



# HOBBY LOBBY

1919 East 20th Street, Chico, CA, 95928

BRAND NEW 10-YEAR NET LEASE



Representative Photo

## INVESTMENT OVERVIEW



OFFERING PRICE	\$9,759,000
NOI	\$551,364
CAP RATE	5.65%
PRICE/SF	\$212/SF
REPLACEMENT COST/SF	\$248/SF
TERM REMAINING	±10 Years
RENT INCREASES	\$0.75/SF every 5 years
BUILDING SIZE	45,947 SF
LAND AREA	3.03 Acres
TRAFFIC COUNTS	East 20th Street: 18,000 VPD

## INVESTMENT SUMMARY

The CBRE Net Lease Property Group is pleased to exclusively offer a 45,947-square-foot Hobby Lobby situated on 3.03 acres in Chico, CA (MSA Population: 231,256)—the largest urban center north of Sacramento. Hobby Lobby's net lease is expected to commence in September 2019 and will feature ±10 years of primary term with three 5-year renewal options. This site has excellent access and visibility along East 20th Street (Traffic Count: 18,000 VPD) and is just feet from the on-ramp to US-99 (Traffic Count: 79,800 VPD) which runs from Blaine, Washington all the way to Calexico, California. Hobby Lobby is a co-anchor to The Village Center along with Target and is immediately adjacent to Big Lots, Pier 1, AT&T, Jack in the Box, Del Taco, BevMo!, Sally Beauty, Party Town, Play It Again Sports, and Hula's Chinese Bar-B-Q. The Village Center shares a signalized intersection with the 528-397-square-foot Chico Mall that is anchored by Dick's Sporting Goods, JCPenney, and Forever 21. Other notable tenants include Verizon, GNC, American Eagle Outfitters, Sunglass Hut, GameStop, PacSun, rue21, Lids, Vans, Zumiez, and Men's Wearhouse, to name a few. Hobby Lobby benefits from its location within one of Chico's primary retail and commercial corridors with 5.6 MSF of retail, 2.6 MSF of office, 5.3 MSF of industrial, and 7,744 multifamily units within a 3-mile radius. Major retailers within the immediate vicinity include Costco Wholesale, Old Navy, Best Buy, WinCo Foods, Bed Bath & Beyond, Office Depot, Michaels, Guitar Center, Barnes & Noble, PetSmart, Famous Footwear, and Staples, among others. Hobby Lobby also benefits from dynamic demographics with a population of 65,724 and an average household income of \$70,356.

*Representative Photo*



Demographics	1-Mile	3-Mile	5-Mile
 <b>Population</b>	10,349	65,724	106,164
 <b>AHI</b>	\$62,292	\$70,356	\$73,496



# INVESTMENT HIGHLIGHTS

## Premier Tenant

Based in Oklahoma City, Oklahoma, Hobby Lobby Stores, Inc. is the largest privately-owned arts-and-crafts retailer in the world with more than 850 stores operating in 46 states. The company provides broad mix of products, including arts and crafts supplies, fashion fabrics, baskets, silk flowers, needlework, wearable art, picture framing, cards, party supplies and furniture. Its product portfolio covers more than 70,000 items under the store channel.

## Net Lease

Hobby Lobby's net lease is expected to commence in September 2019 and will feature  $\pm 10$  years of primary term with three 5-year renewal options.

## Below Replacement Cost

This offering is an excellent opportunity to acquire a highly-desirable retail box at a price that is significantly below the replacement cost of \$248/SF.

## Developable Pad Upside Opportunity

The parcel includes excess land that can be redeveloped in order to create additional upside. Hobby Lobby consented to the development in the lease which will significantly streamline the process.

## Excellent Access & Visibility

This site has excellent access and visibility along East 20th Street (Traffic Count: 18,000 VPD) and is just feet from the on-ramp to US-99 (Traffic Count: 79,800 VPD) which runs from Blaine, Washington all the way to Calexico, California.

## Strategic Location

Hobby Lobby is a co-anchor to The Village Center along with Target and is immediately adjacent to Big Lots, Pier 1, AT&T, Jack in the Box, Del Taco, BevMo!, Sally Beauty, Party Town, Play It Again Sports, and Hula's Chinese Bar-B-Q. The Village Center shares a signalized intersection with the 528-397-square-foot Chico Mall that is anchored by Dick's Sporting Goods, JCPenney, and Forever 21. Other notable tenants include Verizon, GNC, American Eagle Outfitters, Sunglass Hut, GameStop, PacSun, rue21, Lids, Vans, Zumiez, and Men's Wearhouse, to name a few.

## Dominant Retail & Commercial Corridor

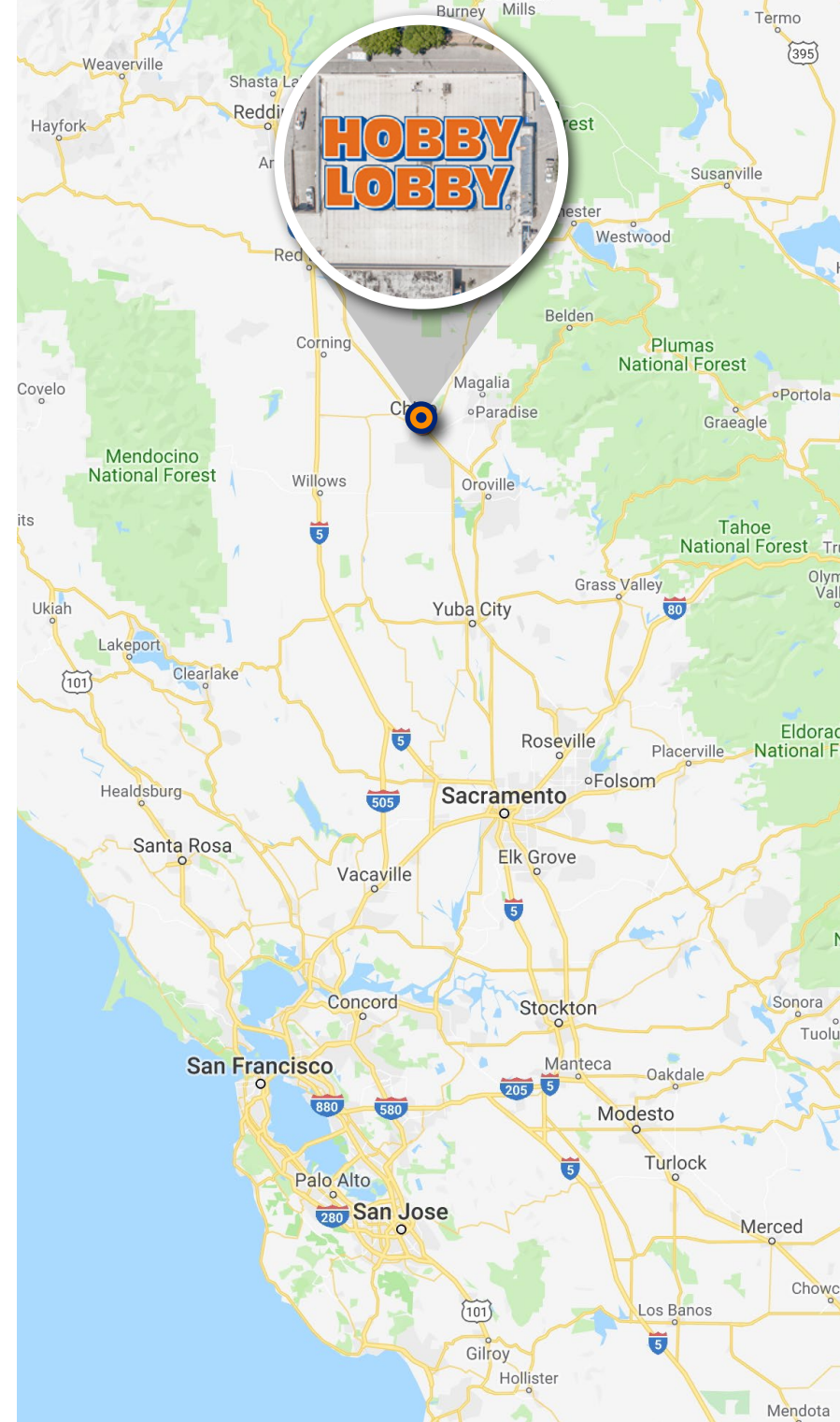
Hobby Lobby benefits from its location within one of Chico's primary retail and commercial corridors with 5.6 MSF of retail, 2.6 MSF of office, 5.3 MSF of industrial, and 7,744 multifamily units within a 3-mile radius. Major retailers within the immediate vicinity include Costco Wholesale, Old Navy, Best Buy, WinCo Foods, Bed Bath & Beyond, Office Depot, Michaels, Guitar Center, Barnes & Noble, PetSmart, Famous Footwear, and Staples, among others.

## Dynamic Demographics

Hobby Lobby benefits from dynamic demographics with a population of 65,724 and an average household income of \$70,356.

## Chico, CA Market

Chico (MSA Population: 231,256) is the most populated city in Butte County and the largest urban center north of Sacramento. Known as the home of one of the first California State Universities, in recent times Chico has grown to much more. Originally, Chico was a small college town that ballooned during the school year with over 17,400 students. However, due to recent events, Chico has become a boom town. Many of those displaced by the 2018 Camp Fire in Northern California have moved into the city, increasing the population by 20,000 new residents according to some estimates. This injection of new people has been a serious boom for businesses and the housing market substantially increasing the value of the homes in the area.





# AERIAL





# PROPERTY DESCRIPTION



## Location

1919 East 20th Street  
Chico, CA 95928



## Site

Co-anchors The Village Center  
with Target.



## Land Area

3.03 Acres  
APN: 002-370-034-000



## Building Area

45,947 SF



## Frontage & Access

Shares a signalized intersection with  
Chico Mall.



## Parking Spaces

216 Spaces



## Traffic Counts

East 20th Street: 18,000 VPD  
US-99: 79,800 VPD



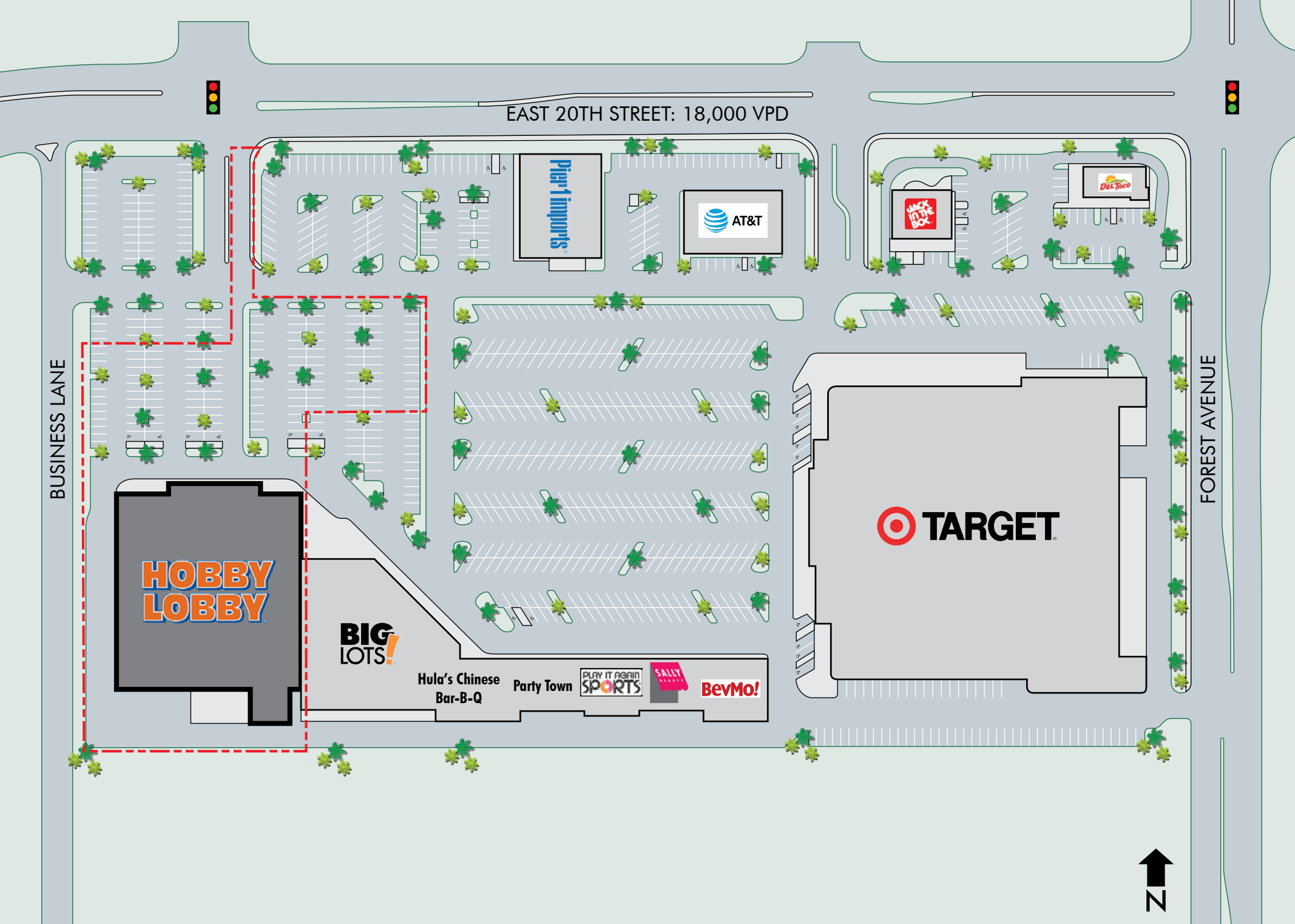
## Year Built

1989



## Zoning

Butte County, CA  
CS / Commercial-Retail Stores



EAST 20TH STREET: 18,000 VPD

BUSINESS LANE

FOREST AVENUE

HOBBY LOBBY

BIG LOTS

Hula's Chinese Bar-B-Q

Party Town

PLAY IT AGAIN SPORTS

SALLY BEAUTY

BevMo!

TARGET



## TENANT PROFILE



# HOBBY LOBBY

Based in Oklahoma City, Oklahoma, Hobby Lobby Stores, Inc. (Hobby Lobby) is the largest privately-owned arts-and-crafts retailer in the world with more than 850 stores operating in 46 states. The company provides a broad mix of products, including arts and crafts supplies, fashion fabrics, baskets, silk flowers, needlework, wearable art, picture framing, cards, party supplies, and furniture. Its product portfolio covers more than 70,000 items under the store channel as well as a large department devoted to seasonal merchandise. Hobby Lobby offers classes in areas including cake decorating, drawing, jewelry making, painting, sewing, needlework, floral design, and knitting. The company also sells a diversified range of products including fixtures, candles, scented products, office supplies, and educational products through its affiliated companies, namely Hemispheres and Mardel Christian and Education Supply. Its wide product base enables the company to cater to the diverse needs of its consumers, thereby providing an edge over its competitors.

YEAR FOUNDED	1970
PRIVATE/PUBLIC	Private
NUMBER OF LOCATIONS	850+
NUMBER OF EMPLOYEES	37,500
HEADQUARTERS	Oklahoma City, OK
WEBSITE	<a href="http://www.hobbylobby.com">www.hobbylobby.com</a>



**Hobby Lobby is transitioning from a former Toys R Us site.**

*Actual Site Photos*



# LEASE ABSTRACT

<b>TENANT</b>	Hobby Lobby Stores, Inc.
<b>LEASE TERM</b>	±10 Years
<b>LEASE COMMENCEMENT</b>	September 23, 2019 (Estimate)
<b>LEASE EXPIRATION</b>	September 30, 2029 (Estimate)
<b>LEASE TYPE</b>	NN
<b>CURRENT TERM RENT</b>	Years 1 - 5: \$551,364 Years 6 - 10: \$585,824
<b>RENT ESCALATIONS</b>	\$0.75/SF increase every 5 years
<b>REMAINING OPTIONS</b>	Three 5-year options
<b>OPTION RENT</b>	Option 1: \$620,286 Option 2: \$654,745 Option 3: \$689,205
<b>TAXES</b>	Tenant shall directly pay to the taxing authority, on or before the date such payment is due and payable without delinquency, 100% of the Taxes attributable to the land, building and other improvements included as part of the Tax Parcel during the Term of this Lease.  Taxes shall not include; (i) any increases in Taxes resulting from two or more changes in the ownership or title of any property within the Tax Parcel within any 5-year period under the provisions of any applicable Law that requires reassessment at fair market value.
<b>INSURANCE</b>	Tenant, at Tenant's sole expense, shall maintain on the Premises the following policies of insurance: (i) commercial general liability insurance against claims for bodily injury and property damage, with a combined single limit of not less than \$3,000,000 (Tenant's Liability Insurance); (ii) property insurance covering Tenant's Personal Property; and (iii) workers' compensation insurance in an amount required by Law. Tenant shall have the right to satisfy its obligations regarding Tenant's Insurance by way of self-insurance provided Tenant maintains a net worth of at least \$75,000,000.  Landlord shall maintain on the Landlord's parcel: (i) all-risk commercial property insurance on a primary and non-contributory basis with limits sufficient to replace 100% of the Landlord's Parcel improvements (Landlord's Property Insurance); (ii) commercial general liability insurance against claims for bodily injury and property damage with a single limit per occurrence not less than \$3,000,000 (Landlord's Liability Insurance); and (iii) worker's compensation insurance in an amount required by Law.  Tenant shall pay their pro-rata portion of insurance premiums incurred and paid by Landlord for Landlord's Property Insurance and Landlord's Liability Insurance.
<b>REPAIRS &amp; MAINTENANCE</b>	Tenant shall maintain and repair, at Tenant's sole expense the following: (i) the interior of the Leased Premises, including floor coverings, drop ceilings and interior non-load bearing walls; (ii) the heating and air conditioning equipment serving the Leased Premises; (iii) the plumbing components serving the Leased Premises that are located in the interior of the Leased Premises; (iv) the electrical components serving the Leased Premises that are located in the interior of the Premises; (v) the water, sewer and other utility lines serving the Leased Premises that are located in the interior of the Premises; and (vi) the doors, windows and plate glass of the Premises.  Landlord shall maintain and repair at Landlord's sole expense the following: (i) the exterior of the Leased Premises, including, but not limited to, the guttering, downspouts, and exterior paint; (ii) the structural components of the Landlord's Parcel; (iii) the roof system of the Leased Premises (the roof structure, roof membrane, and roof access); (iv) the load bearing walls, slab, and foundation system of the Leased Premises; (v) the water, sewer, and other utility lines, ducts, and conduits serving the Landlord's Parcel and Leased Premises that are outside the Leased Premises; and (vi) any undeveloped out lots or other undeveloped portions of the Landlord's Parcel.
<b>COMMON AREA MAINTENANCE</b>	Landlord and Tenant acknowledge and agree that the Operator currently maintains the Common Area. Common area means all areas of the Shopping center for the common nonexclusive use by Landlord, Tenant, and all other owners, tenants and occupants and shall include all parking areas, roadways, service areas, sidewalks, loading zones, and other improvements identified in the OEA.  Tenant shall pay to Landlord their pro-rata CAM Expenses.



# AREA OVERVIEW

## CHICO, CA

Chico is the most populated city in Butte County and the largest urban center north of Sacramento. Known as the home of one of the first California State Universities, in recent times Chico has grown to much more. Originally, Chico was a small college town that ballooned during the school year with over 17,400 students. However, due to recent events, Chico has become a boom town. Many of those displaced by the 2018 Camp Fire in Northern California have moved into the city, increasing the population by 20,000 new residents according to some estimates. This injection of new people has been a serious boon for businesses and the housing market substantially increasing the value of the homes in the area. This has led to a large number of new housing projects within the city, earlier in the year the number was up to 5,300. This influx of new housing will only further spur the growth Chico is currently experiencing. This town once mainly known for its college has grown into a Northern Californian hub in its own right.

## CHICO AREA FACTS

### IN THE NEWS

- #1 Hottest Real Estate Market in U.S. — December 2018 (Realtor.com)
- #9 Top Public College in West — Cal State Chico (US News)
  - > Top 10 achieved 20 years in a row
- #62 Best College for Your Money '18 — Cal State Chico (Money.com)

### CHICO WEATHER

- 249 Days of Sun
- 75° Avg High / 47° Avg Low

### TALENT SPEC: PERCENTAGE OF PEOPLE WITH A BACHELOR'S OR HIGHER

- Chico: 39%
- United States: 33%

### CHICO FACT FILE

- Chico State hosts about 17,789 Students and 773 Faculty Members
- 15.9 Minutes Average Commute Time
- 29.9 Median Age
- 3.4% Unemployment Rate

### CHICO INDUSTRY STATISTICS

INDUSTRY	EMPLOYMENT	PERCENTAGE
Business and Finance	323	26.80%
Food and Entertainment	250	20.70%
Manufacturing, Trade and Transportation	239	19.80%
Educational and Health Services	230	19.00%
Mining Agriculture and Construction	113	9.40%
Public Administration and Utilities	55	4.50%

### MAJOR EMPLOYERS





## INVESTMENT POINT OF CONTACT

### **KIRK BRUMMER**

Lic. 01218518  
+1 949 725 8418  
kirk.brummer@cbre.com

### **JOHN READ**

Lic. 01359444  
+1 949 725 8606  
john.read@cbre.com

## INVESTMENT ADVISORS

### **WILL PIKE**

+1 404 923 1381  
will.pike@cbre.com

### **PHIL VOORHEES**

Lic. 01252096  
+1 949 725 8521  
phil.voorhees@cbre.com

### **CHRIS BOSWORTH**

+1 404 923 1486  
chris.bosworth@cbre.com

### **BRIAN PFOHL**

+1 404 504 7893  
brian.pfohl@cbre.com

### **TRENT STEEVES**

Lic. 01950466  
+1 949 725 8563  
trent.steeves@cbre.com

### **BILL KENT**

+1 205 585 5592  
bill.kent@cbre.com

### **RYAN SCIULLO**

+1 205 585 5738  
ryan.sciullo@cbre.com

### **MATT MOUNTJOY**

+1 404 504 5939  
matthew.mountjoy@cbre.com

## FINANCING CONTACT

### **SHAWN GIVENS**

+1 214 979 6185  
shawn.givens@cbre.com

**CBRE**

## **Affiliated Business Disclosure**

CBRE, Inc. operates within a global family of companies with many subsidiaries and related entities (each an "Affiliate") engaging in a broad range of commercial real estate businesses including, but not limited to, brokerage services, property and facilities management, valuation, investment fund management and development. At times different Affiliates, including CBRE Global Investors, Inc. or Trammell Crow Company, may have or represent clients who have competing interests in the same transaction. For example, Affiliates or their clients may have or express an interest in the property described in this Memorandum (the "Property"), and may be the successful bidder for the Property. Your receipt of this Memorandum constitutes your acknowledgement of that possibility and your agreement that neither CBRE, Inc. nor any Affiliate has an obligation to disclose to you such Affiliates' interest or involvement in the sale or purchase of the Property. In all instances, however, CBRE, Inc. and its Affiliates will act in the best interest of their respective client(s), at arms' length, not in concert, or in a manner detrimental to any third party. CBRE, Inc. and its Affiliates will conduct their respective businesses in a manner consistent with the law and all fiduciary duties owed to their respective client(s).

## **Confidentiality Agreement**

Your receipt of this Memorandum constitutes your acknowledgement that (i) it is a confidential Memorandum solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property, (ii) you will hold it in the strictest confidence, (iii) you will not disclose it or its contents to any third party without the prior written authorization of the owner of the Property ("Owner") or CBRE, Inc., and (iv) you will not use any part of this Memorandum in any manner detrimental to the Owner or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return it to CBRE, Inc.

## **Disclaimer**

This Memorandum contains select information pertaining to the Property and the Owner, and does not purport to be all-inclusive or contain all or part of the information which prospective investors may require to evaluate a purchase of the Property. The information contained in this Memorandum has been obtained from sources believed to be reliable, but has not been verified for accuracy, completeness, or fitness for any particular purpose. All information is presented "as is" without representation or warranty of any kind. Such information includes estimates based on forward-looking assumptions relating to the general economy, market conditions, competition and other factors which are subject to uncertainty and may not represent the current or future performance of the Property. All references to acreages, square footages, and other measurements are approximations. This Memorandum describes certain documents, including leases and other materials, in summary form. These summaries may not be complete nor accurate descriptions of the full agreements referenced. Additional information and an opportunity to inspect the Property may be made available to qualified prospective purchasers. You are advised to independently verify the accuracy and completeness of all summaries and information contained herein, to consult with independent legal and financial advisors, and carefully investigate the economics of this transaction and Property's suitability for your needs. **ANY RELIANCE ON THE CONTENT OF THIS MEMORANDUM IS SOLELY AT YOUR OWN RISK.**

The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions at any time with or without notice to you. All offers, counteroffers, and negotiations shall be non-binding and neither CBRE, Inc. nor the Owner shall have any legal commitment or obligation except as set forth in a fully executed, definitive purchase and sale agreement delivered by the Owner.

## **Copyright Notice**

© 2019 CBRE, Inc. All Rights Reserved.