



LOS ANGELES, CALIFORNIA
OFFERING MEMORANDUM





700 SOUTH GAFFEY STREET | LOS ANGELES (SAN PEDRO), CA 90731



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01

INVESTMENT SUMMARY

02

TENANT OVERVIEW

03

MARKET OVERVIEW

01 INVESTMENT OFFERING



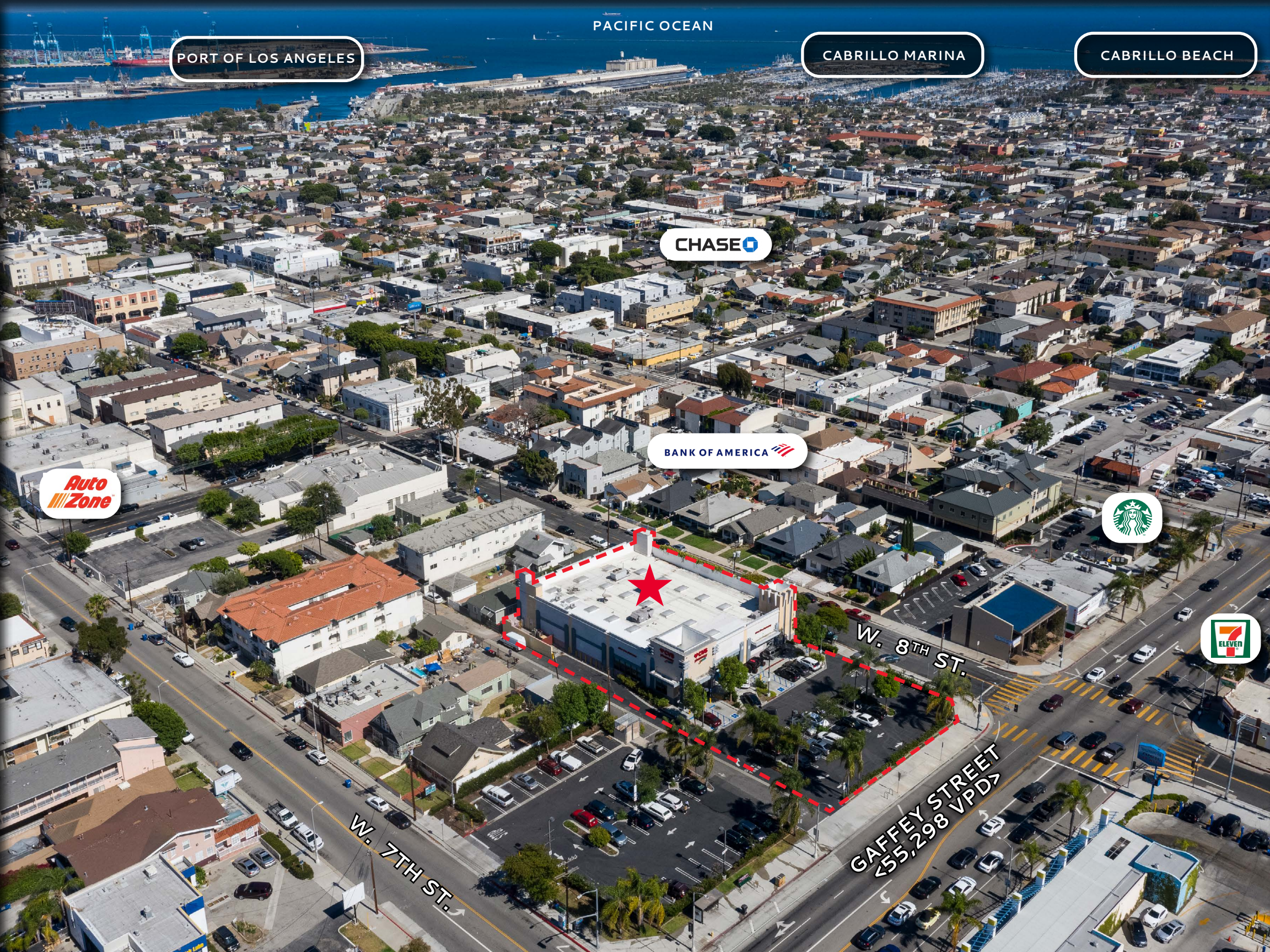
The subject property is a 14,472 square foot CVS located in the **Los Angeles community of San Pedro, California**. CVS executed a 25 year lease which commenced in 2006, leaving approximately 11 years remaining on the initial lease term. The lease is structured with rare **7.5% rent increases every five years** during both the initial term and option periods.

The lease is absolute net providing for zero landlord responsibilities. CVS, which is publicly traded on the New York Stock Exchange under the ticker symbol "CVS", has a current **BBB credit rating by Standard & Poor's** and reported annual revenues in excess of \$256 billion in 2019.

Located at the signalized intersection of South Gaffey Street and West 8th Street, the subject property features excellent exposure along the area's main traffic and retail corridor with daily traffic counts in excess of 55,000 vehicles. This densely populated area is home to **over 101,000 residents within a three mile radius** and over 211,000 residents within a five mile radius.

The property is **positioned at the foot of the Palos Verdes Peninsula**, drawing from the affluent communities of Rancho Palos Verdes, Rolling Hills and Palos Verdes Estate as well as Redondo Beach and the Hollywood Riviera. Average household income within a three mile radius of the subject property exceeds \$103,000.

The site is approximately **one mile from the Port of Los Angeles**, the nation's busiest port with over \$272 billion of cargo annually representing approximately 20% of the cargo arriving in the country. Additionally, CVS is located less than **one mile east of Providence Little Company of Mary Medical Center**, a 356 bed regional hospital.



PACIFIC OCEAN

PORT OF LOS ANGELES

CABRILLO MARINA

CABRILLO BEACH

CHASE

BANK OF AMERICA

Auto
Zone



W. 8TH ST.

W. 7TH ST.

GAFFEY STREET
<55,298 VPD>

INVESTMENT HIGHLIGHTS

RARE RENT INCREASES DURING THE INITIAL TERM

Lease provides for 7.5% rent increases every 5 years during both the initial terms and renewal options

ABSOLUTE NET LEASE STRUCTURE

Zero landlord responsibilities for operating or capital expenses

BBB CREDIT RATING BY STANDARD & POOR'S

Tenant's parent company is publicly traded on the NYSE and reported annual revenues in excess of \$256 billion in 2019

LOCATED IN THE HEART OF THE LOS ANGELES MSA

Over 105,000 residents within a 3-mile radius and over 218,000 residents within a 5-mile radius

POSITIONED AT THE FOOT OF THE AFFLUENT PALOS VERDES PENINSULA

Average household income exceeds \$103,000 within a 3-mile radius

HARD CORNER LOCATION ON GAFFEY STREET

Ideally positioned along the area's main retail and traffic thoroughfare (55,000 vpd)

DRIVE-THRU PHARMACY AND LIQUOR SALES

In addition to the typical beer and wine sales, the site includes a full liquor license





2019 DEMOGRAPHICS

1 Mile 3 Miles 5 Miles

POPULATION

Total Population	46,478	106,143	218,684
Median Age	34.6	38.8	37.3

HOUSING

Total Housing Units	16,505	38,543	74,584
Owner Occupied Housing Units	4,503	18,234	36,806
Renter Occupied Housing Units	12,002	20,309	37,778

INCOME

Avg Household Income	\$69,977	\$103,916	\$102,045
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2024 PROJECTED DEMOGRAPHICS

1 Mile 3 Miles 5 Miles

POPULATION

Total Population	47,826	108,352	221,978
Median Age	35.3	39.4	38.4

HOUSING

Total Housing Units	17,022	39,229	75,467
Owner Occupied Housing Units	4,639	18,541	37,471
Renter Occupied Housing Units	12,382	20,689	37,996

INCOME

Avg Household Income	\$82,699	\$119,968	\$118,466
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\$103,916

AVERAGE INCOME

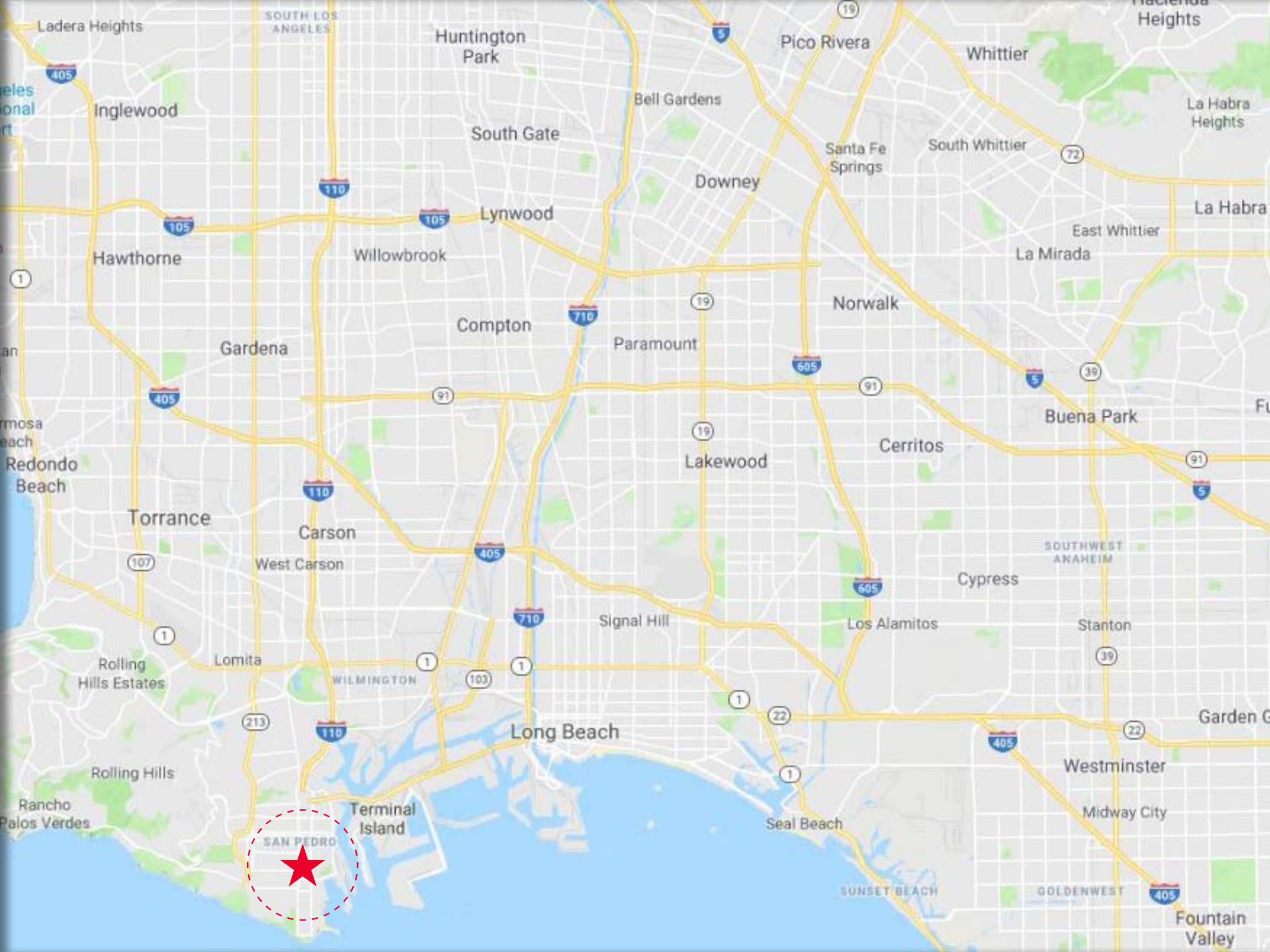
WITHIN A 3-MILE RADIUS
OF THE PROPERTY

106,143

POPULATION



*Report counts include D&B business location records that have a valid telephone, known SIC code and D&B ratings well as exclude cottage industries (businesses that operate from a residence). © 2017 Easy Analytic Software, Inc. (EASI®) All Rights Reserved, Alteryx, Inc. © 2017 Experian Information Solutions, Inc. All Rights Reserved, Alteryx, Inc. © 2017 Experian Marketing Solutions, Inc. All Rights Reserved, Alteryx, Inc.



FINANCIAL HIGHLIGHTS



OWNERSHIP TYPE

FEE SIMPLE



BUILDING SIZE

14,472 SQ FT



LOT SIZE

1.15 +/- ACRES



ASKING PRICE

\$15,500,000



CURRENT CAP RATE

4.40%

2026 CAP RATE

4.73%

Average cap rate is based on remaining initial lease term.





700 South Gaffey Street
LOS ANGELES (SAN PEDRO), CA

LEASE TYPE
ABSOLUTE NNN

TENANT
GARFIELD BEACH CVS, LLC

RENT COMMENCEMENT
APRIL 25, 2006

LEASE EXPIRATION
MAY 7, 2031

LEASE TERM
11 YEARS REMAINING

RENEWAL OPTIONS
EIGHT 5-YEAR OPTIONS

RENT INCREASES
7.5% EVERY 5 YEARS

RENT SCHEDULE

PERIOD	ANNUAL BASE RENT	MONTHLY BASE RENT	CAP RATE
CURRENT - 5/7/2026	\$682,625.00	\$56,885.42	4.40%
5/8/2026 - 5/7/2031	\$733,822.00	\$61,151.83	4.73%
OPTION 1 (5 YEARS)	\$788,858.65	\$65,738.22	5.09%
OPTION 2 (5 YEARS)	\$848,023.05	\$70,668.59	5.47%
OPTION 3 (5 YEARS)	\$911,624.78	\$75,968.73	5.88%
OPTION 4 (5 YEARS)	\$979,996.64	\$81,666.39	6.32%
OPTION 5 (5 YEARS)	\$1,053,496.38	\$87,791.37	6.80%
OPTION 6 (5 YEARS)	\$1,132,508.61	\$94,375.72	7.31%
OPTION 7 (5 YEARS)	\$1,217,446.76	\$101,453.90	7.85%
OPTION 8 (5 YEARS)	\$1,308,755.26	\$109,062.94	8.44%

02

TENANT SUMMARY

OWNERSHIP

Public

TICKER SYMBOL

CVS (NYSE)

CREDIT RATING

BBB (Standard & Poors)

OF EMPLOYEES

300,000

\$83.55 BILLION
MARKET CAP

\$256 BILLION
REVENUE



TENANT OVERVIEW



GARFIELD BEACH CVS, LLC IS A WHOLLY OWNED SUBSIDIARY OF CVS HEALTH CORPORATION WHICH PROVIDES INTEGRATED PHARMACY HEALTH CARE SERVICES.

CVS Health is the nation's premier health innovation company helping people on their path to better health. Whether in one of its pharmacies or through its health services and plans, CVS Health is pioneering a bold new approach to total health by making quality care more affordable, accessible, simple and seamless. CVS Health is community-based and locally focused, engaging consumers with the care they need when and where they need it. The Company has more than 9,800 retail locations, approximately 1,100 walk-in medical clinics, a leading pharmacy benefits manager with approximately 93 million plan members, a dedicated senior pharmacy care business serving more than one million patients per year, expanding specialty pharmacy services, and a leading stand-alone Medicare Part D prescription drug plan. CVS Health also serves an estimated 39 million people through traditional, voluntary and consumer-directed health insurance products and related services, including a rapidly expanding Medicare Advantage offering. This innovative health care model increases access to quality care, delivers better health outcomes and lowers overall health care costs.



Exemplifying the organizations commitment to leading the transformation of health care, CVS Health recently completed their acquisition of Aetna, establishing the company as the nation's premier health innovation company. The acquisition will transform the consumer health experience and build healthier community through a new innovative health care model that is local, cost efficient and consumer centric. The combined company will connect consumers with the powerful health resources of CVS Health in communities across the country and Aetna's network of providers to help remove barriers to high quality care and build lasting relationships with consumers, making it easier for consumers to access the information, resources and services they need to achieve their best health.

CVS Health Corporation was founded in 1892 and is headquartered in Woonsocket, Rhode Island. To find more information regarding how CVS Health is shaping the future of health visit: www.cvshealth.com.

03

MARKET OVERVIEW





SAN PEDRO CALIFORNIA

San Pedro is a community within the city of Los Angeles, California. Formerly a separate city, it consolidated with Los Angeles in 1909. The Port of Los Angeles, a major international seaport, is partially located within San Pedro.

The district has grown from being dominated by the fishing industry to become primarily a working class community within the city of Los Angeles. Industrial fishing has been significantly reduced in recent years and many of the canneries have closed, but San Pedro is still a fishing town, retaining its fishing village vibe with waterfront residential areas consisting of modest cottages with an East Coast feel. Unlike most of the coast in Southern California, San Pedro has a scenic, craggy shoreline with steep cliffs. Pt. Fermin juts out to the south from the eastern end of the Palos Verdes Peninsula before the coast cuts north into the Port. Although the Pacific Ocean is to the south, most of the waterfront attractions in San Pedro face east into the harbor channel. From the hills in San Pedro, you can look across the harbor to Downtown Long Beach.

The primary attractions in San Pedro are related to three areas, the waterfront, and nautical attractions; the strategic military role played on water and land through the city's history and the related historic buildings; and the thriving arts community.

REVITALIZATION

The \$150 million revamp of San Pedro's waterfront is moving right along toward its expected ground breaking early next year. The project will consist of outdoor gathering spaces oriented around outdoor dining and large walkways and will include a food hall and a "container kitchen," which will feature food stalls housed in repurposed shipping containers. The first phase of the project will also include a 6,000-seat outdoor amphitheater to be used for concerts and other entertainment.

LOS ANGELES CRUISE TERMINAL The Port of Los Angeles in San Pedro is home to the Los Angeles Cruise Terminal also known as World Cruise Center. It is operated by Pacific Cruise Ship Terminals. Between 800,000 and a million passengers embark each year on cruises to Mexico, Hawaii, northbound up the West Coast, and beyond. Offerings range from quickie weekend cruises to Ensenada to multi-week repositioning cruises. Eleven major cruise lines originate or stop at the World Cruise Center.



THE CRUISE SHIP PROMENADE The Cruise Ship Promenade is a pleasant boardwalk across from the Los Angeles Cruise Terminal where you can pull up a deck chair to watch the ships coming and going. You also have a view from across the channel to the Fanfare Fountains. The Cruise Ship Promenade is strewn with public art, from ceramic tile benches to the Telldales Wind Ensemble sculptures that move and create melodic sounds in the wind.

THE ARTS DISTRICT Since the late 1990s, artists and art galleries have taken up residence along 7th and 6th streets in San Pedro and in the Mesa Lofts aka Bank Lofts at 7th and Mesa. The galleries can be visited during regular business hours, which vary by establishment. On the first Thursday of the month over 40 galleries and studios host public receptions and additional vendor booths, and gourmet food trucks appear in the street for the First Thursday Art Walk. Live music can be heard from many venues.

THE PORT OF LOS ANGELES The Port of Los Angeles is located in the San Pedro neighborhood of Los Angeles, about 20 miles from Downtown LA. Calling itself "America's Port," the Port of Los Angeles moves more containers than any other port in the country, although the Port of Long Beach next door moves more tonnage (and New Orleans, Houston, and NY/NJ move more raw materials). The Port of Los Angeles covers 7,500 acres along 43 miles of waterfront if you count all the ins and outs of its multiple channels. Although administratively separate, the ports of Los Angeles and Long Beach combined rank just below Singapore and China for the number of container goods moved, although the ratio of imports to exports is reversed.

218,000+
POPULATION
(WITHIN 5 MILES)

\$103,000+
AVG HOUSEHOLD INCOME
(WITHIN 3 MILES)



STATEMENT OF CONFIDENTIALITY + CONDITIONS

This Offering Memorandum is confidential and is furnished to prospective purchasers of the Property described herein subject to the terms of the Confidentiality Agreement previously provided to and executed by such prospective purchasers. This Memorandum is intended solely to assist prospective purchasers in their evaluation of the Property and their consideration of whether to purchase the Property. It is not to be used for any other purpose or made available to any other person without the prior written consent of the Seller of the Property.

This Memorandum was prepared on the basis of information available to the Seller and to Cushman & Wakefield, the Seller's exclusive agent in connection with the sale of the Property. It contains pertinent information about the Property and the surrounding area but it does not contain all the information necessary for a complete evaluation of the Property. The projected cash flow and other financial information contained herein are for reference only.

Although the information contained in this Memorandum is believed to be accurate and reliable, neither the Seller nor its exclusive agent guarantees its accuracy or completeness. Because of the foregoing and because the Property will be sold on an "as is" basis, prospective purchasers should make their own independent assessments, investigations, and projections regarding the Property. Although additional material, which may include engineering, environmental, or other reports, may be provided to certain prospective purchasers as appropriate, such parties should confer with their own engineering and environmental experts, counsel, accountants and other advisors.

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