



RARE 15 YEAR LEASE  
FEATURING "CHIPOTLANE" APP-BASED DRIVE-THRU CONCEPT

OFFERING MEMORANDUM

PRESERVE  
WEST  
CAPITAL



Chipotle  
Los Banos, CA

[www.preservewestcapital.com](http://www.preservewestcapital.com)



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Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

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## PROPERTY HIGHLIGHTS



- New Corporate 15-Year NNN Lease to Chipotle (NYSE:CMG)
  - Scheduled 10% Rental Escalations Every 5 Years
  - No Landlord Maintenance Responsibilities
- Highly Functional Footprint with Drive Thru Component
- Pandemic-Resistant Use Well Adapted to Drive-Thru & Carry-Out Business
  - "Chipotlane" Drive-Thru Featuring Contactless App-Based Ordering Ideal for Pandemic Precautions
  - Among First Chipotlane Locations Statewide
- Prominent Retail Location adjacent to Walgreens, Starbucks & Future Dutch Bros. Coffee
  - Nearby Anchor Tenants Include Walmart Supercenter, Target, Food 4 Less, Tractor Supply Co, Dollar Tree & More
- Excellent Access and Visibility at Junction of East Pacheco Blvd & Mercey Springs Road – Combined AADT of 67,000
- Robust Demographics in Surrounding Area
  - Population of 42,935 within 5 Mile Radius
  - Average Household Income of \$71,722 within 3 Miles of Site
- Merced County Produces \$3+ Billion in Agricultural Commodities Annually
  - Among Top Agricultural Counties Statewide
  - Grows 90% of California Sweet Potato Crop
- Approximately 80 Miles from San Francisco Bay Area



## Location

The property is located at 1420 East Pacheco Boulevard in Los Banos, California.

## Lot Size

Approximately 0.68 acres or 29,831 square feet

## Improvements

Construction is expected to be completed in December 2020 of a 2,500 square foot building with a "Chipotlane" drive-thru component for **Chipotle**.

This location is among the first California locations to feature Chipotle's "Chipotlane" drive-thru concept, introduced in 2019, which allow customers to place orders through the Chipotle mobile app or website and pick their food up through the "Chipotlane." This concept is ideal for contactless order pickup due to pandemic-related restrictions.

## Parking

There is ample parking available on site.

## Lease

Leased to **Chipotle Mexican Grill, Inc.** for fifteen (15) years from an estimated rent commencement date of March 2021 through February 28, 2036 at an initial annual rent of \$112,500. There are four (4) five-year options to renew the lease. Rent is to increase by 10% in years 6, 11, and at the start of each option period. The lease is net with tenant responsible for all taxes, insurance, maintenance, and common area maintenance upon the Tenant's parcel.

## Financing

This property will be delivered free and clear of existing financing.

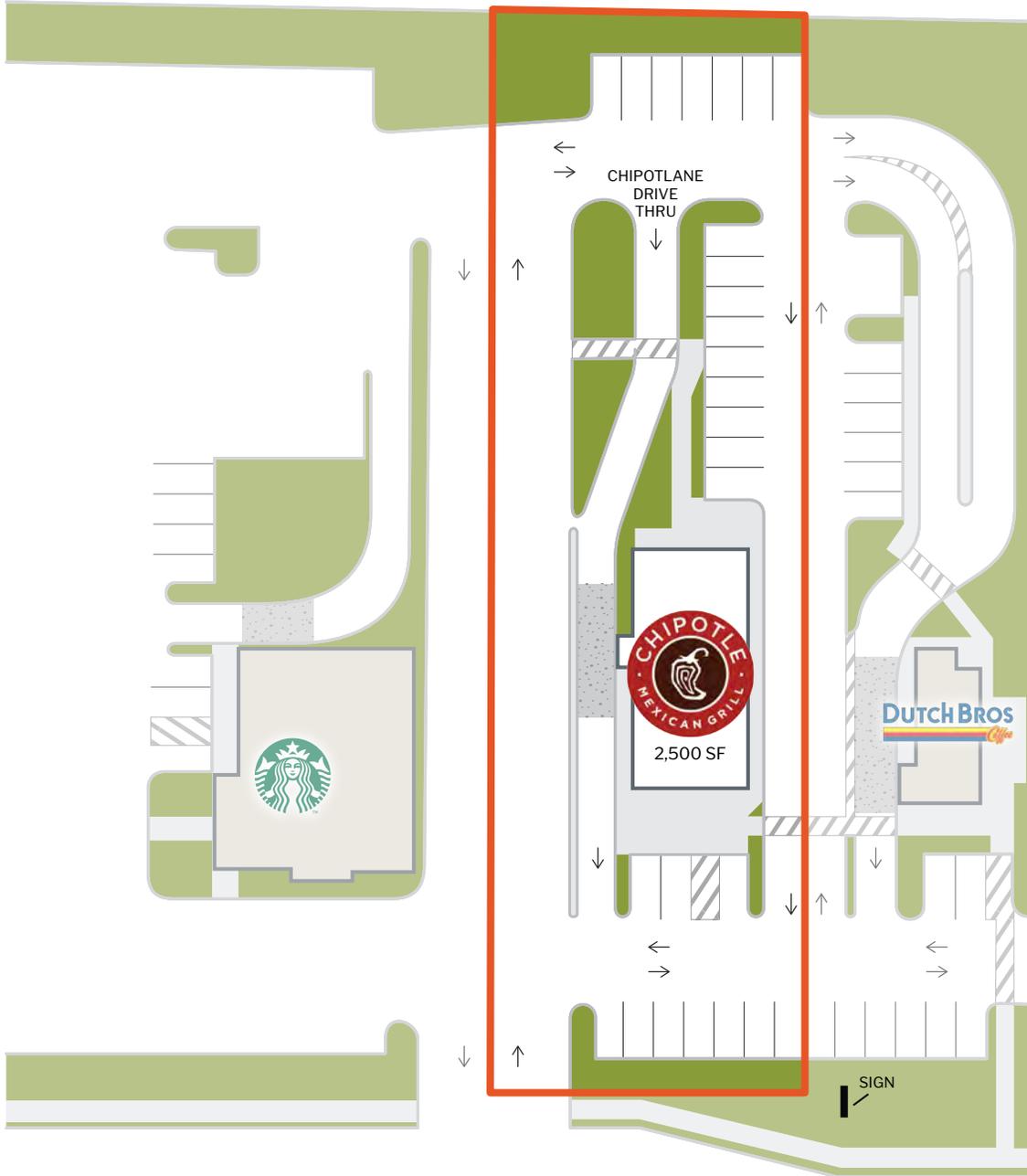
## PRICE

**\$3,000,000**

**3.75% CAP Rate**

## Annual Rent

Years	Annual Rent	Return
<b>1-5</b>	<b>\$112,500</b>	<b>3.75%</b>
6-10	\$123,750	4.13%
11-15	\$136,200	4.54%
16-20 (Option 1)	\$149,738	4.99%
21-25 (Option 2)	\$164,711	5.49%
26-30 (Option 3)	\$181,182	6.04%
31-35 (Option 4)	\$199,301	6.64%



**Chipotle Mexican Grill, Inc. (NYSE: CMG)** operates a chain of fast-casual Mexican restaurants serving burritos, tacos, burrito bowls, and salads. The company prepares the majority of its ingredients on site, and is set apart by its use of high-quality natural ingredients and fresh produce. The company has expanded its footprint dramatically in recent years, with more than 2,480 locations nationwide; because the company does not franchise, all locations are corporate stores. The chain's focus on food quality and distinctive interior design provides an experience that is more in line with a full service restaurant, coupled with the speed and convenience of fast food.

In 2019, Chipotle introduced their new "Chipotlane" drive-thru concept, allowing customers to place orders via the Chipotle app or website to be picked up at the "Chipotlane" without leaving their cars. Chipotlanes are expected to be included in more than 60% of new Chipotle restaurants. Despite stay-at-home orders in recent months, Chipotle successfully navigated the first quarter with digital sales growing more than 80% year over year.

For 2019, the company reported revenue of \$5.59 billion, net income of \$350.1 million, nearly twice the company's net income in 2018, and total stockholder equity of \$1.68 billion.

AERIAL

CORRIDOR RENDERING



AERIAL

CLOSE UP VIEW

Proposed development part of larger Walgreens development



Walgreens



DUTCH BROS



Mercy Springs Rd (33,500 AADT)



E Pacheco Blvd (33,500 AADT)



AERIAL

NORTHEAST VIEW



Regency Park

Pacheco High School

Mission Village South New Homes



Los Banos Junior High School



Miano Elementary



Mercy Springs Rd (33,500 AADT)



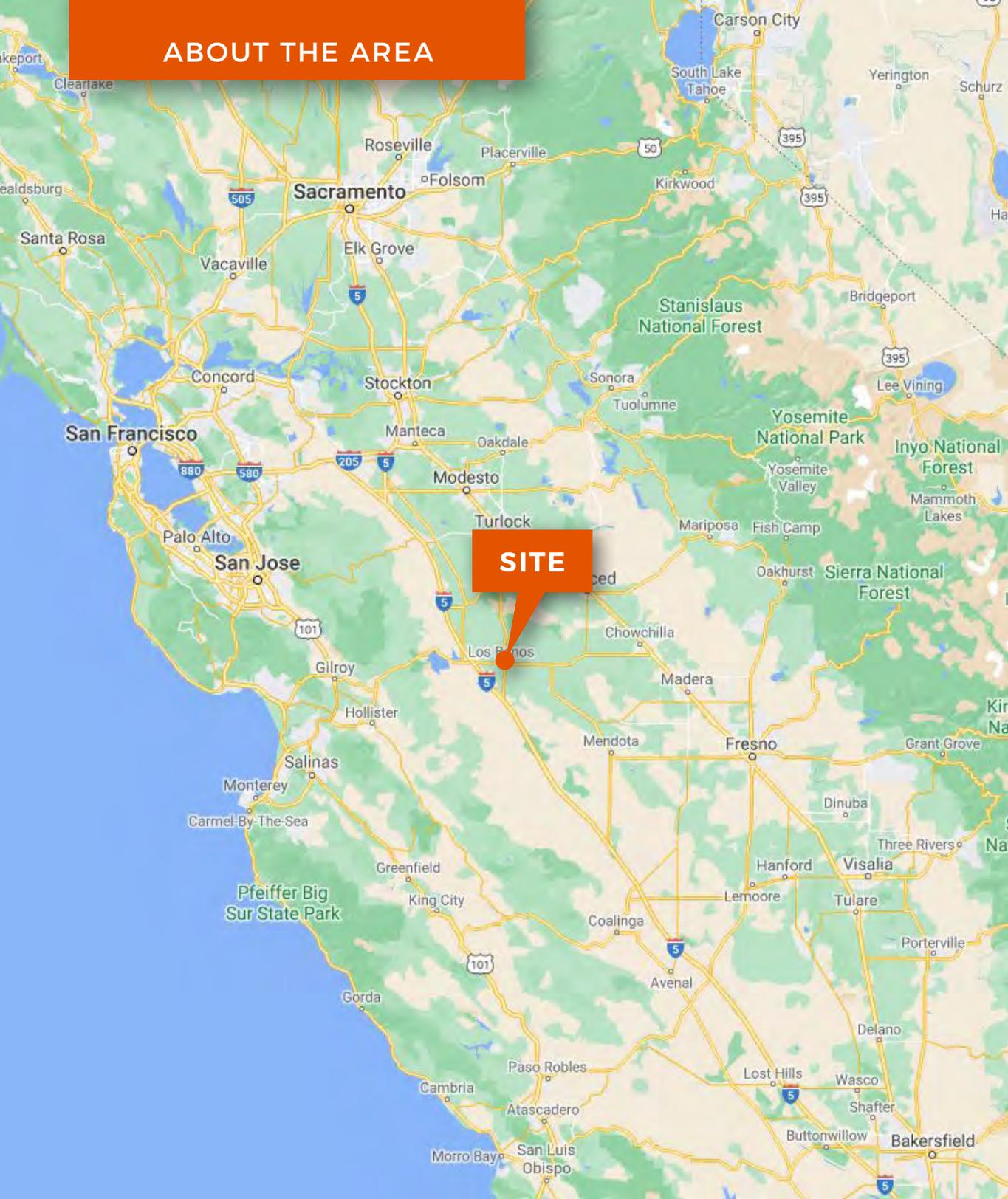
E Pacheco Blvd (33,500 AADT)

Shaunessy Village New Homes



Mercy Springs Elementary

## ABOUT THE AREA

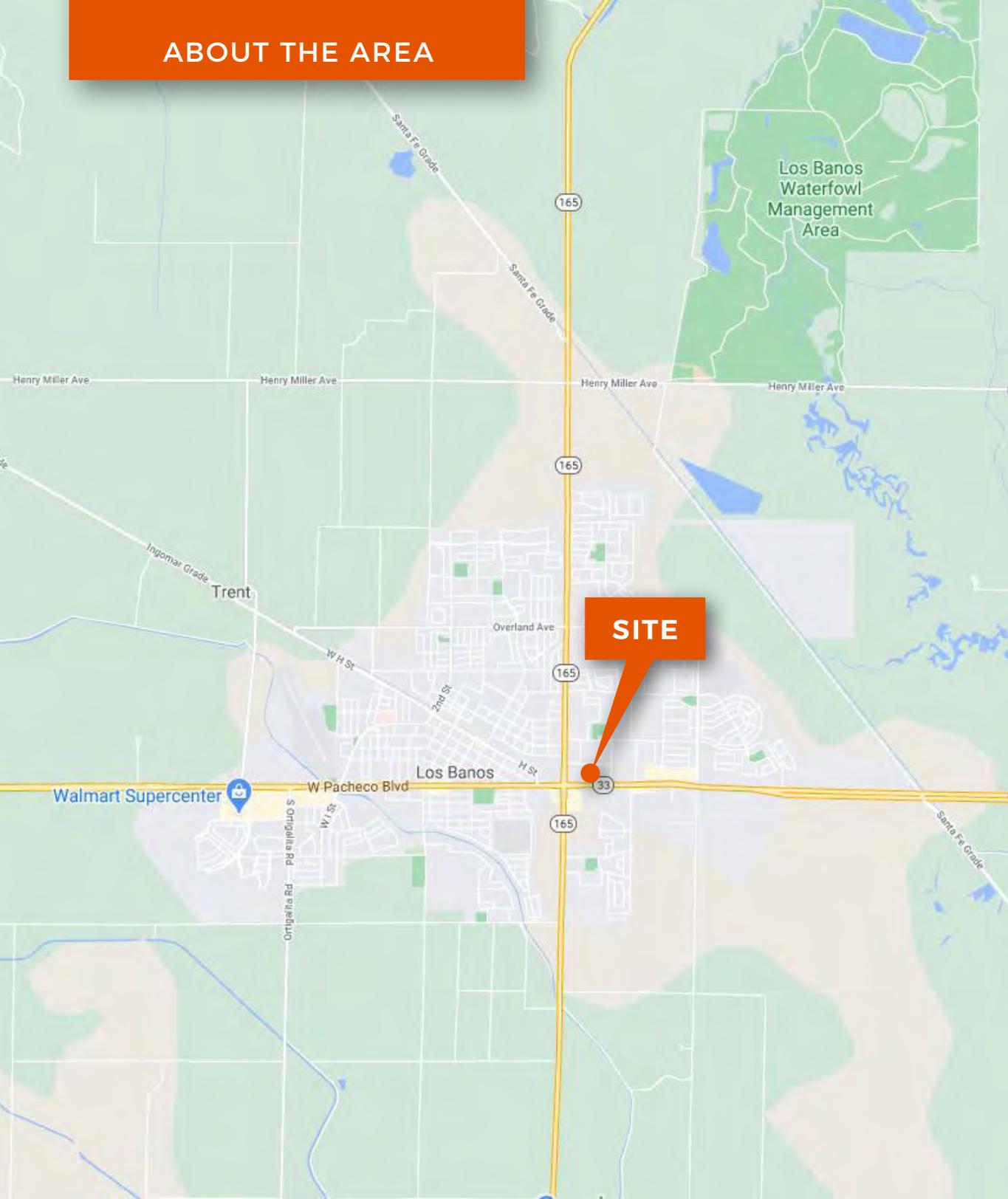


## General Overview

Los Banos (population 38,119) is a city in Merced county located approximately 36 miles from Merced, 80 miles from San Jose, 113 miles from Oakland, and 120 miles from San Francisco. The city has seen substantial population growth in recent years as a more affordable community for residents who work in the San Francisco Bay Area and are willing to exchange a longer commute for more affordable housing and a lower cost of living. On average, Merced county residents spend less than 25% of their income on housing costs, while many households in the Bay Area and coastal California spend more than 50% of their income on housing costs.

Merced County benefits from an established economic base in agriculture, food manufacturing, transportation and logistics, education, and healthcare. The county produces more than \$3 billion in agricultural commodities annually, placing it among the top farm counties statewide, and grows 90% of California's sweet potato crop. Major companies operating in Merced County include Foster Farms, Pacific Gas & Electric, Live Oak Farms, Bianchi & Sons Packing Co, Sensient Dehydrated Flavors, McLane Pacific, Hilmar Cheese Company, and more.

## ABOUT THE AREA



## Site Information

The subject property is prominently located with excellent access and visibility along the East Pacheco Boulevard retail corridor (33,500 AADT) adjacent to its signalized intersection with Mercey Springs Road (33,500 AADT). The site benefits from robust demographics with a population of 42,935 within a 5 mile radius. Average household income within 3 miles of the property is \$71,722.

The property benefits from a prominent retail location in close proximity to numerous shopping centers and major retail tenants and adjacent to Starbucks, Walgreens, and a future Dutch Bros. Coffee. Nearby shopping centers include College Plaza, featuring Dollar Tree, Food 4 Less, and Big 5 Sporting Goods; Canal Farm Shopping Center, anchored by Rite Aid; San Luis Plaza, featuring 99 Cents Only and Tractor Supply Co; and Stonecreek Plaza, featuring Target, Hobby Lobby, Dollar Tree, and Petco. Other major retail tenants include Save Mart, Walmart Supercenter, The Home Depot, Dollar General Market, and more. In addition, the property is located in close proximity to Los Banos High School, Mercey Springs Elementary School, and Los Banos Elementary School, drawing additional traffic from students, parents, and teachers to the site.



# 1420 E Pacheco Blvd | Los Banos, CA 93635



TOTAL POPULATION  
**42,935**



AVG. HOME VALUE  
**\$321,264**



AVG. HOUSEHOLD INCOME  
**\$71,722**

**Population Summary**

	1 Mile	3 Miles	5 Miles
2010 Total Population	10,993	36,760	37,813
2020 Total Population	12,191	41,888	42,935
2025 Total Population	12,768	44,237	45,282
2020-2025 Annual Rate	0.93%	1.10%	1.07%

**Average Household Income**

	1 Mile	3 Miles	5 Miles
2020	\$64,224	\$71,722	\$71,686
2025	\$71,724	\$80,414	\$80,382

**Average Home Value**

	1 Mile	3 Miles	5 Miles
2020	\$317,533	\$318,156	\$321,264
2025	\$376,398	\$372,355	\$376,615

**Major Employers in Los Banos**

**# of Employees**

Los Banos Unified School District	1,145
Memorial Hospital	302
Wal-Mart	300
Kagome	200
City of Los Banos	178
Target	159
Home Depot	124
Save Mart	115
APEX	102
Central California Irrigation District	75



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