



Signalized Intersection to Whole Foods



- PRIDE OF OWNERSHIP SILICON VALLEY LOCATION
- BRAND NEW CONSTRUCTION; 15-YEAR LEASE
- EXTREMELY AFFLUENT DEMOS





OFFERING MEMORANDUM

MOUNTAIN VIEW, CALIFORNIA

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REAL ESTATE ADVISORS

OFFERING SUMMARY

MATTRESS FIRM



HANLEY INVESTMENT GROUP
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LOCATION

Mattress Firm
2496 W. El Camino Real
Mountain View, CA 94040

OFFERING SUMMARY

Price:	\$6,600,000
Current Net Operating Income (NOI):	\$297,032
Current Capitalization Rate:	4.50%
2024 Net Operating Income (NOI):	\$326,696
2024 Capitalization Rate:	4.95%
Net Rentable Area:	4,863
Year Renovated:	2018
Lot Size (Acres):	0.27

LEASE TERMS (1)

Lease Commencement:	1/1/2019
Lease Expiration:	12/31/2033
Lease Term:	15 Years
Lease Type:	NNN
Roof & Structure: (2)	Landlord
Rental Increases:	10% Every 5 Years
Renewal Options:	Two 5-Year @ 10% Each Option

(1) All lease provisions to be independently verified by Buyer during the Due Diligence Period.

(2) Property includes a transferrable 20-year roof warranty.



NOT A PART





- **Pride of Ownership Single-Tenant Corporate Mattress Firm:**

- New 15-year corporate guaranteed lease
- 10% increases every 5 years
- Two 5-year options with 10% increases
- Strong performing store with limited mattress store competition in a 3-mile radius

- **Why Buy Mattress Firm?**

- Mattress Firm restructured their company and closed stores that were not adding to the bottom line
- Mattress Firm is firmly back on track and performing above expectations which includes an expected profit for Fiscal 2019
- The Turnaround at Mattress Firm is very encouraging both in terms of the values and the speed at which it is taking place
- Mattress Firm is the largest mattress retailer in the United States
- Mattress Firm has over 2,500 locations across 49 states and is poised for long term success now that they have reduced their cost structure

- **Replaceable Rent:** The subject property's lease was negotiated in 2017/18 and rents have increased over the past 18-24 months as tenants aggressively look for quality available space in the tight-knit Mountain View retail market (contact broker for neighboring rent comparables)



INVESTMENT HIGHLIGHTS

MATTRESS FIRM



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- **Irreplaceable High Traffic, Signalized Intersection Location:** At the intersection of El Camino Real and Showers Drive (45,000 cars per day) across the street from Whole Foods
- **Strong Neighboring Retail Synergy:** The immediate area is a regional shopping destination with major retailers such as Walmart Supercenter, Target, Safeway, Kohl's, Trader Joe's, Sprouts, and Whole Foods all within walking distance from the subject property
- **Large Daytime Population:** Nearly 230,000 employees and 16,000 businesses within a 5-mile radius of the subject property; includes corporate headquarters for tech companies such as Google, Microsoft, and Tesla
- **Site of Significant Growth and Development:** Mountain View is home to Google Headquarters (2.8 miles from the subject property), which has driven a significant amount of growth and development to the immediate area
 - Other major companies with headquarters or regional offices in Mountain View include Facebook, Intuit, Microsoft, Samsung, and Symantec
 - 11.3% increase in the number of households and 9% population growth between 2010-2018 within a 3-mile radius of the subject property
 - **The Village at San Antonio Station** – 56-acre, mixed-use development that includes over 20 restaurants, 330 apartment units, a 168-room Hyatt Centric Village Hotel and Conference Center, and an 8-screen cinema
 - ◆ Office tenants include Facebook and WeWork
 - 680 additional residential units are under construction in the area, as well as over 300 units planned across California Avenue



Google



#14

"Best Places to Live in the USA"
- U.S. News (2019)



INVESTMENT HIGHLIGHTS

MATTRESS FIRM



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- **Dense, Ultra Affluent Demographics:** Over 291,000 residents with average household incomes in excess of \$193,000 within a 5-mile radius of the subject property
- **Close Proximity to Stanford University:** 3 miles away from one of the most prestigious schools in the country with over 16,000 students
- **Silicon Valley Location; One of the Top 20 Largest Economies in the World:** Global leader in technology, internet, and e-commerce sectors
 - \$19 billion in venture capital investment in Silicon Valley in 2018
 - Largest employers include tech giants such as Apple, Google, Facebook, and Tesla Motors
 - Silicon Valley is an ultra-affluent region with average household incomes of approximately \$140,000, which is twice the national average, and median home prices in excess of \$1 million
 - Half of the world's tech billionaires live in Silicon Valley



NOT A PART - LOCATED ADJACENT TO SUBJECT OFFERING





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AERIAL SITE PLAN / PARCEL MAP

MATTRESS FIRM



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SITE PLAN

SHOWERS DRIVE

LATHAM STREET

211 UNITS
AVALON TOWERS
ON THE PENINSULA

EL CAMINO REAL 45,000 CPD

PROPERTY PARCEL

APN: 148-28-001





**SURROUNDING
TENANTS**
--NOT A PART--





700K
SQUARE FEET

330+
UNITS

**OF OFFICE, RETAIL, AND
RESIDENTIAL SPACE**

Village at
SAN ANTONIO CENTER
NOT A PART

**LUXURY
APARTMENT UNITS**



INCLUDES AN 8-SCREEN CINEMA 218,000 SQUARE FOOT OFFICE LEASED TO WEWORK 20.6 TOTAL ACRES OF MIXED-USE 0.25 MILES FROM SUBJECT





Microsoft
2,000 EMPLOYEES
 amazon
3,000 EMPLOYEES
 YAHOO!
HEADQUARTERS
 JUNIPER NETWORKS
HEADQUARTERS

SAMSUNG NEXT
300 EMPLOYEES
 The Quad Google
2M SQUARE FEET
 moz://a
HEADQUARTERS
 wipro
INNOVATION CENTER
 Symantec
HEADQUARTERS
 Quotient
HEADQUARTERS

NASA
AMES RESEARCH
2,000+ EMPLOYEES

SANTA CLARA
- \$150 AHHI -

SUNNYVALE
- \$164K AHHI -

CUPERTINO
- \$200K AHHI -

MOUNTAIN VIEW HIGH SCHOOL
- 2,000 STUDENTS -

EL CAMINO HOSPITAL MOUNTAIN VIEW
- 420 BEDS -

LOYOLA
- \$282K AHHI -

Marshall's
 HomeGoods
 NOB HILL

164 UNITS ELAN APARTMENTS
- COMPLETED -

ST. FRANCIS HIGH SCHOOL
- 1,768 STUDENTS -

LOS ALTOS
- \$270K AHHI -

Googleplex
- 23,000 EMPLOYEES -

144 UNITS ANTON MOUNTAIN VIEW
- UNDER CONSTRUCTION -

211 UNITS AVALON TOWERS ON THE PENINSULA

204 UNITS 2268 EL CAMINO REAL
- COMPLETED -

MOUNTAIN VIEW
- \$162K AHHI -

LOS ALTOS HIGH SCHOOL
- 2,232 STUDENTS -

SUBJECT PROPERTY MATTRESS FIRM

SHOWERS DRIVE

KOHL'S

Walmart

WHOLE FOODS

167 UNITS COLONNADE APARTMENTS

JOANN

FITNESS SUPER SPORT

TRADER JOE'S

BevMo!

ICON
20+ ACRE VILLAGE AT SAN ANTONIO MIXED-USE DEVELOPMENT
- PHASE II UNDER CONSTRUCTION -

330 UNITS THE VILLAGE RESIDENCES

SAFEWAY

facebook wework

THE VILLAGE AT SAN ANTONIO



2018 DEMOGRAPHICS

	Population	AHHI
1-Mile Radius	31,509	\$167,769
3-Mile Radius	144,836	\$193,873
5-Mile Radius	291,497	\$193,275



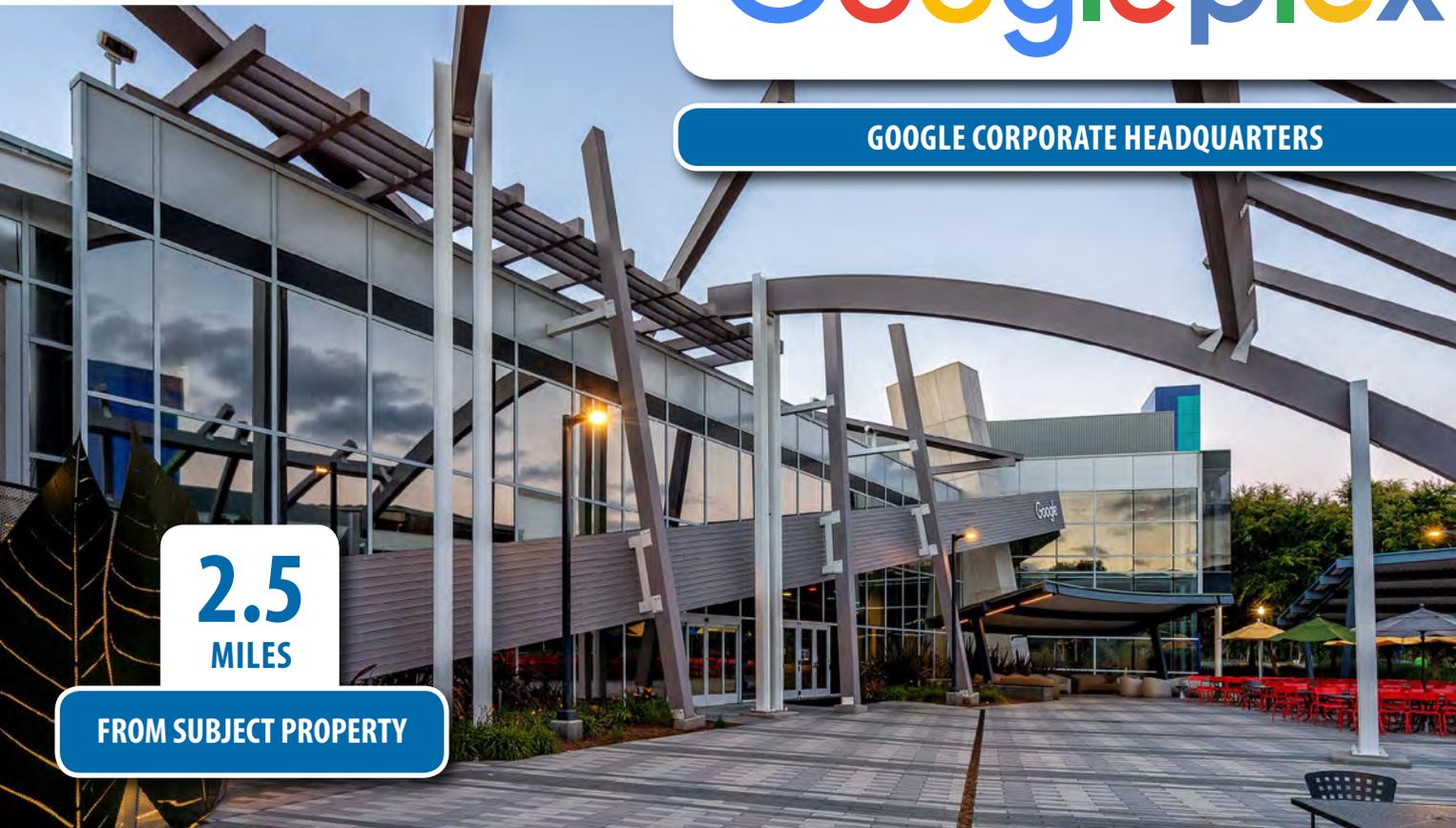


#2

LARGEST GOOGLE CAMPUS IN THE WORLD

Googleplex

GOOGLE CORPORATE HEADQUARTERS



2.5 MILES

FROM SUBJECT PROPERTY



WHY BUY MATTRESS FIRM®?

- **#1 Largest Mattress Retailer** - 2,500 locations in 49 states; well-above 2nd largest mattress retailer Sleep Number, with 580 locations
- **3 Million Customers Serviced Annually**
- **2-Month Financial Turnaround** - Retailer has strengthened its balance sheet, optimized its store footprint, and emerged as a stronger and more competitive company in Q4 2018
 - According to Seeking Alpha, the turnaround at Mattress Firm is very encouraging both in terms of the values and the speed at which it is taking place, and bodes very well for its continued recovery and restoration to investment value (July 2019)
- **"#3 Top U.S. Brand for Year-Over-Year Share Change"** - Covestro's Mattress Market Matters Report Q1 2019
- **Houses a Broad Selection of Both Traditional and Specialty Mattresses** - Serta, Simmons, Tulos, Sleepy's, Chattam & Wells
- **Parent Company, Steinoff; Trades its 40 Brands in Over 30 Countries** - Brands include Pepkor, Benson for Beds, and Unitrands
- **Tempur Sealy and Mattress Firm Partner To Carry Tempur-Pedic Beds** - Products will start appearing in Mattress Firm's 2,500 stores nationally in Q4 2019



Mattress Industry Highlights

**\$14
BILLION**

**IN REVENUE
PROJECTED IN 2019
(IBISWORLD - 2019)**

3.2%

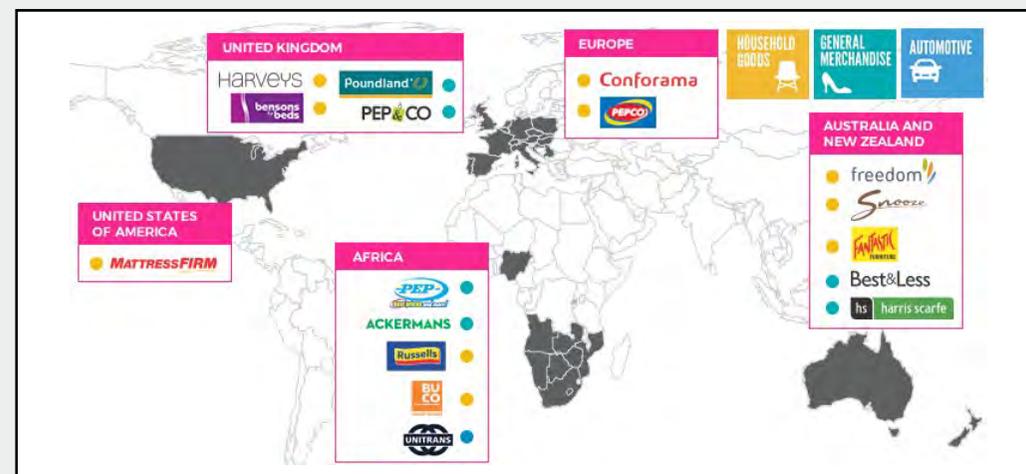
**ANNUAL GROWTH
BETWEEN 2014-2019
(IBISWORLD - 2019)**



**HIGH-PROFIT MARGIN
INDUSTRY UP TO 900%
(USA TODAY)**

Seeking Alpha α

• ARTICLE BULLETED FOR BREVITY •



Steinhoff International Holdings Management's Message To The Market: We Are Succeeding

By Sarel Oberholster | July 17, 2019

- The Steinhoff Group has been radically restructured since Dec 2017 and the “New Steinhoff” emerging has a new strategic direction and market repositioning
- “The hard work on the financial restructuring in the first half and prior periods will, in all likelihood, shortly come to fruition, bringing with it the stability that will allow us to turn the page and concentrate fully on maximising value from our operating companies.” The 29% increase in EBITDA from 2018 to 2019 is indicative of the restoration of commercial integrity at the group and it is expected to continue to improve into the

next two years as non-recurring costs are eliminated and operational performance takes center stage.

- Pepkor Europe and Mattress Firm are powering ahead, which is indicative of the company's overall strategic direction.
- Mattress Firm is in recovery and trading ahead of budget while sales lost to store closures has been much less than expected
- Mattress Firm is firmly back on track performing above expectations and may return to profitability as early as full year 2019 (30 September 2019).
- The turnaround at Mattress Firm is very encouraging both in terms of the values and the speed at which it is taking place. The strategic fix at Mattress Firm to clean up the store footprint and cost structure through a restructuring addressed the core malaise at Mattress Firm and bodes very well for its continued recovery and restoration to investment value.

α [CLICK FOR ARTICLE](#)

Mountain View, CA

- Situated in the heart of Silicon Valley in Santa Clara County
- Headquarters for Google, Symantec, Synopsys, and many other tech companies
- 35 miles south of San Francisco and 10 miles north of San Jose, the 3rd largest city in California
- Bordered by Palo Alto (\$223,578 AHHI), Los Altos (\$270,263 AHHI), and Sunnyvale (\$163,521 AHHI)
- 83,337 population; 9.8% growth since 2010
- “Top 100 Best Places to Live” – Livability (2018)

ECONOMY

- Home to internationally known high tech, biotech, and telecommunications corporations as well as a thriving small business base
- AAA credit rating from Standard & Poors due to a solid and diversified tax base, strong financial operation, and low debt
- City posted a \$99.5 million surplus for the fiscal year ending June 2018
- \$161,661 average household income (2018); double the U.S. average
 - 10.2% income growth from 2016
 - Average home value is 5 times higher than the national average at \$1.1 million
- Major employers include Google, Microsoft, Mozilla, Symantec, Intuit, Coupons.com, Audience, Synopsys, Pure Storage, Siemens Medical Solutions, 23andMe, Omnicell, Alexa

Pharmaceuticals, and Chemocentryx

- Highest paying jobs held by Mountain View residents are computer & mathematical occupations (\$128,821), computer, engineering, science occupations (\$124,710), and legal occupations (\$122,031)
- **Googleplex** – Google headquarters spanning over 60 buildings with plans for expansion
 - Google paid \$1 billion for 51.8 acres to build a 12-building complex; the 2nd largest property purchase in the U.S. in 2018
- **NASA Ames Research Center** – One of the nation’s leading research laboratories, providing the state with \$1.65 billion in annual economic benefits and supporting approximately 9,400 permanent jobs

Mountain View at a Glance

\$161,661

**AVERAGE ANNUAL INCOME;
DOUBLE THE U.S. AVERAGE**

125+

**COMPANIES ARE BASED IN
MOUNTAIN VIEW**



**HOME TO THE 2M GOOGLE
HEADQUARTERS**



DOWNTOWN MOUNTAIN VIEW



INTUIT BUILDING



GOOGLEPLEX BUILDING EXPANSION

DEVELOPMENTS

- **Greystar Development** – 623 apartment units and 20,000 square feet of commercial space; 2022 completion
 - Will provide \$4.1 million in public benefits; 8.6 acres
- **The Dean Apartments** – 583 luxury apartment units and 11,100 square feet of commercial space; 5.75 acres; summer 2020 completion
 - Close proximity to San Antonio Caltrain Station and Google headquarters
- **Anton Mountain View** – 144-unit apartment building; 2019 completion
- **2268 W. El Camino Real** – 2.6-acre project with 204-unit residential apartments, underground parking, and 4 single-story commercial structures; under construction
- **LinkedIn Campus Redevelopment** – 1.08 million square feet on 28.7 acre campus; under construction
 - 3 new 6-story office buildings and 2 new 6-level parking garages
- **Community School of Music and Art** – 3,350 square foot expansion allowing up to 25% more students to attend
 - One of the ten largest community schools in the U.S.
- **Village at San Antonio** - 56-acre mixed-use development that includes 20 restaurants, 330 apartment units, 168-room Hyatt Centric Village Hotel and Conference Center, an 8-screen cinema, and a 218,000 square foot office leased to WeWork

TRANSPORTATION

- Highway 101 and I-280 connect Mountain View with San Francisco and San Jose
- Caltrain transports passengers between San Francisco and San Jose with a stop in Mountain View
- Santa Clara Valley Transportation Authority light rail route connects downtown Mountain View to downtown San Jose
- 11 miles from San Jose International Airport and 25 miles from San Francisco International Airport
 - Both airports are easily accessible from Mountain View by VTA Light Rail and CALTRANS

EDUCATION

- **Stanford University** - 16,400 enrollment
 - One of the world's leading research universities with more than 6,000 externally sponsored projects and a research budget of \$1.6 billion
 - \$26.5 billion endowment
 - An estimated 18,000 firms created by alumni are headquartered in California, generating annual worldwide sales of \$1.27 trillion and employing more than 3 million people

Mountain View at a Glance

\$1.65B
IN ANNUAL ECONOMIC
BENEFITS FROM NASA AMES
RESEARCH CENTER

\$4.1M
IN PUBLIC BENEFITS
FROM THE GREYSTAR
DEVELOPMENT



**AVERAGE HOME VALUE
IS 5 TIMES HIGHER THAN
THE NATIONAL AVERAGE**





Silicon Valley

- Global leader in technology, internet, and e-commerce sectors; noted for its vast amount of internationally known tech companies and startups
- Located on the southwestern side of San Francisco Bay
- San Jose is Silicon Valley's largest city; 1,998,463 population
 - 3rd largest city in California; 10th largest in the U.S.
 - #14 "Best Places to Live in the USA" – U.S. News (2019)

ECONOMY

- \$128,308 per capita in annual gross domestic product (GDP), residents out-produce almost every nation on the planet
- 19th Largest Economy in the World – Mercury News (2018)
- Silicon Valley and the Bay Area only trail the Texas oil center Midland metro area in per capita GDP
- \$140,000 average household income, twice the national average
- Median home prices have climbed above \$1 million
- Largest employers include Apple (25,000 employees), Alphabet/Google (24,600 employees), County of Santa Clara (19,800 employees), Stanford University (16,900 employees), Facebook (14,600 employees), Cisco Systems (14,000 employees), and Tesla Motors (10,000 employees)
- Largest companies by revenue are Apple (\$265.6 billion), Chevron (\$160 billion), Alphabet/Google (\$110 billion), Wells Fargo (\$101.06 billion), Intel (\$70.85 billion), Hewlett Packard (\$58.47 billion), Facebook (\$55.8 billion), Cisco (\$49.3 billion), and Oracle (\$39.3 billion)
- \$19 billion in venture capital investment in Silicon Valley (2018)
 - Investments included 81 megadeals at more than \$100 million each
 - 28 IPOs generated with a total of \$5.9 billion in 2018, nearly quadruple the amount raised in 2017



\$19B

**IN VENTURE CAPITAL
INVESTMENT IN SILICON VALLEY**



**TOP 20 LARGEST
ECONOMY IN THE WORLD**



**\$1M MEDIAN HOME
PRICES IN SILICON VALLEY**

19th

**LARGEST ECONOMY
IN THE WORLD**



TRANSPORTATION

- **San Francisco Bay Airport (SFO)** - 57.8 million passengers in 2018
 - Generates nearly 43,000 jobs and \$8.4 billion for San Francisco
- **San Jose International Airport (SJC)** - #2 airport for the San Francisco Bay area with a record 14.3 million passengers in 2018
 - 18.5% increase in passenger traffic in the 1st quarter of 2018 compared to the same period in the previous year
 - \$58 million in opening new gates; project completed June 2019 to accommodate rapid growth
- 4 independent rail systems provide multiple commuting options throughout Silicon Valley
 - Caltrain offers longer commutes between San Francisco and San Jose
 - Santa Clara Valley Transportation Authority (VTA) provides light rail and bus routes throughout Santa Clara County
- **BART** - Ridership in FY18 averaged 414,166 trips on weekdays; 120.6 million total trips
 - New BART control system; estimated at \$1.15 billion; planned

EDUCATION

- **Santa Clara University** - 106-acre private Jesuit university
 - 9,000 students; 50+ majors, minors, and programs; \$1 billion endowment
 - "Top ranked regional university in the western U.S." - News and World Report Best Colleges Rankings (2019)
 - #5 "2019 Best Catholic Colleges in America" - Niche (2019)
- **San Jose University** - 33,000 enrollment; 4-year university
 - New interdisciplinary Science Building, designed to meet the needs of the science and technology intensive labor market, broke ground in 2019
 - #4 "Most Transformative College in the Nation" – Money Magazine (2019)
- **University of California Santa Cruz** - 19,000 enrollment; 4-year university
 - \$680 million in research grants and contracts in the past 5 years
 - #26 "Public Doctoral Universities" - U.S. New & World Report (2019)



SAN JOSE INTERNATIONAL AIRPORT



SANTA CLARA UNIVERSITY



SAN JOSE STATE UNIVERSITY

\$58M

**NEW GATES PROJECT
COMPLETED JUNE 2019**



**4 INDEPENDENT RAIL SYSTEMS
THROUGHOUT SILICON VALLEY**

61K

**STUDENTS ATTENDING
3 COLLEGES IN THE AREA**

57.7M

**ANNUAL SAN FRANCISCO BAY
AREA AIRPORT PASSENGERS**

	<u>1-Mile</u>	<u>3-Mile</u>	<u>5-Mile</u>
Population			
2023 Projection	32,144	147,678	297,732
2018 Estimate	31,509	144,836	291,497
2010 Census	28,765	132,995	269,661
2000 Census	26,499	126,713	257,135
Growth 2000-2010	8.55%	4.96%	4.87%
Growth 2010-2018	9.54%	8.90%	8.10%
Growth 2018-2023	2.02%	1.96%	2.14%
Households			
2023 Projection	13,654	61,801	119,328
2018 Estimate	13,348	60,611	116,325
2010 Census	11,957	54,456	105,331
2000 Census	11,172	53,227	102,220
Growth 2000-2010	7.03%	2.31%	3.04%
Growth 2010-2018	11.63%	11.30%	10.44%
Growth 2018-2023	2.29%	1.96%	2.58%
2018 Est. Population by Single-Classification Race			
White Alone	15,764	80,065	156,592
Black or African American Alone	577	2,708	7,870
American Indian and Alaska Native Alone	129	478	962
Asian Alone	9,944	45,001	87,711
Native Hawaiian and Other Pacific Islander Alone	139	565	2,128
Some Other Race Alone	3,516	8,676	20,813
Two or More Races	1,312	6,743	14,238
2018 Est. Population by Ethnicity (Hispanic or Latino)			
Hispanic or Latino	7,064	20,218	46,342
Not Hispanic or Latino	24,445	124,618	245,155
2018 Est. Average Household Income	\$167,769	\$193,873	\$193,275

CONFIDENTIALITY AGREEMENT

MATTRESS FIRM



HANLEY INVESTMENT GROUP
REAL ESTATE ADVISORS

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\$6+ BILLION

retail sales nationwide



SHARED DATABASE

collaborative proprietary database



TOP BROKERAGE GLOBALLY

in investment sales



COSTAR POWER BROKER

top sales brokers & firm in OC



NATIONWIDE REACH

retail & investors across the U.S.