

NEW CONSTRUCTION

PROGRESSIVE
REAL ESTATE PARTNERS

GROCERY ANCHORED 3 Tenant Shop Pad

2067-2071 E Highland Ave., San Bernardino, CA 92404
Offered At: \$4,785,000

IMAGE HAS BEEN EDITED FOR REPRESENTATIVE PURPOSES

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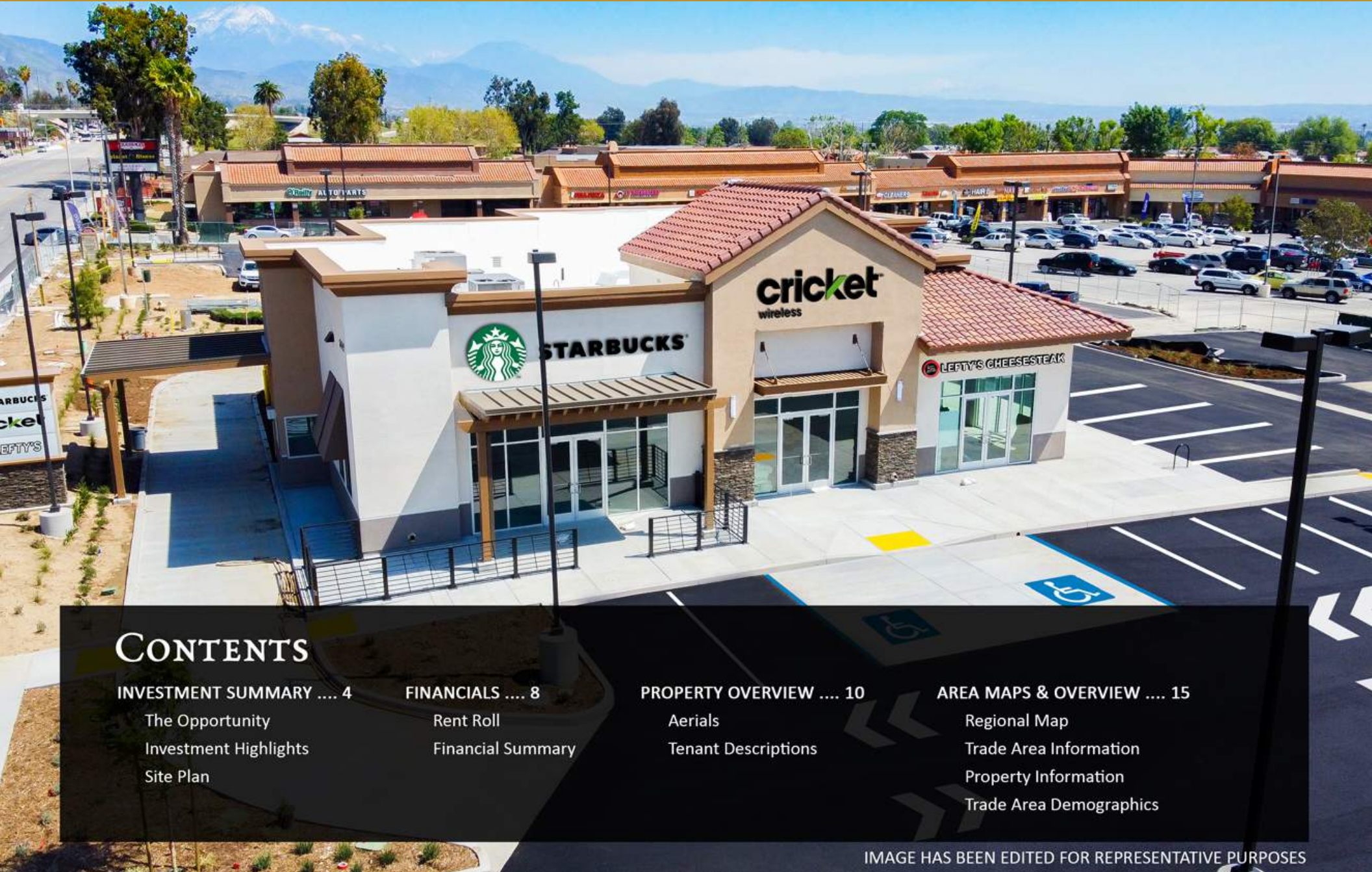
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TABLE OF CONTENTS



CONTENTS

INVESTMENT SUMMARY 4

The Opportunity
Investment Highlights
Site Plan

FINANCIALS 8

Rent Roll
Financial Summary

PROPERTY OVERVIEW 10

Aerials
Tenant Descriptions

AREA MAPS & OVERVIEW 15

Regional Map
Trade Area Information
Property Information
Trade Area Demographics

IMAGE HAS BEEN EDITED FOR REPRESENTATIVE PURPOSES

INVESTMENT SUMMARY

THE OPPORTUNITY

Progressive Real Estate Partners is proud to present the **Shops at Sterling Plaza**, a newly constructed 3-tenant retail pad in the **dense, infill City of San Bernardino, CA**. With over **132,000** residents within 3-miles, Sterling Plaza is strategically positioned as the “go-to” neighborhood retail center for much of the trade area’s residents. Anchored by **Cardenas Markets** and **Planet Fitness (NYSE: PLNT)**, the property enjoys uninterrupted access to a steady stream of consumers seeking to fulfill their daily shopping needs. The property features **long-term full NNN lease structures** offering minimal management responsibility.

OFFERING SUMMARY

| | |
|-----------------|------------------------------|
| Sale Price | \$4,785,000 |
| Cap Rate | 5.00% |
| Lease Type | NNN |
| Year Built | 2020 |
| Building Size | ±5,058 SF |
| Total Land Area | ±0.44 AC |
| Ownership | Fee Simple (Land + Building) |



INVESTMENT HIGHLIGHTS



HIGH-QUALITY GROCERY ANCHORED STARBUCKS PAD

- **Starbucks Café + Drive-Thru Format:** Drive-thru locations are the favorable format for Starbucks whose average store sales are approximately 50% greater in locations with a drive-thru. The drive-thru format has become crucial for Starbucks during the COVID-19 pandemic, helping it retain considerably greater revenue compared to its peers.
- **Brand New Construction:** The asset was delivered in early April 2020.
- **Long Term NNN Leases:** Starbucks executed a brand new 10-year lease (no kickout provision). Cricket Wireless executed a brand new 5-year lease. Lefty's Cheesesteak is pending a 10-year lease.
- **High Credit Tenants:** Starbucks (±33,000 locations) executed a corporate guaranteed lease. Cricket Wireless is backed by a 185+ unit operator with annual sales exceeding \$47 million. Lefty's Cheesesteak is operated by renowned franchisee/franchisor Allie T. Mallard of Little Caesars, Applebees, Golden Corral, and Massage Green.
- **Grocery Anchored:** Cardenas Markets is the preeminent Hispanic-oriented grocer serving Southern CA. In 2016 Cardenas Market was acquired by KKR, a New York based private equity firm specializing in the acquisition of grocery stores. Cardenas recently signed a long-term 20-year lease.
- **Fitness Co-Anchored:** Planet Fitness (NYSE: PLNT) has over 2,000 locations in all 50 states, Puerto Rico, Canada, the Dominican Republic, and Panama (competitors 24 Fitness and LA Fitness have 400 and 690 locations, respectively).

LOW MANAGEMENT RESPONSIBILITY

- **3rd Party Common Area Management:** The common areas of both the subject property and the larger shopping center are maintained by the owner of the Planet Fitness and shops portions of the center.
- **NNN Pass-Through Expenses:** Tenants are responsible for their prorata share of expenses, including: common area expenses, repairs/maintenance, insurance, management, and property taxes.

INVESTMENT HIGHLIGHTS



PROMINENT NEIGHBORHOOD RETAIL INTERSECTION

- **Surrounding Retailers at Intersection Include:** Cardenas, Planet Fitness, Bank of America, Chase Bank, O'Reilly Auto Parts, CVS, Walgreens, Big 5 Sporting Goods, Dollar Tree, Harbor Freight Tools, dd's Discounts, and Taco Bell.
- **Adjacent to Brand New Wendy's:** Expected delivery May 2020 with an opening scheduled for December 2020, furthering strengthening the retail draw of this location.
- **High Traffic / Freeway Accessible:** Combined traffic counts at the signalized intersection of Highland Avenue and Sterling Avenue exceed $\pm 39,100$ cars per day. The center is less than 0.25 miles from the 210 Freeway on/off ramp.
- **Opportunity Zone**
- **Growth Market:**
 - **\$550 Million San Manuel Casino Expansion** – 2.2 miles away. Full-fledged resort including a new hotel, pool complex, spa, fitness center, and restaurants totaling 750,000 SF of new property.
 - **\$200 Million San Bernardino Airport Expansion** – 3.3 miles away. New partnership with Amazon will bring 4,000 new jobs and a \$200 million air cargo facility.
 - **Highland Marketplace** – Adjacent to proposed 150,000 SF regional retail center.



± 38,700 CPD

**SUBJECT
PROPERTY**

E. Highland Ave (± 22,900 CPD)

Sterling Ave (± 15,800 CPD)



SUBJECT PROPERTY

RENT ROLL

| Tenant Information | | | Lease Term | | Rent Summary | | | | |
|--|------------------|----------|-------------|-----------|-------------------|----------------------|---------------|--|-------------|
| TENANT | SUITE | SIZE | LEASE START | LEASE END | RENT (MONTHLY) | RENT/SF (MONTHLY) | LEASE TYPE | RENTAL INCREASES | OPTIONS |
| Starbucks | 2067 | 2,184 | Apr-2020 | Mar-2030 | \$9,828 | \$4.50 | NNN | 10% Every 5 Years | Four 5-Year |
| Cricket Wireless | 2071-100 | 900 | Mar-2020 | Feb-2025 | \$2,700 | \$3.00 | NNN | 2% Annually | Two 5-Year |
| Lefty's Cheesesteak (executed LOI - lease pending) | 2071- 100/102 | 1,974 | Jun-2020 | May-2030 | \$7,403 | \$3.75 | NNN | 2025: \$4.25/SF (13%) 2030: \$4.50/SF (6%) 2035: \$4.95/SF (10%) | Two 5-Year |
| TOTAL SIZE | | 5,058 SF | | | \$19,931 | MONTHLY BASE RENT | | | |
| | | | | | \$239,172 | ANNUAL BASE RENT | | | |



FINANCIAL SUMMARY

PRICING

| | |
|----------------|-------------|
| Purchase Price | \$4,785,000 |
| Cap Rate | 5.00% |

OPERATING INCOME

Annual Base Rent

| | |
|----------------------|-----------|
| Starbucks Drive-Thru | \$117,936 |
| Cricket Wireless | \$32,400 |
| Lefty's Cheesesteak | \$88,830 |

| | |
|-------------------------------|------------------|
| Total Annual Base Rent | \$239,172 |
|-------------------------------|------------------|

| | |
|------------------------|-----|
| Expense Reimbursements | NNN |
|------------------------|-----|

| | |
|-------------------------------|------------------|
| Gross Operating Income | \$239,172 |
|-------------------------------|------------------|

| | |
|--------------------|-------|
| Operating Expenses | (NNN) |
|--------------------|-------|

| | |
|-----------------------------|------------------|
| Net Operating Income | \$239,172 |
|-----------------------------|------------------|



AERIAL

SAN MANUEL CASINO

\$550 Million Expansion Under Construction.
New Hotel, Pool Complex, Spa, & Fitness Center
Totaling ±750,000 SF of New Property



cricket
wireless



Highland, CA

Redlands, CA



210 Freeway

±94,200 CPD

Highland Marketplace
Proposed 150,000 SF
Community Retail Center



Sterling Avenue

±38,700 CPD

Highland Avenue



AERIAL



AERIAL



TENANT DESCRIPTION



STARBUCKS®

Starbucks Corporation is the world's largest roaster, marketer, and retailer of coffee. Each Starbucks location offers more than 170,000 ways to customize beverages, so that customers can create their own favorite drink that fits their individual needs. Over the past 5 years, the company has seen a doubling in market value and top-line revenue growth from \$14 billion to \$23 billion.

Starbucks consistently maintains top-line, double-digits sales growth, while the industry averages have gone as low as -3% at times. Despite being saturated in a plethora of markets, the company has been able to significantly outperform industry-level revenue growth. In 2018, Starbucks announced that fiscal 2018 was a transformative year, highlighted by double digit growth in top-line revenue of \$24.7 billion, up 10% over the prior year. The company delivered non-GAAP earnings per share growth of at least 10%.

One reason that the company continues to deliver record financial performances is because of their 3-fold strategy – increase digital engagement, grow relevancy in China, and promote the Starbucks Reserve brand as the company's innovation lab for the future. Perhaps its greatest opportunity lies in China where the number of stores have grown to 3,200 in the past 5 years, with an average of one new store opening every 15 hours. Starbucks has stated that it remains on track to open more than 5,000 stores in China by 2021.

Starbucks recently announced that the brand will focus on strengthening their drive-thru experience. It's become clear to the company that consumers prefer ease, convenience, and speed afforded by a drive-thru. Starbucks' reinvention of the drive-thru has initiated the largest capital expenditure in the company's history—an investment to ensure an aggressive expansion of the number of Starbucks locations with drive-thrus, anticipating that drive-thru sales will account for the majority of its business. More than 80% of stores built in the next few years will have a drive-thru.

Founded in 1971, Starbucks operates more than 30,000 stores in a total of 78 countries. As part of its long-term growth strategy, Starbucks announced their plans to open 12,000 new stores globally and 3,400 in the U.S., including 100 more U.S. military family stores to support military communities by 2021.

Website: www.starbucks.com

Company Type: Public (NASDAQ: SBUX)

Locations: 30,000+

TENANT DESCRIPTION



A leader in the wireless telecommunications industry and a wholly owned subsidiary of AT&T, Cricket Wireless first hit the market in 1999 and is now headquartered in Atlanta, Georgia. As of 2019, they have 5,000 locations and provide service to 10 million subscribers. In 2014, AT&T bought the company for approximately \$1.2 billion. Cricket Wireless won three J.D. Power Awards, earning them the top spot among non-contract full-service carriers in the nation.

Company Type: Private

Employees: 16,000+

Website: www.cricketwireless.com



"Welcome to Cricket" is the first thing you will hear when you walk into a Talk4Less store, followed by a warm handshake and a friendly smile. Since 2006, a friendly "Welcome to Cricket" was first said by their founder, Sergio Flores, in El Paso, Texas.

Today, with over 600 employees in 185 locations, Talk4Less takes pride in helping their customers make connections to impact their lives. Whether it's helping someone with their first cellphone or a family looking to save money on their wireless bill, that first handshake and warm smile will always be followed by "Welcome to Cricket, how may I help you?"

RECENT HISTORY

2020 - Talk 4 Less Wireless expands into California, Florida and opens its 185th location.

2019 - Expansion continues into the Gulf States

2018 - Talk 4 Less Wireless receives 2nd President's Award for Top Sales Performance

2017 - Talk 4 Less Wireless receives 1st President's Award for Top Sales Performance

Company Type: Private

Locations: 185

Employees: 600+

Revenue: \$47 million

Website: www.t4lwireless.com



TENANT DESCRIPTION



LEFTY'S CHEESESTEAK



Founded in Detroit by restaurateur Sam Berry, Lefty's Cheesesteak is famous for its fresh sliced corned beef, proprietary spice recipes, fresh brioche buns, and unparalleled service to its customers.

Inspired by the struggles of growing up as a left handed "lefty", Berry started Lefty's to highlight all of the famous left handed people in the world. Customers find their concept engaging. For example, all Lefty's locations feature a dry erase board titled "Lefty's Corner" where right handed customers are challenged to write their names left handed.

In early 2020, Berry partnered with renowned multi-brand franchisor Allie T. Mallad to accelerate expansion to Florida, California, Texas, and other key market in the United States.

Mallad now serves as CEO of the company, bringing 30+ years of experience as franchisee and/or franchisor of multiple national brands, including: Little Caesars, Applebees, Golden Corral, Massage Green Spa, and more.

Mallad is quoted as saying, *"Sam Berry is a gifted and supremely talented entrepreneur having already built a terrific and popular brand in Southeast Michigan with his concept Lefty's. Given our vast experience with multiple franchise concepts, and the massive synergies that we can now both bring to the table, we see Lefty's Famous Cheesesteaks becoming the next major national fast-casual dining chain over the next 12 to 24 months."*

The subject property is slated to be Lefty's flagship Southern California store.

Website: www.LeftysCheesesteakInc.com

Company Type: Private

Locations: 15 (2020); 30 by 2021; 60 by 2022

[Click here to read PR Newswire Press Release](#)

REGIONAL MAP



TRADE AREA INFORMATION



San Bernardino, CA

For more than 100 years, the City of San Bernardino has been a major transportation link between the east and west coasts. Today, the City is home to the BNSF Intermodal Facility and San Bernardino International Airport. The City is located at the convergence of the I-10, SR-210 and I-215 highways. The southbound I-215 connects to SR-91 leading to Orange County, with northbound connecting to I-15, which passes through several states leading to the Canadian border. With rail, freeway, two nearby International Airports and the Port of Los Angeles within an hour's drive, San Bernardino is the link to national markets, Mexico, and the Pacific Rim.

Government, retail, and service industries dominate San Bernardino's economy with the Inland Empire named third in the state for having one of the fastest growing economies. It comes in just below San Francisco and San Jose. The City of San Bernardino has over 35 million square-feet of industrial space, which provides the manufacturing, transportation and warehousing industries with plenty of selection opportunities.

Education is an integral part of the successful growth of the City. California State University, San Bernardino (CSUSB) and San Bernardino Valley College are located within the City, with several universities within close proximity including Loma Linda University, University of Redlands and University of California, Riverside. CSUSB is located in the northwestern part of the city. With a student population of nearly 30,000, CSUSB also hosts the widely used Coussoulis Arena.

San Bernardino has a wide variety of recreational and entertainment attractions. From playing golf at one of San Bernardino's three public and private golf courses, to a 45 minute drive to mountains, skiing, deserts, beaches, resorts, and world-class cultural and sporting events, a variety of activities for all ages is available to residents and visitors. The City is the gateway to the San Bernardino Mountains, home to several ski resorts, numerous lakes, and other outdoor activities.

TOP EMPLOYERS

| Rank | Employer | Employees | Rank | Employer | Employees |
|------|---------------------------------|-------------|------|------------------------------------|-------------|
| 1 | County of San Bernardino | 22,719 | 6 | Saint Bernadine Medical Center | 1,000-4,999 |
| 2 | Stater Bros. Markets | 18,000 | 7 | Community Hospital of SB | 1,000-4,999 |
| 3 | San Bernardino USD | 6,400 | 8 | State of CA Dept of Transportation | 1,000-4,999 |
| 4 | BNSF Railway Company | 1,000-4,999 | 9 | San Bernardino County Sherrif | 1,000-4,999 |
| 5 | California State San Bernardino | 1,000-4,999 | 10 | City of San Bernardino | 750 |

PROPERTY INFORMATION

ADDRESS

2067 -2071 East Highland Ave

APN

1191-011-04

SIZE

0.44 AC

PARCEL MAP



LOCATION DESCRIPTION

The property is located on the southeast corner of East Highland Ave. and Sterling Ave.

BUILDING AREA

Approximately \pm 5,058 square feet of rentable building area.

PARCEL

The property consists of a one parcel containing approximately \pm 0.44 AC of land area.

PARKING

The property benefits from shared parking via a reciprocal parking agreement.

YEAR BUILT

2020

ACCESS

There are three access points: two from Highland Ave and two from Sterling Ave.

ZONING

The parcel is zoned C2 - General Commercial

TRAFFIC COUNTS

| | |
|----------------|------------------|
| E Highland Ave | \pm 22,900 CPD |
| Sterling Ave | \pm 16,200 CPD |

DEMOGRAPHICS

| Population | 1-Mile | 3-Mile | 5-Mile |
|---|----------|----------|----------|
| 2024 Projection | 23,482 | 135,831 | 243,645 |
| 2019 Population | 23,039 | 132,752 | 237,922 |
| 2010 Census | 21,978 | 126,054 | 226,642 |
| 2000 Census | 20,220 | 114,017 | 204,833 |
| Growth 2000-2010 | 8.7% | 10.6% | 10.6% |
| Growth 2010-2019 | 4.8% | 5.3% | 5.0% |
| Households | | | |
| 2024 Projection | 6,587 | 38,147 | 69,902 |
| 2019 Households | 6,503 | 37,459 | 67,755 |
| 2010 Census | 6,346 | 36,165 | 65,315 |
| 2000 Census | 6,373 | 35,372 | 63,044 |
| Growth 2000-2010 | -0.4% | 2.2% | 3.6% |
| Growth 2010-2019 | 2.5% | 3.6% | 3.7% |
| Average Household Income | | | |
| 2024 (projected) | \$61,013 | \$66,149 | \$70,940 |
| 2019 (current) | \$51,693 | \$56,768 | \$61,065 |
| 2019 Population by Ethnicity | | | |
| White Alone | 39.4% | 43.8% | 44.5% |
| Black or African American Alone | 18.1% | 14.0% | 13.0% |
| American Indian/Alaska Native Alone | 1.2% | 1.3% | 1.3% |
| Asian Alone | 4.0% | 4.0% | 5.0% |
| Pacific Islander Alone | 0.5% | 0.4% | 0.4% |
| Other Race | 30.7% | 30.8% | 30.4% |
| Two or More Races | 6.1% | 5.6% | 5.5% |
| 2019 Population by Ethnicity (Hispanic or Latino) | | | |
| Hispanic or Latino | 56.7% | 62.1% | 62.5% |
| Not Hispanic or Latino | 40.3% | 37.9% | 37.5% |