



# *Firenze*

Multifamily & Retail Development Opportunity

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# Executive Summary

- *Steady population growth, accelerated income with a large percentage of population 'aging-up' to the rental market.*
- *Located at the gateway to Uptown Temecula corridor*
- *Stable market conditions and growth projected in the subject's submarket.*
- *Most Pipeline new deliveries expected in 2024 and 2025 and limited new inventory expected in 2026.*
- *Positioned for absorption of new inventory from previous years*
- *Benefits from its proximity to Inland Empire and San Diego employment, as well as access to retail, health care, and entertainment.*



OVERALL DESIGN DIRECTION

# Firenze Multi-Family Retail Development

**List Price:** \$15,000,000

**APN:** 921-060-058

**Land Area:** 3.58 AC | 155,944 SF (Currently Vacant)

**Property Type:** Multi-Family Mid/High Rise)

**Zoning:** SP-14 - Uptown Temecula Specific Plan

**Uses Permitted :** Mixed-use retail/residential

**Number of Buildings:** 2 (6-7 Stories)

**Gross Building Area:** 541,171 SF **Number of Residential Units:** 238 units

**Residential Space Rentable Area:** 244,061 SF (1,025 SF avg unit size)

**Retail Space Rentable Area:** 26,899 SF

**Total NRA:** 270,960 SF

**Available Parking Spaces:** 519

**Projections to complete:** 24 months



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# Investment Opportunity

Development Opportunity for Commercial or Residential Retail Live/Work Homes

Heart of Downtown Temecula

FULL Economic Life

Highest & Best Use: Develop As Mixed-Use Retail & Residential (Per Approved/Entitled Shovel Ready Plans)

Corridor to Southern Cal Economic & Residential Migration

Excellent Frontage along Downtown Jefferson Main Street

Flexible Retail/Commercial/Residential Uses

Zone Changed & Plans Approved for SP-14

Zoned in Temecula's Uptown Temecula Specific Plan.

Targeted to meet strong demand for Multifamily Residence. The average rental rate is expected to increase near 2% by the end of the 2024 and increase 3% from 2025 onward.

# Area Demographics

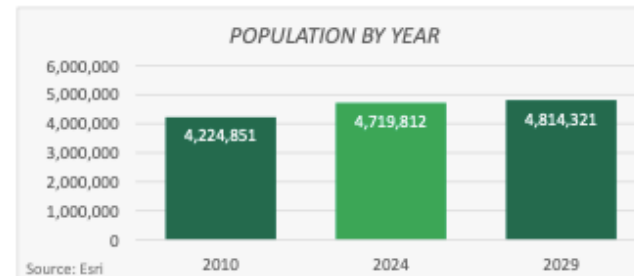
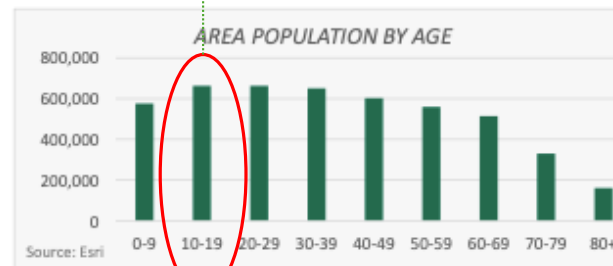
High Growth Rate for Younger Population in the 10-19 age range.

## POPULATION

The area has a population of 4,719,812 and a median age of 37, with the largest population group in the 10-19 age range and the smallest population in 80+ age range.

Population has increased by 494,961 since 2010, reflecting an annual increase of 0.8%. Population is projected to increase by 94,509 between 2024 and 2029, reflecting a 0.4% annual population growth.

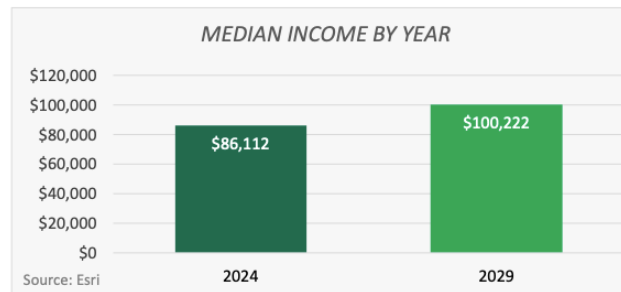
Source: ESRI, downloaded on Oct, 21 2024



# Area Analysis

## INCOME

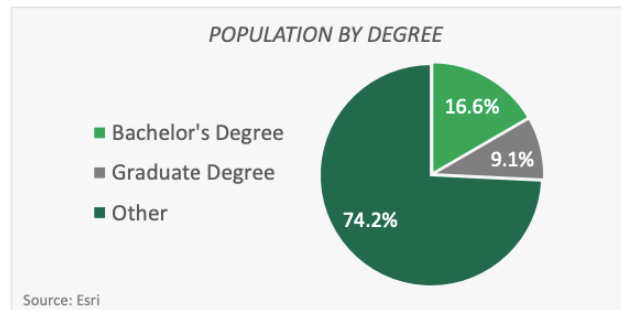
The area features an average household income of \$114,061 and a median household income of \$86,112. Over the next five years, median household income is expected to increase by 16.4%, or \$2,822 per annum.



↑ 0.4% Increase in population  
16.4% Increase in household income

## EDUCATION

A total of 25.8% of individuals over the age of 24 have a college degree, with 16.6% holding a bachelor's degree and 9.1% holding a graduate degree.



## EMPLOYMENT

# Market Analysis

## Historical Net Absorption - Submarket



\* Future Projected Data according to Axiometrics

Source: Axiometrics, 2nd Quarter 2024

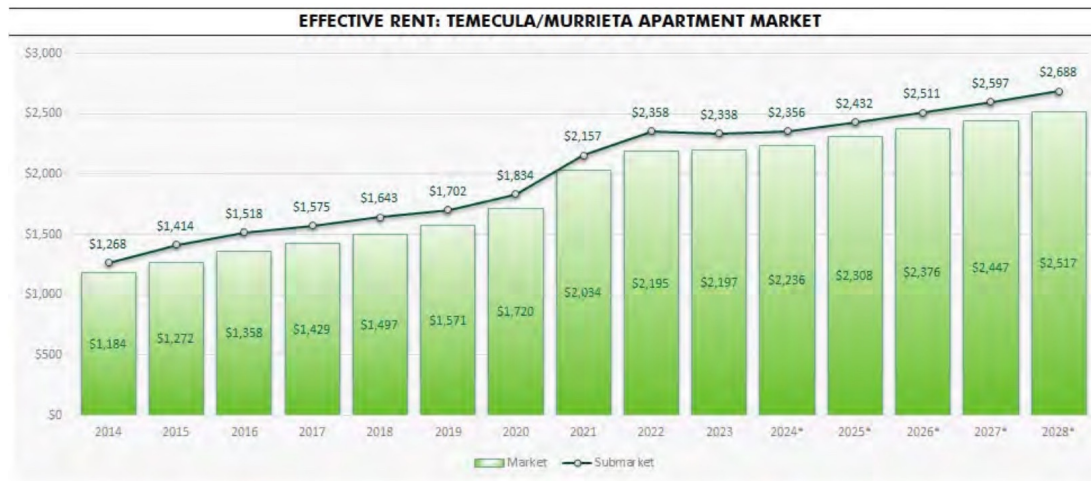
Net absorption in the submarket is projected to be positive 1,071 units at the end of the current year, reflecting an improvement from the previous year's net absorption of positive 104 units. Net absorption for next year is projected to be positive 1,502 units, indicating an improvement from the current year.

Limited new inventory expected in 2026.

Positioned for absorption of new inventory from previous years

# Market Analysis

## Historical Effective Rent - Submarket



\* Future Projected Data according to Axiometrics

Source: Axiometrics, 2nd Quarter 2024

The submarket is projected to achieve average effective of \$2,356 per unit at the end of the current year, which represents an increase from the previous year's effective rent of \$2,338 per unit. The submarket is projected to achieve average effective rent of \$2,432 per unit, reflecting an increase from the current year.

# Competitive Properties

- Weighted occupancy of 95.8%

## Competitive Properties

Comparable properties were surveyed in order to identify the current occupancy within the competitive market. The comparable data is summarized in the following table:

| SUMMARY OF COMPARABLE MULTIFAMILY RENTALS |                            |  |                       |           |
|---|----------------------------|--|-----------------------|-----------|
| Comp. No.                                 | Name                       | Location   | Distance from Subject | Occupancy |
| 1   | Solaire                    | 29595 Pujol Street<br>Temecula, CA                 | 1.5 Miles             | 98%       |
| 2   | Rendezvous                 | 30135 Rancho California Rd<br>Temecula, CA         | 1.2 Miles             | 95%       |
| 3   | Vineyards At Paseo Del Sol | 31901 Campanula Way<br>Temecula, CA                | 3.5 Miles             | 96%       |
| 4   | Pacific Landing            | 36125 Creighton Ave<br>Murrieta, CA                | 6.7 Miles             | 97%       |
| 5   | Mitchell Place             | 35995 Mitchell Road<br>Murrieta, CA                | 6.9 Miles             | 93%       |
| 6   | Arrive Temecula            | 28250 Ynez Rd<br>Temecula, CA                      | 0.5 Miles             | 25%       |
| 7   | Canopy Murrieta            | 40628 Los Alamos Blvd<br>Murrieta, CA              | 4.8 Miles             | 15%       |
| 8   | The Max on Jefferson       | 41301 Los Alamos Rd<br>Murrieta, CA                | 4.6 Miles             | 14%       |
| Subject                                   | Firenze                    | 28170-28180 Jefferson Ave,<br>Temecula, California |                       | 0%        |

Compiled by CBRE

The majority of comparable properties surveyed reported occupancy rates of 14% or better, and all are currently in average to good condition. The weighted average occupancy rate is 61.1%. Rent Nos. 6, 7, and 8 are not stabilized due to being newly built. When excluding these comparables, the weighted occupancy is 95.8%.

# Apartment Projections



|  | Annualized | Annualized     |
|--|------------|----------------|
| Apartment Revenue: 238 Units <sup>1</sup>          |            | \$ 8,426,700   |
| Retail Revenue NRA +26K SF <sup>1</sup>            |            | \$ 806,970     |
| Total Revenue                                      |            | \$ 9,233,670   |
| Expenses <sup>2</sup>                              |            | \$ 2,977,387   |
| Net Income   |            | \$ 6,256,283   |
| Land Acquisition                                   |            | \$ 15,000,000  |
| Building Cost <sup>3</sup>                         |            | \$ 110,000,000 |
| Total Costs  |            | \$ 125,000,000 |
| Straight Line Depreciation 27.5 Years <sup>4</sup> |            | \$ 4,000,000   |
| Annualized Cap Rate <sup>5</sup>                   |            | <b>5.17%</b>   |

1. Captures current rental price variances
2. Future Electricity, Water, Landscape, Maintenance/Repairs, Supplies, Pest Control, Trash, Property Taxes & Insurance
3. Based on 2025 estimated costs, includes final builders permits and builders margin. Loan Assumptions excluded.
4. Depreciation based on total cost of Asset at Completion over 27.5 years.
5. Preliminary calculations with baseline assumptions.

**SUMMARY OF COMPARABLE RETAIL RENTALS**

| Comp. No. | Property Name and Location   | YOC / Reno'd | Distance from Subj | Tenant Name              | Lease Area (SF) | Lease Date | Lease Term | Base Rent   | Escalations | Free Rent |
|-----------|--|--------------|--------------------|--------------------------|-----------------|------------|------------|-------------|-------------|-----------|
| 9         | Temecula Creek Plaza<br>31045-31141 Temecula Parkway<br>SEC Highway 79 S. & Jedediah Smith Rd.<br>Temecula, CA 92592 | 2006         | 2.7 Miles          | Dyna Wear                | 2,495           | Apr-24     | 5.0 Yrs.   | \$24.00 PSF | Fixed steps | 0 Months  |
| 10        | Hibachi Buffet<br>27624 Jefferson Avenue<br>Temecula, CA 92590   | 1998         | 1.1 Miles          | Hibachi Buffet           | 7,185           | Aug-23     | 10.0 Yrs.  | \$32.64 PSF |             |           |
| 11        | Overland Corporate Center<br>41653 Margarita Drive<br>Temecula, CA 92591   | 2006         | 1.3 Miles          | Zen Curry and Grill      | 3,255           | Sep-23     |            | \$28.07 PSF | 3% Annual   | 0 Months  |
| 12        | Margarita Promenade (Portion Of)<br>40573 Margarita Road<br>Temecula, CA 92591                                       | 2004         | 1.7 Miles          | R & B Tea                | 1,522           | Feb-24     | 10.0 Yrs.  | \$31.80 PSF |             |           |
| 13        | Murrieta Spectrum<br>25125 Madison Avenue<br>Murrieta, CA 92562  | 2005         | 4.5 Miles          | Fit Body Boot Camp       | 2,400           | Oct-24     | 7.0 Yrs.   | \$28.00 PSF | Fixed steps | 0 Months  |
| 14        | Village Walk Plaza<br>24360-24550 Village Walk Place<br>Murrieta, CA 92562   | 2006         | 5.6 Miles          | Urban Air Adventure Park | 33,356          | Mar-24     | 10.0 Yrs.  | \$16.50 PSF | 15% Mid-    | 3 Months  |
| 15        | Murrieta Springs Plaza<br>25280 Madison Avenue<br>Murrieta, CA 92562   | 1993         | 4.4 Miles          | Paris Nails & Spa        | 900             | Feb-24     | 5.0 Yrs.   | \$30.00 PSF | Fixed steps | 0 Months  |
| Subj.     | Firenze<br>28170-28180 Jefferson Ave<br>Temecula, CA 92590   | 2026         |                    |                          |                 |            |            | ---         |             |           |

**Rent Roll Analysis**

The subject's rent roll is illustrated as follows:

| RENT ROLL ANALYSIS FOR FIRENZE         |        |              |             |                  |             |               |         |                       |                    |                      |
|--|--------|--------------|-------------|------------------|-------------|---------------|---------|-----------------------|--------------------|----------------------|
| Suite No.                              | Tenant | Tenant Type  | Lease Start | Lease Expiration | Term (Mos.) | Size (GLA) SF | % Total | Market Rent \$/SF/Yr. | Market Rent \$/Yr. | Market Expense Basis |
|  | Retail | Retail Space | ---         | ---              | ---         | 26,899        | 11.0%   | \$30.00               | \$806,970          | NNN                  |
| <b>Vacant Subtotals</b>                |        |              |             |                  |             | 26,899        | 11.0%   |                       | \$806,970          |                      |
| <b>Property Totals - Contract Rent</b> |        |              |             |                  |             | 26,899        | 11.0%   |                       |                    |                      |
| <b>Property Totals - Market Rent</b>   |        |              |             |                  |             | 26,899        | 11.0%   | \$3.31                | \$806,970          |                      |

Compiled by CBRE

# Comparative Analysis – Retail Summary

- NRA 26, 899 SF
- Avg. \$30.76 PSF
- \$/SF/Yr. \$30 NNN
- \$/Yr. \$806,970

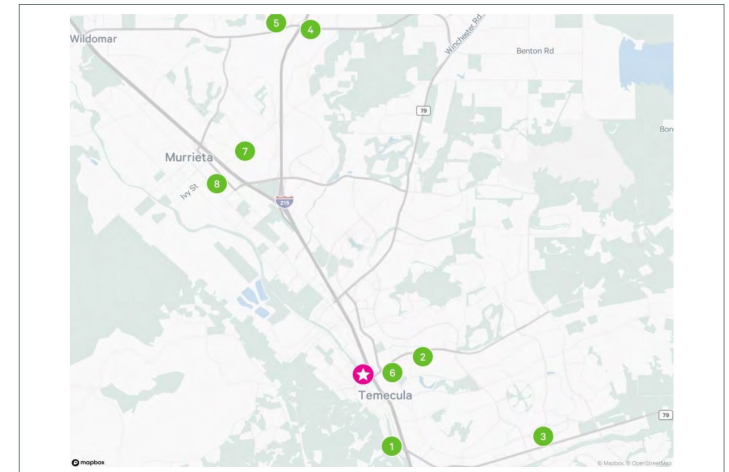
# Comparative Analysis - Apartment

## Potential Rental Income Conclusion

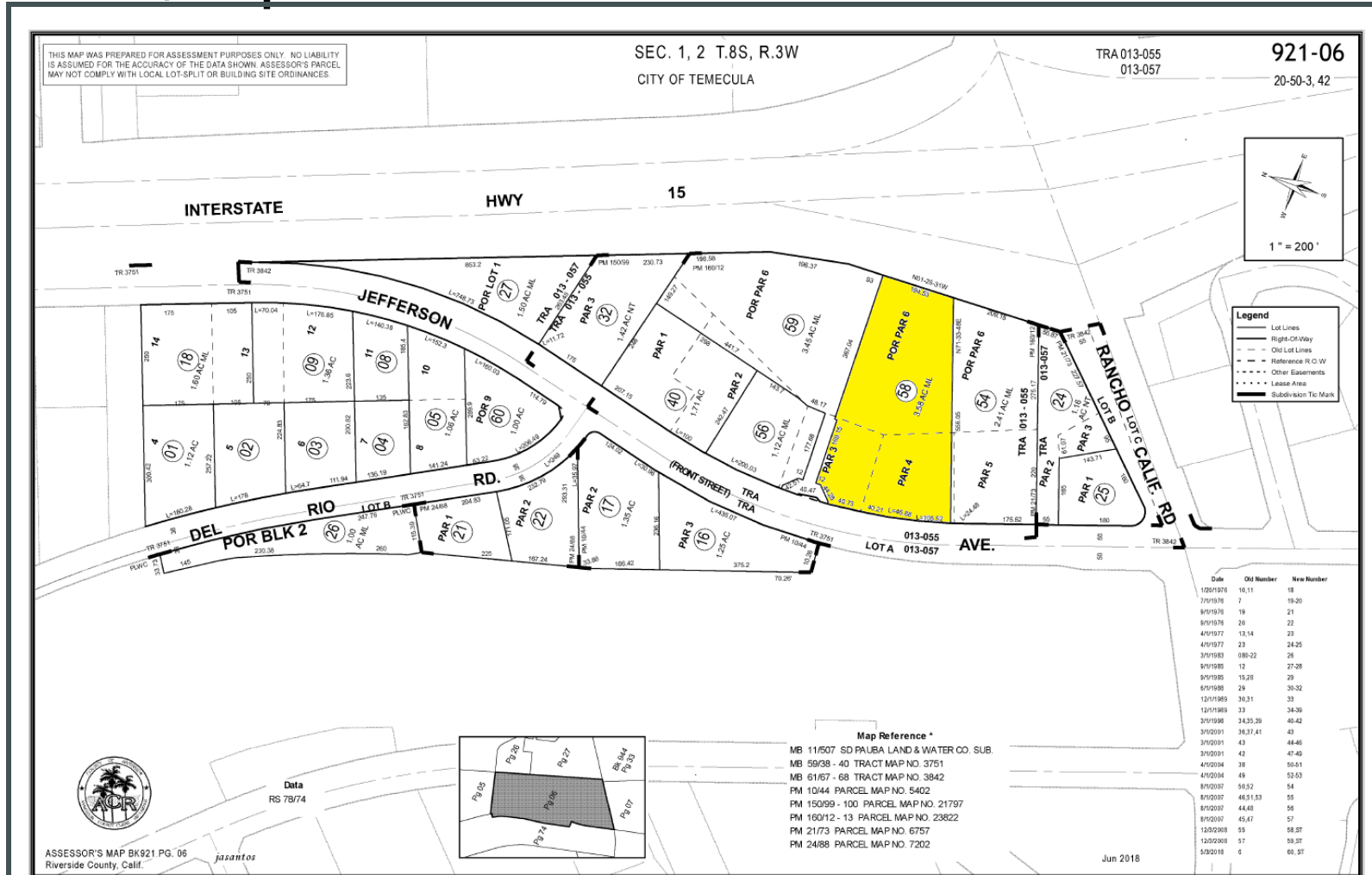
Within this analysis, potential rental income is estimated based upon market rent:

| POTENTIAL RENTAL INCOME  |                    |                 |
|--------------------------|--------------------|-----------------|
| Year                     | Total              | \$/Unit/Yr      |
| Owner Untrended Proforma | \$8,207,400        | \$34,485        |
| Expense Comparable 1     | ---                | \$45,859        |
| Expense Comparable 2     | ---                | \$43,907        |
| Expense Comparable 3     | ---                | \$31,194        |
| Expense Comparable 4     | ---                | \$30,519        |
| <b>CBRE Estimate</b>     | <b>\$8,426,700</b> | <b>\$35,406</b> |
| Compiled by CBRE         |                    |                 |

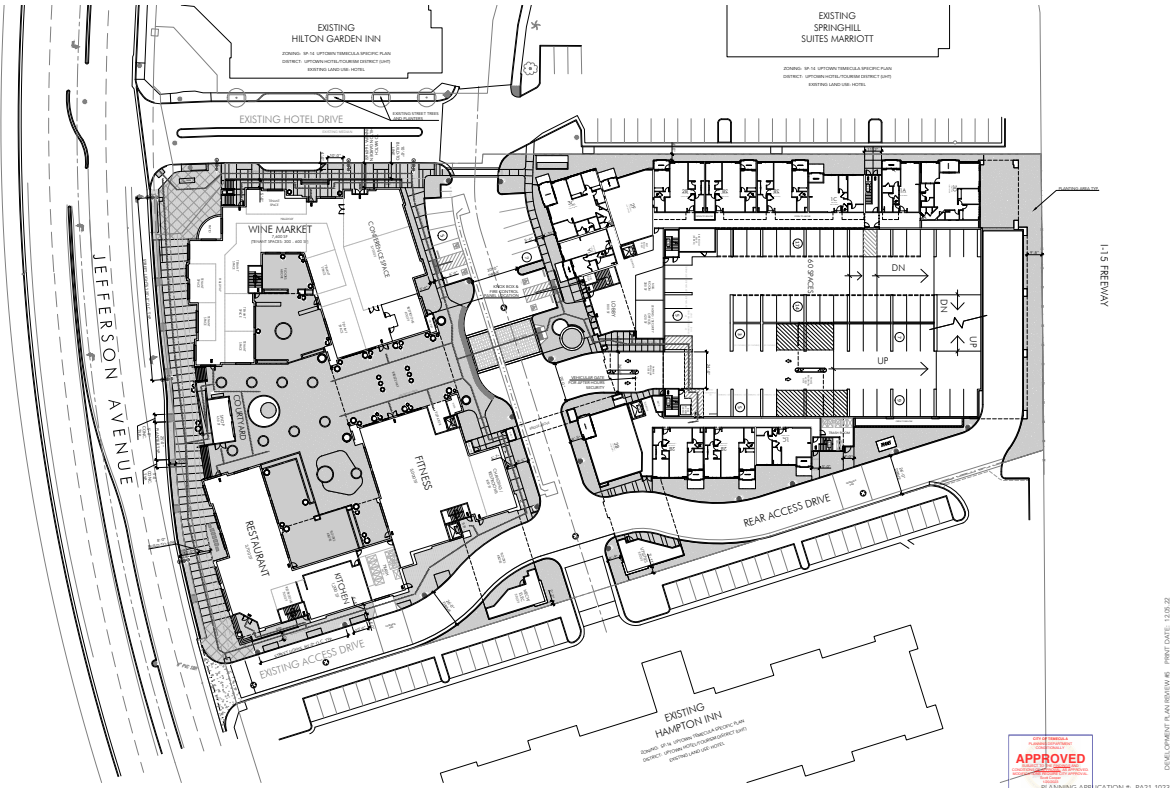
We have concluded \$35,406 per unit for the subject's potential rental income, which is within the range of the expense comparables. The developer's budget does not include a market rent for the four-bedroom units.



# Parcel Map



# Approved Site Map

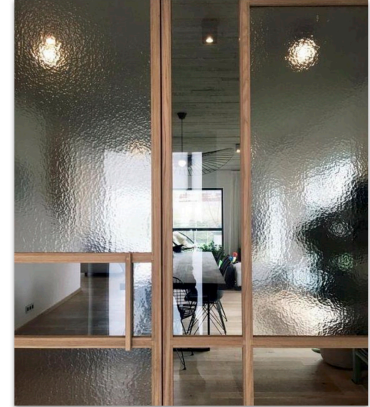


**FIRENZE**  
 TEMECULA | CA  
 WELLPROFIT INTERNATIONAL INC. | 19-076  
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..... OVERALL DESIGN DIRECTION .....



OVERALL DESIGN DIRECTION



# Interior Concept

OVERALL MATERIALS

EARTHY TONES

WARM WOOD TEXTURE

GOLD ACCENTS

TEXTURED WALL TILE





Approved Plans and West Elevations



East Elevation



North Elevation



South Elevation



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