

Walgreens



OFFERING
MEMORANDUM

WALGREENS

ABSOLUTE NNN LEASED OFFERING

1574 E VALLEY PARKWAY ESCONDIDO, CA

OFFERING MEMORANDUM
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TABLE OF CONTENTS

04	INVESTMENT OVERVIEW
05	FINANCIAL SUMMARY
06	TENANT OVERVIEW
07	LOCATION AERIAL
08	REGIONAL OVERVIEW
09	DEMOGRAPHICS
10	AREA OVERVIEW

INVESTMENT OVERVIEW



The subject property is a net leased Walgreens in Escondido (San Diego), California. The new 15 year absolute NNN lease calls for zero landlord obligations. The tenant has twelve, 5 year options to renew with rare 5% increases every 5 years and at each option period. The property is well-situated on a major retail corridor surrounded by national retailers including Walmart, The Home Depot, Albertsons, Taco Bell, IHOP, ALDI, and many others.

INVESTMENT HIGHLIGHTS

WALGREENS ABSOLUTE NNN LEASED OFFERING
100% FEE SIMPLE INTEREST
ZERO LANDLORD OBLIGATIONS
WELL SITUATED ON A MAJOR COMMERCIAL THOROUGHFARE
HEAVY TRAFFIC COUNTS OF OVER 27,000 VPD
S&P RATED BBB INVESTMENT GRADE CREDIT

OFFERING SPECIFICATIONS

PRICE	\$10,752,000
CAP RATE	4.50%
NET OPERATING INCOME	\$483,840
SQUARE FOOTAGE	15,120
LOT SIZE	1.30 AC
MARKET	SAN DIEGO

FINANCIAL SUMMARY

WALGREENS • ABSOLUTE NNN LEASED OFFERING

1574 E VALLEY PARKWAY ESCONDIDO, CA

\$10,752,000 • 4.50%

SUMMARY

TENANT NAME	Walgreens
SQUARE FOOTAGE	15,120
LEASE STARTS	3/1/2020
LEASE ENDS	2/28/2035
ANNUAL RENT	\$483,840
OPTIONS	TWELVE, 5-YEAR OPTIONS
INCREASES	5% EVERY 5 YEARS AND IN OPTIONS

OFFERING SUMMARY

	NET OPERATING INCOME	CAP RATE
YEARS 1-5	\$483,840.00	4.50%
YEARS 6-10	\$508,032.00	4.73%
YEARS 11-15	\$533,433.60	4.96%

TENANT OVERVIEW



PUBLICLY TRADED
NASDAQ: WBA



9,560 LOCATIONS



415,000+ EMPLOYEES

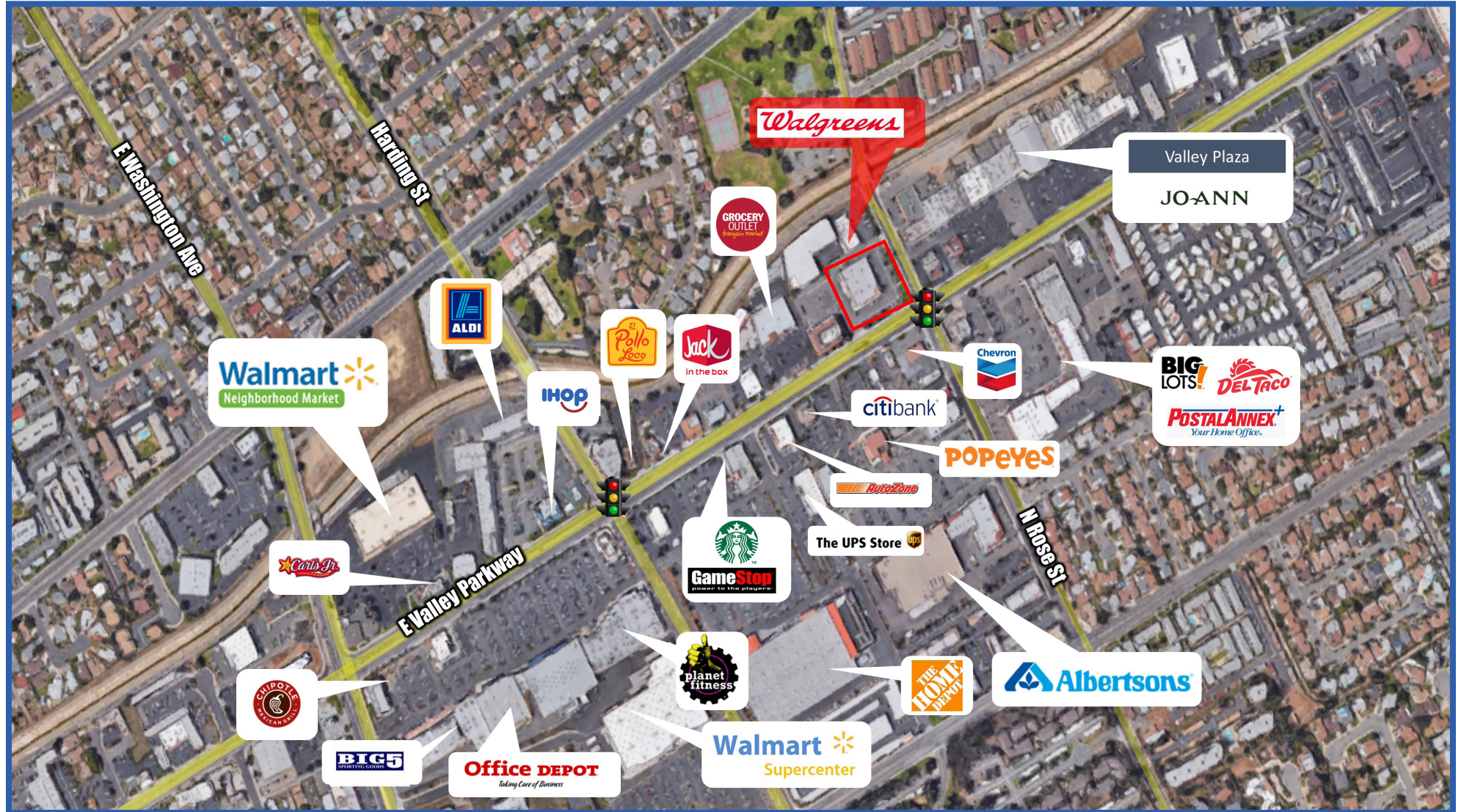
WALGREENS

Walgreen Company or simply Walgreens is an American company that operates as the second-largest pharmacy store chain in the United States behind CVS Health. It specializes in filling prescriptions, health and wellness products, health information, and photo services. As of August 31, 2018, the company operated 9,560 stores in all 50 states, the District of Columbia and the US territories of Puerto Rico and the U.S. Virgin Islands. It was founded in Chicago, Illinois, in 1901. The Walgreens headquarters office is in the Chicago suburb of Deerfield, Illinois.

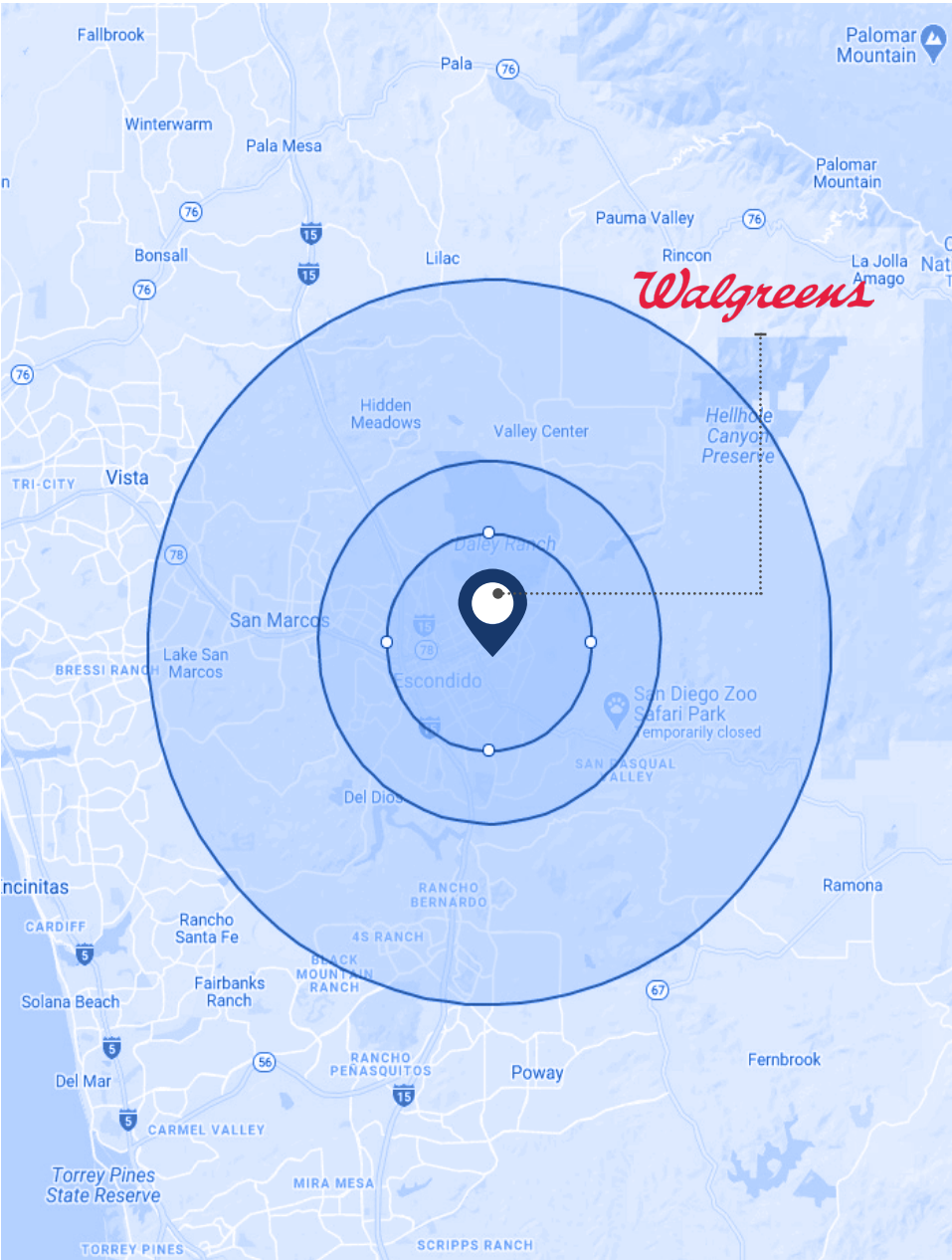
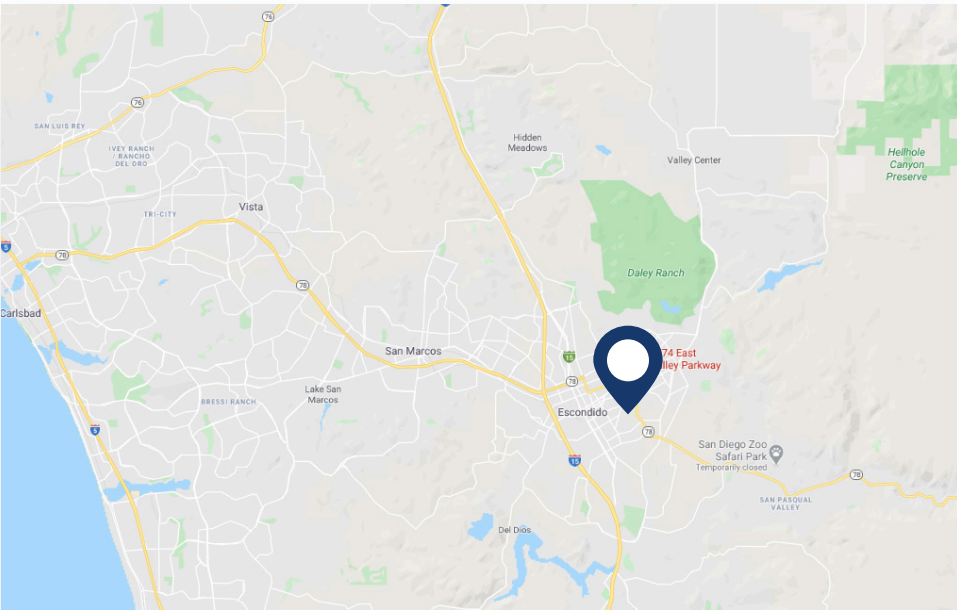
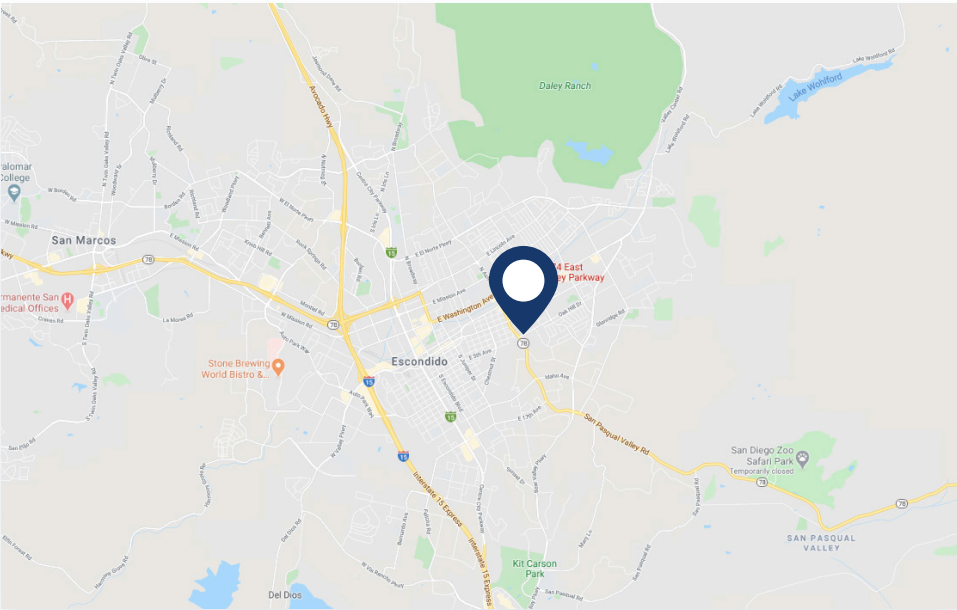
In 2014 the company agreed to purchase the remaining 55% of Switzerland-based Alliance Boots that it did not already own to form a global business. Under the terms of the purchase, the two companies merged to form a new holding company, Walgreens Boots Alliance Inc., on December 31, 2014. Walgreens became a subsidiary of the new company, which retains its Deerfield headquarters and trades on the Nasdaq under the symbol WBA. Walgreens is rated BBB by S&P Investment Grade Credit

A typical Walgreens store is about 14,500 square feet with 11,000 square feet of sales area. They offer nearly 25,000 items for sale and typically staff between 25 and 30 people per store. On average, one store pulls in \$8.5 million in annual sales. Most stores include a pharmacy, photo lab, cosmetics counter, and a general merchandise area. Select stores in metropolitan Chicago, Florida, Atlanta, Kansas City, Nashville, Las Vegas, and St. Louis now include Walgreens TakeCare Health Clinics where certified (primarily nurse practitioners, and in some states, registered pharmacist) staff diagnose, treat, and prescribe for common illnesses and can also issue vaccinations and physicals in select locations. These clinics are open 7 days a week; including evenings and weekends with no appointments necessary and with acceptance of most major insurance plans. If a patient uses the TakeCare Clinic, their prescription is automatically processed through Walgreens' Intercom Plus Pharmacy System as a waiting prescription, so in most stores, the prescription is ready to be picked up in 15 to 20 minutes.

LOCATION AERIAL



REGIONAL OVERVIEW



A detailed map of Escondido, California, centered on the location of Walgreens at 74 East Valley Parkway. The map shows a grid of streets including E Washington Ave, E Grand Ave, N Rose St, and N Valley St. Key landmarks and businesses are labeled, such as Washington Park, Escondido Creek, Pacifica Senior Living Escondido, Mission Federal Credit Union, AutoZone Auto Parts, Starbucks, The UPS Store, Albertsons, and various restaurants like Burger King, Pizza Hut, and Pho Lee. The Walgreens logo is prominently displayed in red script above the store's location marker. The map also shows the Escondido Charter High School and the Palomar College - Escondido Campus.

WALGREENS • ESCONDIDO, CA • 9

AREA OVERVIEW

DEMOGRAPHICS	3 MILES	5 MILES	10 MILES
TOTAL POPULATION	136,052	181,749	404,467
TOTAL HOUSEHOLDS	41,808	58,252	137,505
PERSONS PER HOUSEHOLD	3.20	3.10	2.90
AVERAGE HOUSEHOLD INCOME	\$73,234	\$82,170	\$101,285
AVERAGE HOUSE VALUE	\$420,769	\$456,380	\$593,680
AVERAGE AGE	35.10	36.60	38.00
WHITE	115,206	153,356	325,500
BLACK	4,245	5,352	10,998
AM. INDIAN & ALASKAN	2,791	3,275	6,574
ASIAN	8,728	12,892	44,321
HAWAIIAN & PACIFIC ISLAND	496	639	1,468
OTHER	4,586	6,235	15,606

ESCONDIDO, CALIFORNIA

Escondido is a city in San Diego County’s North County region, 30 miles (48 km) northeast of downtown San Diego, 15 miles from the ocean, and 40 miles from the Mexican border. The city occupies a shallow valley ringed by rocky hills. Incorporated in 1888, it is one of the oldest cities in San Diego County. It had a population of 143,911 in the 2010 census.

Downtown Escondido centers on Grand Avenue between Centre City Parkway and Palomar Hospital. The city’s general plan defines the Downtown Specific Plan Area as approximately 460 acres (1.9 km2) bounded by Centre City Parkway on the west, Hickory and Ivy Streets on the east, Washington Avenue on the north, and Fifth Avenue on the south, with an additional narrow section extending west along Valley Parkway to Interstate 15.

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ESCONDIDO, CALIFORNIA



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