

390 Morro Bay Blvd

MORRO BAY DEVELOPMENT SITE | 0.74 ACRES



The Offering

JLL is pleased to offer the Morro Bay Banking Center (the “Property” or “Site”), a 0.74-acre Site located in Downtown Morro Bay. A popular tourist spot, Morro Bay attracts visitors throughout California and beyond with its unspoiled beaches and bustling waterfront and downtown districts that feature numerous restaurants, wine tasting, locally-owned boutiques, and outdoor recreational opportunities. The Site is part of the City’s vibrant Downtown commercial area and is steps away from the bay. Although the Site is currently improved with a former bank branch and parking lot, it could potentially accommodate a wide range of commercial uses including a restaurant, professional or medical offices, or personal services. The offering presents an outstanding opportunity to acquire a development site within a renowned Central California tourist destination.



INVESTMENT HIGHLIGHTS



Location. Ideally located in Downtown Morro Bay, along a vibrant commercial corridor. Popular destination with tourists and residents alike, attracting visitors throughout California and beyond.



Redevelopment Opportunity. Located along commercial strip ripe for redevelopment. City of Morro Bay has focused efforts on beautifying area and bringing in new commercial and visitor-serving uses.



Flexibility. Existing zoning allows for a wide variety of commercial uses including retail, restaurant, office, and hospitality uses. Zoning update will allow for even greater flexibility and intensity of uses on the property.



Market. Highly educated residents with strong and growing buying power. Demand for high quality retail, especially for new housing developments coming to market.

PROPERTY DESCRIPTION

The subject Property is located at 390 Morro Bay Boulevard, at the intersection of Morro Bay Boulevard and Monterey Avenue. The Site lies roughly a quarter mile east of the bay in the City’s Downtown area. It is accessible via State Route 1 (SR-1), which is less than a half mile to the northeast. The Property is currently improved with an 8,451 square foot building that formerly housed a Morro Bay Banking Center. The building consists of two stories, with 6,451 square feet on the ground floor and 2,000 square feet on the second floor. A large surface parking lot occupies the area behind the building. Total land area of the Property is 32,135 square feet (0.74 acres).

SITE DETAILS

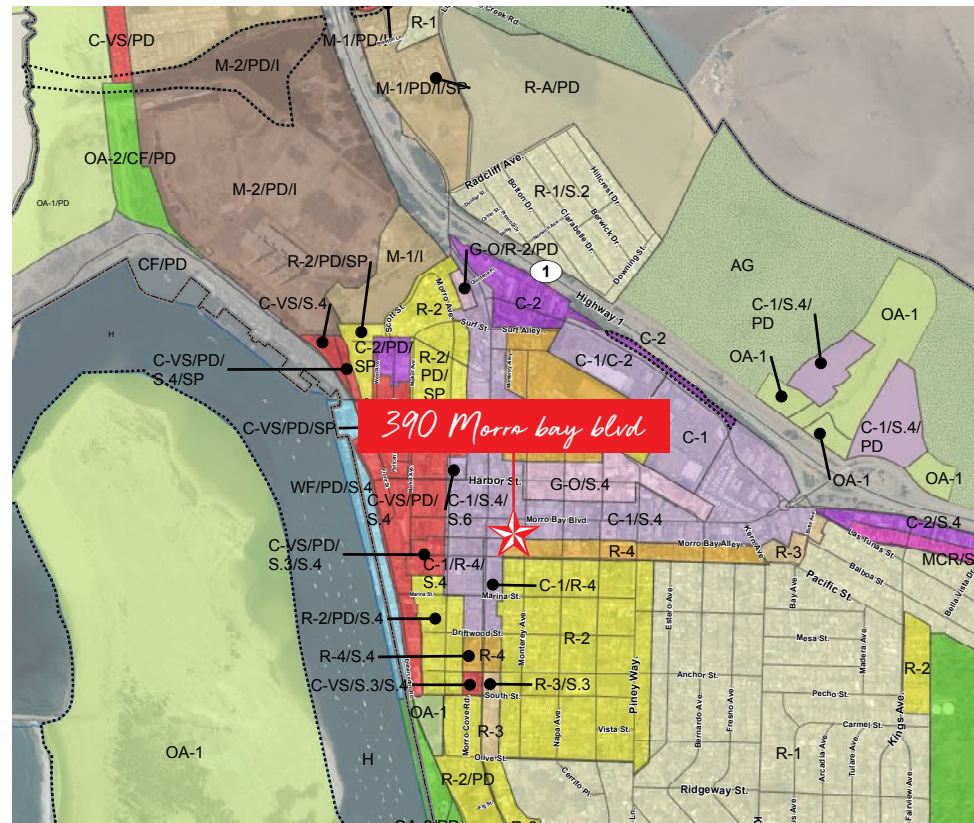
Property Size	0.74 acres (32,135 SF)
Address	390 Morro Bay Blvd, Morro Bay, CA
Building Size	<i>Ground Floor:</i> 6,451 SF <i>Mezzanine:</i> 2,000 SF <i>Total:</i> 8,451 SF
Floors	2
Year Built	1957
APN	066-116-021
Zoning	Central Business (C-1) and Multiple Residential Hotel Professional (R-4)
Primary Major Route	State Route 1
Current Use	Former banking center and parking

Existing Zoning

The Property is split-zoned, with approximately half the Property zoned Central Business (C-1) and the other half zoned Multiple Residential-Hotel-Professional (R-4). The C-1 zone permits most retail uses and allows for multifamily residential when it is secondary to a commercial use. The R-4 zone allows for higher density apartments and, where appropriate, hotel, motel, community housing, and professional office. The maximum allowable density is 27 units per acre.

Because Morro Bay is a coastal city, it is subject to the California Coastal Act. Any redevelopment of the Property would require a Coastal Development Permit (CDP). Most general retail uses of the Site could likely be processed through an administrative review; however, other commercial uses such as hotels or home improvement centers would require a discretionary review and public hearing.

The Site is also within an S.4 Special Design Criteria Overlay Zone, which requires a special design review for any development. This entails City review and approval of architectural, landscaping, lighting, sign, and viewshed plans.



Source: City of Morro Bay

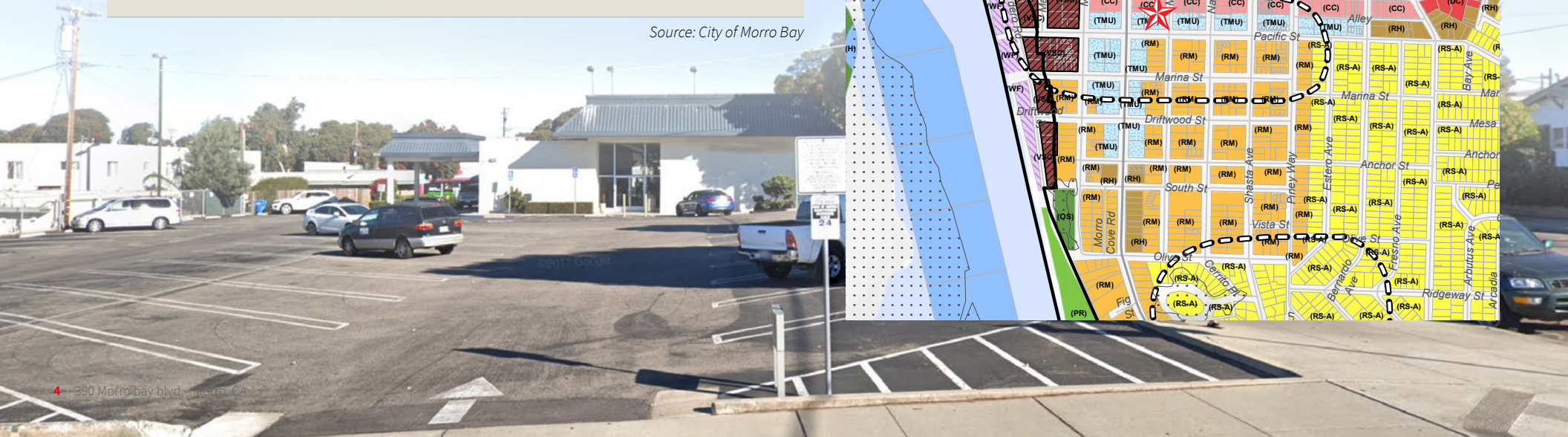
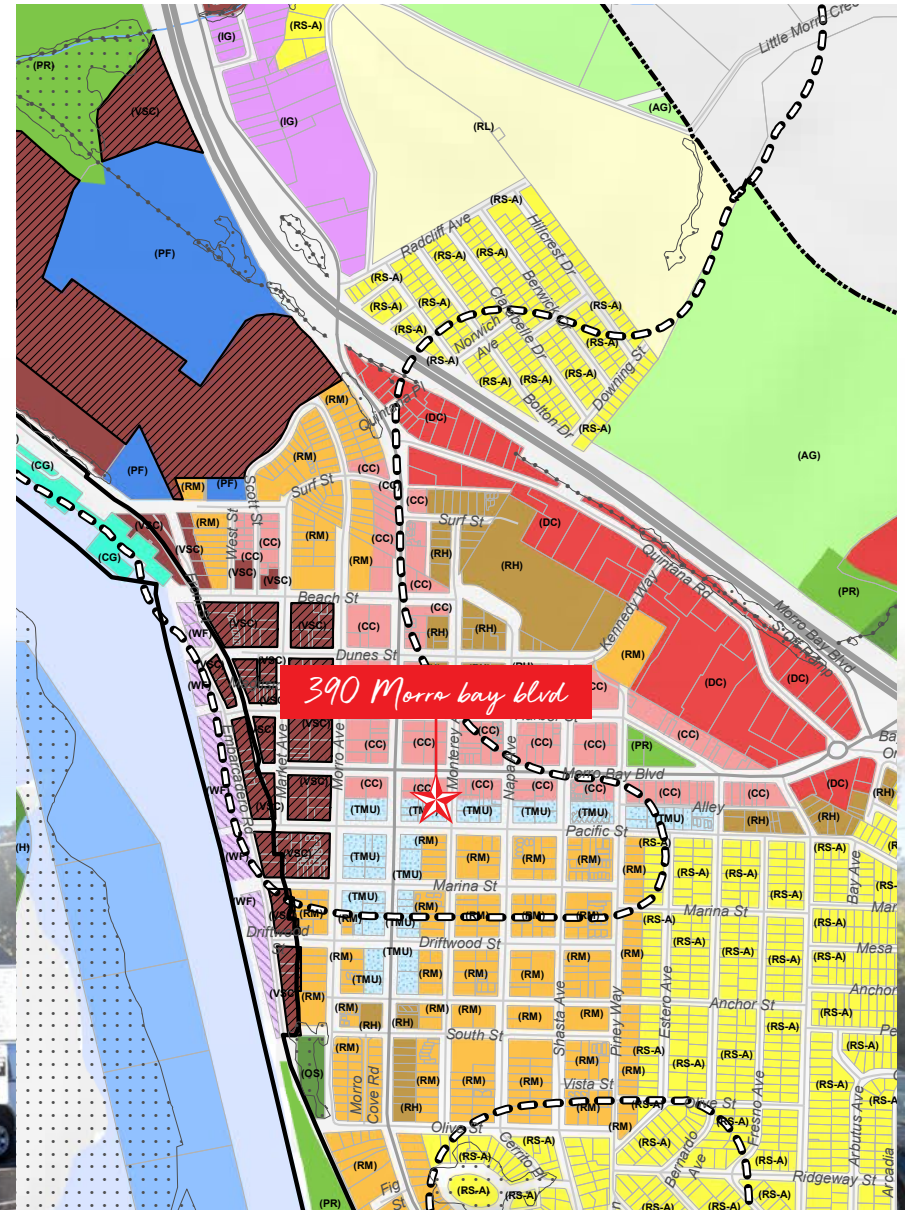
Upcoming updates to zoning code

Morro Bay is currently updating its General Plan, Local Coastal Program, and Zoning Code. The Draft Environmental Impact Report for the updated General Plan was released for public comment in October 2020, with adoption likely in 2021. As part of the Zoning Code update, the property would be rezoned to Community Commercial (CC) and Transitional Mixed Use (TMU).

The CC zone allows for retail stores, restaurants, professional and medical offices, and personal services. Residential uses are allowed when they are placed either above or behind commercial uses. The TMU zone allows for a wide range of uses including service, commercial, office, multifamily residential, public, and visitor serving uses. The City is considering increasing the allowable height along Morro Bay Blvd to 37'. This would be incorporated in a series of updates to the City's Zoning Code, which is scheduled for adoption in summer of 2021.

Proposed Zoning	C-C Zone	TMU Zone
Max Height	30'	30'
Setbacks	10' max	10' max
Density	15-27 units/acre	15-27 units/acre
FAR	1.25 for non-residential uses	1.0 for non-residential uses

Source: City of Morro Bay



San Luis Obispo County

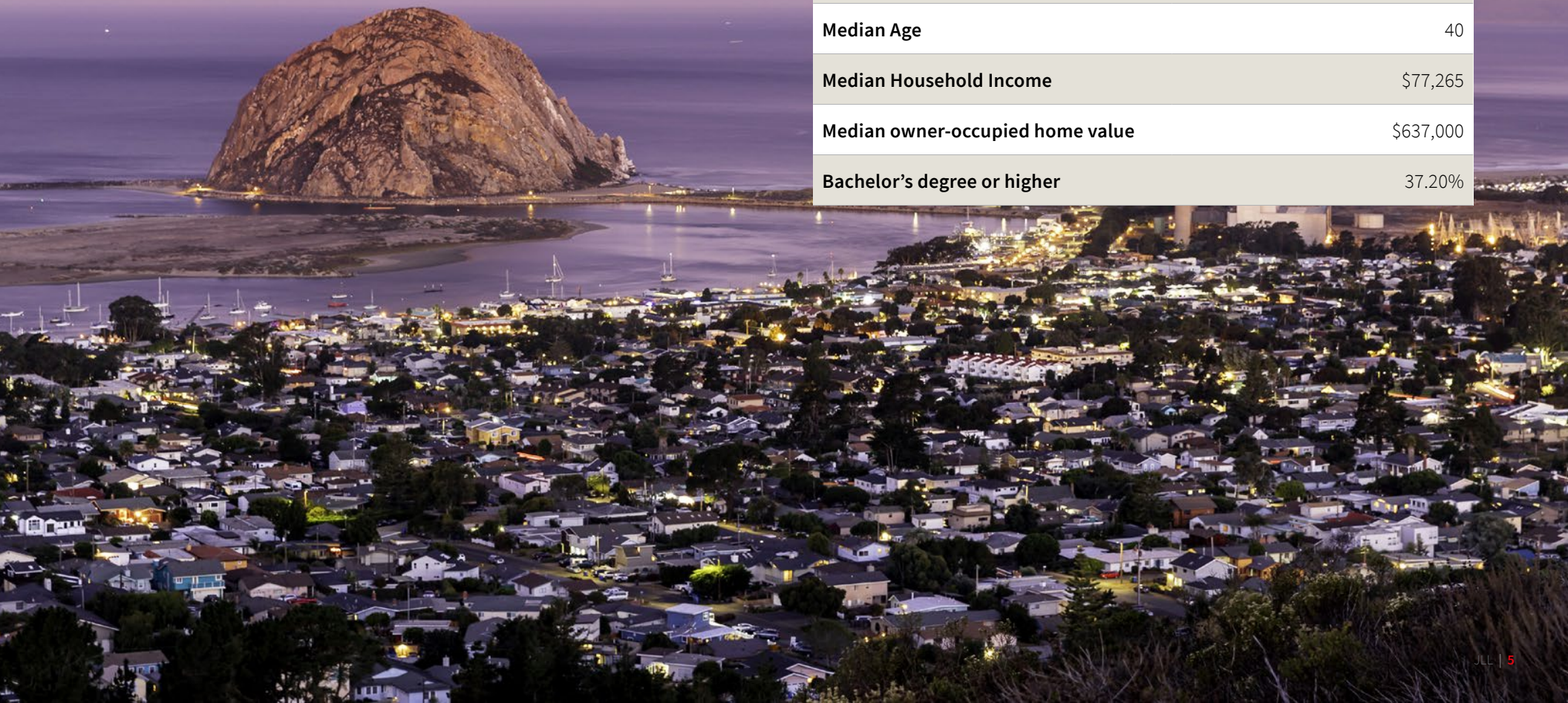
San Luis Obispo (SLO) County lies at the center of California's Central Coast, approximately halfway between Los Angeles and San Francisco. The region spans 3,326 square miles, with 96 miles of coastline.

The region is characterized by rural regions mixed with attractive urban areas. Cities within the County provide a wide array of urban amenities, employment opportunities, natural landscapes, agricultural products, and recreational and tourist-oriented activities.

Over the past decade, the region's labor market has thrived, with gains in tourism and technology. The County is now one of the largest producers of wine behind Napa and Sonoma Counties, with enotourism driving much of the region's economy.

Median household income in SLO County is roughly \$77,000, with 37% of residents having a bachelor's degree or higher. Among the technology companies with their base in the County are Mindbody and Rosetta.

SLO County	
Population	283,111
Median Age	40
Median Household Income	\$77,265
Median owner-occupied home value	\$637,000
Bachelor's degree or higher	37.20%



Transportation

Within the region, the U.S. Route 101 (U.S. 101), State Route 1 (SR-1), State Route 227, and Highway 46 are the main highways. The County is also served by Amtrak and the Regional Transportation Authority of San Luis Obispo County (SLOCTA) rail and bus lines.

San Luis Obispo County Major Roadways



Source: 2019 Regional Transportation Plan for San Luis Obispo County



San Luis Obispo County – North Coast

The North Coast subregion of the County extends northwest from the City of San Luis Obispo along State Route 1 (SR-1) to the Monterey County line. Within this subregion is the City of Morro Bay and the unincorporated communities of Cambria, Cayucos, Los Osos, and San Simeon. The region is popular with retirees as well as for vacationers who own second homes in the area. The SR-1 serves as the main connector to the splendid seascapes of Big Sur.

Economy

Tourism is the top economic driver in the region, bringing in visitors from across California and beyond. The top tourist destination in the region is Hearst San Simeon State Historical Monument (“Hearst Castle”), which brings in over 700,000 visitors annually. Additionally, visitors flock to the region for the numerous scenic coastal state parks. With few major employers in the region, most residents commute to the City of San Luis Obispo for work.



SLO County North Coast Major Attractions

- Cayucos Pier
- Cayucos State Beach
- Elephant Seals Rookery
- Estero Bluffs State Park
- Harmony Headlands State Park
- Hearst Castle
- Montana De Oro State Park
- Moonstone Beach Boardwalk
- Moonstone Beach State Park
- Morro Bay Harbor And Harbor Walk
- Morro Bay State Park
- Morro Rock
- Morro Strand State Beach
- Ragged Point
- San Simeon State Park
- W.R. Hearst Memorial State Beach
- Numerous Hotels, Motels, Restaurants, And Other Tourist-Serving Businesses



Source: 2019 Regional Transportation Plan for San Luis Obispo County

Morro Bay, CA

Part of San Luis Obispo County's North Coast, Morro Bay sits at the crossroads of State Route 1 and Highway 41, the route into Yosemite National Park. The City sits along a natural estuary, making it ideal for bird watchers and sea mammal lovers. It is also a renowned surfing destination, with favorable waves along Morro Rock, an extinct volcano that rises 500 feet into the sky. Morro Bay is also popular with road and mountain bikers, who frequent the nearby Montana de Oro State Park.



Downtown Waterfront

The Downtown and Waterfront areas of Morro Bay comprise the social, economic, and cultural heart of the City. These areas are the locus of commerce, arts, and entertainment and are home to notable community amenities and destinations such as City Park, Bay Theater, and the Maritime Museum.

The Waterfront combines commercial and recreational uses with tourist-serving retail. The area extends east to a bluff that functions as the boundary between the Waterfront and Downtown. The Downtown area is uphill from the Waterfront and encompasses a mix of uses including residential, retail, office, service commercial, hospitality, and tourist-serving uses.

In the Downtown area, restaurants and retail uses are mainly concentrated along Morro Bay Boulevard. In 2018, the Morro Bay City Council adopted the Downtown Waterfront Strategic Plan to connect and enhance the Downtown and Waterfront areas and provide a more uniform feel across both districts.

Among the goals of the Strategic Plan are to create a Harbor Walk that would provide a continuous pathway along the water's edge and a Morro Bay Seafood and Local Goods Market that would sell local seafood as well as artisanal products. The Plan also provides comprehensive design guidelines to provide consistency across the areas.

In 2019, a robust economy benefited the SLO retail market, producing low vacancies despite several large store closures. In particular, Grocery Outlet, True Value Hardware, and Planet Fitness leased up large blocks of space. Rents in SLO average \$24 per square foot, with vacancies at a little less than 5%.

Retail development has been primarily smaller shopping centers or standalone buildings within close proximity of new housing development. Many owners are choosing to renovate existing stores instead of building new stores. However, there are several projects underway totaling 200,000 SF, including a 120,000 SF shopping center in San Luis Ranch expected to deliver in 2021.

Retail properties in the region typically attract local and domestic private investors for deals valued in the sub-\$5 million range. Transaction activity has remained strong, with a 52,700 square foot Albertson’s sold in April 2020 for \$27.9 million (\$529/SF) and a 19,000 square foot Tractor Supply sold for \$7 million (\$367/SF) in September 2019. A more typical trade for the region was the sale of a 7,200 square foot store in San Luis Obispo that sold for \$1.9 million (\$260/SF) in January 2020.

SLO’s economy as well as California Polytechnic State University (Cal Poly) SLO are demand drivers for multifamily units in the region. Limited new market rate units have been developed, and those that have experienced robust lease up. The multifamily market is severely supply constrained due to difficulty in securing entitlements.

Demographic

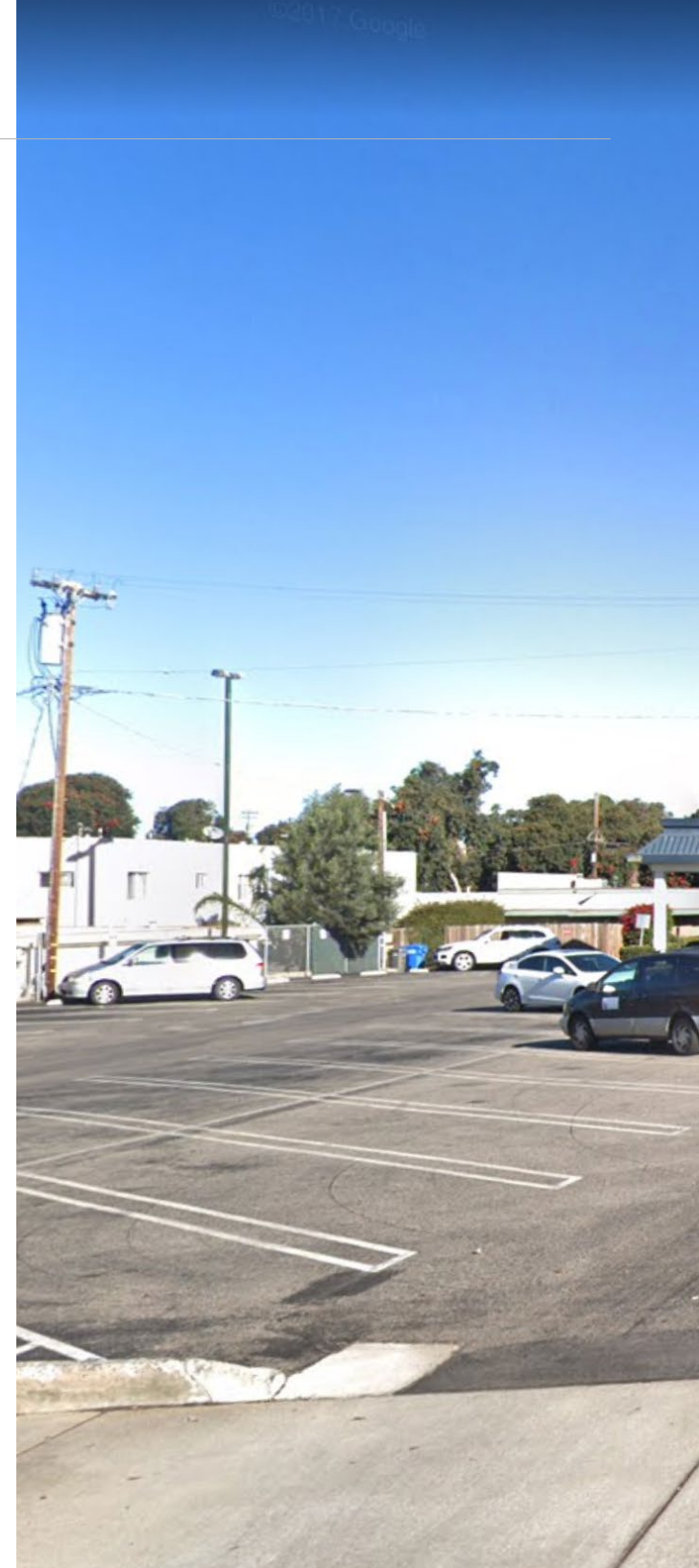
	1 Mile	3 Mile	5 Mile	10 Mile	10 Min. Drive
Population	4,883	14,084	27,164	38,294	22,485
5 Yr Growth	0.1%	1.3%	1.5%	1.6%	0.1%
Employment	3,603	5,292	7,894	10,389	10,044
Buying Power	\$146M	\$430.0M	\$851.7M	\$987.8M	\$698.7M
5 Yr Growth	4.4%	3.8%	4.3%	4.5%	2.5%
College Graduates	32.0%	33.8%	34.7%	28.6%	2.5%

This offering is being distributed exclusively by JLL to a select group of pre-qualified investors. The prospective investor will be selected by Owner in its sole and absolute discretion based on a variety of factors including, but not limited to:

- Offer price;
- Financial strength;
- Level of discretion to invest funds;
- Ability to close in a timely fashion;
- Absence of contingencies;
- Level of Property due diligence completed; and
- Thoroughness of Property underwriting.

All offers must be presented in writing and include:

- The Price;
- The source of purchaser's capital (equity and debt);
- The amount of earnest money deposit;
- An outline of the proposed schedule for due diligence and closing;
- A description of any physical or environmental assumptions that affect the price being offered; and
- A list of any contingencies, including committee approvals, required to close the transaction.





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OR
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