

Prime Retail Investment Opportunity

1735 E. Walnut Ave, Visalia, CA 93292

For Sale

\$8,200,000



CarmenGrayTeam.com | 925-785-0532 | CalDRE#02040799

RE/MAX GOLD
COMMERCIAL



We are pleased to present this popular Rite-Aid located in Visalia, CA. This Rite-Aid is one of the top producing stores within the California Central Valley and features a double drive through facility/prescription drive thru and has a strong operating history.

Rite-Aid's popularity with the community and it 20-year commitment with 6 additional successive terms of five (5) year each (options) to extend, demonstrates their commitment to this location. Rite-Aid is located on a hard corner with excellent visibility and high traffic count.

Centrally located, this prime Retail net investment property, is in the heart of East Visalia, CA and operates as a high performing essential services business. In addition to the Drive Thru Pharmacy, the building contains approximately 17,272 SF of interior space there is also ample Parking Spaces and is on a NN lease.



**Buyer to verify all income, expenses, total square feet and allowable uses of the property.*





Asking Price... **\$8,200,00**

Cap Rates

<u>Lease Phase</u>	<u>Gross Income</u>	<u>Growth</u>	<u>Mgmt Fee</u>	<u>NOI</u>	<u>With Mgmt Fee</u>	<u>No Mgmt Fee</u>
Base Lease	\$453,461.00	-----	\$4,534.61	\$448,926.39	5.47%	5.53%
Option #1	\$476,134.00	5.00%	\$4,761.34	\$471,372.66	5.75%	5.81%
Option #2	\$499,941.00	5.00%	\$4,999.41	\$494,941.59	6.04%	6.10%
Option #3	\$524,938.00	5.00%	\$5,249.38	\$519,688.62	6.34%	6.40%
Option #4	\$551,185.00	5.00%	\$5,511.85	\$545,673.15	6.65%	6.72%
Option #5	\$578,744.00	5.00%	\$5,787.44	\$572,956.56	6.99%	7.06%
Option #6	\$607,681.00	5.00%	\$6,076.81	\$601,604.19	7.34%	7.41%

Property Type.....Retail
 APN.....126-300-054
 Buildings.....1
 Parking Spaces.....70
 Year Built.....2006
 Lease Type.....NN

Occupancy.....100%
 Sub Type.....Retail Stores
 Stories.....1
 Square Footage.....17,570
 Lot Size (Acres).....1.56
 Price/SF.....\$466.70

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2019 Financial Summary

Total Operating Income \$453,461

Expenses:

Property Management \$4,535

Total Operating Expenses \$4,535

Net Operating Income \$448,926

**Buyer to verify all income, expenses, total square feet and allowable uses of the property*

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Executive Summary



RITE AID - 1735 E. Walnut Ave, Visalia

Tenant	RITE AID #6459
Annual Rent	\$453,461
Rent/SF	\$26.25
Type	Fee Simple
Lease Type	NN
Landlord Responsibilities:	Building, Structure & Roof
Tenant Responsibilities:	Plate Glass, Exterior Painting, Doors, Parking, Electrical, Mechanical, HVAC & Plumbing
Original Lease Term	20 Years
Remaining Lease Term	6 +/- Years
Lease Expiration	3/31/2026
Options Remaining	6 (Five Year Options)
Option Increase	5% Increase each Option
RITE AID New Brand Identity (New Signs have been put in)	2020



**Pharmacy
Drive-Through**



**2006
Year Built**

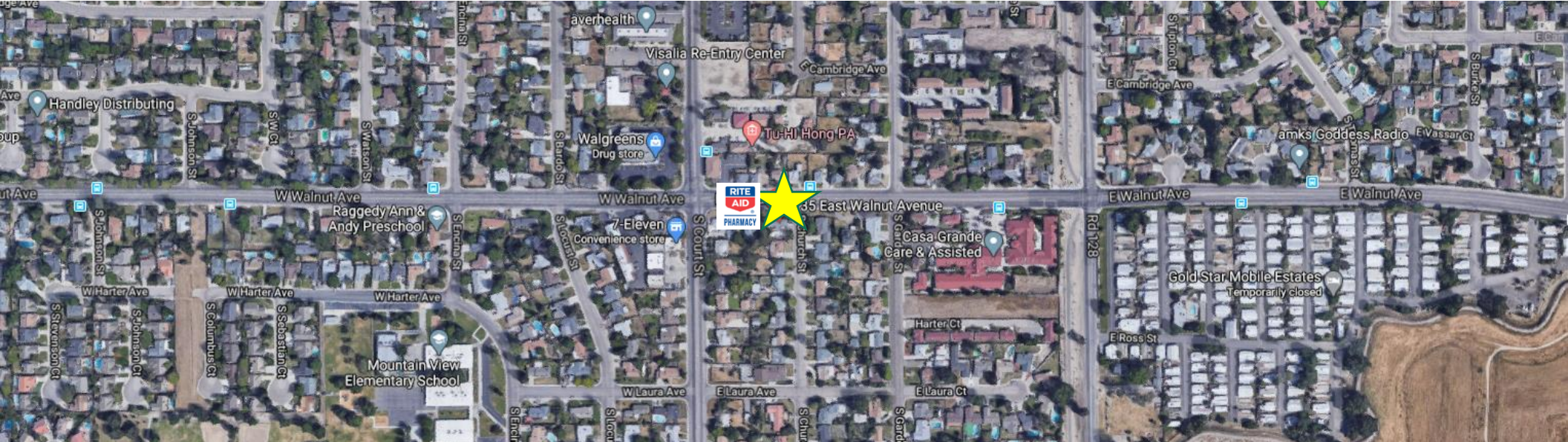


**+/- 70
Parking
Spaces**



**Gross
Leasable Area
+/- 17,272 SF**

**Buyer to verify lease and all other information during due-diligence*



2020

Visalia Population Growth

The city of Visalia has experienced significant population growth throughout its history. The most recent population estimates show that growth is up just over 5% since the last census, indicating that while the city is still growing, the growth rate is slowing from the double-digit percentage increases observed since the 19th century.

Visalia is a city located in California. With a 2020 population of **137,272**, it is the **44th** largest city in California and the **201st** largest city in the United States.

Visalia is currently growing at a rate of 1.28% annually and its population has increased by 10.31% since the most recent census, which recorded a population of **124,442** in 2010. Spanning over 38 miles, Visalia has a population density of 3,620 people per square mile.

The average household income in Visalia is \$79,810 with a poverty rate of 18.38%. The median rental costs in recent years comes to \$998 per month, and the median house value is \$224,100. The median age in Visalia is 31.8 years, 30.9 years for males, and 32.5 years for females. For every 100 females there are 93.6 males.

Visalia is in the San Joaquin Valley, where it is the fifth largest city by population. The city is in Tulare County, where it is the county seat. Many of the city's residents work in government jobs or agriculture.

Visalia Population	137,272
Land Area	37.9 sq mi
Density	3,619.6/sq mi
2020 Growth Rate	1.28%
Growth Since 2010	10.31%
Metro Population	471,389

**based on projections of the latest US Census estimates*

1735 E. Walnut Ave
Visalia, CA 93292



Population	1-Mile	3-Miles	5-Miles
2024 Projection	13,125	78,341	152,777
2019 Estimate	12,687	75,579	147,741
2010 Census	11,740	73,099	138,459
Growth 2019-2024	3.45%	3.65%	3.41%
Growth 2010-2019	8.07%	3.39%	6.70%

Households	1-Mile	3-Miles	5-Miles
2024 Projection	4,956	27,068	52,236
2019 Estimate	4,762	25,943	50,163
2010 Census	4,211	23,929	44,985
Growth 2019-2024	4.08%	4.33%	4.13%
Growth 2010-2019	13.07%	8.42%	11.51%

Income	1-Mile	3-Miles	5-Miles
Average Household Income	\$71,789	\$66,485	\$75,264

Daily Traffic Counts	
E. Walnut Ave	0.01 Miles
2018 (Est)	9,479
2014	8,427
2013	9,300
1996	8,550

Daily Traffic Counts	
S. Ben Maddox Way	0.02 Miles
2018 (est)	11,752
2014	10,040
2013	11,500
2008	12,000
1999	10,350



No. of Locations

±2,500

www.riteaid.com

NASDAQ: RAD

Tenant Highlights:

Rite Aid Corporation, through its subsidiaries, operates a chain of retail drugstores in the United States. The company operates through two segments, Retail Pharmacy and Pharmacy Services. The Retail Pharmacy segment sells prescription drugs and an assortment of other merchandise, including over-the-counter medications, health and beauty aids, personal care items, cosmetics, household items, food and beverages, greeting cards, seasonal merchandise, and other every day and convenience products. It also operates retail clinics that provide treatment for common conditions; and provides preventative services, such as screenings, medical tests, immunizations, and basic physical exams. In addition, this segment offers healthcare coaching and disease management services. The Pharmacy Services segment provides pharmacy benefit management (PBM) services and a range of pharmacy-related services. This segment also performs prescription adjudication services for other PBMs; and offers integrated mail-order and specialty pharmacy services, as well as drug benefits under the federal government's Medicare Part D program. As of April 11, 2019, the company operated 2,469 stores in 18 states. Rite Aid Corporation was founded in 1927 and is headquartered in Camp Hill, Pennsylvania.



Services Offered:

Drive-Thru Pharmacy
Covid-19 Testing
Western Union
ATM
Photo - Digital Prints
Wellness Ambassador
High Blood Pressure Station
Blue Rhino Propane
GNC
Beer
Hand-Dipped Ice Cream
Food Mart / Ice Cream

Immunizations:

Influenza (Flu)
Shingles (Herpes Zoster)
Pertussis (Whooping Cough)
Meningococcal Disease
Pneumococcal Disease
MMR (Measles, Mumps, Rubella)
Varicella (Chickenpox)
Tetanus (Lockjaw)
Hepatitis A
Hepatitis B
Diphtheria
Human Papillomavirus (HPV)

N1/2 OF NE1/4 OF NW1/4 OF SEC.4, T.19S., R.25E., M.D.B.&M.

Tax Area Codes 126-30
006-020

DISCLAIMER

THIS MAP WAS PREPARED FOR LOCAL
PROPERTY ASSESSMENT PURPOSES ONLY
AND THE PARCELS SHOWN HEREON MAY
NOT COMPLY WITH STATE AND LOCAL
SUBDIVISION ORDINANCES, AND NO
LIABILITY IS ASSUMED FOR THE USE
OF THE INFORMATION SHOWN HEREON.

N1/4 COR.
NW1/4

P.M. 46-29 R.M. 39-90

WALNUT AVE.

N1/4 COR.

1" = 100'

BASE OF SPRINGS
P.M. 46-29

BEN MADDOX WAY

(45)

1/64 COR.

POR. HILLCREST ESTATES UNITS NO. 1&2, R.M. 28-64
PLUM ORCHARD SUBDIVISION, R.M. 29-23
PARCEL MAP NO. 4524, P.M. 46-29
HARTER COURT, R.M. 39-90

Bk.
100

CAIN ST.

R.M. 28-64
R.M. 29-23

HARTER CT.

LAURA DR.

TRACY CT.

PINKHAM RD.

(53)

1/64 COR.

(31)

CITY OF VISALIA
ASSESSOR'S MAPS BK.126 , PG.30
COUNTY OF TULARE, CALIFORNIA, U.S.A.

NOTE: Assessor's Parcel Numbers Shown in Circles
Assessor's Block Numbers Shown in Ellipses

2005-0067080	10/12/2008	M.L.C.
REVISION	DATE	TECH

Traffic Count Report

Rite Aid

1735 E Walnut Ave, Visalia, CA 93292

Building Type: **General Retail**

Secondary: **Drug Store**

GLA: **17,272 SF**

Year Built: **2006**

Total Available: **0 SF**

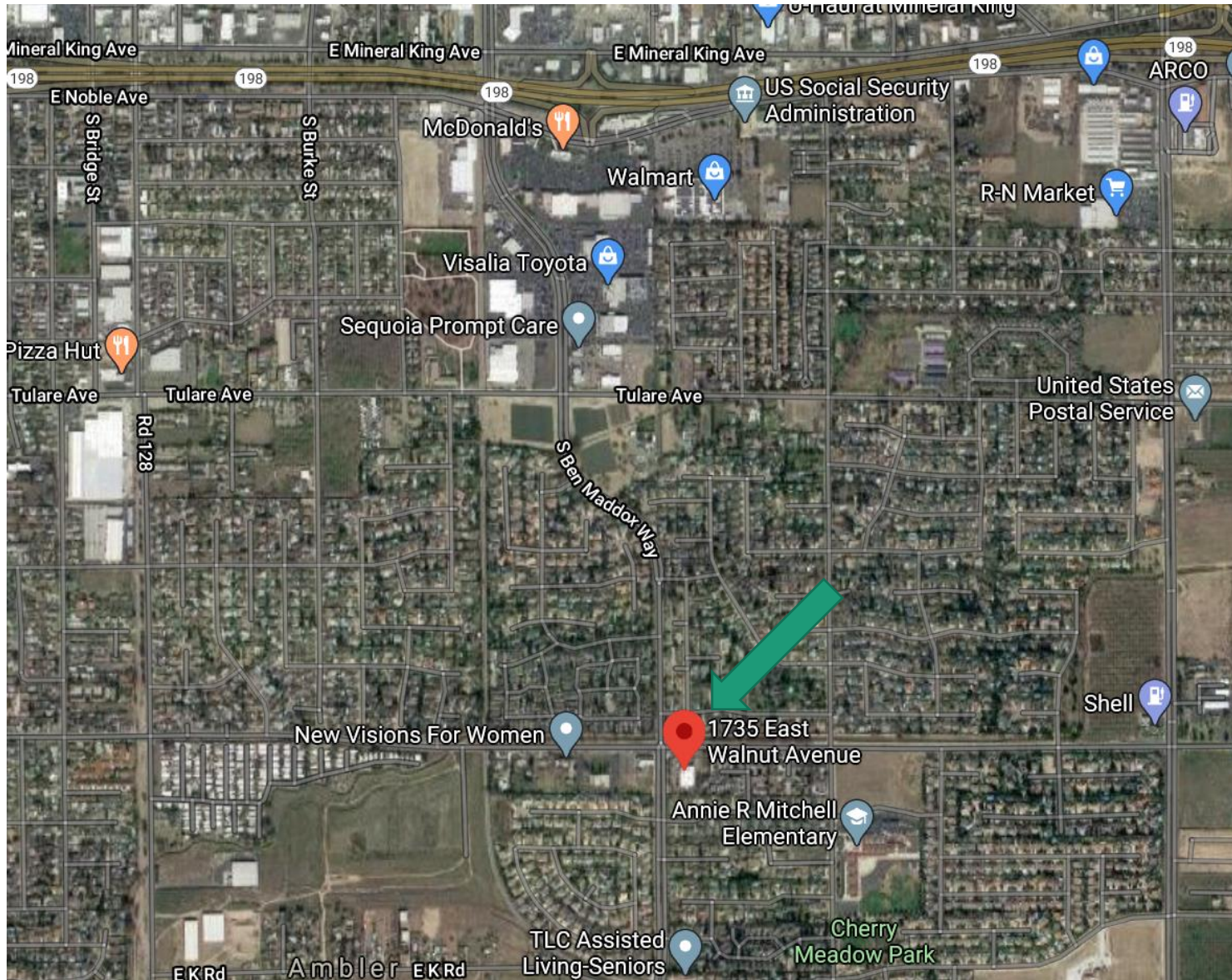
% Leased: **100%**

Rent/SF/Mo: **-**



	Street	Cross Street	Cross Str Dist	Count Year	Avg Daily Volume	Volume Type	Miles from Subject Prop
1	S Ben Maddox Way	E Laura Ave	0.05 S	2014	7,173	ADT	.04
2	S Ben Maddox Way	E Laura Ave	0.04 S	2018	8,006	MPSI	.04
3	E Walnut Ave	S Cain St	0.01 E	2018	9,479	MPSI	.09
4	E Walnut Ave	S Ben Maddox Way	0.15 E	2014	10,812	ADT	.19
5	S Pinkham St	E Walnut Ave	0.05 N	2014	2,271	ADT	.21
6	S Ben Maddox Way	Cambridge Ave	0.02 S	2018	11,752	MPSI	.23
7	S Ben Maddox Way	S Ben Maddox Ave	0.02 S	2014	10,040	ADT	.23
8	S Ben Maddox Way	E Beech Dr	0.05 N	2014	7,173	ADT	.29
9	S Pinkham St	E Hillcrest Dr	0.04 S	2018	3,545	MPSI	.29
10	S Pinkham St	E Princeton Ave	0.01 N	2014	4,075	ADT	.29

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Airport Drive Times

8.5 Miles to
Visalia Municipal Airport

46.2 Miles to
Fresno Yosemite
International
Airport

74.3 Miles to
Bakersfield Municipal

34.9 miles to Sequoia National Park | 9.1 miles to CA-99 | 55.3 miles to I-5

Retail Market Report

Visalia, CA



Visalia Retail Market Overview

Overview

Visalia Retail

12 Mo Deliveries in SF

58.6 K

12 Mo Net Absorption in SF

164 K

Vacancy Rate

3.6%

12 Mo Rent Growth

1.0%

Encompassing Tulare County, metropolitan Visalia has a small retail footprint compared to other Central Valley locales. This is befitting of the area, due to its low incomes, high unemployment, and limited population base. As a result, needs-based retailers typically drive demand here, and moreover, the group has accounted for a significant portion of the limited construction this cycle.

Though vacancies increased in 2019, space options

have notably declined since the vacancy rate was at an all-time high in 2010. Still, landlords have not been able to push rents—long-term rent growth is virtually flat and rates, while in line with most Central Valley metros, sit below the prerecession peak.

Annual sales volume has historically averaged about \$65 million. However, investment in 2019 surpassed the long-term norm before the year's midway point and rose to one of its highest marks on record.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	929,270	10.8%	\$1.76	11.7%	(20,400)	0	0
Power Center	1,200,486	4.8%	\$1.65	4.8%	2,959	0	0
Neighborhood Center	5,633,949	4.6%	\$1.46	7.4%	(2,750)	0	0
Strip Center	446,800	2.5%	\$1.41	2.5%	1,000	0	0
General Retail	11,209,083	2.5%	\$1.22	4.2%	(12,993)	0	33,000
Other	270,068	0%	\$1.86	0%	0	0	0
Market	19,689,656	3.6%	\$1.35	5.4%	(32,184)	0	33,000

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-1.0%	5.0%	4.1%	7.0%	2010 Q2	2.3%	2007 Q3
Net Absorption SF	164 K	114,316	73,794	727,234	2008 Q4	(420,354)	2009 Q4
Deliveries SF	58.6 K	146,496	83,051	1,105,603	2008 Q2	12,063	2012 Q2
Rent Growth	1.0%	-0.1%	0.3%	3.1%	2019 Q3	-6.0%	2009 Q4
Sales Volume	\$106 M	\$65.5M	N/A	\$154.5M	2019 Q3	\$11.3M	2010 Q4

Leasing

Visalia Retail

Visalia has seen consistent retail demand for many years, but that streak came to an end in 2019: Metro net absorption landed in the red for the first time since the beginning of the cycle. Consequently, the local vacancy rate increased by 100 basis points compared to 18Q4. However, the mark was below both Visalia's long-term average and those of most Central Valley metros. While demand in 2019 was meek, 2017 and 2018 combined for the two strongest consecutive years of net absorption this cycle.

Still, the lack of vacant space is primarily attributable to this cycle's modest supply gains. Since 2010, inventory has only increased by about 3%, while annual demand typically sits around 115,000 SF.

One of Visalia's largest recent leases was signed by Planet Fitness. The company picked up 28,900 SF in Tulare at Village Center, a community center on Cherry Street, one block west of Highway 99.

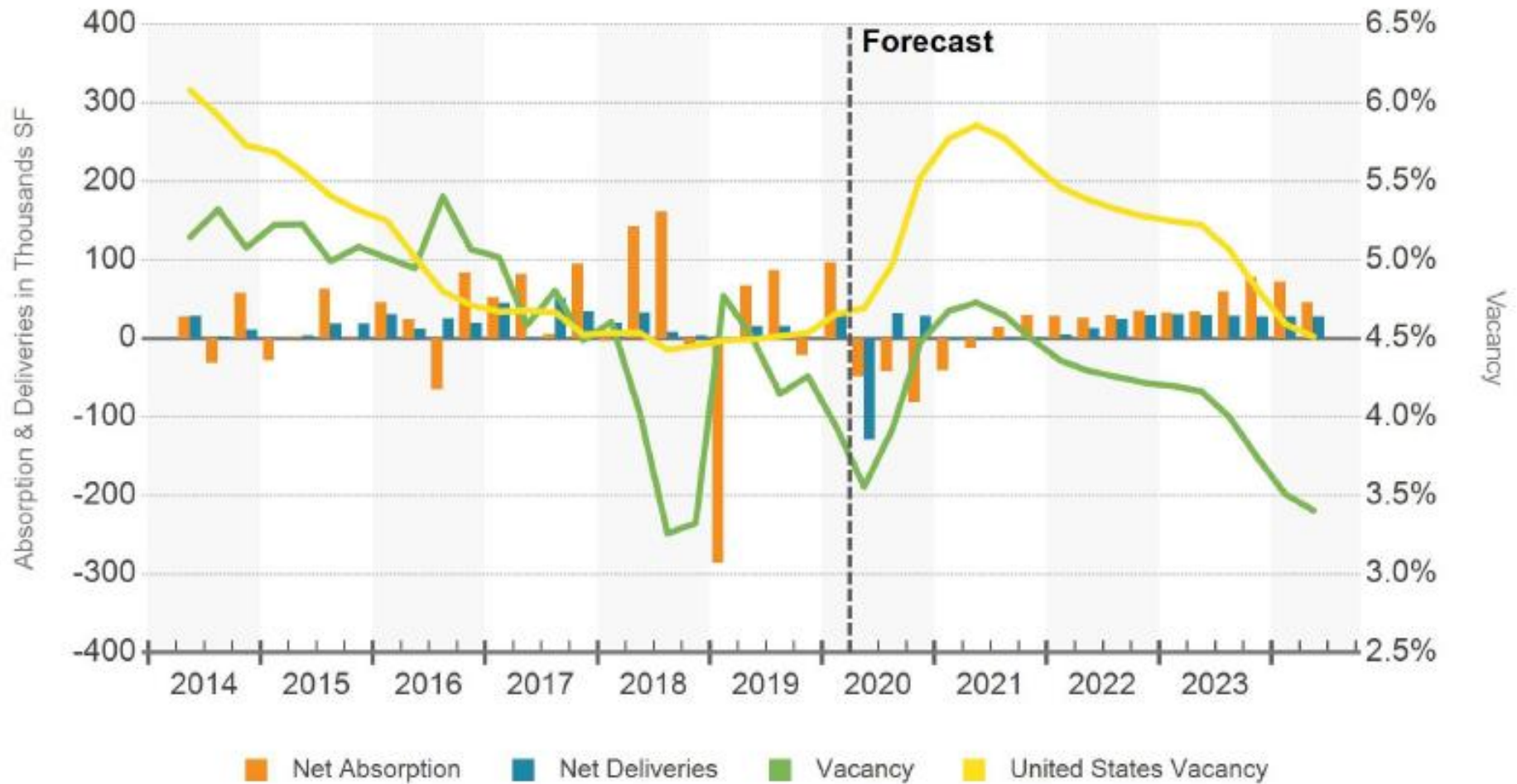
Fitness clubs taking down large blocks of space here is not a new trend. In recent years, Fitness Evolution opened a 44,000-SF location in Southwest Visalia, and Fit Republic launched clubs in Southwest Visalia (40,000 SF) and Dinuba (20,000 SF), respectively.

Job growth in Visalia has largely outpaced the national average since 2012, but the unemployment rate is almost triple the U.S. norm. High-paying jobs are scarce, and Visalia experienced four straight years of negative net migration from 2012–15. Median household income, at about \$50,000, trails the national average by approximately 20% and is easily the lowest among all Central Valley metros. High unemployment and low incomes limit local spending power, constraining demand for retail space.

As a result, discount retailers have a significant impact on metro occupancy. In 2018 at Tulare Pavilion, Harbor Freight moved into 21,560 SF, and Dollar Tree took 15,000 SF; both spaces had been vacant since Mervyns closed its doors in 2009. Tulare Pavilion also saw Ross Dress For Less and dd's Discounts backfill an 87,500-SF space vacated by Kmart in 2016.

Kmart has had an outsized impact on metro vacancies. While the retail stalwart's Tulare Pavilion location was leased, one of Visalia's largest vacant spaces as of 20Q1 was attributable to Kmart. In 2016, the company, whose parent, Sears, filed for bankruptcy in October 2018, left a 58,300-SF space at the Dinuba-located Mercantile Row. The property is on E El Monte Way, the main thoroughfare in the city of Dinuba.

NET ABSORPTION, NET DELIVERIES & VACANCY



Rent

Visalia Retail

With recent demand limited, trailing 12-month rent growth was virtually flat as of 20Q1. Still, gains in Visalia have historically been meager—in fact, the all-time peak is only about 3%, achieved in 19Q1. Annual rent growth is currently 1.0%.

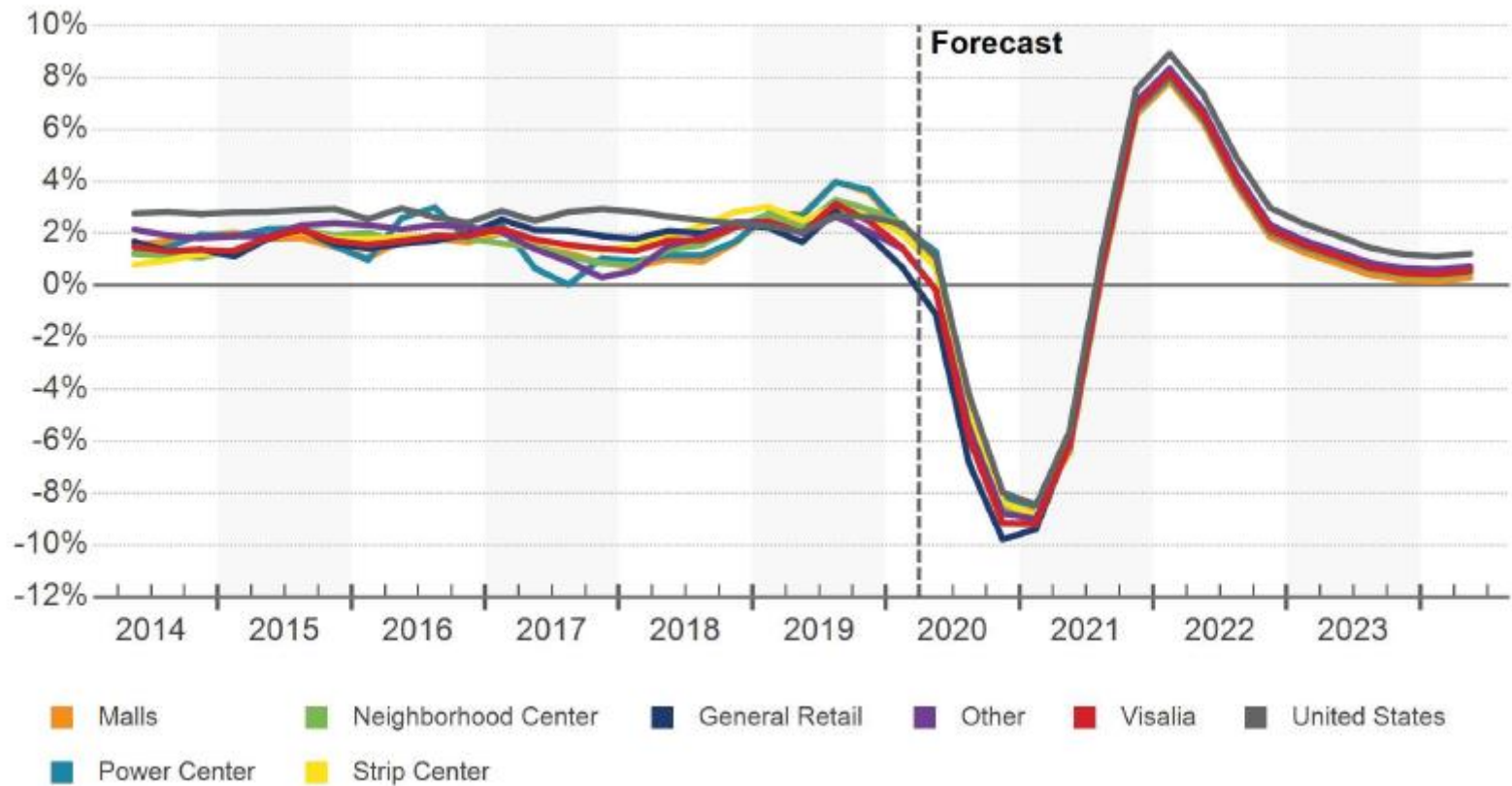
The average asking rent sits at \$16.25/SF. Without the benefit of consistent growth, rents in Visalia, as in all Central Valley metros, have yet to return to prerecession levels. Compared to nearby metros, rents are roughly 5% less than Bakersfield's but outpace Fresno's by around 5%.

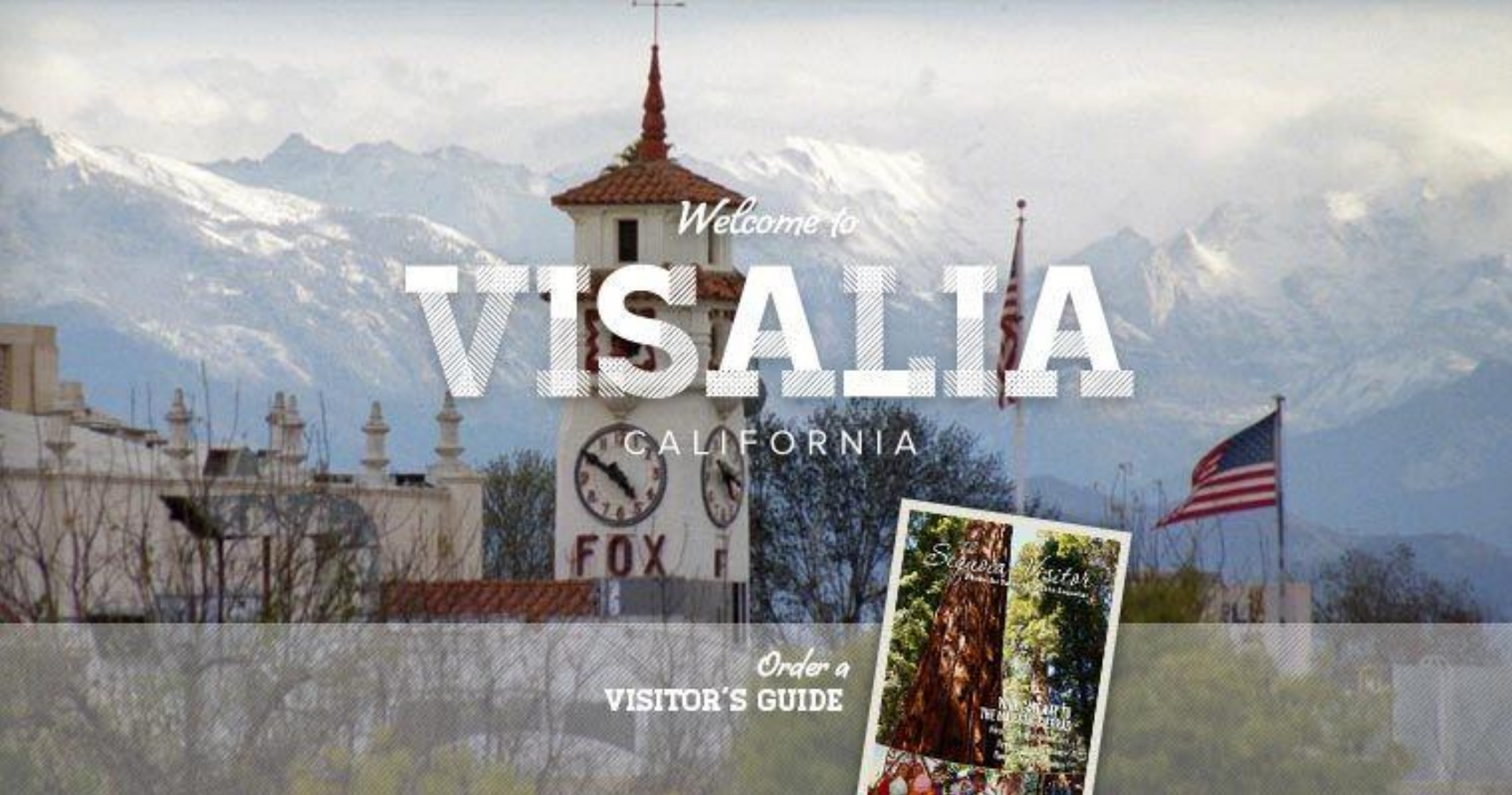
One of the highest-performing submarkets is Southwest

Visalia; rents are approximately 15% greater than the metro average. Around 25% of metro inventory is in Southwest Visalia, as it borders both Highway 198 and S Mooney Boulevard. Consequently, the area benefits from strong traffic counts, and landlords can command high asking rents in comparison to other Visalia submarkets.

The Tulare Submarket is home to almost 20% of metro inventory, and one example of how much product can rent for is Village Center. In 19Q3, Serrano's Furniture Galleries signed a five-year lease for 23,200 SF at the community center; the starting rent is \$7.80/SF NNN, or only about half of the submarket norm.

MARKET RENT GROWTH (YOY)





Economic Market Report

Visalia, CA

Economy

Visalia Retail

Post-Great Recession job growth in Visalia has been uneven, but as in the wider U.S., unemployment is set to notably accelerate as measures are being taken against the coronavirus.

Visalia's agricultural economy is among the most productive in the country and accounts for around 20% of all metro jobs. But even before the coronavirus-induced recession took hold, unemployment sat at nearly 10%, well over double the national average. Relative to the rest of the U.S., Visalia has an overabundance of jobs in state government and retail trade; the government sector may help buttress employment, but with the retail industry coming to a virtual halt, job losses in that sector will be profound.

At the other end of the spectrum, the metro has a dearth of positions in financial activities, professional and business services, and information. However, education and health services has posted some of the strongest job

gains of late, and even during periods of economic contraction this employment node has typically posted gains.

Median incomes in Visalia are about \$15,000 below the national median. This speaks to the types of jobs created here and the underlying skill/educational gap of the metro's workforce—only about 15% of Visalia residents have a bachelor's degree or higher. By comparison, more than 30% of U.S. residents age 25 and older have at least a bachelor's degree. This is one reason the metro's jobs tend to be concentrated at the low end of the pay scale.

While incomes trail the national average, the cost of living in Visalia is reasonable compared to the U.S. standard. The median single-home price is around \$235,000—significantly less than the average in California's major metros.

VISALIA EMPLOYMENT BY INDUSTRY IN THOUSANDS

NAICS Industry	Current Level		12 Month Change		10 Yr Change		5 Yr Forecast	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	13	1.2	-1.58%	-2.11%	1.30%	0.90%	0.33%	-0.16%
Trade, Transportation and Utilities	28	1.2	-0.49%	-1.77%	1.63%	1.05%	0.75%	0.26%
Retail Trade	16	1.2	-1.35%	-1.91%	1.06%	0.62%	0.63%	0.20%
Financial Activities	4	0.5	-1.79%	0.09%	0.40%	1.23%	-0.06%	0.45%
Government	33	1.7	2.63%	1.49%	0.72%	0.11%	0.77%	0.46%
Natural Resources, Mining and Construction	6	0.9	2.80%	0.18%	4.66%	2.82%	0.23%	0.26%
Education and Health Services	18	0.9	7.51%	2.48%	3.76%	2.15%	1.18%	0.76%
Professional and Business Services	11	0.6	-5.40%	0.60%	1.10%	2.51%	1.26%	0.70%
Information	1	0.4	0.60%	0.96%	-1.86%	0.56%	0.85%	0.33%
Leisure and Hospitality	12	0.9	-4.32%	-6.32%	2.54%	1.77%	1.87%	1.81%
Other Services	4	0.7	0.59%	-0.04%	1.47%	0.98%	0.66%	0.06%
Total Employment	121	1.0	-5.37%	-6.37%	1.08%	0.79%	2.04%	1.74%

Source: Oxford Economics

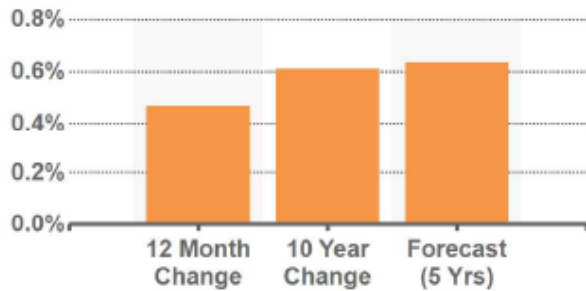
LQ = Location Quotient

DEMOGRAPHIC TRENDS

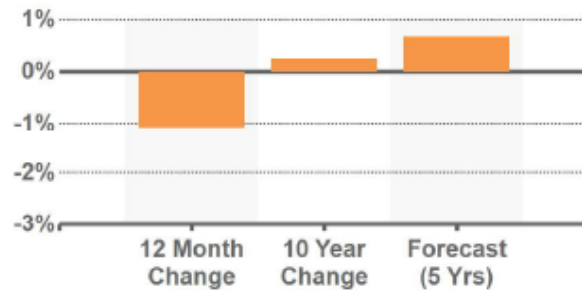
Demographic Category	Current Level		Current Change		10-Year Change		Forecast Change (5 Yrs)	
	Metro	U.S.	Metro	U.S.	Metro	U.S.	Metro	U.S.
Population	468,732	329,404,375	0.5%	0.5%	0.6%	0.7%	0.6%	0.5%
Households	139,831	122,134,141	0.4%	0.4%	0.8%	0.7%	0.6%	0.4%
Median Household Income	\$51,322	\$64,811	3.7%	3.3%	2.3%	2.6%	3.0%	2.9%
Labor Force	206,272	163,643,531	-1.1%	0.4%	0.2%	0.6%	0.7%	0.4%
Unemployment	9.6%	3.7%	0%	0%	-0.8%	-0.6%	-	-

Source: Oxford Economics

POPULATION GROWTH



LABOR FORCE GROWTH



INCOME GROWTH



Source: Oxford Economics

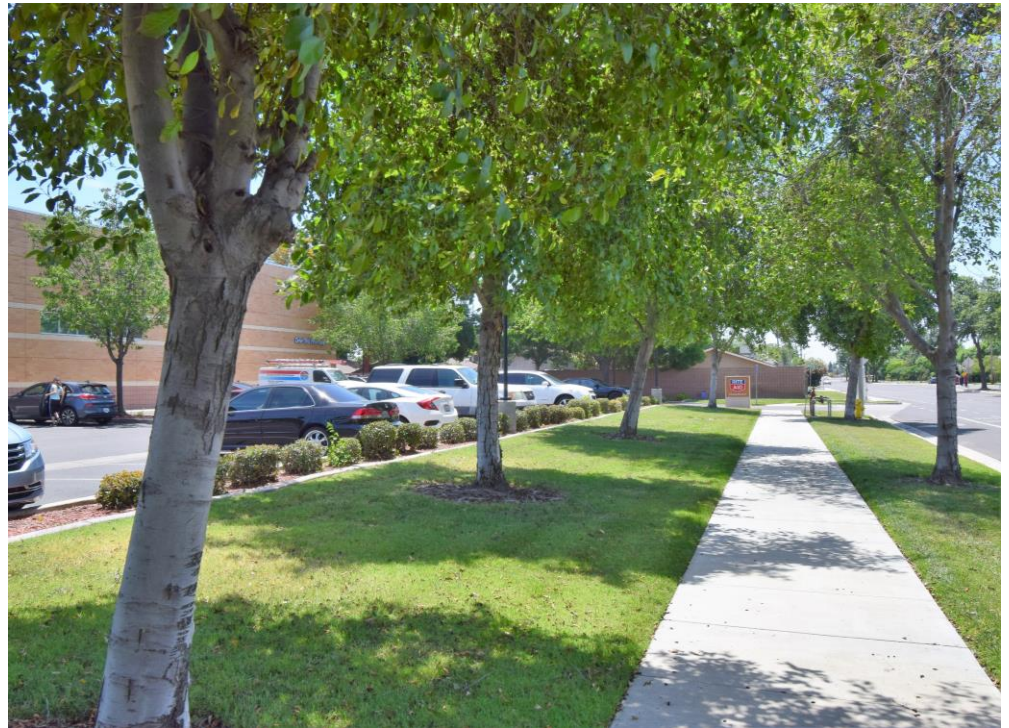
















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