

HARBOR FREIGHT TOOLS

SANDY, UTAH
(SALT LAKE CITY MSA)



STNL INVESTMENT OFFERING



NATIONAL SINGLE-TENANT
NET LEASE ADVISORS



HARBOR FREIGHT TOOLS

Quality Tools at Ridiculously Low Prices

10957 S. STATE STREET, SANDY, UT 84070

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STATEMENT OF CONFIDENTIALITY & DISCLAIMER

Faris Lee Investments ("FLI") has been engaged as the exclusive financial advisor to the Seller in connection with Seller's solicitation of offers for the purchase of the property known as Harbor Freight Tools, City of Sandy, County of Salt Lake, State of Utah. Prospective purchasers are advised that as part of the solicitation process, Seller will be evaluating a number of factors including the current financial qualifications of the prospective purchaser. Seller expressly reserves the right in its sole and absolute discretion to evaluate the terms and conditions of any offer and to reject any offer without providing a reason therefore. Further, Seller reserves the right to terminate the solicitation process at any time prior to final execution of the Purchase Agreement.

The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property, and it is not to be used for any other purpose or made available to any other person without the express written consent of Seller or FLI. The material is based in part upon information supplied by the Seller and in part upon financial information obtained

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A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein

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Prospective purchasers are not to construe the contents of this Offering Memorandum or any prior or subsequent communication from FLI or Seller or their affiliates or any of their respective officers, directors, shareholders, owners, employees, or agents as legal, tax, or other advice. Prior to submitting an offer, prospective purchasers should consult with their own legal counsel and personal and tax advisors to determine the consequences of an investment in the Property and arrive at an independent evaluation of such investment.



PROPERTY OVERVIEW

HARBOR FREIGHT TOOLS



PRICING
\$4,495,000

NOI
\$258,500

CAP RATE
5.75%

Faris Lee Investments is pleased to present a rare opportunity to acquire the fee simple interest (land and building) in a freestanding building with a long-term Corporate NNN leased Harbor Freight Tools located in Sandy, Utah (Salt Lake MSA). The tenant recently signed a 10-year NNN lease (8 years remaining) with 10% rent increases every 5 years through the initial term and 3 (5-year) options periods to extend. This investment provides the investor with security and a hedge against inflation.

Harbor Freight Tools USA, Inc. retails discounted tools in the United States and is based in Calabasas, California. Harbor Freight Tools is a private company with over 1,000 locations.

The subject property is ideally located on a main commercial corridor of S. State Street (28,492 VPD) in the affluent suburb of Sandy, which is 13 miles south of Salt Lake City. There are nearby on/off ramps from Interstate 15 (175,622 VPD), which is the main freeway that bisects Salt Lake City MSA. The strong affluent infill demographics include an estimated population of 273,000 with an average household income of \$116,000 and approximate daytime employees of 115,00 within a 5-mile radius. There are many national credit retailers in the trade area including Costco, Sam's Club, Walmart and Home Depot.

SPECIFICATIONS:

GLA: 23,500 SF

Land Area: 1.97 Acres

TENANT:

Harbor Freight Tools

LOCATION:

10957 S. State Street
Sandy, UT 84070



STRONG NATIONAL TENANT - HARBOR FREIGHT TOOLS

- Harbor Freight Tools has over 1,000 locations in the United States
- Harbor Freight Tools typically pays lower rent among other jr. box retailers in the market, which gives an investor great security in the true rents in the market

LONG-TERM CORPORATE NNN LEASED INVESTMENT

- Harbor Freight Tools recently signed a 10 year lease (8 years remaining) and has 3 (5-year) options to extend
- Minimal landlord responsibilities make this an ideal passive investment
- Tenant is responsible for taxes, insurance and common area maintenance
- Landlord responsible for roof & structure

GROWING RENTAL INCREASES THROUGH INITIAL TERM AND OPTIONS

- Harbor Freight Tools has 10% Increase through the initial term and option periods
- The next increase comes in March, 2022

IN THE HEART OF THE RETAIL CORRIDOR

- The average household income is over \$116,000 within a 5-mile radius of the subject property
- Sandy is located near ski resorts Alta & Snowbird
- S. State Street is home to many national and credit retailers with Costco, Sam's Club, Walmart and Home Depot to name a few and dozens of auto dealers
- There are dozens of hotels and recently constructed apartment buildings nearby, adding to the constant consumer base

SANDY HAS DENSE AFFLUENT DEMOGRAPHICS AND IS LOCATED IN THE HEART OF THE SALT LAKE CITY MSA

- Densely populated area with an estimated population of over 273,000 in a 5-mile radius
- Extremely high household incomes over \$116,000 in a 5-mile radius
- Daytime business population of over 115,000 in a 5-mile radius

FREESTANDING BUILDING LOCATED IN THE MAJOR RETAIL CORRIDOR, BUT NOT GOVERNED BY CC&R'S

- Harbor Freight Tools is ideally located on its own freestanding parcel and isn't governed by nearby Center's codes, covenants and restrictions, which is ideal if the property needs to be released in the future
- The subject property could potentially be converted to last mile industrial with the necessary city approvals

PROPERTY SPECIFICATIONS

10957 S. State Street, Sandy, UT 84070



Land Area

1.97 Acres (85,813 SF)



Rentable Area

23,500 SF



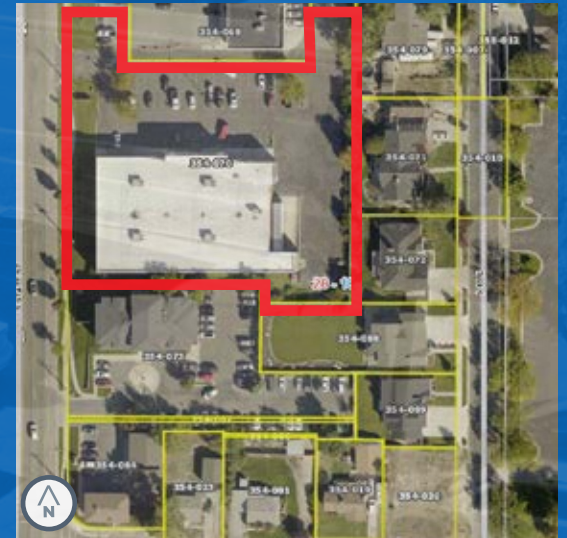
Ownership

Fee Simple (Land & Building)



Access

There is one (1) access point along S. State Street.



PARCEL

28-18-354-070

PARCEL MAP



Parking

There are approximately 56 dedicated parking stalls on the owned parcel. The parking ratio is approximately 4.15 parking stalls per 1,000 SF of leasable area.



Traffic Counts (REGis 2019)

S. State Street: 28,492 VPD

I-15: 175,622 VPD

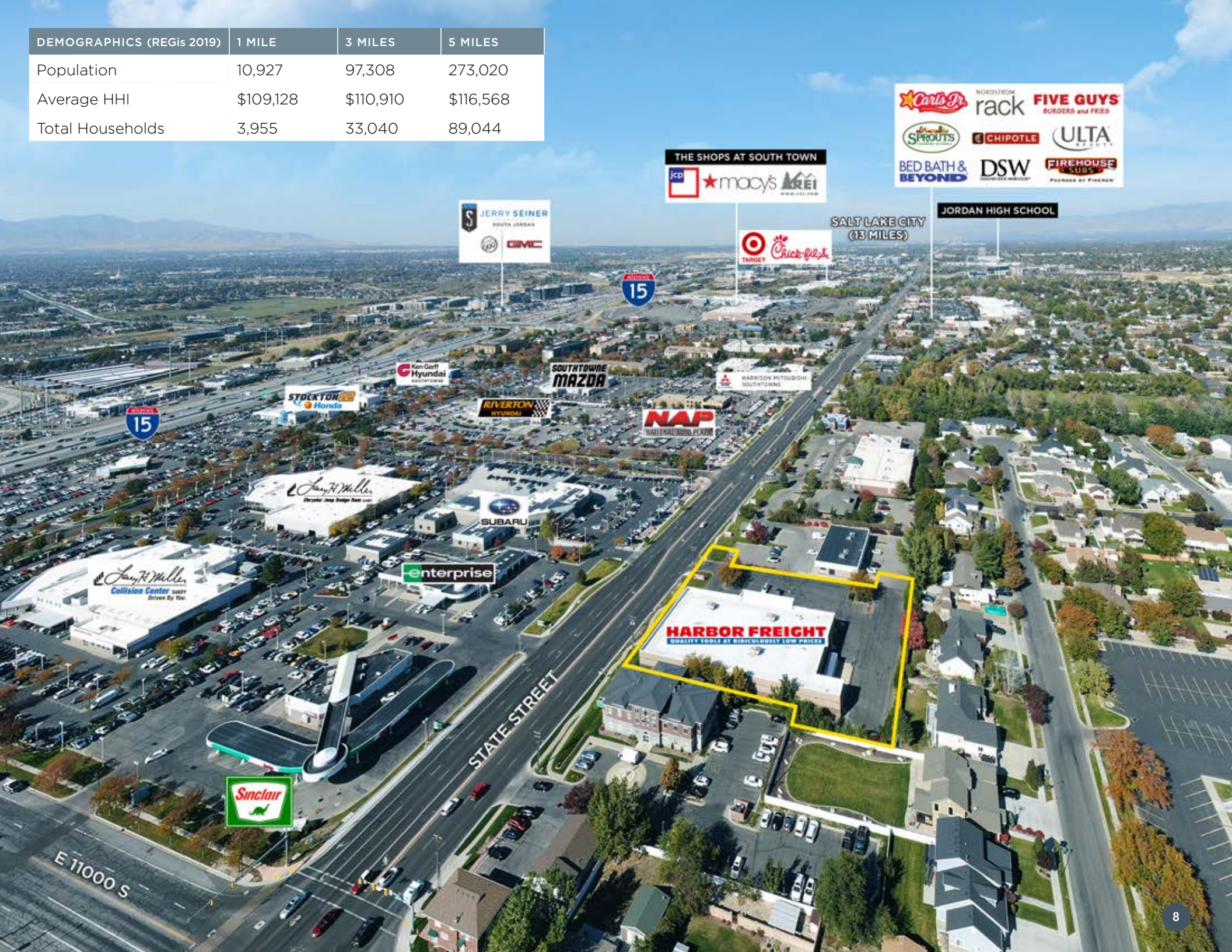


Year Built

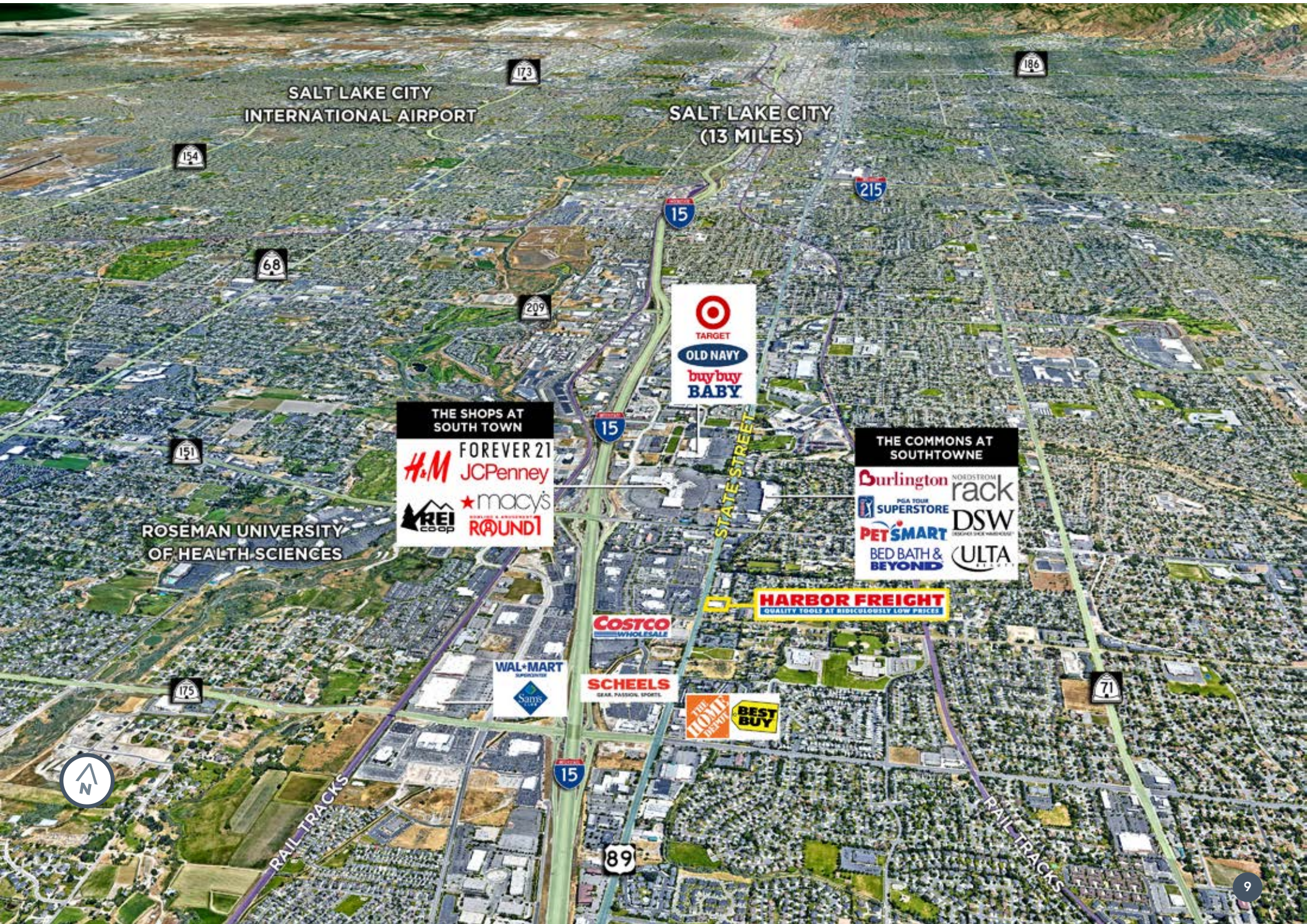
2000

Zoning: C-B-D

DEMOGRAPHICS (REGis 2019)	1 MILE	3 MILES	5 MILES
Population	10,927	97,308	273,020
Average HHI	\$109,128	\$110,910	\$116,568
Total Households	3,955	33,040	89,044



TRADE AREA AERIAL





JORDAN HIGH SCHOOL

HARRISON MITSUBISHI-SOUTHTOWNE

NAP
NATIONAL AUTO PLAZA

HARBOR FREIGHT
QUALITY TOOLS AT RIDICULOUSLY LOW PRICES

enterprise

STATE STREET

SUBARU

Sonic Drive-Ins

E-11000 S

SHAKE SHACK



WHY SALT LAKE VALLEY?

#1

Utah was #1 in CNBC's
America's Top States for
Business

#1

on Forbes projected tech
meccas of tomorrow

2ND

Salt Lake City metropolitan
area ranked second in the U.S.
for job creation

#10

on Forbes list of America's
fastest growing cities

31%

Surge in Tech Employment

\$3.6 Billion Airport Expansion

Serving more than 24 million annual passengers





#1 in the Nation for Business

- CNBC ranks Utah as the best place to do business in the country
- Businesses big and small benefit from favorable tax structure, affordable real estate, a highly educated population, a strong public transit system, and high quality of life
- Utah Businesses attracted \$732 Million dollars in venture capital investment last year
- Over the past decade, employment in Salt Lake City has surged 31% (2nd among U.S. metros)
- Fifth most robust millennial market and the top tech startup hub behind San Francisco and New York
- Many major corporations have opened large offices or moved their headquarters to Salt Lake City - Goldman Sachs, Qualtrics, Adobe, Delta Airlines, Jet Blue, EBay, Inc., Overstock.com, and many more.



Highly Educated Population

- Salt Lake City has long been known for its industrious, highly skilled, and highly educated workforce
- Local high schools and the two major universities, Brigham Young University and University of Utah, have become famous for their emphasis on STEM training and research
- Salt Lake City is home to one of the highest percentages of foreign language speakers in the Nation
- University of Utah
 - Campus in west Salt Lake City
 - 31,860 Students Enrolled
 - Top 50 Research Universities in the World
- Brigham Young University
 - Campus 30 miles south of Salt Lake City
 - U.S. News & World Report Best Value Colleges



Unbeatable Quality of Life

- Ranked as one of the best places to live by US News and World Report
- Downtown is famous for low crime, wide, clean streets, and unobstructed mountain views
- Positioned in a protected basin between Great Salt Lake and the Wasatch and Oquirrh mountain ranges
- Mild weather year round - temperatures usually range between 50-80 degrees Fahrenheit
- Travel & Leisure recently named Salt Lake City as the #2 friendliest city in America
- Downtown sits just 30 minutes from four world class ski resorts, gold medal fishing water, and choice hiking trails
- 3rd Most affordable urban residential real estate market in the Country
- Central location makes both East and West Coasts easily accessible by plane

MARKET INSIGHT

DISTANCE FROM SANDY:



13 Miles

Downtown Salt Lake City



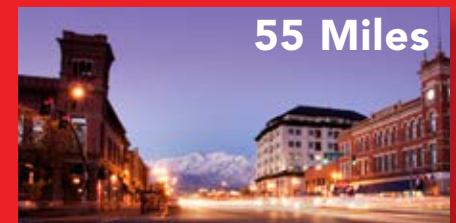
40 Miles

Park City



20 Miles

Salt Lake City Airport



55 Miles

Provo



10.2%

Home appreciation in the last year



6.94%

Population growth since 2000



94,556

Estimated population



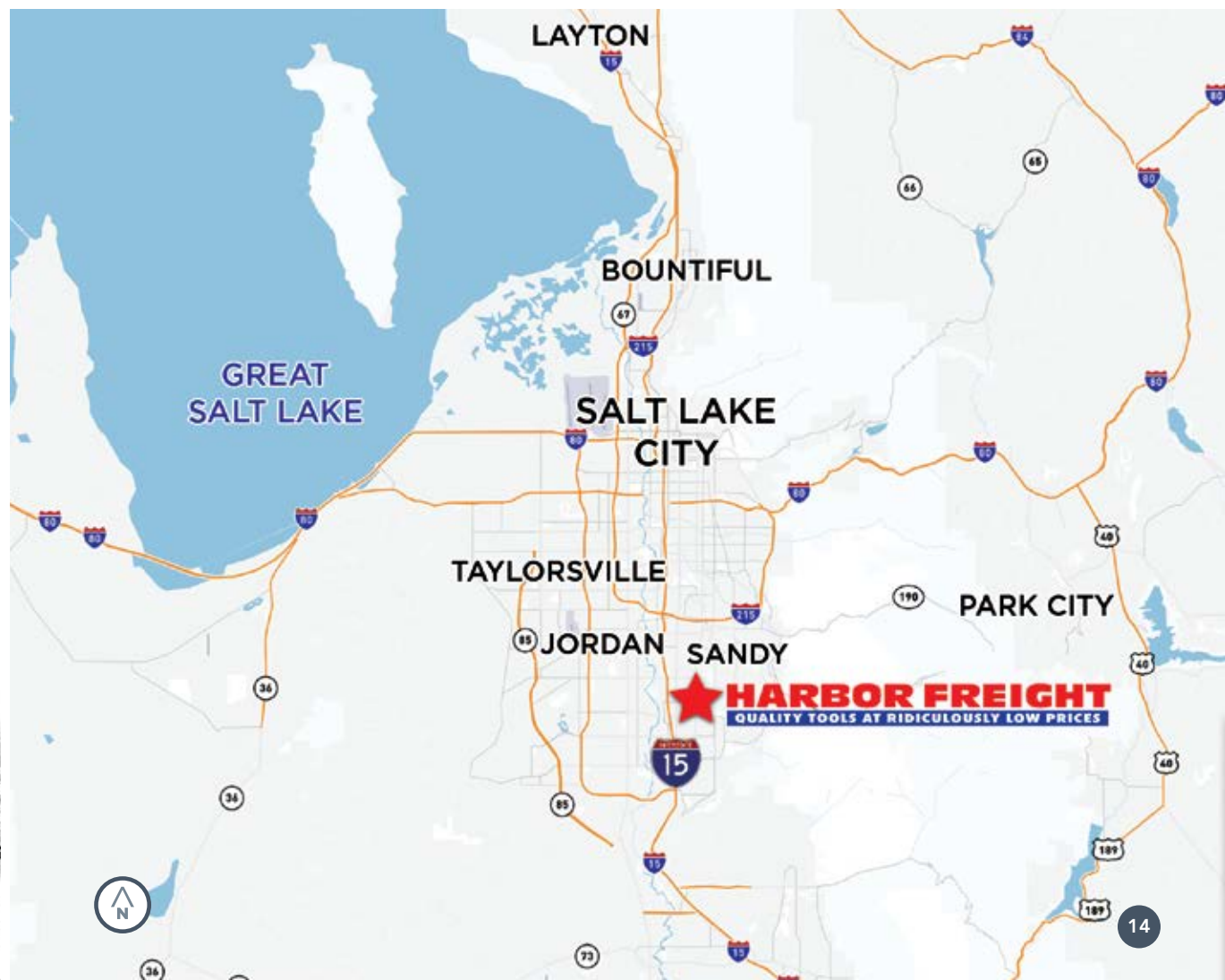
\$116,568

Average household income in 5 mile radius



22 Minutes

Average commute time



The City of Sandy

Sandy, Utah is located in Salt Lake County and is a suburb of Salt Lake City. It is the 6th largest city in Utah. The eastern portion of the city is situated along the slopes of the Wasatch Mountains, which provide water, recreational opportunities, and a scenic backdrop. The western portion is situated on the valley floor. Living in Sandy offers residents a suburban feel and most residents own their homes. Many families and young professionals live in Sandy. The popular Jordan Commons features numerous restaurants, entertainment venues and office buildings. The South Town Mall is another active location. The Jordan River is nearby. The City has experienced tremendous growth in land area and population during the past several years. Annexation of previously unincorporated land has resulted in growth from 6.6 square miles in 1970 to nearly 24 square miles today.

Sandy Highlights

Attractions & Entertainment

Visitors have numerous opportunities during a given year to ski along the mountain slopes, covered with some of the best snow in the world. Skiing enthusiasts have numerous ski resorts to enjoy including Brighton, Alta, Snowbird and Solitude. Visitors are attracted to Sandy due to the beautiful landscape and excellent opportunities for hiking, fishing, mountain biking, rock climbing, snowmobiling and other outdoor activities. Sandy features quality golf courses including Alpine Country Club, Hidden Valley Country Club Mountain, Schneiters Pebblebrook Links, River Oaks Golf Course and Willow Creek Country Club.

Transportation

The I-15 corridor and TRAX light rail line on the west side of the City provide both access to downtown Salt Lake City (approximately 15 miles to the north) and the opportunity to be a commercial center for the south end of the valley. Sandy City is also serviced by the UTA bus system that provides over 100 routes to neighbouring cities.



SANDY MAJOR EMPLOYERS

Company	Employment
Becton Dickinson	1,092
In Contact Inc	660
E*Trade Financial Corporation	577
General Dynamics Information	506
Sandy City Corporation	470
Teleperformance USA	459
Conduent Commercial Solutions	388
Aetna Life Insurance	376
Workers Compensation Fund	350
Black Turtle Services LLC	333



DEMOGRAPHICS



Population

Sandy, UT (REGis 2019)	1 Mile	3 Mile	5 Mile
2019 Estimated Population	10,927	97,308	273,020
2024 Projected Population	11,744	103,190	289,017
2010 Census Population	9,985	85,614	240,152
2000 Census Population	9,011	76,897	213,569
Projected Annual Growth 2019 to 2024	1.5%	1.2%	1.2%
Historical Annual Growth 2000 to 2019	1.1%	1.4%	1.5%
2019 Median Age	33.7	34.7	34.3



Income

2019 Estimated Households	3,955	33,040	89,044
2024 Projected Households	4,249	35,393	95,459
2010 Census Households	3,363	27,412	74,684
2000 Census Households	2,748	22,075	61,456
Projected Annual Growth 2019 to 2024	1.5%	1.4%	1.4%
Historical Annual Growth 2000 to 2019	2.3%	2.6%	2.4%

Households



Business

2019 Estimated Average Household Income	\$109,128	\$110,910	\$116,568
2019 Estimated White	85.4%	87.2%	86.0%
2019 Estimated Black or African American	1.5%	1.4%	1.6%
2019 Estimated Asian or Pacific Islander	6.1%	4.6%	4.4%
2019 Estimated American Indian or Native Alaskan	0.5%	0.5%	0.5%
2019 Estimated Other Races	6.5%	6.4%	7.5%
2019 Estimated Hispanic	9.3%	9.4%	11.1%
2019 Estimated Total Businesses	829	5,803	10,339
2019 Estimated Total Employees	14,297	68,503	115,881

Ethnicity

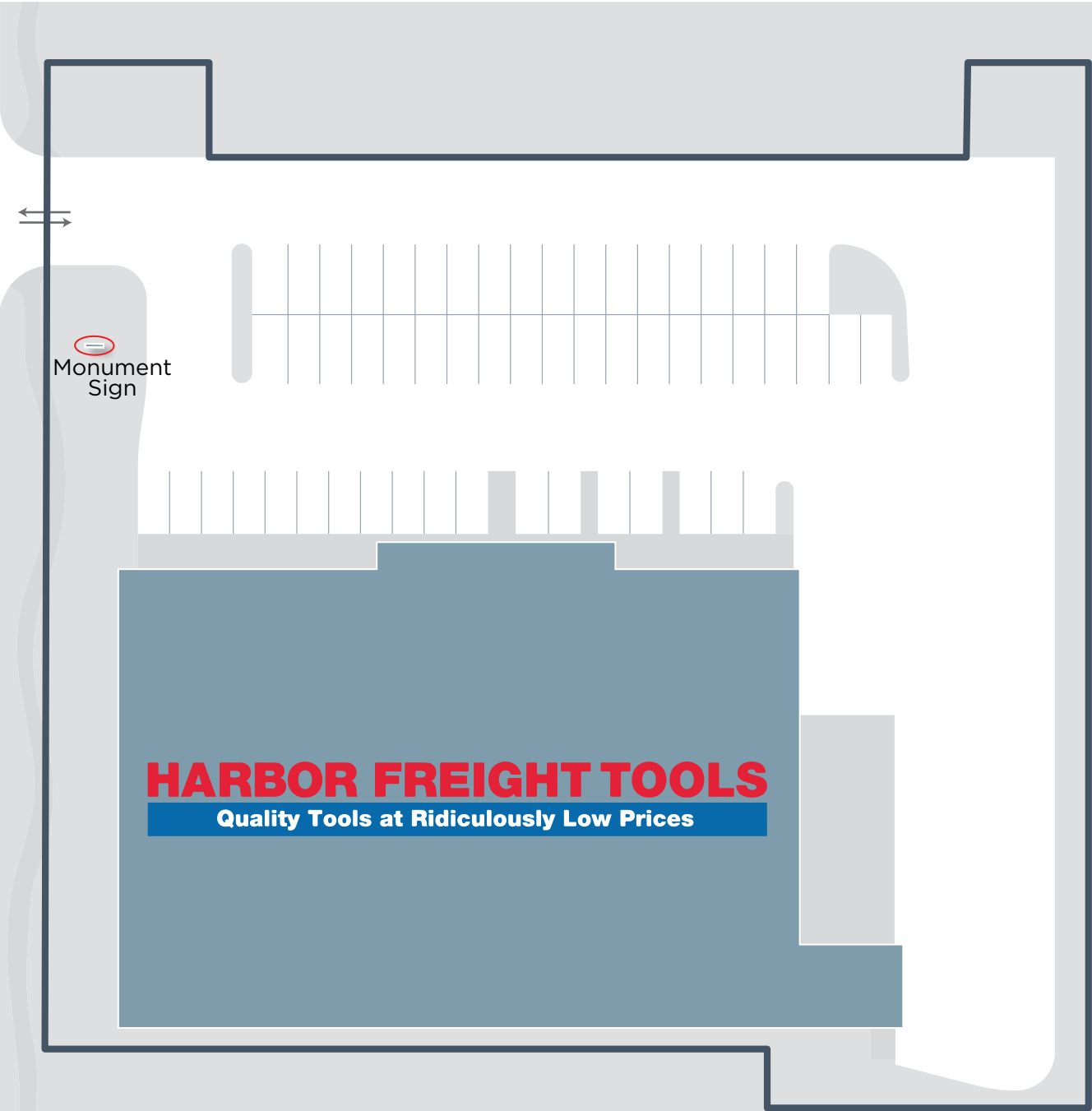




FINANCIAL ANALYSIS



State Street



SITE PLAN NOT TO SCALE

RENT ROLL & TENANT SYNOPSIS

Tenant	Size (SF)	Current Monthly Rent	Monthly Rent \$/SF	Current Annual Rent	Annual Rent \$/SF	Increase Date	Increase	Rental Increases Monthly Rent	Rental Increases Monthly \$/SF	Annual Rent	Annual \$/SF	Recovery Type	Lease Start	Lease Expires	Lease Options
Harbor Freight Tools	23,500	\$21,542	\$0.92	\$258,500	\$11.00	Mar-2022	10%	\$23,696	\$1.01	\$284,350	\$12.10	NNN	3/1/2017	2/28/2027	3 (5-Year) Opt. 1: \$26,065.42/mo. Opt. 2: \$28,670.00/mo. Opt. 3: \$31,529.17/mo.

HARBOR FREIGHT TOOLS

Quality Tools at Ridiculously Low Prices

Harbor Freight Tools

www.harborfreighttools.com

Harbor Freight Tools USA, Inc. retails discounted tools in the United States. It offers automotive tools; air and power tools; shop equipment; tool storage solutions; generators; welders; lawn and garden tools; and hand tools. The company offers its products through retail stores and online. It serves automotive and truck repair shops; government agencies; schools; manufacturers; contractors; and tool enthusiasts. Harbor Freight Tools USA, Inc. was founded in 1977 and is based in Calabasas, California.

Company Type: Private

Locations: 1,000+

TRANSACTION SUMMARY

Financial Information

Price: \$4,495,000

Price/SF: \$191

Lease Type: NNN

Tenant is responsible for taxes, insurance and CAM. Landlord is responsible roof and structure.

Property Specifications

Rentable Area: 23,500 SF

Land Area: 1.97 Acres

Year Built: 2000

Address: 10957 S. State Street
Sandy, UT 84070

Parcel Numbers: 28-18-354-070-0000

Ownership: Fee Simple (Land & Building)

Tenant: Harbor Freight Tools

Operating Information

	<u>In-Place</u>	<u>Mar-2022</u>
Gross Potential Rent	\$258,500	\$284,350
Plus Recapture	NNN	NNN
Effective Gross Income	\$258,500	\$284,350
Less Expenses	(NNN)	(NNN)
Net Operating Income	\$258,500	\$284,350

Cap Rate:	5.75%	6.33%
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