

Marcus & Millichap
TAG INDUSTRIAL GROUP

HIGHLAND AVENUE SINGLE-TENANT 2192 WEST HIGHLAND AVENUE

SAN BERNARDINO, CA 92407

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Market Analysis • Demographic Analysis

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The background of the slide is a dark, blue-toned photograph of an industrial interior. It shows a large, multi-level structure with metal beams, pipes, and several hanging industrial lights. The lighting is dim, creating a moody atmosphere. The structure appears to be part of a factory or a large warehouse.

SECTION 1

INVESTMENT OVERVIEW

Marcus & Millichap

OFFERING SUMMARY

- 17,475-Square-Foot Flex Space and 29,300-Square-Foot Covered Intake on 3.24 Acres
 - Features 20'-24' Clear Height, Three Grade-Level Door, and One Dock-High Door
 - Fully Fenced Yard with Ample Parking and Outdoor Storage
 - Close Proximity to Major Thoroughfares, Commuter Rail, and Airport
 - Desirable Submarket with 4.4% Vacancy Rate, 7.0% Rent Growth (CoStar)

Marcus & Millichap is pleased to present the opportunity to acquire the property located at 2192 West Highland Avenue in San Bernardino. The subject property consists of approximately 46,775 square feet of flex space and is situated on 3.24 acres of land. A covered intake structure accounts for 29,300 square feet, while the remaining 17,475 square feet is concentrated in office and warehouse space in a separate building. The single-tenant asset features tilt-wall metal construction, one dock-high door, three grade-level doors, and a clear height between 20' and 24'. Fully enclosed by a masonry wall, the property contains 78 parking spaces and can easily accommodate additional outdoor storage. Sitting adjacent to State Route 210, the property has close proximity to additional major thoroughfares such as Interstates 215 and 15 and access to the San Bernardino commuter rail line. Located just 18.5 miles from the Ontario International Airport, the property is primely positioned in the San Bernardino submarket.

Over the last decade, San Bernardino has been one of the premier high-growth industrial submarkets in the nation. Over 68 percent of the submarket's massive 102 million square feet of inventory was delivered since 2013. However, new construction began to slow down in early 2021 as available land became limited. At the start of the fourth quarter of 2023, 2.5 million square feet of industrial space was under construction, representing just 2.5 percent of San Bernardino's inventory. The slowdown in construction activity will help to keep a lid on the vacancy rate, which rose to 4.4 percent in early Q4 but remains 90 basis points lower than the 10-year average. Like most market areas, annual rent growth steadily slowed in 2023 but sat well above the Consumer Price Index at 7.0 percent during Q4. Market rents averaged about \$12.10 per square foot during this time, offering tenants a 13 percent discount compared to the overall Inland Empire market (CoStar).

The Inland Empire, spanning 28,000 square miles in Southern California's Riverside-San Bernardino metro, is home to 4.6 million people. Riverside is the largest city, with over 330,000 residents, closely followed by Fontana and San Bernardino, each with approximately 222,000 inhabitants. It's a thriving logistics hub with major companies like Amazon and Deckers operating large distribution centers. The region's affordability, boasting a 63 percent homeownership rate and a median home price of around \$560,000, attracts people from neighboring counties. It's projected to add nearly 160,000 residents and 53,000 households by 2027, increasing the demand for new homes and rentals. Additionally, the Inland Empire offers cultural amenities and educational institutions and remains a popular choice for many Southern California residents.

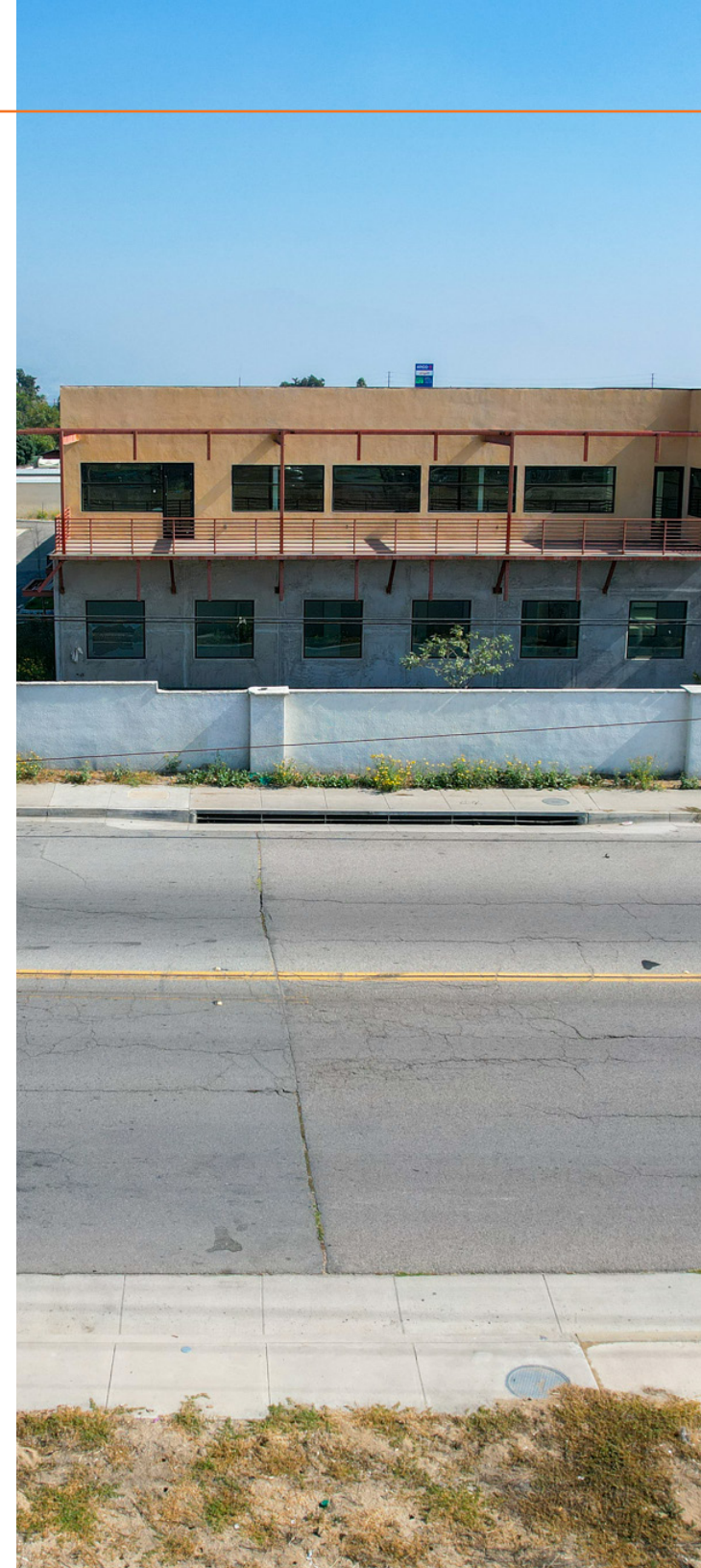
PROPERTY DETAILS

HIGHLAND AVENUE SINGLE-TENANT

2192 WEST HIGHLAND AVENUE, SAN BERNARDINO, CA 92407

Number of Suites	1
Number of Buildings	2
Total Square Feet	46,775
Warehouse Square Feet	9,194
Covered Intake/Storage	29,300
Office Square Feet	8,281
Office Ratio	18%
Year Built	1980/2019
Lot Size	3.24 Acres
Type of Ownership	Fee Simple
Clear Height	20'-24'
Parking Spaces	78
Parking Surface	Asphalt
Building Class	C
Tenancy	Single
Dock High Doors	1
Grade Level Doors	3
Sprinklers	Wet
Construction	Tilt Wall / Metal
Power	3-Phase, 480V / 1,200A
Type of Lighting	LED
Zoning	IL
Roof Type	TPO / Metal
Age/Condition of Roofs	New, 95% Completed (2021)
HVAC Units	7
Age/Condition of HVAC	New, 90% Completion (2020)
Market	Inland Empire
Submarket	San Bernardino
Market Vacancy	3.60%

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HIGHLAND AVENUE SINGLE-TENANT

2192 WEST HIGHLAND AVENUE, SAN BERNARDINO, CA 92407

OFFERING PRICE
Request for Offers

Offering Price	Request for Offers
Total Square Feet	46,775
Tenancy	Single
Occupancy	0.00%

*Lender-owned asset with mechanics lien encumbering property, currently in litigation. Title company willing to insure for full purchase price and indemnify buyer against mechanics lien.

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OPERATING STATEMENT

Income	Pro Forma	Per SF
Scheduled Base Rental Income	561,300	12.00
Expense Reimbursement Income		
Net Lease Reimbursement		
CAM	18,235	0.39
Insurance	60,020	1.28
Real Estate Taxes	75,181	1.61
Management Fees	16,839	0.36
Total Reimbursement Income	\$170,275	100.0% \$3.64
Effective Gross Revenue	\$731,575	\$15.64

Operating Expenses	Pro Forma	Per SF
Water	1,980	0.04
Trash Removal	4,561	0.10
Repairs & Maintenance	11,694	0.25
Insurance	60,020	1.28
Real Estate Taxes	75,181	1.61
Management Fee	16,839	3.0% 0.36
Total Expenses	\$170,275	\$3.64
Expenses as % of EGR	23.3%	
Net Operating Income	\$561,300	\$12.00

*ProForma expenses estimated. Property taxes TBD based on purchase price.



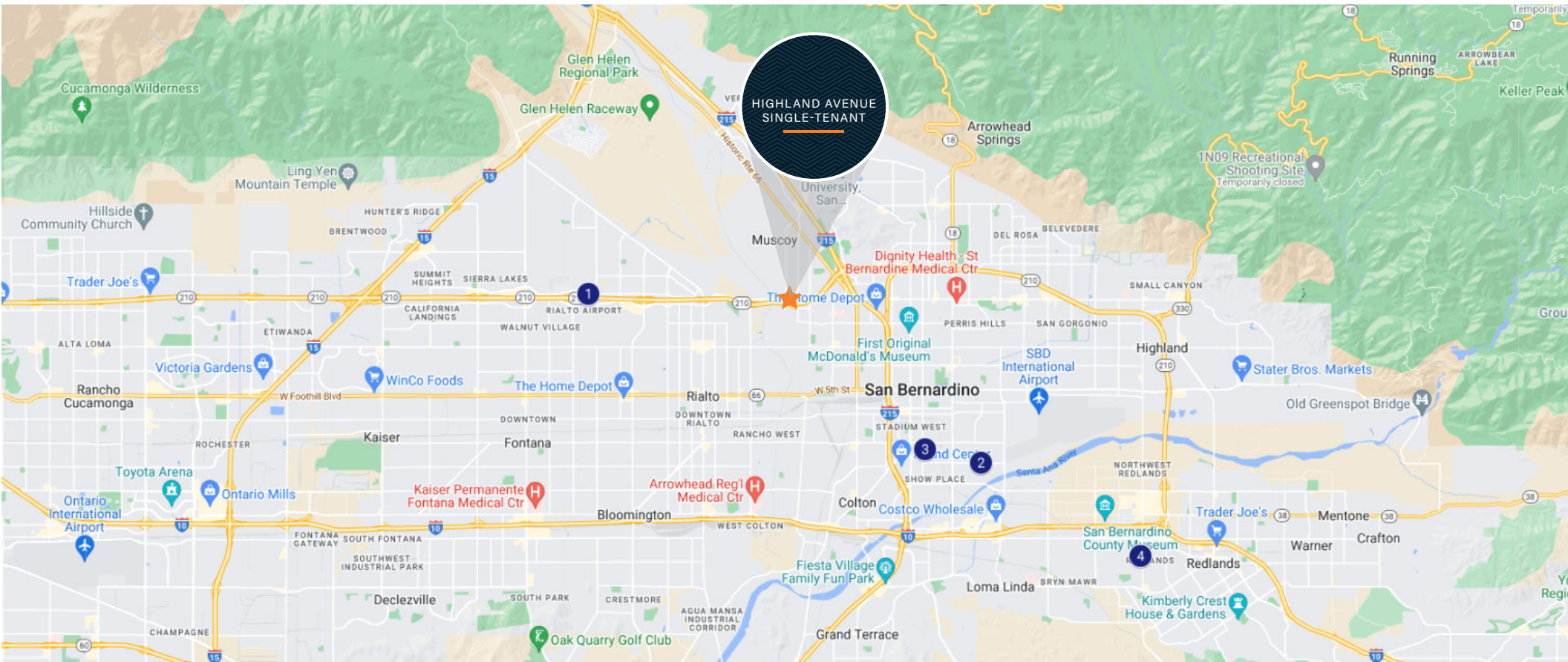


HIGHLAND AVENUE
SINGLE-TENANT



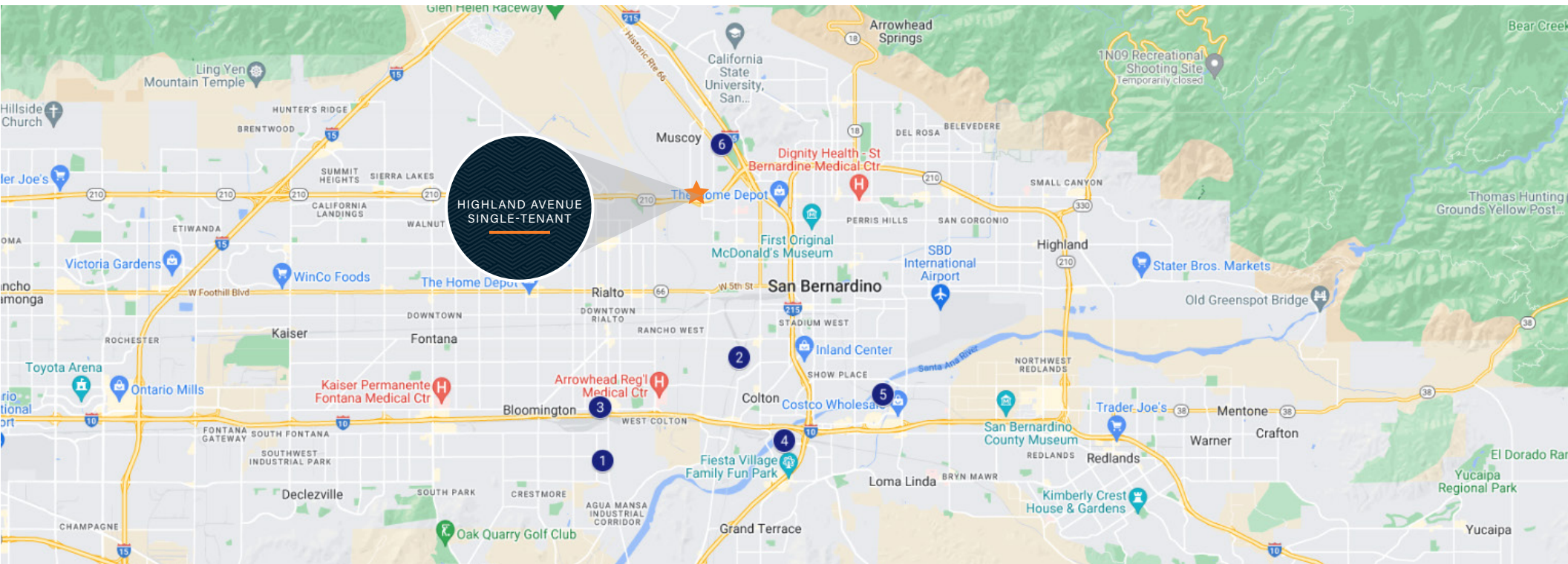
SALES COMPARABLES

PROPERTIES	CLOSE OF ESCROW	SALES PRICE	SQUARE FEET	PRICE PER SF	CAP RATE	YEAR BUILT	TENANCY	LOT SIZE (Acres)	CONSTRUCTION	NOTES
★ 2192 West Highland Avenue, San Bernardino, CA 92407	TBD	TBD	46,775	TBD	TBD	1980/2019	Single Tenant	3.24	Tilt Wall / Metal	Two Structures // 20'-24' Clear Height // Dock-High & Grade-Level Loading
1 2133 West Casmalia Street - Building 1, Rialto, CA 92377	1/23/2023	\$12,250,000	34,015	\$360.14	N/A	2023	Single Tenant	2.00	Tilt Wall	Class B // Owner-User // 28' Clear Height // Dock-High & Grade-Level Loading // Part of Three Building Development, 2023 Completion
2 750-760 East Central Ave & 765-791 South Gifford Avenue, San Bernardino, CA 92408	2/10/2023	\$26,000,000	156,717	\$165.90	5.33%	1987/1988/1989	Multi Tenant	12.52	Masonry	Gifford Business Park - Nine Industrial Properties & Land // Small Bay // 16'-18' Clear Height // Grade-Level Loading
3 603 South Arrowhead Avenue, San Bernardino, CA 92408	4/25/2023	\$9,100,000	32,300	\$281.73	N/A	1947	Single Tenant	4.43	Metal / Masonry	Owner-User // Five Structures // 20' Clear Height // Grade-Level Loading
4 401 Alabama Street, Redlands, CA 92373	5/2/2023	\$27,250,000	95,500	\$285.34	5.17%	2017	Multi Tenant	4.53	Tilt Wall	Class B // 30' Clear Height // Dock-High & Grade-Level Loading



LEASE COMPARABLES

PROPERTIES	LEASE COMMENCEMENT	LEASE RATE	RENTABLE SF	LEASE TYPE	YEAR BUILT	TENANCY	LOT SIZE (Acres)	CONSTRUCTION	NOTES
★ 2192 West Highland Avenue, San Bernardino, CA 92407	Vacant	\$1.00	46,775	NNN	1980/2019	Single Tenant	3.24	Tilt Wall / Metal	Two Structures // 20'-24' Clear Height // Dock-High & Grade-Level Loading
1 2575 South Willow Avenue, Bloomington, CA 92316	3/15/2023	\$1.40	61,820	NNN	1990	Single Tenant	3.88	Masonry	18' Clear Height // Turn Key Food Processing - Baking Facility // Dock-High & Grade-Level Loading // 10-Year, Six-Month Lease with 4% Escalations & Six Months Free Rent
2 1750 North 8th Street, Colton, CA 92324	4/1/2023	\$1.00	45,000	NNN	1984	Single Tenant	4.28	Tilt Wall	24' Clear Height // Dock-High & Grade-Level Loading // 12,155 SF Cold Storage // One-Year Lease to Beef Jerky Factory
3 280 West Valley Boulevard, Rialto, CA 92376	5/1/2023	\$1.00	36,947	FS	1989	Single Tenant	3.00	Tilt Wall	18' Clear Height // Dock-High & Grade-Level Loading // Six-Month Lease Signed by AC Pro
4 1501 Cooley Drive, Colton, CA 92324	5/1/2023	\$1.05	48,340	NNN	2004	Multi Tenant	7.41	Masonry	123,717 Building SF // 30' Clear Height // Dock-High & Grade-Level Loading // Sublease Through 11/30/25
5 1430-1450 Cooley Court, San Bernardino, CA 92408	5/19/2023	\$1.25	33,440	MG	1986	Single Tenant	2.49	Tilt Wall	24' Clear Height // Dock-High & Grade-Level Loading // Five-Year, Two-Month Term
6 3372-3392 North Mike Daley Drive, San Bernardino, CA 92407	8/11/2023	\$1.30	32,800	NNN	2008	Multi Tenant	9.62	Tilt Wall	218,808 Building SF // 30' Clear Height // Dock-High & Grade-Level Loading // Three-Year Sublease to San Bernardino County Superintendent of Schools



CAPABILITIES

MMCC—our fully integrated, dedicated financing arm—is committed to providing superior capital market expertise, precisely managed execution, and unparalleled access to capital sources, providing the most competitive rates and terms.

We leverage out prominent capital market relationships with commercial banks, life insurance companies, CMBS, private and public debt/equity funds, Fannie Mae, Freddie Mac, and HUD to provide our clients with the greatest range of financing options.

Our dedicated, knowledgeable experts understand the challenges of financing and work tirelessly to resolve all potential issues for the benefit of our clients.



Closed 2,143 debt
and equity
financings in 2022



National platform operating
within the firm's
brokerage offices



\$12.8 billion total
national volume
in 2022



Access to more capital sources
than any other firm in the
industry

WHY MMCC?

Optimum financing solutions to
enhance value

Enhanced control through MMCC's
ability to qualify investor finance
contingencies

Enhanced control through quickly
identifying potential debt/equity sources,
processing, and closing buyer's
finance alternatives

Enhanced control through MMCC's
ability to monitor investor/due diligence
and underwriting to ensure timely,
predictable closings

The background of the slide is a dark, blue-toned photograph of an industrial interior. It features a complex network of steel beams, girders, and pipes. Several large, dome-shaped industrial lights are visible, hanging from the ceiling. The overall atmosphere is gritty and industrial.

SECTION 2

MARKET OVERVIEW

Marcus & Millichap



RIVERSIDE-SAN BERNARDINO CALIFORNIA

Known as the Inland Empire, the Riverside-San Bernardino metro is a 28,000-square-mile region in Southern California, composed of San Bernardino and Riverside counties. The metro contains a population of 4.6 million. The largest city is Riverside, with more than 330,000 residents, followed by Fontana and San Bernardino, with roughly 222,000 people each. Valleys in the southwestern portion of the region that are adjacent to Los Angeles, Orange County and San Diego County are the most populous in the metro. These areas abut the San Bernardino and San Jacinto mountains, behind which lies the high-desert area of Victorville/Barstow to the north, and the low-desert Coachella Valley — home of Palm Springs — to the east.



STRATEGIC
LOCATION



DOMINANT
INDUSTRIAL
MARKET



STRONG
DEMOGRAPHIC
TRENDS



METROPLEX GROWTH

ECONOMY

Intermodal infrastructure supports the warehousing and distribution industry. Ontario International and the Southern California Logistics Airport in Victorville represent local cargo airports, with Union Pacific and BNSF operating rail facilities. The metro's standing as a logistics hub requires many Fortune 500 companies to have massive distribution centers in the area, such as Amazon and Deckers. Relatively affordable housing, compared with nearby counties, supports population growth. These gains heighten the need for housing, goods and services.



6%
MANUFACTURING



10%
PROFESSIONAL AND
BUSINESS SERVICES



16%
GOVERNMENT



11%
LEISURE AND HOSPITALITY



3%
FINANCIAL
ACTIVITIES



28%
TRADE, TRANSPORTATION,
AND UTILITIES



7%
CONSTRUCTION



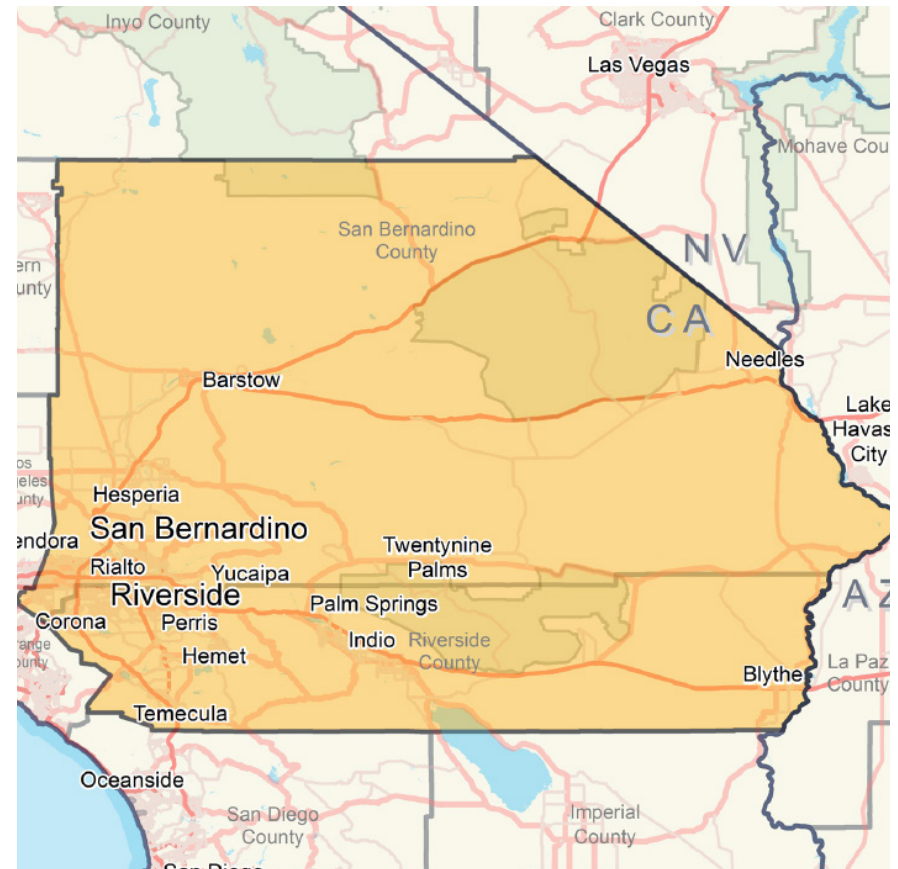
16%
EDUCATION AND
HEALTH SERVICES



1%
INFORMATION



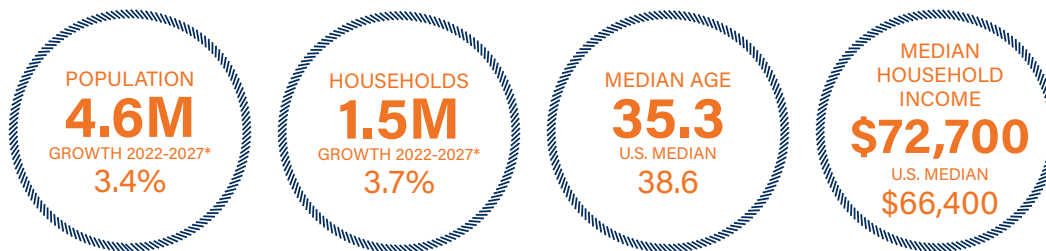
3%
OTHER SERVICES



METROPLEX GROWTH

DEMOGRAPHICS

The metro is expected to add nearly 160,000 people through 2027, and during this time, more than 53,000 households will be formed, generating demand for newly-built single-family homes and rentals. The homeownership rate of 63 percent exceeds other large metros in the state. The median home price of roughly \$560,000 is more affordable than other Southern California markets.



QUALITY OF LIFE

Regionally affordable housing continues to draw residents from other Southern California markets to the Inland Empire. The median home price in Riverside-San Bernardino is lower than in Los Angeles, Orange and San Diego counties. The Inland Empire provides cultural opportunities, including the Riverside Metropolitan Museum and the Ontario Museum of History & Art. The Riverside County Philharmonic performs classical music concerts throughout the area. The region features an impressive offering of higher education institutions, including nine community colleges, California State University, San Bernardino, the University of Redlands and the University of California, Riverside.



DEMOGRAPHICS



365,031

Total Population
Within 5 miles



\$69,763

Average Household Income
Within 5 miles



140,310

Employees
Within 1 Mile

DEMOGRAPHICS

POPULATION	1 Mile	3 Miles	5 Miles
2027 Projection			
Total Population	11,999	152,952	369,684
2022 Estimate			
Total Population	11,808	151,041	365,031
2010 Census			
Total Population	11,290	143,150	347,227
2000 Census			
Total Population	9,709	128,815	309,991
Daytime Population			
2022 Estimate	6,255	105,327	303,575
HOUSEHOLDS	1 Mile	3 Miles	5 Miles
2027 Projection			
Total Households	2,756	40,180	98,257
2022 Estimate			
Total Households	2,716	39,681	97,165
Average (Mean) Household Size	4.2	3.7	3.6
2010 Census			
Total Households	2,576	37,394	91,848
2000 Census			
Total Households	2,349	36,023	87,961

HOUSEHOLDS BY INCOME	1 Mile	3 Miles	5 Miles
2022 Estimate			
\$200,000 or More	0.6%	1.7%	2.2%
\$150,000-\$199,999	2.4%	4.3%	4.6%
\$100,000-\$149,999	10.1%	13.4%	14.1%
\$75,000-\$99,999	12.7%	15.5%	15.3%
\$50,000-\$74,999	19.3%	18.7%	18.3%
\$35,000-\$49,999	15.3%	14.7%	13.8%
\$25,000-\$34,999	13.5%	10.3%	10.2%
\$15,000-\$24,999	10.0%	9.5%	9.3%
Under \$15,000	16.2%	12.0%	12.2%
Average Household Income	\$54,818	\$67,414	\$69,763
Median Household Income	\$45,732	\$53,802	\$55,153
Per Capita Income	\$12,774	\$17,945	\$18,924
POPULATION PROFILE	1 Mile	3 Miles	5 Miles
Population By Age			
2022 Estimate Total Population	11,808	151,041	365,031
Under 20	36.7%	33.1%	32.8%
20 to 34 Years	23.9%	24.6%	24.5%
35 to 39 Years	6.7%	6.8%	6.9%
40 to 49 Years	11.4%	11.7%	11.9%
50 to 64 Years	12.9%	14.5%	14.8%
Age 65+	8.4%	9.2%	9.1%
Median Age	28.1	30.0	30.3
Population 25+ by Education Level			
2022 Estimate Population Age 25+	6,507	88,556	215,859
Elementary (0-8)	21.0%	15.0%	14.5%
Some High School (9-11)	24.0%	18.4%	17.4%
High School Graduate (12)	27.1%	30.3%	30.6%
Some College (13-15)	16.1%	20.4%	21.0%
Associate Degree Only	6.7%	6.2%	6.3%
Bachelor's Degree Only	4.2%	6.9%	7.3%
Graduate Degree	0.9%	2.7%	2.9%
Travel Time to Work			
Average Travel Time to Work in Minutes	32.0	32.0	31.0

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