

The Village at Nipomo

CENTRAL COAST RETAIL CENTER
NIPOMO, CALIFORNIA 93444

 **LEE &
ASSOCIATES**
COMMERCIAL REAL ESTATE SERVICES



OFFERING MEMORANDUM

Property Information:

Lee & Associates Central Coast is pleased to present the opportunity to acquire The Village at Nipomo. This rare Coastal California retail offering is **100% occupied** with a strong mix of national, regional and local tenants including *Starbuck's* with a drive-through, *Wells Fargo*, *Anytime Fitness*, *AT&T*, *UPS*, *Lemos Feed & Pet Supplies* and others. The site consists of 5 parcels totaling 3.3 acres with GLA of 37,939 sf is situated in the retail hub of Nipomo adjacent to the Miner's Ace Hardware center and across the street from a Von's anchored center and CVS. The signalized intersection allows for easy access to the site.

Nipomo is a bedroom community to both Santa Maria to the south and San Luis Obispo to the north. It is home to three golf communities; Trilogy, Black Lake and Cypress Ridge. The nearby Oaks at Nipomo is a newly constructed project for independent and assisted living as well as memory care.



The Village at Nipomo
CENTRAL COAST RETAIL CENTER

PROPERTY INFORMATION

Property	The Village at Nipomo
Address	551 & 581 W. Tefft Street and 110, 150 & 180 Mary Avenue Nipomo, CA 93444
County	San Luis Obispo
Parcel Numbers	APN: 92-576-001, 092-576-014, 092-576-015, 092-576-016 and 092-576-017
Building Size	37,939 Square Feet / 5 Buildings
Year Built	2009
Occupancy	100%
Parcel Size	3.3 Acres
Zoning	CR - Commercial Retail
Parking	144 spaces + 150 shared spaces in adjacent parking lot
Ingress / Egress	Signalize intersection at Tefft Street and Mary Avenue, one block from Highway 101
Traffic Counts	Tefft St. /Mary Ave.= 17, 000 ADT 101 Highway = 66,000 ADT
Loan:	Attractive assumable fixed rate financing at 4.75% (see page 3)

TENANTS:

- Starbucks
- Wells Fargo
- Nipomo Dry Cleaner
- California Chiropractic
- Me-n-Ed's Pizzeria
- Lemos Feed & Pet Supply Inc.
- The UPS Store
- Vitamin & Herb Stores
- Supercuts
- Century 21 Hometown
- Spring Communication/ AT&T
- Anytime Fitness
- Season's Nail
- Beck & Cale Physical Therapist
- Nipomo Smoke Shop
- People's Care

Loan Summary:

The loan is assumable with an attractive interest rate of **4.75%** fixed until maturity in 2024. The loan does not provide for a partial release. Seller will deliver the property free of the existing debt or the loan can be assumed with a **1%** assumption fee.

ASSUMABLE DEBT	
Loan Type	CMBS
Principal Balance	\$7,878,025
Interest Rate	4.75% fixed
Loan Maturity	April 2024
Loan Assumption Fee	1%
Loan To Value	49%



Investment Summary:

With its strong line up of tenants the Village at Nipomo provides an opportunity to obtain a high profile property in the desirable Central Coast region of California. This Wells Fargo branch has over \$60 Million in deposits. The Von's across the street generates over \$500,000 per week in sales. Aside from the credit tenants, several tenants have regional presence including Lemo's Feed & Pet Supplies (14 stores), Anytime Fitness (127 locations) and Me 'N Ed's Pizza (51 locations). The mix of retail, restaurant and service tenants provides a relatively Internet resistant group of companies.



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INVESTMENT SUMMARY

Price	\$16,000,000
Occupancy	100%
NOI*	\$872,915
Cap Rate	5.50 %
Price Per SF	\$422 per SF
Existing Loan	Property can be delivered free of debt or loan may be assumed.

*NOI as of 1-1-2019

THE VILLAGE AT NIPOMO

	As of 1-1-19	2019 full year
Base Rent:	\$925,617	\$942,009
Vacancy	\$(27,768)	\$(28,260)
Unrecoverable Property Tax incr*	\$(4,824)	\$(4,824)
Unrecoverable Management Fees	\$(20,109)	\$(20,109)
NOI	\$872,915	\$888,816
Cap Rate	5.50%	5.60%

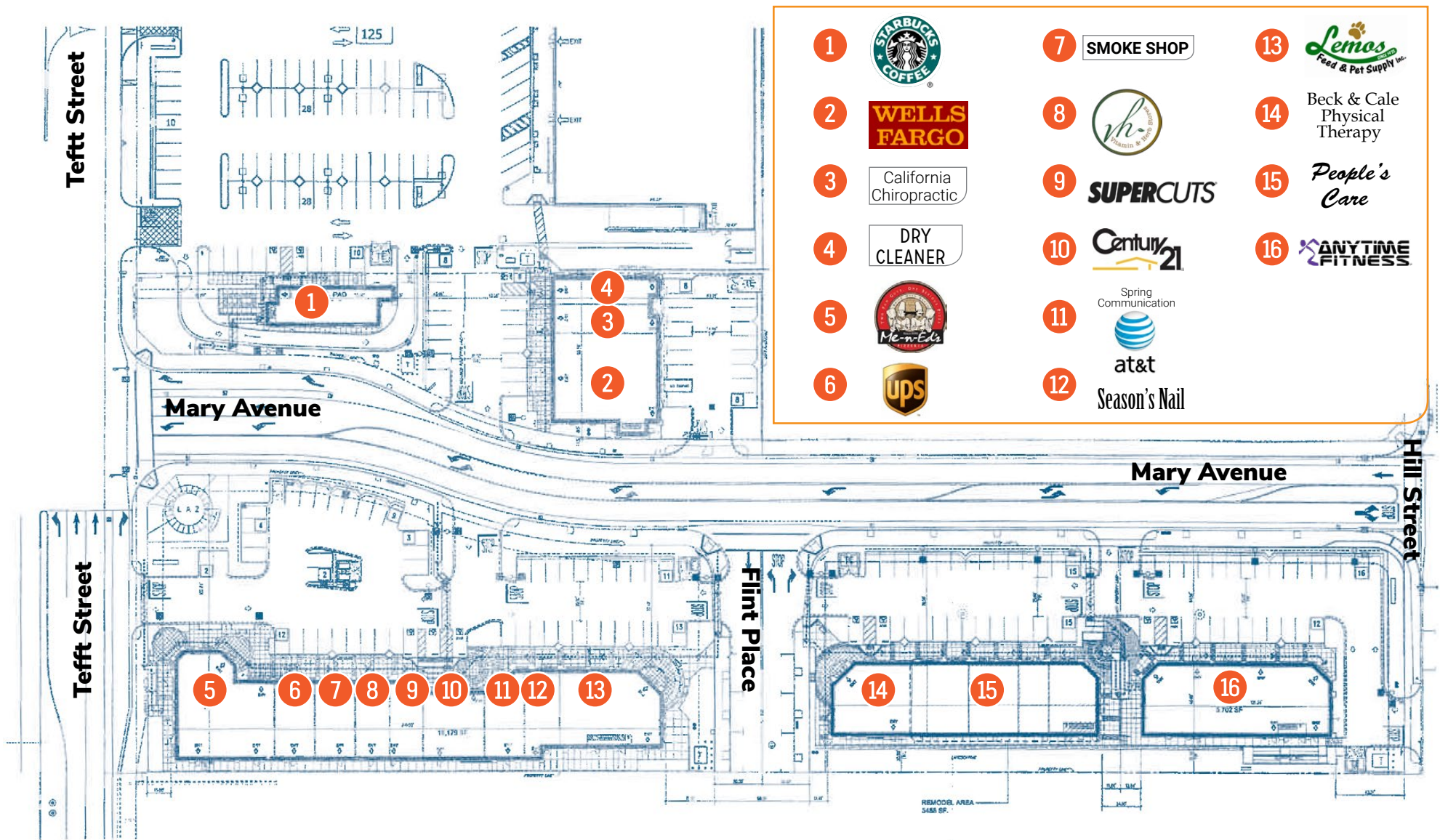
* Unrecoverable Prop. Tx: Prop 13 protection in Starbucks, Lemos leases.



The information contained herein has been obtained from sources that have been deemed reliable. While we have no reason to doubt its accuracy we do not guarantee it.

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Site Plan



The Village at Nipomo

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An aerial photograph of a commercial development. In the foreground, a large, paved parking lot with white markings and a 'STOP' sign is visible. To the right, a long, single-story commercial building with a light-colored facade and a brown tiled roof runs along the lot. A prominent corner section of the building features a red facade and a multi-tiered, octagonal red-tiled roof. This section has a sign that reads 'MEXICAN PIZZERIA' and a logo above it. Several windows with dark awnings are visible on this section. To the right of the main building, there is a covered outdoor area, possibly a drive-thru or a small stage. The background shows more of the parking lot, some trees, and a clear sky.



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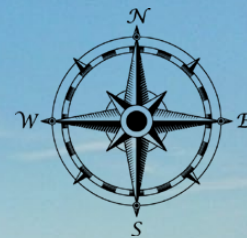
Rent Roll - The Village at Nipomo

Address	Tenant	SF	Monthly Rent	Rent/SF	Annual Rent	Rent 1-1-19	Lease Start	Lease Exp.	Options	Rent Increases
555 Tefft / 1	Nipomo Dry Cleaner	1,402	\$ 3,996.48	\$ 2.85	\$ 47,957.76	\$3,996.48	4/15/2009	4/30/2019	2 x 5 yr	3% Annual Increases
555 Tefft / 2	California Chiropractic	1,098	\$ 2,351.92	\$ 2.14	\$ 28,223.04	\$2,398.96	7/1/2013	Mo-to-Mo	-	2% Annual Increases
555 Tefft / 3	Wells Fargo	4,000	\$ 8,800.00	\$ 2.20	\$ 105,600.00	\$8,800.00	10/1/2008	9/30/2023	3 x 5 yr	10-1-18: \$2.25/sf [Exercised]
										10-1-23 (Op. 2): \$2.48
										10-1-28 (Op. 3): \$2.72
										10-1-33 (Op. 4): \$2.99
581 Tefft	Starbucks	1,987	\$ 6,457.75	\$ 3.25	\$ 77,493.00	\$6,457.75	11/1/2008	10/31/2028	4 x 5 yr	10% Increase every 5 yrs
110 Mary / 1	Me-n-Ed's Pizza	3,934	\$ 9,037.86	\$ 2.30	\$ 108,454.32	\$9,218.62	12/1/2010	11/30/2020	1 x 5 yr	2% Annual Increases
110 Mary / 2	UPS	1,300	\$ 2,340.00	\$ 1.80	\$ 28,080.00	\$2,392.00	12/1/2018	7/31/2023	1 x 5 yr	8-1-18: \$1.84, then 2% Annual
110 Mary / 3	Nipomo Smoke Shop	1,300	\$ 2,463.34	\$ 1.89	\$ 29,560.08	\$2,537.24	7/1/2010	6/30/2023	1 x 5 yr	7-1-18 CPI w/ 3% min - 6% max
110 Mary / 4	Vitamin & Herb Store	1,100	\$ 2,519.22	\$ 2.29	\$ 30,230.64	\$2,569.60	1/1/2009	6/30/2023	-	Annual CPI w/ 2% min - 5% max
110 Mary / 5	Supercuts	1,088	\$ 2,556.80	\$ 2.35	\$ 30,681.60	\$2,556.80	2/5/2014	1/31/2019	2 x 5 yr	2-1-19 (Op. 1): \$2.63
										2-1-24 (Op. 2): \$3.00
110 Mary / 6	Century 21 Hometown	1,701	\$ 3,404.25	\$ 2.00	\$ 40,851.00	\$3,472.34	10/1/2013	9/30/2022	1 x 5 yr	2% Annual Increases
110 Mary / 7	Spring Comm./AT&T	1,300	\$ 2,538.60	\$ 1.95	\$ 30,463.20	\$2,589.37	12/1/2010	11/30/2020	1 x 5 yr	2% Annual Increases
										Option Rent: 2% incr. or market
110 Mary / 8	Season's Nail	1,222	\$ 2,688.40	\$ 2.20	\$ 32,260.80	\$2,688.40	2/1/2009	1/31/2019	1 x 5 yr	2-1-19 (Op.2): \$2.24, then 2%/ year
110 Mary / 9	Lemos Pet Supply	3,000	\$ 5,266.67	\$ 1.76	\$ 63,200.04	\$5,266.67	1/1/2009	6/30/2023	1 x 5 yr	7-1-18 (Op.2): Yr 1: Flat
										Yr 2: 3.5% incr. then 2% Annual Increases
										(Op.3) CPI incr. w/ 2% min - 5% max
150 Mary / 1	Beck & Cale PT	2,372	\$ 4,037.50	\$ 1.70	\$ 48,450.00	\$4,158.63	8/1/2015	7/31/2021	1 x 3 yr	Annual CPI w/ 3% min - 5% max
150 Mary / 2	People's Care	5,433	\$ 9,498.86	\$ 1.75	\$ 113,986.32	\$9,498.86	1/1/2015	12/31/2019	1 x 5 yr	3% Annual Increases
										Option: Market rent then 3%/yr
180 Mary	Anytime Fitness	5,702	\$ 8,533.00	\$ 1.50	\$ 102,396.00	\$8,533.00	7/1/2018	6/30/2023	2 x 5 yr	2% Annual Increases
TOTAL:		37,939	\$ 76,490.65		\$ 917,887.80	\$ 77,134.72				

1-1-19 Annual Rent: \$925,616.64

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Cash Flow Projection - The Village at Nipomo

SCENARIO A (Cash purchase)

INCOME	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Rental Income	\$ 913,749	\$ 930,501	\$ 947,358	\$ 964,627	\$ 984,996	\$ 1,022,948	\$ 1,041,908	\$ 1,060,935	\$ 1,080,430	\$ 1,106,341
NNN Reimbursements	\$ 291,558	\$ 297,389	\$ 303,337	\$ 309,404	\$ 315,592	\$ 321,904	\$ 328,342	\$ 334,908	\$ 341,607	\$ 348,439
Non-recovered Prop. Tx.	\$ (4,824)	\$ (4,920)	\$ (5,019)	\$ (5,119)	\$ (5,222)	\$ (5,326)	\$ (5,433)	\$ (5,541)	\$ (5,652)	\$ (5,765)
Admin/Mgmt Fee reimb	\$ 22,025	\$ 22,466	\$ 22,915	\$ 23,374	\$ 23,841	\$ 24,318	\$ 24,804	\$ 25,300	\$ 25,806	\$ 26,322
Total Income	\$ 1,222,508	\$ 1,245,436	\$ 1,268,591	\$ 1,292,285	\$ 1,319,207	\$ 1,363,843	\$ 1,389,621	\$ 1,415,603	\$ 1,442,191	\$ 1,475,337
EXPENSES										
Property Taxes	\$ 168,304	\$ 171,670	\$ 175,103	\$ 178,606	\$ 182,178	\$ 185,821	\$ 189,538	\$ 193,328	\$ 197,195	\$ 201,139
Insurance	\$ 8,934	\$ 9,113	\$ 9,295	\$ 9,481	\$ 9,670	\$ 9,864	\$ 10,061	\$ 10,262	\$ 10,468	\$ 10,677
CAM	\$ 114,320	\$ 116,606	\$ 118,939	\$ 121,317	\$ 123,744	\$ 126,219	\$ 128,743	\$ 131,318	\$ 133,944	\$ 136,623
Subtotal: NNN expenses	\$ 291,558	\$ 297,389	\$ 303,337	\$ 309,404	\$ 315,592	\$ 321,904	\$ 328,342	\$ 334,908	\$ 341,607	\$ 348,439
Management Fees (4%)	\$ 48,900	\$ 49,817	\$ 50,744	\$ 51,691	\$ 52,768	\$ 54,554	\$ 55,585	\$ 56,624	\$ 57,688	\$ 59,013
TOTAL EXPENSES	\$ 340,458	\$ 347,207	\$ 354,081	\$ 361,095	\$ 368,360	\$ 376,457	\$ 383,927	\$ 391,533	\$ 399,294	\$ 407,452
Net Operating Income	\$ 882,050	\$ 898,229	\$ 914,511	\$ 931,190	\$ 950,847	\$ 987,386	\$ 1,005,695	\$ 1,024,070	\$ 1,042,897	\$ 1,067,885
Cap rate =	5.51%	5.61%	5.72%	5.82%	5.94%	6.17%	6.29%	6.40%	6.52%	6.67%

SCENARIO B (Assume existing loan)

Purchase Price	\$ 16,000,000	
Existing Loan Balance	\$ (7,878,025)	49.24%
Cash Down Payment	\$ 8,121,975	50.76%
Approx. Loan Balance at Maturity	\$ 6,821,947	

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
NOI	\$ 882,050	\$ 898,229	\$ 914,511	\$ 931,190	\$ 950,847	\$ 987,386	\$ 1,005,695	\$ 1,024,070	\$ 1,042,897	\$ 1,067,885
Annual Debt Service	\$ (529,020)	\$ (529,020)	\$ (529,020)	\$ (529,020)	\$ (529,020)	\$ (176,340)	TBD	TBD	TBD	TBD
Cash Flow	\$ 353,030	\$ 369,209	\$ 385,491	\$ 402,170	\$ 421,827	\$ 811,046	\$ 1,005,695	\$ 1,024,070	\$ 1,042,897	\$ 1,067,885
Principal reduction	\$ 162,697	\$ 170,596	\$ 178,878	\$ 187,562	\$ 196,668	\$ 84,403	-	-	-	-
Total:	\$ 515,727	\$ 539,805	\$ 564,369	\$ 589,732	\$ 618,495	\$ 895,449				

Refi April 2024

COC incl. principal reduction	6.35%	6.65%	6.95%	7.26%	7.62%
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Assumptions:

1. Assume tenants exercise options
2. Rental increases based on leases and 2% annual increases for those without minimum or fixed increases
3. Extended rent past final options assuming that tenants remain in place
4. 3% vacancy throughout proforma term

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Nipomo Area Information:



Nipomo is located near the Pacific Ocean halfway between Los Angeles and San Francisco. It is across from the historic Highway 1 and Highway 101, in **San Luis Obispo County**. The city of San Luis Obispo is 24 miles to the north and Santa Maria is 8 miles south. The adjacent five cities, includes Pismo Beach, Arroyo Grande, Grover Beach, Oceano and Shell Beach, all popular oceanside communities.

Nipomo is a sprawling and diverse town with an emergent housing market, making it the most populated unincorporated area within the County.

The Nipomo Mesa is home to *Trilogy® at Monarch Dunes*, a **957-acre**, mixed-use development that includes approximately **740 single family** homes, 18-hole and 12-hole golf courses, and a business park. The project is being completed in four phases and is approved for the development of up to **1,320 homes** as well as a hotel resort. *Trilogy® at Monarch Dunes* is resort community, open to all ages, offering exceptional amenities, along central California's scenic Pacific Coast and has been named one of the **50 Best Master-Planned Communities** in the United States by *Where to Retire* magazine for 2017!

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Mild weather and wide-open spaces give the town a signature feel. The area is home to three major golf courses: **Blacklake Golf Resort**, **Monarch Dunes** and **Cypress Ridge** - all world class courses.

Monarch Dunes "*The Old Course*" is the largest master-planned community in California's Central Coast offering a championship links-style design. The course is only 1 of 50 chosen as a qualifier for the 2019 U.S. Amateur Four-Ball Championship.

Agriculture continues to be the dominant economic driver in Nipomo with dozens of greenhouses providing cut flowers nationwide, orchards filled with citrus and avocados and fields of strawberries and vegetables.



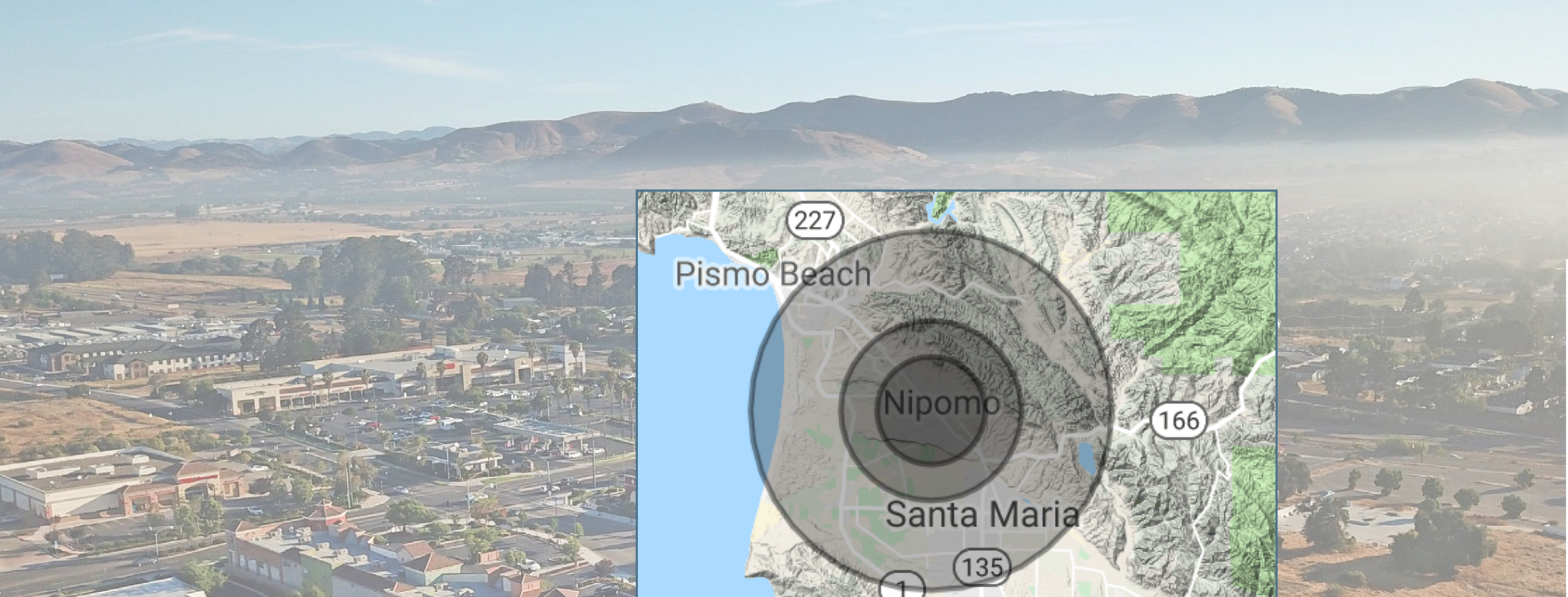
Major COUNTY Employers:

- 1 **California Polytechnic State University**
 - 3,000 employees
- 2 **County of San Luis Obispo**
 - 2,920 employees
- 3 **Department of State Hospitals- Atascadero**
 - 2000 employees
- 4 **Pacific Gas & Electric**
 - 1,866 employees
- 5 **California Men's Colony Facility**
 - 1,517 employees
- 6 **Cal Poly Corp. Services**
 - 1,400 employees
- 7 **Tenet Healthcare**
 - 1,305 employees
- 8 **Compass Health Inc.**
 - 1,200 employees
- 9 **Lucia Mar Unified School District**
 - 1,000 employees
- 10 **Paso Robles Public Schools**
 - 935 employees





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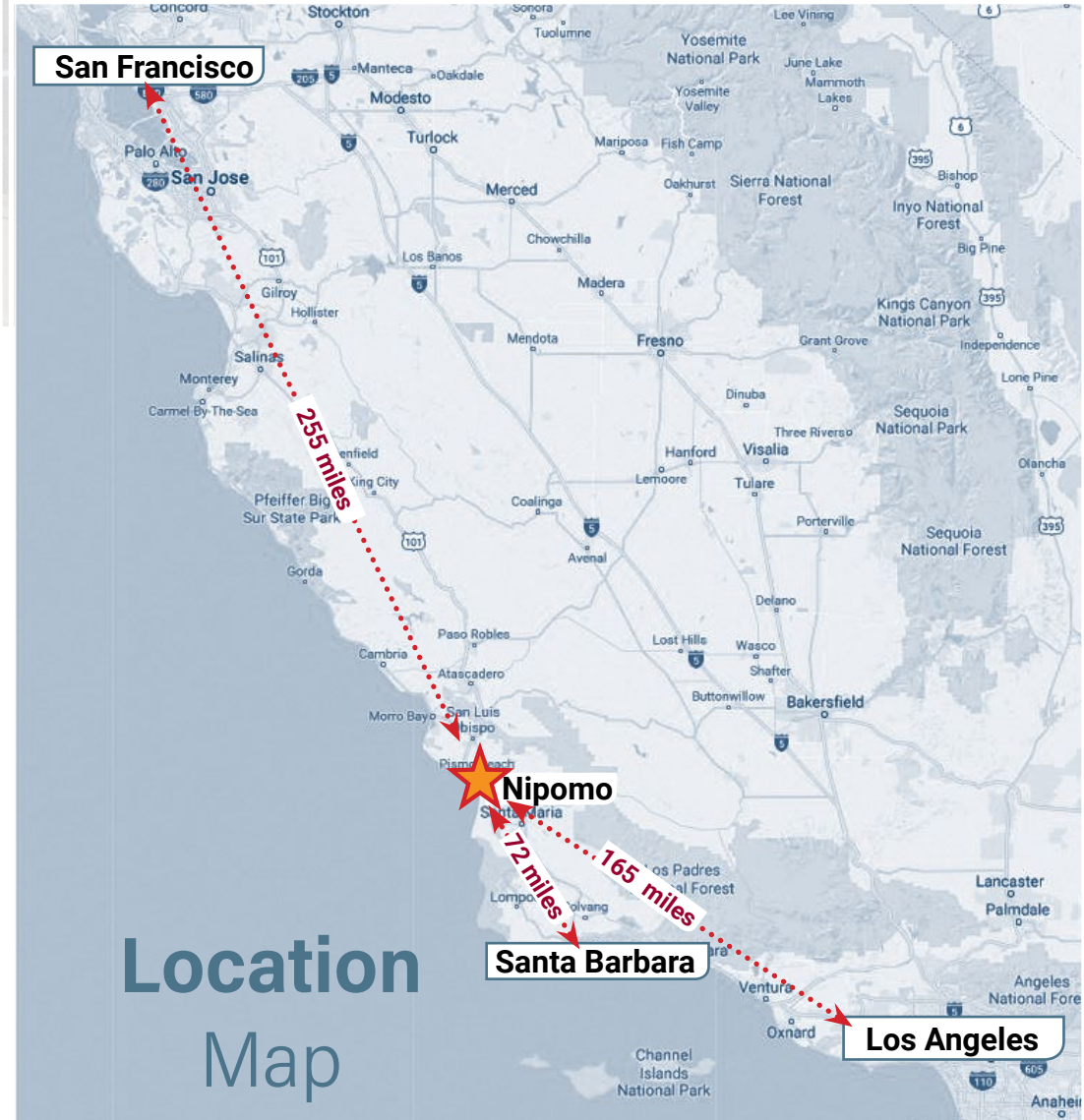
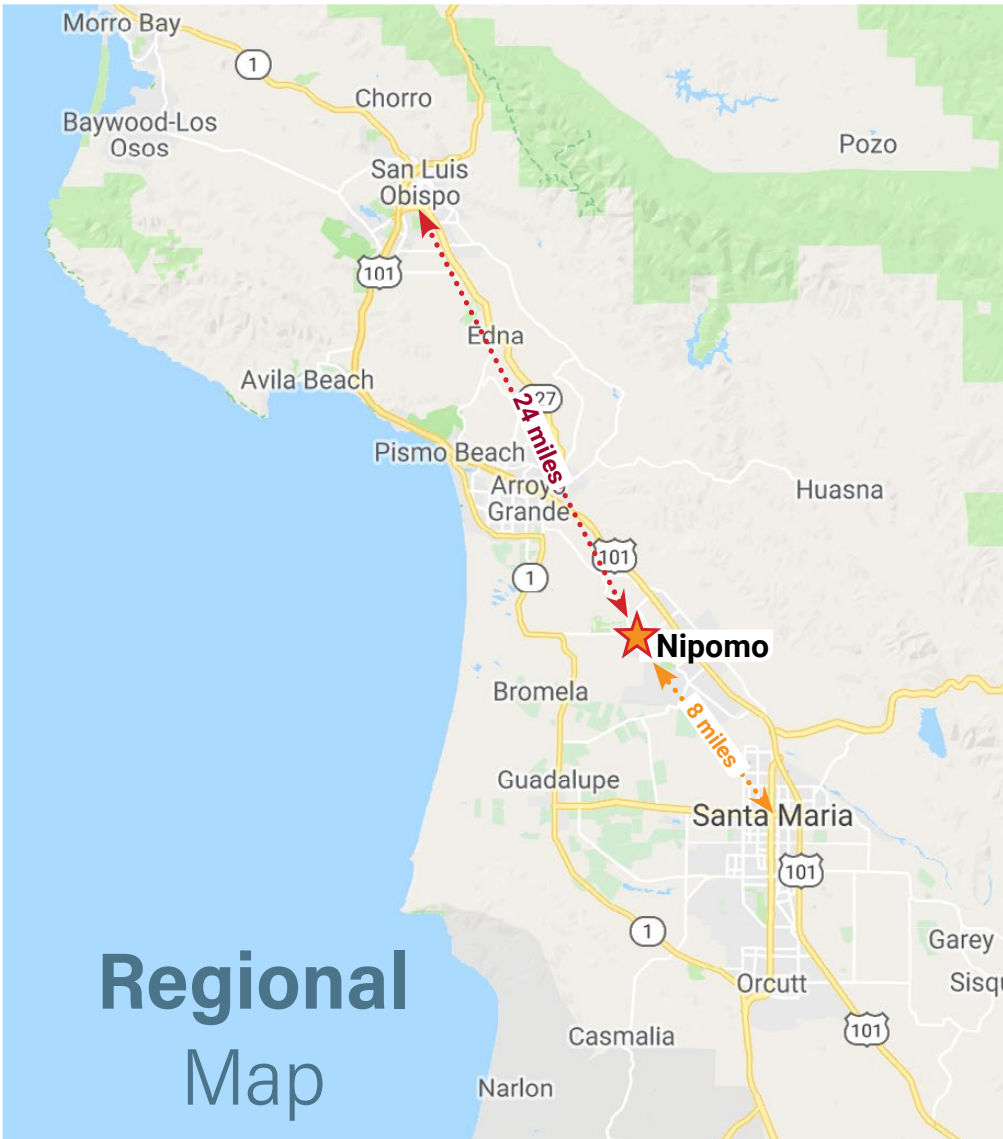


DEMOGRAPHICS

	3 Miles	5 Miles	10 Miles
Total Population	19,196	30,327	175,965
Population Density	679	386	560
Median Age	38.7	37.5	33.3
Median Age (Male)	37.6	36.4	32.3
Median Age (Female)	39.5	38.3	34.2
Total Households	6,584	10,162	54,425
# of Persons Per HH	2.9	3.0	3.2
Average HH Income	\$76,320	\$76,947	\$68,151
Average House Value	\$511,902	\$485,009	\$466,674

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Confidentiality Agreement:

This Offering Memorandum ("OM") contains information pertaining to the property located at **110, 150 and 180 Mary Drive and 551 and 581 Tefft Street in Nipomo, CA** (the "Property"). All materials and information received or derived from Lee & Associates Commercial Real Estate, SLO/SB Inc., its directors, officers, agents, advisors, affiliates ("Lee") and/or any third party sources for the Property are provided without representation or warranty as to completeness, veracity, or accuracy, condition of the property, compliance or lack of compliance with applicable governmental requirements, suitability, financial performance of the property, projected financial performance of the property for any party's intended use or any and all other matters.

Lee does not make any representation or warranty, express or implied, as to accuracy or completeness of the any materials relating to the Property or information provided, derived, or received. Materials and information from any source, whether written or verbal, that may be furnished for review are not a substitute for a party's active conduct of its own due diligence to determine these and other matters of significance to such party. Lee will not investigate or verify any such matters or conduct due diligence for a party unless otherwise agreed in writing.

Any party contemplating a transaction for the Property is urged to verify all information and to conduct their own inspections and investigations including through appropriate third party independent professionals selected by such party. All financial data should be verified by the party including by obtaining and

reading applicable documents and reports and consulting appropriate independent professionals. Lee makes no warranties and/or representations regarding the veracity, completeness, or relevance of any financial data or assumptions.

The information contained in this OM is confidential and furnished solely for the purpose of review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Lee.

By acknowledging your receipt of this OM you agree 1) that the OM and its contents are confidential, b) you will hold it and treat it in the strictest of confidence, and c) you will not directly or indirectly disclose or permit anyone else to disclose this OM or its contents in an manner detrimental to the interest of the seller of the Property.

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