

7-ELEVEN

GROUND LEASE

- 15-Year Lease Term
- Absolute NNN Ground Lease
- 10% Rental Increases



REPRESENTATIVE RENDERING

OFFERING MEMORANDUM
VALLE VISTA, CALIFORNIA



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OFFERING MEMORANDUM

VALLE VISTA, CALIFORNIA

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OFFERING SUMMARY

7-ELEVEN GROUND LEASE

LOCATION

7-Eleven Ground Lease
43271 State Highway 74
Valle Vista, CA 92544

OFFERING SUMMARY

Price:	\$3,340,000
Net Operating Income:	\$142,000
Capitalization Rate:	4.25%
Net Rentable Area:	3,062
Year Built:	Under Construction (2020 Completion)
Lot Size (Acres):	1.14

LEASE TERMS

Guaranty	Corporate
Lease Commencement:	Est. Q2 2020
Lease Term:	15 Years
Lease Type:	Absolute NNN Ground Lease
Annual Rent:	\$142,000
Rental Increases:	10% Inc. Every 5 Years
Renewal Options:	Four 5-Year w/ 10% Increases
Landlord Responsibilities	None



REPRESENTATIVE PHOTOS

INVESTMENT HIGHLIGHTS

7-ELEVEN GROUND LEASE



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- **Investment Grade Tenant (S&P AA- Rated Credit Tenant):**

- New 15-year lease term (rent is estimated to commence Q2 2020)
- Four 5-year renewal options with 10% increases each option
- Absolute NNN ground lease with zero landlord responsibilities

- **State Highway Frontage:** Property is situated directly on State Highway 74 (Florida Avenue) with excellent visibility from both directions

- **Signalized Intersection Near National Co-Tenants:** Stater Bros., Dollar Tree, Walgreens, Jack in the Box, and Taco Bell

- **New Construction:** Ground up development completed to 7-Eleven's latest prototype

- **Beer and Wine Sales:** Site has received approval to sell alcoholic beverages

- **Best in Class Retailer:** 67,000+ stores globally and \$25 billion in annual sales; 7-Eleven has more outlets than any other retailer or food service provider in the world and consistently ranks as one of the top U.S. franchises

- **Located Near Two of Southern California's Top Ranked Outdoor Recreation Destinations:**

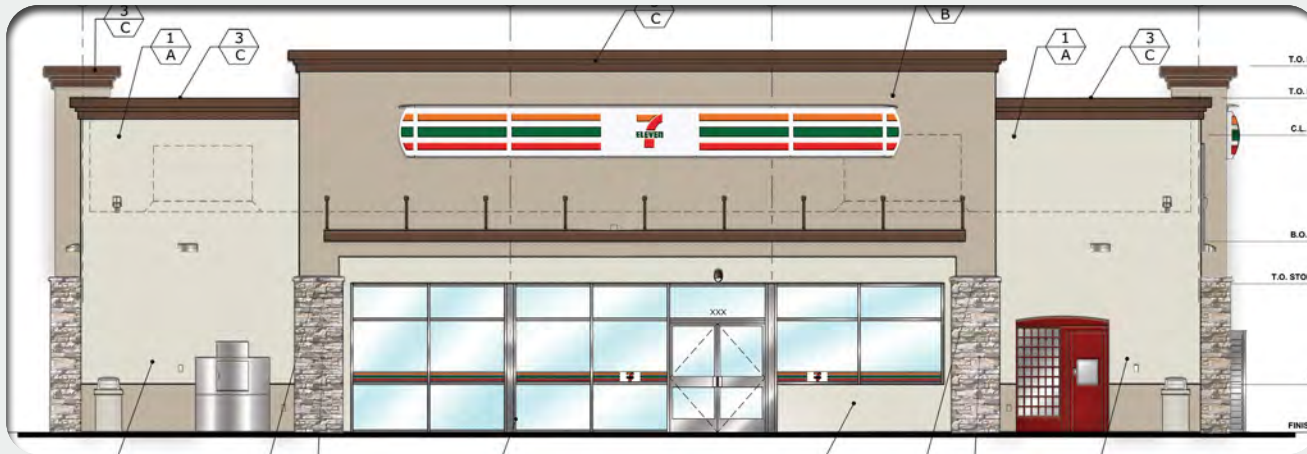
- **Diamond Valley Lake:** A deep lake reservoir offering year-round fishing and hiking
- **Mt. San Jacinto Wilderness Area:** Hundreds of acres at high elevation offering horseback riding, geocaching, hiking, camping, wildlife viewing, and museums



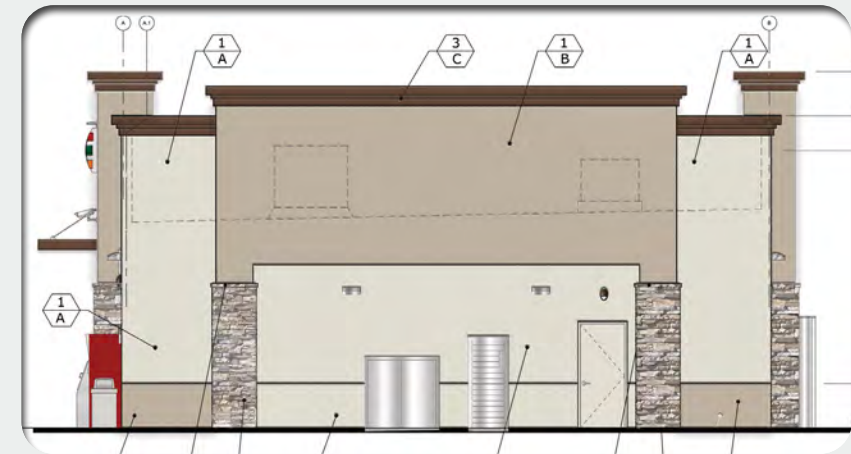
REPRESENTATIVE RENDERING



The information contained herein has been obtained from sources we deem reliable. We cannot assume responsibility for its accuracy.

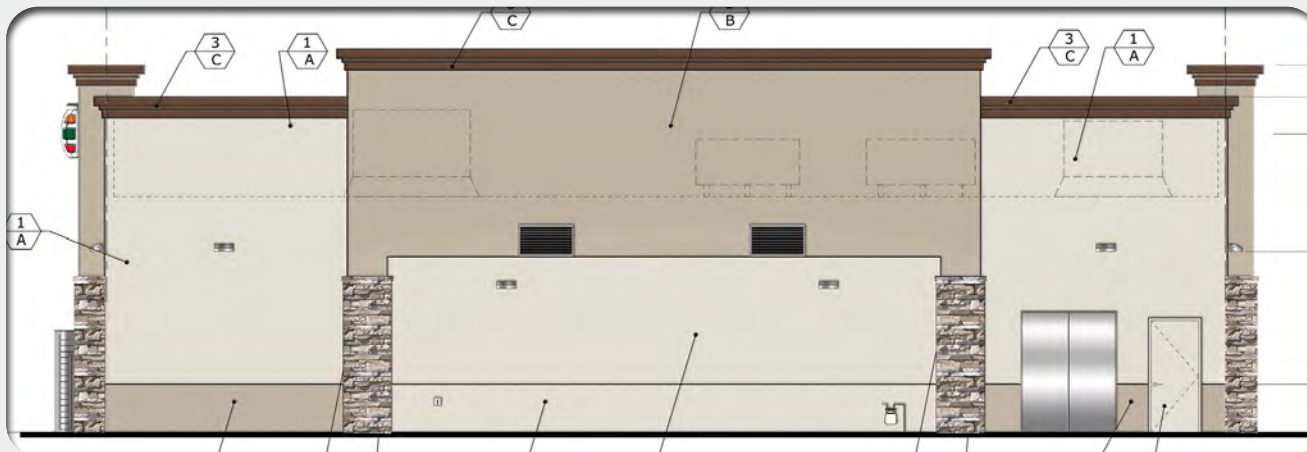


NORTH ELEVATION

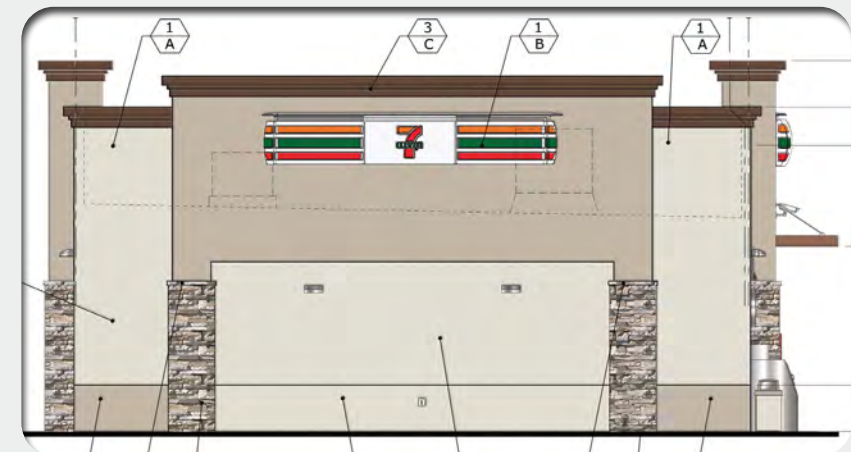


WEST ELEVATION

7-ELEVEN RENDERINGS



SOUTH ELEVATION



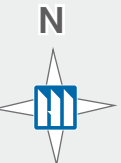
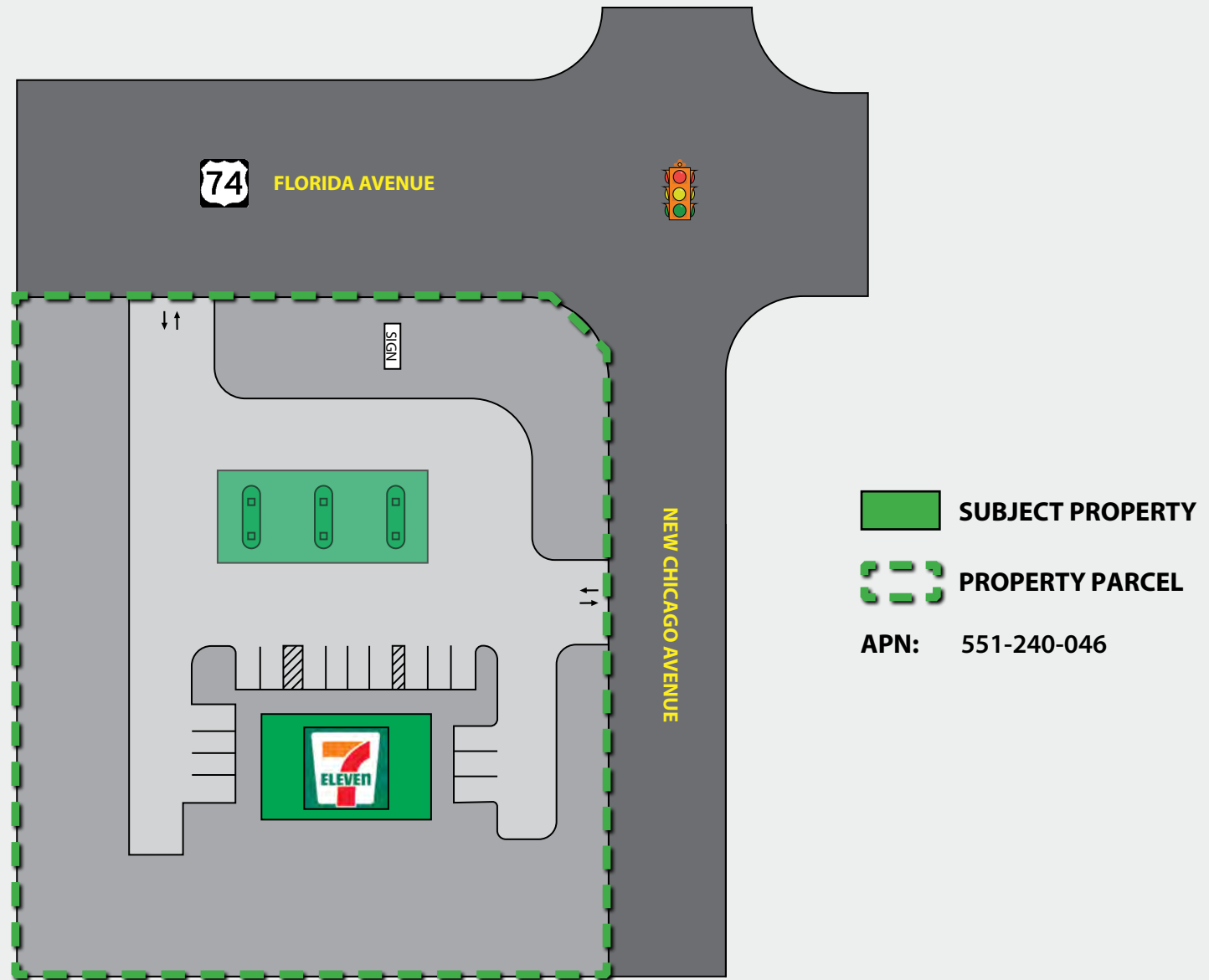
EAST ELEVATION

SITE PLAN / PARCEL MAP

7-ELEVEN GROUND LEASE



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AERIAL OVERVIEW



7-ELEVEN GROUND LEASE

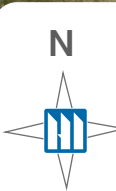


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DEMOGRAPHICS

	Population:	
	1-Mile Radius	11,563
	3-Mile Radius	53,958
	5-Mile Radius	112,319
	Household Income:	
	1-Mile Radius	\$69,513
	3-Mile Radius	\$68,164
	5-Mile Radius	\$57,195



REGIONAL MAP

7-ELEVEN GROUND LEASE



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TENANT PROFILE

7-ELEVEN GROUND LEASE



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REPRESENTATIVE PHOTOS



7-Eleven is an American-Japanese international chain of convenience stores headquartered in Irving, Texas that operates, franchises, and licenses in over 18 countries. Founded in 1927, 7-Eleven was the pioneer of the convenience concept, and was the first convenience store to start selling gas and use ATM services. Stores are usually located on corners for great visibility and accessibility.

The company's most iconic products are the Slurpee, Big Gulp soft drinks, and fresh-made coffees. Their product mix is always evolving; to better serve a culture demanding healthier options, they have added high-quality salads, side dishes, cut fruit, organic cold-press juices, and protein boxes under their private label called 7-Select. 7-Select's outstanding prices and fresh quality have led to double-digit sales increases, outselling many national brands.

7-Eleven is one of the most active franchisors, generating approximately \$25 billion in sales while maintaining a 35% gross profit margin on merchandise sales (2016). The company reported a same-store sales growth of 2.6% and invested nearly \$1.5 billion into its North American store portfolio. In early 2018, 7-Eleven closed its acquisition of 1,030 Sunoco convenience stores located in 17 states, the largest acquisition in 7-Eleven, Inc. history. This \$3.3 billion deal allowed 7-Eleven entry into Houston, the 4th largest U.S. city, and a strong presence in Corpus Christi, as well as across south Texas. The company says it is on track to open 20,000 stores in North America by 2027.

According to Joseph DePinto, 7-Eleven President and CEO, "Part of what makes 7-Eleven's brand so iconic is our global presence and our continued growth." In fact, there are 67,167 stores across the world with 11,800 locations in North America; 90% are franchises. Locations are strategically organized into geographical zones with 25% of the population living within one mile of a 7-Eleven store. Globally, 7-Eleven has more outlets than any other retailer or food service provider and processes 20 billion transaction across its global network each year. On average, the company adds another store to its worldwide operations every 3.5 hours. 7-Eleven, Incorporated is a wholly-owned subsidiary of Tokyo-based Seven & I Holdings Co., Limited.

Websites: www.7-Eleven.com | www.7andi.com/en

Locations: 67,167 Globally (11,800 North America)

Company Type: Private; S&P AA-

TOP HONORS

- ➔ **#2 "Top Global Franchises"** - Entrepreneur Magazine (2018)
- ➔ **#5 "Best Convenience Store Franchises"** - FranchiseRanking.com (2018)
- ➔ **#1 "Top Global Franchises"** - Entrepreneur Magazine (2017)
- ➔ **"Silver Level Military Friendly Employer"** - Victory Media (2017)
- ➔ **#1 "Top 10 Most Popular Retail Companies"** - Entrepreneur Magazine (2016)





Inland Empire

- Comprised of Riverside and San Bernardino Counties, its borders span from the Orange and Los Angeles County lines on the west, and more than 100 miles east to the communities of Palm Desert
- Home to more than 4.6 million people; region is larger than 24 of the 50 U.S. states; \$195.3 billion gross metropolitan product
- \$7.7 billion total construction building permit valuation (combined residential and commercial) projected in 2019 (versus \$4.1 in 2010)

ECONOMY

- #3 "Job Growth in the U.S." - Forbes (2018)
- 2nd fastest growing nonfarm employment rate among California's MSAs with job gains occurring in every sector
 - 3.3% annual job growth vs. 1.3% in Orange County
- Projected to add 44,000 company payroll jobs in 2019, boosting its corporate employment to 1.54 million
- Transportation and warehousing have grown the fastest in the area, more than doubling from 60,000 to 128,000 between 2010-2017
- Healthcare is the 2nd largest employment industry; 22% employment growth in the last 6 years
- Total personal income for Inland Empire residents will hit a record \$200 billion in 2019
- \$260+ billion worth of cargo passes through the Port of Los Angeles each year; 80% of those goods pass through the Inland Empire, either on trucks or on trains

- Robust housing market with both rent and home prices increasing; region's affordability advantage, relative to higher-cost markets in Los Angeles and Orange County, has made the area an attractive destination for new residents
- Annual new-home permits projected to hit 14,100 in 2019 (up from 10,100 in 2014)
- Consumer spending continues to pump up demand for retail space with a 9.4% retail vacancy rate (as of Q3 2018)
- 300,000 square feet of retail space opened in the last year; \$23 per square foot average asking rate for retail space, a 1.7% increase from the year prior

LOGISTICS

- One of the nation's most important players in the logistics industry
- Amazon has 16,000 employees and 10 e-commerce centers in the Inland Empire with another opening in Beaumont
- Has more industrial space leased than Dallas and Atlanta combined, the 2nd and 3rd largest, busiest cities in the U.S.



TRADE AREA HIGHLIGHTS

22%
EMPLOYMENT GROWTH
IN THE PAST 6 YEARS

4.6M
PEOPLE LOCATED
IN THE REGION

\$200B
PERSONAL INCOME
RECORD INCOME FOR THE AREA





	<u>1-Mile</u>	<u>3-Mile</u>	<u>5-Mile</u>
Population			
2023 Projection	12,172	56,681	116,711
2018 Estimate	11,563	53,958	112,319
2010 Census	10,745	50,340	104,498
2000 Census	8,470	40,662	86,565
Growth 2000-2010	26.86%	23.80%	20.72%
Growth 2010-2018	7.61%	7.19%	7.48%
Growth 2018-2023	5.27%	5.05%	3.91%
Households			
2023 Projection	4,444	19,567	41,780
2018 Estimate	4,150	18,207	39,551
2010 Census	3,837	16,924	36,622
2000 Census	3,391	14,933	33,144
Growth 2000-2010	13.15%	13.33%	10.49%
Growth 2010-2018	8.16%	7.58%	8.00%
Growth 2018-2023	7.08%	7.47%	5.64%
2018 Est. Population by Single-Classification Race			
White Alone	8,614	36,767	71,300
Black or African American Alone	291	2,579	6,076
American Indian and Alaska Native Alone	357	1,527	2,561
Asian Alone	276	1,117	2,089
Native Hawaiian and Other Pacific Islander Alone	38	124	326
Some Other Race Alone	1,333	8,865	23,699
Two or More Races	605	2,779	5,841
2018 Est. Population by Ethnicity (Hispanic or Latino)			
Hispanic or Latino	3,818	21,937	52,417
Not Hispanic or Latino	7,745	32,021	59,902
2018 Est. Average Household Income	\$69,513	\$68,164	\$57,195

CONFIDENTIALITY AGREEMENT

7-ELEVEN GROUND LEASE



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The information contained herein does not purport to provide a complete or fully accurate summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information which prospective buyers may need or desire. All financial projections are based on assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and Broker and, therefore, are subject to material variation. This Marketing Package does not constitute an indication that there has been no change in the business or affairs of the Property or the Owner since the date of preparation of the information herein. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective buyers.

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\$6 BILLION

retail sales nationwide



SHARED DATABASE

collaborative proprietary database



#5 TOP RETAIL BROKER

of top 25 nationwide



COSTAR POWER BROKER

top sales brokers & firm in OC



NATIONWIDE REACH

retail & investors across the U.S.