



paramit™ lathrop™

# SINGLE-TENANT LEASED INVESTMENT

18635 SUTTER BLVD, MORGAN HILL, CA



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## THE OFFERING

Colliers International is pleased to exclusively offer for sale the Paramit Lathrop leased facility located at 18635 Sutter Boulevard in Morgan Hill, California (the "Property"). The Property is 100% leased to Paramit Corporation under a net lease that was recently signed and has over 7 years of remaining term.

The Property consists of an approximately 25,000 square foot single story R&D/Flex building that has just been extensively renovated for Paramit Corporation. Paramit Corporation is a US based, FDA registered manufacturer of medical devices and instruments. Paramit is headquartered in this same business park, one block away.

Located less than a mile from US Highway 101, the major north-south artery that runs from Silicon Valley, San Francisco, and Monterey, and conveniently accessed via the Cochrane Road exit. The Property is a part of the Sutter Business Park, a master planned Business Park, with local amenities within walking distance including hotels, retail services and restaurants.



## INVESTMENT HIGHLIGHTS

### EXPERIENCED TENANT

Paramit is known for its exceptional quality as a result of its “zero defect” approach to manufacturing, and has been partnering with life science companies to develop high-precision instrumentation for 25 years.

### QUALITY INVESTMENT

The property is located in a mature, master planned business park, has recently been extensively renovated, and has 7 years remaining on a net lease.

### SILICON VALLEY/SANTA CLARA COUNTY VITALITY

The Property is located in the greater Silicon Valley area, one of the most highly desired business locations in the US. Santa Clara County boast one of the highest demographic profiles.

### OCCUPANCY RATE

Morgan Hill is showing an availability rate of 3.7% as of July 1st for R&D buildings.

### EXCELLENT DEMOGRAPHICS

Morgan Hill has always been considered an attractive community to work and live. Current demographics offer a city population of approximately 41,000 people, with 76% of the housing units being single family homes that are 71% owner occupied, and an average household income of \$127,000.



## PROPERTY OVERVIEW

### LOCATION

The property is a part of the Cochrane Business Ranch in Morgan Hill. Cochrane Business Ranch is a master planned business park. The immediate area offers hotels, retail stores and restaurant amenities to service the park and the surrounding community. The site is just off of US Highway 101 at the Cochrane Road exit, providing excellent access.

### ADDRESS

18635 Sutter Boulevard, Morgan Hill, CA 95037. Corner location of Woodview Avenue.

### APN

726-33-016

### BUILDING

The owner has just completed an extensive renovation to the building to accommodate Paramit. Approximately 25,000 square feet, single story R&D/Flex industrial building, with a Two-thirds office improvements and One-third assembly/lab area. There is drop ceiling and HVAC throughout the building. The building has perimeter glass, an outdoor lunch area, and a roll up truck door.

### YEAR BUILT

Extensively renovated in 2016/2017. Originally built in 1997.

### PARCEL SIZE

1.93 acres

### ZONING

ML. Light Industrial District





## LEASE ABSTRACT

### TENANT

Paramit Corporation (website: www.paramit.com)

### FINANCIALS

Tenant is privately held. Financial information will be made available in due diligence.

### OWNERSHIP

Fee Simple

### LEASE TERM

Seven years and three months, commenced April 15, 2017

### OPTIONS

Two (2) terms of five (5) years rent to be at fair market

### PREMISES

Paramit occupies the entire building of approximately 25,000 square feet.

### RIGHT OF FIRST REFUSAL

Paramit has a right of first refusal to purchase the property, with 10 business day notice.

### ANNUAL RENT

NOI \$504,642

### INCREASES

Three percent (3%) each twelve months

### LEASE TYPE

Industrial Net

### REPAIR & MAINTENANCE

Landlord shall maintain at its expense the building structure, exterior plumbing and electrical.

Landlord shall maintain the roof membrane, non-structural portion of exterior walls and outside areas, and shall be reimbursed by the Tenant.

Tenant shall maintain the interior of the building, the HVAC system, all plumbing, store fronts and glass, and fire systems.

Tenant shall pay for real property taxes, landlord's insurance, and Landlord's costs to operate and maintain the building and outside areas. Tenant shall also pay for its utilities and services, and a management fee equal to two percent (2%) of the monthly rent.



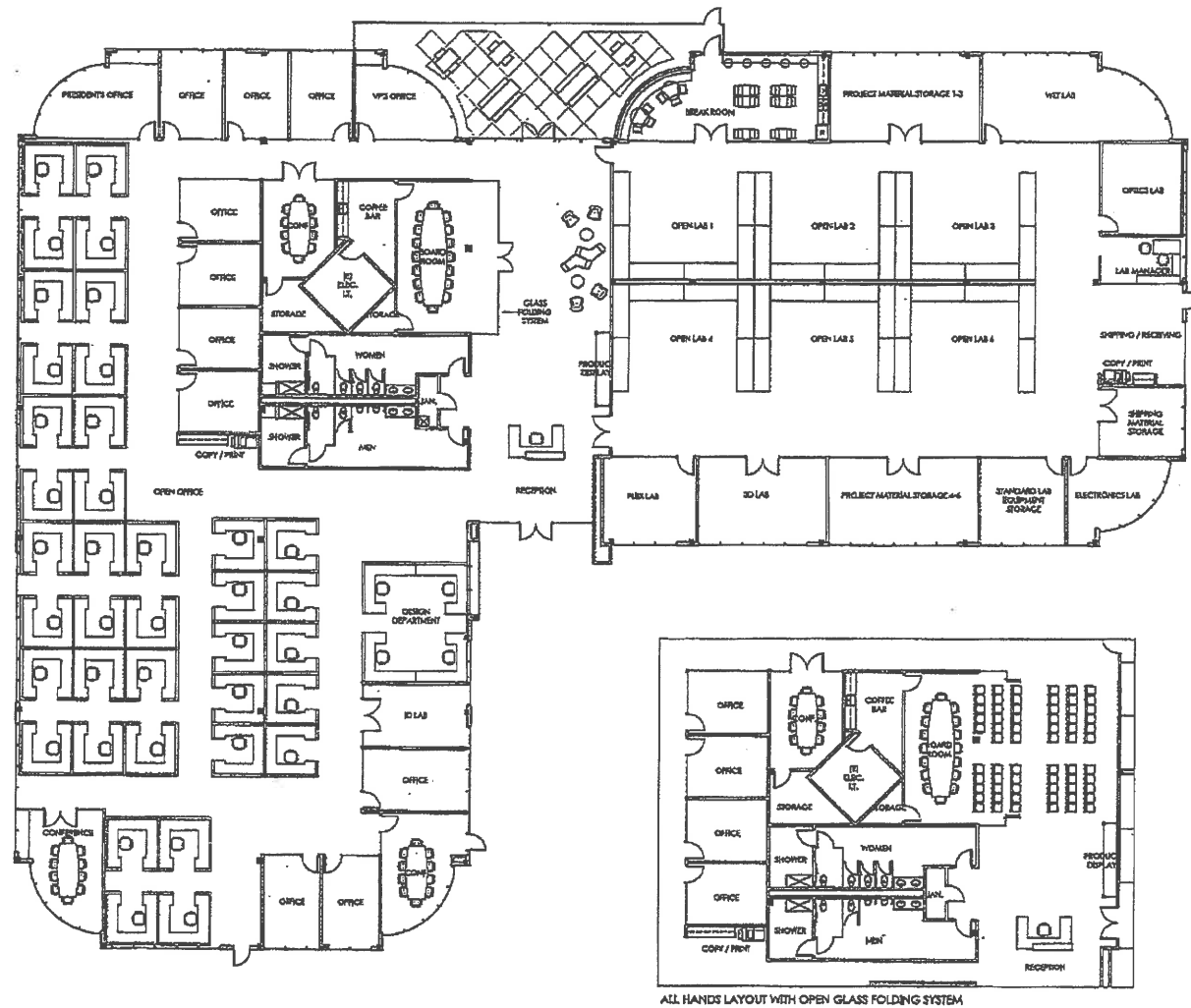
## THE COMPANY: PARAMIT

Paramit Corporation provides design, engineering, manufacturing, and post-manufacturing services to medical device and life science instrument companies. The company specializes in diagnostic and analytical instrumentation for medical and life science industries. It offers product development services; and manufacturing services, including new product introduction, failure modes and effects analysis, printed circuit board assembly, mechanical assembly, and supply chain management, as well as vPoke, a programmable computer system that contains assembly sequences and images of parts, tools, and completed examples. The company also provides post manufacturing services, such as order fulfillment, field service return program, and medical device product upgrades. It serves customers ranging from start-ups to Fortune 500 firms. Paramit Corporation was founded in 1990 and is based in Morgan Hill, California with facilities in California and Malaysia.





## SITE PLAN



## AMENITIES MAP





## AERIAL MAP





## REGIONAL MAP



## SILICON VALLEY CURRENT MARKET CONDITIONS

OFFICE (OFFICE RATES ARE FULL SERVICE)	ASKING LEASE RATES			TOTAL AVAILABLE SPACE (SF)	AVAILABILITY RATE AS OF 7/1/17
	CLASS A	CLASS B/C	AVERAGE		
PALO ALTO	\$8.33	\$7.25	\$7.90	725,046	6.84%
MOUNTAIN VIEW/LOS ALTOS	\$7.41	\$5.42	\$7.06	513,061	7.42%
SUNNYVALE	\$5.30	\$3.79	\$5.02	557,096	4.43%
SANTA CLARA	\$4.14	\$3.01	\$3.97	3,625,777	27.31%
CUPERTINO	\$4.38	\$3.76	\$4.19	237,045	3.30%
WEST VALLEY	\$4.41	\$3.39	\$4.19	1,176,656	7.30%
AIRPORT - SAN JOSE	\$3.24	\$2.84	\$3.22	655,538	16.54%
DOWNTOWN SAN JOSE	\$3.94	\$3.20	\$3.59	1,075,361	12.95%
NORTH SAN JOSE	\$3.56	\$2.88	\$3.51	785,492	12.88%
MORGAN HILL	\$2.20	\$1.87	\$2.05	34,052	4.50%

R&D (R&D RATES ARE NNN)	ASKING LEASE RATES			TOTAL AVAILABLE SPACE (SF)	AVAILABILITY RATE AS OF 7/1/17
	LOW	HIGH	AVERAGE		
PALO ALTO	\$2.75	\$8.50	\$6.22	427,118	3.11%
MOUNTAIN VIEW	\$1.50	\$5.75	\$3.70	562,452	4.04%
SUNNYVALE	\$0.98	\$4.80	\$2.69	1,280,302	5.60%
SANTA CLARA	\$0.99	\$3.15	\$2.15	2,282,166	11.92%
CAMPBELL	\$2.45	\$2.85	\$2.56	126,212	9.16%
WEST VALLEY	\$2.45	\$2.85	\$2.56	142,702	2.51%
NORTH SAN JOSE	\$0.48	\$2.85	\$2.17	3,936,216	18.99%
SOUTH SAN JOSE	\$0.75	\$1.50	\$1.28	1,313,441	12.36%
MILPITAS	\$1.15	\$2.85	\$1.71	2,195,061	15.97%
FREMONT	\$0.69	\$2.35	\$1.56	2,706,719	13.21%
MORGAN HILL	\$0.90	\$1.20	\$1.11	106,489	3.70%
GILROY	\$0.75	\$1.25	\$0.92	116,205	31.23%

## SILICON VALLEY CURRENT MARKET CONDITIONS

INDUSTRIAL (INDUSTRIAL RATES ARE NNN)	ASKING LEASE RATES			TOTAL AVAILABLE SPACE (SF)	AVAILABILITY RATE AS OF 7/1/17
	LOW	HIGH	AVERAGE		
SUNNYVALE	\$1.75	\$3.50	\$2.22	67,001	1.09%
SANTA CLARA	\$1.20	\$1.95	\$1.50	178,489	1.57%
CAMPBELL	\$1.50	\$2.50	\$2.37	34,735	3.49%
NORTH SAN JOSE	\$0.90	\$1.60	\$0.94	734,987	12.68%
SOUTH SAN JOSE	\$0.80	\$0.80	\$0.80	265,279	3.22%
MILPITAS	\$0.95	\$1.10	\$0.95	61,527	2.09%
FREMONT	\$0.75	\$1.30	\$0.93	221,041	2.23%
MORGAN HILL	\$1.00	\$1.35	\$1.28	48,829	2.06%
GILROY	\$1.00	\$1.25	\$1.16	13,337	0.81%
WAREHOUSE (WAREHOUSE RATES ARE NNN)	ASKING LEASE RATES			TOTAL AVAILABLE SPACE (SF)	AVAILABILITY RATE AS OF 7/1/17
	LOW	HIGH	AVERAGE		
SUNNYVALE	\$0.00	\$0.00	\$0.00	0	0.00%
SANTA CLARA	\$1.00	\$1.00	\$1.00	102,162	2.91%
NORTH SAN JOSE	\$0.79	\$0.98	\$0.88	199,777	4.14%
SOUTH SAN JOSE	\$0.79	\$0.90	\$0.82	297,624	4.47%
MILPITAS	\$0.90	\$1.30	\$1.14	401,901	8.52%
FREMONT	\$0.75	\$0.90	\$0.79	221,361	2.62%
MORGAN HILL	\$0.00	\$0.00	\$0.00	0	0.00%
GILROY	\$0.00	\$0.00	\$0.00	0	0.00%



## WORKSTYLE IN MORGAN HILL

Morgan Hill is a sophisticated Silicon Valley Community that supports industry and innovation. The city offers 6.2 million square feet of Industrial, R&D and manufacturing space in three large business parks. Morgan Hill is home to companies such as Anritsu Corporation, Specialized Bicycles Components, Infineon Technologies, TenCate Advanced Composites, Flextronics, Phoniex DeVentures and Sakata Seeds. The city has a significant and growing employment base in the areas of manufacturing and wholesale, with projected growth in the sectors of health, education, finance, insurance, real estate, and information. Its location in South Silicon Valley offers relatively new, high-quality space at lower costs, over 150 acres of industrial vacant land and a reverse commute. Morgan Hill's location offers employees access to the great outdoors, providing an ideal balance between jobs, housing, recreation, and open space.



## WORKSTYLE IN MORGAN HILL

### TOP MANUFACTURING NICHEs IN MORGAN HILL:



Food  
Manufacturing



Sports/Recreation  
Manufacturing



Electronic  
Components

### BY THE NUMBERS:

**6.2 MILLION**

SF of Commercial/  
Industrial Space

**150**

acres of vacant industrial  
land available for job growth

**17,500**

employed residents

**22%**

of jobs are in Manufacturing

**1,000+**

companies



Tim Paulus  
President, Ford Store  
Morgan Hill

"We love being in this community because of the upscale demographics. We have found the City to be extremely easy to work with. They helped us get into business and it's been a wonderful relationship."



Scott Unger  
Group President of  
TenCate Advanced  
Composites

"Morgan Hill is a perfect place for TenCate Advanced Composites' US Headquarters. Since Morgan Hill sits on the southern tip of Silicon Valley, it has the feel of high tech coupled with the serenity of the South Valley. The city is very conducive to business and supportive of our company and our growth. The location and proximity to international airports are convenient for our customers and suppliers who come to visit."



Wade Hulon  
President,  
Anritsu Company  
Vice President,  
Anritsu Corporation

"We have the advantage of being near our customers who are developing the latest technologies. As part of Silicon Valley, we are close to SJC, SFO and Oakland airports, which also support us as a global operation. Anritsu Company has a very successful and strong global sales presence in the Test and Measurement market and provides US and international customers with the broad range of products manufactured in Morgan Hill and Japan."



## DEMOGRAPHICS

### General Information

- Morgan Hill is home to two of the largest business parks in Silicon Valley
- Morgan Hill Ranch is the 4th largest business park in the Silicon Valley
- Industrial leases range from \$.99-\$1.11 per square foot
- Industrial vacancy rates 6.1%
- Retail vacancy rates at 7.3%
- 15% of Morgan Hill jobs are in Manufacturing

### Key Demographics

#### General Demographics

Source: American Community Survey 2015

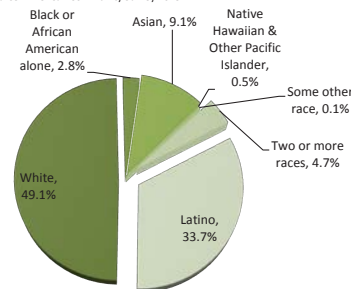
#### Per Capita Income

Source: American Community Survey 2015

Demographics	Totals	Location	Per Capita Income
Population	40,872	City of Morgan Hill	\$42,792
Households	13,460	Santa Clara County	\$43,880
Per Capita Income	\$42,792	San Francisco County	\$52,220
Average Household Income	\$126,986	San Diego County	\$31,266
Median Household Income	\$96,051	Los Angeles County	\$28,337
Aggregate Household Income (1,000)	\$1,709,227	California	\$30,318
		United States	\$28,930

#### Population Diversity

Source: American Community Survey 2015



#### Income Distribution by Households

Source: American Community Survey 2015

	Units	%
Total Households	13,460	100%
Less than \$10,000	403	3.0%
\$10,000 to \$14,999	435	3.2%
\$15,000 to \$24,999	1,066	7.9%
\$25,000 to \$34,999	789	5.9%
\$35,000 to \$49,999	999	7.4%
\$50,000 to \$74,999	1,653	12.3%
\$75,000 to \$99,999	1,741	12.9%
\$100,000 to \$149,999	2,509	18.6%
\$150,000 to \$199,999	1,447	10.8%
\$200,000 or more	2,418	18.0%

### Educational Attainment

Source: American Community Survey 2015

### Santa Clara County Wages

Source: Employment Development Department 2016

Population Age 25 and Older	%	Occupation	Mean Wage
Population 25 or older	26,496	Sales Manager	\$78.90
Less than 9th grade	5.3%	Computer and Information System Manager	\$93.58
Some High School, no diploma	5.8%	Industrial Production Manager	\$72.95
High School Graduate (or GED)	17.1%	Computer Programmer	\$45.81
Some College, no degree	23.5%	Computer Hardware Engineers	\$68.77
Associate Degree	9.7%	Assemblers	\$17.54
Bachelor's Degree	23.4%	Retail Salespersons	\$14.46
Graduate or professional degree	15.2%	Receptionists and Information Clerks	\$17.68
		Data Entry Keys	\$15.21

### Jobs in Morgan Hill by Sector

Source: American Community Survey 2015

### Labor Force Availability

Source: Employment Development Department

Sector	Percent of Employment	Labor Force	Oct 2016
Education and Healthcare services	18%	Employed	23,400
Manufacturing	15%	Unemployed	22,400
Professional, Scientific, & Mgmt.	14%	Unemployment Rate	1000
Retail trade	12%		4.2%
Arts, Entertainment, & Recreation	7%		
Construction	7%		
FIRE	6%		
Other services	5%		
Public administration	4%		
Transportation & warehousing	4%		
Information	3%		
Wholesale trade	3%		
Ag. & Forestry	1%		

### Local Colleges/Universities

Source: City of Morgan Hill

Gavilan College	Gilroy
San Jose State University	San Jose
DeVry University	San Jose
Santa Clara University	Santa Clara
Foothill/De Anza College	Cupertino
San Jose City College	San Jose

### Transportation Access

Source: City of Morgan Hill

### Average Commercial/Industrial Electricity Rates

Source: PG&E, Oct 2016

		Average Total Rate kWh
San Jose International (SJC)	25 miles	E-19 Commercial: Transmission \$1.2832
San Francisco International (SFO)	57 miles	E-19 Commercial: Primary \$1.5808
Oakland International (OAK)	56 miles	E-19 Commercial: Secondary \$1.7162
U.S. Highway 101	0 miles	E-20 Industrial: Transmission \$1.0996
Morgan Hill Caltrain Station	1 miles	E-20 Industrial: Primary \$1.4747
San Jose Amtrak Station	19 miles	E-20 Industrial: Secondary \$1.6200

### Housing Statistics

Source: American Community Survey 2015

#### Unit Types

- 76% of all housing units in Morgan Hill are Single Family homes
- 13.1% of housing units in Morgan Hill are 2-9 units
- 4.6% of housing are 10 units or greater
- 6.0% of units are mobile homes

#### Owner Occupied

- 71% of housing units are owner occupied

#### Value

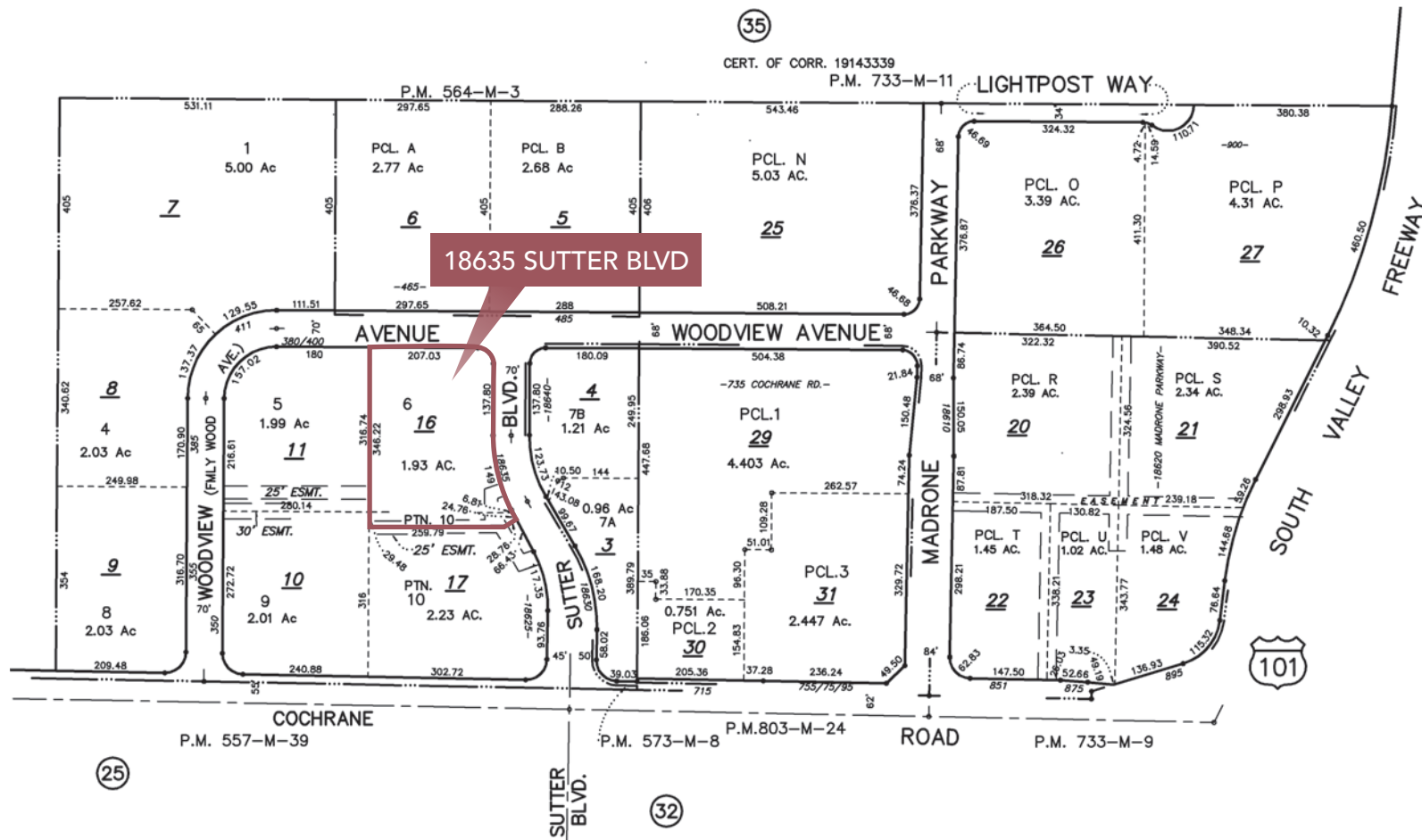
- 67.2% of Morgan Hill homes are valued over \$500,000
- 25.4% of Morgan Hill homes are valued between \$200,000 and \$499,000

#### Age of Housing Stock

- 39.8% of Houses have been built after 1990
- 48.1% of Houses were built between 1970-1989
- 12.1% of houses were built prior to 1970



## PARCEL MAP



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