



**BIG LOTS**

370 US-101, Salinas, CA 93906



Actual Location



## INVESTMENT OVERVIEW

OFFERING PRICE	\$8,870,000
NOI	\$496,743
CAP RATE	5.60%
PRICE/SF	\$205/SF
REPLACEMENT COST/SF	\$269/SF
TERM REMAINING	±10.4 Years
RENT INCREASES	\$0.50/SF every 5 years
BUILDING SIZE	43,195 SF
LAND AREA	4.32 Acres
TRAFFIC COUNTS	US-101: 79,940 VPD

## INVESTMENT SUMMARY

The CBRE Net Lease Property Group is pleased to exclusively offer a 43,195-square-foot Big Lots situated on 4.32 acres in Salinas, CA (MSA Population: 435,594). Big Lot's net lease is expected to commence in September 2019 and will feature ±10.4 years of primary term with three 5-year renewal options. The site has excellent visibility along US-101 (Traffic Count: 79,940 VPD), which is the longest highway in California stretching from Los Angeles, CA to Tumwater, WA. Big Lots is immediately adjacent to Best Buy and Century Theatres and is a freestanding building in the 976,913-square-foot Northridge Mall, which is anchored by Macy's, JCPenney, Hobby Lobby, and Sears and further occupied by Starbucks, New York & Company, Hollister Co., H&M, Finish Line, Forever 21, GameStop, Build-A-Bear Workshop, and Journey's, among others. Big Lots benefits from its position within one of Salina's primary retail and commercial corridors with 4.6 MSF of retail, 2.0 MSF of industrial, and 6,739 multifamily units within a 3-mile radius. Other retailers include Costco Wholesale, Target, Walmart Supercenter, Walgreens, Old Navy, Marshalls, Michaels, Home Depot, Ross Dress for Less, Safeway, Kohl's, Party City, PetSmart, Grocery Outlet, and many others all within a 1-mile radius of the property, creating a strong regional draw and generating high traffic to this trade area. The property also benefits from dynamic demographics with a population of 93,230 and an average household income of \$76,563 within a 3-mile radius. Furthermore, Big Lots is a premier 1031 exchange property or portfolio asset with its low management responsibilities and a national credit tenant.

Demographics	1-Mile	3-Mile	5-Mile
 <b>Population</b>	21,512	93,230	164,574
 <b>AHI</b>	\$72,014	\$76,563	\$76,697

Actual Location



# INVESTMENT HIGHLIGHTS

## Premier Tenant

Headquartered in Columbus, Ohio, Big Lots, Inc. (NYSE: BIG, S&P: BBB-) is a discount retailer that offers competitive pricing on a large range of merchandise, including furniture, seasonal items, home goods, food, consumables, electronics, toys, and accessories. Originally founded in 1967, Big Lots currently operates a total of 1,401 stores with approximately 35,600 employees. For the fiscal year ended February 2, 2019, Big Lots, Inc. reported net sales of \$5.3 billion and net income of \$156.9 million. The tenant under the Lease is PNS Stores, Inc., a subsidiary of Big Lots.

## Net Lease

Big Lot's net lease is expected to commence in September 2019 and will feature  $\pm 10.4$  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 \$269/SF.

## Excellent Access & Visibility

The site has excellent visibility along US-101 (Traffic Count: 79,940 VPD), which is the longest highway in California as it stretches from Los Angeles, CA to Tumwater, WA.

## Strategic Location

Big Lots is immediately adjacent to Best Buy and Century Cinemas and is a freestanding building in the 976,913-square-foot Northridge Mall, which is anchored by Macy's, JCPenney, Hobby Lobby, and Sears and further occupied by Starbucks, New York & Company, Hollister Co., H&M, Finish Line, Forever 21, GameStop, Build-A-Bear Workshop, and Journey's, among others.

## Dominant Retail & Commercial Corridor

Big Lots benefits from its position within one of Salina's primary retail and commercial corridors with 4.6 MSF of retail, 2.0 MSF of industrial, and 6,739 multifamily units within a 3-mile radius. Other retailers include Costco Wholesale, Target, Walmart Supercenter, Walgreens, Old Navy, Marshalls, Michaels, Home Depot, Ross Dress for Less, Safeway, Kohl's, Party City, PetSmart, Grocery Outlet, and many others all within a 1-mile radius of the property, creating a strong regional draw and generating high traffic to this trade area.

## Upscale Demographics

The property also benefits from dynamic demographics with a population of 93,230 and an average household income of \$76,563 within a 3-mile radius.

## Salinas MSA Advantage

Located just outside of the Greater Bay Area with a 1-hour drive to San Jose and less than 2 hours to San Francisco, the city of Salinas is connected to some of the most populous cities in California. The city itself hosts booming agricultural business and acts as the nation's capital of emerging agricultural technology. This growing industry continues to attract residents to the area, contributing to the area's housing prices to rise over 43% in the past 5 years according to Zillow. Even with this growth, Salinas stays connected to its roots and continues its tradition of locally sourced and crafted goods by encouraging the presence of family-run businesses in the downtown area without the presence of chain restaurants. This further stimulates the agriculture-based economy that continues to draw new shops and residents alike.





# AERIAL



# PROPERTY DESCRIPTION



## Location

370 US-101  
Salinas, CA 93906



## Site

Standalone box outside of the  
976,913-square-foot Northridge Mall.



## Land Area

4.32 Acres  
APN: 253-201-049-000



## Building Area

43,195 SF



## Frontage & Access

Frontage along 101 Freeway, which is the  
longest highway in California stretching  
from Los Angeles, CA to Tumwater, WA.



## Commercial Base

4.6 MSF of retail, 2.0 MSF of industrial,  
and 6,739 multifamily units within a  
3-mile radius.



## Traffic Counts

US-101: 79,940 VPD



## Zoning

Monterey County, CA





## TENANT PROFILE



Headquartered in Columbus, Ohio, Big Lots, Inc. (S&P: BBB-) is a discount retailer that offers competitive pricing on a large range of merchandise, including furniture, seasonal items, home goods, food, consumables, electronics, toys, and accessories. Originally founded in 1967, Big Lots currently operates a total of 1,401 stores with approximately 35,600 employees. Big Lots traces its roots back to the formation of Consolidated Stores Corporation which operated through stores called "Odd Lots." All stores were eventually rebranded as Big Lots upon running into a naming conflict with the New Jersey-based Odd Lot Trading Co.

Consolidated Stores Corp. became publicly traded on the American Stock Exchange during 1985. It later switched to the New York Stock Exchange under the symbol "CNS" in 1986. During 2001, the company decided to shift its focus solely on the Big Lots brand and changed its name to "Big Lots, Inc." and its ticker to "BLI." Big Lots is currently traded under the ticker symbol "BIG." For the fiscal year ended February 2, 2019, Big Lots, Inc. reported net sales of \$5.3 billion and net income of \$156.9 million.

The tenant under the Lease is PNS Stores, Inc., a subsidiary of Big Lots.

NUMBER OF STORES	1,401
HEADQUARTERS	Columbus, OH
NUMBER OF EMPLOYEES	35,600
TICKER	NYSE: BIG
CREDIT RATING	S&P: BBB-
WEBSITE	<a href="http://www.biglots.com">www.biglots.com</a>



Big Lots is transitioning from a former Toys R Us site.

Actual Site Photos



# LEASE ABSTRACT

<b>TENANT</b>	PNS Stores, Inc. (Big Lots)
<b>LEASE TERM</b>	±10.4 Years
<b>LEASE COMMENCEMENT</b>	September 12, 2019 (Estimate)
<b>LEASE EXPIRATION</b>	January 31, 2030
<b>LEASE TYPE</b>	NN
<b>CURRENT TERM RENT</b>	Years 1 - 5: \$496,743 Years 6 - 10: \$518,340
<b>RENT ESCALATIONS</b>	\$0.50/SF increase every 5 years
<b>REMAINING OPTIONS</b>	Three 5-year options
<b>OPTION RENT</b>	Option 1: \$539,938 Option 2: \$561,535 Option 3: \$583,133
<b>TAXES</b>	Tenant shall pay their pro-rata share of all real property taxes and assessments which may be levied or assessed by any lawful authority against the land and improvements in the Shopping Center or against Landlord in respect of the land and improvements in the Shopping Center.  Tenant shall not be obligated to contribute toward an increase in Real Estate Taxes resulting from the sale, conveyance, change in ownership or other transfer of real property, buildings or other improvements or a reassessment resulting therefrom more than 1 time in any 5 year period after the Tenant Possession Date.
<b>INSURANCE</b>	Tenant agrees to carry at its own expense throughout this Lease the following policies of insurance: (i) commercial general liability insurance covering the Demised Premises and Tenant's use thereof which insurance shall include Landlord as an additional insured with a minimum of \$1,000,000 each event combined single limit with a \$2,000,000 general total combined single limit; (ii) all risk property insurance covering limited damage due to fire, wind, hail, smoke, explosion, structural collapse, lightning, water, flood and earthquake covering Tenant's trade fixtures and personal property in or upon the Premises in an amount equal to at least 90% of the replacement cost thereof; (iii) Employer's Liability insurance in an amount of not less than \$800,000 per employee for disease and Worker's Compensation insurance for statutory limits as required by state and federal law covering all persons employed by Tenant at the Premises; (iv) insurance covering all improvements located in the Shopping Center covered under special form "All Risk" insurance, including the perils of earthquake and flood, in an amount not less than the full replacement value of all improvements located in the Shopping Center and shall name Tenant as an additional insured as its interest may appear; and (v) commercial general liability insurance covering the Common Areas, which shall include Tenant as an additional insured, with minimum limits of \$1,000,000 each event combined single limit with a \$2,000,000 general note total combined single limit.  Tenant shall pay in monthly installments their pro-rata share of the estimated cost and expense of Landlord's insurance premiums, plus their share of any deductible or self-insured retention actually paid in connection with Landlord's insurance; provided in no event shall Tenant's pro-rata share of the deductibles costs exceed \$25,000.
<b>REPAIRS &amp; MAINTENANCE</b>	Tenant agrees to make all repairs necessary to keep the interior portions of the Demised Premises and the exterior portions in good order, repair, and operation including the interior faces of the exterior walls, ceilings, floor coverings, non-structural portions of the exterior storefront of the Demised Premises, heating, ventilating, and air-conditioning system service in the Demised Premises, the electrical, plumbing, sprinkler, and other mechanical systems and equipment but only to the extent such systems are located inside the interior surface of the exterior or demising walls of the Premises and not located within the floor slab.  Landlord agrees, at sole cost and expense, to make all maintenance, repairs and replacements necessary to keep the exterior and structural portions of the Demised premises in good order; the exterior walls and faces of the Demised Premises, the roof, gutters, downspouts and roof drainage system, foundations and floor slabs, all structural members of the building of which the Demised Premises is a part, marquee lights or rear or side floodlights, electrical, plumbing, sprinkler and other mechanical systems and equipment located outside the interior surface of the exterior or demising walls that do not exclusively service the Demised Premises and/or within the floor slab of the Demised Premises.
<b>COMMON AREA MAINTENANCE</b>	Landlord shall be responsible for the following with respect to the Common Areas: (i) operating, maintaining, refurbishing, repairing, replacing, improving and lighting the Common Areas and all other non-leasable areas and facilities located in the Common Areas of the Shopping Center; (ii) the service areas, garbage and refuse disposal facilities, Shopping Center maintenance and storage room, loading area and all other areas and facilities used for maintenance and operation of the shopping center; (iii) appropriate parking area entrances, exit and directional markers, Shopping Center signs, and other traffic control signs; (iv) providing security, lighting and policing if necessary, and on-site and off-site traffic control; (v) maintaining all paved surfaces in a level and smooth condition free of potholes; and (vi) cleaning, sweeping, and snow and ice removal as needed.  Landlord's cost shall be the expenses incurred by Landlord in performing the above items as well as those costs incurred refurbishing, repairing, maintaining, replacing, and improving, lighting, line painting, landscaping, providing security, and total compensation and benefits paid to or on behalf of employees.  Subject to the CAM Cap, Tenant agrees to pay to Landlord a pro-rata share of such Common Area Charges, which shall be the product obtained by multiplying said Charges by a fraction, the numerator of which is the leasable ground floor area and the denominator of which is the gross leasable area of the shopping center.  Tenant's pro-rata share of CAM Charges shall be capped at \$1.81 PSF of the Demised Premises for the first Lease year, being increased by five percent (5%) each Lease Year thereafter.



# AREA OVERVIEW

## SALINAS, CA

Located just outside of the Greater Bay Area with a 1-hour drive to San Jose and less than 2 hours to San Francisco, the city of Salinas is connected to some of the most populous cities in California. The city itself hosts booming agricultural business and acts as the nation's capital of emerging agricultural technology. This growing industry continues to attract residents to the area, contributing to the area's housing prices to rise over 43% in the past 5 years according to Zillow. Even with this growth, Salinas stays connected to its roots and continues its tradition of locally sourced and crafted goods by encouraging the presence of family-run businesses in the downtown area without the presence of chain restaurants. This further stimulates the agriculture-based economy that continues to draw new shops and residents alike.

## SALINAS, CA FACTS

### SALINAS WEATHER

- 259 Days of Sun
- Summer Average 68° / Winter Average 47°

### MAJOR EMPLOYERS



### MONTEREY COUNTY FACT FILE

- 99 miles of coastline
- 185,600 Passengers Annually @ Monterey Regional Airport (2018)
- 23 Min Avg Commute Time
- 34 Median Age

### SALINAS HOUSING MARKET

- Median List Price: \$569,000
- Median Home Value: \$488,400
- Median Sale Price: \$487,000
- Home Values grew 7.4% in the last year
- Projected to grow 4.4% in the next year

### SALINAS AREA INDUSTRY STATISTICS

INDUSTRY	EMPLOYMENT	PERCENTAGE
Mining Agriculture and Construction	22,820	30.40%
Manufacturing, Trade and Transportation	16,711	22.20%
Educational and Health Services	13,633	18.20%
Business and Finance	8,003	10.60%
Food and Entertainment	7,053	9.40%
Public Administration, Utilities, and Other	6,919	9.20%



## 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.