

# SAN DIEGO COUNTY INDUSTRIAL INVESTMENT



101 Year tenant operating history in the submarket

**578** ENTERPRISE STREET  
ESCONDIDO, CA 92029

- » OFFERED AT \$7,500,000
- » 5.5% CAP RATE
- » 3.5% ANNUAL INCREASES
- » NEW FIVE YEAR LEASE TERM



5.5% Cap Rate with strong  
3.5% annual income growth



101 year old company with  
operations in four states



New five year triple net  
lease upon close of escrow.  
Passive income stream with  
Tenant maintaining and  
managing the property.



Conservative lease-back  
rate at the bottom of the  
market rental value range



Crucial refrigeration and  
ripening facility for the  
company's operations.\*



Located within five minutes  
of the company's 53,000  
square foot  
Corporate Headquarters



Rare M2 zoning is the most  
highly sought after in the  
County with the least use  
restrictions



Located in the extremely  
land constrained San Diego  
County Industrial Market

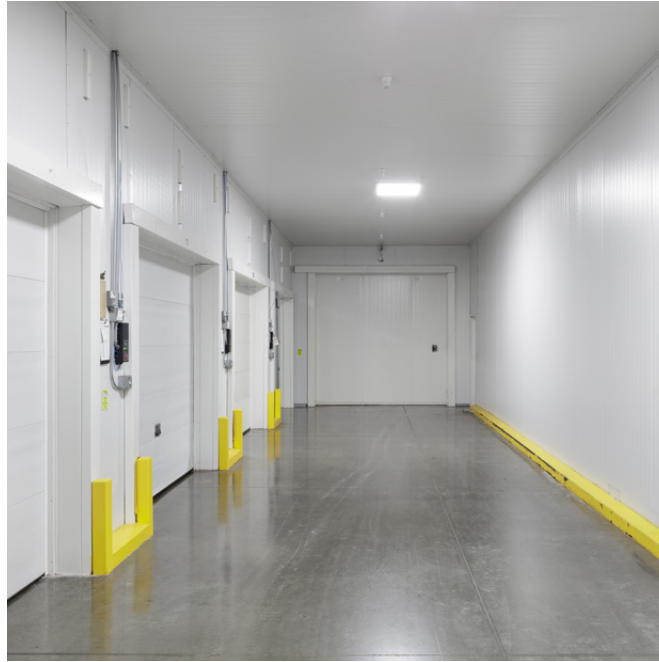
\* Coolers and refrigeration equipment are Tenant owned and do not convey with the property.

### Mission critical property for Henry Avocado

578 Enterprise Street has been owned by the company since 2013. It is configured for the cold storage and ripening process of their operation. It is a crucial building for the company due to its functionality and location five minutes from their Corporate Headquarters. The heavy power allows the company to operate extensive coolers for the building refrigerators. The drive-through truck access and dock loading allows for efficient distribution of the avocados. Retention of this property on a lease basis is critical for the company. Perpetual lack of available buildings in this size range in Escondido, combined with the cost to configure the building to their needs, makes this building a key part of the company's long-term strategy.

<b>ADDRESS</b>	578 Enterprise Street, Escondido CA 92029
<b>APN</b>	228-410-50-00
<b>SUBMARKET</b>	Escondido industrial market
<b>MARKET</b>	San Diego County industrial market
<b>BUILDING SIZE</b>	29,680 Square Feet
<b>ZONING</b>	M2 (Least restrictive)
<b>BUILDING TYPE</b>	Distribution and/or Manufacturing. Dock loading and heavy power
<b>CONSTRUCTION TYPE</b>	Steel
<b>COLUMN SPACING</b>	Free span with no columns
<b>LOADING</b>	2 Grade level doors. 2 Dock High Doors
<b>POWER</b>	Heavy (800 amps 277/480v)
<b>SPRINKLERED</b>	Yes
<b>SITE ACCESS</b>	Drive-through access between Enterprise Street and Venture Street
<b>BLDG HISTORY</b>	Building remodeled / reconfigured in 2013
<b>BLDG FOOTPRINT</b>	100% ground-floor square footage. No mezzanine
<b>BLDG CONFIGURATION</b>	Minimal office with approximately 1/3 standard warehouse and 2/3 refrigerated storage and ripening rooms. Building coolers owned by Tenant and do not convey





### LEASE DETAILS

TENANT	Henry Avocado, Inc.
LEASE TYPE	NNN
LEASE TERM	60 Months
LEASE COMMENCEMENT	Close of Escrow
OPTION TO RENEW	(2) Five Year Renewal Terms at Fair Market Rent
STARTING LEASE RATE	\$1.15 Per Square Foot NNN
ANNUAL ESCALATIONS	3.5%
LANDLORD RESPONSIBILITIES	No Landlord Maintenance or Repair Responsibilities per AIR Single-Tenant NNN Lease

### RENT SCHEDULE

YEAR	MONTHLY NET INCOME	ANNUAL NET INCOME	ANNUAL ESCALATION
Year 1	\$34,132	\$409,584	—
Year 2	\$35,327	\$423,924	3.5%
Year 3	\$36,563	\$438,756	3.5%
Year 4	\$37,843	\$454,116	3.5%
Year 5	\$39,168	\$470,016	3.5%
Option 1	(Years 6-10)	Fair Market Rent	
Option 2	(Years 11-15)	Fair Market Rent	

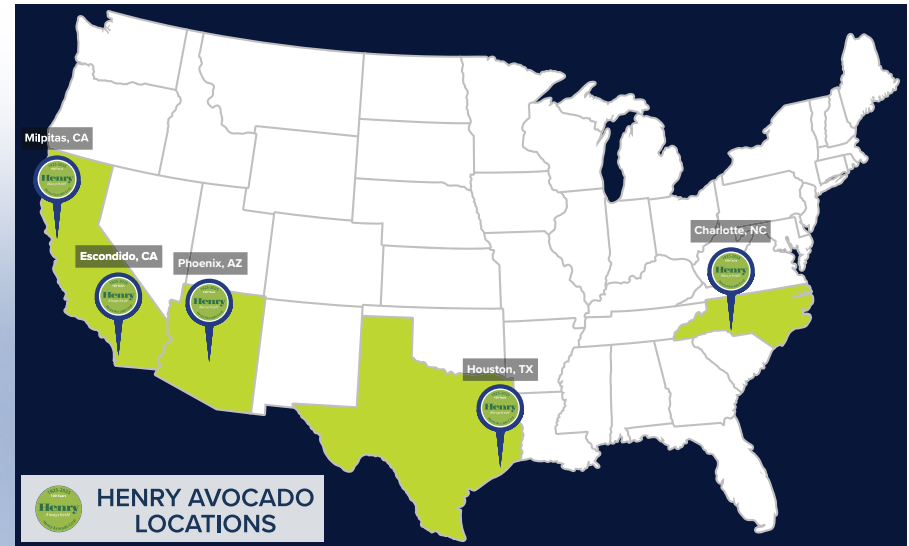


# Henry

## HENRY AVOCADO, INC.

### An Established Industry Leader with Deep Escondido Roots

Henry Avocado Inc. ([www.henryavocado.com](http://www.henryavocado.com)) is a long-standing institution in the City of Escondido, CA. Founded in 1925, the company has had a continuous presence in Escondido for 101 years. Based out of their 53,000 square foot Corporate Headquarters building they own located at 2208 Harmony Grove Road in Escondido, they have operations in four states (including both Northern and Southern California). The company maintains a strong financial position and is in an industry that is insulated from changes in technology and AI. As a year-round provider of fresh conventional and organic avocados from California, Mexico, Peru, Colombia, Chile, avocados are always in season at Henry.



**HENRY AVOCADO, INC.**  
**CORPORATE HEADQUARTERS**  
**2208 HARMONY GROVE RD, ESCONDIDO**

# Henry

FROM FARM TO DISTRIBUTION:  
A LEGACY OF RELIABILITY AND QUALITY

- Family owned and managed since 1925.
- Year-round supplier of superior quality fresh avocados.
- Pioneer and provider of custom-ripened avocados to order.
- Offering certified organic avocados since 2010.
- Unsurpassed standards for sustainable practices and customer service.
- Operating from seven regional distribution centers to ensure freshness on delivery.
- Serving retail and foodservice markets.
- Primus GFS certified packing houses and distribution centers.



## SAN DIEGO COUNTY

A market with limited land for new industrial construction with an economy that continues to grow.

578 Enterprise Street is located within the broader San Diego County Industrial Market. San Diego is a mature market that is defined by a lack of land for future industrial development. With the Pacific Ocean to the west, mountains to the east, Camp Pendleton to the north and Mexico to the south, there are hard restraints on areas available for expansion. This has led to the development of infill lots over the last decades. These lots are now getting harder to find and replacement cost is high. Labor and material costs, along with lengthy entitlements and ever-expanding building codes across the state make new construction more expensive than many existing building values.

This lack of supply, in conjunction with the growth in the market as people and companies relocate from other parts

of the state, continues to underpin industrial values. Unlike the San Diego economy of a generation ago that relied more heavily on the military and defense industry, the San Diego of 2026 is well diversified among growth industries. Swiss company Novartis announced that they will be building a \$1.1 billion biomedical research center that will act as their West Coast “epicenter”. Apple is significantly expanding its presence in the County with the purchase of a 67 acre site just South of Escondido in Rancho Bernardo. Long established companies like General Atomics in Poway, Qualcomm and Illumina continue to act as a strong economic base as the tech, biomedical and biotechnology industries expand throughout the county. The recent record-breaking sale of the San Diego Padres is another sign of the region’s strength.



**3.3M**

SAN DIEGO COUNTY  
POPULATION

**\$114,000**

MEDIAN HOUSEHOLD INCOME  
(NATIONAL AVERAGE: \$85,000)

**219M SF**

SAN DIEGO COUNTY  
INDUSTRIAL MARKET SIZE

**9.4%**

VACANCY RATE

## SCARCITY DEFINES THE ESCONDIDO INDUSTRIAL MARKET

Limited M2 inventory, strong population growth and a lack of developable land continue to support long-term industrial values.

Put simply, Escondido has strong industrial demand and not enough land or buildings to satisfy that demand over time. This is reflected in its current 3.8% vacancy rate. The ten year average vacancy rate from 2016 to 2026 is 2.37%. As with San Diego County in general, the cost to construct new buildings is higher than the cost of existing buildings. Even if that cost was below the cost of existing buildings, the Escondido

industrial market is almost completely out of land for future development. That extreme supply pressure in the face of a growing population provides insulation that the low vacancy rate is not likely to change. The market is especially supply constrained for larger buildings. Buildings in the 20,000-40,000 square foot size range represent ¼ of the overall market supply. The current vacancy rate in that size range is a lower

3%. Of buildings in this size range, even fewer are in the coveted M2 industrial zone.

Unlike larger business park oriented industrial markets further west along Highway 78, there is rarely availability in this building size range. This can lead to a price premium where sales prices are often higher in Escondido than more coastal markets.

**8.6M SF**

ESCONDIDO INDUSTRIAL  
MARKET SIZE

**3.8%**

VACANCY RATE

**3.53%**

HISTORICAL AVERAGE  
VACANCY RATE SINCE  
1999

**0**

INDUSTRIAL BUILDING  
SQUARE FOOTAGE UNDER  
CONSTRUCTION

**0**

INDUSTRIAL  
LAND FOR  
SALE SQUARE  
FOOTAGE

**\$1.55/SF  
NNN**

AVERAGE ASKING RATE OF  
SPACE AVAILABLE FROM  
20,000 TO 40,000 SQ FT



## FROM AGRICULTURAL ROOTS TO A MODERN INDUSTRIAL HUB

### AS A BUSINESS LOCATION: CONNECTIVITY AT SCALE

Originally a picturesque, quiet valley of orange and avocado groves, Escondido is now a thriving City. Strategically positioned at the northern gateway of San Diego County at the vital intersection of Interstate 15 and Highway 78, Escondido provides unparalleled connectivity for businesses, employers and employees alike. This prime crossroads offers seamless access to downtown San Diego in under 30 minutes, Orange and Riverside Counties to the north and the broader San Diego-Tijuana megaregion. Employees have access to newer and less expensive housing than in the core of San Diego and Employers have quick access to executive talent in nearby Rancho Santa Fe and coastal North County.

### AS AN INDUSTRIAL MARKET: RARE M1 & M2 ZONING

As San Diego County continues to grow, Escondido is reaping the benefits. Apple's new campus in Rancho Bernardo is minutes to the south while the state-of-the-art Palomar Medical Center Escondido serves as a leading healthcare anchor right in the City. The County especially lacks heavier zoned industrial parcels for companies that provide services to the growing economy. Escondido shines in this regard with a supply of heavier M1 and M2 zoned parcels that have quick access to the major vehicular arteries cutting through San Diego and North County.

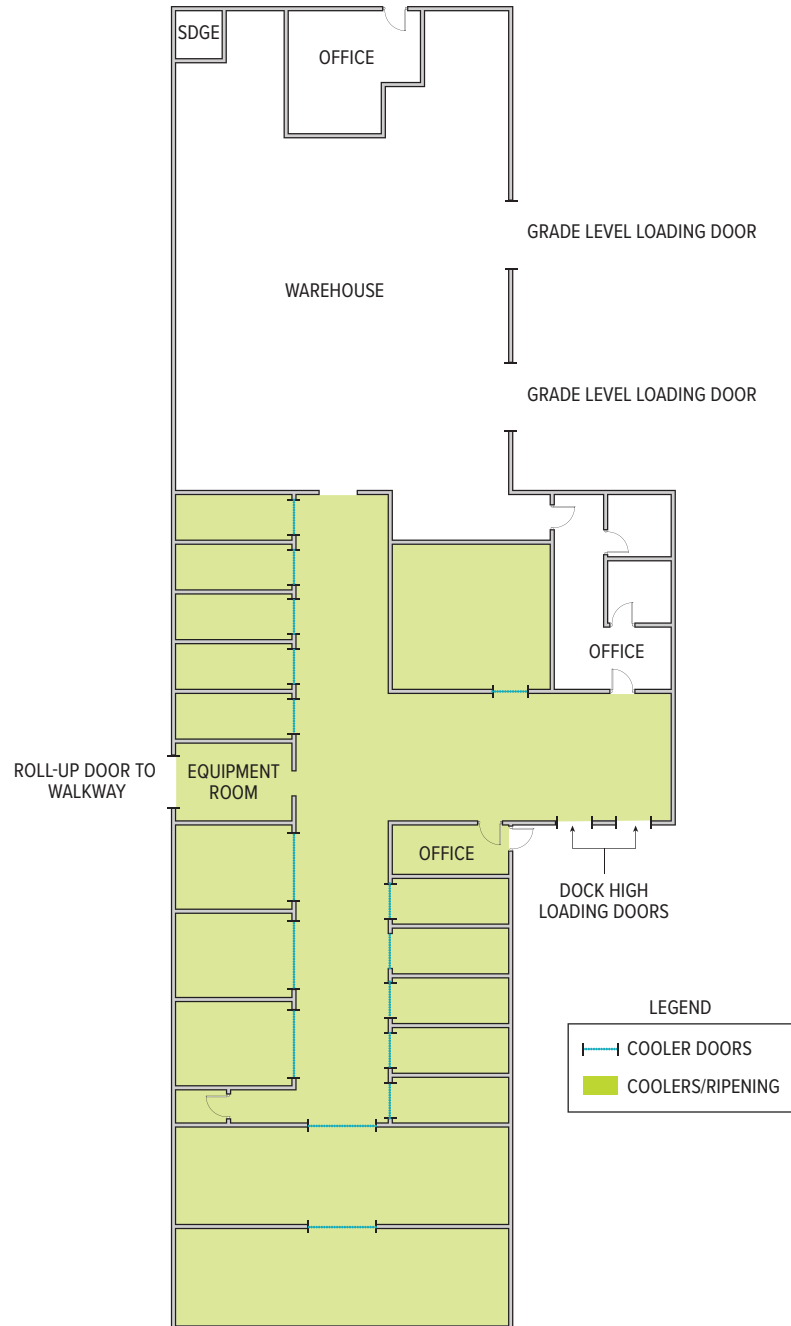
### AS A PLACE TO LIVE: THE NORTH COUNTY LIFESTYLE

The City of Escondido provides a lifestyle as nice as the location is strategic. It is home to the famous San Diego Zoo Safari Park. It also has a historic downtown district with shopping and restaurants. The area has been recently reimaged with new street work and landscaping to provide an upgraded version of a true old fashioned downtown.

### AS A REGIONAL GATEWAY: ACCESS TO COAST, MOUNTAINS & SOUTHERN CALIFORNIA

The City is not only the San Diego gateway to the north, but also the gateway to San Diego's mountains to the east. Highway 78 travels through Escondido to the east past the Safari Park, past citrus groves, beginning a climb that winds through the historic mountain town of Julian and eventually on to California's largest state park, Anza Borrego. In the City, residents have access to the 3,000 acre Daley Ranch for hiking and mountain biking. The Coast to Crest trail cuts through the area. Lake Hodges bookends the southern side of the City with more hiking and biking trails. Del Dios Highway cuts past the lake and in one of the more scenic drives in the County provides access to the coastal communities of Del Mar, Solana Beach and Encinitas.





# 578 ENTERPRISE STREET

ESCONDIDO, CA 92029

## LOCATION



CRITICAL HIGHWAY 78/  
INTERSTATE 15 JUNCTION

