

Multi-Tenant Office Investment

**100% LEASED WITH PATH TO
OWNER-USER OCCUPANCY**

OFFERING MEMORANDUM

FOR SALE | OWNER-USER OR INVESTMENT

4736–4740 Scotts Valley Drive

SCOTTS VALLEY, CALIFORNIA 95066



COMPASS

Table of Contents

Investment	03
Financials	07
Tenancy	08
Property	09
Zoning	15
Location	16
Demographics	20



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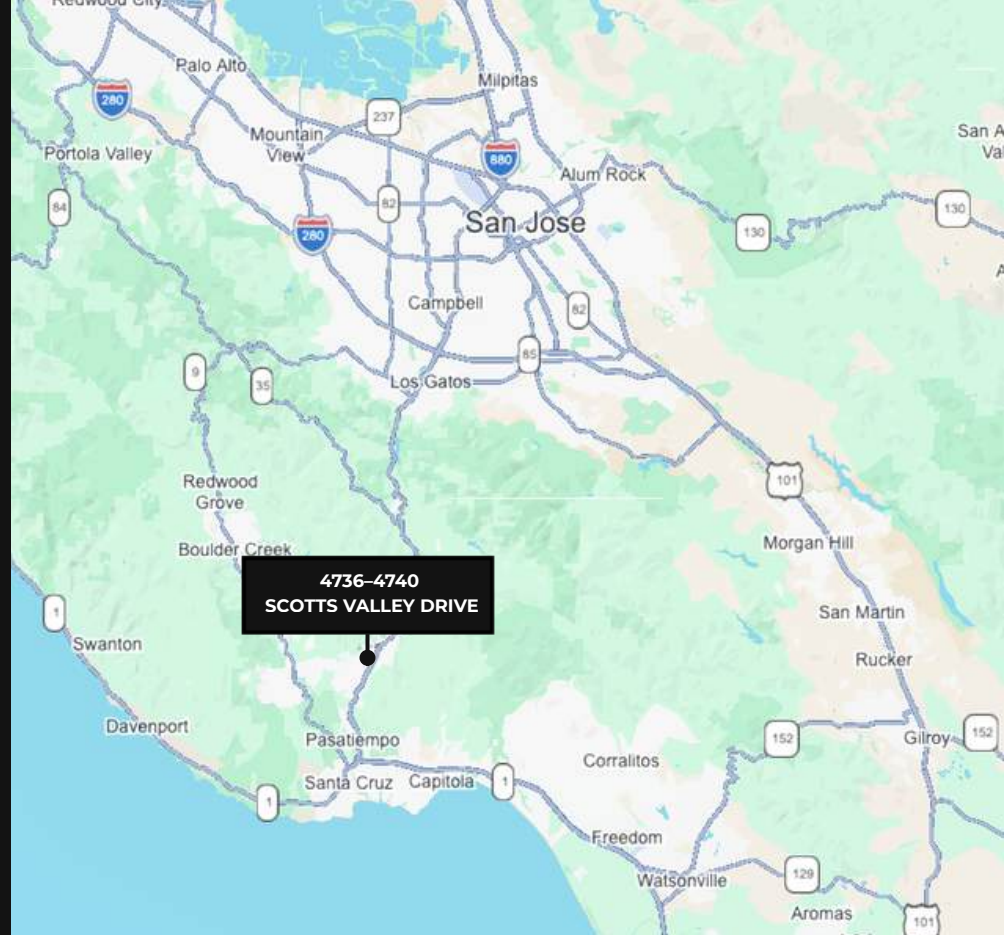
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Investment Summary

HCG is pleased to present this fully leased, 9,485 SF multi-tenant office asset spanning three buildings in Scotts Valley, CA. Ideally positioned between Santa Cruz and Los Gatos, the property benefits from a growing market with limited buildable land and approximately 1,200 new housing units planned by 2028.

With a potential second-floor residential conversion under existing zoning, and a seller leaseback opportunity at market rates, the property offers multiple avenues for future value creation.



OFFERING PRICE

\$3,210,000

CAP RATE

6%

2025 NOI

\$192,594

BUILDING SIZE

±9,485 SF

LOT SIZE

±28,227 SF (±0.65 AC)

FOR SALE

Owner-User/Investment

PROPERTY TYPE

Office, Retail & Medical

YEAR BUILT

1975

YEAR RENOVATED

2022 – 2024

ZONING

C-S (Service Commercial)



Property Outline



Additional Property Data

ADDITIONAL DATA	
Buildings	3 (4736, 4738 & 4740 Scotts Valley Drive)
Stories	2
Suites	9
Market	Santa Cruz
Crossroads	Civic Center Dr & Bean Creek Rd
Parking Stalls	48 Surface Spaces
Occupancy	100% Leased
Nearest Highway / Airport	Highway 17 / San Jose International
Construction	Wood Frame
Roof	Flat and Mansard
APN	022-491-17



Capital Expenditures

CAPEX LIST	COMPLETED
Roof & Gutter Repairs	2022
Suite Renovations 4736 C&D	2022-2024
New Trash Enclosure	2023
Main Server & Networking Equipment (serves all suites)	2022
Exterior Paint	2022
Section 1 & 2 Termite Repair	2022/2023
Landscaping & Irrigation	2022/2023
Sewer Lateral Repairs	2024
Updated Street Signage	2023
Decomposed Granite & Planter Installations	2023
Suite Renovations 4736 A&B	2024
Suite Renovations 4740 A&B	2024
New HVAC Systems 4740 C-D-E	2026
New Furnace 4740 B	2026
Exterior Lighting	2026



Financial Snapshot

PRICED FOR IMMEDIATE CASH FLOW

Offered at \$3,210,000, the asset generates \$192,593.84 in 2025 NOI (6% cap rate).



INVESTMENT SUMMARY

Offering Price	\$3,210,000
Cap Rate	6%
Annual Gross Rents	\$242,311.44
CAM Reimbursements	\$35,219.53
2025 Annual NOI	\$192,593.84
Avg. Mo. Cash Flow	\$16,049.49

DEAL SNAPSHOT

9,485 SF	0.65 AC
BUILDING SIZE	LOT SIZE
Price / SF	\$338.43
Occupancy	100%
Zoning	C-S
Year Built	1975



Tenant Summary

RENT ROLL TOTALS

Total SF	9,485 SF
Total Current Rent/Mo	\$20,192.62
Wtd. Avg \$/SF	\$2.15 → \$2.39
Annual Upside to Market	+\$27,419 (11.3%)

Full Rent Roll — All 9 Suites

Every suite is on a modified-gross lease. Three suites (4736-B, 4736-C, 4740-C&D) are holding over month-to-month past their stated term; the rest run through 2027–2029 with several renewal options.

All leases have an **owner option to terminate**, giving clear path to owner occupancy.

FULL RENT ROLL

Tenant	SF	Rent/Mo	\$/SF Cur	\$/SF Mkt	Lease Type	Lease Term	Options
4736-A — Electrolysis	750 SF	\$1,600.00	\$2.13	\$2.50	Modified Gross**	5/21/24–6/1/27	N/A
4736-B — Musical Instrument Repair	925 SF	\$1,695.00	\$1.83	\$2.50	Modified Gross**	M2M	N/A
4736-C — Old Coast Investments (affiliated)	690 SF	\$1,725.00	\$2.50	\$2.50	Modified Gross**	M2M	*See Comment
4736-D — Shine A Light Therapy	895 SF	\$1,790.00	\$2.00	\$2.00	Modified Gross**	8/1/24–7/30/29	N/A
4738-A&B — Pablo Fernandez DDS	1,575 SF	\$3,618.87	\$2.30	\$2.50	Modified Gross**	10/1/24–9/30/27	Two 3-yr Options
4738-C&D — Steven J Graf DDS	1,575 SF	\$3,622.50	\$2.30	\$2.50	Modified Gross**	11/1/25–10/31/27	One 2-yr Option
4740-A — Society for Creative Anachronism, Inc.	750 SF	\$1,840.00	\$2.45	\$2.50	Modified Gross**	8/28/24–7/30/29	N/A
4740-B — Amy Haircut	750 SF	\$1,545.00	\$2.06	\$2.50	Modified Gross**	12/1/24–12/31/29	One 5-yr Option
4740-C&D — SSL Construction Products	1,575 SF	\$2,756.25	\$1.75	\$2.00	Modified Gross**	M2M	N/A

*Current Owner will sign new lease at COE. **Tenant responsible for their share of utilities and for general maintenance of interior and HVAC. **Tenant in 4740-A also pays \$245/M for 10x10 storage container.**



Property Highlights

STABILIZED, 100% LEASED

Nine suites across three buildings, zero vacancy.

OWNER-OCCUPANCY OPPORTUNITY

Leases have terminations and buyer can occupy space.

VANISHING COMPETING SUPPLY

Nearby corridor office buildings demolished for housing, tightening the market.

POPULATION WAVE INCOMING

1,200+ new housing units mandated citywide, arriving 2027–2028.

RECENT CAPITAL PROGRAM

New roof, HVAC, signage, and suite renovations completed 2022–2024.

BASEMENT STORAGE UPSIDE

±2,213.89 SF unfinished space beneath Bldg. 4736, ready to build out.

DIVERSIFIED RENT ROLL

Dental, medical/wellness, personal services, and light professional/industrial tenants.

FLEXIBLE C-S ZONING

Permits a broad mix of retail, office, medical, and service uses by right.

SALE-LEASEBACK AVAILABLE

Seller will consider a 2-year leaseback on Suite 4736-C at full market rent.

RESIDENTIAL CONVERSION OPTIONALITY

Zoning permits 2nd-story residential conversion by conditional use permit.



Exterior Photos



Interior Photos



Value-Add Opportunity Beneath Building 4736

Opportunity to build out basement for extra income, self-storage, inventory, warehouse.

SIZE

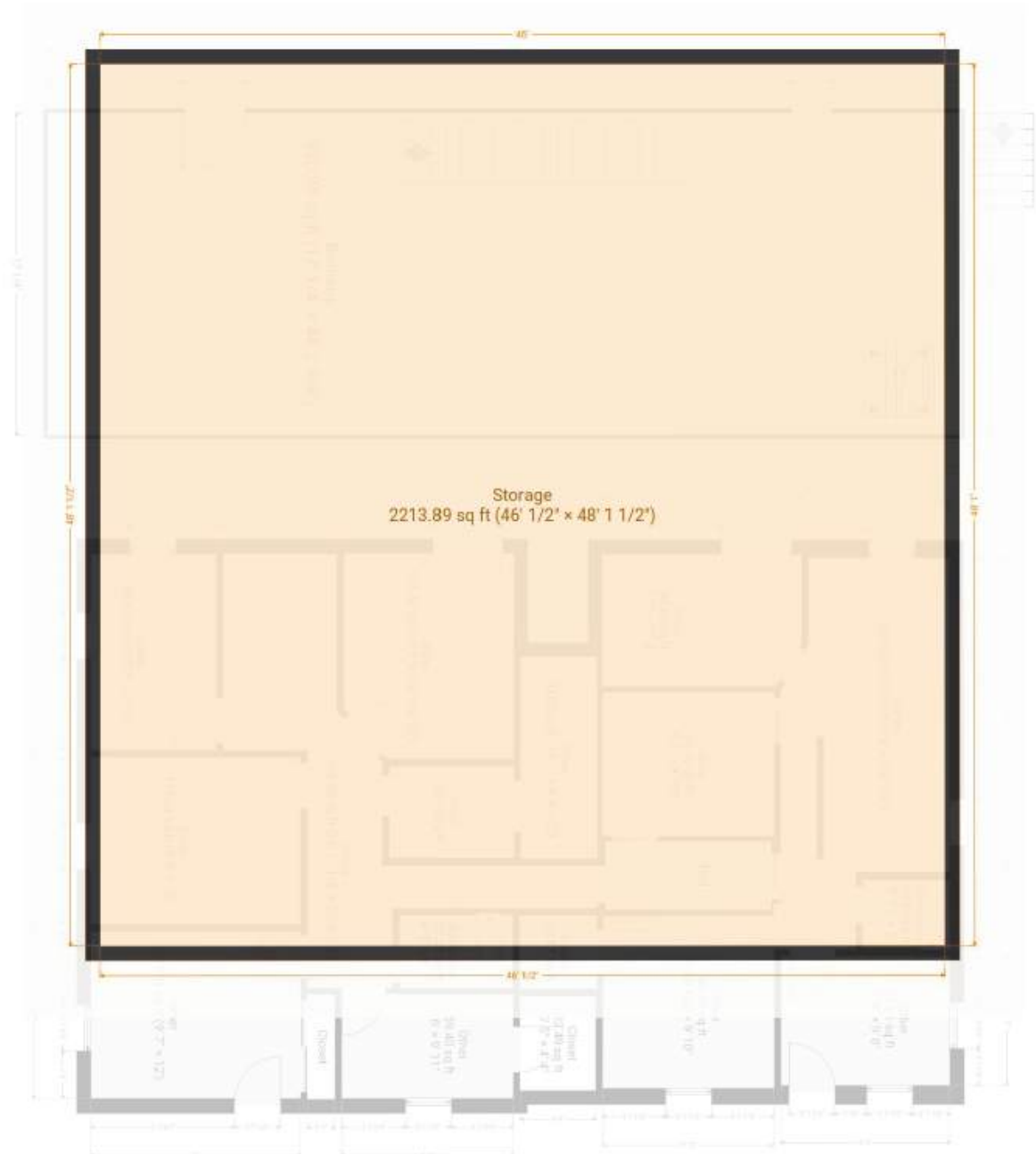
±2,213.89 SF (46'0.5" × 48'1.5")

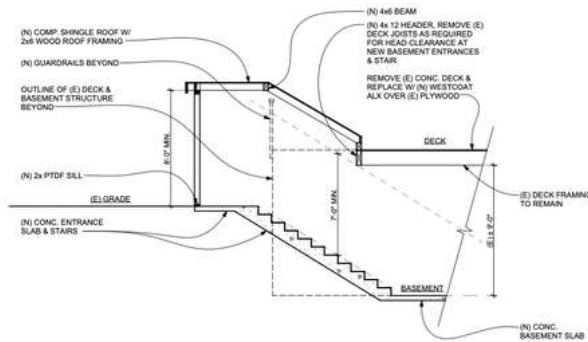
ACCESS

Currently a hatch on the deck; an interior stairway, ramp, or elevator could be added for secure access.

CURRENT CONDITION

Unfinished

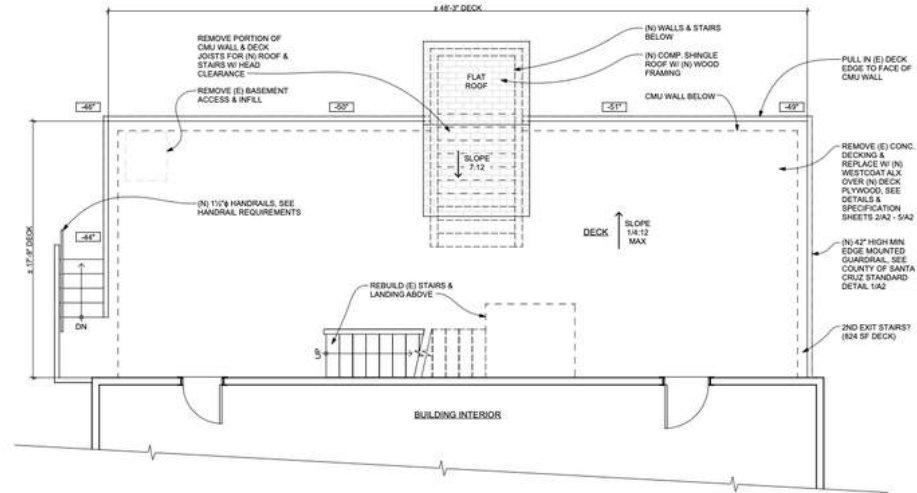




1 PROPOSED SECTION
SCALE 1/4" = 1'-0"

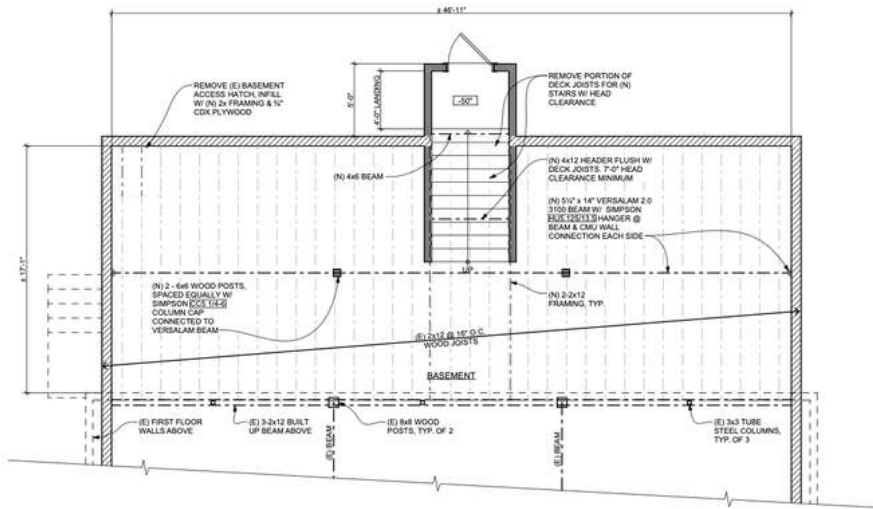
HANDRAIL REQUIREMENTS

- PROVIDE MIN 1/16" SPACE FROM HANDRAIL TO WALL.
 (R317.8.2)
- HANDRAIL SHALL BE BETWEEN 34" & 38" ABOVE THE MOSING OF THE TREADS. (R317.8.1.1)
- HANDRAILS SHALL NOT PROJECT MORE THAN 6.5" ON THE INSIDE OF THE HANDRAILS WITH 4" AT AND BELOW THE HANDRAIL. SHALL BE 31" IF WHERE A HANDRAIL IS REQUIRED TO BE INSTALLED ON BOTH SIDES OF A STAIR. WHEN HANDRAILS ARE INSTALLED ON BOTH SIDES. (R317.1.7)
- THE REQUIRED CLEARANCE SHALL BE THE MAXIMUM OF THE FOLLOWING TYPES OR PROVIDE EQUIVALENT GRASPING COMING WITH R317.8.3
- HANDRAILS AND GRIPS SHALL BE ONE OF THE FOLLOWING GRIP SIZE TYPES PER CIRC R311.7.6.5
- HANDRAILS AND GRIPS SHALL BE ONE OF THE FOLLOWING SECTION SHALL HAVE AN OUTSIDE DIAMETER OF NOT LESS THAN 1 1/2" AND NOT GREATER THAN 2" IF THE HANDRAIL IS NOT CIRCULAR. IF THE HANDRAIL IS CIRCULAR, THE DIAMETER SHALL BE GREATER THAN 6 1/2" AND A CROSS SECTION OF NOT MORE THAN 2 1/2" IF THE HANDRAIL IS NOT CIRCULAR. IF THE HANDRAIL IS CIRCULAR, THE DIAMETER SHALL BE GREATER THAN 0.9".
- IF HANDRAILS WITH A PERIMETER GREATER AREA ON BOTH SIDES SHALL HAVE A GRASPABLE FINGER RECESS AREA ON EACH SIDE OF THE PROFILE. THE FINGER RECESS SHALL BE GRASPABLE AND BE THE REQUIRED DEPTH SHALL BE THE PORTION OF THE PROFILE AND HAVE A DEPTH OF NOT LESS THAN 1/4" AND A CROSS SECTION OF NOT LESS THAN 1 1/2". THE PROFILE, THIS REQUIRED DEPTH SHALL CONTINUE FOR NOT LESS THAN 38" TO A LEVEL THAT IS NOT 1/4" BELOW THE HANDRAIL. THE REQUIRED DEPTH SHALL BE THE PORTION OF THE HANDRAIL ABOVE THE FINGER RECESS SHALL NOT BE LESS THAN 1/4" AND A CROSS SECTION OF NOT LESS THAN 1 1/2".



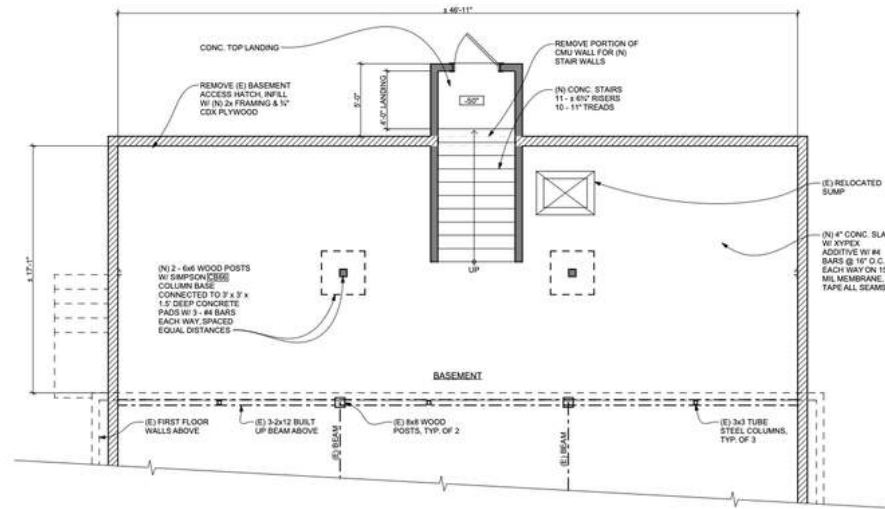
PROPOSED DECK PLAN

SCALE 1/4" = 1'



PROPOSED BASEMENT FRAMING PLAN

SCALE 1/4" = 1'-0"



PROPOSED BASEMENT FOUNDATION PLAN

SCALE: 0-5

PLAN LEGEND

- INDICATES EXISTING STRUCTURE TO BE REMOVED
EXISTING CMU WALL
EXISTING CONSTRUCTION TO REMAIN

WILLIAM BAGNALL ARCHITECTS INC.

ARCHITECTURE & PLANNING

125 Mission Street, Santa Cruz, California (831) 426-4977

STRUCTURAL DECK REPAIR
4738 SCOTTS VALLEY DRIVE

SCOTT'S VALLEY, CA

PROPOSED DECK & BASEMENT PLANS & SECTION

DATE
7/8/2025

JOB
#2511

REVISIONS

SHEET

A1



Zoning Designation: C-S (Service Commercial)

DISTRICT PURPOSE

The C-S district applies to land designated “service commercial” in the General Plan. It accommodates city-wide and regional service, retail, and office uses that generally require automotive access, scaled to serve the surrounding area with adequate off-street parking and loading. This designation allows for:

PERMITTED USES	CONDITIONAL USE PERMIT	NON-PERMITTED USES
Retail: Retail stores and banks.	Automotive: Sales, enclosed repair, service stations.	Industrial: Heavy industrial or manufacturing uses.
Services: Business and personal service uses.	Hospitality: Hotels, motels, restaurants, and bars.	Storage: Outdoor storage prohibited on Scotts Valley Dr.
Offices: Medical, professional, and general business.	Recreation: Commercial recreation, equipment rental yards.	Waste: Junkyards or salvage operations.
Childcare: Day care centers.	Residential: Multi-family above ground-floor commercial.	Residential: Stand-alone single-family homes.
Media: Radio and TV broadcast studios.	Assembly: Social halls, lodges, places of worship.	Adult Use: Adult entertainment uses.
Housing: Accessory dwelling units (ADUs).	Wholesale: Wholesale trade, animal hospitals.	Other: Uses not listed as permitted/conditional.
Shelters: Navigation centers, supportive housing.	Other: Firearms retail, transitional housing.	Incompatible: Uses inconsistent with corridor character.

Buyer to verify zoning, permitted uses, and development potential through their own due diligence, including review of the City of Scotts Valley Planning and Zoning website.



Location Overview

SCOTTS VALLEY, SANTA CRUZ COUNTY

Scotts Valley Drive is the city's primary commercial corridor, directly off Highway 17 connecting the Santa Cruz coast with San Jose and Silicon Valley.

The location offers strong residential density, solid household incomes, and convenient regional access. With established retail, civic amenities, and new housing planned through 2027–2028, the corridor continues to strengthen as a destination for medical, retail, and personal-service users.

HIGHWAY 17 ACCESS

±27 miles / 35–40 minutes to San Jose International Airport.

STRONG TRAFFIC COUNTS

~15,700–22,300 VPD at the frontage; Highway 17 carries 66,000–70,000 VPD nearby.

GROWTH CORRIDOR

Established neighborhoods, civic center, and downtown retail amid a wave of new housing construction.

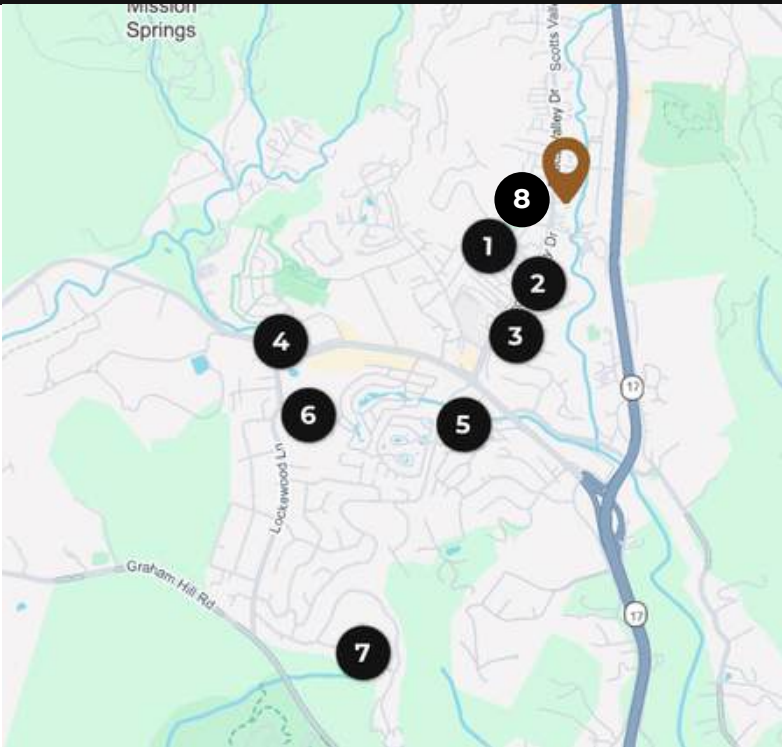


Scotts Valley Development Pipeline

Prioritized Residential Development

An Opportunity for Commercial Office Property

PROJECT	EST. COMPLETION	UNITS
 4736-4740 Scotts Valley Drive – Subject Property		
1 4575 Scotts Valley Drive – Affordable Apartments	July 2027	100
2 4444 Scotts Valley Drive – Beverly Gardens	June 2027	25
3 Erba Ln & Scotts Valley Drive – Ridgewood West	In Entitlement	19
4 Skypark Dr & Mount Hermon Rd – Town Center	Developer TBD	300-657
5 75 Mount Hermon Rd – Pinnacle Pass Apartments	Nov. 2027	40
6 263 Mount Hermon Rd – Valley Gardens	In Entitlement	196
7 Graham Hill Rd & Rollingwoods Dr – The Haven	Environmental Review	161
8 125 Bethany Drive – Multifamily Development	In Entitlement	95



THE COMMERCIAL OFFICE PROPERTY ADVANTAGE IN SCOTTS VALLEY

PIVOT TO RESIDENTIAL

State mandate for 1,200+ new units is consuming the city's remaining buildable land; new commercial construction has effectively halted.

CAPTIVE, GROWING TENANT BASE

Thousands of incoming residents will drive demand for medical, dental, wealth management, and admin services.

VANISHING OFFICE SUPPLY

Developers are demolishing existing commercial sites (4575 & 4444 Scotts Valley Dr, 75 Mt Hermon Rd) for housing.

THE OPPORTUNITY

A stabilized, multi-tenant asset insulated from future competition, positioned to capture rent growth as supply tightens.



Retailer Map



4736-4740
SCOTTS VALLEY DR



Traffic Data

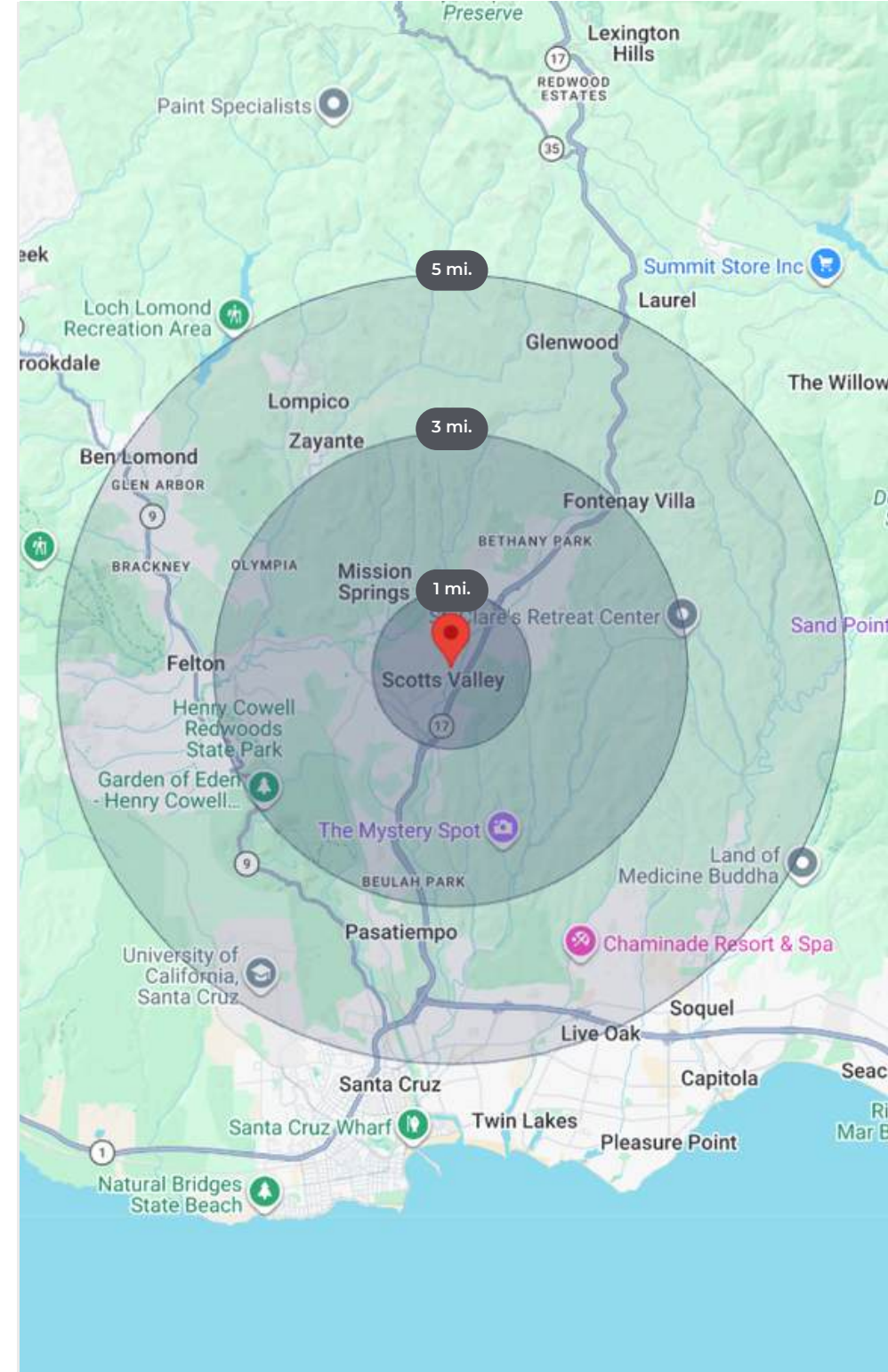


Demographics

19,139 Population in 3-mile radius	\$135,208 Median HH Income 3-mile radius	\$1,069,000 Median Home Value 3-mile radius
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POPULATION	1 MILE	3 MILES	5 MILES
Total Population	6,837	19,139	57,015
Average Age	44.10	45.60	43.70
Average Age (Male)	42.40	44.20	42.40
Average Age (Female)	45.70	46.90	45.10
HOUSEHOLDS & INCOME	1 MILE	3 MILES	5 MILES
Total Households	2,604	7,166	21,032
# of Persons per HH	2.60	2.60	2.50
Median HH Income	\$123,957	\$135,208	\$120,837
Median Home Value	\$1,072,286	\$1,069,000	\$1,045,750

Source: CoStar



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