

Napa Auto Parts

VALLEJO, CA

OFFERING MEMORANDUM



Marcus & Millichap

Napa Auto Parts

VALLEJO, CA

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Napa Auto Parts

VALLEJO, CA

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Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

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Napa Auto Parts

VALLEJO, CA

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PRICING AND FINANCIAL ANALYSIS

Napa Auto Parts

VALLEJO, CA

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FINANCING

Existing Financing	
Loan Type	Free and Clear

FINANCIAL OVERVIEW

Location

2999 Sonoma Boulevard
Vallejo, CA 94590

Price	\$1,957,000
Down Payment	100% / \$1,957,000
Rentable Square Feet	7,465
Price/SF	\$262.16
CAP Rate	6.00%
Year Built /Renovated	1977/2006
Lot Size	26,571
Type of Ownership	Fee Simple

Tenant Summary

Tenant Trade Name	Napa Auto Parts
Ownership	Private
Tenant	Franchisee
Lease Guarantor	Franchisee Guarantee
Lease Type	Triple Net (NNN)
Roof and Structure	Landlord Responsible
Lease Term	20 Years
Lease Commencement Date	September 1, 2004
Rent Commencement Date	September 1, 2004
Lease Expiration Date	April 30, 2024
Term Remaining on Lease	10 Years
Increases	10 Percent
Options	Two 5-Year Options

Annualized Operating Data

Rent Increases	Annual Rent	Monthly Rent
May 1, 2019	\$129,156.00	\$10,763.00
Base Rent (\$15.73/SF)		\$117,420
Net Operating Income		\$117,420
Total Return		6.00% / \$117,420

TENANT OVERVIEW

Property Name	Napa Auto Parts
Property Address	2999 Sonoma Boulevard Vallejo, CA 94590
Property Type	Net Leased Auto Parts
Rentable Square Feet	7,465
Tenant Trade Name	Napa Auto Parts
Ownership	Private
Tenant	Franchisee
Sales Volume	
Lease Guarantor	Franchisee Guarantee
Lease Commencement Date	September 1, 2004
Lease Expiration Date	April 30, 2024
Term Remaining on Lease	10 Years
Lease Type	Triple Net (NNN)
Lease Term	20 Years
Year 1 Net Operating Income	\$117,420
Increases	10 Percent
Next Rent Increase	May 1, 2019
Scheduled Annual Rent in 2019	\$129,156
Options	Two 5-Year Options
No. of Locations	6,100+
Headquartered	Atlanta, GA
Web Site	www.napaonline.com

PROPERTY DESCRIPTION

Napa Auto Parts

VALLEJO, CA

PROPERTY PHOTOS



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INVESTMENT OVERVIEW

Investment Highlights

- Single Tenant: Ease of Management
- Signalized Corner Location
- Brand New Long Term Lease
- 10% Rental Increase Every 5 Years
- Excellent Annual Store Sales: Low Rent to Sales Ratio
- Stable Investment History: Same Tenant Since 1999



We are pleased to offer the sale of this Napa Auto Parts store located at 2999 Sonoma Boulevard.

This offering represents the opportunity to acquire a free standing 7,465 Sq. Ft. building situated on a 26,571 Sq. Ft. parcel of land. The subject property is a single story, slab on grade structure built in 1977 and remodeled in 2007 which included a new roof. The load bearing walls are constructed of structural masonry. There are 23 parking spaces which are paved with asphalt; all walkways are paved with concrete.

The property is located in a dense retail area in Vallejo, California at the southwest corner intersection of Nebraska St. and Sonoma Boulevard (Highway 29). The numerous auto dealers and auto repair facilities along Sonoma Boulevard contribute to Napa Auto Part's strong store sales. Retailers in the immediate area include Starbucks, Autozone, Big 5 Sporting Goods, Bank of America, McDonald's, Raley's, 24 Hour Fitness, and Jiffy Lube.

The base term of the lease with Mechanic's Choice, Napa Auto Part's Franchisee, has been amended recently such that the primary lease term expires on April 30, 2024. On May 1, 2024 the rent increases by 10% as it does in each of two subsequent 5-year options to renew. The tenant is responsible for all repairs and maintenance at the property except for the roof, exterior walls, and the structural foundation, which are maintained by the landlord. Mechanic's Inc. is obligated throughout the lease term and the option periods. As an additional layer of security, the lease is personally guaranteed by the franchisee and store sales are reported for better transparency.

Vallejo is located in the northern part of the East Bay region of the San Francisco Bay Area. Being the largest city in Solano County, Vallejo has a current population of approximately 147,291 people. The average household income is estimated at \$82,076. Kaiser Permanente Medical Center, Sutter Health Medical Center, Six Flags Discovery Kingdom, Vallejo City Unified School District, and Kaiser Permanente Call Center are top employers that presently keep economic development strong in the city of Vallejo.

Interstate 80 and Highway 37 are major transportation routes in the region and Highway 29 is also a major thoroughfare serving the downtown area to the south and the Napa Wine country to the north.

2999 Sonoma Boulevard offers investors the opportunity to acquire a single tenant asset with long term lease in the San Francisco Bay Area.

PROPERTY PHOTOS



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CITY ATTRACTIONS



The City of Vallejo is home to many year-round attractions that make this city distinct. Six Flags Discovery Kingdom is Northern California's most unique theme park experience. As America's only combination marine life, wildlife and wild rides theme park, the 135-acre location offers a full day of family fun and adventure. Mare Island was the first naval station on the west coast commencing operations in 1851. Since its closure in 1996, the community has rallied around the island's conversion to Vallejo's newest neighborhood. Mare Island is now home to more than 80 businesses, Touro University, an active residential neighborhood, an 18-hole golf course, and much more. The City of Vallejo is also home to five outstanding golf courses including the oldest golf course west of the Mississippi and courses that host regional and national championships. The variety of attractions Vallejo has to offer, keep the locals as well as tourists, coming back to explore more.



PROPERTY SUMMARY

The Offering

Property	Napa Auto Parts
Property Address	2999 Sonoma Boulevard Vallejo, CA 94590
Assessor's Parcel Number	0056-015-290

Site Description

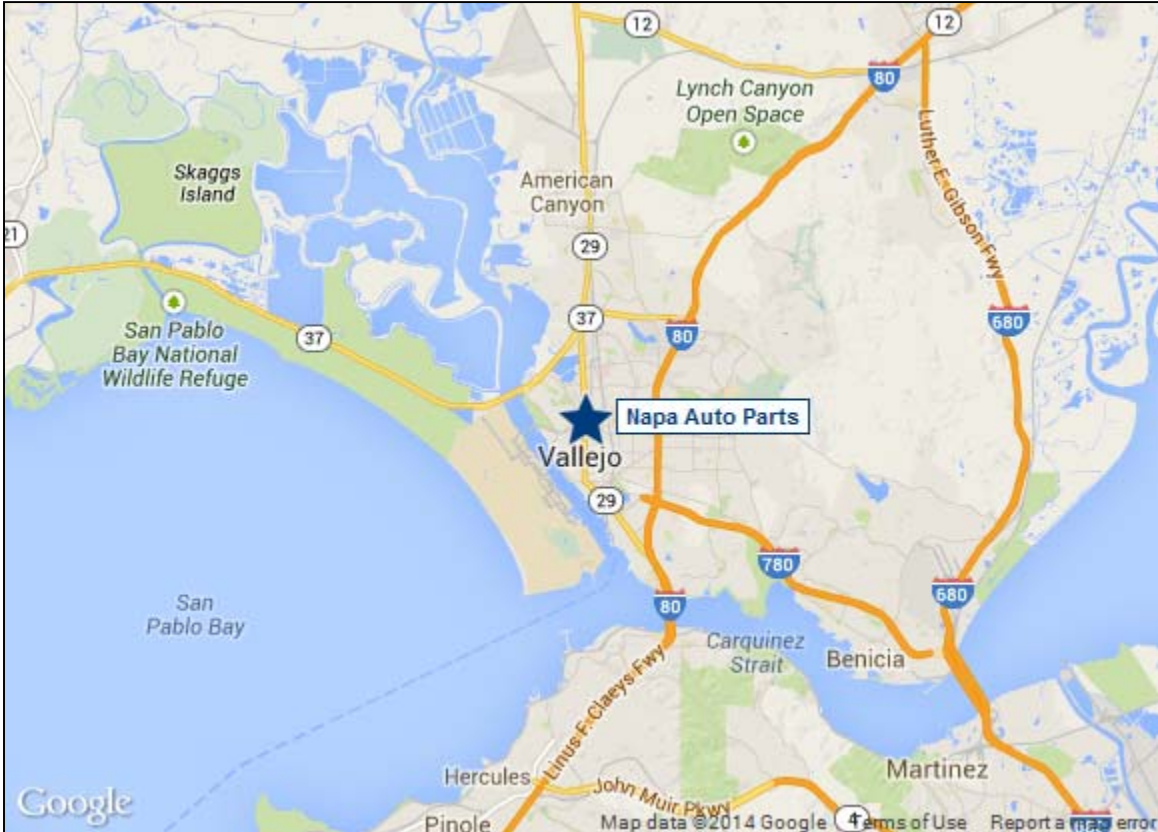
Number of Stories	1
Year Built/Renovated	1977 / 2006
Rentable Square Feet	7,465
Lot Size	26,571
Type of Ownership	Fee Simple
Parking	23 Spaces
Parking Ratio	3.08/1000

Construction

Foundation	Concrete Slab
Framing	Structural Masonry
Parking Surface	Asphalt
Roof	Fiberglass Base; Metal Frame

Mechanical

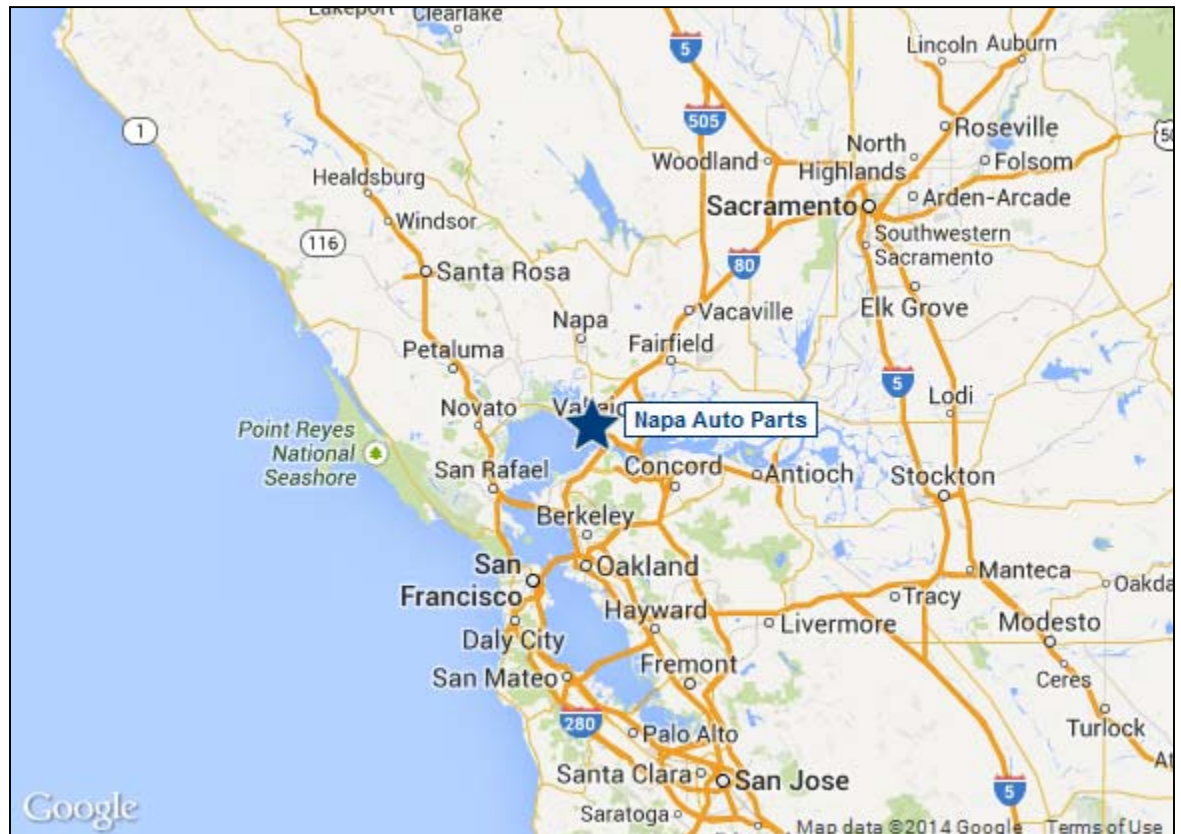
Utilities	PG&E; Recology Vallejo; Island Energy
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Local Map



Regional Map



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Napa Auto Parts VALLEJO, CA

PROPERTY DESCRIPTION



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DEMOGRAPHIC ANALYSIS

Napa Auto Parts

VALLEJO, CA

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DEMOGRAPHIC REPORT

	1 Mile	3 Miles	5 Miles
2000 Population	19,714	98,806	137,956
2010 Population	18,642	94,969	145,089
2013 Population	18,778	95,957	147,364
2018 Population	18,581	95,546	151,870
2000 Households	7,975	33,696	47,048
2010 Households	7,775	33,362	50,015
2013 Households	7,861	33,829	50,922
2018 Households	7,918	34,231	52,938
2013 Average Household Size	2.42	2.80	2.86
2013 Daytime Population	7,641	28,091	36,162
2000 Median Housing Value	\$166,099	\$165,621	\$167,785
2000 Owner Occupied Housing Units	35.91%	57.71%	62.46%
2000 Renter Occupied Housing Units	57.36%	37.86%	33.61%
2000 Vacant	6.42%	4.41%	3.88%
2013 Owner Occupied Housing Units	34.99%	53.74%	60.40%
2013 Renter Occupied Housing Units	65.01%	46.26%	39.60%
2013 Vacant	11.08%	8.74%	7.34%
2018 Owner Occupied Housing Units	35.01%	53.75%	60.74%
2018 Renter Occupied Housing Units	64.99%	46.25%	39.26%
2018 Vacant	11.71%	9.36%	7.76%
\$ 0 - \$14,999	17.1%	12.9%	10.2%
\$ 15,000 - \$24,999	12.9%	10.1%	8.4%
\$ 25,000 - \$34,999	12.0%	10.0%	8.4%
\$ 35,000 - \$49,999	13.4%	12.8%	11.8%
\$ 50,000 - \$74,999	17.2%	19.2%	18.9%
\$ 75,000 - \$99,999	12.5%	14.6%	15.2%
\$100,000 - \$124,999	6.9%	9.0%	11.0%
\$125,000 - \$149,999	2.9%	4.3%	6.2%
\$150,000 - \$199,999	3.2%	4.4%	6.1%
\$200,000 - \$249,999	1.0%	1.1%	1.8%
\$250,000 +	1.0%	1.5%	2.2%
2013 Median Household Income	\$44,347	\$54,949	\$64,311
2013 Per Capita Income	\$25,119	\$25,028	\$28,587
2013 Average Household Income	\$59,306	\$70,155	\$82,106

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SUMMARY REPORT

Geography: 5 miles

Population

In 2013, the population in your selected geography was 147,364. The population has changed by 6.81% since 2000. It is estimated that the population in your area will be 151,870 five years from now, which represents a change of 3.05% from the current year. The current population is 48.7% male and 51.2% female. The median age of the population in your area is 37.9, compare this to the U.S. average which is 37. The population density in your area is 2,315.78 people per square mile.

Households

There are currently 50,922 households in your selected geography. The number of households has changed by 8.23% since 2000. It is estimated that the number of households in your area will be 52,938 five years from now, which represents a change of 3.95% from the current year. The average household size in your area is 2.85 persons.

Income

In 2013, the median household income for your selected geography is \$64,311, compare this to the U.S. average which is currently \$53,535. The median household income for your area has changed by 29.11% since 2000. It is estimated that the median household income in your area will be \$72,817 five years from now, which represents a change of 13.22% from the current year.

The current year per capita income in your area is \$28,587, compare this to the U.S. average, which is \$28,888. The current year average household income in your area is \$82,106, compare this to the U.S. average which is \$75,373.

Race & Ethnicity

The current year racial makeup of your selected area is as follows: 36.24% White, 18.85% African American, 0.71% Native American and 25.84% Asian/Pacific Islander. Compare these to U.S. averages which are: 72.20% White, 12.65% African American, 0.96% Native American and 5.01% Asian/Pacific Islander.

People of Hispanic origin are counted independently of race. People of Hispanic origin make up 24.12% of the current year population in your selected area. Compare this to the U.S. average of 16.55%.

Housing

The median housing value in your area was \$167,785 in 2000, compare this to the U.S. average of \$110,781 for the same year. In 2000, there were 30,576 owner occupied housing units in your area and there were 16,453 renter occupied housing units in your area. The median rent at the time was \$690.

Employment

In 2013, there are 36,162 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 57.7% of employees are employed in white-collar occupations in this geography, and 42.2% are employed in blue-collar occupations. In 2013, unemployment in this area is 8.07%. In 2000, the median time traveled to work was 31.4 minutes.

Demographic data © 2012 by Experian.

POPULATION DENSITY



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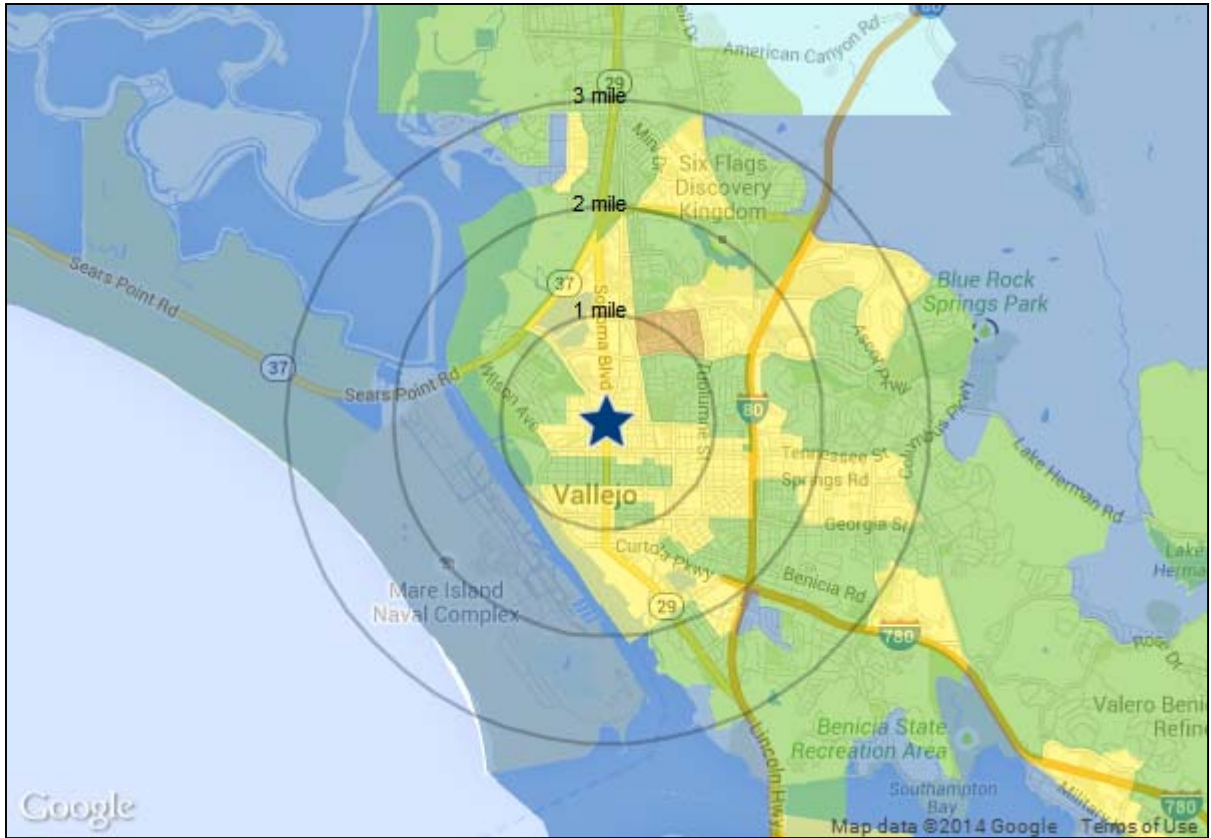
Population Density

Theme	Low	High
Low	less than	55
Below Average	55	475
Average	475	4100
Above Average	4100	35000
High	35000	or more

Number of people living in a given area per square mile.

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EMPLOYMENT DENSITY



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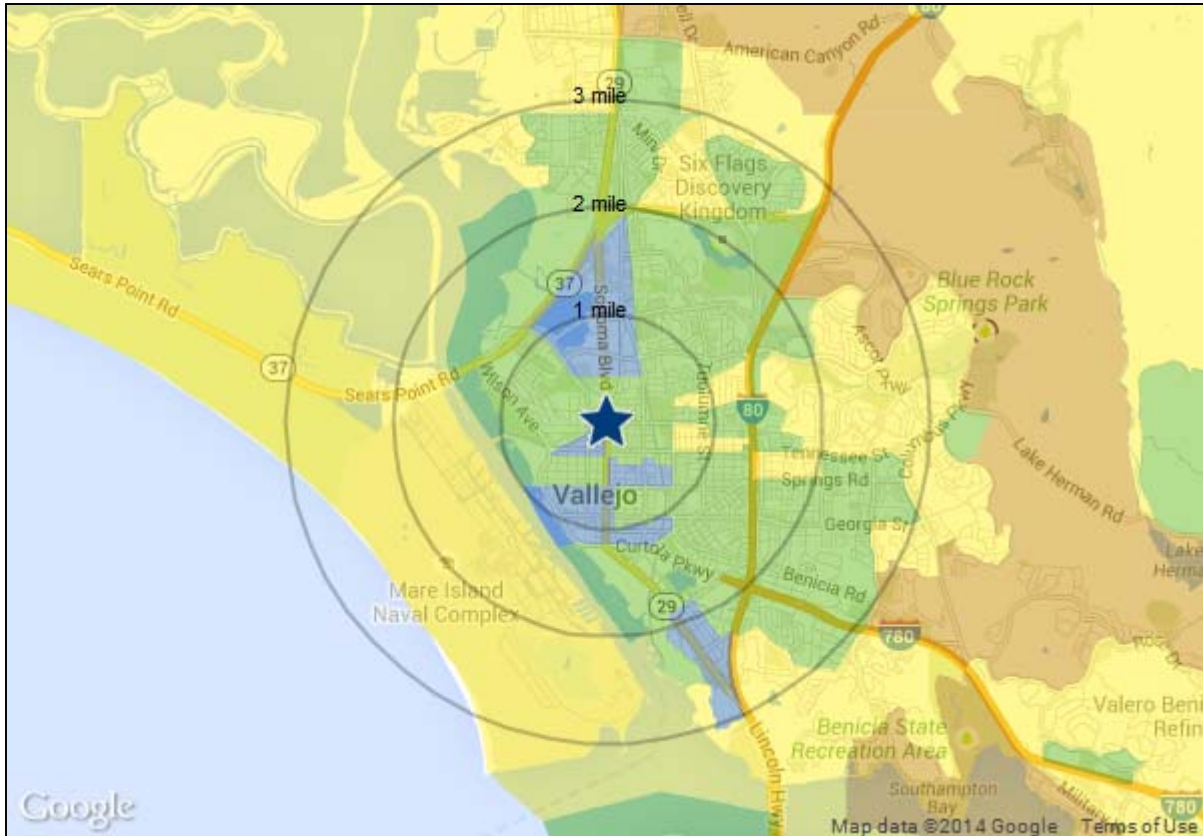
Employment Density

Theme	Low	High
Low	less than 9	9
Below Average	9	96
Average	96	1025
Above Average	1025	10875
High	10875	or more

The number of people employed in a given area per square mile.

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AVERAGE HOUSEHOLD INCOME



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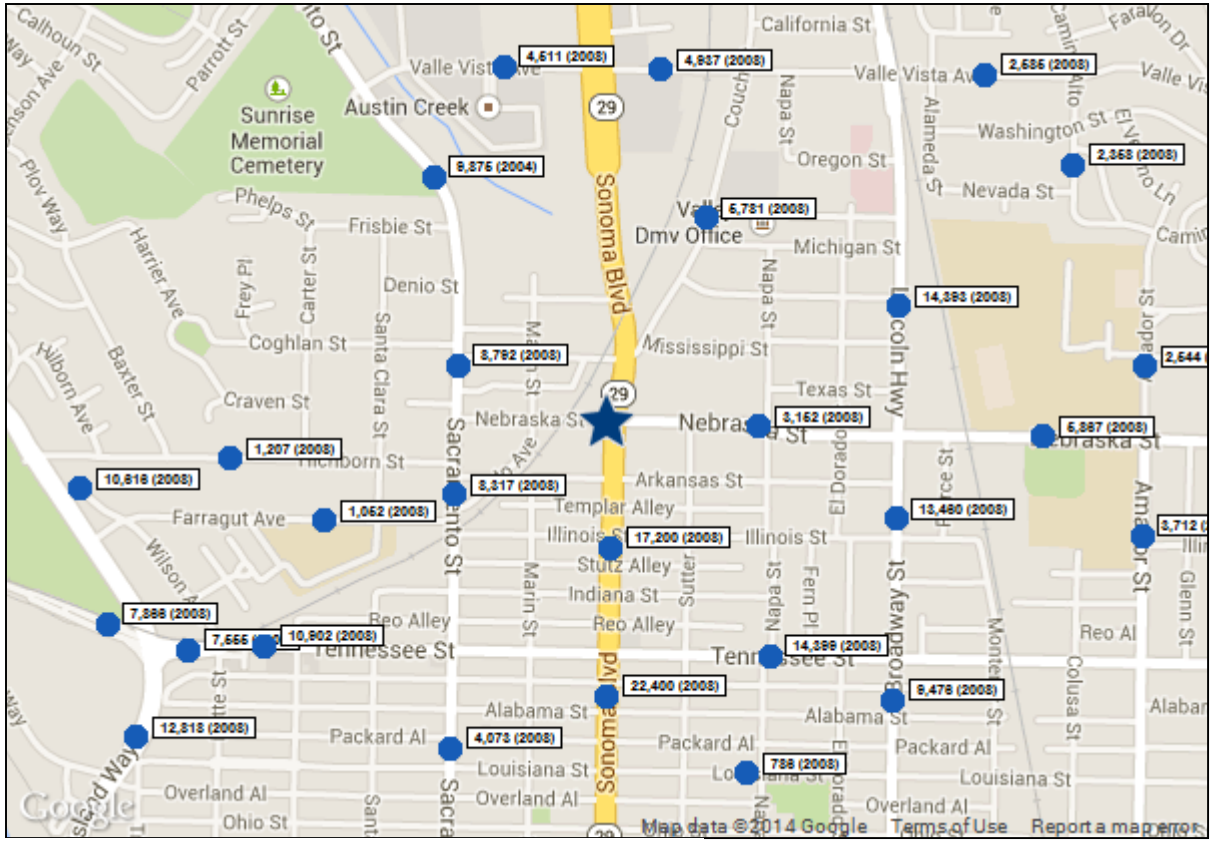
Average Household Income

Theme	Low	High
Low	less than	\$29,500
Below Average	\$29,500	\$48,500
Average	\$48,500	\$80,000
Above Average	\$80,000	\$132,500
High	\$132,500	or more

Average income of all the people 15 years and older occupying a single housing unit.

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TRAFFIC COUNTS



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Two-way, average daily traffic volumes.

* Traffic Count Estimate

Napa Auto Parts

VALLEJO, CA

SAN FRANCISCO

Market Highlights

San Francisco incomes near the top

- The median household income in San Francisco is well above the national level.

Highly educated work force

- Approximately 48 percent of workers have a bachelor's degree.

World-class institutions fuel economy

- The Bay Area is home to top-ranked institutions, including two campuses of the University of California and Stanford University.



Geography

The San Francisco metro consists of San Francisco, San Mateo and Marin counties. The city of San Francisco accounts for all of San Francisco County, an area that encompasses just 49 square miles and is bordered by the Pacific Ocean to the west and the San Francisco Bay to the north and east. Several islands including Alcatraz and Treasure Island are part of the city. Marin County is located to the north and San Mateo County to the south of San Francisco. The topography of the region is characterized by a multitude of hills. There are more than 50 hills in the city alone.



San Francisco-Marin-San Mateo counties

SAN FRANCISCO

Metro

The San Francisco metro, with a population of more than 1.8 million, contains more than 60 municipalities within three counties. Only seven cities, however, have populations exceeding 50,000 residents. The city of San Francisco is the largest, with 824,000 inhabitants, followed by Daly City and San Mateo.

Infrastructure

The San Francisco metro is serviced by several major roadways that facilitate travel in any direction. Interstate 80 connects San Francisco to East Bay cities via the San Francisco-Oakland Bay Bridge. Interstate 280 provides South Bay and Peninsula commuters with easy access to San Francisco. State Route 101 connects the city to the South Bay and to Marin County via the Golden Gate Bridge.

Air travel is available through the San Francisco International Airport (SFO). Roughly 95 percent of the Bay Area’s international flights travel through SFO. Additionally, Oakland International Airport is less than 20 miles away, and San Jose International Airport is in the heart of the Silicon Valley.

The Port of San Francisco is located in San Francisco Bay and contains many piers for cargo, boating, commercial fishing cruises and ferry service.

Bay Area Rapid Transit provides more than 100 miles of heavy rail with dozens of stations throughout four counties in the Bay Area. The City of San Francisco has a light-rail system referred to as Muni and runs the bus and cable-car networks.



Largest Cities in Metro by Population

San Francisco	824,000
Daly City	103,900
San Mateo	100,100
Redwood City	78,800
South San Francisco	64,900
San Rafael	59,000

Sources: Marcus & Millichap Research Services, Experian

Airports

- San Francisco International
- Six general aviation airports

Major Roadways

- Interstates 80, 280, 380 and SR-101

Rail

- Freight - Union Pacific, BNSF
- Passenger - Amtrak, BART
- Commuter - Muni, cable cars

Port

- Port of San Francisco

The San Francisco Metro is:

- 90 miles from Sacramento
- 380 miles from Los Angeles
- 635 miles from Portland
- 800 miles from Seattle

SAN FRANCISCO

Economy

San Francisco is home to a wide range of industries. It is the base for some of the nation’s largest banks, numerous international financial institutions, the Federal Reserve Bank of San Francisco and the San Francisco branch of NYSE Arca, making the city a significant center for world commerce.

A number of Fortune 500 companies are located in the metro, including those in financial services (Charles Schwab Corp.), banking (Wells Fargo & Co.), technology (Oracle) and retail (Gap Inc.).

Tourism remains a vital driver of the local economy, with a well-developed infrastructure for tourists and conventioners alike. More than 16 million people visit San Francisco, bringing an additional \$8.5 billion in revenue to the region every year. Also, nearly 200,000 passengers annually sail on cruises from the San Francisco port.

San Francisco has been positioning itself as a biotechnology and biomedical hub and research center. The Mission Bay campus of UCSF fosters a budding industry and serves as headquarters of the California Institute for Regenerative Medicine.

When it comes to venture capital, San Francisco has one of the largest investment communities in the United States. In addition, research sponsored by government and private sectors brings billions of dollars to the region’s economy each year.



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SAN FRANCISCO

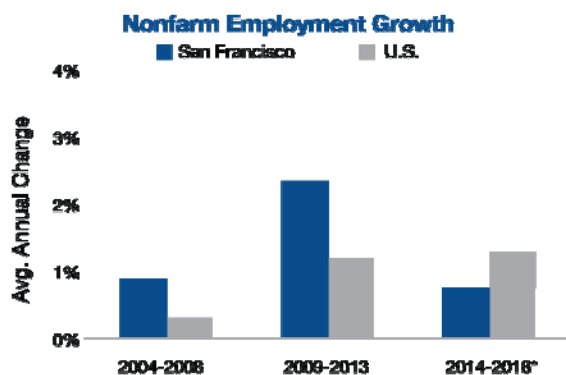
Labor

San Francisco’s diverse and educated population creates one of the most productive work forces in the world. Approximately 70 percent of San Franciscans age 25 and above have educational training beyond high school. Roughly 48 percent have a bachelor’s degree, with 19 percent of having attained a graduate or professional degree.

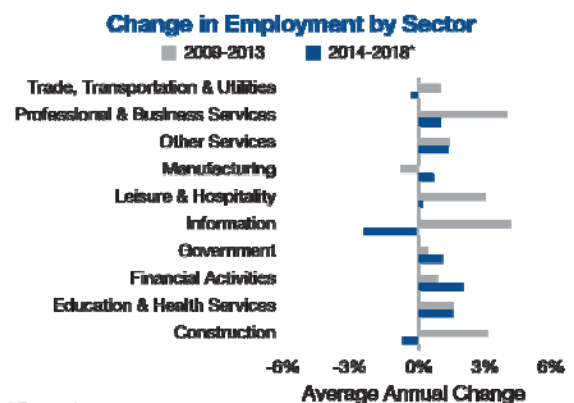
The San Francisco region is a magnet for business and employment. A sizable share of Bay Area jobs are located in the city, requiring the resident labor force of more than 400,000 employees and the several hundred thousand additional workers from surrounding cities to make daily commutes into and through the area. With a total employment base of around 1 million, metro businesses can select from a large pool of qualified employees.

The generally higher-paying professional and business services sector is the largest employment segment, accounting for 23 percent of jobs. Annual growth of 1.0 percent is expected in this industry over the next five years. The trade, transportation and utilities sector, at 15 percent, makes up the second largest share of regional jobs. A slight annual contraction of 0.3 percent is expected in this segment through 2018. Other significant portions of the employment force include the leisure and hospitality and the education and health services sectors, which comprise 14 percent and 11 percent of metro jobs, respectively.

The financial activities segment is forecast to be the fastest growing segment of jobs in the coming five years. Currently just 8 percent of total employment, this sector is expected to grow by 2.1 annually through 2018.



* Forecast
 Sources: Marcus & Millichap Research Services, BLS, Economy.com



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 Sources: Marcus & Millichap Research Services, BLS, Economy.com

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Employers

The San Francisco region is home to many large and well-known organizations that are on the Fortune 500 list, including Wells Fargo & Co., Charles Schwab Corp., Gap Inc. and PG&E Corp.

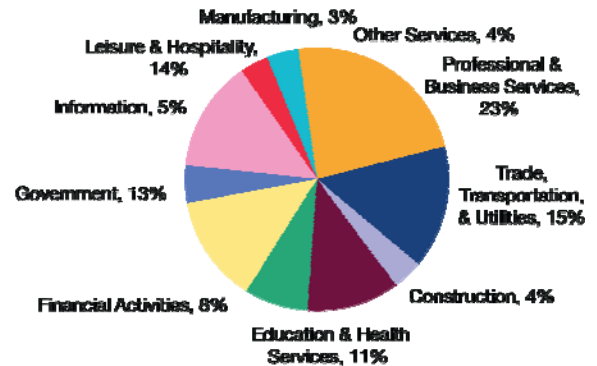
The area also benefits from its proximity to and ties with Silicon Valley. Technology companies are attracted to the large pool of highly educated workers and resources at local educational institutions. San Mateo County, in particular, which is situated between San Francisco and San Jose, has posted a rise in technology businesses and is home to companies such as Oracle, Genentech and Gilead Sciences.

Hospitality and tourism play an integral part in the region's economy with facilities such as the Mascone Center, which hosts around 60 conventions a year, and the Port of San Francisco, where cruise ships dock. These facilities bring in visitors to fill the numerous hotels in the region.

LucasFilm Ltd. built its headquarters in the vacated Letterman Army Medical Center at the Presidio in 2005, which will attract additional entertainment-related business to the area. In 2012, the company was purchased by The Walt Disney Co.

While many large companies are based in the Bay Area, there are also thousands of small and medium-sized businesses. These smaller firms are a crucial component of the San Franciscan economy.

Share of 2013 Total Employment

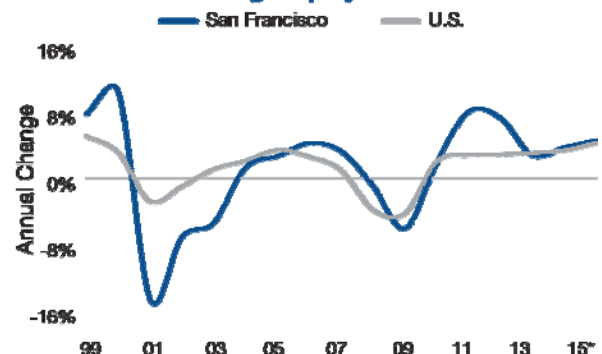


Sources: Marcus & Millichap Research Services, BLS, Economy.com

Major Employers

Kaiser Permanente
Wells Fargo & Co.
Gap Inc.
PG&E Corp.
Oracle Corp.
Visa
Gilead Sciences
McKesson Corp.
Charles Schwab Corp.
AT&T

Office-Using Employment Growth



* Forecast
Sources: Marcus & Millichap Research Services, BLS, Economy.com

SAN FRANCISCO

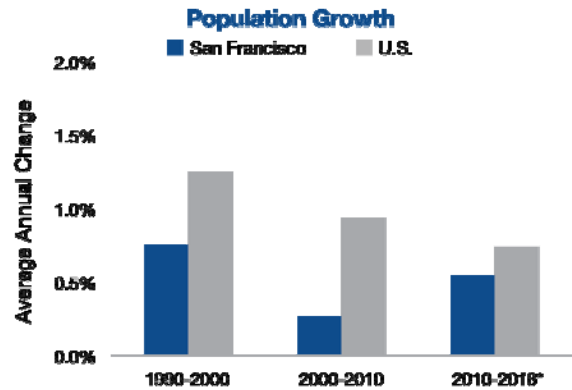
Demographics

San Francisco’s population has grown by 13.5 percent since 1990. Gains were strongest in the late 1990s, when the dot-com industry expanded rapidly. Through 2018, the metro’s population will expand by an average of 0.4 percent per year.

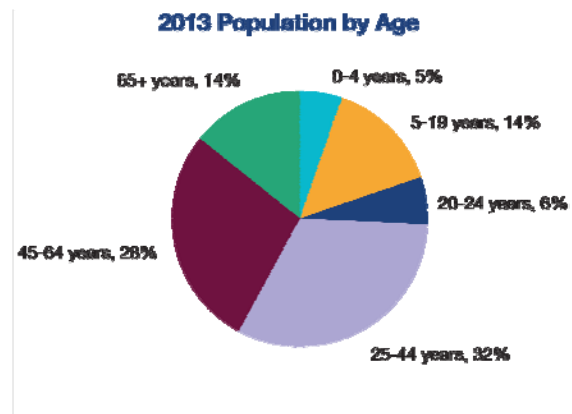
Although the median age in San Francisco at 39.9 years is well above the 37.3 for the nation, the area attracts many highly educated young workers. Around 32 percent of the population is between the ages of 25 and 44 years, higher than the U.S. average.

Because of the skilled work force, the median household income in the San Francisco metro remains among the highest in the country at \$83,000 per year, well above the national median of \$52,400. The median home price exceeds the statewide median by a wide margin, however, and such a disparity creates a much larger renter pool in the metro than in other markets. Just over 47 percent of residents in the San Francisco metro own their home.

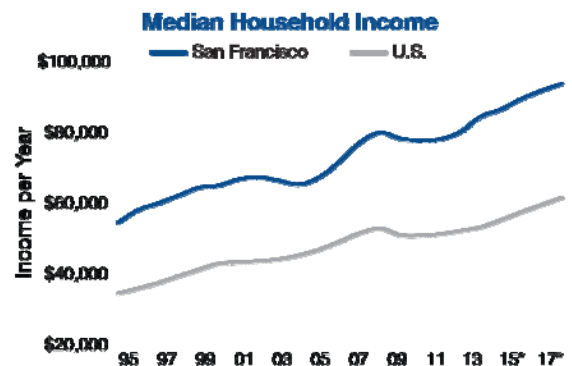
San Francisco boasts some of the most highly trained professionals in the country. In addition to being highly educated and well compensated, San Franciscans are part of one the most diverse populations in the world. International firms continue to expand in the region, adding new cultures and backgrounds to the mix.



* Forecast
Sources: Marcus & Millichap Research Services, AGS, Experian



Sources: Marcus & Millichap Research Services, Experian



* Forecast
Sources: Marcus & Millichap Research Services, Economy.com, U.S. Census Bureau

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Quality Of Life

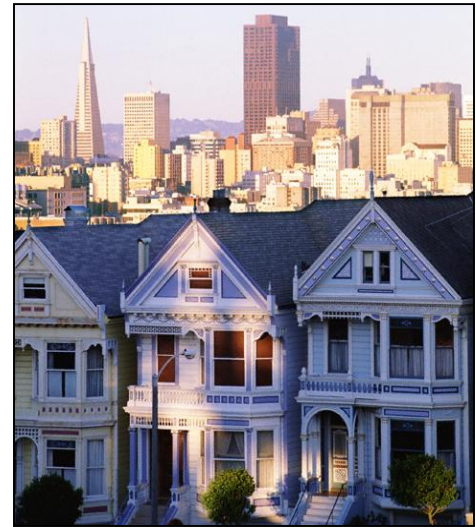
San Francisco is recognized worldwide for its spectacular physical beauty, culture, business opportunities and great professional sport teams. It also acts as the administrative, financial, cultural and services hub for the Western United States.

San Francisco's cost of living remains one of the most expensive in the country, due in part to the tight housing market and soaring cost of goods and services. Bay Area residents possess one of the highest discretionary income levels in the United States, however, as a result of the metro's educated workers and its concentration of jobs in well-paying industries.

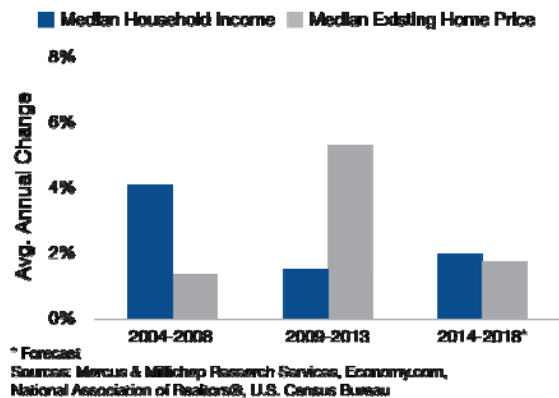
Cultural and recreational opportunities for residents abound. A theater district, symphony, opera and more than 20 museums are housed in some of the world's finest facilities. Recreational amenities include 5,800 acres of parks and open space that provide refuge from San Francisco's largely urban environment. Golden Gate Park boasts a golf course, botanical gardens, a conservatory of flowers, and even buffalo. Wine country, beautiful beaches, world-renowned golf courses, miles of coastline, redwood forests and numerous trails are also within reach of the city.

San Franciscans pride themselves on having access to some of the finest restaurants in the nation, and the metro maintains one of the country's highest restaurant-to-citizen ratios. San Francisco's reputation for fine cuisine brings chefs from all over the world.

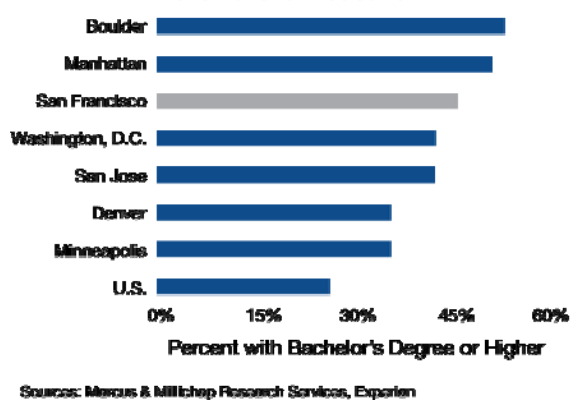
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Income and Home Price Trends



2013 Level of Education



Napa Auto Parts

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