

RANCHO SAN CLEMENTE & TALEGA BUSINESS PARK



# COMMERCIAL REAL ESTATE NEWSLETTER



Q4 2023



Money Making Tips & Information for Business Owners  
& Commercial Real Estate Investors that will increase their profit & cash flow.

## ANOTHER JOLLY CLIENT RECOMMENDS JOHNSTON PACIFIC

"I was in need of some extra storage space and needed it right away. Rob and his team were able to work quickly and professionally to find me a warehouse space and meet the deadline I had established. Their expert knowledge of the market really set them apart in this search and they were able to help my business continue to grow."

ERIC MILLER  
CEO & FOUNDER  
MILLER SUPPLY INC.

## FOR THE BUSINESS OWNER

Explore the world of sale-leasebacks, a strategic financial maneuver that involves using the equity from your property to propel the growth of your business without moving.

## FOR THE PROPERTY OWNER

Discover the significance of cap rates in the real estate market and how they can impact your property investment decisions.

## MARKET UPDATE

Read about current commercial availabilities and recent transactions in San Clemente and San Juan Capistrano.

## COMMUNITY NEWS

"Game, Set, Match!" - A Big Serve for Pickleball Lovers. Dive into the proposed project that could serve up 24 brand-new pickleball courts in our area.

JOHNSTON PACIFIC  
SOUTH ORANGE COUNTY'S TRUSTED NAME  
in Commercial Real Estate for over 32 Years.



view website

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## FOR THE BUSINESS OWNER

# Convert the Equity in Your Property to Liquid Cash Without Moving



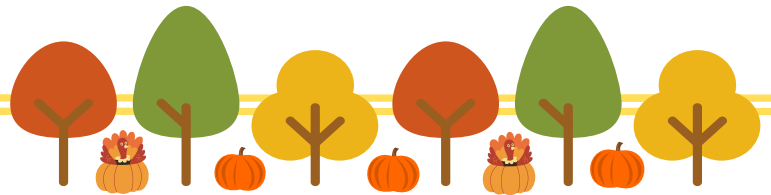
In today's shifting commercial real estate landscape, rising interest rates call for innovative strategies. Enter sale-leaseback transactions: a powerful tool benefiting both property owners and investors. Here's why they matter for your business:

- **Immediate Liquidity, Operational Control:** Gain near instant cash flow without sacrificing control by selling the property you occupy and leasing it back.
- **Financial Flexibility:** In uncertain times, convert real estate assets into liquid capital for growth, debt reduction, or expansion.
- **Stability Amid Market Volatility:** Lease agreements offer reliable income, shielding investors from economic uncertainty.
- **Efficient Operations:** Free your business from property management responsibilities for increased efficiency.
- **Diversification and Risk Mitigation:** Investors find stability in assets with steady cash flows.

In a dynamic commercial real estate landscape, sale-leasebacks stand as a smart financial move. Johnston Pacific specializes in these transactions, offering expertise for your strategic advantage. Explore this path to financial prosperity and operational excellence.

## FOR THE PROPERTY OWNER

# Cap Rates: A Quick Guide



Cap rates, formally known as capitalization rates, are more than just a metric; they are a strategic compass guiding both real estate investors and property owners through the intricate landscape of property evaluation and financial decision-making.

At its core, a cap rate is a percentage representing the expected return on investment (ROI) from a property. The cap rate is calculated by dividing the property's net operating income (NOI) by its current market value or acquisition cost.

### Cap Rates for Property Owners:

#### Property Valuation:

Cap rates play a pivotal role in estimating the current market value of an investment property. Property owners can utilize cap rates to determine an appropriate selling price when considering a property sale.

#### Performance Evaluation:

Property owners can monitor their property's performance by tracking changes in its cap rate over time. A consistent decrease in cap rate may suggest declining income or rising expenses, prompting necessary adjustments.

### Influencing Factors:

Location, property type, and prevailing market conditions exert substantial influence on cap rates. Investors and property owners must consider how these variables impact their specific investment or property. A nuanced understanding of these factors provides a competitive edge in decision-making.

### In Conclusion:

Cap rates are a universal metric that investors and property owners alike should master in the dynamic world of real estate. Whether you're evaluating potential investments, assessing property performance, or considering a sale, cap rates serve as an essential tool. By understanding and applying cap rates, you can make informed decisions that align with your financial goals and risk tolerance.

### Cap Rates for Investors

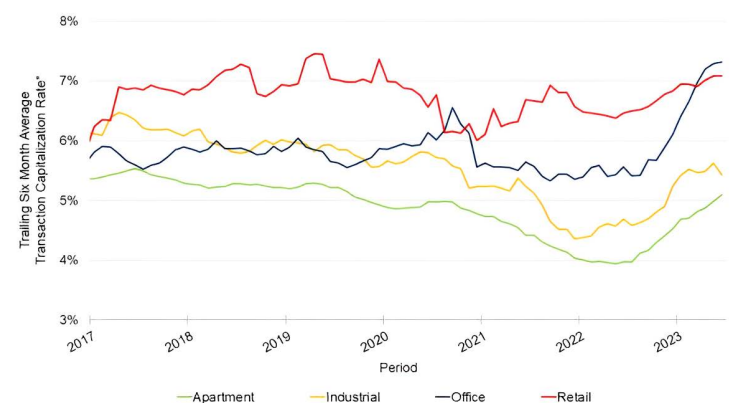
#### Property Evaluation:

Cap rates are a primary tool for assessing the potential of an investment property. Investors can compare cap rates of different properties to identify those offering higher potential returns. Higher cap rates may indicate opportunities for greater profits, but they can also come with higher associated risks.

#### Risk Assessment:

Cap rates provide insight into the level of risk associated with an investment. A higher cap rate typically implies a riskier investment, while a lower cap rate often signifies lower risk.

### Industrial Capitalization Rates Have Held Steady So Far in 2023



Source: CoStar, August 2023

\*Cap rates are weighted based on the dollar volume of each sale. Industrial, office, and retail cap rates are for sales of properties 50,000 square feet or larger. Apartment cap rates are for sales of properties with 50 or more units. Excludes bulk portfolio sales.





## CURRENT AVAILABILITY



### FOR SUBLEASE | 6,798 sf

**32707 Calle Perfecto,  
San Juan Capistrano**

6,798 sf Industrial unit with excellent freeway access and visibility. It has 1,512 sf of office/showroom area, 800 amps of power, 25' clearance, 1 ground-level door, and 5,286 sf of warehouse. Freeway sign available.

Sublease through 12-31-2026  
**Offered at \$1.85/sf Gross**



### AVAILABLE | 20.17 Acres

**Rancho San Clemente Business Par**

Offered on the market for the first time, this prime ocean-view parcel presents a rare opportunity to develop a much needed industrial park or large corporate headquarters in a product starved market.

**Call For Pricing**



### FOR LEASE | 3,165 sf

**209 Ave Fabricante, Suite 100  
San Clemente**

First-floor multi-tenant office suite with corner location, 4 window offices, large open office area, conference room, server room, and a kitchen/break room.

Available Now.  
**Offered at \$2.45/sf FSG**



### FOR SUBLEASE | 1,299 sf

**903 Calle Amanecer, Suite 125  
San Clemente**

First-floor unit with ample natural lighting and floor-to-ceiling windows throughout. 3 Window offices, open office area, conference room, and storage room.

Sublease through 6-30-2025  
**Offered at \$2.53/sf FSG**



### FOR SUBLEASE | 11,649'

**981 Calle Negocio 'O #**

First-floor industrial unit with a dock-high & ground-level loading door. The 3,994 sf of creative office space and 7,655 sf of warehouse boasts an interior truckwell, reception, 3 private offices, a break room, conference room, 20' clearance and an approx. 442 sf of bonus mezzanine storage

**Offered at \$1.50/sf Gross**

## RECENT TRANSACTIONS



### SOLD | 2,765 sf

**216 Ave Fabricante #205  
San Clemente**

Industrial condo with 2,204 of warehouse and 561 sf of office

**Asking Price: \$542.50/sf**



### SUBLEASED | 10,000 sf

**2712 McGaw Ave,  
Irvine**

An approximate 10,000 sq. ft. of dead warehouse storage space, which is part of a larger 40,110 sq. ft. freestanding industrial building.

**Asking Rate: \$1.50/sf Gross**



### LEASED | 25,500 sf

**120 Calle Iglesia, Unit A  
San Clemente**

Industrial building with 21,994 sf of warehouse, 3,506 sf of two-story office, 600 amps, and 2 ground-level loading doors

**Asking Rate: \$1.85/sf Gross**



### LEASED | 6,575 sf

**1202 Puerta Del Sol,  
San Clemente**

Freestanding industrial building with 1,000 sf of office, 5,575 sf of warehouse, 400 amps, and 16' clearance

**Off-Market Transaction**





# Community News



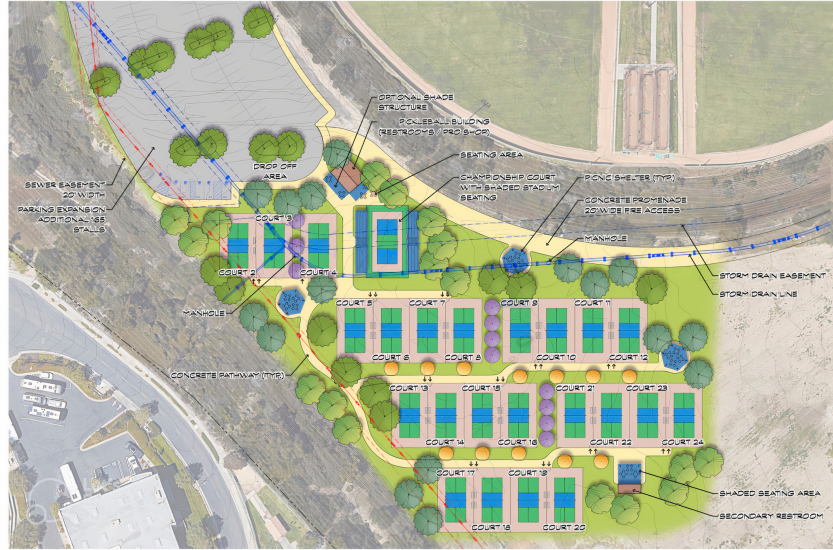
## PickleBall Fever

Concerns have arisen regarding an \$11 million project to install 24 pickleball courts at Richard T. Steed Memorial Park. The Beaches, Parks & Recreation Commission unanimously voted to postpone their decision on the preferred project design, opting for a special meeting before the next scheduled meeting in October to make a more informed recommendation to the City Council.

The commission, led by Commissioner Jennifer Elliott, expressed reservations about how the proposed designs would integrate with the existing Steed Park Master Plan, particularly concerning features like volleyball courts. City Manager Andy Hall assured the commission that rushing the project was unnecessary, emphasizing the importance of making a well-informed decision.

The \$11 million project includes a "championship court" for tournaments, additional parking spaces (including ADA-compliant spaces), a pickleball "pro shop," restrooms, and more. Three design options were presented, with Option C recommended by city staff.

However, concerns were raised about Option C potentially relocating sand volleyball courts and an off-leash dog park as per the updated Steed Park Master Plan. Commissioners expressed a desire for more public input on the overall plan's impact.



## MEET THE TEAM



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At Johnston Pacific Commercial Real Estate, Inc., our unwavering commitment to excellence drives everything we do. Our team of industry experts are dedicated to providing superior service, innovative solutions, and tangible results to business owners, tenants, landlords, and investors throughout Southern California. Specializing in the sale and leasing of industrial, office, and land assets, we have built a reputation for success that spans over three decades. With over 2,000 satisfied clients and nearly \$1 billion in completed transactions since 1991, you can trust us to deliver the exceptional results you deserve.

## SERVICES WE PROVIDE

Landlord Representation  
Seller Representation  
Tenant Representation  
Buyer Representation  
Investment Acquisitions

Sale & Leaseback Comparables Lease  
Renewal/Sublease Consulting  
Sale/Leaseback Analysis  
Leased Investment Proformas  
Provider of 1031 Exchange Options

Portfolio Analysis  
Lease Renewal Representation  
Facilities Solutions Checklist  
Associate Budget Reviews  
Advisory Services

Lender Referrals  
Land Acquisition  
Locating Tenants for Vacancies  
Post-closing Vendor Resources  
First-time Buyer Ownership Analysis

