

OFFERING MEMORANDUM

18-KEY BOUTIQUE HOTEL | 1819 South El Camino Real



EST 2020

SURFBREAK

SAN CLEMENTE

BattleShip
REAL ESTATE



DISCLAIMER

This confidential Offering Memorandum (the "Memorandum") is being given to you for the sole purpose of evaluating the possible acquisition of 1819 South El Camino Real, San Clemente, CA (the "Property"), and is not to be used for any other purpose or made available to any other party without the prior written consent of the "Owner" or Battleship Real Estate ("Broker").

This Memorandum was prepared by the Broker based on information supplied by the property's Owner. It contains select information about the Property and the real estate market but does not contain all the information necessary to thoroughly evaluate the acquisition of the Property. The financial projections contained herein (or in any other "Evaluation Material", including any other files distributed to you via email from Broker) are only for general reference. They are based on assumptions relating to the general economy and local competition, among countless other vital factors. Accordingly, actual results and findings may vary from such projections. Various documents have been summarized herein to facilitate your review; however, these summaries are not intended to be a full statement of the terms or a comprehensive legal analysis of such documents.

While the information contained in this Memorandum and any other Evaluation Material is believed to be reliable and true, neither Broker nor Owner guarantees its accuracy or its completeness. Because of the foregoing and since the Property will be sold on an "As-Is, Where-Is" basis, a prospective purchaser must make its own independent investigations, projections and conclusions regarding the acquisition of the Property without reliance upon this Memorandum or any other supplemental Evaluation Material. As such, prospective buyers should seek advice from their own attorneys, accountants, and engineering and environmental experts.

Owner expressly reserves the right, at its sole discretion, to reject any offer to purchase the Property or to terminate any negotiations with any party at any time with or without any prior written notice. Owner shall have no binding legal commitment or obligations to any prospective buyer unless and until a written purchase and sale agreement has been fully executed, delivered and approved by Owner and any conditions to Owner's obligations therein have been satisfied or waived.

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EXECUTIVE SUMMARY

WELCOME TO THE SURFBREAK

BATTLESHIP REAL ESTATE IS PLEASED TO PRESENT THE EXCEPTIONAL OPPORTUNITY TO ACQUIRE 100% FEE SIMPLE INTEREST IN "THE SURFBREAK," A GENERATIONAL TROPHY ASSET SITUATED IN THE HIGHLY DESIRABLE SAN CLEMENTE SUBMARKET OF ORANGE COUNTY, CALIFORNIA. WITH ITS DISTINCT ARCHITECTURE, PROMINENT LOCATION AND EXPANSIVE OCEAN VIEWS, THIS 18-ROOM BOUTIQUE HOTEL IS ONE OF THE MOST VISIBLE, ICONIC PROPERTIES IN THE ENTIRE CITY AND OFFERS INVESTORS THE EXCEEDINGLY RARE CHANCE TO OWN A RECENTLY-AND SUBSTANTIALLY-RENOVATED BUILDING IN A FLOURISHING, HIGH BARRIER TO ENTRY HOSPITALITY MARKETPLACE. THE SURFBREAK IS A QUINTASSENTIAL PRIDE-OF-OWNERSHIP ASSET WITH UNDENIABLE MARKET PRESENCE, REAL LONG-TERM UPSIDE POTENTIAL AND COMPETITIVE ADVANTAGES GALORE.

PURCHASE PRICE:	\$4,900,000
YEAR BUILT:	1986
YEAR RENOVATED:	2020
GROSS BLDG SIZE:	11,263 SF
LAND SIZE:	9,305 SF
GUEST ROOMS:	18
ADDITIONAL UNITS:	2
OTHER INCOME:	CELL TOWER



PROPERTY HIGHLIGHTS



FRESHLY RENOVATED ROOMS

THRIVING HOSPITALITY MARKET

DYNAMIC LOCATION

BRAND-NEW LOBBY

ON-SITE MANAGER'S UNIT

STRONG MARKET PRESENCE

DISTINCT ARCHITECTURE

BRANDED MERCHANDISING

MINUTES TO WORLD-RENOWNED BEACHES

CONVENIENT FREEWAY ACCESS

ONE OF SAN CLEMENTE'S FINEST HOTELS

PROXIMITY TO NUMEROUS OUTSTANDING EATERIES

EASY ON-SITE PARKING

OCEAN VIEWS

ANCILLARY INCOME OPPORTUNITIES

COMPELLING REPLACEMENT COST



Ballester
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“With ultra high barriers-to-entry, very little open land, post covid era construction costs, and an extraordinarily difficult approval process...it would take nearly twice the asking price to purchase the raw dirt and re-build this property over again.”

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**EVER WANTED TO OWN A HOTEL?
THIS IS YOUR CHANCE.**

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WHAT OTHERS ARE SAYING

“This charming hotel in the heart of San Clemente offers staycationers a laid-back, beachy escape. Ocean-esque accents and airy rooms capture the essence of the small ‘Village by the Sea.’ Enjoy a cocktail on your private balcony, then take a stroll down Avenida Del Mar for a taste of local cuisine.”

-LOCALE MAGAZINE

LOCALE



IN-ROOM AMENITIES

- o Beautiful, brand-new white oak flooring
- o Upgraded showers and new vanities
- o Upscale beach décor throughout
- o Large flat-screen smart TVs
- o Keurig coffee makers
- o Reliable HVAC Units
- o Free WIFI
- o Surf racks
- o Mini fridges
- o Work desks
- o Iron and ironing boards
- o Hair dryers & fresh toiletries
- o Convenient USB ports & outlets



ON-SITE FEATURES

- Large balconies on each floor ideal for guest seating, socializing and spectacular sunset viewing
- Equipment rentals available (body boards, surfboards, etc)
- Fully remodeled lobby
- Extra residential unit
- Live-in general manager's unit
- Easy on-site parking (19 spaces)
- Convenient three-stop elevators
- Surfbreak branded merchandising, beach toys & sunscreen available
- Fresh new succulent-adorned landscaping
- Upgraded exterior illumination

FINANCIAL SNAPSHOT

2021 GROSS REVENUE:	\$743,658.28
2022 GROSS REVENUE:	\$813,691.12
2021 EXPENSES:	\$395,281.52
2022 EXPENSES:	\$499,850.23
2021 ADR:	\$134.70 / ROOM
2022 ADR:	\$144.66 / ROOM
2021 OCCUPANCY:	73.20%
2022 OCCUPANCY:	78.15%



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*MORE DETAILED FINANCIALS AVAILABLE UPON REQUEST



JOIN THE SAN CLEMENTE RENAISSANCE

San Clemente is **ON FIRE**. Of course, it has long been a charming coastal town with Spanish influenced architecture, unlimited sunshine, world renowned surf, picturesque hiking trails and vintage “beach boy” culture. But ever since the onset of the 2020 pandemic, the “Spanish Village by the Sea,” as it is colloquially known, has experienced explosive demand as a community and as a destination, with unprecedented levels of growth and new investment. Tourism has exploded with over 1.5M annual visitors. Affluent families “fleeing the cities” have flocked to San Clemente’s pristine beaches, walkable Historic District and amenity-rich neighborhoods. Hundreds of millions of dollars have poured into the area and that trend will only continue as humans are no longer strapped to their desks or required to live next to their company’s headquarters. Indeed, people can now live where they want to live, and that simple fact has changed San Clemente forever. Yet, despite this inflection point, there are next to zero new hotels in the pipeline for this dynamic, rapidly growing city—adding further intrigue, and ultimately value, to an existing pride-of-ownership asset like The Surfbreak Hotel.



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THE POTENTIAL IS:

LIMITLESS
LIMITLESS
LIMITLESS
LIMITLESS

While its existing revenue has been impressive, there may be ways to further boost cashflow not only thru more seasoned operational expertise, but also potentially, via AirBNB, condo conversion, multi-family conversion, assisted living or potentially even with an assemblage of neighboring properties.





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PROPERTY PHOTOS



PROPERTY PHOTOS



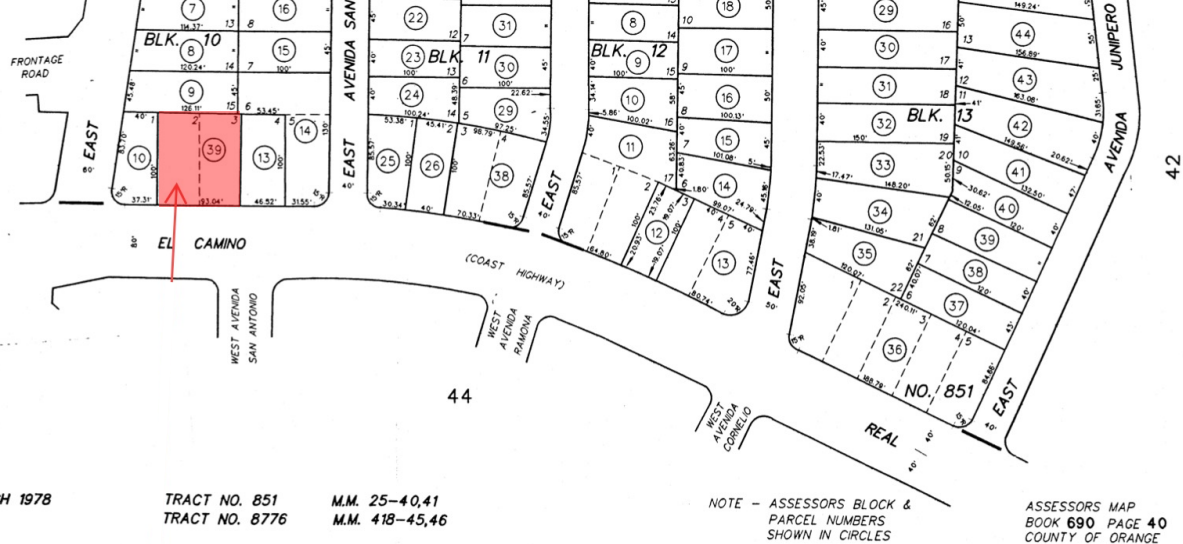
PROPERTY PHOTOS



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ZONING: NEIGHBORHOOD COMMERCIAL

ACCESSOR PARCEL #: 690-401-39

ZONE CLASSIFICATION: NC13

TOTAL STORIES: 4

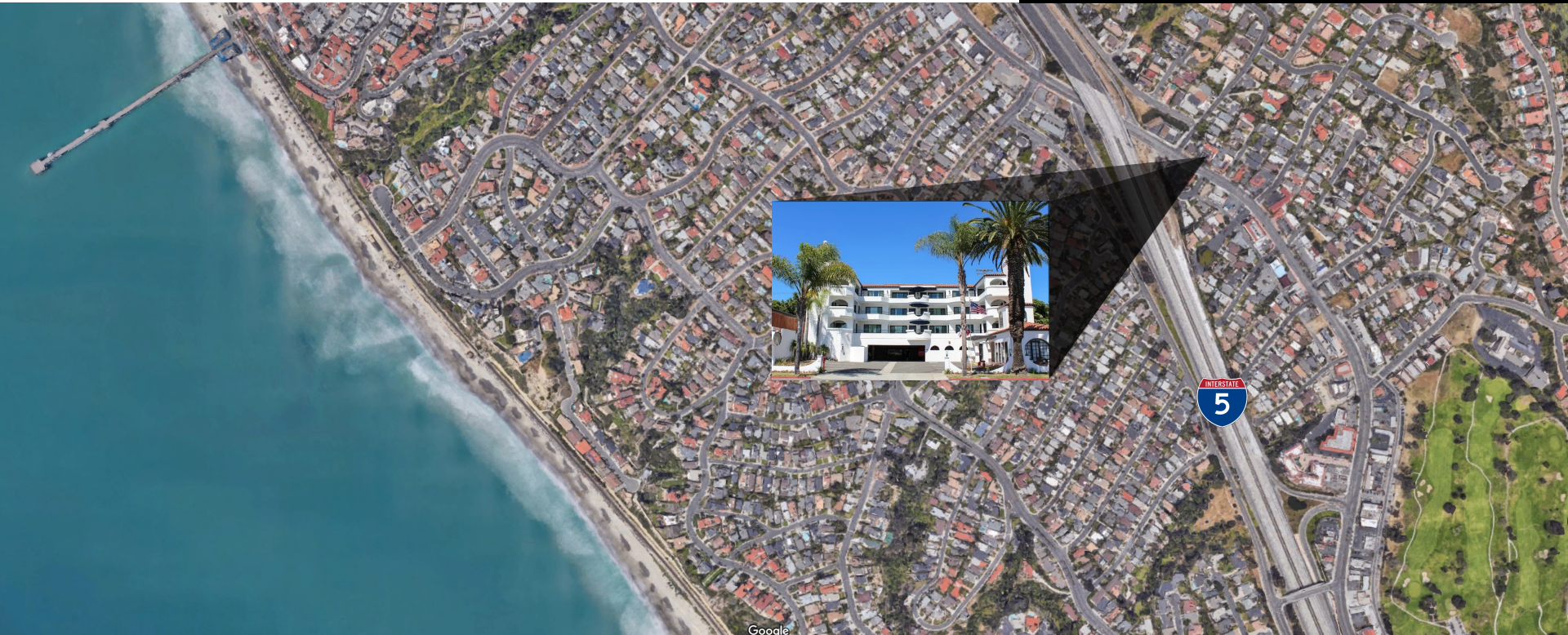
GROUND LEVEL: 3,940 SF

FIRST FLOOR: 2,838 SF

SECOND FLOOR: 2,429 SF

THIRD FLOOR: 2,056 SF

OTHER PERMITTED USES MAY INCLUDE: COMMERCIAL, HOSPITAL, LODGING, PERSONAL SERVICES, BARS & RESTAURANTS, AFFORDABLE HOUSING, SENIOR HOUSING, PROFESSIONAL OFFICES, PUBLIC INSTITUTIONS, AUTOMOTIVE, AND OTHER UNCLASSIFIED USES...



PLAT MAP, ZONING & BUILDING SPECS

THE ORANGE COUNTY MARKET



AKA “THE OC”



With one of the longest uninterrupted stretches of public beaches in the entire world, Orange County is not only renowned for its pristine coastline, but it also enjoys ideal year-round weather for golfing, yachting, hiking, biking and a bevy of other water sports and leisure activities. Orange County is propelled by an exceptionally diverse economy that is expected to grow more than 32.8% by 2030 and includes world-class entertainment, restaurants and shopping. Its unemployment rate is extraordinarily low at just 3.2% and the number of employees is expected to increase 14% by 2024. The area boasts big attractions such as Disneyland Resort and Knott's Berry Farm. It hosts professional sports teams in baseball and hockey. Educational institutions of higher learning include two public universities: California State University, Fullerton, and the University of California, Irvine. The county is driven by tourism, technology, health care, international trade, life sciences and action sports. A distinguished list of Fortune 500 companies are famously headquartered in Orange County, including, Ingram Micro Pacific Life and Edwards Lifesciences. Additionally, Blizzard Entertainment Quicksilver, and Vans all launched and grew their enterprises into global brands with headquarters in Orange County. Orange County has continued to attract residents, tourists and investors in large numbers due to its extremely strong school systems, positive job growth and increasing income rates. Orange County is one of the most affluent counties in the Country with average household income of \$125,325. Furthermore, Orange County is home to five (5) of the country's wealthiest cities – Newport Beach, Yorba Linda, Laguna Niguel, San Clemente and Mission Viejo – all with median household incomes higher than \$96,000.



ANNUAL VISITOR SPENDING
\$50.2M



2021 AVG HOUSEHOLD INCOME
\$125,325



2021 POPULATION
32.5M

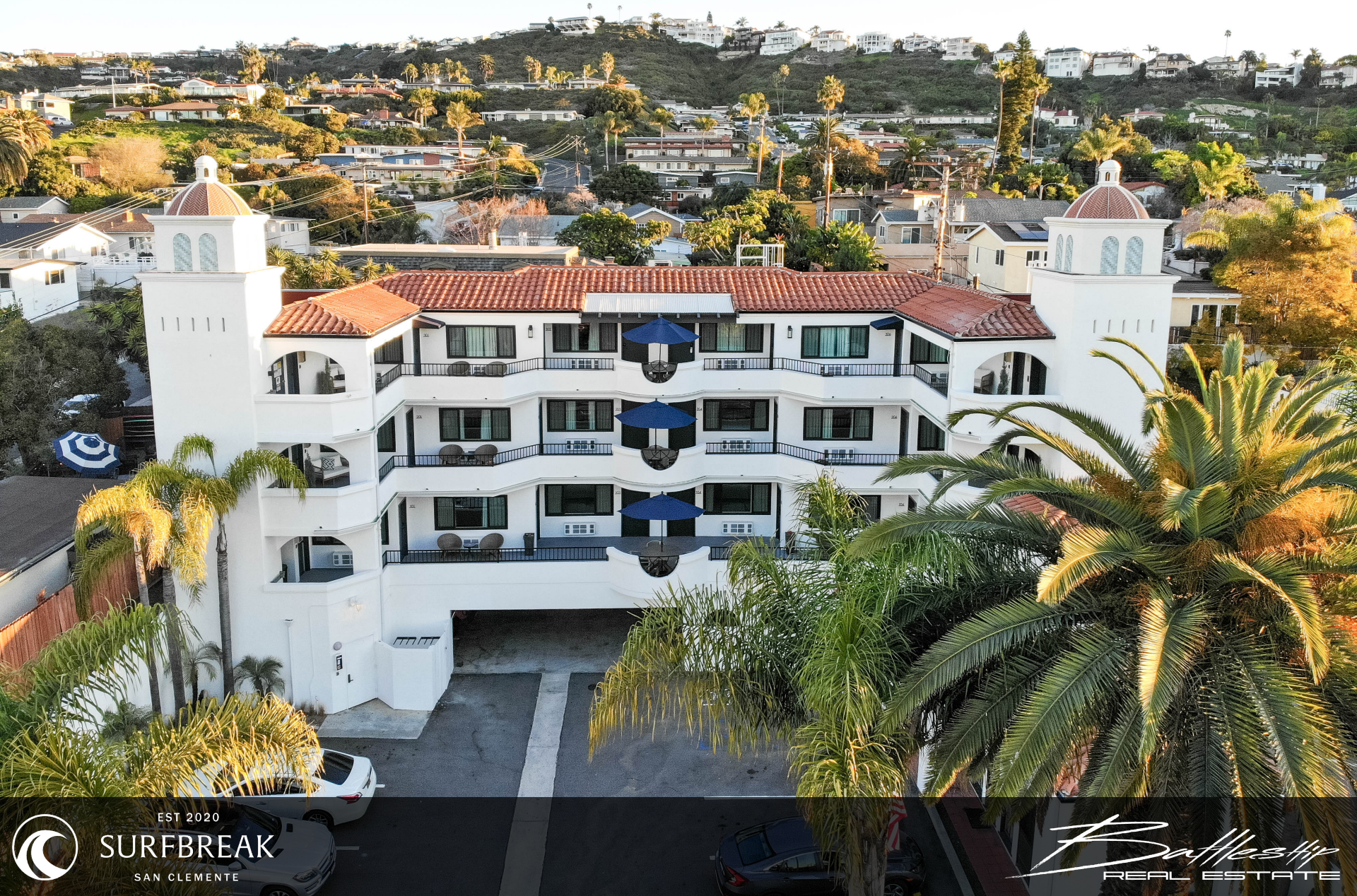


ANNUAL OC VISITOR SPENDING
\$51M



A TRUE SAN CLEMENTE ICON

- HIGHLY VISIBLE
- DISTINCTIVE ARCHITECTURE
- DYNAMIC LOCATION
- STUNNING VIEWS



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THE END



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