



SAFeway

10635 Folsom Blvd • Rancho Cordova, CA 95670

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SAFEWAY
Rancho Cordova, CA
ACT ID ZAA0020082

Marcus & Millichap

Sound Fundamentals

The subject Safeway features sound investment fundamentals. The property is located on Folsom Boulevard, one of the Rancho Cordova's most heavily traveled arterials. A barriers-to-entry, in-fill site, the immediate trade area bustles with a whos-who of retailers including Walmart Supercenter, Dollar Tree, See's Candies, McDonald's, Planet Fitness, Bank of America, Firestone, Target, Ulta Beauty, Marshalls and more. The rent level paid by Safeway at this location appears eminently duplicable based on box-retail lease comparable data. Strong annual sales for this Safeway exceeded \$500 per square foot in 2018. From a pricing perspective, this Safeway compares well with box-retail assets currently on-market and recently closed as to capitalization rate and price per square foot.

Site & Improvements

Built in 2001, this Safeway is constructed of steel, glue-lam beam, and timber framing, with stucco, and decorative brick façade. The approximately 55,602 square foot structure sits on a site area of some 5.52 acres. There is ample on-site parking for shoppers, and ingress/egress to this Safeway is convenient via the double-wide, signalized, main entrance which features dedicated left and right turn lanes from Folsom Boulevard. Enhancing the ingress/egress is a second double-wide curb-cut on the subject parcel.

Notice to Brokers & Principals

The sellers are industry professionals, and one of the largest individual owners of Safeway anchored shopping centers in Northern California. If extension of the lease were obtainable upon economically feasible terms, the seller would do so. Offers subject to a lease extension will not be considered.



PROPERTY SUMMARY

THE OFFERING

Property	Safeway
Property Address	10635 Folsom Boulevard Rancho Cordova, California 95670
Price	\$16,755,000
Capitalization Rate	5.75%
Price/SF	\$301.34

PROPERTY DESCRIPTION

Year Built / Renovated	2001
Gross Leasable Area	55,602 SF
Zoning	CMU
Type of Ownership	Fee Simple
Lot Size	5.52 Acres

LEASE SUMMARY

Property Subtype	Net Leased Grocery Store
Tenant	Safeway
Rent Increases	Fixed During Base Term
Guarantor	Corporate Guarantee
Lease Type	NNN
Lease Commencement	12/06/2000
Lease Expiration	11/30/2025
Lease Term	25
Term Remaining on Lease (Years)	6.8
Renewal Options	Eight, 5 Yr. Options
Landlord Responsibility	Roof & Structure
Tenant Responsibility	All Non-Roof, Non-Structural
Right of First Refusal/Offer	No



ANNUALIZED OPERATING INFORMATION

INCOME

Net Operating Income	\$963,583
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RENT SCHEDULE

YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF	CAP RATE
Current	\$963,583	\$80,299	\$17.33	5.75%
Option One	\$1,011,762	\$84,313	\$18.20	6.04%
Option Two	\$1,062,350	\$88,529	\$19.11	6.34%
Option Three	\$1,115,467	\$92,956	\$20.06	6.66%
Option Four	\$1,171,240	\$97,603	\$21.06	6.99%
Option Five	\$1,229,803	\$102,484	\$22.12	7.34%
Option Six	\$1,291,293	\$107,608	\$23.22	7.71%
Option Seven	\$1,355,858	\$112,988	\$24.39	8.09%
Option Eight	\$1,423,651	\$118,638	\$25.60	8.50%



10635 Folsom Blvd, Rancho Cordova, CA 95670

CAP Rate	Price	Price/SF	Initial Cash-on-Cash
5.75%	\$16,755,000	\$301.34	4.04%

Operating Information	
NOI as of 2019	\$963,583
Rent/SF	\$17.33
Gross Leasable Area	55,602 SF

Financing	
New Acquisition Financing	\$10,890,750
Loan To Value	65.00%
Interest Rate	4.50%
Amortization Period	25 Years
Loan Constant	6.67%
Annual Debt Service Payment	\$726,412
Year 1 Debt Service Coverage	1.33
Year 1 Debt Yield	8.85%
Year 1 Net Cash Flow After Debt Service	\$237,171



LEASE SUMMARY

Tenant:	Safeway
Guarantor:	Corporate Guarantee
Credit Rating:	Unavailable
Rent Commencement:	12/06/2000
Initial Lease Term	25 Years
Options:	Opt. 1 - \$84,313 / Opt. 2 - \$88,529 Opt. 3 - \$92,956 / Opt. 4 - \$97,603 Opt. 5 - \$102,484 / Opt. 6 - \$107,608 Opt. 7 - \$112,968 / Opt. 8 - \$118,638
Lease Type:	NNN
Base Rent:	\$17.33/SF \$1.44/SF/Month \$963,583 Annual Rent
Rent Increases:	Fixed During Base Term





Safeway

A private equity group led by Cerberus Capital Management, LP, owner of Albertsons, purchased Safeway in a transaction valued at approximately \$9.4 Billion dollars in 2015. Cerberus has over \$40 Billion dollars under management in funds and accounts. The company has eleven offices in nine countries.

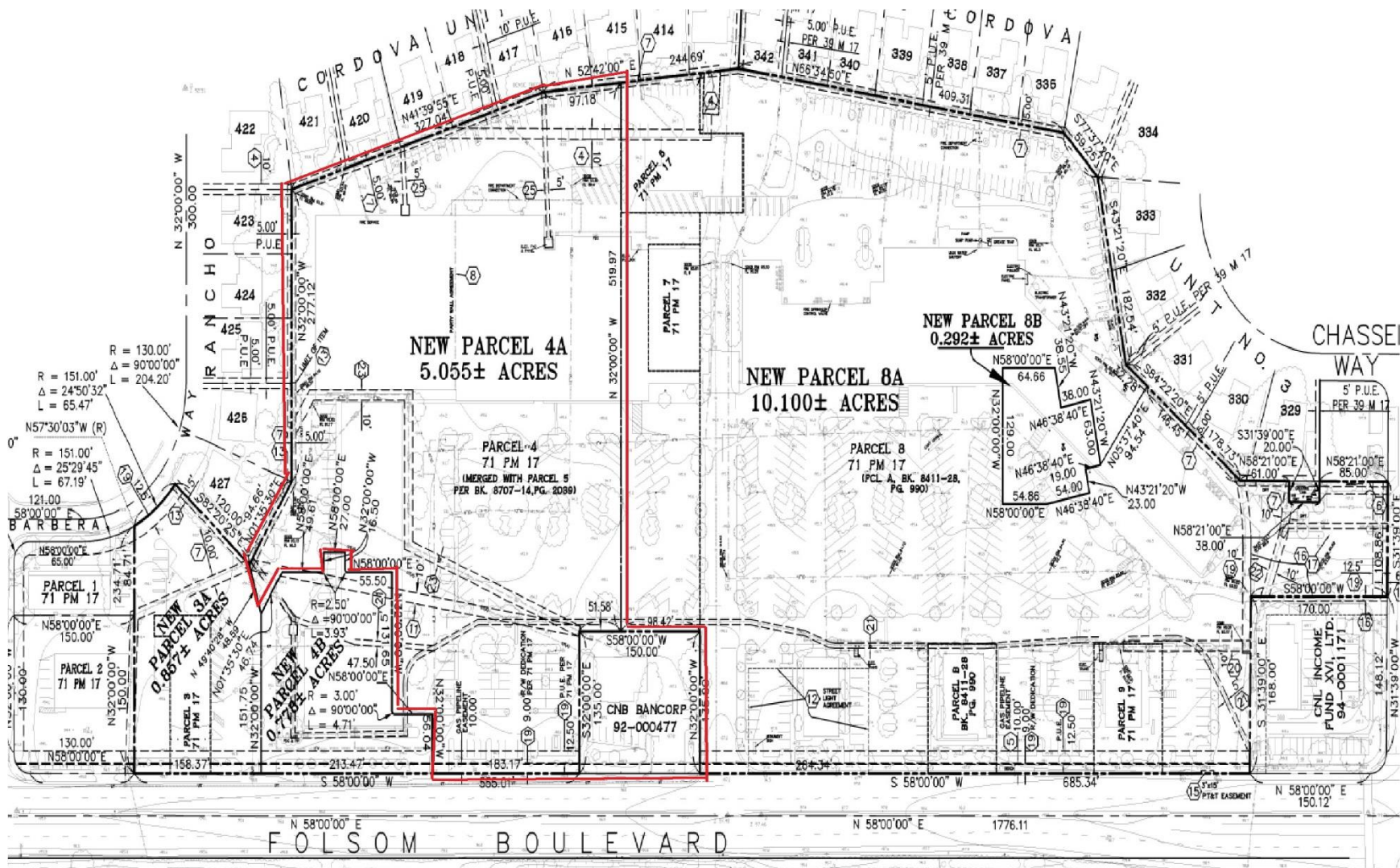


General Information	
Tenant Name	Safeway
Website	www.safeway.com
Parent Company	Cerberus Capital Management
Headquartered	New York, NY
Rentable Square Feet	55,602 SF
Percentage of RBA	100.00%
Lease Commencement	12/6/2000
Lease Expiration	11/30/2025
No. of Locations	1,300

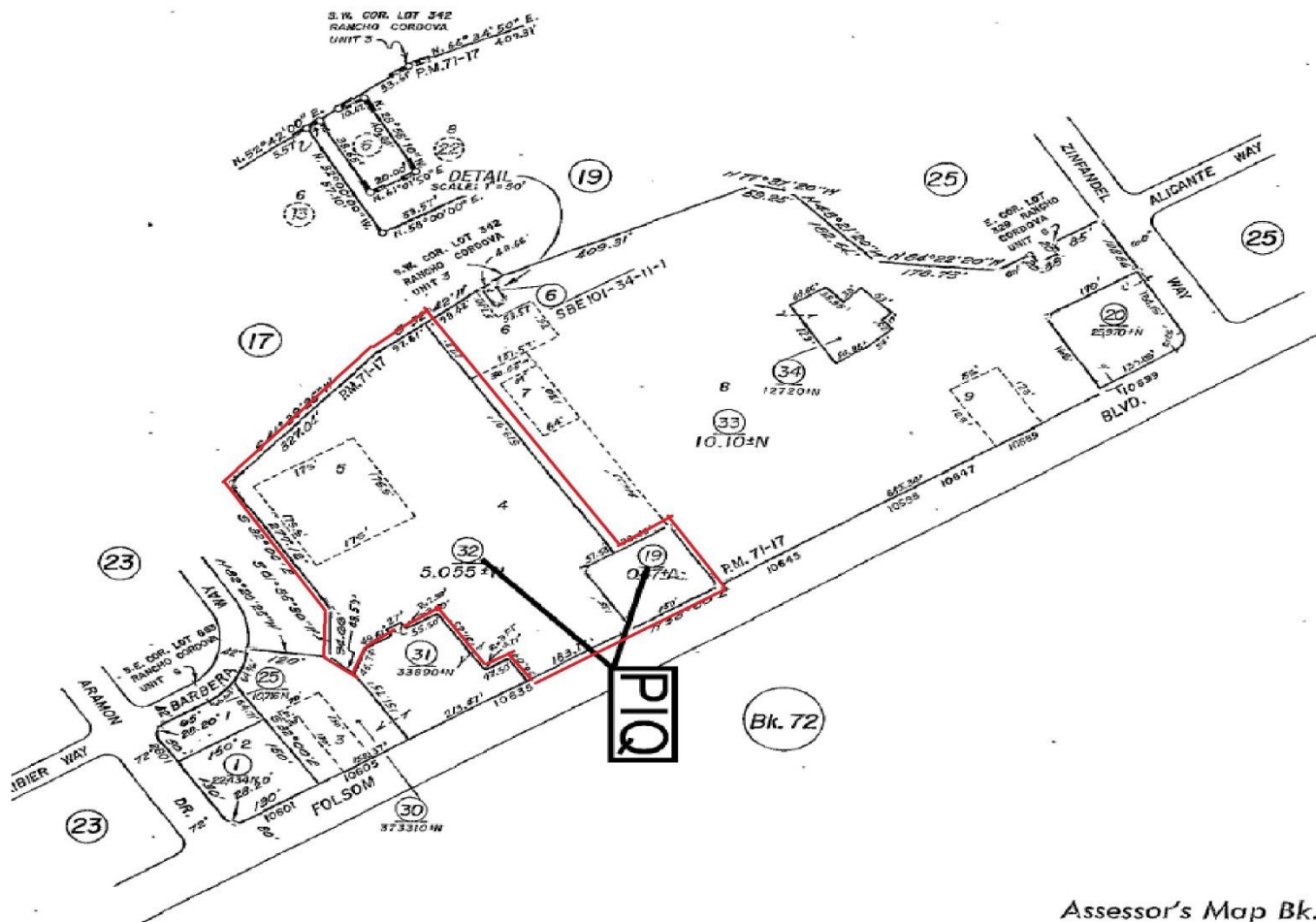
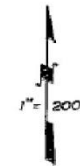
Safeway



Red lines depicting the subject site area are approximate. An accurate description of land area included in this sale may be found on the County of Sacramento assessor parcel map numbers 057-0240-032-0000, and 057-02450-019-0000.



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Assessor's Map Bk. 57 -Pg. 24
County of Sacramento, Calif.

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History of Rancho Cordova

As the miners left Sacramento traveling to the foothills in search of gold, way stations grew up along the first dirt trails, and later more formal roads, that took travelers east. Commercial establishments, hotels, or 'stations' were developed at one-mile intervals along the route. Many of the stations ultimately also became the US Post Office for their area, and many of these early settlers served as postmaster or postmistress. The town of Rancho Cordova was named for the Cordova Vineyard, which was located in the center of the Rancho Rio de los Americanos land grant. The 35,500 acre Rancho Rio De Los Americanos was granted to William Leidesdorff in 1844 but he died in 1848, leaving the Rancho and some properties in San Francisco to his heirs. Capt. Joseph Folsom purchased the Rancho from the Leidesdorff heirs and founded a town in 1855 which he named after himself – Folsom, now a city adjacent to Rancho Cordova.



A strong community of vineyards and orchards had grown up between the 1850s and the 1880s. Produce grown in the region was nationally recognized, and wine from Cordova Vineyards had been served at White House table during the Teddy Roosevelt presidency. Unfortunately, northern California went through a lengthy period of drought. Making things worse, the State Legislature raised property tax rates, setting values at "the highest and best use" as opposed to the actual use of the land. It became more and more difficult for farmers to keep their land in production. The agricultural heritage of Rancho Cordova fell onto hard times in the 1930s and 1940s.

At this point, young men returning from World War II were looking for places to settle down, find a job, buy a home, and raise their families. A partnership was formed between two of the areas prominent landowners and a local contractor to build homes on land that had previously been vineyards. Up until that point after the War, there had not been any production housing in the United States. Homes had been constructed individually or in small numbers. One of the partners in the new venture, the owner of the Rancho Rio de los Americanos, had chosen the name Cordova Vineyards with a nod to the Cordoba Region in Spain, and wanted to preserve the Cordova name. The US Postal Service agreed to let the partnership use the name Rancho Cordova as it was just the right size to fit around the circle of the old postal franking stamp. The partners named the streets for wine grapes. The town was officially named Rancho Cordova when a post office was established there in 1955.

Construction began at the intersection of Folsom Boulevard and Zinfandel Drive. The first three homes on the west side of the street were the model homes. Duplexes on the opposite corners originally housed the sales office and post office, then the first office of The Grapevine newspaper. Most of the residents of the 1950s and 1960s came to work at either Aerojet, during the height of the space race, or were stationed at Mather Air Force Base. There were only a little over 1000 homes in the Mather housing area, so most people lived off base. Along with other people who found the new Rancho Cordova a desirable place to live were the many people who came to open businesses and establish all of the organizations that any true community needs in order to thrive and prosper. Early residents opened gas stations, insurance agencies, the Hallmark Store, Baskin Robbins Ice Cream, the veterinary office, medical offices, a travel agency, churches, and the florist shop. These community builders were also the principals at the junior and senior high schools, the manager at the Chamber of Commerce, the general manager at the Park District, the chief at the Fire District, pastors and priests. They founded local branches of Rotary, Kiwanis, Optimist Club, JCs, the Moose, and the Elks. A new organization called the Cordova Community Council was created as a means for all of these civic institutions to come together to share information and work on community projects. One of the first efforts literally resulted in putting Rancho Cordova on the map! It bothered everyone that Rancho Cordova did not appear on the Rand McNally's, and they wrote letters persistently until the mapping company gave up and put Rancho Cordova on the map.

There were attempts to incorporate Rancho Cordova in 1961 and in 1978. The 1978 effort was kept alive over the next 20 years, and finally got to the ballot in November 2002. It passed with a record 77% of voters in support, a record that still stands today.

Demographics of Rancho Cordova

The 2010 United States Census reported that Rancho Cordova had a population of 64,776. The population density was 1,912.3 people per square mile (738.3/km²). The racial makeup of Rancho Cordova was 39,123 (60.4%) White, 8,561 (13.1%) African American, 668 (1.0%) Native American, 7,831 (12.1%) Asian (3.6% Filipino, 2.0% Indian, 1.6% Vietnamese, 1.4% Chinese, 1.0% Korean, 0.4% Japanese, 2.0% Other), 556 (0.9%) Pacific Islander, 5,517 (8.5%) from other races, and 4,520 (7.0%) from two or more races. Hispanic or Latino of any race were 12,740 persons (19.7%). The Census reported that 64,451 people (99.5% of the population) lived in households, 170 (0.3%) lived in non-institutionalized group quarters, and 155 (0.2%) were institutionalized.



There were 23,448 households, out of which 8,722 (37.2%) had children under the age of 18 living in them, 10,521 (44.9%) were opposite-sex married couples living together, 3,815 (16.3%) had a female householder with no husband present, 1,431 (6.1%) had a male householder with no wife present. There were 1,751 (7.5%) unmarried opposite-sex partnerships, and 198 (0.8%) same-sex married couples or partnerships. 5,815 households (24.8%) were made up of individuals and 1,604 (6.8%) had someone living alone who was 65 years of age or older. The average household size was 2.75. There were 15,767 families (67.2% of all households); the average family size was 3.30.

The population was spread out with 17,011 people (26.3%) under the age of 18, 6,441 people (9.9%) aged 18 to 24, 19,508 people (30.1%) aged 25 to 44, 15,182 people (23.4%) aged 45 to 64, and 6,634 people (10.2%) who were 65 years of age or older. The median age was 33.1 years. For every 100 females, there were 95.8 males. For every 100 females age 18 and over, there were 92.3 males.

There were 25,479 housing units at an average density of 752.2 per square mile (290.4/km²), of which 12,948 (55.2%) were owner-occupied, and 10,500 (44.8%) were occupied by renters. The homeowner vacancy rate was 3.3%; the rental vacancy rate was 8.9%. 34,907 people (53.9% of the population) lived in owner-occupied housing units and 29,544 people (45.6%) lived in rental housing units.

Largest Area Employers

Rancho Cordova enjoys a wide variety of employers local to the community. According to Rancho Cordova's 2011 Comprehensive Annual Financial Report, the top employers in the city are Healthnet - 2,000; Vision Service Plan – 1,750; Delta Dental of California – 1,000; Verizon – 1,000; GenCorp/Aerojet – 1,000; Franklin Templeton – 900; Volcano Corp. – 700; Bank of America – 600; Dignity Health – 600, and Sutter Health – 500



In April 1915, Marion Barton Skaggs purchased his father's 576-square-foot grocery store in American Falls, Idaho, for \$1,089. The chain, which operated as two separate businesses, Skaggs Cash Stores and Skaggs United Stores, grew quickly, and Skaggs enlisted the help of his five brothers to grow the network of stores.



M.B.'s business strategy, to give his customers value and to expand by keeping a narrow profit margin, proved spectacularly successful. By 1926, he had opened 428 Skaggs stores in 10 states. M.B. almost doubled the size of his business that year when he merged his company with 322 Safeway (formerly Sam Seelig Company) stores and incorporated as Safeway, Inc.

The original slogan was "an admonition and an invitation" was changed to "Drive the Safeway; buy the Safeway". The point of the name was that the grocery operated on a cash-and-carry basis — it did not offer credit, as grocers traditionally had done. It was the "safe way" to buy because a family could not get into debt via its grocery bill (as many families did at the time, especially during the Great Depression).

In 1926, Charles E. Merrill, the founder of the Merrill Lynch brokerage firm, saw an opportunity to consolidate the West Coast grocery industry. Towards this end, he purchased the 322-store Safeway chain of W.R.H. Weldon, who wished to exit retailing and concentrate on wholesale. Then, in June 1926, Merrill offered Skaggs either \$7 million outright or \$1.5 million plus 30,000 shares in the merged firm. Skaggs took the latter.



On July 1, 1926, Safeway merged with the 673 stores from Skaggs United Stores of Idaho and Skaggs Cash Stores of California. On completion of the Skaggs/Safeway merger, M. B. Skaggs became the Chief Executive of the business.^[5] Two years later, Skaggs listed Safeway on the New York Stock Exchange. In the 1930s, Safeway introduced produce pricing by the pound, adding "sell by" dates on perishables, nutritional labeling, and some of the first parking lots.

The merger instantly created the largest chain of grocery stores west of the Mississippi. In the 1930s, Charles E. Merrill temporarily left Merrill Lynch to help manage Safeway. At the time of the merger, the company was headquartered in Reno, Nevada. In 1929, it was relocated to a former grocery warehouse in Oakland, California. Safeway headquarters remained there until the move to Pleasanton, California in 1996.

Safeway Combines Operation of Three Companies

COMBINED OPERATION SALE!

These prices effective in all stores within 75 miles of Los Angeles, beyond which post freight charges will be added. Safeway does not operate Piggly-Wiggly in Nevada and California. Prices effective from Sat. Jan. 4th. We reserve the right to limit quantities.

PORK ROAST 1/2 lb. 10c
BEEF ROAST 1/2 lb. 12c
LAMB CHOPS 1/2 lb. 25c
RAFFAELLO MARSHMALLOWS 15c
STOKELY'S PEAS 20c
STOKELY'S SAUER KRAUT 18c
STOKELY'S CORN 25c
STOKELY'S BEANS 35c
STOKELY'S CHICKEN BROTH 15c
BUTTER 21c
FRESH EGGS doz. 18c
VEGETABLE SOUP 15c
TOMATO JUICE 10c
TOMATO KETCHUP 22c
CORNO 25c
POKES 25c
THE MEAT AND FISH 25c
SALT BEEF 25c
SALT BEEF SALMON 15c
AMERICAN READY DRESSING 11c
FINE CANDY BARS 3 for 5c
COFFEE AIRWAY DEPENDABLE 1/2 lb. 25c
SAFeway POLICY—Meat
SAFeway POLICY—Produce
SAFeway POLICY—Bakery
SAFeway POLICY—Dairy
SAFeway POLICY—Frozen
SAFeway POLICY—Alcohol
SAFeway POLICY—Household
SAFeway POLICY—Toiletries
SAFeway POLICY—Books
SAFeway POLICY—Stationery
SAFeway POLICY—Flowers
SAFeway POLICY—Pet Supplies
SAFeway POLICY—Baby
SAFeway POLICY—Household Appliances
SAFeway POLICY—Furniture
SAFeway POLICY—Electronics
SAFeway POLICY—Clothing
SAFeway POLICY—Shoes
SAFeway POLICY—Jewelry
SAFeway POLICY—Garden
SAFeway POLICY—Travel
SAFeway POLICY—Insurance
SAFeway POLICY—Financial
SAFeway POLICY—Legal
SAFeway POLICY—Medical
SAFeway POLICY—Pharmacy
SAFeway POLICY—Optical
SAFeway POLICY—Dental
SAFeway POLICY—Veterinary
SAFeway POLICY—Automotive
SAFeway POLICY—Real Estate
SAFeway POLICY—Mortgage
SAFeway POLICY—Banking
SAFeway POLICY—Credit
SAFeway POLICY—Investment
SAFeway POLICY—Insurance
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SAFeway POLICY—Banking
SAFeway POLICY—Credit
SAFeway POLICY—Investment

LAMB ROAST 1/2 lb. 17c
HAM SLICES 2 1/2 lb. 19c
Fresh BARRACUDA 1 lb. 14c
BEE FARM HONEY 39c
PEANUT BUTTER 19c
CAMEL CIGARETTES 25c
QUAKER OATMEAL 16c
QUAKER YELLOW LABEL TEA 24c
QUAKER CRACKERS 78c
QUAKER OATS 12c
QUAKER RICE 9c
FRESH TOMATOES 1 lb. 10c
NEW POTATOES 9 lbs. 15c
CORN FLAKES 25c
CRACKERS 25c
POPPED RICE 17c
POPPED WHEAT 13c
CHEWING GUM 10c
CELESTIAL MINT 10c
CELESTIAL CANDIES 10c
FEATURE BREAD 8c
LUCCIA CREAM 14c
PALE PALE GINGER ALE 25c
LUCCIA ICE CREAM 15c
QUART 20c
LUCCIA MILK 8c

IMPORTANT NOTICE
 The Merchandise At These Prices Available At All
PIGGY WIGGLY
 and
SAFeway STORES
 DISTRIBUTION WITHOUT WASTE

The initial public offering price of Safeway stock was \$226 in 1927. A five for one split in 1928 brought the price down to under \$50. Over the next few years, Charles Merrill, with financing supplied by Merrill Lynch, then began aggressively acquiring numerous regional grocery store chains for Safeway in a rollup strategy. Early acquisitions included significant parts of Piggly Wiggly chain as part of the breakup of that company by Merrill Lynch and Wall Street.



Most transactions involved the swap of stock certificates, with little cash changing hands. Most acquired chains retained their own names until the mid-1930s.

The number of stores peaked at 3,400 in 1932, when expansion ground to a halt. The Great Depression had finally impacted the chain, which began to focus on cost control. In addition, numerous smaller grocery stores were being replaced with larger supermarket stores. By 1933, the chain ranked second in the grocery industry behind The Great Atlantic & Pacific Tea Company and ahead of Kroger.

In 1935, Safeway sold its nine stores in Honolulu, Hawaii "...because of the inconvenience of proper supervision". Also in 1935, independent grocers in California convinced the California legislature to enact a progressive tax on chain stores. Before the act took effect, Safeway filed a petition to have the law put to a referendum. In 1936, the California electorate voted to repeal the law.

In 1936, Safeway introduced a money back guarantee on meat.

In 1941, Marion B. Skaggs retired from the Safeway board of directors, and in 1947, the company's sales exceeded \$1 billion for the first time, and by 1951, total sales had reached nearly \$1.5 billion. The company adopted the S logo, which it still uses, in 1962.

In 1955, Robert A. Magowan became Chairman of the Board of Safeway. Magowan had married Charles Merrill's daughter, Doris. Magowan also assumed the title of President in 1956. He remained President until 1968, and a member of the board until 1978. In 1966, Robert A. Magowan brought his star Meat Processing Plant Manager, Michael F. Concannon to Oakland to become the Head of Meat Processing in North America. He retired in 1978 as well. Mike was instrumental in opening the Stockton plant, The Wichita plant and Meat Processing in Canada began in the 1970s.



In 1959, Safeway opened its first store in the new state of Alaska—the first major food retailer to enter that market. The company opened three stores in Anchorage and one in Fairbanks over the next several years. The store in downtown Fairbanks was built on the site of a red-light district, known as *The Line*, which operated for close to a half century. Most of these stores were in buildings constructed by Anchorage real estate developer Wally Hickel, who later became governor of Alaska and U.S. Secretary of the Interior.

Also in 1959, the firm also opened the first "marina-style" store on the Marina in San Francisco. Hundreds of stores in this iconic, barrel-vaulted-roof style opened during the next decade.

In 1961, the company sold its New York operations to Finast. In 1963, Safeway again opened stores in Hawaii, having exited this market in 1934.

In 1969, Safeway entered the Toronto market in Canada and the Houston market in Texas through opening new stores, rather than by acquisition. The firm ultimately failed against entrenched competition in both these markets.

In 1977, Safeway management instituted a program to fight counterfeit \$100 bills by, among other things, telling employees that bills that lacked the words "In God We Trust" were counterfeit. Because Safeway had not sufficiently investigated the history of \$100 bills, it was unaware that some bills still in circulation did not have the phrase. Eventually, an innocent shopper was incorrectly reported to Oakland, California police for passing a "counterfeit" bill. He was arrested and strip-searched before Oakland police contacted the Treasury Department and realized the error. The 1981 jury verdict of joint and several liability for \$45,000 against Safeway Stores and the City of Oakland was upheld in full by the Supreme Court of California on December 26, 1986. In 1979, Peter Magowan, son of Robert Magowan and grandson of Charles Merrill, was appointed Chairman and CEO of Safeway. Magowan managed Safeway for the next 13 years.

The company was taken public again in 1990.

In the late 1990s, Safeway began to again aggressively acquire regional chains, including Randall's Food Markets in Texas, Carrs in Alaska, and Dominick's in Illinois. The buyout of Randall's marked Safeway's return to Texas ten years after the original stores in Houston were sold to AppleTree and several Dallas stores were sold to Tom Thumb, which was later acquired by Randall's. In 1997, after being a minority owner since 1988, Safeway exercised its option to acquire full control of Vons in Southern California.

In 1999, the Safeway chain began selling gasoline at some of its new stores. It began operation of gasoline stations when it purchased the Randall's chain.

Following a hostile takeover bid from corporate raiders Herbert and Robert Haft, the chain was acquired by Kohlberg Kravis Roberts (KKR) acting as a white knight in 1986. During this time, the company began selling off a number of its operating divisions.



The divested domestic divisions of Safeway proved to be poisoned chalices for almost all those who acquired them. Essentially every purchasing entity hit financial troubles and either went bankrupt or was later acquired. (Hy-Vee and Fareway are the exceptions with the locations it acquired, having made them work)

The international stores were more successful for their acquirers. UK stores, Safeway plc, were sold to Argyll Foods, which itself was ultimately absorbed by Morrisons in 2004. Safeway Australia was sold to the Australian-based Woolworths Limited in 1985.



Safeway sold its stores in Southern California, including those in established markets like Los Angeles and San Diego, to Vons in 1988 in exchange for a 30 percent interest in the company. Safeway also diminished operations in Fresno, Modesto, Stockton, and Sacramento. Save Mart Supermarkets purchased the few remaining Fresno Safeway stores in 1996.

Many stores in the Eastern Division were also sold in the 1987–1989 timeframe, including many recent additions in the DelMarVa Eastern Shore area.



SUBJECT PROPERTY

Safeway's national presence was now reduced to several western states and Northern California, plus the Washington, D.C. area. Altogether, nearly half the 2,200 stores in the chain were sold.

In 2000, Safeway started grocery delivery operations, and in 2001, Safeway acquired the family-owned Genuardi's chain, with locations in Pennsylvania, New Jersey, and Delaware. Safeway also created the subsidiary Blackhawk Network, a prepaid and payments network, a card-based financial solutions company, and a provider of third-party prepaid cards.

In 2012, the company dissolved the Genuardi's chain in suburban Philadelphia. Giant acquired 15 of the chain's stores and made an offer for a 16th which was instead sold to a local chain as part of an antitrust settlement. Weis also bought three Genuardi's locations.

Genuardi's in Wilmington, Delaware, were converted to the Safeway name in 2004 due to legal issues stemming from a union contract signed by the management of early Safeway stores in Delaware in 1982. The current Safeway locations in Delaware are served by division offices in the Baltimore–Washington metropolitan area, where Safeway has long been a major grocer. However, the majority of Safeway stores operate in the Western United States, where the chain originated.

In 2011, Safeway signed an agreement with UNFI, for the distribution to all of Safeway's banners in the United States for non-proprietary natural, organic and specialty products effective October 2011.

On June 12, 2013, Sobeys announced it would acquire Safeway's operations in Canada for CDN\$5.8 billion, subject to regulatory approval. The move will bolster its presence in Western Canada, where Safeway was predominant. Sobeys completed the sale five months later while keeping the Safeway banner on its newly acquired stores while changing private labels to be more in line with those used by its new parent.



SUBJECT PROPERTY

On January 30, 2015, the merger between Safeway and Albertsons was finalized, and on January 11, 2016, it was announced that the three remaining Albertsons stores in Florida, located in Largo, Altamonte Springs and Oakland Park, would be re-bannered as Safeway; this marks the first time that the Safeway brand would exist on a supermarket operation in Florida.

On September 7, 2016, it was announced that nine Albertsons stores in the Denver Metro area would be re-bannered as Safeway, as Safeway is the stronger brand in the Denver Area. The name change happened October 19, 2016.

There are now over 1,300 Safeway stores across the US. These include 266 Safeway stores in Northern California and Hawaii, 273 Vons stores in Southern California and Nevada, 107 Randalls and Tom Thumb stores in Texas, as well as 28 Carrs stores in Alaska.

Sources: Safeway, Groceteria

In October 2013, Safeway announced that it would cease operating Dominick's stores in the Chicago area by early 2014. The announcement spurred its competitors to seek employees and desirable store locations they could purchase. One location would remain open in Bannockburn, Illinois until January 25, 2014.



On February 19, 2014, Safeway began to explore selling itself. On March 6, 2014 Cerberus Capital Management (which also owns rival grocery chain Albertsons) announced it would purchase Safeway for \$9.4 billion in a deal.

In January 2015, Bellingham, Washington-headquartered grocery chain Haggen announced it would buy 146 Vons, Albertsons, and Pavilions stores across Washington, Oregon, California, Nevada, and Arizona as part of anti-monopoly requirements following the merger. Some of the major metropolitan areas affected were Los Angeles, Portland, Phoenix, Tucson, San Diego, Bakersfield, Seattle, and Las Vegas.

SALES COMPARABLES –
MORE THAN 10 YRS. REMAINING OF BASE TERM

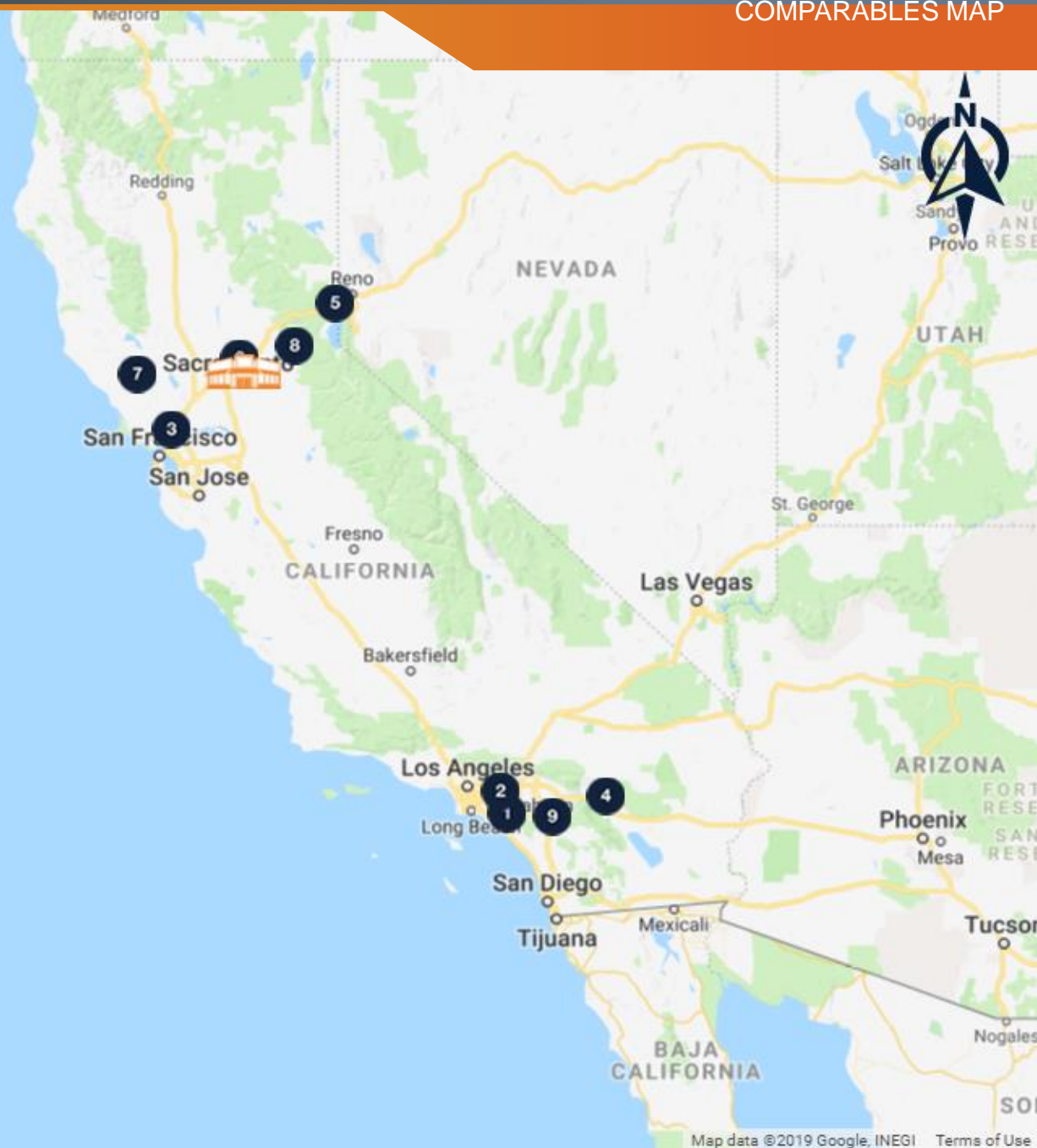


SAFEWAY
(SUBJECT)

- 1 Albertsons
- 2 Albertson's
- 3 Safeway
- 4 Albertsons
- 5 Safeway
- 6 Safeway
- 7 Safeway
- 8 Safeway
- 9 Albertson's

● SALES COMPARABLES

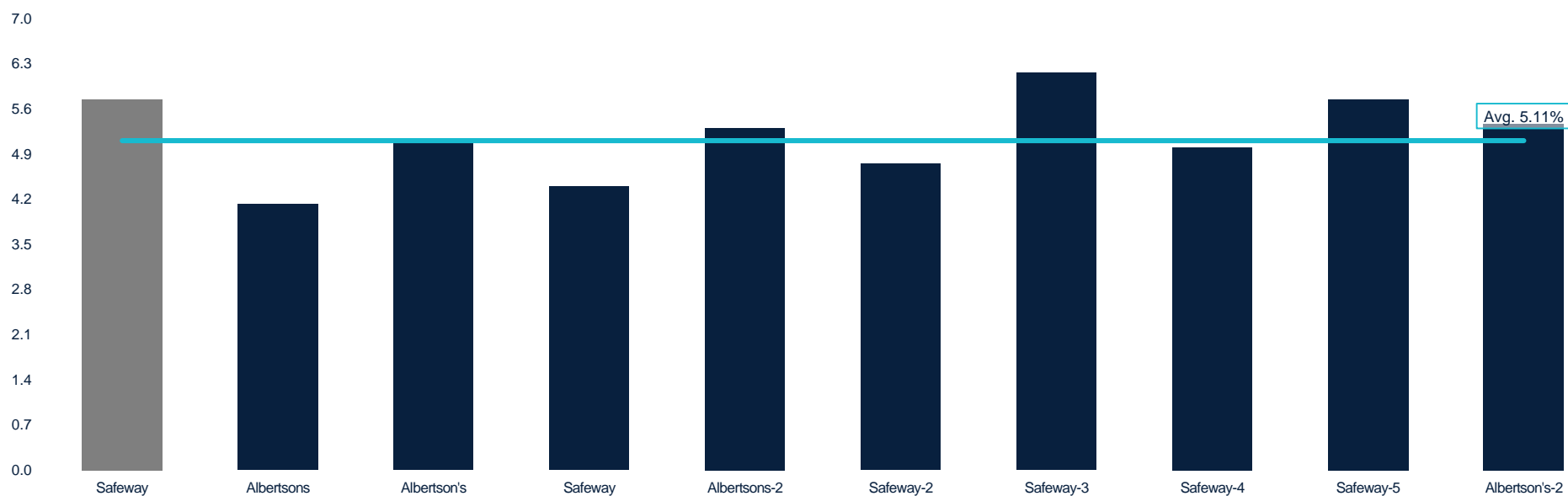
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SALES COMPARABLES

SALES COMPS AVG

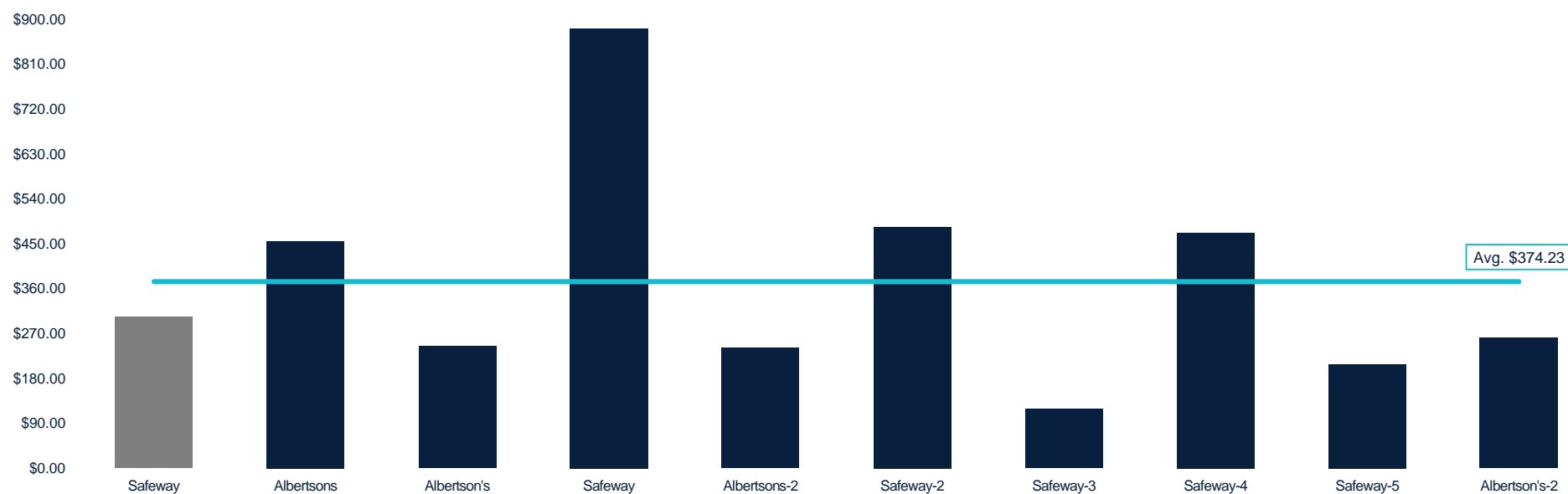
Average Cap Rate



SALES COMPARABLES

SALES COMPS AVG

Average Price Per Square Foot



SALES COMPARABLES

SAFEWAY

10635 Folsom Blvd, Rancho Cordova, CA, 95670



SUBJECT PROPERTY

Asking Price	\$16,755,000
Price/SF	\$301.34
CAP Rate	5.75%
GLA	55,602 SF
Lot Size	5.52 acre(s)
Year Built	2001
Lease Term Remaining	6.8 Years

ALBERTSONS

29941 Alicia Pkwy, Laguna Niguel, CA, 92677



Close Of Escrow	1/30/2018
Sales Price	\$18,200,000
Price/SF	\$455.48
CAP Rate	4.12%
GLA	39,958 SF
Lot Size	5.53 acre(s)
Year Built	1984
Lease Term Remaining	20 Years

NOTES

Albertson's sold with another Albertson's located in Orange, California which is also included in this survey. 20 years on the base term. Purchased previously in a portfolio from the Albertson's companies by Fortress Investment Group & Cardinal Capital for \$11,628,000 on January 18, 2018.

Buyer is an individual. This purchase was an up-leg for their 1031 exchange.

ALBERTSON'S

4550 E Chapman Ave, Orange, CA, 92869



Close Of Escrow	1/30/2018
Sales Price	\$15,900,000
Price/SF	\$244.62
CAP Rate	5.10%
GLA	65,000 SF
Lot Size	4.45 acre(s)
Year Built	1963
Lease Term Remaining	20 Years

NOTES

Purchased with the Laguna Niguel Albertson's property by an individual investor as part of its 1031 exchange. Purchased on January 18, 2018 by Fortress Investment Group and Cardinal Capital for \$12,550,500.

SALES COMPARABLES

SAFEWAY

6310 College Ave, Oakland, CA, 94618



Close Of Escrow	10/31/2017
Sales Price	\$39,650,000
Price/SF	\$881.11
CAP Rate	4.40%
GLA	45,000 SF
Year Built	2015
Lease Term Remaining	18 Years

NOTES

Redeveloped in 2015 to construct the Safeway store. Buyer was Benderson Development from Florida. No 1031 exchange involved.

ALBERTSONS

74590 Highway 111, Palm Desert, CA, 92260



Close Of Escrow	3/13/2018
Sales Price	\$15,100,000
Price/SF	\$241.75
CAP Rate	5.30%
GLA	62,462 SF
Lot Size	7.24 acre(s)
Year Built	1975
Lease Term Remaining	20 Years

NOTES

Previously purchased by Fortress Investment Group & Cardinal Capital on 01/18/2018 for an allocated \$12,403,500. Buyer was an individual family trust from Los Angeles in a 1031 exchange who also purchased the Kings Beach Safeway.

SAFEWAY

7815 N Lake Blvd, Kings Beach, CA, 96143



Close Of Escrow	7/31/2018
Sales Price	\$18,425,000
Price/SF	\$484.23
CAP Rate	4.75%
GLA	38,050 SF
Lot Size	4.91 acre(s)
Year Built	1999
Lease Term Remaining	20 Years

NOTES

Previously purchased by Fortress Investment Group and Cardinal Capital on January 18, 2018 for \$13,568,500. Buyer is an individual family trust from Los Angeles. The purchase of this and the

SALES COMPARABLES

SAFeway

4040 Manzanita Ave, Carmichael, CA, 95608

6



Close Of Escrow	6/26/2018
Days On Market	111
Sales Price	\$6,550,000
Price/SF	\$118.78
CAP Rate	6.16%
GLA	55,143 SF
Lot Size	4.41 acre(s)
Year Built	1999
Lease Term Remaining	20 Years

NOTES

Originally marketed at \$7,720,000. Purchased by an individual investor from Sherman Oaks as part of a 1031 exchange.

SAFeway

2300 Mendocino Ave, Santa Rosa, CA, 95403

7



Close Of Escrow	12/6/2018
Days On Market	351
Sales Price	\$26,500,000
Price/SF	\$472.07
CAP Rate	5.00%
GLA	56,136 SF
Lot Size	4.21 acre(s)
Year Built	2003
Lease Term Remaining	20 Years

NOTES

Purchased by a local developer/owner from Napa. Originally marketed at \$27,727,000. Buyer used leverage after a 44.3% down payment.

SAFeway

6489 Pony Express Trl, Pollock Pines, CA, 95726

8



Close Of Escrow	2/26/2018
Days On Market	81
Sales Price	\$8,947,000
Price/SF	\$208.70
CAP Rate	5.75%
GLA	42,870 SF
Lot Size	4.97 acre(s)
Year Built	2001
Lease Term Remaining	20 Years

NOTES

Sold at listed price. Buyer was an individual in a 1031 exchange. Property was previously purchased by Fortress Investment Group at approximately \$7,640,000.

SALES COMPARABLES

ALBERTSON'S

31960 Temecula Pkwy, Temecula, CA, 92592

9



Close Of Escrow	3/13/2018
Sales Price	\$17,604,889
Price/SF	\$261.36
CAP Rate	5.37%
GLA	67,358 SF
Lot Size	6.11 acre(s)
Year Built	1996
Lease Term Remaining	20 Years

NOTES

Buyer was an investor from Long Beach and purchased the property as part of its 1031 exchange. The buyer used leverage after a down payment of 56%

SALES COMPARABLES –
LESS THAN 10 YRS. REMAINING OF BASE TERM



SAFEWAY - ON MARKET
(SUBJECT)

- 1 Raley's
- 2 Raley's
- 3 Raley's
- 4 Albertsons
- 5 Walmart
- 6 Home Depot

● SALES COMPARABLES

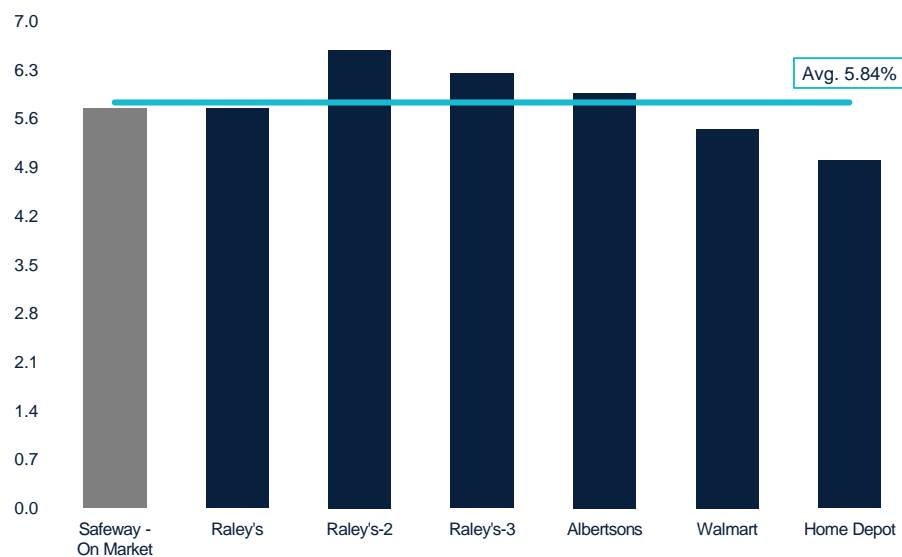
SALES COMPARABLES MAP –
LESS THAN 10 YRS REMAINING

Google

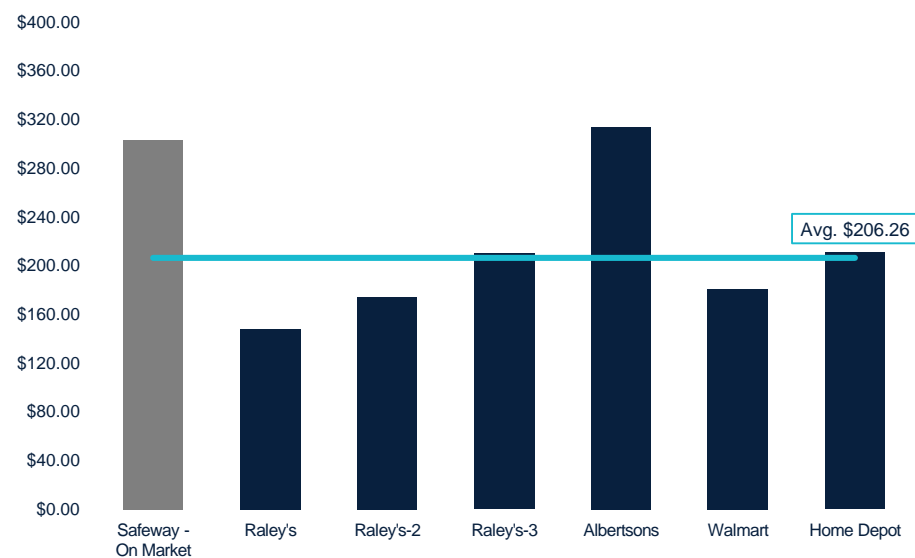
Map data ©2019 Google, INEGI Terms of Use

SALES COMPARABLES SALES COMPS AVG

Average Cap Rate



Average Price Per Square Foot



SALES COMPARABLES

SAFeway - ON MARKET

10635 Folsom Blvd, Rancho Cordova, CA, 95670



SUBJECT PROPERTY

Asking Price	\$16,755,000
Price/SF	\$301.34
CAP Rate	5.75%
GLA	55,602 SF
Lot Size	5.52 acre(s)
Year Built	2001
Lease Term Remaining	6.8 Years

RALEY'S

1915 Douglas Blvd, Roseville, CA, 95661



Close Of Escrow	7/2/2018
Days On Market	160
Sales Price	\$9,900,000
Price/SF	\$148.00
CAP Rate	5.75%
GLA	66,890 SF
Lot Size	5.4 acre(s)
Year Built	1991
Lease Term Remaining	5 Years

NOTES

Sold previously in February of 1992 via a sale leaseback from Raley's. At that time, the lease was reported to be a 25 yr. base term with five, 5 yr. options to extend. For purposes of this survey, it is believed Raley's is in its series of option periods. Buyer was an individual based in San Francisco.

RALEY'S

211 W East Ave, Chico, CA, 95926



Close Of Escrow	5/25/2018
Days On Market	93
Sales Price	\$10,813,205
Price/SF	\$174.13
CAP Rate	6.59%
GLA	62,098 SF
Lot Size	6 acre(s)
Year Built	1999
Lease Term Remaining	5 Years

NOTES

Part of Chico East Plaza. Store was remodeled some 5 yrs. ago. Buyer was an individual located in Richmond, CA.

SALES COMPARABLES

RALEY'S

1550 E F St, Oakdale, CA, 95361



Close Of Escrow	1/12/2018
Sales Price	\$9,525,000
Price/SF	\$210.09
CAP Rate	6.25%
GLA	45,337 SF
Lot Size	4.42 acre(s)
Year Built	1995
Lease Term Remaining	5 Years

NOTES

Part of Oakridge Shopping Center. Buyer assumed an existing first loan with a higher than market interest rate which drove a lower price, higher cap rate for this sale that prevailing market indicators would suggest. It is presumed the tenant is one of its multiple 5 yr. option periods.

ALBERTSONS

1500 N H St, Lompoc, CA, 93436



Close Of Escrow	11/21/2018
Sales Price	\$15,018,000
Price/SF	\$313.86
CAP Rate	5.97%
GLA	47,850 SF
Lot Size	4.36 acre(s)
Year Built	1992
Lease Term Remaining	17 Years

NOTES

Purchaser is an individual based in Malibu and procured a new first loan to complete the closing.

WALMART

11729 Imperial Hwy, Norwalk, CA, 90650



Close Of Escrow	5/2/2017
Sales Price	\$20,200,000
Price/SF	\$180.63
CAP Rate	5.45%
GLA	111,830 SF
Year Built	1998
Lease Term Remaining	5 Years

NOTES

Originally listed at \$24,444,444. Buyer is an individual/family trust based in Walnut, California.

SALES COMPARABLES

HOME DEPOT

12131 Beach Blvd, Stanton, CA, 90680

6



Close Of Escrow	6/28/2018
Sales Price	\$22,558,000
Price/SF	\$210.82
CAP Rate	5.00%
GLA	107,000 SF
Lot Size	6.32 acre(s)
Year Built	1986
Lease Term Remaining	7 Years

NOTES

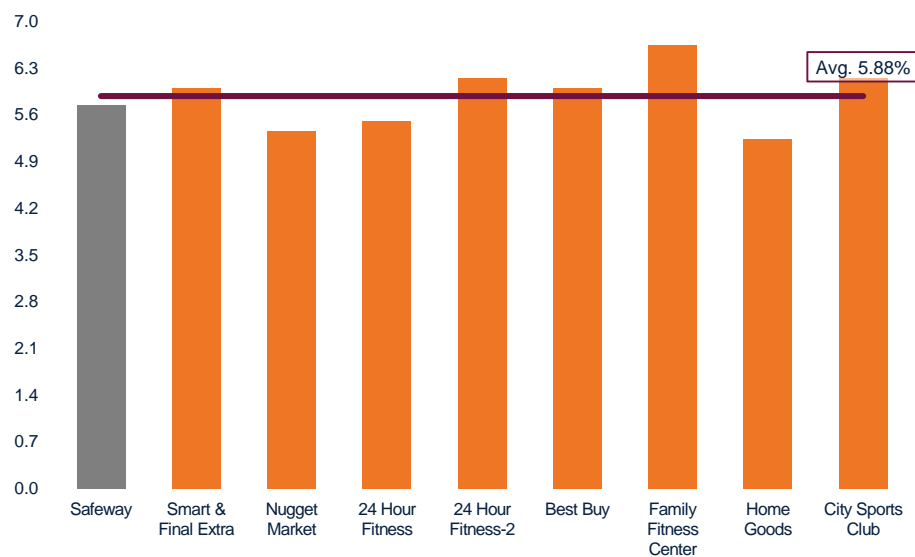
Purchased by an individual based in Los Angeles. Upleg for a 1031 exchange.

ON MARKET COMPARABLES–

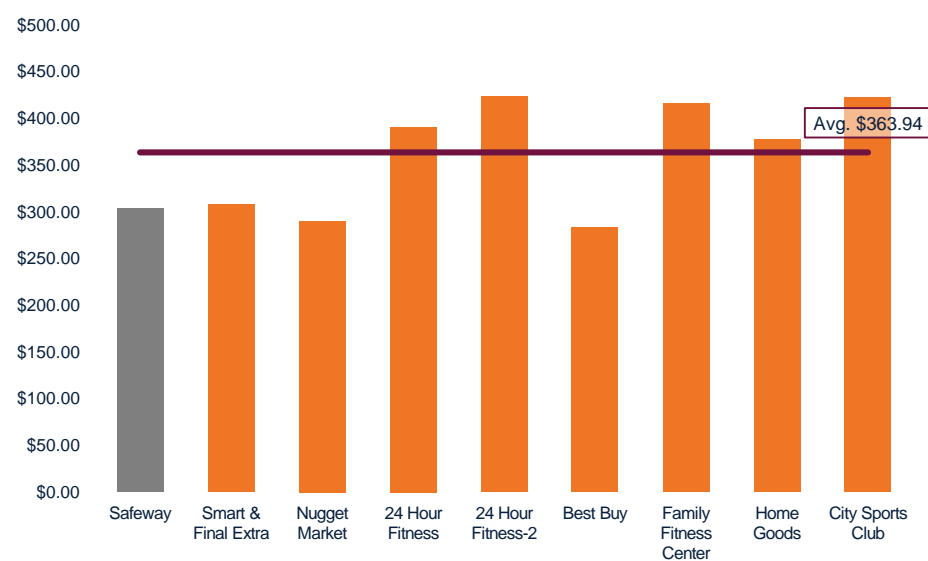
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ON MARKET COMPARABLES ON MARKET COMPS AVG

Average Cap Rate



Average Price Per Square Foot



ON MARKET
COMPARABLES

SAFEWAY

10635 Folsom Blvd, Rancho Cordova, CA, 95670



SUBJECT PROPERTY

Asking Price	\$16,755,000
Price/SF	\$301.34
CAP Rate	5.75%
GLA	55,602 SF
Lot Size	5.52 acre(s)
Year Built	2001
Lease Term Remaining	6.8 Years

SMART & FINAL

8200 El Camino Real, Atascadero, CA, 93422



On Market

List Price	\$17,804,400
Price/SF	\$308.33
CAP Rate	6.00%
GLA	57,744 SF
Lot Size	6.9 acre(s)
Year Built	2000
Lease Term Remaining	16 Years

NOTES

Absolute NNN lease. 2.00% Annual increases. Corporate guaranty.

NUGGET MARKET

7101 Elk Grove Blvd, Elk Grove, CA, 95758



On Market

List Price	\$15,380,000
Price/SF	\$290.26
CAP Rate	5.35%
GLA	52,987 SF
Lot Size	5.43 acre(s)
Year Built	2003
Lease Term Remaining	9 Years

NOTES

10% rent increases every 5 yrs. Eight, 5 yr. options with continued fixed increases. Landlord has roof and structure.

ON MARKET
COMPARABLES

24 HOUR FITNESS

18730 Amar Rd, Walnut, CA, 91789

3



On Market

List Price	\$16,528,000
Price/SF	\$390.90
CAP Rate	5.50%
GLA	42,282 SF
Lot Size	4 acre(s)
Year Built	1983
Lease Term Remaining	14 Years

NOTES

10% increases every 5 yrs. Three 5 yr. options to extend with continued fixed increases.

24 HOUR FITNESS

42900 Jackson St, Indio, CA, 92203

4



On Market

List Price	\$15,500,000
Price/SF	\$423.36
CAP Rate	6.15%
GLA	36,612 SF
Lot Size	3.74 acre(s)
Year Built	2007
Lease Term Remaining	14 Years

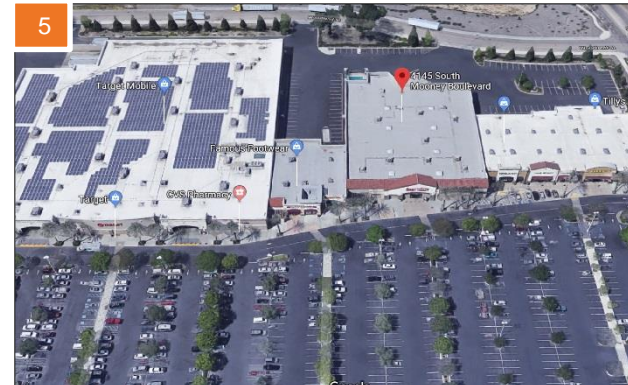
NOTES

10% rent increases every 5 yrs. Tenant has been in operation at this location since 2008. Recent lease extension.

BEST BUY

4145 S Mooney Blvd, Visalia, CA, 93277

5



On Market

List Price	\$11,617,000
Price/SF	\$283.34
CAP Rate	6.00%
GLA	41,000 SF
Lot Size	3.3 acre(s)
Year Built	2004
Lease Term Remaining	11 Years

NOTES

Relocation store.

ON MARKET
COMPARABLES

FAMILY FITNESS CENTER

3880 Innovator Dr, Sacramento, CA, 95834



On Market	
List Price	\$27,556,250
Price/SF	\$415.72
CAP Rate	6.65%
GLA	66,286 SF
Lot Size	6.46 acre(s)
Year Built	2008
Lease Term Remaining	15 Years

NOTES

Annual rent increases of 2.00%. Tenant has 19 locations, and over 100,000 active members.

HOME GOODS

905 Playa Ave, Seaside, CA, 93955



On Market	
List Price	\$10,401,000
Price/SF	\$377.19
CAP Rate	5.23%
GLA	27,575 SF
Lot Size	2.15 acre(s)
Year Built	1997
Lease Term Remaining	3 Years

NOTES

Corporate guaranty from TJX Co.

CITY SPORTS CLUB

2401 Whipple Rd, Hayward, CA, 94544



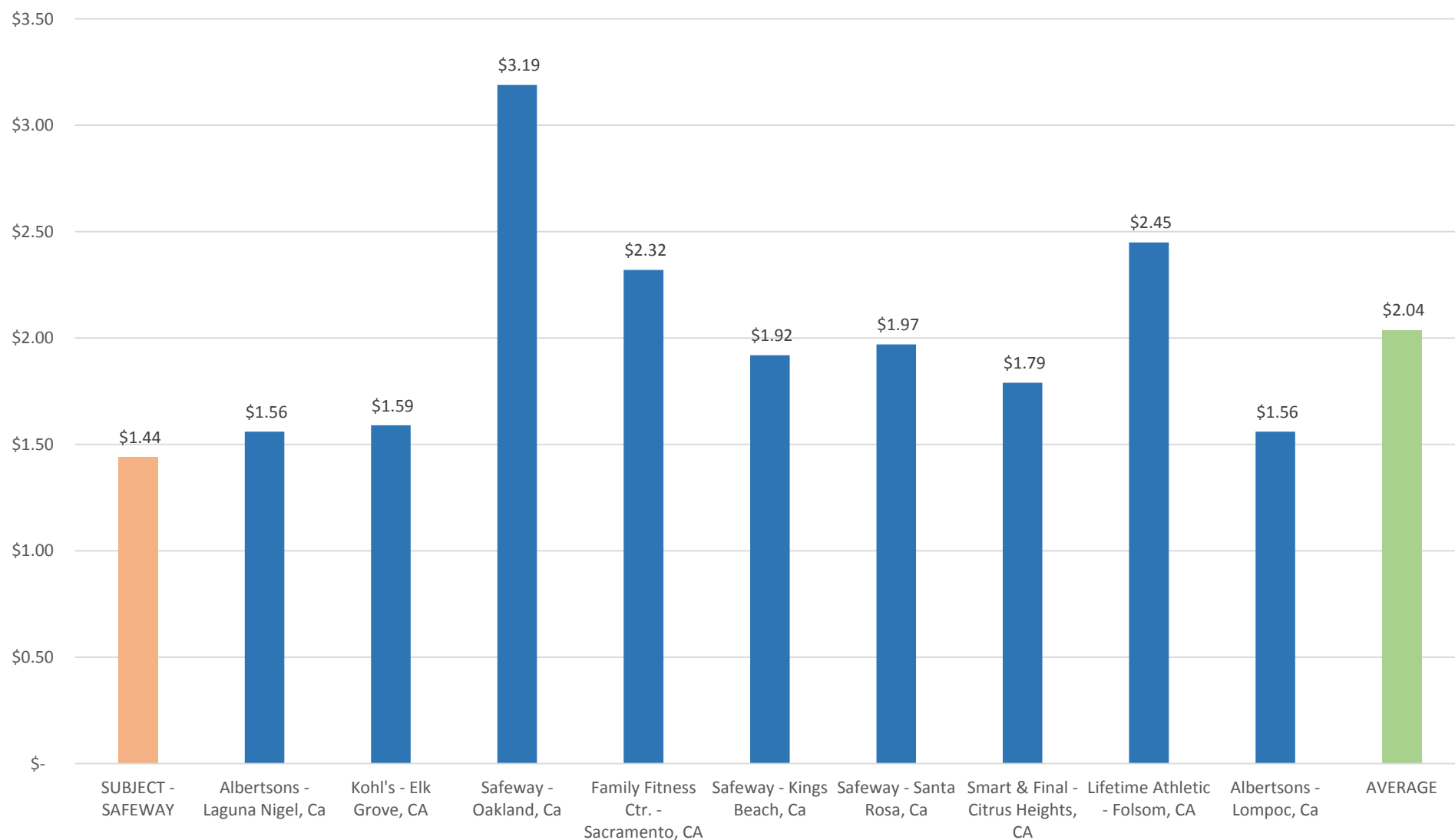
On Market	
List Price	\$17,320,000
Price/SF	\$422.44
CAP Rate	6.15%
GLA	41,000 SF
Lot Size	4.17 acre(s)
Year Built	2013
Lease Term Remaining	11 Years

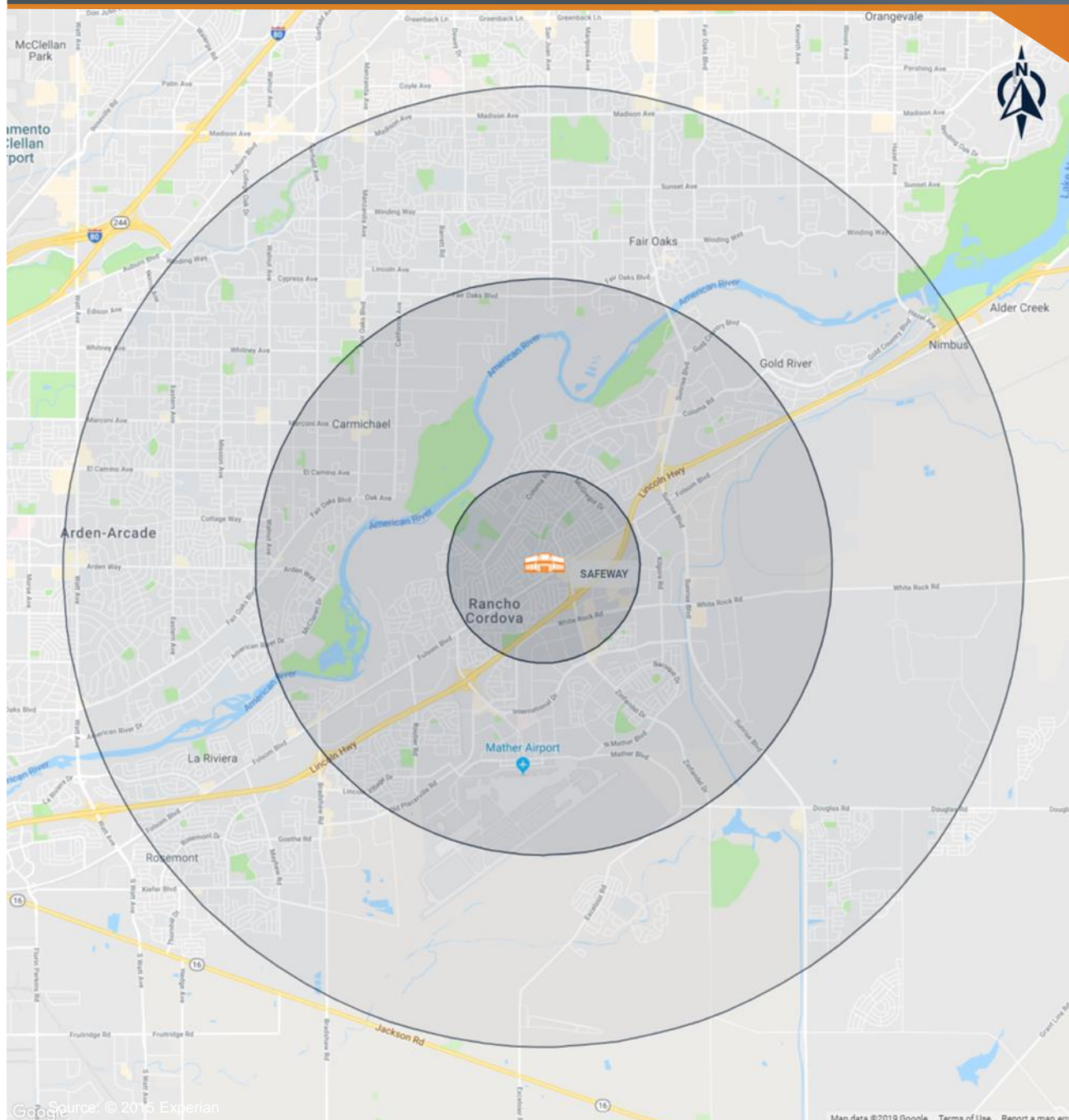
NOTES

Three 5 yr. options to renew.

LEASE COMPARABLES –
BOX RETAIL & SPECIALTY USES

Lease Rate Comparison - Box Retail





CREATED ON FEBRUARY 13, 2019

	1 Miles	3 Miles	5 Miles
POPULATION			
2023 Projection	19,316	91,346	232,896
2018 Estimate	19,276	89,135	226,230
2010 Census	18,197	83,748	212,764
2000 Census	17,485	80,611	202,613
INCOME			
Average	\$67,591	\$83,426	\$90,942
Median	\$53,418	\$58,387	\$64,538
Per Capita	\$25,104	\$32,785	\$36,690
HOUSEHOLDS			
2023 Projection	7,303	36,165	94,012
2018 Estimate	7,104	34,827	90,798
2010 Census	6,657	32,449	84,604
2000 Census	6,399	31,225	81,165
HOUSING			
2018	\$228,408	\$287,304	\$316,076
EMPLOYMENT			
2018 Daytime Population	28,310	104,041	243,270
2018 Unemployment	5.92%	5.23%	5.53%
2018 Median Time Traveled	25	26	26
RACE & ETHNICITY			
White	61.65%	64.80%	70.24%
Native American	0.71%	0.84%	0.63%
African American	8.26%	8.49%	6.83%
Asian/Pacific Islander	9.65%	10.07%	9.37%