



## Investment Property Sales

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October 30, 2018

Mrs. Kay Meek, President  
Mr. Tom Burke, Chancellor  
Kern Community College District (KCCD)  
Dr. Sonya Christian, President  
Bakersfield Junior College (BC)  
2100 Chester Avenue  
Bakersfield, CA 93301

**Jeffrey T. Andrew**

Director/Principal

Broker Lic. 00941323

Re: Southwest BC Campus  
Review and Analysis

Dear Mrs. Meek, Dr. Christian and Mr. Burke:

In an effort to provide clarity to, and a better appreciation for, the KCCD Board's process in appraising and approving a build to suit lease for their proposed BC Southwest Campus, and as the KCCD's exclusive commercial real estate representative, it was requested I submit the following brief analysis for the Board's consideration. There are many factors weighing on such a decision, both monetary and non-monetary in nature, and my 30+ years commercial real estate expertise has shown that, in many respects, non-monetary considerations may very well out-weigh simple monetary factors. This letter will consider non-monetary criteria (monetary considerations are presented in a separate cover) in the review of two (2) proposed BC Southwest campus sites: a) the proposed 61,479 square foot, 3 story building on a 5.97 net acre site at Camino Media located on the CSUB Campus ("Camino Media"); and, b) the Seven Oaks Business Park on Bolthouse Drive ("Bolthouse") offering a 62,000 sq. ft. two story building on a 5.5 net acre site. NOTE: Request for Proposal(s) ("RFP's") were recently sent to several other developers with off campus sites proximate to CSUB and all recipients of the RFP's declined to respond to the use. However, should an offer for an off CSUB campus site be received, then the proposal will be reviewed and analyzed using the same monetary and non-monetary criteria as with the Bolthouse proposal.

Monetary considerations are usually straight forward comparisons that may include: Base Rent and annual increases; building and land costs; annual expense obligations; the cost and responsibility for finished tenant improvements; maintenance and repair obligations, among the few. The goal of any analysis is to attempt to compare different offerings on an "apples-to-apples" basis – confirming that necessary adjustments have been made between the respective proposals to assure a level playing field. Again, there is a separate cover comparing the monetary considerations and differences.

Non-monetary considerations typically represent, to a degree, subjective criteria that lend themselves to discussion and debate. The objective in reviewing non-monetary considerations is to provide a prospective based upon experience, showing relative impacts within the marketplace and finally to

provide the Board with solid information without editorializing. Examples of non-monetary considerations should include: site location and market; logistics and accessibility; access to a diverse set of amenities; and, additional intrinsic elements unique to a prospective site.

**Non-monetary Considerations:**

**Location and Market.** The old real estate axiom “Location, Location, Location” suggests what experts have known for a long time - the most important element in any real estate consideration first should be location. Real estate value is distinguished by two basic, economic components – land and on-site improvements. New building and improvement costs typically shouldn’t deviate much from location to location within the same market area (even given regulatory codes and requirements that would cause increases to construction costs; all competing building designs should incorporate the same construction elements); however, land costs within a market area can vary widely dependent upon location. Land costs are therefore directly connected to a market area. Primarily, if significant and diverse monetary investments have been made within a specific market area (where everyone wants to be) the value of the land in that market area will reflect the area’s value and importance. Conversely, the opposite is true in under-developed market areas where limited, non-diverse investment has been made. Both Bolthouse and Camino Media are located within the University Submarket, the third largest office submarket in Bakersfield. But the location of each site for both offerings are markedly different.

**Camino Media** – That part of the University submarket surrounding the Camino Media site is quite significant, with over 2.2 Million constructed square feet of office space within a 1 to 2 mile radius. Major corporations desire locations in this area of the submarket, including: Chevron; AERA Energy; Dignity Health; Kaiser; and, most recently, CRC in their purchase of the State Farm building as brokered in our office. CRC occupies the largest office building in Bakersfield at 500,000 sq. ft. Retail giant Donahue-Schriber purchased the Marketplace, a 300,000 sq. ft. retail center adjacent to Camino Media, some years back representing their sole investment in the Bakersfield area. The most recent land sale in the submarket, again brokered by our office, was the 14.95 acre land parcel at the NEC of Howell Dr. and Shanley. The location of this site represented the last, privately-owned set of land parcels adjacent to, or near, CSUB – the site is not available for development and shall become part of the Dignity Southwest campus. However, the site, located between the CRC property and the Dignity Health SW campus, sold on 10-16-18 for approximately \$13/per sq. ft.; or, \$8.5M. The sale of this parcel was accomplished through a “no listed price”, “best and final, competitive bid” process.

**Bolthouse** – Bolthouse is part of a planned, 276-acre, mixed use newer development presently consisting of approximately 207,000 square feet of built office space. Kern Schools Federal Credit Union corporate office, at 63,000 sq. ft., is presently the largest constructed building in the development. Other users in the development include: DaVita; Seneca Resources; Centric Health; Hoffman Hospice and Bolthouse Land (the developer). Market pricing of available parcels in the Seven Oaks development are offered at between \$11.50 to \$14.00 per sq. ft. for smaller parcels ranging between 1 to 3 acres. Typically, smaller parcels will trade at premium pricing due to a lack of market availability. Kern County

Assessor records indicate the assessed land value of the Kern School's site, which is similar in size with the proposed Bolthouse property, is \$7.97 per sq. ft. for 6.82-acres.

**Logistics and Accessibility.** Drive times and freeway access are important considerations for the location of a campus building. Providing an identifiable, recognized location, easy to access ensures end users convenient, short commutes. Required road infrastructure must be in place and in good condition, with proximity to freeways and expressways assisting easy transit throughout Bakersfield and the County as well as to the BC North campus. Additionally, access to local Bus routes are critical to logistics and accessibility considerations; and, together with Bus routing, Bike path access is very important and too should be considered as vital for access. Parking, according to both offerings, is offered at 8 stalls per 1000 square feet of building area\*.

**Camino Media** – Southbound on Calloway from the Westside Parkway to the Camino Media site represents a drive of approximately 5 minutes at a distance of 2.3 miles; and, consists of two LEFT hand turns (one onto Camino Media and one onto Scarlet Oak).

\*Parking Note – the 3 story building offered at Camino Media requires a smaller footprint than any 2-story building, and therefore there may be additional parking and/or landscape elements provided at Camino Media.

GET Bus Routes – current GET System Maps show four (4) Routes to CSUB (Routes 21; 22; 61 and 82) with Route 22 running on Camino Media.

Bike Path – The inter-city Kern River Parkway Bike Trail accesses the CSUB campus at the controlled intersection at Stockdale Hwy and Don Hart Drive East – from there bike access is delineated throughout the CSUB campus. Camino Media, and the CSUB campus, both will provide bike racks and shower/locker room facilities for bike commuters.

Distances to: BC Panorama Campus – 10.7 miles; Stockdale HS -3.5 miles; West HS – 2.9 miles; Liberty HS – 4.2 miles; Independence HS -5.3 miles; and, Ridgeview HS- 6.9 miles (per Google Maps).

**Bolthouse** – Southbound on Calloway from the Westside Parkway to Bolthouse Drive represents an approximately 11-minute commute at a distance of 4.3 miles with: one RIGHT turn on Stockdale; one LEFT turn on Buena Vista; another RIGHT onto Bolthouse; and, one RIGHT turn at Benchmark Court.

GET Bus Routes – current GET System Maps show NO Routes to Bolthouse, to the Seven Oaks development or on Buena Vista.

Bike Path - The inter-city Kern River Parkway Bike Trail does NOT connect to the Bolthouse site; it appears the nearest Bike path access is 3.3-miles to the North at The Park at River Walk. The developer has dedicated the Stephen J. Debranch Memorial Trail bike path running Northwest from Buena Vista and connecting first at S. Allen Road. North, South and East bound bike traffic to and from the Bolthouse site will require use of surface streets with controlled intersections.

Distances to: BC Panorama Campus – 15 miles; Stockdale HS -1.2 miles; West HS – 6.4 miles; Liberty HS – 4.6 miles; Independence HS – 6.4 miles; and, Ridgeview HS- 8.2 miles (per Google Maps). The close proximity of the Stockdale High School to the Bolthouse offered College Center site has the potential to enhance dual and concurrent enrollments since the facilities would arguably within walking distance of each other.

**Amenities.** Surrounding amenities too, fulfill a significant role in the acceptance and viability toward site selection. The availability of amenities offered in a particular area are directly related to the popularity and accessibility of one particular location over another location within a market area. The better the location the more diverse, and the greater number of, amenities found. Students are shoppers, they buy gas, use ATM's, eat meals, enjoy entertainment, appreciate a quick coffee and/or snack, and utilize spa and personal care services. They visit doctors, dentists and other health care providers and may sometimes require urgent access to medical and health resources.

**Camino Media** – The primary amenity for Camino Media is represented by a large “Community Center” (per “I.C.S.C.”) at the Marketplace at Ming, Camino Media, Haggin Oaks and Scarlet Oaks. The location of this amenity should be considered within walking and bike riding distance. The Marketplace, at 299,520 square feet, hits all the amenity buttons including a large variety of dining options, numerous retail shopping stores, grocery and pharmacy, personal care and beauty, banking, gas, fast food and entertainment offerings. With over 55 shops and stores, tenants include: Victoria's; Talbots; Patrick James; Five Guys; Johnny Garlic's; Starbucks; Tahoe Joes; Applebee's; Vons; Rite-Aid; Essentials Spa'; Nutri-Shop; AT&T; Bank of America; Chase Bank; Personal Express Insurance; Edwards Cinema among many more. Proximate to Camino Media and East on Haggin Oaks Blvd. from the Marketplace is a Kaiser health facility and a Brookside Deli market with Shell gas. North of, and adjacent to, Camino Media is Dignity SW Hospital, with full medical services including emergency. On the Dignity SW Campus site are private practice dental, vision, orthopedic and women's health medical services. Within a 5-minute drive and 1.5 miles to the North, the moderate sized “Regional Mall” of the Shop's at Riverwalk includes 519,000 square feet of additional retail options.

**Bolthouse** – The primary amenity location serving Bolthouse is Mustang Square and is 1-mile North of Bolthouse, not considered to be within walking distance but certainly within an easy bike ride. At 41,000 square feet (with an additional 28,600 sq. ft. proposed) and located at the corner of White Lane and Buena Vista, Mustang Square is considered a “Neighborhood Center” toward the smaller center size range, offering limited amenity options. Tenants include: Kern Schools; Taco Bell; Broken Yoke; a car wash and Walgreens. Beyond Mustang Square, the next closest retail center is 5-minutes and 2.3 miles to the North is a moderately sized “Neighborhood Center” at Grand Island Village. This center has 90,000 square feet of assorted retail, eating, gas and shopping amenities. The developer will also be building an on-site “Neighborhood Center” at the entrance of the development with approximately 38,500 sq. ft. of retail space in the planned North phase. The “Shoppes at Seven Oaks Business Park” will eventually include a hotel and has secured as “coming soon”, the following users: Chevron/Sullys convenience and gas; Sequoia sandwich; Centric Health; and, Asada Mexican Grill (gross square footage and other amenities not available on the developer's website as of this writing).

**Intrinsic Elements.** Exclusive to **Camino Media** only, due to its association with CSUB and location on the CSUB campus, are specific, intrinsic elements providing a different set of localized amenities for BC students not easily offered on any other off campus site, including the Bolthouse location. These immeasurable, intrinsic elements combine to offer students a unique set of synergies shared between the BC student and the CSUB campus. The anticipated

experience is one of expanded "University Life" for the BC student, possibly not unlike the experience found at BC's North Bakersfield campus. Without this direct BC campus association with the CSUB campus, the campus life experience will most likely be lost for the BC student; and instead, would be similar to an experience more associative with that of a "trade school". The synergies of co-located campuses include, but are not certainly limited to:

- **Enhanced Study Opportunities with student access to the 5 story, 150,000 sq. ft. Walter W. Stiern Library;**
- **Increased Student Wellness through use of the CSUB Student Recreation Center and gym; the John Hillman Aquatic Center; and Health and Child Care centers;**
- **Increased Student Services, including on-campus dining.**
- **Increased Student Safety ensuring safe and inviting study, work and commuting experience resulting from a campus environment specifically tailored to University designed student safety and campus access (not typically found in a 9-5 commercial office building development setting);**
- **Access to teacher credentialing services; lab spaces; allied health and RN programs;**
- **Easier, and shorter, commuting times and distances to and from the campus; as well as commuting in and around the CSUB campus and Camino Media site;**
- **Possible housing availability through on campus student housing;**
- **The prospect that incoming Freshman from local, south and southwest located High Schools may now find it more convenient to attend BC on the CSUB campus rather than driving to Taft Junior College.**

In conclusion, please review and assess this portion of the analysis together with the monetary considerations portion (attached). When considering both proposed offerings, there may in fact be certain financial differences of one site over another. There are logical and straight forward non-monetary and monetary considerations owing to these differences outlined in the two different analyses. The Board has a fiduciary to evaluate all proposals fairly, and the complete analysis helps in this review and approval process. Yes, everyone wants a "good deal" all-the-while understanding not all proposals are created "equal". In the end, there may be no logical, or practical, method to make both offers "equal". As earlier stated, location does in fact affect a project's ultimate cost(s) and base rent(s). But underlying tangible construction and rental costs, there too are non-monetary benefits, or conversely offsets, realized when selecting to spend more, or spend less, on an offer. The Board may have, as its primary consideration, monetary Base Rent; if so, this analysis details certain non-monetary considerations to assist with the overall decision. However, if the Board's primary consideration is location, together with the associated intangibles and amenities offered with the location, then this analysis easily and clearly defines that option as well.

Feel free to contact me with questions or comments when reviewing the above.

Sincerely,  
Cushman & Wakefield Pacific



Jeffrey T. Andrew

KCCD RFP Interest  
October 30, 2018

Senior Director/ Principal