



## OFFERING MEMORANDUM

PRESERVE  
WEST  
CAPITAL



Staples at Jefferson Square  
Napa, CA

[www.preservewestcapital.com](http://www.preservewestcapital.com)



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## Disclaimer

Michael Maffia ("Broker") has been retained on an exclusive basis to market the property described herein ("Property"). Broker has been authorized by the Seller of the Property ("Seller") to prepare and distribute the enclosed information ("Material") for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

The Material is intended solely for the purpose of soliciting expressions of interest from qualified investors for the acquisition of the Property. The Material is not to be copied and/or used for any other purpose or made available to any other person without the express written consent of Broker or Seller. The Material does not purport to be all-inclusive or to contain all of the information that a prospective buyer may require. The information contained in the Material has been obtained from the Seller and other sources and has not been verified by the Seller or its affiliates. The pro forma is delivered only as an accommodation and neither the Seller, Broker, nor any of their respective affiliates, agents, representatives, employees, parents, subsidiaries, members, managers, partners, shareholders, directors, or officers, makes any representation or warranty regarding such pro forma. Purchaser must make its own investigation of the Property and any existing or available financing, and must independently confirm the accuracy of the projections contained in the pro forma.

Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

## Michael Maffia

Managing Partner

415.373.4060

mike@preservewc.com

CA RE License #01340853

## Putnam Daily

Partner - Brokerage Division

415.445.5107

putnam@preservewc.com

CA RE License #01750064



### Property Highlights

- Irreplaceable Infill California Wine Country Location in Grocery Anchored Center
  - High Barriers to Entry for New Development in Market
- Below Market Rental Rate of \$20.00 PSF
- Long-Term Corporate Net Lease to National Tenant
  - Scheduled Rental Increase in Primary Term
- Strong Co-Tenancy in Jefferson Square Shopping Center with Safeway and Ross
- Napa County Tourism Accounts for Nearly \$2 Billion Annually – Primarily Retail Spending
  - 1 Hour's Drive from Oakland and San Francisco
  - Four Hotels within 1 Mile of Site
- Ideal Footprint for Staples
- Robust & Affluent Demographics Surrounding Site
  - Average Household Income \$97,059
  - More than 34% of Households Surrounding the Site Earn More than \$100,000 Annually
  - Median Home Value of \$571,765
- Excellent Visibility and Access in Prominent Retail Corridor
  - Combined AADT 49,776
  - Nearby Anchor Tenants include Super Target, Whole Foods, Cost Plus World Market, and More





### Location

The property is located at 3325 Jefferson Street in Napa, California.

### Lot Size

Approximately 1.31 acres or 57,075 square feet.

### Improvements

A 12,523 square foot retail property for **Staples**.

This is an ideal footprint for this user today with no risk of downsizing.

### Parking

There is ample parking available on site with additional parking available throughout the center.

## Redevelopment Capital Expenses Summary

### Capital Expense

New Insulated Roof with 20-Year Warranty

Brand New Lennox RTU HVAC Units with 10-Year Warranties Installed for Each Suite

Brand New and Upgraded Switchgear Equipment Accomodating 600A 120/208v 3 Phase Service to Each Tenant Suite

Brand New Sprinkler Systems with Independent Fire Risers for Each Tenant Suite

Brand New Storefront Systems Including Automatic Doors

Monument Signage at All Entrances Along Adjoining Roads

Light Standards Throughout the Parking Areas with Additional Wall Mounted Light Fixtures and Recessed Down Lights in Soffits

Concrete Foundation with Concrete Slabs-on Grade for Floors

Exterior Walls Exposed Painted Concrete Masonry Units (CMUs) with Veneer Brick and Ceramic Tile in Facade

Underground Automatic Irrigation System on Controlled Timer

New Landscaping with Trees in Sidewalk Tree Wells

Storm Water Sheet Flows to Catch Basins and Storm Water Inlets Throughout Parking Lot Connected to Municipal Drainage System

Rainwater Falling on Roof Flows to Roof Drains with Internal Piping Connected to Underground Storm Drain

### Lease

Leased to **Staples the Office Superstore, LLC** for 10 years from November 24, 2015 through November 30, 2025, at an initial annual rent of \$250,460. There are four (4) five-year options to renew the lease and one (1) subsequent option of four years and eleven months. Rent increases by 10% in year 6 and at the start of each option period. The lease is net with tenant responsible for all taxes, insurance, proportionate share of common area maintenance, and maintenance, excluding roof, structure, and HVAC repairs or replacement other than routine maintenance. Tenant is responsible for an administrative fee of 10% of CAM costs. Increases in controllable CAM expenses are capped at 5% annually on a cumulative basis; notwithstanding the foregoing, controllable CAM costs are not to increase by more than 20% over the immediately preceding year.



Projected Gross Revenue

	YEAR 1	YEAR 10
Scheduled Base Rental Revenue	\$250,460	\$303,057
Expense Reimbursement Revenue	\$83,278	\$103,165
Total Potential Gross Revenue	\$333,738	\$406,222
Effective Gross Revenue	\$333,738	\$106,222

Annual Expenses

Taxes	\$50,092	\$59,865
Insurance	\$2,880	\$3,758
Common Area Maintenance	\$27,551	\$35,947
Management @ 10% of CAM	\$2,755	\$3,595
Total Operating Expenses	\$83,278	\$103,165

	YEAR 1	YEAR 10
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Net Operating Income	\$250,460	\$303,057
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Note

The net income is an estimate and does not provide for all potential costs and expenses (i.e. maintenance, repair, etc.) that may be required of the owner. Any reserves set forth herein are merely estimates and not based on any experience, physical inspection, or prior knowledge. All prospective purchasers are strongly advised to make an independent investigation to determine their estimate of costs and expenses prior to entering into an agreement to purchase.

PRICE

\$4,356,000  
5.75% Return

	YEAR 1	YEAR 10
Net Operating Income	\$250,460	\$303,057
Return	5.75%	6.96%



	Year 1 May-2019 Apr-2020	Year 2 May-2020 Apr-2021	Year 3 May-2021 Apr-2022	Year 4 May-2022 Apr-2023	Year 5 May-2023 Apr-2024	Year 6 May-2024 Apr-2025	Year 7 May-2025 Apr-2026	Year 8 May-2026 Apr-2027	Year 9 May-2027 Apr-2028	Year 10 May-2028 Apr-2029
<b>Net Rentable Area - Sq. Ft.</b>	<b>12,523</b>									
Base Rental Revenue PSF/mo.	\$1.67	\$1.67	\$1.74	\$1.83	\$1.83	\$1.83	\$1.91	\$2.02	\$2.02	\$2.02
Total Operating Expenses PSF/yr.	\$6.65	\$6.81	\$6.97	\$7.14	\$7.31	\$7.49	\$7.67	\$7.85	\$8.04	\$8.24
Absorption & Turnover Vacancy %	-	-	-	-	-	-	-	-	-	-
General Vacancy %	-	-	-	-	-	-	-	-	-	-
<b>Potential Gross Revenue</b>										
Base Rental Revenue	250,460	250,460	260,896	275,506	275,506	275,506	286,986	303,057	303,057	303,057
Absorption & Turnover Vacancy	-	-	-	-	-	-	-	-	-	-
Base Rent Abatements	-	-	-	-	-	-	-	-	-	-
Scheduled Base Rental Revenue	250,460	250,460	260,896	275,506	275,506	275,506	286,986	303,057	303,057	303,057
Expense Reimbursement Revenue	83,278	85,276	87,323	89,421	91,572	93,778	96,038	98,354	100,730	103,165
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-
Total Potential Gross Revenue	333,738	335,736	348,219	364,927	367,078	369,284	383,024	401,411	403,787	406,222
General Vacancy	-	-	-	-	-	-	-	-	-	-
Effective Gross Revenue	333,738	335,736	348,219	364,927	367,078	369,284	383,024	401,411	403,787	406,222
<b>Operating Expenses</b>										
Taxes @ 1.1%	50,092	51,094	52,116	53,158	54,221	55,306	56,412	57,540	58,691	59,865
Insurance - \$0.23	2,880	2,967	3,056	3,147	3,242	3,339	3,439	3,542	3,649	3,758
CAM - \$2.20	27,551	28,377	29,228	30,105	31,008	31,939	32,897	33,884	34,900	35,947
Mgmt @ 10% of CAM	2,755	2,838	2,923	3,011	3,101	3,194	3,290	3,388	3,490	3,595
Total Operating Expenses	83,278	85,276	87,323	89,421	91,572	93,778	96,038	98,354	100,730	103,165
<b>NET OPERATING INCOME</b>	<b>250,460</b>	<b>250,460</b>	<b>260,896</b>	<b>275,506</b>	<b>275,506</b>	<b>275,506</b>	<b>286,986</b>	<b>303,057</b>	<b>303,057</b>	<b>303,057</b>



	Year 1 May-2019 Apr-2020	Year 2 May-2020 Apr-2021	Year 3 May-2021 Apr-2022	Year 4 May-2022 Apr-2023	Year 5 May-2023 Apr-2024	Year 6 May-2024 Apr-2025	Year 7 May-2025 Apr-2026	Year 8 May-2026 Apr-2027	Year 9 May-2027 Apr-2028	Year 10 May-2028 Apr-2029
<b>Net Rentable Area - Sq. Ft.</b>	<b>12,523</b>									
Base Rental Revenue PSF/mo.	\$1.67	\$1.67	\$1.74	\$1.83	\$1.83	\$1.83	\$2.15	\$2.60	\$2.66	\$2.71
Total Operating Expenses PSF/yr.	\$6.65	\$6.81	\$6.97	\$7.14	\$7.31	\$7.49	\$7.67	\$7.85	\$8.04	\$8.24
Absorption & Turnover Vacancy %	-	-	-	-	-	-	7.9%	-	-	-
General Vacancy %	-	-	-	-	-	-	-	-	-	-
<b>Potential Gross Revenue</b>										
Base Rental Revenue	250,460	250,460	260,896	275,506	275,506	275,506	322,704	391,373	399,200	407,184
Absorption & Turnover Vacancy	-	-	-	-	-	-	(32,398)	-	-	-
Base Rent Abatements	-	-	-	-	-	-	-	-	-	-
Scheduled Base Rental Revenue	250,460	250,460	260,896	275,506	275,506	275,506	290,306	391,373	399,200	407,184
Expense Reimbursement Revenue	83,278	85,276	87,323	89,421	91,572	93,778	88,035	98,354	100,730	103,165
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-
Total Potential Gross Revenue	333,738	335,736	348,219	364,927	367,078	369,284	378,341	489,727	499,930	510,349
General Vacancy	-	-	-	-	-	-	-	-	-	-
Effective Gross Revenue	333,738	335,736	348,219	364,927	367,078	369,284	378,341	489,727	499,930	510,349
<b>Operating Expenses</b>										
Taxes @ 1.1%	50,092	51,094	52,116	53,158	54,221	55,306	56,412	57,540	58,691	59,865
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Total Operating Expenses	83,278	85,276	87,323	89,421	91,572	93,778	96,038	98,354	100,730	103,165
<b>NET OPERATING INCOME</b>	<b>250,460</b>	<b>250,460</b>	<b>260,896</b>	<b>275,506</b>	<b>275,506</b>	<b>275,506</b>	<b>282,303</b>	<b>391,373</b>	<b>399,200</b>	<b>407,184</b>

**\*The above cash flow analysis includes a market leasing assumption in the event Staples does not renew the lease, providing significant upside to the buyer upon retenanting the space at market rental rates, with returns of 9.16% and 9.35% in years 9 and 10. The above analysis reflects a market leasing assumption with a 3% inflationary factor.**



# STAPLES®

**Staples** sells office supplies including staples, computers, office machines, technology, office furniture, and print and marketing services in stores, online, and directly to enterprises in the U.S. and Canada. Staples has the largest market share of office supply stores in the U.S. at more than 48%, with 1,255 stores in the U.S. and 304 in Canada. In the last several years, the company has focused increased attention on its small business and enterprise clients while maintaining its retail store presence. Staples is ranked 140th on the Fortune 500 and has been part of the Fortune 500 for the last 22 years.

In September 2017, private equity firm **Sycamore Partners** closed on the acquisition of Staples for \$6.9 billion; the company had previously been publicly traded as SPLS on the NASDAQ exchange. Prior to the acquisition, the Federal Trade Commission had repeatedly blocked Staples' attempts to merge with Office Depot on antitrust grounds.

For the second quarter of 2017, the last quarter prior to the company becoming private, Staples reported revenue of \$3.9 billion, net income of \$55 million, and total stockholder's equity of \$3.4 billion. Staples has received a credit rating of B+ from S&P and B1 from Moody's.

The lease entity, **Staples the Office Superstore LLC** is a subsidiary of **Staples, Inc.**



# SITE PLAN





AERIAL

EAST VIEW

STAPLES

Walmart  
Supercenter

NOB HILL FOODS  
CVS pharmacy



PETCO  
Where the pets go.



QUEEN OF THE  
VALLEY  
MEDICAL CENTER

Lucky CVS pharmacy



Jefferson St (18,452 AADT)

SAFEWAY  
BevMo! ROSS  
DRESS FOR LESS  
See's CANDIES BIC 5 SPORTING GOODS

NAPA  
HIGH SCHOOL

Lucky

VINTAGE  
HIGH SCHOOL

BEL AIRE PLAZA

TARGET  
WHOLE FOODS MARKET  
COST PLUS  
WORLD MARKET  
pet food express  
Orchard  
Pier 1 Imports  
T-Mobile nēktar Peets Coffee & Tea.

NAPA VALLEY  
Marriott  
HOTEL & SPA

REDWOOD  
MIDDLE SCHOOL

Walgreens

ULTA Chipotle the Habit  
MATTRESSFIRM Panera verizon



St Helena Hwy (59,000 AADT)

DOWNTOWN  
NAPA



AERIAL

WEST VIEW

DOWNTOWN  
NAPA

NAPA  
PREMIUM OUTLETS<sup>SM</sup>  
A SIMON CENTER

Lucky



St Helena Hwy (59,000 AADT)

NAPA  
HIGH SCHOOL

Jefferson St (18,452 AADT)

MCPHERSON  
ELEMENTARY



PETCO  
Where the pets go.

STAPLES

SAFEWAY  
BevMo! ROSS  
DRESS FOR LESS  
See's CANDIES BIG 5  
SPORTING GOODS

Trancas St (31,324 AADT)

QUEEN OF THE  
VALLEY  
MEDICAL CENTER

BEL AIRE PLAZA

TARGET<sup>®</sup> WHOLE FOODS MARKET TRADER JOE'S  
COST PLUS WORLD MARKET  
pet food express  
Orchard SUPPLY HARDWARE  
Pier 1 Imports  
T-Mobile nêkter Peets Coffee & Tea

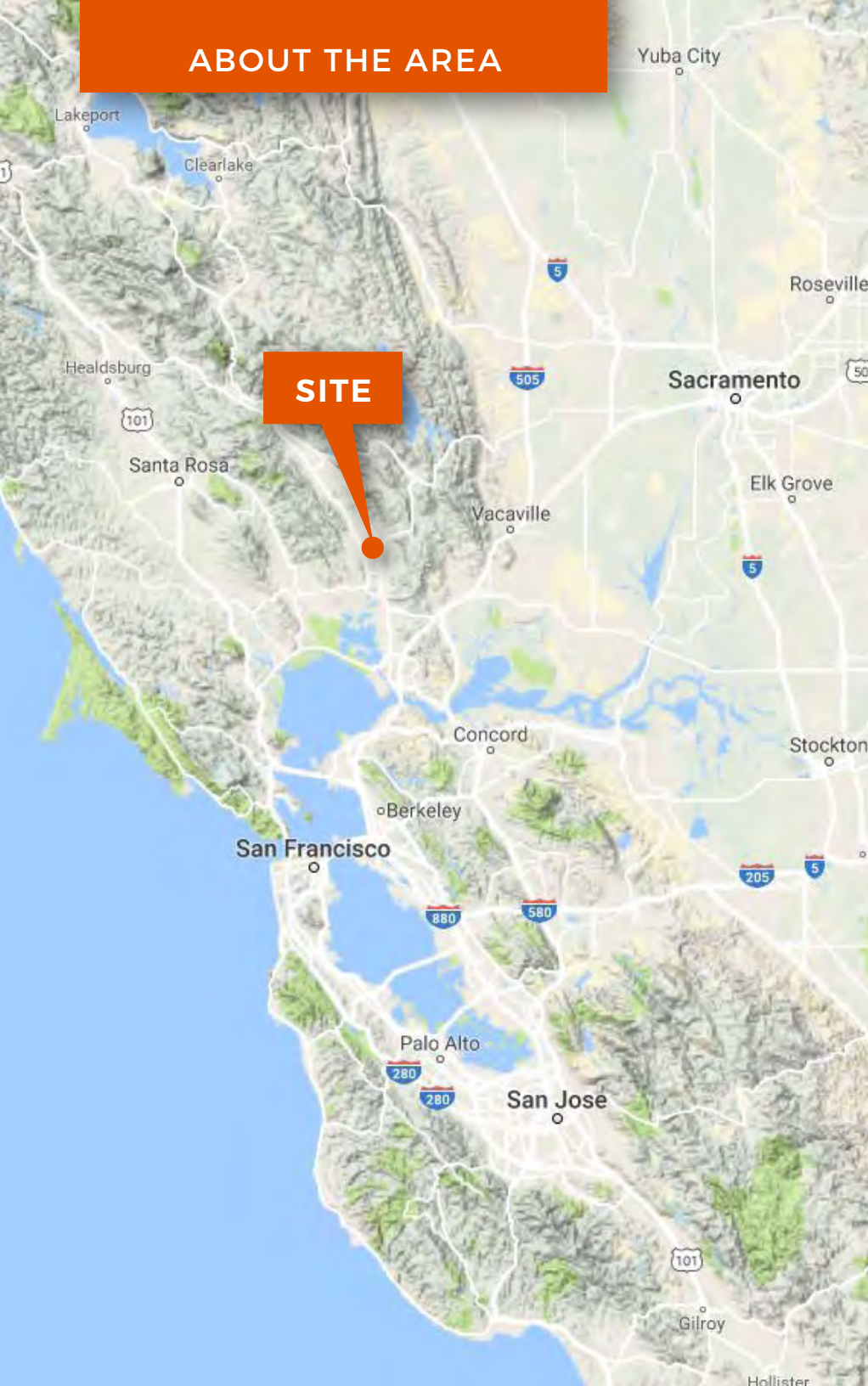
ULTA beauty Chipotle The Habit BURGER GRILL  
MATTRESS FIRM Tanqueria verizon

Walgreens

Lucky CVS pharmacy  
Starbucks SHERWIN WILLIAMS Wendy's at&t



## ABOUT THE AREA



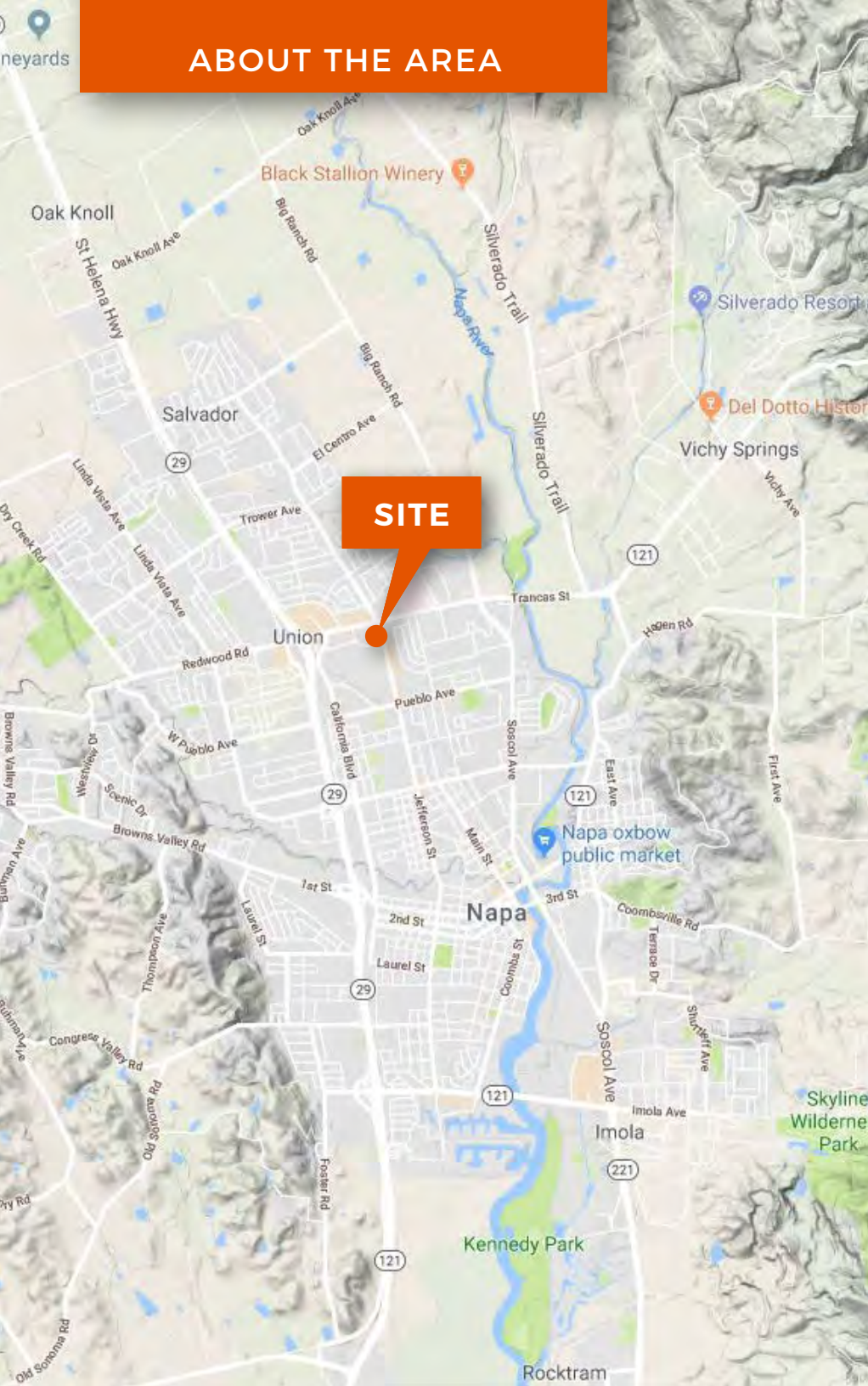
## General Overview

Napa, California (population 80,416), is the largest city in and the seat of Napa County. It is the principal city of the Napa County metropolitan Statistical Area and the second largest city in California's wine country, after Santa Rosa.

Historically, Napa's economic base drew on tanneries, prune processing operations, industrial pursuits at Kaiser Steel, Basalt Rock, Napa Pipe, and Mare Island Shipyard, and the Napa State Asylum for the Insane, now known as Napa State Hospital. In recent years, the city's economy has shifted to mostly white collar employment with a strong focus on California wine country tourism. In 2016, 3.5 million tourists visited the Napa Valley, a 6.3% increase since 2014, spending more than \$1.9 billion. Tourism accounts for more than 13,400 jobs in the Napa Valley region; in addition, the wine industry employs approximately 40% of the Napa County workforce with 391 wineries in Napa County. The city also benefits from proximity to the San Francisco Bay Area, the economic powerhouse of Northern California. Napa is located approximately 43 miles north of Oakland and 50 miles northeast of San Francisco, approximately one hour's drive.

There are significant barriers to entry for new development in Napa, with a high level of emphasis on conservation and measured growth. However, as the Napa Valley area was impacted by the large wildfires that swept northern California in fall of 2017, development activity may increase as the region rebuilds. The subject property was not damaged by the fires. Recent development activity in Napa includes the Napa Center, a 110,000 square foot retail development adjacent to the Napa Archer, a 183 bed luxury hotel in downtown Napa, a 115-room Hampton Inn and Suites in South Napa, completed in 2016, expansion of the Indian Springs Resort and Spa Hotels, and more. Other developments in the area include the Black Elk Building, a 3-story mixed use building with office, residential, and restaurant tenants, Tulocay Village, a 20-acre mixed-use development with 483 new apartments and townhomes and proposed retail space throughout the project, and Century Center, a 12-acre master-planned mixed use development located in one of the largest undeveloped areas in the City of Napa, which features hotel, office, and retail uses.





## ABOUT THE AREA

## Site Information

The subject property is ideally located in a strong retail corridor near the signalized intersection of Jefferson Street (18,452 AADT) and Trancas Street (31,324 AADT). The site benefits from strong demographics with a population of 92,754 within a five mile radius. Average household income within five miles of the site exceeds \$97,050, with median home value of \$571,765, and more than 34% of households surrounding the site earn more than \$100,000 annually.

The site is located in a prominent retail location within the Jefferson Square shopping center. Other retailers in the center include Safeway, Ross, and Big 5, providing strong co-tenancy drawing traffic to the center. In addition, a grocery component within the center will continue to provide value into the future for releasing options. The site is additionally located across the street from Northwood Shopping Center, anchored by CVS and Lucky, and Bel Aire Plaza, anchored by Whole Foods, Trader Joe's, Cost Plus World Market, Orchard Supply Hardware, and Super Target, with additional tenants including Pet Food Express, Pier 1 Imports, Chico's, DaVita, Peet's Coffee, and more. Other major tenants neighboring the site include Walgreens, Nob Hill, Petco, Dollar Tree, the US Postal Service, Sprint, Jack in the Box, Chipotle, Verizon, The Habit, Panera Bread, Bank of the West, Wells Fargo.

In addition, the subject property is located kitty corner to Queen of the Valley medical center, a 191-bed full service hospital which serves as the only level III Trauma Center in Napa County and is one of the region's largest employers. The site additionally neighbors numerous smaller specialty medical practice offices, including the Kaiser Permanente Napa Medical Offices, located adjacent to the subject property, all of which draw significant additional traffic proximal to the site. The site neighbors several hotels, including the Napa Valley Marriott, Hilton Garden Inn, Chablis Inn, and more. In addition, Bel Aire Park Magnet School, Pueblo Vista Magnet School, Redwood Middle School, Justin Siena High School, and Napa High School are all located within a two mile radius of the site, drawing additional traffic from students, parents, and teachers.



# 3325 Jefferson Street | Napa, CA 94558



2017 POPULATION

**92,754**



MEDIAN HOME VALUE

**\$571,765**



AVG. HOUSEHOLD INCOME

**\$97,059**

## Population Summary

	1 Mile	3 Miles	5 Miles
2010 Total Population	20,583	76,947	88,952
2017 Total Population	21,815	80,173	92,754
2022 Total Population	22,726	82,975	96,008

## Average Household Income

2017	\$74,320	\$94,634	\$97,059
2022	\$83,716	\$106,960	\$109,397

## Median Home Value

2017	\$464,538	\$554,685	\$571,765
2022	\$545,794	\$639,046	\$662,237

## Top Employers Napa, CA

St. Helena Hospital Napa Valley	1,267
Queen of the Valley Medical Center	1,000
Auberge Resorts	650
The Meritage Resort & Spa	447
Silverado Resort	375
Kaiser Permanente	273
Pacific Union College	240
Lixit Corp.	122
Bell Products	92
Napa Electric	75





**Michael Maffia**

Managing Partner  
415.373.4060  
mike@preservewc.com  
CA RE License #01340853

**Putnam Daily**

Partner - Brokerage Division  
415.445.5107  
putnam@preservewc.com  
CA RE License #01750064

411 Borel Avenue, Suite 650  
San Mateo, CA 94402  
D 415.373.4063 F 415.737.6018  
[www.preservewestcapital.com](http://www.preservewestcapital.com)

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