

# BASELINE PROFESSIONAL PLAZA

MEDICAL OFFICE COMPLEX WITH NEW ASSUMABLE FINANCING

2451 EAST BASELINE ROAD, GILBERT, AZ

[CLICK HERE FOR PROPERTY WEBSITE](#)

[CLICK HERE FOR OFFERING MEMORANDUM](#)



**Colliers**  
INTERNATIONAL



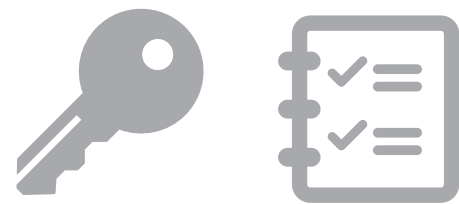
PROPERTY SUMMARY

Building Size	±39,315 SF
Land Area	±3.45 acres (±150,456 SF)
Zoning	GC, City of Gilbert
Year Built	1995
Parking	±5.0 per 1,000 SF
Occupancy	97%

Colliers International, as exclusive advisor, is pleased to present the opportunity to acquire Baseline Professional Plaza, a ±39,315 square foot medical office complex in Gilbert, Arizona that is 97% leased to 15 tenants. Built in 1995, as the surrounding neighborhoods were also constructed, the synergistic tenant mix includes the variety of medical providers appropriate for the nearby residents ranging from pediatric, dental, wellness center, physical therapy, chiropractic, and arthritis care to specialized services such as pediatric occupational therapy, opioid intervention counselling and rheumatology.

Just south of US Highway 60, it is conveniently located along the east valley’s busiest arterial road – Baseline Road – between Gilbert Road to the west and Lindsay Road to the east. The four, single-story, exterior-loaded buildings are situated in two generously landscaped building envelopes that include two attractive, landscaped courtyards. Tenant entrances are from the courtyards, as well as at various locations around the buildings’ perimeters.

The property offers investors an opportunity to purchase a stable, ideally-located, multi-tenant medical office property with an outstanding tenant mix, strong operational history and growing cash flow. With strengthening market conditions, investors can enjoy secure cash flow, upside through renewing at market rental rates, as well as accelerated rental growth in the future and assume an existing loan with favorable terms.



## FINANCIAL SUMMARY

Price / Per Square Foot      \$7,175,000 / \$183

Assumable Loan      \$4,500,000

5.15% rate; 10 year term; Interest Only for 4 years;  
30 year amortization thereafter



	In Place	Year 1*	Year 2*	Year 3*	Year 4*
Net Operating Income	\$522,983	\$508,581	\$531,685	\$551,841	\$573,755
Projected Cap Rate	7.29%	7.09%	7.41%	7.69%	8.00%
Projected Leveraged Cash Return**		7.12%	10.14%	7.11%	7.55%

\*Proforma includes lease up and renewal assumptions and a 5% vacancy factor

\*\* Leveraged Cash Return is after deducting tenant improvements, commissions, capital reserves and debt service

## INVESTMENT HIGHLIGHTS

### TREMENDOUS UPSIDE

All of the current rental rates were established before the market began its recovery and are at levels substantially below replacement cost values, and below current market rates. It is projected that net operating income could grow by 3.5% to 4.5% annually. At the end of a 10 year hold, net operating income is projected to grow by 36%.

### STABILITY WITH MINIMAL NEAR TERM ROLLOVER

Three leases, occupying only 13.5% of the building, expire during the first 24 months. The remaining expiration schedule is comfortably spread over the third through ninth year. As these leases renew, the owner is projected to enjoy substantial growth in rental rates.

### EXCELLENT MIX OF TENANTS IN A CONVENIENT SITE PLAN

The synergistic mix of medical practices are very appropriate for the surrounding neighborhoods, which includes 12 medical and three non-medical tenants. The excellent site plan has convenient access with three curb cuts, easy site circulation, and generous parking that surrounds the buildings.







## MARKET HIGHLIGHTS

### IMPROVING OCCUPANCY RATES

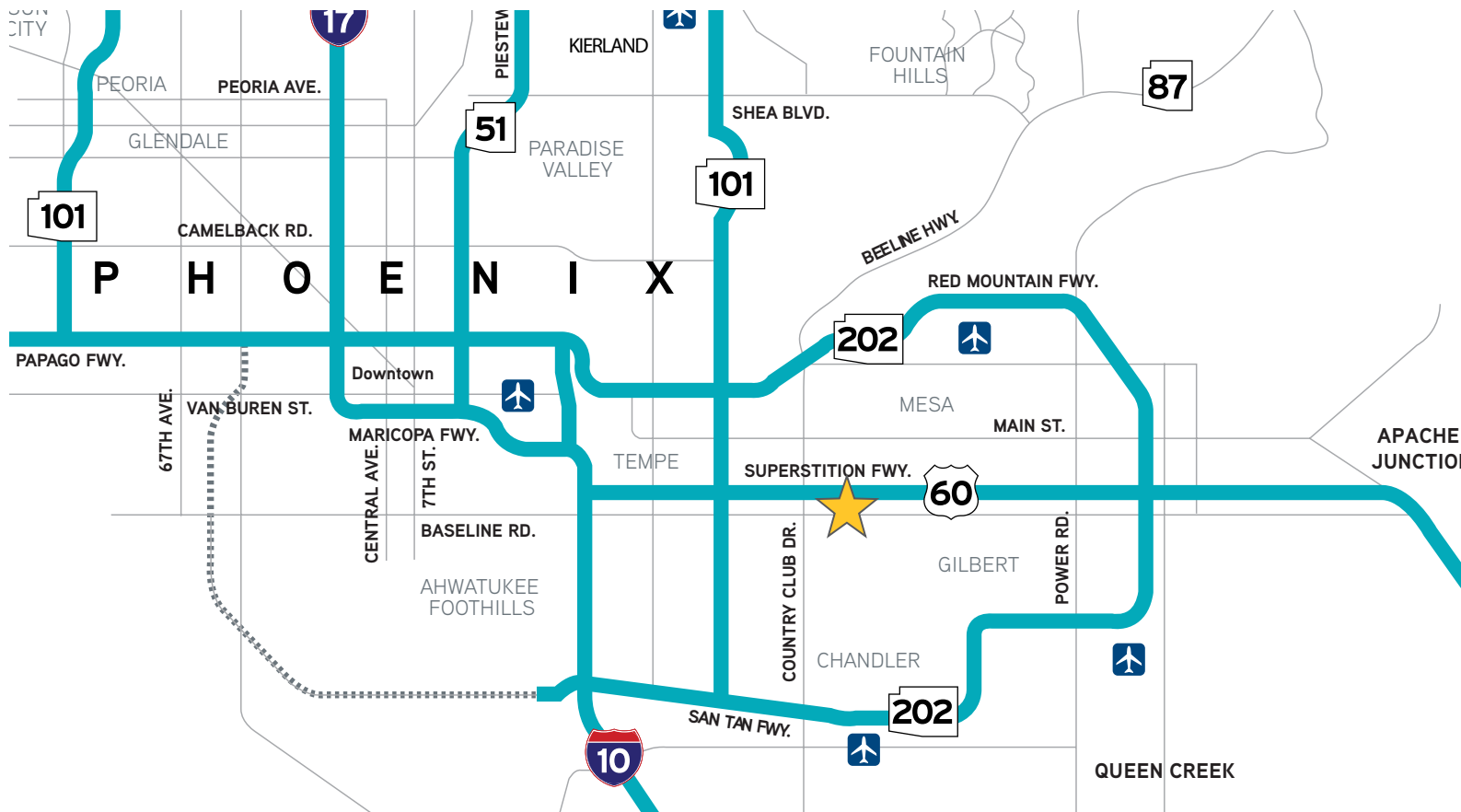
At 14.4% vacancy as of the first quarter 2018, the vacancy rate for greater Phoenix medical office properties is at a 10-year low – a 31% decline from the recession peak of 21% in 2009. At 9% vacancy, the east valley has the strongest occupancy rates of the three largest submarkets in the valley (Scottsdale and Northwest Valley are the other two top submarkets). This is a 33% decline from just 12 months earlier; and there are severe shortages of availability of spaces larger than 5,000 SF.

### INCREASING DEMAND

During the last five years, some of the most robust employment growth both nationally and locally has been in the healthcare sector. In 2017, more than 6,100 new healthcare sector jobs were created in Greater Phoenix, while population growth continues to lead the nation – driving a continued increase in tenant demand for healthcare real estate.

### MINIMAL NEW CONSTRUCTION; GROWING RENTAL RATES

Both the amount of new supply coming online and the amount of space under construction have been minimal during the last five years and continue to remain low, allowing occupancies to stabilize. As occurrences of supply shortages in preferred areas increase, developers have begun to build and landlords have begun to grow rents back towards replacement cost pricing.



## LOCATION HIGHLIGHTS

### SURROUNDED BY DENSELY POPULATED NEIGHBORHOODS

This area grew during the 1990s after US 60 was constructed to a controlled freeway, and farms were converted to master-planned family neighborhoods. Starting in the mid-1990s and continuing into the mid-2000s, medical facilities were located to serve these new families. Today, Baseline Professional Plaza is surrounded by 244,593 residents within a 10-minute drive-time.

### CONVENIENT BASELINE ROAD LOCATION

Just 1/2-mile south of a full-diamond interchange with US Highway 60, Baseline Road is the east valley's dominant east-west arterial roadway. By being midway between Gilbert Road to the west and Lindsay Road to the east (both north-south arterials), Baseline Professional Plaza is ideally situated for convenient and easy access. It is close enough for convenience, but far enough away from the overly busy arterial intersection so that safe left and right turns are allowed to and from the site. The newly upgraded monument signage and newly painted buildings further promotes the property's visibility. This site is within four miles from Banner Gateway Medical Center and six miles from Banner Desert Medical Center.





South Mountain

ALMA SCHOOL RD

GUADALUPE RD

MCQUEEN RD

COOPER RD

BASELINE RD



GILBERT RD

BURK ST

Circle G Meadows

BASELINE  
PROFESSIONAL  
PLAZA

Circle G Ranches  
(one acre custom homes)

SILVERADO RD





Banner Health<sup>®</sup>  
Desert Medical Center

101

Downtown Phoenix

ASU<sup>®</sup>  
ARIZONA STATE  
UNIVERSITY

Downtown Mesa

SOUTHERN AVE

60

SPROUTS  
FARMERS MARKET  
TRADER  
JOE'S

New Apartments

Old West Estates





# Colliers

INTERNATIONAL

**COLLIERS INTERNATIONAL**

2390 E. Camelback Rd. Ste 100

Phoenix, AZ 85016

**MAIN** +1 602 222 5000

[www.phoenixinvestment.properties](http://www.phoenixinvestment.properties)

## EXCLUSIVE INVESTMENT ADVISORS

**MINDY KORTH**

Executive Vice President

**DIRECT** +1 602 222 5005

[mindy.korth@colliers.com](mailto:mindy.korth@colliers.com)

**KIRK KULLER**

Vice President

**DIRECT** +1 602 222 5179

[kirk.kuller@colliers.com](mailto:kirk.kuller@colliers.com)

**SEAN WESTFALL**

Senior Associate

**DIRECT** +1 602 222 5027

[sean.westfall@colliers.com](mailto:sean.westfall@colliers.com)

