OFFERING MEMORANDUM

1806 W SHERMAN ST

Renovated contractor yard with office
C-3 commercial • Owner-user or investor

PHOENIX, AZ 85007

$319,900
LIST PRICE

9.00%
CAP RATE ON BASE NNN RENT

EXCLUSIVELY PRESENTED BY

GRAYSON REAL ESTATE
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OFFERING

Commercial / Flex
Delivered Vacant
August 2026

EXECUTIVE SUMMARY

1806 W SHERMAN STREET • PHOENIX, AZ 85007

$319,900	$2,400	$28,800	9.00%	C-3
LIST PRICE	BASE RENT / MO NNN	PROJECTED ANNUAL NOI	CAP RATE ON LIST	ZONING

THE OFFERING

1806 W Sherman Street is a fully renovated commercial property in central Phoenix, currently improved as a contractor yard with a standalone office building. The property is zoned C-3, the general commercial district, and is offered at $319,900 delivered vacant, positioning it for either an owner-operator seeking to occupy or an investor placing a tenant at market rent.

The improvements have been brought to turnkey condition through a recent capital program that included a new roofing system, updated plumbing, new LVP flooring, and freshly painted interior and exterior. The office provides a private full bathroom, an open kitchenette, ceiling fans, aluminum windows, and a rear patio. A front parking area serves the building, and the balance of the site is improved as fenced yard.

The proforma is underwritten at a base rent of $2,400 per month on a triple net basis, producing $28,800 of annual net operating income against the $319,900 list price, an 9.00% capitalization rate. The property is offered vacant, and that rent is a projection rather than an in place lease. Rents above the base case are presented in the sensitivity analysis as upside rather than as underwriting.

INVESTMENT HIGHLIGHTS

Yield Well Above Stabilized Commercial Pricing

An 9.00% cap rate at the list price reflects the vacant delivery and the buyer's leasing risk rather than a discount to the asset itself. Rent at the upper end of the sensitivity range carries the yield toward double digits with no change to the property.

Capital Program Complete

Roof, plumbing, flooring, and paint have all been addressed. A buyer inherits a building that does not require immediate capital, which is uncommon at this price point in this product type.

C-3 Zoning Flexibility

C-3 is the general commercial district and supports a broad range of commercial and service uses. The current contractor yard configuration is one of several viable uses for the site.

Rear Yard Expansion Capacity

The rear yard offers room to place shipping containers or construct a small warehouse or shop building, creating additional storage income without disturbing the existing office improvements.

Owner-User Path

A contractor, trade, or service business can occupy the office and yard directly, converting a monthly lease payment into principal reduction and equity. Owner-user acquisitions of this profile are frequently SBA eligible.

Triple Net Structure

Base rent is quoted on a NNN basis, with taxes, insurance, and maintenance carried by the tenant, producing a management light income stream for a passive owner.

PROPERTY OVERVIEW

IMPROVEMENTS, CONDITION & SITE

PROPERTY SUMMARY

Address	**1806 W Sherman St**
City / State / ZIP	**Phoenix, AZ 85007**
County	**Maricopa**
Property Type	**Commercial / Flex**
Current Use	**Contractor Yard + Office**
Zoning	**C-3 Commercial**
Building Use	**Office / Administrative**
Site Improvements	**Fenced yard, block wall**
Parking	**Front parking area**
Rear Yard	**Storage / expansion**
Condition	**Fully renovated**
Delivery	**Vacant at close**
List Price	**$319,900**

RECENT CAPITAL IMPROVEMENTS

- New Roofing System
- New LVP Flooring
- Exterior Paint
- Updated Plumbing
- Interior Paint
- Yard Gates

INTERIOR FEATURES

- Tile Flooring
- Private Full Bathroom
- Open Kitchenette
- Aluminum Windows
- Ceiling Fans
- Rear Patio

CONDITION

The capital program addressed the systems that most often derail a small commercial acquisition: roof, plumbing, and finishes. A buyer's inspection should confirm scope, but the building is not a deferred maintenance story.

IMPROVEMENTS

The office building is a single story standalone structure at the center of the site, finished for administrative use with tile flooring, an open kitchenette, a private full bathroom, ceiling fans, and aluminum windows. A rear patio adjoins the building. The exterior has been freshly painted and a new roofing system installed.

INTERIOR, RENOVATED OFFICE • AERIAL, SITE IN CONTEXT

EXPANSION POTENTIAL

The rear portion of the site is open and offers capacity for shipping container placement or construction of a small warehouse or shop building. For an owner-user this represents operational room to grow. For an investor it represents a path to incremental income beyond the base office rent, subject to City of Phoenix permitting and applicable C-3 development standards.

FINANCIAL ANALYSIS

PROJECTED INCOME & RETURN SCENARIOS

PROJECTED OPERATING SUMMARY

INCOME	
Base Rent, $2,400 / month NNN	$28,800
Vacancy Allowance	Not applied
EFFECTIVE GROSS INCOME	**$28,800**
OPERATING EXPENSES	
Real Estate Taxes	By Tenant
Insurance	By Tenant
Maintenance	By Tenant
LANDLORD EXPENSES	**$0**
NET OPERATING INCOME	**$28,800**

Presented on a triple net basis with taxes, insurance, and maintenance carried by the tenant. No vacancy or credit loss allowance, structural reserve, or management fee is applied. A buyer underwriting a single tenant building should apply a vacancy and reserve assumption reflecting the credit of the tenant ultimately placed.

PRICING

List Price	**$319,900**
Projected NOI	**$28,800**
Cap Rate on List	**9.00%**
Gross Rent Multiplier	**11.1x**
Base Monthly Rent	**$2,400**

THE CENTRAL VARIABLE

Every return figure in this memorandum rests on achieving $2,400 per month NNN. The property is vacant and that rent is not under contract. A buyer should form an independent view of achievable rent before relying on the yield shown.

RENT SENSITIVITY

MONTHLY RENT (NNN)	$2,000	$2,200	$2,400 BASE	$2,600
Annual Net Operating Income	$24,000	$26,400	$28,800	$31,200
Cap Rate on List Price	7.50%	8.25%	9.00%	9.75%
IMPLIED VALUE AT 9.0% CAP	**$266,667**	**$293,333**	**$320,000**	**$346,667**

LEVERAGED RETURN SCENARIOS

Scenarios below assume a 30 year amortizing fixed rate loan at 75% loan to value, a $239,925 loan amount, and $79,975 of buyer equity before closing costs. Debt service coverage and cash on cash return are calculated on the base case $28,800 net operating income.

INTEREST RATE	6.50%	7.00%	7.50%	8.00%
Monthly Debt Service	$1,516	$1,596	$1,678	$1,760
Annual Debt Service	$18,198	$19,155	$20,131	$21,126
Debt Service Coverage	1.58x	1.50x	1.43x	1.36x
CASH ON CASH RETURN	**13.3%**	**12.1%**	**10.8%**	**9.6%**

Interest rates shown are illustrative and are not quotes. Actual terms depend on lender, borrower credit, tenancy, and market conditions at the time of application. Closing costs, loan fees, and reserves are excluded from the equity basis shown.

BUYER PROFILES

OWNER-USER AND INVESTOR PATHS

OWNER-USER

A contractor, trade, landscaping, service, or small distribution business can occupy the property directly. The office handles administration, estimating, and staff functions, while the yard carries vehicles, equipment, and materials. For a business currently leasing comparable space, the monthly cost of ownership at prevailing rates is in the range of the monthly debt service shown in the financial section, with the difference that payments build equity rather than accruing to a landlord.

Acquisitions of owner-occupied commercial real estate are frequently eligible for SBA 504 and SBA 7(a) financing, which can materially reduce the down payment relative to conventional commercial terms. Prospective owner-users should discuss eligibility with a qualified SBA lender, as program requirements regarding occupancy percentage and use apply.

INVESTOR

An investor acquires a renovated building at a price point where a single tenant at the $2,400 per month NNN base rent produces an 9.00% yield, with upside above that level. The triple net structure keeps the position management light, with taxes, insurance, and maintenance carried by the tenant. The principal work is leasing, and the principal risk is the period between closing and rent commencement.

The rear yard offers a second income avenue. Container placement or a small warehouse structure can be added and leased separately or bundled into the primary lease, subject to permitting. An investor underwriting this property should model a realistic lease up period and should treat the projected rent as an objective rather than an assumption.

RISK CONSIDERATIONS

Vacancy at Delivery

The property is offered vacant. There is no in place lease and no rental history presented in this memorandum. A buyer carries the full leasing risk and should underwrite carrying costs during lease up.

Projected Rent Is Unverified

The $2,400 per month base figure is the owner's estimate. This memorandum does not include third party lease comparables. A buyer should commission independent rent verification.

Single Tenant Concentration

A one tenant building has binary occupancy. Vacancy is total rather than partial, and the yield shown assumes continuous occupancy without a vacancy allowance.

Expansion Is Not Entitled

The rear yard expansion described is a concept. No plans have been submitted or approved, and any container placement or new structure is subject to City of Phoenix permitting and C-3 development standards.

DUE DILIGENCE ITEMS

Prospective purchasers should obtain and review, at minimum: a current survey establishing building square footage and lot dimensions, the assessor parcel record and tax history, a title commitment, a zoning verification letter confirming permitted C-3 uses for the intended operation, permits and lien releases for the completed capital work, and an independent physical inspection.

LOCATION OVERVIEW

CENTRAL PHOENIX • 85007

SUBMARKET

1806 W Sherman Street is located in central Phoenix, west of downtown in the 85007 zip code. The immediate corridor is an established mixed industrial and commercial area characterized by contractor yards, small warehouse and flex buildings, service businesses, and scattered residential, a pattern visible in the aerial photograph in this memorandum.

The location's principal advantage for a trade or service operator is central positioning. From this part of Phoenix, crews reach jobs across the central core, the west valley, and the east valley without crossing the metro area, which is a meaningful operating advantage for businesses dispatching vehicles daily.

ACCESS

Interstate 17	**Immediate west side access**
Interstate 10	**Short drive south**
Downtown Phoenix	**Approximately 2 miles east**
State Capitol District	**Approximately 1 mile east**
Phoenix Sky Harbor	**Approximately 6 miles southeast**

Distances are approximate and stated for general orientation only. Prospective purchasers should verify all distances, drive times, and access conditions independently.

CORRIDOR CHARACTER

Properties of this type in the corridor are generally operated with the structure serving an administrative function and the lot serving parking and storage. Demand for small yard properties has historically come from contractors, landscapers, equipment operators, and trade businesses that require secure outdoor space alongside a modest office, a combination that is difficult to source in newer commercial product.

The scarcity of small, fenced, C-3 zoned yard sites with a finished building is the underlying case for this property. Larger industrial parks do not subdivide to this size, and newer flex product rarely includes usable open yard.

MARKET DILIGENCE

This memorandum presents the owner's positioning and financial projections. It does not include third party lease comparables, sale comparables, absorption data, or demographic analysis. Prospective purchasers are encouraged to commission independent market study and appraisal to validate the rent and value assumptions in this document.

DISCLAIMER & CONFIDENTIALITY

IMPORTANT NOTICES TO PROSPECTIVE PURCHASERS

CONFIDENTIALITY & CONDITIONS

This Offering Memorandum has been prepared by Grayson Real Estate for the sole purpose of assisting prospective purchasers in evaluating a potential acquisition of the property described herein. It is delivered on the condition that it be used solely for that purpose, that its contents be held in confidence, and that it not be reproduced or distributed to any other party without the prior written consent of Grayson Real Estate.

OWNER / AGENT DISCLOSURE

Seller holds an active real estate license in the State of Arizona. Keith Grayson is a licensed Arizona real estate broker and is the owner, or is affiliated with an entity that is the owner, of the property offered herein. This dual capacity as principal and licensee is disclosed to all prospective purchasers and to any cooperating broker.

VACANCY & PROJECTED RENT

The property is offered vacant. There is no lease in place, no tenant in occupancy, and no rental history presented. The base rent of $2,400 per month on a triple net basis is the owner's estimate of achievable rent for this property type and is not supported by third party lease comparables within this document. Rent levels above the base case shown in the sensitivity analysis are illustrative of upside only and are not underwritten. All capitalization rates, yields, debt service coverage ratios, and cash on cash returns presented in this memorandum are calculated on that projected rent and are projections only. Actual results will differ, and may differ materially. No representation or warranty is made that the projected rent is achievable or that the property will be leased within any particular period.

UNVERIFIED PROPERTY CHARACTERISTICS

Building square footage, lot dimensions, lot area, assessor parcel number, year built, and construction type are not stated in this memorandum and have not been independently verified. Prospective purchasers must establish these characteristics through a current survey, the Maricopa County Assessor record, and their own inspection, and should not rely on any oral representation regarding them.

ZONING & PERMITTED USE

The property is represented as zoned C-3. Prospective purchasers must independently confirm the current zoning classification, all permitted and conditional uses, outdoor storage allowances, setback and screening requirements, and any overlay or special district provisions with the City of Phoenix Planning and Development Department before relying on any intended use. The rear yard expansion concepts described in this memorandum are not entitled, permitted, or approved.

CAPITAL IMPROVEMENTS

Descriptions of recent capital improvements reflect work reported by the owner. No warranty is made as to the scope, quality, code compliance, permitting status, or remaining useful life of any improvement. Prospective purchasers should obtain permits, lien releases, and warranties where available and should commission an independent physical inspection.

FINANCING

Interest rates, loan amounts, debt service figures, and return scenarios in this memorandum are illustrative and are not quotes, commitments, or offers of credit. No lender has committed to finance any purchaser of this property. References to SBA eligibility are general in nature; program requirements including occupancy thresholds apply and must be confirmed with a qualified SBA lender.

GENERAL

All information contained herein has been obtained from sources believed to be reliable, but neither Grayson Real Estate nor the owner makes any representation or warranty, express or implied, as to its accuracy or completeness. Prospective purchasers are expected to conduct their own independent investigation and due diligence, including physical inspection, environmental assessment, survey, title review, zoning verification, and appraisal. The owner reserves the right to withdraw the property from the market, modify the terms of the offering, or reject any offer at any time without notice.

FOR MORE INFORMATION

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PHOENIX, AZ 85007

Renovated contractor yard with office

$319,900 • C-3 zoned • Delivered vacant

TO SUBMIT AN OFFER

Title is open with **Morgan Saban at Commonwealth Land Title**.
Please include in your offer.
Seller holds an active real estate license in the State of Arizona.

LISTING BROKER • OWNER / AGENT

KEITH GRAYSON

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Commercial & Investment Properties
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OFFERED AT

$319,900

9.00% cap on base NNN rent