by existing tenant, owner of "Chef Chao" restaurant. 50% down to new loan from California Bank of Commerce.
115-125 Hartz Avenue	\$2,600,000	6,030	\$431.18	6.60%	1946	3/28/2011	Multi-tenant retail purchased by Town of Danville. All cash purchase. Re-alignment of Hartz Avenue to occur as well as some re-tenanting at which time Town of Danville plans to remarket the property.
770 San Ramon Valley Blvd.	\$1,815,000	4,652	\$390.15	N/A	1978	6/7/2011	Two story office building, medical zoning, owner/user purchase. Class "B," 14,000 s.f. lot, 4.3 to 1 parking ratio.
AVERAGES	\$1,615,231	4,373	\$390.09	5.75%			



DANVILLE & AREA COMMERCIAL SALES COMPARABLE PHOTOS



294 Railroad Avenue



171 Hartz Avenue



120 West Linda Mesa



**2073 Mt Diablo Blvd
Walnut Creek**



**1325 Locust Street
Walnut Creek**



**1323 Locust Street
Walnut Creek**



100 Railroad Avenue



DANVILLE & AREA COMMERCIAL SALES COMPARABLE PHOTOS



500 Hartz Avenue



180 Hartz Avenue



**271 Lafayette Circle
Lafayette**



**337-343 Rheem Blvd
Moraga**



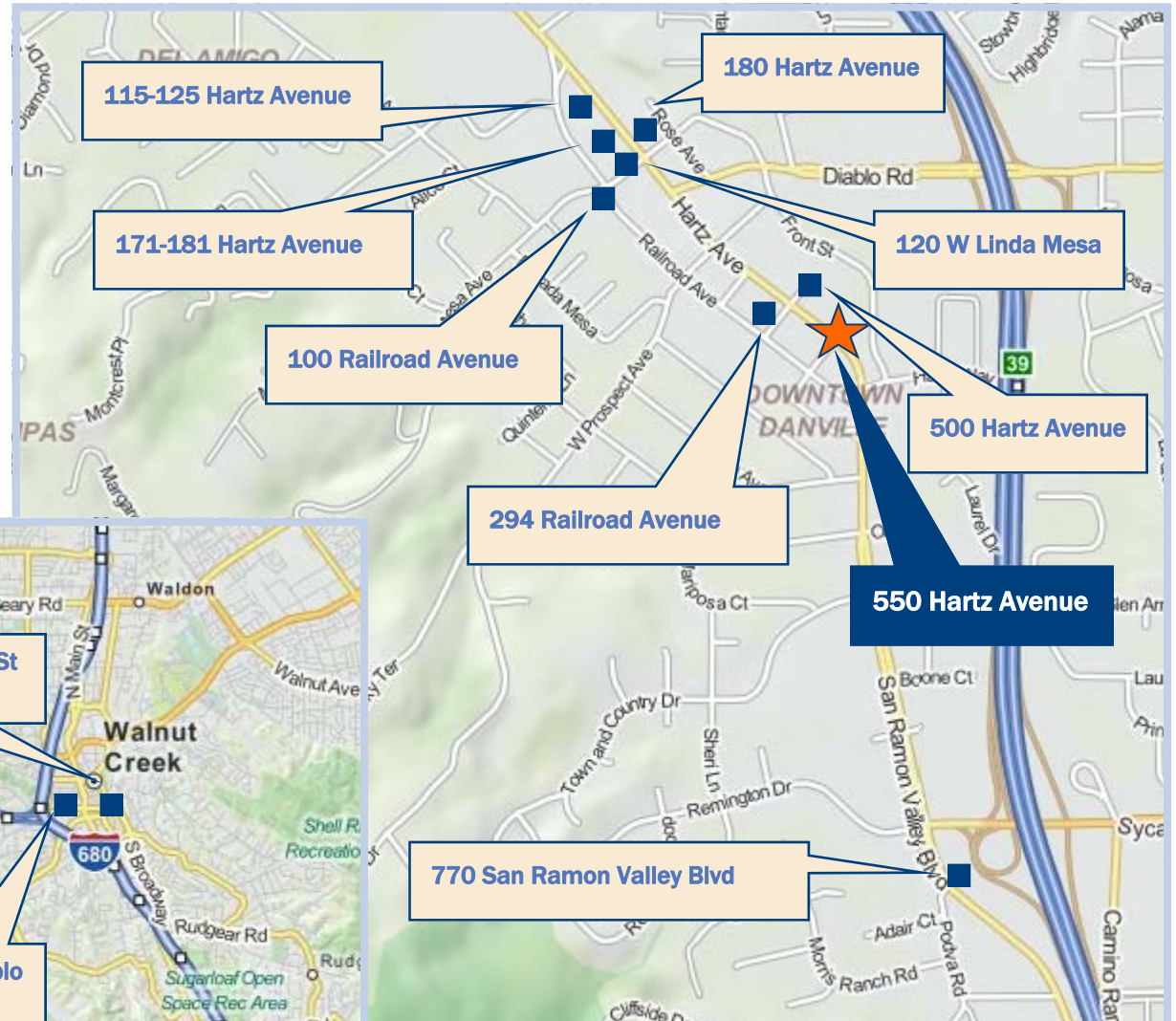
115-125 Hartz Avenue



770 San Ramon Valley Blvd



DANVILLE & AREA COMMERCIAL SALES COMPARABLE MAPS



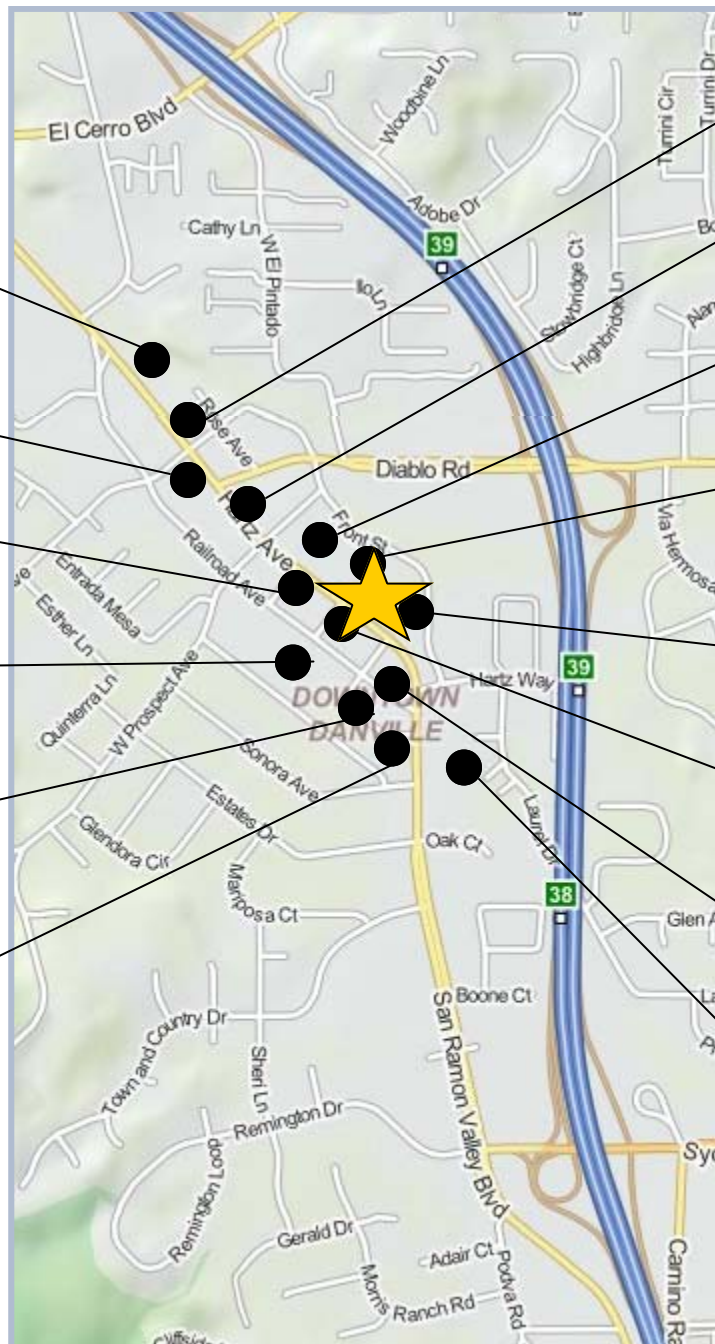


NEIGHBORHOOD AERIAL





CITY MAP



PETE'S BRASS RAIL

PAPYRUS



CHICAGO TITLE



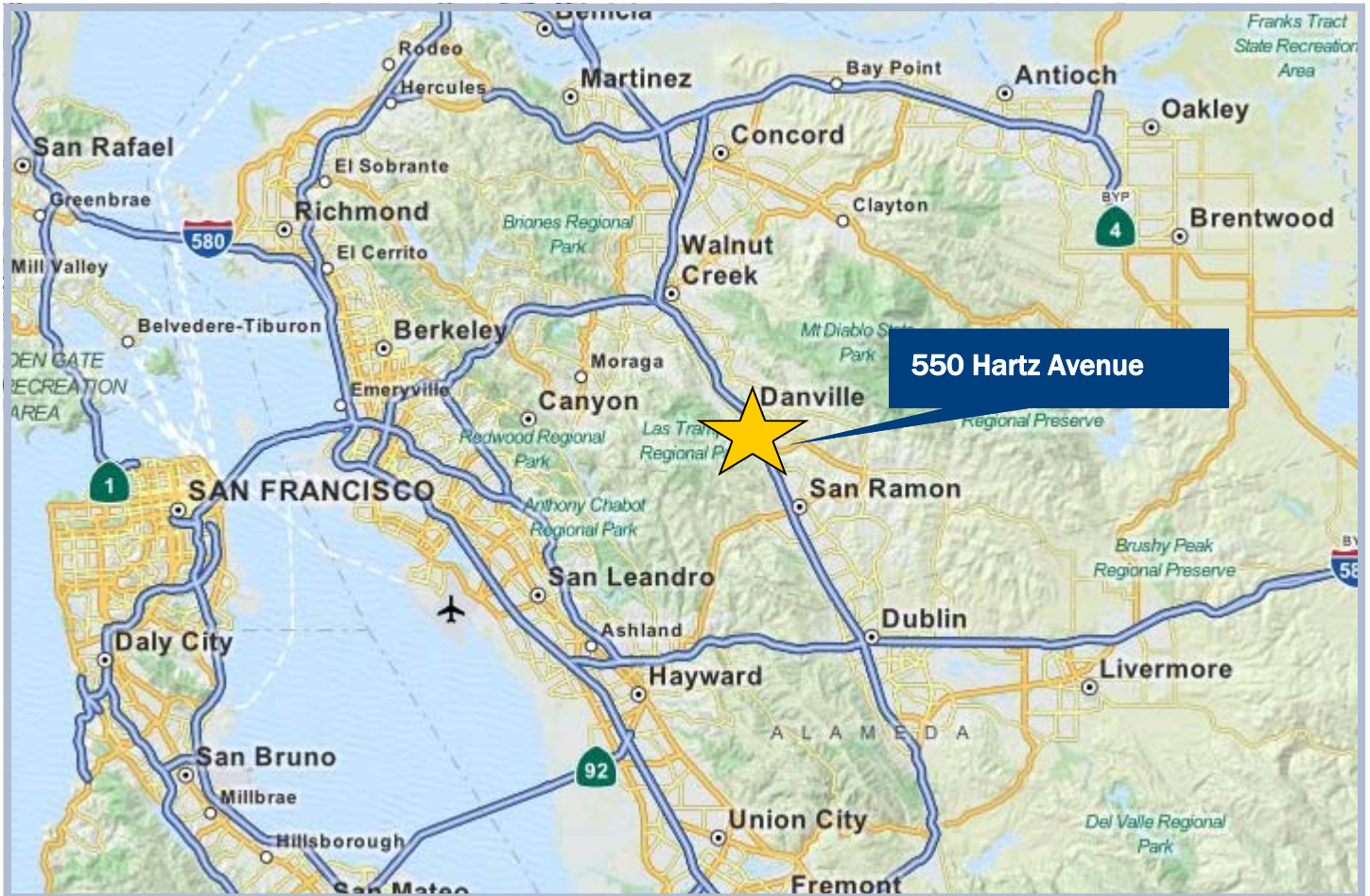
the basil leaf
café

CHICO'S

Radio Shack



REGIONAL MAP





PARCEL MAP

