

# BJ's Restaurant & Brewhouse

## Absolute NNN Ground Lease



Offering Memorandum

**9237 Laguna Springs Drive, Elk Grove, CA 95758**

**NAI Northern California**

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# Offering Summary

## LOCATION

### BJ's Restaurant & Brewhouse

9237 Laguna Springs Drive

Elk Grove, CA 95758

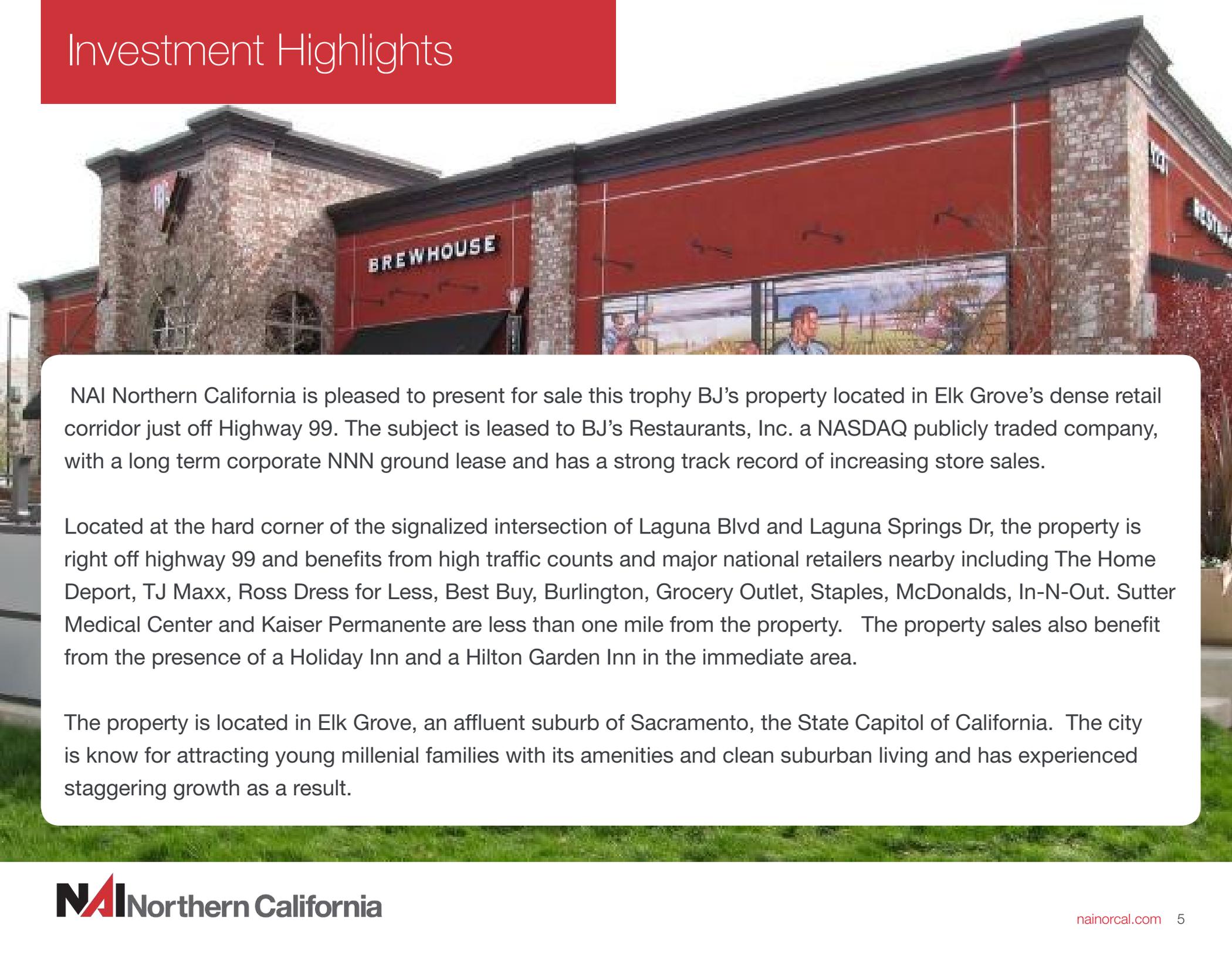
## OFFERING SUMMARY

PRICE	\$9,180,000
SIZE	7,697 SF
YEAR BUILT	2006
NET OPERATING INCOME	\$583,058*
CAP RATE	6.35%
LEASE TYPE	Absolute NNN Ground Lease
APN	116-1510-001
LOT SIZE	2.0 acres
ZONING	Commercial

\* Includes percentage rent



# Investment Highlights



NAI Northern California is pleased to present for sale this trophy BJ's property located in Elk Grove's dense retail corridor just off Highway 99. The subject is leased to BJ's Restaurants, Inc. a NASDAQ publicly traded company, with a long term corporate NNN ground lease and has a strong track record of increasing store sales.

Located at the hard corner of the signalized intersection of Laguna Blvd and Laguna Springs Dr, the property is right off highway 99 and benefits from high traffic counts and major national retailers nearby including The Home Depot, TJ Maxx, Ross Dress for Less, Best Buy, Burlington, Grocery Outlet, Staples, McDonalds, In-N-Out. Sutter Medical Center and Kaiser Permanente are less than one mile from the property. The property sales also benefit from the presence of a Holiday Inn and a Hilton Garden Inn in the immediate area.

The property is located in Elk Grove, an affluent suburb of Sacramento, the State Capitol of California. The city is know for attracting young millenial families with its amenities and clean suburban living and has experienced staggering growth as a result.

# Property Highlights

## Property Highlights:

- Corporate Guaranteed absolute NNN Ground Lease
- Top performing location with increasing store sales
- Lease includes percentage rent plus rent Increases every five years
- Hard Corner of Laguna Blvd (48,571 VPD) and Laguna Springs Dr (13,796 VPD)
- Strong visibility and access from nearby Hwy 99 (133,390 cars per day)
- Major retail corridor in the immediate area with major national retailers such as Home Depot, TJ Maxx, Ross Dress for Less, Best Buy, Burlington, Grocery Outlet, Staples, McDonalds, In-N-Out, and more.
- Sutter Medical Center and Kaiser Permanente are less than one mile from the property.
- Two major hospitality properties nearby, the Hilton Garden Inn and the Holiday Inn
- Strong and affluent demographics- Approximately 140,000 people within a 3 mile radius and an average HH income above \$98,000
- The City of Elk Grove has benefited from being one of the fastest growing cities in California with a strong appeal to millenials and their families. This family oriented suburb of Sacramento, California State Capitol, has experienced a staggering 13% population growth within 3 miles of the subject property between 2010-2019



# Lease Abstract

## BJ's Restaurant & Brewhouse

9237 Laguna Springs Dr, Elk Grove, CA 95758

<b>Tenant Name</b>	BJ's Restaurant & Brewhouse
<b>Lease Guarantor</b>	BJ's Restaruant, Inc. (Corporate)
<b>Lease Type</b>	Absolute NNN Ground Lease
<b>Commencement</b>	6/5/06
<b>Expiration</b>	6/4/26
<b>Original Lease Term</b>	20 years
<b>Lease Term Remaining</b>	7 years
<b>Options to Review</b>	3, 5-year options
<b>Rental Increases</b>	Every 5 years per CPI including every 5 years during the options period
<b>Net Operating Income*</b>	\$583,058.46
<b>Roof Structure</b>	Tenant
<b>Landlord Responsibility</b>	None
<b>Right of Refusal</b>	None

All lease provisions to be independently verified by Buyer during the Due Dilligence Period.

\* Includes Percentage Rent

# Tenant Overview

BJ's Restaurants Inc. operates 202 restaurants as of December 2018 in 27 states and are continuing to expand. Since 2010, they have opened 108 new locations. The first BJ's was opened in 1978 in Orange County, CA and was a pioneer of introducing the deep dish pizza to the West Coast. The initial public offering of common stock occurred in 1996. Over the years, they have expanded the BJ's concept from its beginnings as a small pizzeria to a full service, high energy casual dining restaurant with over 100 menu items. BJ's prides themselves in their craft and attention to detail. Guests come for their award-winning handcrafted beer, the Southern California twist they've put on the Chicago-style pizza and for the Pizookies, their world-renowned dessert.

- First Quarter 2019 total revenues grew 4.3% to \$290.6 million compared to First Quarter 2018
- According to their 2018 Annual Report filed with the SEC by BJ's Restaurants, Inc., targeted annual sales at mature stores are between \$4.5 to \$5.5 million, sales at this site are consistently well above average.
- Tenant website: <https://www.bjsrestaurants.com>
- SEC Filing's: <https://bjsrestaurants.gcs-web.com>



# Retail Map



Marketplace 99  
Shopping Center

**Staples**

**JO-ANN**  
fabric and craft stores

**GROCERY OUTLET**  
Bargain Market

**ihop**

**IN-N-OUT**  
BURGER

CALIFORNIA  
**99**

**ULTA**  
BEAUTY

**BEST BUY**  
**BED BATH & BEYOND**

**OLD NAVY**

**Holiday Inn**

*Mimi's*  
Cafe

sleep  number

**THE HOME DEPOT**

**BJ's**  
RESTAURANT  
BREWHOUSE

**Subject Property**

**Laguna Blvd. (48,571 VPD)**

**Laguna Springs Dr. (13,796 VPD)**

# Retail Map



# Location Map



# Location

## Sacramento Region

Sacramento's retail vacancy rate reached an all time low to start 2019. Job growth has been strong this cycle and incomes are in line with the California median. Because of that, purchasing power here has been healthy. Similar to most Northern California markets, malls, shopping centers and food have dominated the retail footprint. The area's relative affordability remains one of its biggest draws. Household growth continues to surpass the rate of new development and the population is forecasted to grow over the next five years. Residents from the Bay Area, Los Angeles and San Diego have shown

## City of Elk Grove

One of Sacramento's most affluent submarkets located just south of the states capital, demand for Elk Grove retail is strong because of the abundant spending power and a fast growing population. Income notably outpaces the county average and the population has increased by a double digit percentage this decade. Elk Grove's retail investment market has gotten off to a hot start this year. Within the year's first three months, sales volume was already half of the cities historical average. The largest industry in Elk Grove is Health Care and Social Assistance with providers

## Laguna Pointe

The subject is located in Laguna Pointe, the tenant participates in the centers maintenance management program on behalf of the offering's fee owner. Taxes attribute to the land and improvements are paid directly to authorities by the tenant. Costs for common area maintenance are billed directly to the tenant by the centers managing party.



# Area Analysis



## Hight Density, High Traffic Location

- Synergistic surrounding tenant mix creates a point-of-destination location and satisfied daytime and evening customer demands
- Hard Corner of Laguna Blvd (48,571 VPD) and Laguna Springs Dr (13,796 VPD)
- The subject property is in the core of a vibrant retail trade area that includes tenants such as: The Home Depot, TJ Maxx, Ross Dress for Less, Best Buy, Burlington, Grocery Outlet, Staples, McDonalds, In-N-Out, McDonald's, IHOP, Target, Chick-Fil-A, Burger King and more!
- Strong visibility and access from nearby Hwy 99 (133,390 cars per day)
- The Intersection of Laguna Blvd and Highway 99 is proximate to residential and commercial density and provides easy access to downtown Sacramento (13 miles)

# BJ's Site Plan



# Demographics

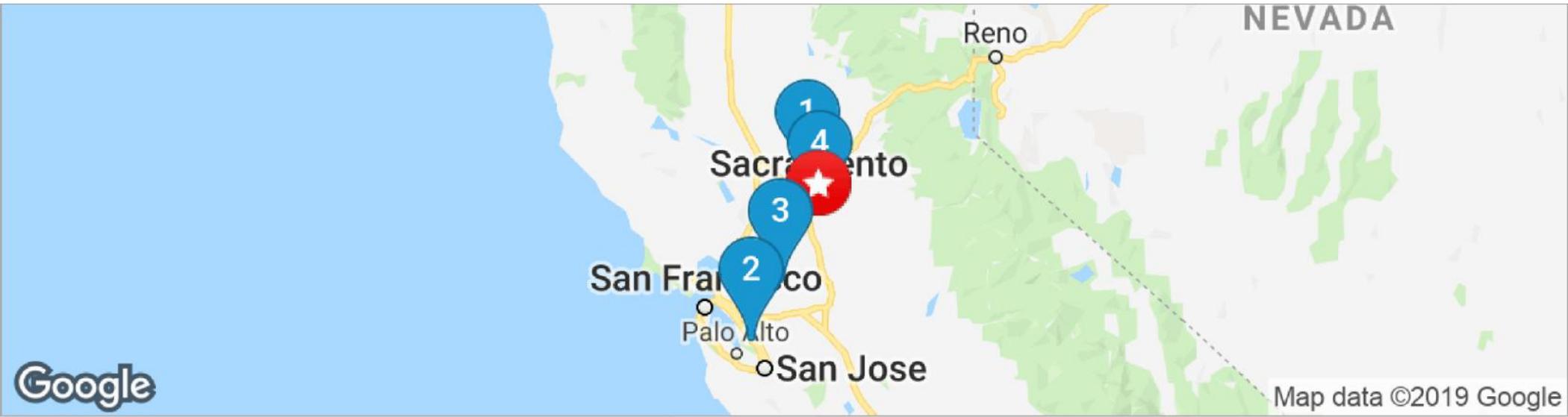
<b>Population</b>	<b>1 Mile</b>	<b>3 Miles</b>	<b>5 Miles</b>
2024 Projection	18,875	165,371	309,880
2019 Estimate	17,919	156,367	294,722
2010 Census	16,231	137,960	270,121
Growth 2014-2024	5.34%	5.76%	5.14%
Growth 2010-2019	10.40%	13.34%	9.11%
2019 Population Hispanic Origin	3,970	33,231	68,717
<b>2019 Population by Race:</b>			
White	9,546	76,421	136,588
Black	2,254	20,780	41,640
Am. Indian & Alaskan	207	1,704	3,485
Asian	4,286	43,680	86,605
Hawaiian & Pacific Island	242	2,659	5,760
Other	1,384	11,124	20,644
U.S. Armed Forces:	0	148	218
<b>Households:</b>			
2024 Projection	6,319	52,259	95,747
2019 Estimate	5,996	59,249	90,879
2010 Census	5,406	42,413	82,089
Growth 2019 - 2024	5.39%	6.11%	5.36%
Growth 2010 - 2019	10.91%	16.12%	10.71%
Owner Occupied	4,098	34,861	62,195
Renter Occupied	1,898	14,388	28,684
2019 Average Household Income	\$90,318	\$98,446	\$93,007
2019 Median Household Income	\$74,283	\$80,614	\$73,924

# Traffic Count

Collection Street	Cross Street	Cross Street Dist/Dir	Traffic Volume	Count Year	Dist from Subject	Type
Laguna Blvd.	Stockton Blvd.	0.01 SW	46,406	2015	0.03	MPSI...
Laguna Blvd.	W. Stockton Blvd.	0.01 SW	38,791	2018	0.03	MPSI...
Laguna Blvd.	Stockton Blvd.	0.04 NE	48,571	2015	0.08	MPSI...
Laguna Blvd.	W. Stockton	0.04 NE	37,399	2018	0.08	MPSI...
Stockton Blvd.	Laguna Blvd.	0.17 NW	14,463	2015	0.13	MPSI...
Stockton Blvd.	Laguna Springs Dr.	0.07 SE	13,796	2018	0.13	MPSI...
W. Stockton Blvd.	Wooded Brook Dr.	0.24 N	3,200	2012	0.28	AADT..
Laguna Blvd.	Big Horn Blvd.	0.10 W	42,947	2018	0.30	MPSI...
E. Stockton Blvd.	Bond Rd.	0.38 SE	8,000	2012	0.30	AADT...
Bond Rd.	S. Sacramento Fwy.	0.12 W	133,390	2012	0.35	MPSI...



# Sales Comparables



## Subject Property

9237 Laguna Springs Dr | Elk Grove, CA 95758

1

## BJ's Restaurant & Brewhouse

3531 N Freeway Blvd  
Sacramento, CA 95834

2

## BJ's Restaurant & Brewhouse

5699 Mowry Ave  
Newark, CA 94560

3

## BJ's Restaurant & Brewhouse

2365 Sand Creek Rd  
Brentwood, CA 94513

4

## Mikuni

8525 Bond Rd  
Elk Grove, CA 95624

# Sales Comparables



## ★ Subject Property

9237 Laguna Springs Dr | Elk Grove, CA 95758

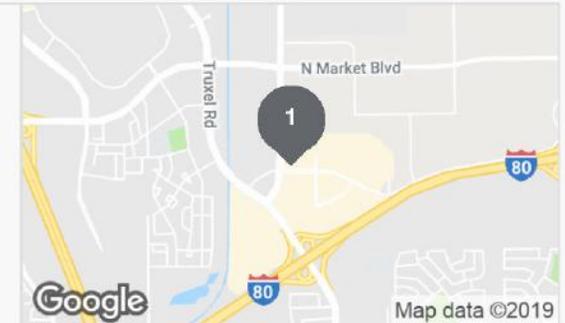
<b>Sale Price:</b>	\$9,328,928	<b>Lot Size:</b>	2 Acres	<b>Year Built:</b>	2006
<b>Building SF:</b>	7,697 SF	<b>NOI:</b>			\$583,058
<b>CAP:</b>	6.25%				



## BJ's Restaurant & Brewhouse

3531 N Freeway Blvd | Sacramento, CA 95834

<b>Sale Price:</b>	\$5,750,000	<b>Lot Size:</b>	63,598 SF	<b>Year Built:</b>	2006
<b>Building SF:</b>	7,358 SF	<b>Price PSF:</b>	\$781.46	<b>CAP:</b>	5.00%
<b>Closed:</b>	07/12/2018				



## BJ's Restaurant & Brewhouse

5699 Mowry Ave | Newark, CA 94560

<b>Sale Price:</b>	\$5,262,239	<b>Lot Size:</b>	58,370 SF	<b>Year Built:</b>	1996
<b>Building SF:</b>	8,600 SF	<b>Price PSF:</b>	\$611.89	<b>CAP:</b>	4.71%
<b>Closed:</b>	11/06/2017				



# Sales Comparables



3

## BJ's Restaurant & Brewhouse

2365 Sand Creek Rd | Brentwood, CA 94513

Sale Price: \$6,471,556

Lot Size: 50,530 SF

Year Built: 2011

Building SF: 8,376 SF

Price PSF: \$772.63

Closed: 06/29/2018



4

## Mikuni

8525 Bond Rd | Elk Grove, CA 95624

Sale Price: \$5,851,000

Lot Size: 88,427 SF

Year Built: 2005

Building SF: 8,600 SF

Price PSF: \$680.35

CAP: 6.50%

Closed: 11/29/2016





## The Mary Alam Team

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