



AFFILIATED BUSINESS DISCLOSURE

Newmark Knight Frank (the "Agent") has been engaged as the exclusive sales representative for the sale of Happy Valley Center, 25155 N 67th Avenue, Phoenix and 6520 W Happy Valley Road, Phoenix—(the "Property") by 'Ownership' (the "Seller").

This Memorandum does not constitute a representation that the business or affairs of the Property or Seller since the date of preparation (8/20/2020) of this Memorandum have remained the same. Analysis and verification of the information contained in this Memorandum are solely the responsibility of the prospective purchaser.

Additional information and an opportunity to inspect the Property will be made available upon written request of interested and qualified prospective purchasers. Seller and Agent each expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers regarding the Property, and/or terminate discussions with any party at any time with or without notice. Seller reserves the right to change the timing and procedures for the Offering process at any time in Seller's sole discretion. Seller shall have no legal commitment or obligations to any party reviewing this Memorandum, or making an offer to purchase the Property, unless and until such offer is approved by Seller, and a written agreement for the purchase of the Property has been fully executed and delivered by Seller and the Purchaser thereunder.

This Memorandum and the contents, except such information which is a matter of public record or is provided in sources available to the public, are of a confidential nature. By accepting this Memorandum, you agree that you will hold and treat it in the strictest confidence, that you will not forward, photocopy or duplicate it, that you will not disclose this Memorandum or any of the contents to any other entity (except to outside advisors retained by you, if necessary, for your determination of whether or not to make a proposal and from whom you have obtained an agreement of confidentiality) without the prior written authorization of Seller or Agent, and that you will not use this Memorandum or any of the contents in any fashion or manner detrimental to the interest of Seller or Agent.

TABLE OF CONTENTS









HAPPY VALLEY CENTER

25155 N 67th Avenue & 6520 W Happy Valley Road | Phoenix, AZ

PROPERTY SUMMARY

25,992 SF

TOTAL BUILDING AREA

201-35-074 201-35-072A

PARCEL NUMBER

2008

YEAR BUILT

4.64 ACRES

LOT SIZE

C-2
ZONING

\$669,890

,890 6.70% CAP RATE

OFFERING SUMMARY

\$10,000,000

OFFERING PRICE

\$384.73

PRICE PER SF

0% 9

95% OCCUPANCY



INVESTMENT HIGHLIGHTS



GROCERY SHADOW-ANCHORED

Adjacent to to a busy Walmart Neighborhood Market grocery store



DESIRED PROPERTY TYPE WITH ESSENTIAL BUSINESSES

Grocery shadow-anchored centers bring in customers and traffic every day, at all times of the day



95% LEASED

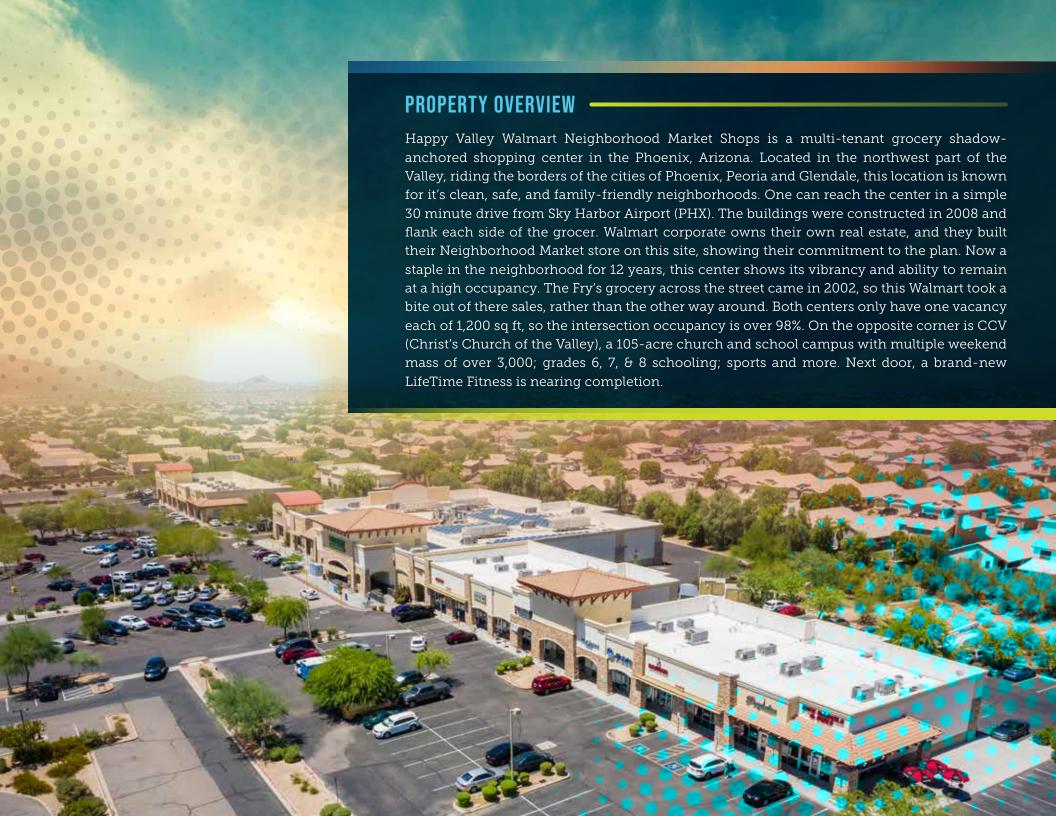
Experienced neighborhood businesses, including national brands of PacDental, Edward Jones, and Allstate



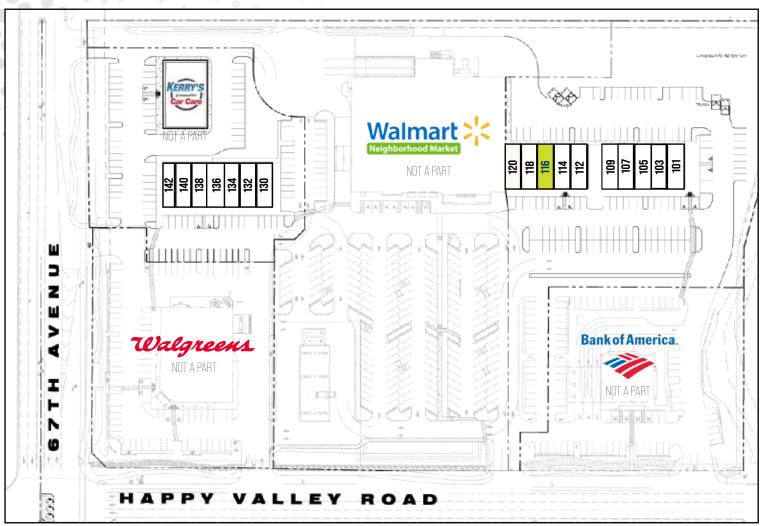
SMART, SIMPLE DESIGN

Traditional, small suite sizes for easy re-letting at turnover

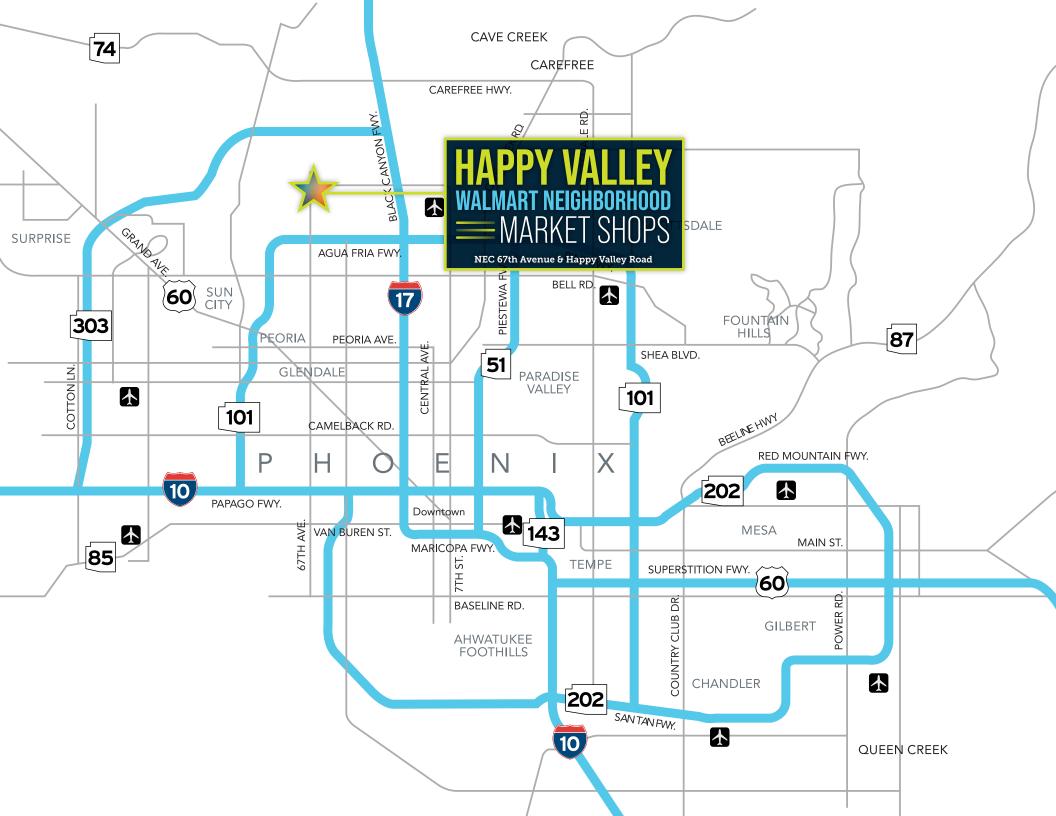




SITE PLAN



A130	Polish Room 2
A132	Happy Valley Smoke Shop
A134- A138	Mi Familia Mexican Food
A140	Edward D Jones & Co
A142	Pacific Dental Services
B101	Hot Bagels and Deli
B103	Pinspiration
B105	A Star Barber Shop
B107	Allstate Insurance
B109	Pool Parts Plus
B112	Kawaii Japanese & Asian
B114	Ammos Mediterranean Grill
B116	VACANT
B118	Pierpont 2.95 Cleaners
B120	Road Runner Bikes









FINANCIAL ANALYSIS

PRICING INCOME & ANALYSIS

•		
SUMMARY		ACTUAL
LIST PRICE:		\$10,000,000
DOWN PAYMENT (EXAMPLE):	35%	\$3,500,000
CURRENT CAP:		6.70%
RENTABLE SQUARE FEET:		25,992
PRICE PER SQUARE FOOT:		\$384.73
OCCUPANCY:		95%

FINANCING - EXAMPLE NEW LOAN

FINANCING - Example New Loan	SOFT QUOTE
LOAN AMOUNT	\$6,500,000
LOAN TO VALUE	65%
INTEREST RATE	4.00%
AMORTIZATION	25
TERM	10 Years
MONTHLY P & I PAYMENTS	\$34,309
LOAN CONSTANT	6.33%
DEBT YIELD	10.31%
DCR	1.63

ANNUALIZED OPERATING DATA

GROSS REVENUE		ACCELLAT	DOD
BASE RENTAL REVENUE (2021 SCHEDULED)		ACTUAL \$673,617	PSF \$25.92
REIMBURSEMENT REVENUE		\$208,020	\$8.00
SIGNAGE RENT		\$3,840	\$0.15
TOTAL GROSS REVENUE		\$885,477	\$34.07
EXPENSES			
CLEANING		\$10,140	\$0.39
REPAIRS & MAINTENANCE		\$29,697	\$1.14
UTILITIES		\$26,278	\$1.01
GROUNDS		\$17,720	\$0.68
ADMINISTRATIVE		\$21,422	\$0.82
TAXES/LICENSES/PERMITS		\$97,741	\$3.76
INSURANCE (USING 2019 ACTUAL)		\$7,186	\$0.28
NON-RECAPTURE (R&M, UTILITIES)(USING 2019)		\$5,403	\$0.21
TOTAL OPERATING EXPENSES		(\$215,587)	(\$8.29)
NET OPERATING INCOME		\$669,890	\$25.77
DEBT SERVICE (EXAMPLE):		(\$411,713)	
PRE TAX CASH FLOW	7.38%	\$258,177	
PLUS PRINCIPAL REDUCTION:		\$154,525	
TOTAL RETURN:	11.79%	\$412,703	

CURRENT RENT ROLL

SUITE	TENANT NAME	SF	% OF SPACE	MONTHLY RENT	ANNUAL RENT	RENT PER SF	TYPE OF LEASE	EST. MONTHLY NNN	EST. ANNUAL NNN	ANNUAL NNN PSF	LEASE BEGIN	LEASE END	INCREASE DATE	INCREASE AMOUNTS	COMMENTS
A130	Polish Room 2	1,800	6.9%	\$5,442.00	\$65,304	\$36.28	NNN	\$1,303.77	\$15,645	\$8.69	10/10/09	12/31/23	1/1/21	3%	• . • . •
A132	Happy Valley Smoke Shop	1,200	4.6%	\$2,644.00	\$31,728	\$26.44	NNN	\$869.18	\$10,430	\$8.69	4/24/09	7/31/25	8/1/21	3%	
A134- A138	Mi Familia Mexican Food	3,600	13.9%	\$8,061.00	\$96,732	\$26.87	NNN	\$2,607.56	\$31,291	\$8.69	6/4/09	2/29/24	3/1/21	5%	Covid rent deferral program in place for 2021
A140	Edward D Jones & Co	1,040	4.0%	\$2,482.13	\$29,786	\$28.64	NNN	\$753.29	\$9,039	\$8.69	10/7/08	1/31/24	2/1/21	3%	
A142	Pacific Dental Services	2,752	10.6%	\$6,421.33	\$77,056	\$28.00	NNN	\$1,820.65	\$21,848	\$7.94	3/1/10	12/31/20	every 5 years	TBD	Intends to renew, wants to expand, chose to do short term until pandemic passed. Deferred rent to 2021.
B101	Hot Bagels and Deli	1,238	4.8%	\$2,587.42	\$31,049	\$25.08	NNN	\$785.90	\$9,431	\$7.62	9/1/11	1/31/25	2/1/21	3%	
B103	Pinspiration	2,762	10.6%	\$5,639.00	\$67,668	\$24.50	NNN	\$1,800.00	\$21,600	\$7.82	4/18/20	2/28/26	2/28/22	\$0.50 PSF increases	4 months free rent, using year 1 numbers. Estimated CAM.
B105	A Star Barber Shop	1,200	4.6%	\$2,318.00	\$27,816	\$23.18	NNN	\$869.18	\$10,430	\$8.69	4/1/15	6/30/25	7/1/21	3%	
B107	Allstate Insurance	900	3.5%	\$1,575.00	\$18,900	\$21.00	NNN	\$651.89	\$7,823	\$8.69	12/1/17	11/30/22	12/1/20	3%	
B109	Pool Parts Plus	1,700	6.5%	\$3,136.50	\$37,638	\$22.14	NNN	\$1,231.34	\$14,776	\$8.69	12/5/13	4/30/24	5/1/21	3%	
B112	Kawaii Japanese & Asian	2,080	8.0%	\$4,345.47	\$52,146	\$25.07	NNN	\$1,506.59	\$18,079	\$8.69	10/24/08	12/31/21	1/1/21	\$0.75 PSF Increase	
B114	Ammos Mediterranean Grill	1,560	6.0%	\$2,983.50	\$35,802	\$22.95	NNN	\$991.61	\$11,899	\$7.63	2/13/12	8/31/22	9/1/2020	\$3,072	Fell behind about 90 days during COVID. Making repayments during 2021 (not incl. in NOI)
B116	Vacant	1,200	4.6%												
B118	Pierpont 2.95 Cleaners	1,400	5.4%	\$4,177.83	\$50,134	\$35.81	NNN	\$1,014.05	\$12,169	\$8.69	10/8/08	12/31/23	1/1/21	3%	Covid rent deferral program in place for 2021
B120	Road Runner Bikes	1,560	6.0%	\$3,198.00	\$38,376	\$24.60	NNN	\$1,129.95	\$13,559	\$8.69	4/1/10	9/30/23	10/1/2021	3%	Assumed new rent at \$25 NNN for 3 years (Assumed same in 2021 projection)
BIN	American Textile Recycling			\$200.00	\$2,400						8/1/2016	MTM			
	TOTAL	25,992	100%	\$55,211	\$662,534	\$26.47		\$17,335	\$208,020	\$8.42					
	OCCUPIED	24,792	95%												
	AVAILABLE	1,200	5%							1					

TENANT OVERVIEW

Tenant Business Name	Tenant Lease Entity	Tenant Description	Years at this Location	Rent Increases Schedule & Monthly Rent	Special Lease Notes
POLISH ROOM 2	Binh Nguyan	Nail & Waxing Salon	11	1/1/21-12/31/21: \$5,604.00 1/1/22-12/31/22: \$5,773.50 1/1/23-12/31/23: \$5,946.00	
HAPPY VALLEY SMOKE SHOP	Makki Alhussuini	Smoke Shop	11	8/1/21-7/31/22: \$2,723.00 8/1/22-7/31/23: \$2,493.00 8/1/23-7/31/24: \$2,889.00 8/1/24-7/31/25: \$2,975.86	
MI FAMILIA MEXICAN FOOD	Pero Caliente Catering	Casual Mexican Food Diner	11	3/1/21-2/28/22: \$8,304.00 **1/1/21-12/31/21: TBD** 3/1/22-2/28/23: \$8,553.00 3/1/23-2/29/24: \$8,808.00	**Covid Rent Deferral: additional monthly amount due in 2021 recovering 3-4 months Rent/CAM
EDWARD D JONES & CO	Edward D Jones & Co	Financial Advisors Firm with more than 14,000 locations	12	2/1/21-1/31/22: \$2,556.67 2/1/22-1/31/23: \$2,632.93 2/1/23-1/31/24: \$2,712.67	
PACIFIC DENTAL SERVICES	Pacific Dental Services	Dental Company with over 700 offices in 20 states	10	1/1/21-12/31/21: TBD 1/1/22-12/31/22: TBD 1/1/23-12/31/23: TBD 1/1/24-12/31/24: TBD 1/1/25-12/31/25: TBD	**Covid Rent Deferral: additional \$1,528.89/month in 2021 Intends to renew lease
HOT BAGELS AND DELI	Skampa, Inc	Bagel shop with 3 locations in the Phoenix Valley	9	2/1/21-1/31/22: \$2,664.79 2/1/22-1/31/23: \$2,745.26 2/1/23-1/31/24: \$2,826.77 2/1/24-1/31/25: \$2,912.39	
PINSPIRATION	Smallworld EntPinspiration	Craft studio with 53 locations across the USA	0.5	3/1/21-2/28/22: \$5,639.08 3/1/22-2/28/23: \$5,869.25 3/1/23-2/29/24: \$5,984.33 3/1/24-2/28/25: \$6,099.42 3/1/25-2/28/26: \$6,214.50	

TENANT OVERVIEW

Tenant Business Name	Tenant Lease Entity	Tenant Description	Years at this Location	Rent Increases Schedule & Monthly Rent	Special Lease Notes
A STAR BARBER SHOP	Barca Barbershop, LLC	Barbershop	5	7/1/21-6/30/22: \$2,388.00 7/1/22-6/30/23: \$2,460.00 7/1/23-6/30/24: \$2,533.00 7/1/24-6/30/25: \$2,609.00	
ALLSTATE INSURANCE	Allstate Insurance	Insurance Company with 42,000+ independent agents	3	"2/1/20-11/30/21: \$1,622.25 12/1/21-11/30/22: \$1,671.00	
POOL PARTS PLUS	Pool Parts Plus, Inc	Pool parts and repair store with 2 locations	7	5/1/21-4/30/22: \$3,230.00 5/1/22-4/30/23: \$3,327.75 5/1/23-4/30/24: \$3,426.92	
KAWAII JAPANESE & ASIAN	Kawaii Japanese & Asian	Sushi & Asian Cuisine	12	1/1/21-12/31/21: \$4,475.47	
AMMOS MEDITERRANEAN GRILL	Mr & Mrs William & Berona Beniamine	Contemporary Mediterranean Eatery	8	9/1/20-8/31/21: \$3,071.90 **1/1/21-12/31/21: \$745.88** 9/1/21-1/1/22: \$3,164.20"	**Covid Rent Deferral: additional \$745.88/month in 2021
PIERPONT 2.95 CLEANERS	Pierpont Enterprises	Dry Cleaners	12	"/1/21-12/31/21: \$4,303.83 **1/1/21-12/31/21: TBD** 1/1/22-12/31/22: \$4,432.17 1/1/23-12/31/23: \$4,565.17	**Covid Rent Deferral: additional monthly amount due in 2021 recovering 3-4 months Rent/CAM
ROAD RUNNER BIKES	TLC Bicycles, LLC	Bicycle Store	10	"0/1/20-9/31/21: \$3,198.00 10/1/21-9/31/22: \$3,294.20 10/1/22-9/31/23: \$3,393.00	





Walmart Neighborhood Markets were designed in 1998 as a smaller-footprint option for communities in need of a pharmacy, affordable groceries and merchandise. Each one is approximately 38,000 square feet and employs up to 95 associates. Walmart Neighborhood Markets offer fresh produce, meat and dairy products, bakery and deli items, household supplies, health and beauty aids and a pharmacy. According to the company's 2019 10-K Statement, there are 809 Neighborhood Markets or other small format stores in the United States, including 28 in Arizona.

WALMART NEIGHBORHOOD MARKET IN THE NEWS...

The coronavirus pandemic has only added more fuel to the fire. C-stores were among the few essential businesses allowed to remain open when economies shutdown due to stay-at-home orders.

Many consumers started to favor stores closer to their homes with smaller crowds, creating a prime opportunity for c-stores to thrive. This has resulted in an industry shift, as larger markets like Amazon/Whole Foods and Walmart have evolved to meet this consumer demand with the creation of new convenience formats such as Amazon Go and Walmart Neighborhood Market.

THE RISE OF C-STORES

HTTPS://WWW.CSPDAILYNEWS.COM/TECHNOLOGYSERVICES/RISE-G-STORES

For Walmart, the future will be IRL (Intelligent Retail Lab). Over the past few months, a Walmart Neighborhood Market in Levittown, New York, has been quietly transforming. With artificial intelligence-enabled cameras, interactive displays and a massive data center, this store suggests a retail future that seems like science fiction. ***

WALMART JUST OPENED A 50,000-SQUARE-FOOT STORE OF THE FUTURE:

HTTPS://WWW.BUSINESSINSIDER.COM/WALMART-OPENS-INTELLIGENT-RETAIL-LAB-STORE-OF-THE-FUTURE-2019-4

Walmart expands on its tech-focused innovations with a **recently opened cashierless 'Neighborhood**Market" store in Coral Way, Florida. ***

WALMART DITCHES CASHIERS IN NEW NEIGHBORHOOD MARKET STORE

HTTPS://WWW.BORNDIGITAL.COM/2020/01/16/WALMART-DITCHES-CASHIERS-IN-NEW-NEIGHBORHOOD-MARKET-STORE







DEMOGRAPHICS

		1 mile	3 miles	5 miles
Ce	nsus 2010 Summary			
•	Population	8,746	55,163	144,722
ŀ	Households	2,855	18,602	51,478
F	Families	2,386	15,400	39,154
Į.	Average Household Size	3.06	2.96	2.79
(Owner Occupied Housing Units	2,503	16,218	41,099
F	Renter Occupied Housing Units	352	2,384	10,379
١	Median Age	37.5	37.9	37.3
20	20 Summary			
F	Population	9,561	64,229	170,239
H	Households	3,097	21,549	59,718
F	Families	2,572	17,685	45,202
A	Average Household Size	3.08	2.97	2.83
(Owner Occupied Housing Units	2,710	18,748	48,227
F	Renter Occupied Housing Units	387	2,801	11,491
1	Median Age	39.2	39.1	38.5
1	Median Household Income	\$130,838	\$115,271	\$97,992
A	Average Household Income	\$149,041	\$141,785	\$119,832
20	25 Summary			
F	Population	10,134	68,138	178,942
H	Households	3,270	22,780	62,552
F	- amilies	2,714	18,679	47,314
A	Average Household Size	3.09	2.98	2.84
	Owner Occupied Housing Units	2,869	19,831	50,535
F	Renter Occupied Housing Units	402	2,949	12,017
	Median Age	39.1	39.4	38.8
1	Median Household Income	\$150,162	\$125,503	\$105,215
4000 P	Average Household Income	\$169,444	\$160,944	\$135,456
Tre	ends: 2020-2025 Annual Rate			
	Population	1.17%	1.19%	1.00%
H	Households	1.09%	1.12%	0.93%
F	- amilies	1.08%	1.10%	0.92%
	Owner Households	1.15%	1.13%	0.94%
	Median Household Income	2.79%	1.72%	1.43%

METRO PHOENIX OVERVIEW

The Greater Phoenix Metropolitan area covers a total land area of 14,599 square miles and has a population of 5.02 million people. Located at a strategic geographical position between California, Mexico and Texas, has long made it a regional economic and distribution center. Additionally, Phoenix's affordability, climate, large skilled workforce and pro-business environment continue to attract a nation-leading influx of corporate and resident migration.

The Metro Phoenix's robust economic growth has continued into 2020. Since 2015, Phoenix's employment growth has averaged an annual growth of 3.2%, almost twice the national rate of 1.7% over the same period. This growth trend continued from a population perspective as well, increasing at an average annual rate of 2.0% and totaling 480,300 new residents when measured over the past five years. Moody's Analytics forecasted that this trajectory will continue with an additional 490,030 residents, or a 9.8% increase, added to the Phoenix metro for a total population over 5.51 million by 2024.

Phoenix's high quality of life at an affordable price point and explosive growth in gainful employment opportunities continued to attract a torrential inflow of out-of-state residents to the Metro Phoenix area, with overall net migration accounting for 72.7% of total population growth in 2019. Of those moving to Phoenix, a majority have been young professionals, advancing Phoenix's reputation as one of the top cities for millennials across the nation. This trend has helped maintain Phoenix's flourishing housing and apartment markets, which benefit from ample and cheap land surrounding major employment centers for continuing expansion while maintaining a low cost of living.

Metro Phoenix continues to experience rapid diversification of its employment composition. This cycle has seen a redistribution of economic activity to higher paying and more recession-proof employment led by healthcare, advanced manufacturing, and professional and business services. Prior to the financial crisis of 2007-2008, employment was highly concentrated in the cyclical industries of retail, hospitality, construction and real estate. Office-using employment in Phoenix reached almost 2.2 million jobs in the third-quarter, a 13.1% increase over the 2007 peak.

Major corporate relocations and expansions have been lead by blue chip companies such as USAA, Intel, American Express, Deloitte, Nationwide Insurance, Allstate Insurance, Voya Financial and Northrop Grumman making hard commitments to build or significantly expand their footprints by hundreds of thousands of square feet and thousands of personnel. These companies have been followed by an increasing technology-related footprint including substantial leases by Amazon, DoorDash, Opendoor, Nikola Motor Company, Zillow, Carvana and Silicon Valley Bank, in addition to \$1 billion+ commitments from Google, Microsoft and Apple to construct technology and data centers across the metro.

Phoenix was ranked 2nd nationally on the CNBC list of States Winning Workforce Talent and 3rd nationally on the Business Facilities list of Cities with the Highest Economic Growth Potential, which is based on factors such as population growth, tech opportunities and pro-business investments and policies.







EXCLUSIVELY LISTED BY

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