



**1631-1633 6TH AVE | SAN DIEGO, CA 92101**

OFFERING MEMORANDUM



# MILL AT CORTEZ

1631-1633 6TH AVE  
SAN DIEGO, CA 92101

EXCLUSIVELY LISTED BY:

## BROKER OF RECORD

DAVID HARRINGTON

License No. 02168060 (CA)







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# PROPERTY OVERVIEW

MILLS AT CORTEZ | SAN DIEGO, CA



# INVESTMENT HIGHLIGHTS

## PROPERTY & LEASE HIGHLIGHTS

- The Mills at Cortez is a High-Street retail asset secured by two net leases.
- 8.2% increase in the rental income by 4/1/24 (assumes 7-Eleven Renewal)
- Corporate-guaranteed 7-Eleven with 15+ year operating history at location. (Currently in First Option)
- Barber Craft recently executed a new 5-year lease with 2, three-year options showing further commitment to site.
- Prime downtown location positioned immediately between the I-5, 163 and 94 freeways and accessible by foot traffic by surrounding neighborhoods such as Bankers Hill and Little Italy.







# FINANCIAL OVERVIEW

MILLS AT CORTEZ | SAN DIEGO, CA



## PROPERTY OVERVIEW

<b>Name</b>	Mills at Cortez
<b>Address</b>	1631-1633 6th Ave
<b>City</b>	San Diego
<b>State</b>	CA
<b>APN</b>	534-011-12-71
<b>Year Renovated</b>	2004
<b>Gross Leasable Area</b>	±3,303 SF
<b>Total Tenants</b>	2
<b>Current Occupancy</b>	100%
VALUATION	
<b>Price</b>	\$2,288,084
<b>Price Per Foot</b>	\$692.73
<b>NOI</b>	\$108,684
<b>Cap Rate</b>	4.75%
<b>Weighted Average Lease Term (WALT)</b>	29 Months



# 7-ELEVEN LEASE ABSTRACT

BASIC LEASE PROVISION OVERVIEW	
Tenant Trade Name	7-Eleven
Gurantor	7-Eleven, Inc.
Lease Effective Date	Tuesday, March 31, 2009
Option #1 Commencement	Wednesday, May 1, 2019
Lease Expiration Date	Tuesday, April 30, 2024
Original Lease Term	10 Years
Estoppel	Within 30 days of receipt of request
Remaining Options to Renew:	Two - Five Year Options
First Right of Refusal	None
Days to Notify landlord to exercise option	180 days prior to the expiration of the Term or the Extended Term
Date of Notification deadline	Wednesday, October 30, 2024
Increases	10% occuring at each exercised Option
REPAIRS & MAINTENANCE RESPONSIBILITIES	
Lease Type	NNN
Real Estate Taxes	Tenant responsibility
Insurance	Tenant responsibility
Utilities	Tenant responsibility
Maintenance & Repair	All Common Areas within the Building shall be maintained by the Association or the Tenant
Association Fee	Tenant is fully responsible for their prorata share (72%)



# BARBER CRAFT LEASE ABSTRACT

## BASIC LEASE PROVISION OVERVIEW

<b>Tenant</b>	Barber Craft
<b>Gurantor</b>	Personal Guarantor
<b>Original Rent Commencement</b>	Monday, October 1, 2018
<b>Option #1 Commencement</b>	Sunday, January 1, 2023
<b>Lease Expiration:</b>	Sunday, December 31, 2028
<b>Estoppel</b>	Within 10 days after written notice from the other Party
<b>Remaining Options to Renew:</b>	Two - Three Year Options
<b>First Right of Refusal</b>	None
<b>Days to Notify landlord to exercise option</b>	At least six (6) and no more than nine (9) months
<b>Date of Notification deadline</b>	Friday, June 30, 2028

## REPAIRS & MAINTENANCE RESPONSIBILITIES

<b>Lease Type</b>	NNN
<b>Real Estate Taxes</b>	Tenant responsibility
<b>Insurance</b>	Tenant responsibility
<b>Utilities</b>	Tenant responsibility
<b>Maintenance &amp; Repair</b>	All Common Areas within the Building shall be maintained by the Association or the Tenant
<b>Association Fee</b>	Tenant is fully responsible for their prorata share (28%)



## PRO FORMA

YEAR						
	Total	\$ PSF	Total	\$ PSF	Total	\$ PSF
<b>Income</b>						
Rental Income	\$108,685	\$32.91	\$108,684	\$32.90	\$108,684	\$32.90
Vacancy Factor (%)	0.00%		0.00%		0.00%	
Reimbursement Revenue	\$20,285	\$6.14	\$30,039	\$9.09	\$39,637	\$12.00
Effective Gross Revenue	\$128,970	\$39.05	\$138,724	\$42.00	\$148,321	\$44.91
<b>Expenses</b>						
Reimbursement Revenue	\$19,144	\$5.80	\$32,842	\$9.94	\$32,842	\$9.94
Effective Gross Revenue	\$495	\$0.15	\$495	\$0.15	\$495	\$0.15
Management Fees (3% EGI)	\$6,300	\$1.91	\$6,300	\$1.91	\$6,300	\$1.91
<b>Total Operating Expenses</b>	<b>\$25,939</b>	<b>\$7.85</b>	<b>\$39,637</b>	<b>\$12.00</b>	<b>\$39,637</b>	<b>\$12.00</b>
<b>Net Operating Income</b>	<b>\$103,031</b>	<b>\$31.19</b>	<b>\$99,086</b>	<b>\$30.00</b>	<b>\$108,684</b>	<b>\$32.90</b>

## RENT ROLL

TENANT	GLA (SF)	LEASE START	LEASE END	TYPE	% OF GLA	MONTHLY RENT (\$)	\$PSF/ MONTH	ANNUAL RENT (\$)	\$PSF/ YEAR	RENT INCREASE DATE	NEW MONTHLY RENT (\$)	OPTION (S) RENT
7-Eleven	2,367	3/31/2009	3/31/2024	Shops	71.66%	\$6,806	\$2.88	\$81,672	\$34.50	04/01/24	\$7,486.71	Two - Five Year
Barber Craft	936	1/1/2023	12/31/2028	Services	28.34%	\$2,251	\$2.40	\$27,012	\$28.86	01/01/24	\$2,318.54	Two - Three Year
<b>Averages</b>	<b>2 Suites</b>	<b>3,303 SF</b>			<b>100%</b>	<b>\$9,057</b>	<b>\$2.74 PSF</b>	<b>\$108,684</b>	<b>\$32.90 PSF</b>			





# TENANT OVERVIEW

MILLS AT CORTEZ | SAN DIEGO, CA





## 7-ELEVEN

7-Eleven, Inc. is a multinational chain of retail convenience stores, headquartered in Dallas, Texas. 7-Eleven operates, franchises, and licenses 78,029 stores in 19 countries and territories as of November 2021.

While operating under its namesake brand globally, within the United States it operates as 7-Eleven nationally, as Speedway nationally but mostly in the Midwest & East Coast, and as Stripes Convenience Stores within the South-Central United States; both Speedway and Stripes operate alongside 7-Eleven's namesake stores in several markets.



### Credit Rating

A



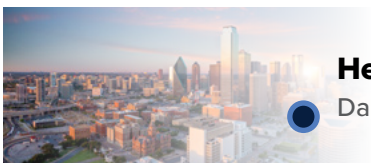
### Locations

78,000+



### Market Cap

38.63B+



### Headquarters

Dallas, TX







## BARBER CRAFT

At Barber Craft we provide classic and modern barbering services that include haircuts, beard trims and shaves. Specialize in fades and scissor work. We do hot towel shaves with beard work or clean shaves, whichever is your preference. We have 25+ years experience. Enjoy a cold beverage while we help you look your best!



### Credit Rating

Regional Credit – Personal Guarantor



### Locations

1+





VANTAGE POINTE CONDOMINIUMS  
BUILT IN 2008 | 679 UNITS

DISCOVERY AT CORTEZ HILL  
BUILT IN 2022 | 199 UNITS



wework



TOWNEPLACE  
SUITES<sup>®</sup>  
BY MARRIOTT



DOWNTOWN FAMILY HEALTH  
CENTER AT CONNECTIONS



BEECH TOWER CONDOS  
36 UNITS



PELICAN STAY  
SAN DIEGO

ELLIOTT ARMS  
APARTMENTS

THE MILLS AT CORTEZ HILL  
133 CONDO UNITS

SUBJECT PROPERTY

NEW DEVELOPMENT  
(MULTI-FAMILY)  
120 UNITS

SIXTH AVE







GRAND  
HYATT®



BAYSIDE BY BOSA CONDOS  
BUILT IN 2009 | 332 UNITS



SUBJECT PROPERTY

ALOFT ON CORTEZ HILL  
CONDOMINIUMS  
168 UNITS

SAN DIEGO  
CIVIC CENTER PLAZA

SAN DIEGO  
CITY HALL

SAN DIEGO  
CENTRAL COURTHOUSE



TWEET STREET  
LINEAR PARK

SAN DIEGO FWY ± 104,000 VPD



AHEAD AHEAD





# AREA OVERVIEW

MILLS AT CORTEZ | SAN DIEGO, CA



## SAN DIEGO, CA

With its great weather, miles of sandy beaches, and major attractions, San Diego is known worldwide as one of the best tourist destinations and a great place for residents to relax year-round. California's second-largest city and the United States' eighth largest, San Diego boasts a metro population of 1.38 million residents and more than 3.29 million residents countywide. Within its borders of 4,200 sq. miles, San Diego County encompasses 18 incorporated cities and numerous other charming neighborhoods and communities, including downtown's historic Gaslamp Quarter, Little Italy, Coronado, La Jolla, Del Mar, and Carlsbad, just to name a few.

### DEMOGRAPHICS

POPULATION	1 - MILE	3 - MILE	5 - MILE
2027 Projection	13,118	91,444	203,165
2022 Estimate	13,227	92,331	201,339
2010 Census	12,877	90,283	189,750
Growth 2010-2022	2.72%	2.27%	6.11%
HOUSEHOLDS	1 - MILE	3 - MILE	5 - MILE
2027 Projection	5,395	35,248	75,222
2022 Estimate	5,209	34,188	71,704
2010 Census	5,046	33,618	67,779
Growth 2010-2022	3.58%	3.1%	4.91%
HH INCOME	1 - MILE	3 - MILE	5 - MILE
2022 Est Avg HH Income	\$144,828	\$149,689	\$162,033

**DOWNTOWN SD POPULATION**  
**5-MILE RADIUS 203,165**

**TOTAL EMPLOYER FIRMS**  
**±69,875 (2017)**





**#3 IN BEST CITIES FOR RECREATION**  
(WALLETHUB, 2021)

**#4 IN THE 15 MOST SUSTAINABLE CITIES IN THE U.S.**  
(ROCKET HOMES, 2021)

**#9 IN MOST PET-FRIENDLY CITIES**  
(WALLETHUB, 2021)



## SAN DIEGO COUNTY

San Diego County is a county in the southwestern corner of the state of California. As of 2021, the population of the county is 3.34 million residents, making it California's second-most populous county and the fifth-most populous in the United States. It's county seat is San Diego, the eighth-most populous city in the United States. It is the southwestern most county in the 48 contiguous United States and is a border county.

With more than 70 miles of coastline, state-of-the-art hotel and convention spaces, and an array of entertainment options throughout the region, San Diego is positioned as one of the top visitor and convention destinations in the world. San Diego hosts nearly 35.1 million visitors each year and is a top U.S. travel destination. San Diego visitors spend nearly \$11.6 billion annually. The industry generates \$848 million annually in state and local transient occupancy, sales, and property taxes. San Diego's world-class waterfront and award-winning international airport make it accessible from destinations across the globe.

Critical to the region, San Diego's tourism economy is one of San Diego's three core traded economies, along with the region's innovation and military economies. Tourism employs more than 199,800 people in a variety of positions including lodging, food service, attractions, and transportation.

There are also 16 naval and military installations of the U.S. Navy, U.S. Marine Corps, and the U.S. Coast Guard in San Diego County. These include the Naval Base San Diego, Marine Corps Base Camp Pendleton, Marine Corps Air Station Miramar, and Naval Air Station North Island.



# ECONOMY

With its warm, year-round climate, 70 miles of sun-soaked coastline, and world-famous attractions, San Diego is a top tourist destination. But this Southern California metropolis with a laidback vibe is also home to cutting-edge businesses in life sciences, genomics, biotechnology, telecommunications, Smart City technology, software, electronics, and other major innovative industries. Additionally, San Diego is one of the most pet-friendly cities in the country.

The vitality of San Diego's economy is reliant upon the strength of the region's four economic drivers - innovation, military, tourism, and local. San Diego is one of the top 10 visitor and meeting destinations in the U.S., with a growing sector focused on arts and culture. More than 35 million people visit San Diego each year. Many of San Diego's business leaders first visited the region as a tourist or convention delegate. Tourism, a key driver behind the region's local economy, accounted for 13 percent of the region's total jobs. Overall, San Diego has a gross metro product of \$264 billion.



To view more click here: <https://www.sandiego.gov/economic-development/sandiego/facts>



# NEW DEVELOPMENTS

Manchester Pacific Gateway is a \$1.5 billion waterfront development. The project consists of a 1,035-room hotel, 1.9-acre plaza, retail & dining spaces, a 17-story Navy Region Southwest Headquarters, and another 5 blocks for San Diego Research and Development District. The first phase is planned to be completed by summer of 2023.

A recent enhancement to Downtown San Diego is the North Embarcadero Visionary Plan which is now open to the public. The project includes upscale restaurants and hotels, a new park, and a cruise ship terminal. The plan has made downtown more walkable and in turn will drive more people to visit. Buildings within this district include Bayside, Electra, The Grande & Sapphire Tower, Savina and Pacific Gate.

Covering 8 acres of land along the coast is Waterfront Park, a \$49.4 million project that is now finished. The green landscape surrounds the historic County Administration Building. The park includes water features, play areas, and walking paths. It is one of the few green open spaces in Downtown San Diego. It is just a few blocks away from the Columbia District, giving residents the perfect spot for a green alternative view.

IQHQ Research and Development District is currently being developed and the first phase is set to be completed in 2023. The project is an 8-acre waterfront site that will host 5 buildings. The hope is to attract top tier biotech companies to downtown San Diego which will in turn create many more jobs. The \$1.5 billion project will most impact the Columbia District of Downtown but will have a great economic impact on San Diego as a whole.

The Lane Field project was completed in 2018 and still serves the area as a scenic park along San Diego's waterfront. The park is next to the Intercontinental and Marriott hotels. The site includes 3 hotel towers totaling 800 rooms, 2 acres of green park, and 60 thousand sq ft of retail and restaurant space.

In addition, a new development is projected to take place south east of Sixth and Cedar. Projecting roughly 120 units with 50% dedicated to affordable housing. The community will include an amenity component which includes retail to serve the community along Sixth Avenue. Breaking ground is anticipated to happen in early 2024, with construction completion occurring towards the end of 2025.



To view more click here: <https://svpremier.com/downtown-san-diego/redevelopment-projects/>





## BALBOA PARK

Encompassing more than 1,200 lush acres, Balboa Park is one of the most popular destinations in San Diego and is the nation's largest urban cultural park. Located just minutes away from downtown, Balboa Park is home to 17 major museums, several performing arts venues, stunning gardens, and many cultural and recreational attractions, such as San Diego Zoo. With all its attractions, Balboa Park welcomes more than 12 million visitors per year.



## SAN DIEGO ZOO

San Diego Zoo is home to more than 4,000 fascinating animals, such as koalas, tortoises, leopards, peacocks, and many more. Discover the wonders of wildlife at this family-friendly attraction within Balboa Park. San Diego Zoo welcomes over 4 million visitors each year.



## SEAWORLD SAN DIEGO

Located in Mission Bay Park, SeaWorld San Diego showcases world-class animals shows, presentations, and exhibits. Encompassing more than 100 acres, SeaWorld is home to incredible animals exhibits including orcas, belugas, otters, walruses, sharks, sea turtles, bat rays, sea lions, pilot whales, penguins, dolphins, flamingos, eels, tropical birds, and many more. Overall, SeaWorld San Diego sees over 4 million visitors a year.



## CONFIDENTIALITY & DISCLOSURE AGREEMENT

This Offering Memorandum contains select information pertaining to the business and affairs located at **1631-1633 6th Ave, San Diego, CA 92101** ("Property"). The Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews Real Estate Investment Services. The material and information in the Offering Memorandum is unverified. Matthews Real Estate Investment Services has not made any investigation, and makes no warranty or representation, with respect to square footage, income and expenses, the future financial performance of the property, future rent, and real estate value market conditions, the condition or financial prospects of any tenant, or the tenants' plans or intentions to continue to occupy space at the property. All prospective purchasers should conduct their own thorough due diligence investigation of each of these areas with the assistance of their accounting, construction, and legal professionals, and seek expert opinions regarding volatile market conditions given the unpredictable changes resulting from the continuing COVID-19 pandemic. The information is based in part upon information supplied by the Owner and in part upon financial information obtained from sources the Owner deems reliable. Owner, nor their officers, employees, or real estate agents make any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum, or any of its content, and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein.

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2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

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If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Matthews Real Estate Investment Services or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.



# 7-ELEVEN STRIP CENTER | DOWNTOWN SAN DEIGO

1631-1633 6TH AVE | SAN DIEGO, CA 92101

OFFERING MEMORANDUM



## EXCLUSIVELY LISTED BY



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