

 **at *COSTCO* WHOLESALE**
ANCHORED CENTER

▪ ABSOLUTE NNN LEASE ▪ 15-YEAR OPERATING HISTORY ▪ 2019 REMODEL ▪



OFFERING MEMORANDUM
LAKE ELSINORE, CALIFORNIA



HANLEY INVESTMENT GROUP
REAL ESTATE ADVISORS



OFFERING MEMORANDUM

LAKE ELSINORE, CALIFORNIA

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OFFERING SUMMARY

CHILI'S



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LOCATION

Chili's
29233 Central Avenue
Lake Elsinore, CA 92532



OFFERING SUMMARY

Price:	\$2,745,000
Net Operating Income:	\$130,438
Capitalization Rate:	4.75%
Price per Square Foot:	\$436
Net Rentable Area:	6,300
Year Built:	2005; R-2019
Lot Size (Acres):	1.00

LEASE TERMS

Lease Commencement:	8/15/2005
Lease Expiration:	2/28/2026
Lease Term Remaining:	5+ Years
Lease Type:	Absolute NNN
Monthly Rent:	\$10,870 (\$1.73 psf)
Annual Rent (1):	\$130,438
Rental Increases:	None
Renewal Options:	Two 5-Year @ 10% Each Option

(1) Rent is as of March 2021; Current Rent is \$118,580.



NOT A PART



NOT A PART





- **Single-Tenant Corporate Chili's Grill & Bar:**

- Fee-simple (land and building) absolute NNN lease
 - One of the top-performing Chili's in the region
 - Established restaurant in the trade area that has shown a continued commitment to the site
 - ◆ Recently exercised 5-year option early (2020)
 - ◆ Conducted exterior remodel (2019)
 - 15-year operating history; original tenant at Lake Elsinore Marketplace since 2005
 - Chili's is one of the world's leading casual dining brands; serving over 1 million guests per day
 - Corporate guaranteed lease with Brinker International (NYSE: EAT, S&P: B+), more than 1,600 restaurants throughout 33 countries under the names Chili's® Grill & Bar (1,606 restaurants) and Maggiano's Little Italy® (52 restaurants)
 - Brinker's stock has surged 318% in the past 3 months, outpacing competing restaurant same-store sales by 20%
 - Delivery and takeout business have more than doubled for Chili's since the start of the Pandemic
- **Situated at the Best Regional Retail Location in Lake Elsinore:** Notable credit tenants at Central Avenue and I-15 include Costco, Target, Walmart Supercenter (relocation store opening 2020), The Home Depot, Lowe's, LA Fitness, Marshalls, 99 Cents Only, ALDI, Five Below, Skechers, ULTA Beauty, and Walgreens



INVESTMENT HIGHLIGHTS

CHILI'S



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- **Costco Grocery Anchored Shopping Center:** Lake Elsinore Marketplace is a 100% occupied 144,034 square foot shopping center anchored by Costco, Lowe's, Dollar Tree, Grocery Outlet, Kirkland's, Optima Salon Suites, and PetSmart
 - Other national/regional tenants include AT&T, Dickey's Barbecue Pit, Juice it Up!, Great Clips, Kirkland's, Panda Express, Popeyes, Starbucks, Submarina, Valvoline Instant Oil Change, Wells Fargo Bank, and Wendy's
- **Highly Visible Retail Shopping Center Site with Excellent Accessibility, Exposure and Identity:** Lake Elsinore Marketplace is ideally situated on Highway 74/Central Avenue (31,500 cars per day), the main retail thoroughfare connecting Orange County to Riverside County
 - Immediately adjacent to I-15 (125,000 cars per day) at the Central Avenue exit featuring freeway visible pylon signage
- **Affluent, High Growth Demographics:** The average household income is over \$91,000 within a 5-mile radius of the subject property. The population grew 86% between 2000-2018 with projected growth of 17% between 2018-2023



NOT A PART



The information contained herein has been obtained from sources we deem reliable. We cannot assume responsibility for its accuracy.



**LAKE ELSINORE
MARKETPLACE**
- NOT A PART -

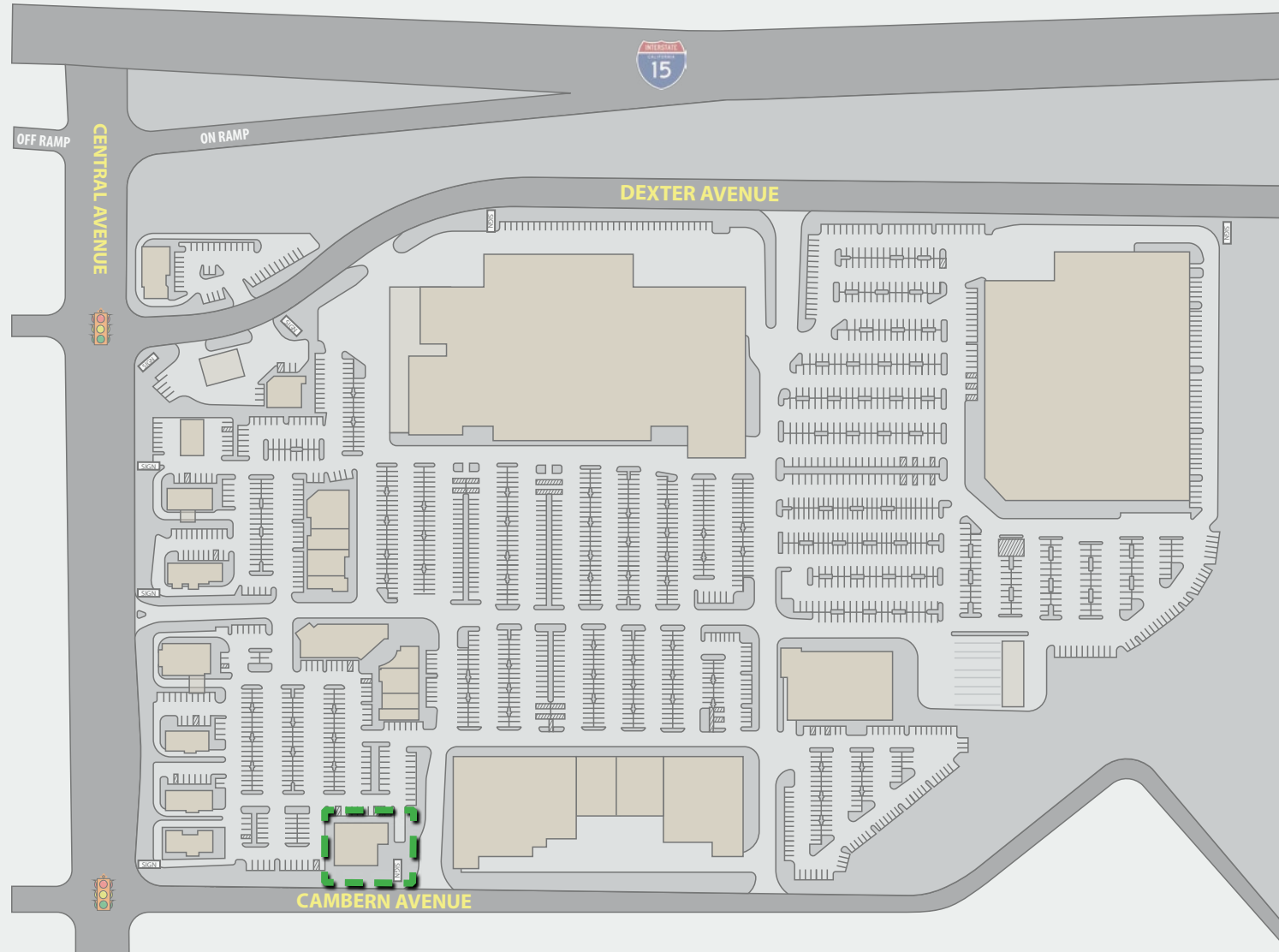




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SUBJECT PROPERTY

APN: 377.040.033





**LAKE ELSINORE
MARKETPLACE**
- NOT A PART -





DEMOGRAPHICS

	Population	AHHI	Growth % (2010-2019)	Growth % (2019-2024)
1-Mile Radius	4,341	\$93,522	12%	5%
3-Mile Radius	35,757	\$77,320	16%	8%
5-Mile Radius	85,435	\$83,941	14%	7%



AERIAL OVERVIEW

CHILI'S



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DOMINANT RETAIL TRADE AREA

Nearby Power Centers: Anchored by 99¢ Only, ALDI, Home Depot, LA Fitness, Five Below, Marshalls, Sketchers, ULTA Beauty, and Petco

Future Nearby Developments: The future 150,000 SF Walmart Supercenter will increase traffic from the region



At the CA-74 exit of I-15, a primary thoroughfare to Orange County

LAKE
ELSINORE

OAK GROVE
CROSSING

TARGET
Bank of America



LAKE ELSINORE SQUARE



CENTRAL PLAZA
Marshalls five BELOW
SKECHERS ULTA

ExtraSpace
Storage



LA FITNESS

Walmart
Supercenter
- OPENING IN 2020 -
- 150,000 SF -

CENTRAL AVENUE 31,500 CPD

chili's

SUBJECT
PROPERTY

Lowe's

INTERSTATE
15

125,000 CPD

COSTCO
WHOLESALE



GROCERY OUTLET

DOLLAR
TREE

KIRKLAND'S

PETSMART

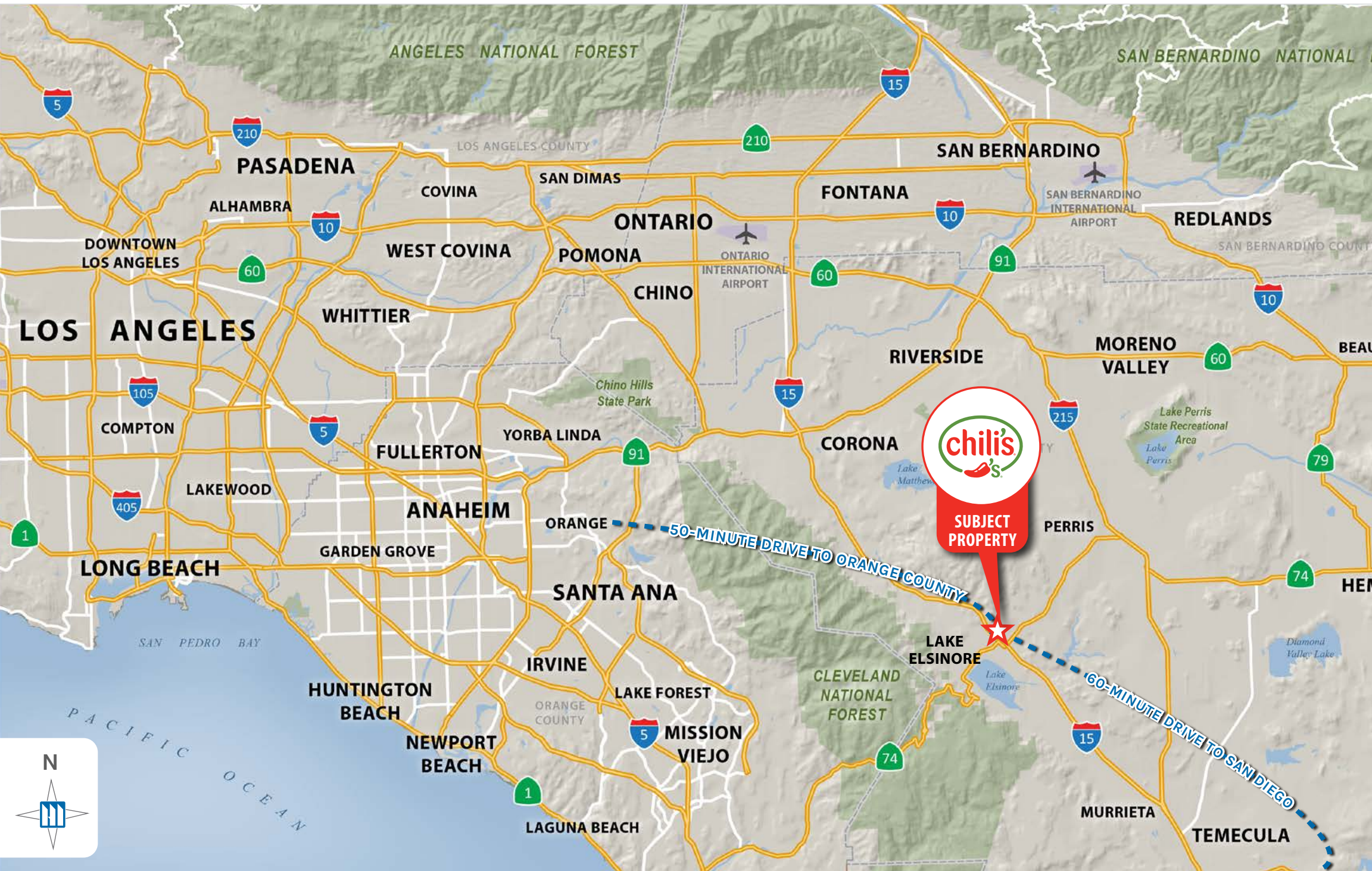


REGIONAL MAP

CHILI'S



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Chili's, a recognized leader in the bar & grill category of casual dining, has been operating its restaurants for over 40 years. Founded by Larry Levine in Texas in 1975, Chili's Grill & Bar is currently owned and operated by Brinker International and has a global presence with locations in 33 different countries around the world. Chili's menu features bold, kicked-up American favorites and has built a reputation for gourmet burgers, sizzling fajitas, baby back ribs and hand-shaken margaritas. Chili's offers a to go menu and in 2017, Chili's began offering curbside service at all their company-owned restaurants for orders placed through the website or mobile app. In fiscal 2018, they relaunched My Chili's Rewards program and began offering free chips and salsa or a soft drink to members at every visit. In the fourth quarter of fiscal 2019, Chili's partnered with DoorDash to make delivery of Chili's another convenient option for guests from most company-owned Chili's restaurants. During fiscal 2019, food and non-alcoholic beverage sales constituted approximately 86.5% of Chili's total restaurant revenues, with alcoholic beverage sales accounting for the remaining 13.5%. Their average annual net sales volume per company-owned Chili's restaurant during fiscal 2019 was \$2.9 million.

Brinker International owns, operates, or franchises more than 1,600 restaurants under the names Chili's Grill & Bar (1,606 restaurants) and Maggiano's Little Italy (52 restaurants). Chili's Grill & Bar is the flagship brand of Dallas-based Brinker International, Inc., a recognized leading casual dining company.

TOP HONORS

- **#23 "Top 500 Chains"** - Restaurant Business Magazine (2020)
- **#35 "Top 200"** - Franchise Times (2019)
- **#22 "Top 250 Restaurant Chains in the U.S."** - Foodservice Database Company (2019)

Company Type:	Public (NYSE: EAT; S&P: BB+)
Locations:	1,606
Website:	www.chilis.com www.brinker.com

Lake Elsinore, California

- Situated in western Riverside County, north of Wildomar and Murrieta along Interstate 15
- Centrally located; 1- to 2-hour drive from major anchor cities including San Diego, Los Angeles, Orange County, Palm Springs, and Big Bear
- Lake Elsinore, the largest natural freshwater lake in Southern California, consists of 3,000 acres and 14 miles of shoreline
 - Known as the "Action Sports Capital of the World"; approximately 4,295,930 visitors per year

ECONOMY

- Diverse economy whose largest industries are retail trade, construction, healthcare and social assistance
- Top employers include Lake Elsinore Unified School District, M&M Framing, Stater Bros., Lake Elsinore Hotel & Casino, Costco, and Walmart
- Highest paying industries are utilities, educational services, mining, quarrying, oil, and gas extraction
- 89% of the population commute to work outside the city
 - Top commutes include Riverside, Corona, Los Angeles, Irvine, and Temecula
- \$78,267 average household income; 14.3% growth projected between 2018-2023
 - Nearly 20% of households earned \$100,000+

DEVELOPMENTS

- Much of the city's housing was built recently; construction of new real estate can often be taken as an indication that the local Lake Elsinore economy is robust, and that jobs or other amenities are attracting an influx of new residents
 - 600 new homes and 2,000 additional residents were added annually over the last 4 years
 - 90.9% total household growth between 2000-2016
 - 30% of the city is built; 29,000+ residential units in planning
- **Alberhill Ranch** - 8,000 residential units, schools, offices, retail centers, and possibly a university and hospital on 1,400 acres; under construction
- **East Lake** - 7,189 residential units; 15-year expected build-out
- **Ramsgate** - 1,191 residential units; 10-year expected build-out; under construction
- **Tuscany Hills** - 1,195 residential units; 3-year expected build-out

City of Lake Elsinore Highlights

\$78,267

**AVERAGE
HOUSEHOLD INCOME**



**POPULATION DOUBLED
IN THE PAST 20 YEARS**

4.29M

**VISITORS
ANNUALLY**



LAKE ELSINORE



POPPY FIELDS



WATER SPORTS by Dennis Johnson



Lake Elsinore, California

- 67,800+ population; one of the fastest growing cities in California with the population almost doubling over the last 20 years
- Young population; 32.3 median age vs. the national average of 38
 - Millennials spend more freely than any other generations on the latest tech, clothes, dining, and entertainment, according to the Modern Wealth Index (2017)
- Up to 66,000+ visitors each weekend during poppy season

- **North Peak** - 1,200 residential units; 10-year expected build out; proposed
- **Canyon Hills (formerly known as Cottonwood Hills)** - 1,200 residential units
- **Spyglass Ranch Southshore I and II** - 350 single-family units and 200 multi-family units; 10-year build out; 20% completed
- **The Village at Lakeshore** - 163 detached condo units to be built on 20 acres; under construction
- **Walmart Supercenter** - 154,487 square foot Walmart Supercenter with 4 outparcel pads for 15,000 square feet of retail and restaurant space
- **Artisan Alley at the Diamond** - 11-acre, mixed-use development featuring 95,000 square feet of retail and restaurant space and a 130-room hotel; under construction

TOURISM AND RECREATION

- **Lake Elsinore Motorsports Park** - Motocross track for off-road riding and racing
- **Launch Pointe** - \$14 million ultimate lake campground with 235 RV full-utility campsites, yurt village, vintage trailer village, and boat storage; under construction
- **Diamond Stadium** - 214,955 attended this 14,000-seat, state-of-the-art baseball facility in 2019; home base for the Minor League Lake Elsinore Storm, an affiliate of the Los Angeles Angels
- **Rosetta Canyon Sports Park** - Newly reconstructed 22-acre sports venue; houses 5 championship quality ball fields, a football/soccer field, and a 2-story concession stand with observation deck
- **Diamond Sports complex** - 520,000 square foot indoor sports facility adjacent to Diamond Stadium; houses 58 indoor volleyball courts or 33 basketball courts and stadium-style seating
- **Skydive Elsinore** - Enthusiasts from around the world can enjoy skydiving in Southern California's temperate climate; averages about 75,000 jumps per year

City of Lake Elsinore Highlights

67,800

**TOTAL
POPULATION**

\$347,346

**MEDIUM HOME
VALUE**

32.3

**MEDIAN
AGE**



ALBERHILL RANCH



ARTISAN ALLEY AT THE DIAMOND



LAUNCH POINTE



Riverside County

- 2.49 million population; California's 4th largest county by population and the nation's 11th largest county by population
- Approximately 1.5 million new residents are projected to move to Riverside County in the next 45 years (California Department of Finance's projection, December 2014)
 - Largest projected amount of growth by population over any other county in California
- Covers nearly 7,300 square miles and includes five distinct regions: Northwest, Southwest, Hemet-San Jacinto Valley, the San Geronio Pass Area, and Eastern, including the incorporated cities and unincorporated areas within each region

ECONOMY

- The largest industries are retail trade, health care, social assistance, and construction
 - While agriculture has been the traditional foundation of the economy, a transition is underway with a multi-faceted economy
- Top employers include County of Riverside (21,672), Amazon (10,500), University of California, Riverside (9,770), March Air Reserve Base (9,600), Stater Bros (8,304) and Kaiser Permanente Riverside Medical Center (5,700)
- \$592 million value of the agricultural crops in the eastern region in 2017
- 2.7 million people projected to reside here by the year 2025
- **UC Riverside** - One of 10 general campuses of the University of California system; 21,000 students
 - \$730+ million has been invested in new construction since 1999 to accommodate a rapidly-growing enrollment
 - #85 "Top National Universities" - U.S. News & World Report Best Colleges (2019)
 - UCR Highlanders play in the Big West Conference of the National Collegiate Athletic Association (NCAA) Division I
 - \$1 billion annual economic impact to the state of California
- **Kaiser Permanente** - Over 46,000 outpatient visits, 3,400 inpatient surgeries, and 10,300 outpatient surgeries annually
- **Galleria at Tyler** - Two-level, enclosed super-regional center anchored by Forever 21, JCPenney, and Macy's
 - Opened in 1970 and expanded in 1991; comprising 1.2 million square feet of retail space
 - Dining and entertainment hub for the county, including AMC Theatres, Amaya Japanese Restaurant, The Cheesecake Factory, Famous Dave's, P.F. Chang's China Bistro, Red Robin, T.G.I. Friday's, and Yard House



2.49M

**TOTAL
POPULATION**

#4

**LARGEST COUNTY
IN THE STATE**



**HOME TO 10 AMAZON
E-COMMERCE CENTERS**



DOWNTOWN RIVERSIDE



MISSION INN HOTEL



UNIVERSITY OF CALIFORNIA - RIVERSIDE

Riverside County

- Predicted to become the 3rd most populated county in the state at 3.7 million, following behind San Diego County at 4.1 million and Los Angeles County at 11.5 million
- Houses the 12th largest city in California with a total population of approximately 327,500
- Largest number of businesses and total jobs in the Inland Empire

- Prominent retailers include ALDO, Brighton Collectibles, Francesca's, Gymboree, H&M, LOFT, M.A.C. Cosmetics, Teavana, Pandora, Sephora, Victoria's Secret, and White House Black Market

INLAND EMPIRE

- 4 million people; \$40 billion annual economy
- GDP significantly outperforms the nation, with business activity growing by 2.3% in the region's business activity in the third quarter 2019 compared to 1.9% growth for U.S.
- 18.1% projected growth in nonfarm wage and salary employment from 2014 to 2024
 - 233,000 jobs increasing employment to over 1.5 million by 2024; a rate of job growth higher than the state of California as a whole

LOGISTICS INDUSTRY

- Logistics industry has nearly doubled in size over the past decade

- One of the most important players in the industry due to its abundance of space, proximity to ports, as well as access to one of the nation's biggest consumer markets
 - \$260+ billion worth of cargo passes through the Port of Los Angeles each year; nearly 80% of those goods pass through the Inland Empire, either on trucks or on trains
- Wholesale trade, transportation, and warehousing are the region's biggest job creators because most e-commerce centers in Southern California are built in the region
 - 10,600 jobs added in 2017 (9.6% year-over-year increase)
 - Sector continues to expand with Amazon recently opening 2 fulfillment centers in Riverside and Eastvale
 - ◆ Amazon has 16,000 employees and 10 e-commerce centers in the Inland Empire
- More than a fifth of the nation's largest lease deals in 2019 involved San Bernardino and Riverside county properties
 - Inland Empire logistics operators signed 21 leases for 17.5 million square feet
 - One of 2019's biggest new tenants is Nordstrom, which leased a 1 million square foot warehouse in Riverside's Hunter Park area



660K

**EMPLOYEES
IN THE COUNTY**



**5TH FOR POPULATION
GROWTH IN THE NATION**

\$40B

**INLAND EMPIRE
ANNUAL ECONOMY**



GALLERIA AT TYLER



KAISER PERMANENTE - RIVERSIDE



RIVERSIDE COMMUNITY HOSPITAL



	<u>1-mile</u>	<u>3-mile</u>	<u>5-mile</u>
Population			
2024 Projection	4,566	38,590	91,174
2019 Estimate	4,341	35,757	85,435
2010 Census	3,864	30,874	74,919
2000 Census	2,308	21,628	51,573
Growth 2000-2010	67.42%	42.75%	45.27%
Growth 2010-2019	12.34%	15.82%	14.04%
Growth 2019-2024	5.18%	7.92%	6.72%
Households			
2024 Projection	1,547	11,010	27,760
2019 Estimate	1,464	10,190	25,952
2010 Census	1,296	8,717	22,513
2000 Census	791	6,592	16,517
Growth 2000-2010	63.84%	32.24%	36.30%
Growth 2010-2019	12.96%	16.90%	15.28%
Growth 2019-2024	5.67%	8.05%	6.97%
2019 Est. Population by Single-Classification Race			
White Alone	2,371	19,151	51,278
Black or African American Alone	226	1,820	3,776
American Indian and Alaska Native Alone	32	383	871
Asian Alone	385	1,909	3,657
Native Hawaiian and Other Pacific Islander Alone	9	114	273
Some Other Race Alone	1,028	9,876	20,146
Two or More Races	259	2,161	4,765
2019 Est. Population by Ethnicity (Hispanic or Latino)			
Hispanic or Latino	2,266	21,564	44,967
Not Hispanic or Latino	2,075	14,193	40,468
2019 Est. Average Household Income	\$93,522	\$77,320	\$83,941

CONFIDENTIALITY AGREEMENT

CHILI'S



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The information contained herein does not purport to provide a complete or fully accurate summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information which prospective buyers may need or desire. All financial projections are based on assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and Broker and, therefore, are subject to material variation. This Marketing Package does not constitute an indication that there has been no change in the business or affairs of the Property or the Owner since the date of preparation of the information herein. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective buyers.

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\$6.6 BILLION
retail sales nationwide



SHARED DATABASE
collaborative proprietary database



GLOBEST. INFLUENCERS
in retail & net lease sales



COSTAR POWER BROKER
top sales brokers & firm in OC



NATIONWIDE REACH
retail & investors across the U.S.