

# OFFERING MEMORANDUM

PROGRESSIVE  
REAL ESTATE PARTNERS

## THE GROVE

39,339 SF Neighborhood Shopping Center

1542-1598 Orange Street, Redlands, CA 92374

Offered At: \$8,150,000



# PRESENTED BY



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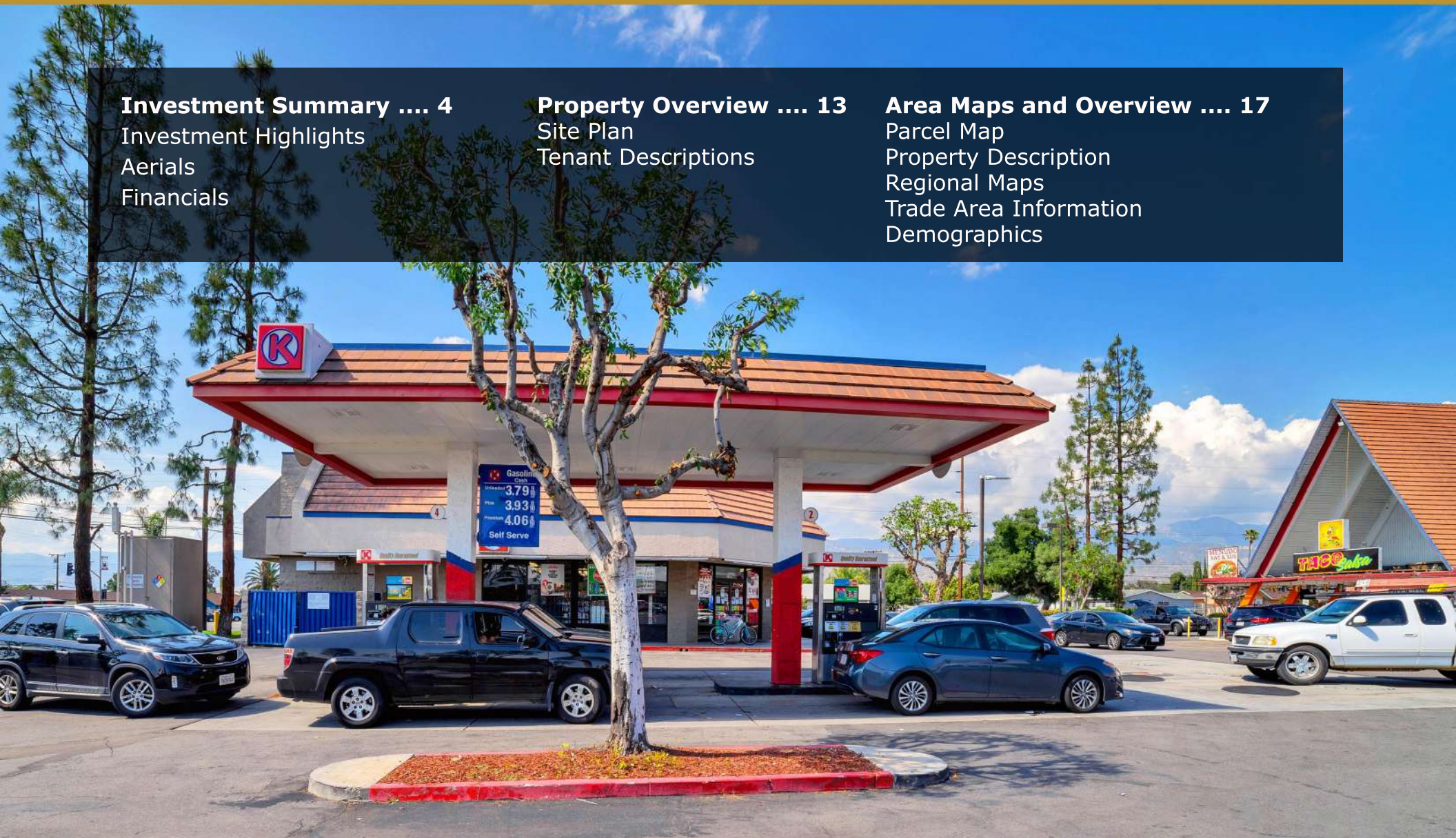
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# INVESTMENT SUMMARY | The Grove

## SYNOPSIS

**Progressive Real Estate Partners** is proud to present **The Grove**, an 80% occupied neighborhood shopping center in the well-established yet growing city of Redlands, CA. The 39,339 square foot center is anchored by a **high performing Circle K** with **34 years of operating history** at the site and a **fresh 10-year lease extension**. The center offers an incredibly diverse income stream with no individual tenant (outside of Circle K) accounting for more than 9.94% of the center's income. With an **average occupancy history of 11 years** amongst The Grove's current tenants, the income foundation is strong with **72% of the income derived from tenants with 10 years or more of occupancy history**. Investors are further presented with additional opportunity to capture upside through the lease up of the final two vacancies, bringing the **all-cash and cash-on-cash returns to  $\pm 7.43\%$  and  $\pm 10.33\%$ , respectively**.

## OFFERING SUMMARY

Sale Price:	\$8,150,000
Cap Rate (In-Place 80%):	6.25%
Cap Rate (Projected 100%):	7.43%
Year Built:	1990
Total Land Area:	4.18 Acres
Building Size:	39,339 SF
Ownership:	Fee Simple (Land + Building)





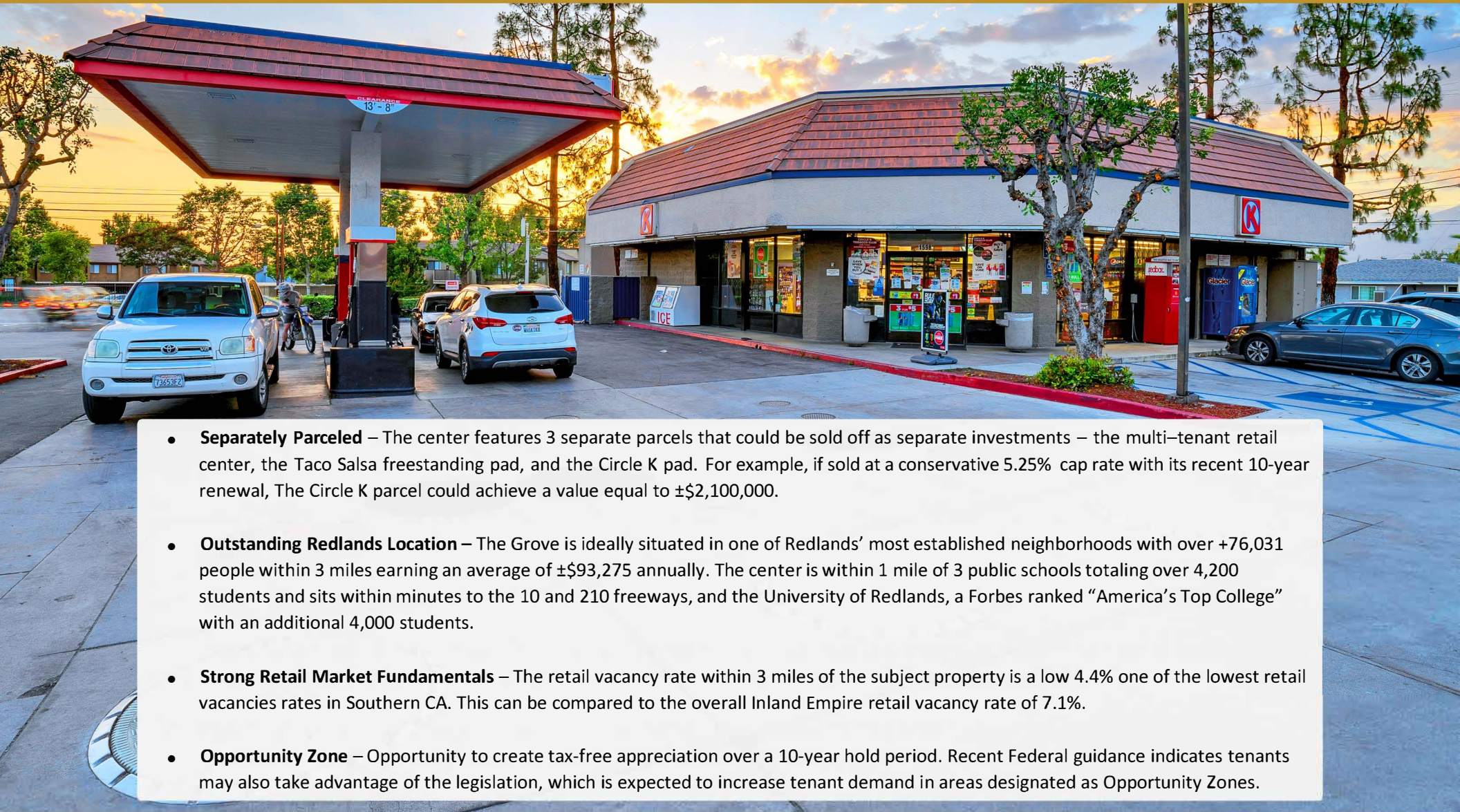
# INVESTMENT HIGHLIGHTS | The Grove



- **80% Occupied Neighborhood Shopping Center** – Comprised of 4 retail buildings totaling 39,339 square feet, The Grove encompasses the entire southeast corner of Orange St. and San Bernardino Ave. with full control of the entire shopping center and no separate ownerships.
- **Deeply Established, High Performing Circle K Location; Recent 10-Year Extension** – Circle K has operated at this site since 1987 and recently signed a new 10-year lease extension in 2019, demonstrating commitment to the location.
- **Upside Through Lease Up of Remaining 20% Vacancy** – Assuming market rates for the two remaining vacancies (see rent roll) and a 5.0% vacancy factor, the all-cash and cash-on-cash returns jump to an attractive  $\pm 7.43$  and  $\pm 10.33\%$ , respectively.
- **Diverse Income Stream** – Outside of Circle K, no individual tenant accounts for more than 9.94% of the center's income. With some tenants accounting for as little as 2.08% of the income, the average income per tenant is 4.01%.
- **Strong and Stable Historical Tenancy** – The Grove's current tenants have occupied the center for 11 years on average. 72% of the income is from tenants with a historical occupancy of 10 years or greater.



# INVESTMENT HIGHLIGHTS | The Grove



- **Separately Parceled** – The center features 3 separate parcels that could be sold off as separate investments – the multi-tenant retail center, the Taco Salsa freestanding pad, and the Circle K pad. For example, if sold at a conservative 5.25% cap rate with its recent 10-year renewal, The Circle K parcel could achieve a value equal to  $\pm \$2,100,000$ .
- **Outstanding Redlands Location** – The Grove is ideally situated in one of Redlands' most established neighborhoods with over +76,031 people within 3 miles earning an average of  $\pm \$93,275$  annually. The center is within 1 mile of 3 public schools totaling over 4,200 students and sits within minutes to the 10 and 210 freeways, and the University of Redlands, a Forbes ranked "America's Top College" with an additional 4,000 students.
- **Strong Retail Market Fundamentals** – The retail vacancy rate within 3 miles of the subject property is a low 4.4% one of the lowest retail vacancies rates in Southern CA. This can be compared to the overall Inland Empire retail vacancy rate of 7.1%.
- **Opportunity Zone** – Opportunity to create tax-free appreciation over a 10-year hold period. Recent Federal guidance indicates tenants may also take advantage of the legislation, which is expected to increase tenant demand in areas designated as Opportunity Zones.



# AERIAL | The Grove



4,898 Students



DOWNTOWN  
REDLANDS

Lugonia Elementary School  
(684 Students)

Clement Middle School  
(1,001 Students)

SAN BERNARDINO AVENUE

ORANGE STREET

SAN BERNARDINO AVENUE





# AERIAL | The Grove







CARNICERIA VASQUEZ  
MEAT MARKET

M&C LIQUOR

RESTAURANT AVAILABLE  
909-230-4500

EBT FOOD  
STAMPS

BUD LIGHT



# FINANCIAL SUMMARY | The Grove

REVENUE	In-Place (80%)	Projected (100%)
Base Annual Rent	\$566,270	\$658,520
Expense Reimbursements [1]	\$196,444	\$258,728
Gross Operating Income	\$762,713	\$917,248
(Less) Vacancy Factor - 5%	ACTUAL	(\$45,862)
<b>Effective Operating Income</b>	<b>\$762,713</b>	<b>\$871,386</b>

OPERATING EXPENSES [3]	In-Place (80%)	Projected (100%)
Insurance	\$7,754	\$8,108
Landscaping	\$20,750	\$21,698
Trash/Refuse	\$25,885	\$27,067
Courtesy Patrol	\$20,987	\$21,946
Utilities	\$43,034	\$45,000
Property Taxes [2]	\$97,800	\$102,267
Repairs & Maintenance	\$13,545	\$14,164
Management (3%)	\$22,881	\$25,079
<b>Total Expenses</b>	<b>\$252,636</b>	<b>\$265,328</b>

<b>NET OPERATING INCOME</b>	<b>\$510,077</b>	<b>\$606,057</b>
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## FOOTNOTES

[1] In-Place Expense Reimbursements account for (a) J&M Storage gross lease, and (b) slippage from current vacancies. Projected Expense Reimbursements accounts for J&M Storage gross lease

[2] Property taxes reassessed for sale at 1.20%

[3] Projected expenses assume 1.5% annual increase over 3 years

[4] For more information regarding financing, call Jim Uppendahl with The Alison Company at 949-852-0117 x 116

PRICING	
Purchase Price	\$8,150,000
Size	39,339
Price/Sq. Ft.	\$207
Cap Rate (In-Place 80%)	6.26%
Cap Rate (Projected 100%)	7.44%

PROPOSED FINANCING [4]		
Loan to Value	65%	
Down Payment	\$2,852,500	
Loan Amount	\$5,297,500	
Rate	4.20%	
Amortization/Term	30/10	
	In-Place	Projected
Loan Payment	(\$310,868)	(\$310,868)
Leveraged Cash Flow	\$199,209	\$295,189
<b>Cash-on-Cash Return</b>	<b>6.98%</b>	<b>10.35%</b>
Principal Paydown	\$90,094	\$97,975
<b>Total Return</b>	<b>10.14%</b>	<b>13.78%</b>



# RENT ROLL | The Grove

## RENT ROLL AS OF SEPT 2020

Tenant Information			Lease Term			Rent Summary				Other	
TENANT	UNIT	SIZE	BEGIN	END	MOST RECENT RENEWAL	RENT (MONTHLY)	RENT/SF (MONTHLY)	% OF INCOME	LEASE TYPE	INCREASES	OPTIONS
Circle K	1598	3,000	Aug-1987	Jul-2029	2019	\$9,167	\$3.06	18%	NNN	15% Every 5 Years	One 5-Year
Tacos La Terraza	1596	980	Jul-2012	Jun-2022	2019	\$1,544	\$1.58	3%	NNN	3% Annually	None Remaining
Shangri-La Day Spa	1542A	960	Sep-2013	Nov-2023	2018	\$1,558	\$1.62	3%	NNN	3% Annually	None Remaining
Clothing Store	1542B	1,000	Feb-2020	Apr-2023	2020	\$1,200	\$1.20	2%	NNN	3% Annually	One 3-Year
MetroPCS	1544	800	Nov-2004	Jun-2024	2019	\$1,022	\$1.28	2%	NNN	3% Annually	None Remaining
Mimi Nails	1546	800	Jul-2003	Jun-2024	2019	\$1,081	\$1.35	2%	NNN	3% Annually	None Remaining
J&M Party Supplies	1548	900	Aug-2006	MTM	2015	\$1,172	\$1.30	2%	NNN	3% Annually	None
Trimmerz	1552	1,310	Mar-2015	Feb-2023	2019	\$1,310	\$1.00	3%	NNN	3% Annually	None
La Michoacana	1554	1,150	Sep-2018	Aug-2023	2018	\$1,563	\$1.36	3%	NNN	3% Annually	One 5-Year FMV (min 3%)
Pizza Express	1556	1,150	Sep-2012	Aug-2022	2017	\$1,600	\$1.39	3%	NNN	3% Annually	One 5-Year FMV (min 3%)
Hit & Run Insurance	1558	1,197	Aug-2014	Jul-2024	2020	\$1,194	\$1.00	3%	NNN	3% Annually	None
M&C Liquor	1560	3,000	Aug-2003	Aug-2023	2018	\$4,967	\$1.66	10%	NNN	4% Annually	Two 5-Year
Meat Market	1562	5,000	Sep-2003	Dec-2021	2016	\$5,229	\$1.05	11%	NNN	3% Annually	One 5-Year
Jimenez Bakery & Donuts	1564	1,750	Jul-2011	Feb-2025	2020	\$2,100	\$1.20	4%	NNN	3% Annually	None

projected rent =



# RENT ROLL | The Grove

## RENT ROLL AS OF SEPT 2020

Tenant Information			Lease Term			Rent Summary				Other	
TENANT	UNIT	SIZE	BEGIN	END	MOST RECENT RENEWAL	RENT (MONTHLY)	RENT/SF (MONTHLY)	% OF INCOME	LEASE TYPE	INCREASES	OPTIONS
(available)	1566	5,000	-	-	-	\$4,250	\$0.85	-	-	-	-
Sagman Dental	1568	1,164	Apr-2018	Mar-2023	2018	\$1,451	\$1.25	3%	NNN	3% Annually	One 5-Year
J&S Laundry	1570	2,400	Mar-1995	Oct-2024	2019	\$3,360	\$1.40	7%	NNN	Nov 2020: \$3,600 (7%) Nov 2021, 2022, 2023: 3% Annually	One 5-Year
J&M Storage	1570R	1,000	Jul-2015	MTM	2015	\$400	\$0.40	1%	Gross	None	None
(available)	1572	2,750	-	-	-	\$3,438	\$1.25	-	-	-	-
Water Store	1574	1,178	Dec-2018	Nov-2021	2018	\$1,274	\$1.08	3%	NNN	3% Annually	Two 5-Year FMV (min 3%)
Style Me Beauty Salon	1576	616	Apr-2004	Aug-2020	2014	\$829	\$1.35	2%	NNN	3% Annually	One 3-Year FMV (min 3%)
Discount Outlet	1578	2,234	Mar-2003	MTM	2015	\$2,033	\$0.91	4%	NNN	None	None
T-Mobile	Cell Tower	N/A	Oct-2009	Sep-2024	2019	\$1,984	N/A	4%	N/A	15% Every 5 Years	Automatic 5-Year Renewals
Verizon	Cell Tower	N/A	Dec-2010	Nov-2020	2015	\$1,150	N/A	2%	N/A	15% Every 5 Years	Automatic 5-Year Renewals
TOTAL SIZE	39,339		MONTHLY BASE RENT (In-Place)			\$47,189					
VACANT	7,750	20%	ANNUAL BASE RENT (In-Place)			\$566,270					
OCCUPIED	31,589	80%	MONTHLY BASE RENT (at 100% occupancy)			\$54,877					
			ANNUAL BASE RENT (at 100% occupancy)			\$658,520					

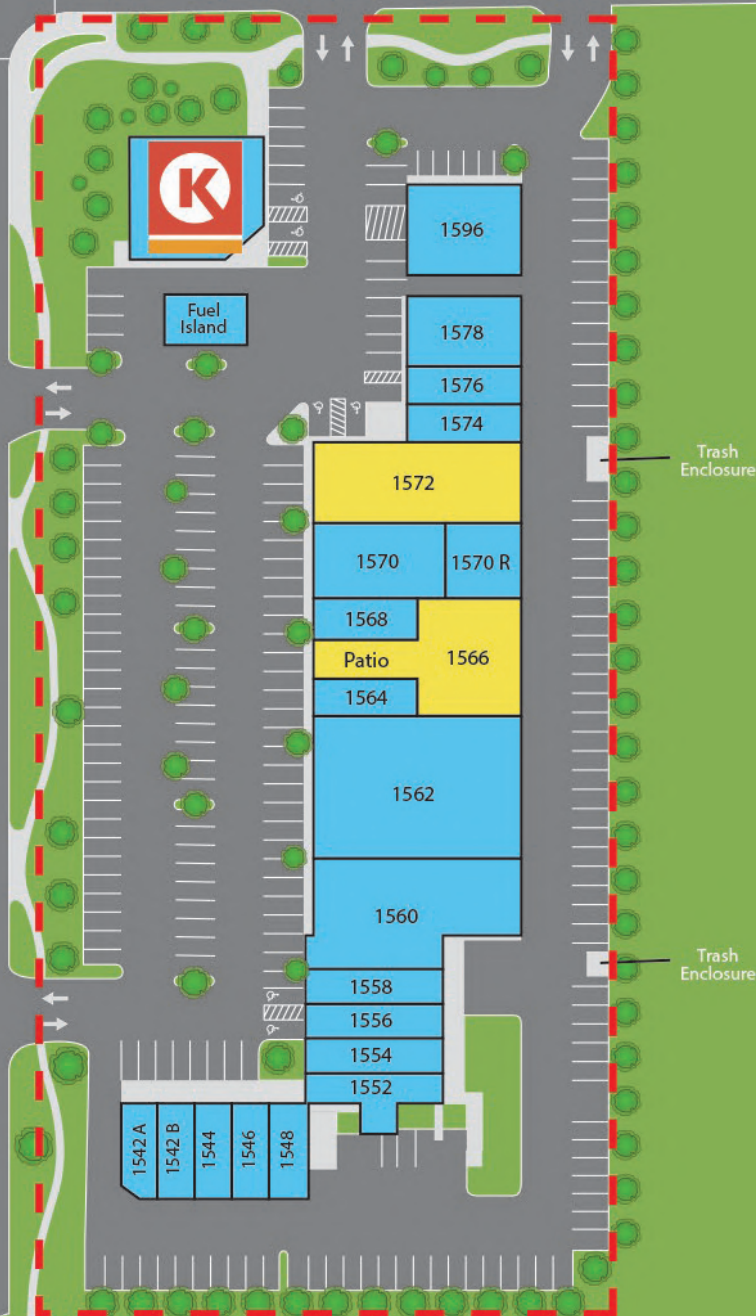
projected rent =





## W SAN BERNARDINO AVE

## ORANGE AVE



SUITE	TENANT	SIZE (SF)
1542A	Shangri-La Day Spa	960
1542B	Clothing Store	1,000
1544	MetroPCS	800
1546	Mimi Nails	800
1548	J&M Party Supplies	900
1552	Trimmerz	1,310
1554	La Michoacana	1,150
1556	Pizza Express	1,150
1558	Hit & Run Insurance	1,197
1560	M&C Liquor	3,000
1562	Hispanic Meat Market	5,000
1564	Jimenez Bakery	1,750
1566	Available (Built Out Restaurant + Patio)	5,000
1568	Sagman Dental	1,164
1570	J&S Laundry	2,400
1570R	J&M Party Supplies Storage	1,000
1572	Available	2,750
1574	Water Store & Asian Market	1,178
1576	Style Me Beauty Salon	616
1578	Discount Outlet	2,234
1596	Tacos La Terraza	980
1598	Circle K	3,000

SUBJECT PROPERTY   
AVAILABLE



# TENANT DESCRIPTIONS | The Grove



**Circle K** is a world leading convenience store and gasoline service operator based in Tempe, Arizona. For 63 years, customers have come to recognize the convenience and quality associated with the Circle K brand. What began in 1951 with the purchase of three Kay's Food Stores in El Paso, Texas, Circle K has become one of the nation's largest chains of company-operated convenience stores.

Circle K is owned and operated by Alimentation Couche-Tard Inc. (Couche-Tard). Couche-Tard is one of the largest company-owned convenience store operators in the world with more than 16,000 stores across Canada, the United States, Europe, Mexico, Japan, China, and Indonesia. Couche-Tard has a current market cap of over \$42.2 billion, revenue of \$58.9 billion, gross profit of

\$8.1 billion and is Standard & Poor's rated BBB & Moody's rated Baa2, (Investment Grade) and is traded on the Toronto Stock Exchange under (TSX: ATD.A) and (TSX: ATD.B).

**Tenant:** Circle K Stores, Inc.  
**Signature:** Corporate 16,000+  
**# of Locations:** Stores  
**Revenue:** \$58.9 Billion  
**Website:** [www.CircleK.com](http://www.CircleK.com)



**Review by: Rosa**

*"The best food with authentic Mexican flavor! I recommend the delicious cakes of carnitas and the fresh, delicious dough tortillas. Not to mention the taquitos served with delicious sauces, friendly service, the place is a 10!"*



**Metro by T-Mobile**, known previously as MetroPCS, is a prepaid wireless brand operating the fifth largest telecommunications network in the United States. In 2013, the carrier engaged in a reverse merger with T-Mobile USA. Post merger, its services have been merged under T-Mobile's 4G LTE network making it one of the largest wireless network in the United States. In 2018, the brand announced it intends to be the first prepaid mobile carrier to offer 5G service.



**Review by: Joseph**

*"The taste and variety of their Agua frescas is fantastic. Their breakfast torta is not to be missed. I have not had one bad experience yet, and I've been going here once a week for the last year. Very friendly, bilingual staff and tons of Mexican bakery items if you are into that."*



# TENANT DESCRIPTIONS | The Grove



**Review by: Jamey**

"This is by far the best little pizza joint in town! I grew up in Redlands and Little Caesars is usually my go-to for pizza at a great price. But ever since I discovered Pizza Xpress my thoughts have changed! Not only is the staff super friendly but their pizza is amazing. They only use the freshest ingredients and it really makes a difference."



**Review by: Jayce**

"I drive all the way from Rancho Cucamonga just to get my hair cut my Alma. She always leaves my hair looking immaculate. The staff are super friendly and always make me feel very welcome."

## M&C Liquor



**Review by: Gilberto**

"A family owned and operated hidden gem, this place has a little of everything for everyone's taste. Located in the heart of Redlands."



**Bringing the Traditional "Paeteria" Experience to Your Home**

A recent addition to The Grove Shopping Center, La Michoacana is a global concept specializing in offering dozens of varieties of ice creams, raspados (shaved ice treats), gazpachos (cold soups), and agua frescas. La Michoacana dishes and treats often include fresh fruits and nuts, making it a fun and (almost) healthy option for the whole family.





MENU DO  
SAT & SUN



TACO salsa

NO NO

6A1A275



# PARCEL MAP | The Grove



 **Subject Property**

**APN**    0167 - 161 - 12  
             0167 - 161 - 14  
             0167 - 161 - 15



# PROPERTY DESCRIPTION | The Grove

## ADDRESS

1542-1578 Orange Street

## APN

0167-161-12,-14,-15

## SIZE

4.18AC

## LOCATION DESCRIPTION

The property is located on the southeast corner of Orange Street and San Bernardino Avenue

## BUILDING AREA

Approximately 39,339 square feet of rentable building area

## PARCEL

The property consists of three (3) parcels containing approximately 4.18 acres of land area

## PARKING

The property consists of approximately 126 dedicated parking stalls in the center's front area with access to approximately 102 additional stalls in the rear

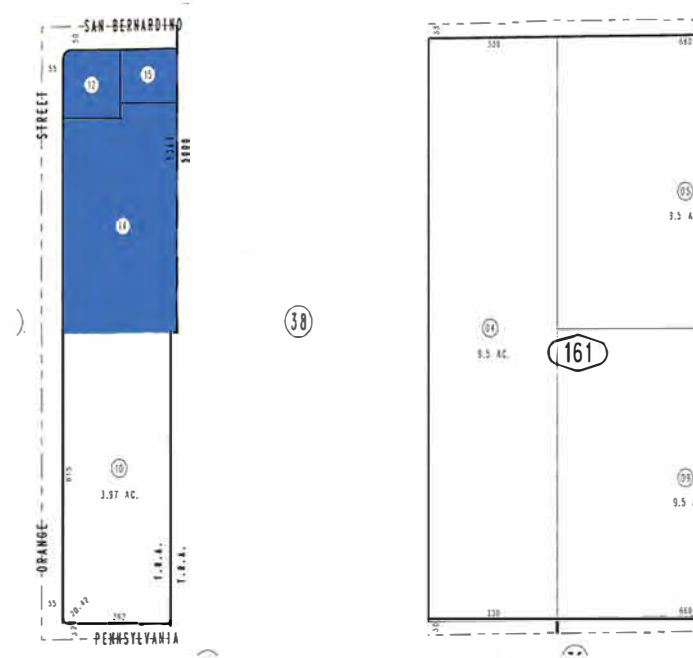
## YEAR BUILT

Circle K & Taco Salsa (1987)  
Rest of Center (1990)

## ACCESS

There are four (4) primary access points: two (2) along Orange Street and two (2) along San Bernardino Avenue

## PARCEL MAP



## ZONING

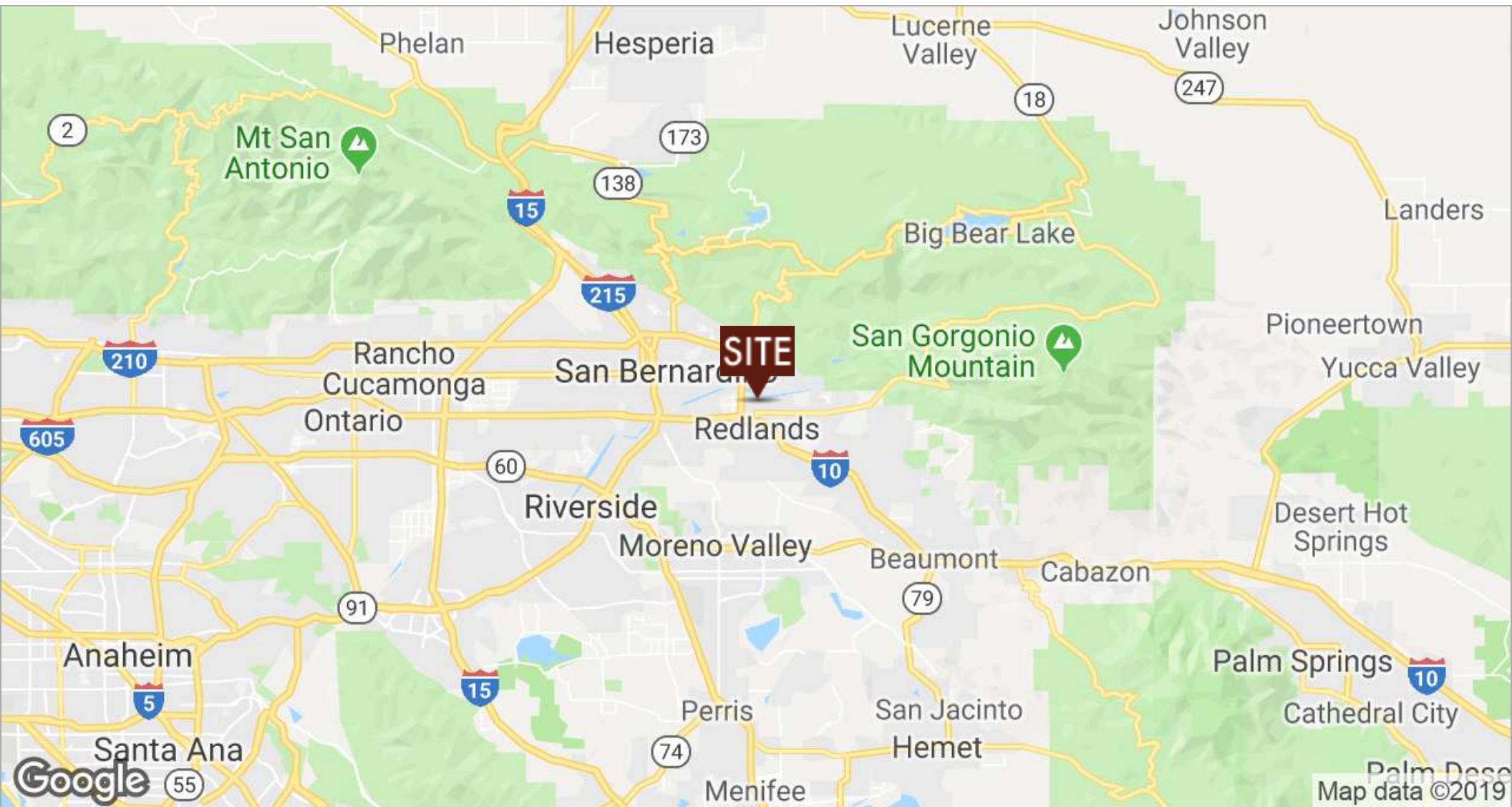
C2-Commercial

## TRAFFIC COUNTS

Orange St	25,545
San Bernardino Ave.	9,053



# REGIONAL MAP | The Grove





# TRADE AREA INFORMATION | Redlands, CA



University of Redlands



Passenger Rail Project



Downtown Redlands

## REDLANDS

Redlands is a city in San Bernardino County, California with over 69,000 residents representing a blend of the best that Southern California has to offer to businesses and residents alike. Whether it's a glimpse of the City's graceful citrus era via the historic Morey Mansion, "America's Favorite Victorian," or a window into the future by way of the campus of worldwide technology leader ESRI, Redlands has it all: historic downtown, freeway visible regional retail centers, medium to large sized industrial and manufacturing sites, and Class A development opportunities.

In December 2015, Majestic Realty completed Mountain Grove, a 67-acre retail development contiguous to Majestic Realty's highly successful 520,000 SF Citrus Plaza shopping center. Mountain Grove has a wide range of national retailers including: 24 Hour Fitness, Bahama Bucks, Banana Republic, buybuy Baby, Chipotle, Harkins Theater, Hobby Lobby, Justice, Kay Jewelers, Kirkland's, Lane Bryant, Nike, Nordstrom Rack, Old Navy, Ross, Sketchers, Gap, Habit Burger, Tilly's, TJ Maxx, and Ulta.

Redlands is also the proud home to the international headquarters of the software firm, ESRI. Founded in 1969, ESRI is an international supplier of world mapping, geodatabase management applications, and Geographic Information System (GIS). The company serves Fortune 500 companies, national and local governments, public utilities, natural utilities, natural resources industries, and tech startups around the world. Because of Redland's supportive business environment, ESRI has grown into a large conglomerate with an annual revenue that reaches over a billion dollars a year.

Almost 2.4 million square feet of industrial and manufacturing space has been planned, developed or is under construction. Savvy development teams such as Hillwood, McShane and Prologis have recognized the value of Redlands location - as have their industry leading tenants: Bayer CropScience, BMW, Clorox, Continental Tire, Home Depot, Lamps Plus, Weber and many others.



# TRADE AREA DEMOGRAPHICS | The Grove

	<u>1-Mile</u>	<u>3-Mile</u>	<u>5-Mile</u>
<b>Population</b>			
2023 Projection	19,666	79,434	180,224
2018 Estimate	18,816	76,031	173,685
2010 Census	17,527	71,770	165,265
2000 Census	15,391	66,774	147,240
Growth 2000-2010	13.9%	7.5%	12.2%
Growth 2010-2018	7.4%	5.9%	5.1%
Growth 2018-2023	4.5%	4.5%	3.8%
<b>Households</b>			
2023 Projection	5,866	28,138	59,323
2018 Estimate	5,628	26,970	57,264
2010 Census	5,266	25,534	54,699
2000 Census	4,808	24,388	50,453
Growth 2000-2010	9.5%	4.7%	8.4%
Growth 2010-2018	6.9%	5.6%	4.7%
Growth 2018-2023	4.2%	4.3%	3.6%
<b>Average Household Income</b>			
2018 (current)	\$74,276	\$93,275	\$93,120
2023 (projected)	\$87,201	\$109,262	\$109,489
<b>2018 Population by Ethnicity</b>			
White Alone	47.9%	62.3%	55.3%
Black or African American Alone	7.4%	5.9%	8.2%
American Indian/Alaska Native Alone	1.2%	0.9%	0.9%
Asian Alone	9.6%	9.4%	11.9%
Pacific Islander Alone	0.6%	0.4%	0.4%
Other Race	27.8%	15.2%	17.6%
Two or More Races	5.6%	5.9%	5.8%
<b>2018 Population by Ethnicity (Hispanic or Latino)</b>			
Hispanic or Latino	58.9%	38.1%	41.0%
Not Hispanic or Latino	41.1%	61.9%	59.0%