

COMMERCIAL REAL ESTATE UPDATE

Summer 2015



For South Orange County Businesses & Property Owners

JOHNSTON PACIFIC
COMMERCIAL REAL ESTATE, INC.

Broadcom Breaks Ground at Great Park, Irvine

Broadcom broke ground in March on its first company-owned headquarters at the Great Park in Irvine. The tech giant is no stranger to Irvine, they moved to University Research Park in 2007, leasing about 900,000 square feet. They acquired 73-acres in the FivePoint Communities Great Park Neighborhoods. This will be the first mix-use commercial development in the community.

Broadcom plans to start building its first phase of construction of five buildings this summer, which will total about 1.1 million square feet. The completion of the first phase is scheduled for occupancy as soon as 2017. The second phase of construction is expected to be completed in 2018. **The first and second phases of the project will total 2 million square feet and is expected to cost about \$778 million (\$650 million to build and \$128 million for the land).**



Avago Technologies Ltd. has recently agreed to buy Broadcom for \$37 billion in cash and stocks. The buyout structure will consist of \$17 billion in cash and \$20 billion in stock, which is equivalent to 140 million of Avago's company shares. Avago is a Singapore based chip maker with a U.S. location in San Jose, California; specializing in chips for wireless communication, corporate data storage and industrial products.

Sources: Orange County Register and LA Times

Available Properties



FOR LEASE
11,540 sq. ft.
Second Floor Office
San Clemente



FOR SUBLEASE
2,000 sq. ft.
Office/Whse Unit
Lake Forest



FOR LEASE
8,624 sq. ft.
Office/Whse Building
Rancho Santa Margarita



FOR LEASE
9,135 sq. ft.
Second Floor Office
San Clemente

Please visit www.johnston-pacific.com for more information and to see all of our available properties. For a custom report of properties that meet your needs, please call Johnston Pacific at 949-366-2020.

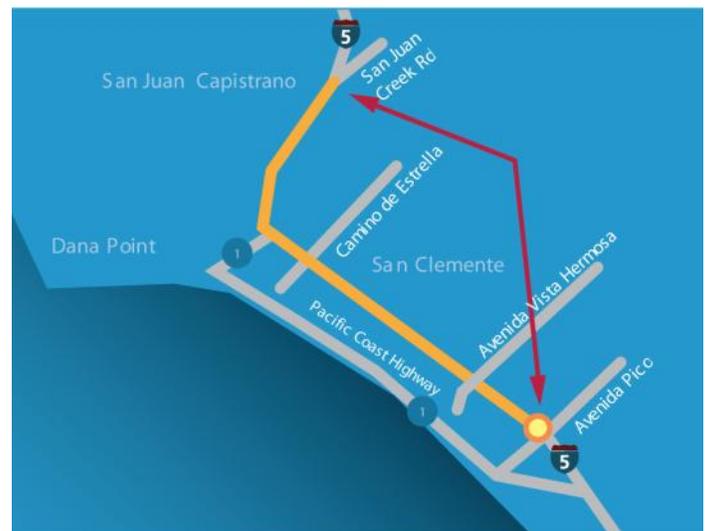
I-5 Freeway Improvements From San Juan Capistrano to San Clemente

The Orange County Transportation Authority's Interstate 5 widening project will demolish the current Avenida Pico overpass and replace it with a new bridge to include 10 lanes, including carpool lanes on both sides. Johnston Pacific's Jim Wynne spoke with Ken Bui with Jacobs Project Management Company, who is the consultant overseeing the final phase of the project.

Once the project is completed, San Clemente's benefits will include reduced street grid lock, quieter freeway noise (due to the use of rubberized asphalt surface) and better freeway traffic flow. **The improved traffic flow will help commerce by making it easier to move people and goods throughout the area.**

Ken Bui's advice to residents during the construction is to stay informed by knowing when closures are scheduled so that trips can be planned accordingly. The project is scheduled to be completed by November 2017.

The public can sign up to receive text message alerts from the I-5 South County Improvement Project. Text SOUTHOC5INFO to 67076 to begin receiving weekly text message alerts with important closure and detour information. More information can also be found at www.octa.net.



Just Sold or Leased



LEASED
3,166 sq. ft.
Office/Whse Unit
Rancho Santa Marg.



SOLD
5,272 sq. ft.
Office/Whse Condo
San Clemente



SOLD
22,044 sq. ft.
Industrial Leased Investment
San Clemente



LEASED
1,536 sq. ft.
Office/Whse Unit
Mission Viejo

For transaction details and to discuss your property value or rental rates, please call Johnston Pacific at 949-366-2020.

Local Brewmaster

Artifex: someone who carries out work that requires a certain specialty or skill; artisan, craftsman. The team at Artifex Brewing Company in San Clemente aims to instill this definition into their brewing each and every day.



Last August, Chris Gort, Johnny Johur, Nicholas Cordato and Tom Cordato poured their west coast brewing traditions and expertise into creating unique craft beers that represent the California lifestyle. You can enjoy these brews in 50 bars and restaurants throughout Orange and San Diego Counties. Artifex's tasting room has become quite the popular destination in San Clemente. The mellow beach vibe inside and on the patio combined with reggae music coming through the speakers makes for a great environment to taste six to ten beers that are on tap every day.

Owner Tom Cordato plans to bottle Artifex beers, to be sold by retailers throughout Southern California.



Artifex Brewery
www.artifexbrewing.com

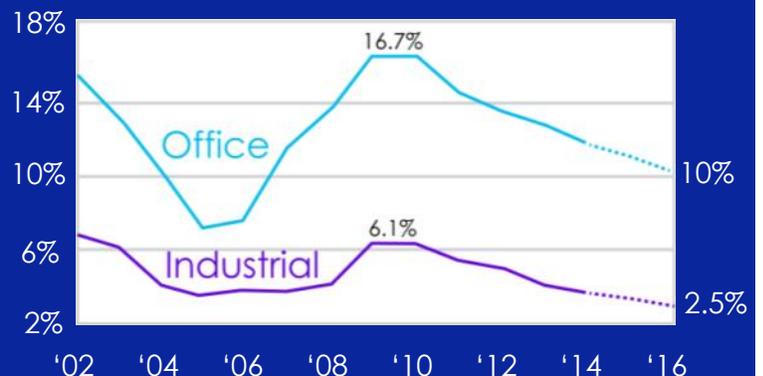
Business Telecommunications

Johnston Pacific recommends Wavetech Industries, with over 22 years experience in telecommunications. Structured cabling is more than just running wires to your business. There is a science to ensuring the bandwidth you need and pay for is actually available and functioning properly with your network. Wavetech Industries will ensure your structured cabling meets your high tech network equipment needs.

Wavetech Industries
949-325-0106



Orange County Vacancy Rates



Source: Chapman University Economic & Business Review

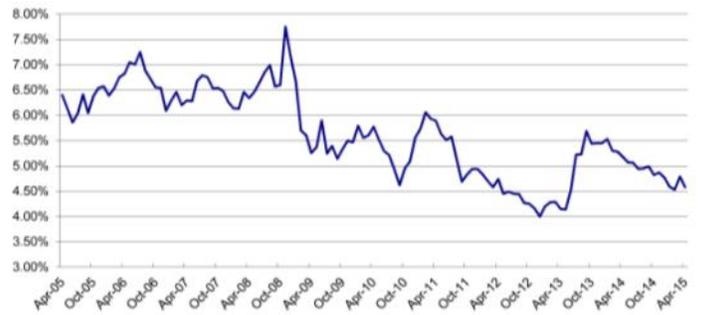
Johnston Pacific Commercial Real Estate, Inc.
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San Clemente, CA 92673

COMMERCIAL REAL ESTATE UPDATE



Commercial real estate financing rates remain near historically low levels.

Assuming a hypothetical financing of \$1M, an estimated 25 year fixed rate of 4.50% would equate to a monthly payment of just over \$5,500. If rates were to rise just one percent, the payment would increase by ~\$600 to over \$6,100 per month. Furthermore, a rise in interest of 2% would increase the monthly payment by ~\$1,200 to over \$6,700. Thus, at current rates, one could afford to finance about 10% more than if rates were just 1% higher and about 20% more than if rates were to rise 2%. For more commercial financing information and current interest rates, please contact Bank of the West.



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Your South Orange County Commercial Real Estate Experts



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We welcome your input. Send suggestions and feedback to reception@johnston-pacific.com.

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