

ABSOLUTE NNN 20-YEAR SALE LEASEBACK  
INVESTMENT OFFERING  
ORANGE COUNTY, (SANTA ANA), CA





1345 N. Grand Avenue, Santa Ana, CA 92701

EXCLUSIVE INVESTMENT ADVISORS:

Thomas Chichester  
Managing Director  
tchichester@farislee.com  
(949) 221-1820  
R.E. License No 01915137

Nick D'Argenzio, MRED  
Managing Director  
nickd@farislee.com  
(949) 221-1828  
R.E. License No 0143404



18301 Von Karman Avenue, Suite 800, Irvine, CA 92612  
P (949) 221-1800 F (949) 221-1830 farislee.com





## TABLE OF CONTENTS

Property Overview

4

Area Overview

12

Financial Analysis

16



### STATEMENT OF CONFIDENTIALITY & DISCLAIMER

Faris Lee Investments ("FLI") has been engaged as the exclusive financial advisor to the Seller in connection with Seller's solicitation of offers for the purchase of the property known as Kiddie Academy, City of Santa Ana, County of Orange, State of California. Prospective purchasers are advised that as part of the solicitation process, Seller will be evaluating a number of factors including the current financial qualifications of the prospective purchaser. Seller expressly reserves the right in its sole and absolute discretion to evaluate the terms and conditions of any offer and to reject any offer without providing a reason therefore. Further, Seller reserves the right to terminate the solicitation process at any time prior to final execution of the Purchase Agreement.

The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property, and it is not to be used for any other purpose or made available to any other person without the express written consent of Seller or FLI. The material is based in part upon information supplied by the Seller and in part upon financial information obtained

by FLI from sources it deems reasonably reliable. Summaries of any documents are not intended to be comprehensive or all-inclusive, but rather only outline some of the provisions contained therein and qualified in their entirety by the actual document to which they relate.

No representation or warranty, expressed or implied, is made by the Seller, FLI, or any of their respective affiliates as to the accuracy or completeness of the information contained herein. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence, including engineering and environmental inspections, to determine the condition of the Property and the existence of any potentially hazardous material located at the Property site or used in the construction or maintenance of the building at the Property site.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein

or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or FLI or any of their affiliates or any of their respective officers, directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

Prospective purchasers are not to construe the contents of this Offering Memorandum or any prior or subsequent communication from FLI or Seller or their affiliates or any of their respective officers, directors, shareholders, owners, employees, or agents as legal, tax, or other advice. Prior to submitting an offer, prospective purchasers should consult with their own legal counsel and personal and tax advisors to determine the consequences of an investment in the Property and arrive at an independent evaluation of such investment.



PROPERTY OVERVIEW



PRICING:  
\$6,555,000

NOI:  
\$327,000

CAP RATE:  
5.00%



Faris Lee Investments is pleased to present the rare opportunity to acquire the fee simple interest (land and building) in a single-tenant absolute NNN investment. Kiddie Academy, one of the largest educational childcare providers in the country, will sign a brand new 20-year lease at the close of escrow. The lease will feature annual increases and several options, providing the investor with security and a hedge against inflation with no day-to-day responsibilities whatsoever.

The Subject Property is strategically located in the affluent area of Santa Ana, CA near the signalized intersection of N. Grand Avenue and Interstate 5 (approximately 384,000 combined vehicles per day). The Property is ideally situated adjacent to the on/off ramp to Interstate 5, making it easy to drop off and pick up students each day. The property benefits from the many affluent residential neighborhoods nearby, which have more than 190,000 households with an average household income of over \$100,000 in a 5-mile radius.

#### SPECIFICATIONS:

GLA: 6,800 SF  
Land Area: 0.65 Acres

#### TENANT:

Kiddie Academy

#### LOCATION:

1345 N. Grand Avenue  
Santa Ana, CA 92701





## LONG TERM SALE LEASEBACK

20 year lease to be signed at close  
of escrow

## BRAND NEW CONSTRUCTION

Pride of ownership

## STRONG INTERSECTION

Located at a signalized, hard  
corner intersection right next to the  
I-5 freeway

## HIGH DENSITY LOCATION

Nearly 700,000 people within a  
5-mile radius

## EASE OF MANAGEMENT

Absolute NNN lease - no landlord  
responsibilities

## PROPERTY SPECIFICATIONS

1345 N. Grand Avenue, Santa Ana, CA 92701



### Land Area

0.65 Acres (28,419 SF)



### Ownership

Fee Simple (Land & Building)



### Traffic Counts (REGis 2019)

N. Grand Avenue: 26,578 VPD

Interstate 5: 357,953 VPD



### Year Built

2019

Zoning: C5 (Arterial Commercial)



### Rentable Area

6,800 SF



### Access

There is one (1) access point along E. Washington Place.



### Parking

There are approximately 18 dedicated parking stalls on the owned parcel. The parking ratio is approximately 3.44 parking stalls per 1,000 SF of leasable area.

### Parcel Map

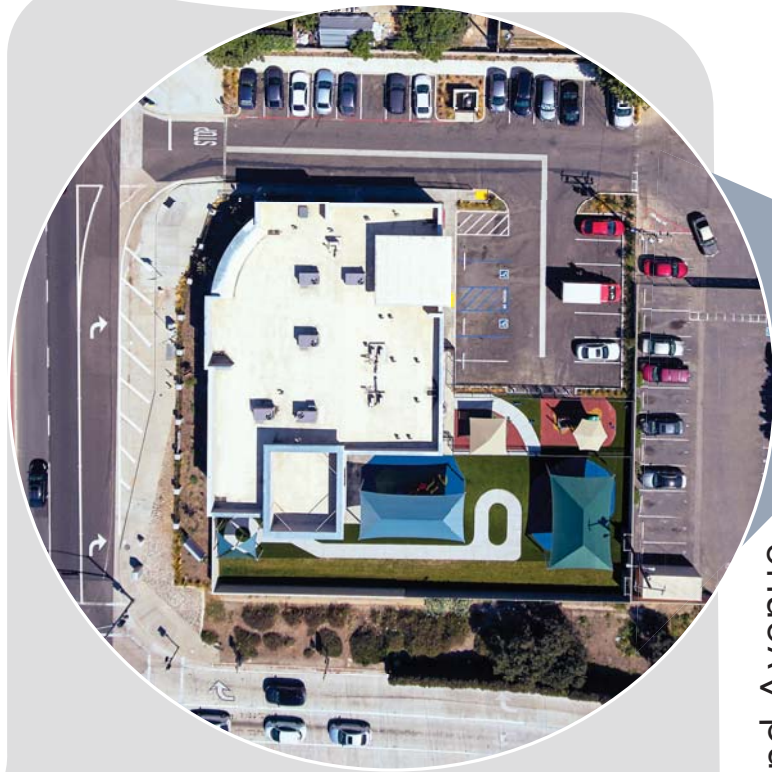


PARCEL

400-261-14



E. 14th Street



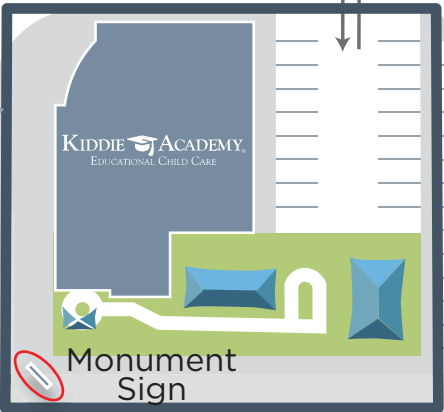
N. Grand Avenue



Santa Ana Freeway



E. Washington Place

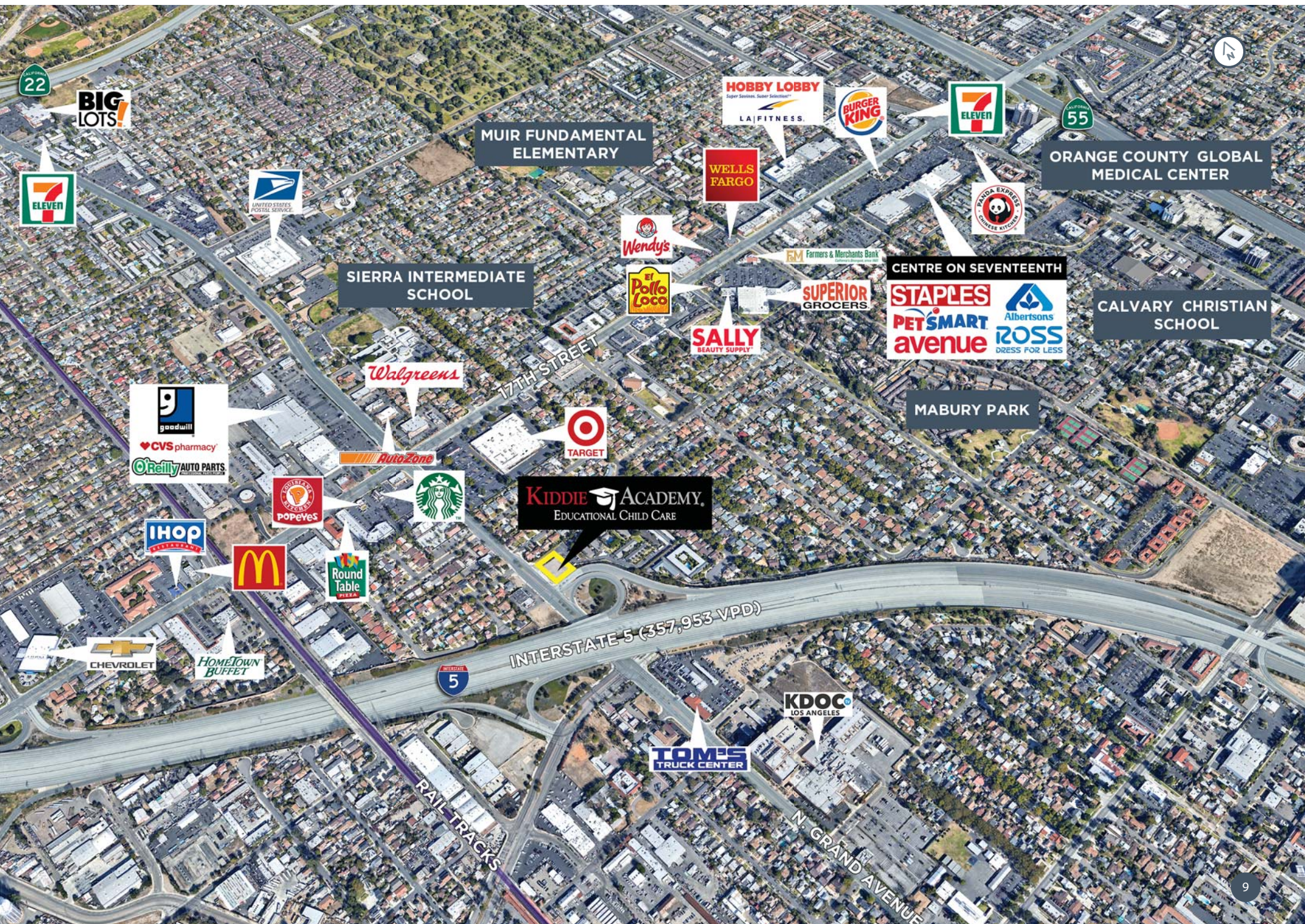


SITE PLAN NOT TO SCALE



On-Ramp

Off-Ramp







DEMOGRAPHICS  
(REGIS 2019)



Population



Average HH Income



Employees

	Population	Average HH Income	Employees
1 Mile	36,199	\$71,787	22,207
3 Miles	310,716	\$88,030	154,727
5 Miles	683,412	\$100,651	399,291



## AREA OVERVIEW

DISTANCE FROM KIDDIE ACADEMY:



Disneyland 7 MILES



Newport Beach 11 MILES



Long Beach 21 MILES



Los Angeles 32 MILES



3.12 M

Estimated population



\$218 B

Gross Metro Product



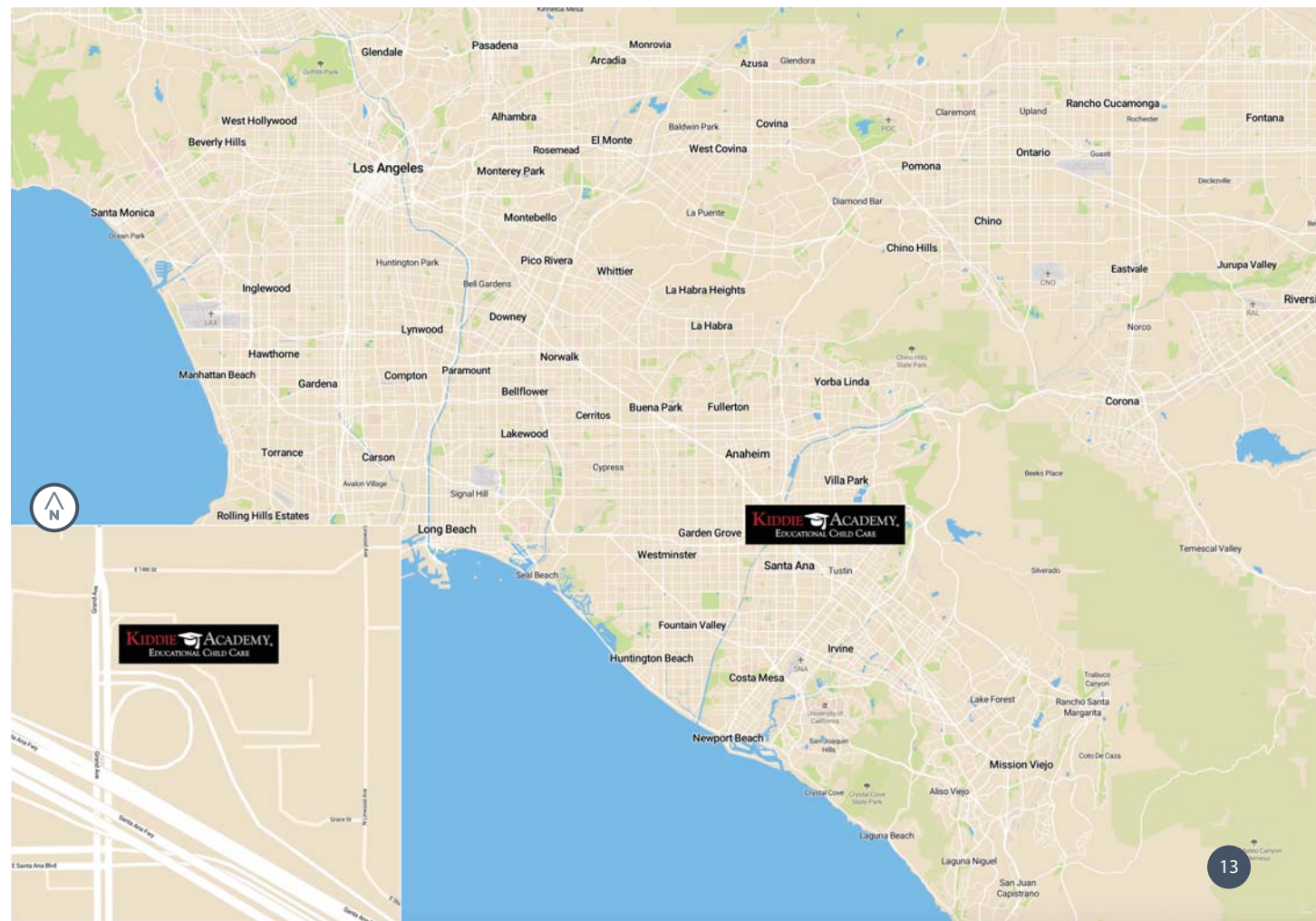
#25

Rank in Education according to Forbes (2018)



27 Minutes

Average commute time



### The City of Santa Ana

Situated in the middle of Orange County along the Santa Ana River, the city of Santa Ana is one of the most most populated cities and the largest city in Orange County, covering 27.2 square miles.

Named the county seat in 1889, Santa Ana is also known as the financial and governmental center of Orange County. It's been in recent competition with its fast growing neighbor, the city of Irvine in regards to commercial growth.

Working over the years to revitalize its downtown area, Santa Ana now features The Santa Ana Artist's Village which was created around Cal State Fullerton's Grand Central Art Center. The village includes the Bowers Museum, the Old County Courthouse as well as several theaters and art galleries.

The downtown area also contains both retail and housing, as well as the Santa Ana Civic Center and the Ronald Reagan Federal Building and Courthouse. Several historic homes dating from the late 1800s can be found there as well making preservation a central issue as development of the downtown area continues.

### Orange County

Orange County's 3 million residents enjoy a nearly perfect climate in which parks and beaches provide abundant opportunities for outdoor activities. Orange County is the home of exciting professional sports, a wide range of tourist attractions and quality venues for visual and performing arts. Orange County boasts a thriving business economy and a well educated work force. The County of Orange is a regional service provider and planning agency whose core businesses include public safety, public health, environmental protection, regional planning, public assistance, social services and aviation.



#### MAJOR EMPLOYERS

County of Orange  
Santa Ana Unified School District  
Santa Ana College  
First American Title Company  
KPC Healthcare  
City of Santa Ana  
United States Postal Service  
Superior Court of CA - County of Orange  
Johnson & Johnson  
Allied Universal  
Ingram Micro



# DEMOGRAPHICS



Population

Santa Ana, CA (REGis 2019)	1 Mile	3 Mile	5 Mile
2019 Estimated Population	36,199	310,716	683,412
2024 Projected Population	37,002	315,435	693,420
2010 Census Population	34,239	301,746	651,301
2000 Census Population	34,976	310,345	630,411
Projected Annual Growth 2019 to 2024	0.4%	0.3%	0.3%
Historical Annual Growth 2000 to 2019	0.2%	-	0.4%
2019 Median Age	31.4	32.5	33.9



Income

2019 Estimated Households	10,068	81,253	190,584
2024 Projected Households	10,596	85,003	199,185
2010 Census Households	9,258	77,259	176,522
2000 Census Households	9,156	77,924	165,140
Projected Annual Growth 2019 to 2024	1.0%	0.9%	0.9%
Historical Annual Growth 2000 to 2019	0.5%	0.2%	0.8%

2019 Estimated Average Household Income	\$71,787	\$88,030	\$100,651
2019 Estimated White	53.1%	52.7%	49.2%
2019 Estimated Black or African American	2.3%	2.2%	2.2%
2019 Estimated Asian or Pacific Islander	4.7%	7.8%	16.8%
2019 Estimated American Indian or Native Alaskan	0.9%	0.9%	0.8%
2019 Estimated Other Races	38.9%	36.4%	31.0%
2019 Estimated Hispanic	78.8%	70.5%	58.6%



Business

2019 Estimated Total Businesses	2,981	19,395	42,628
2019 Estimated Total Employees	22,207	154,727	399,291

Households



Ethnicity





## FINANCIAL ANALYSIS

## RENT ROLL & TENANT SYNOPSIS

Tenant	Size (SF)	Year 1 Monthly Rent	Monthly Rent \$/SF	Current Annual Rent	Annual Rent \$/SF	Increase Date	Increase	Rental Increases Monthly Rent	Monthly \$/SF	Annual Rent	Annual \$/SF	Recovery Type	Lease Start	Lease Expires	Lease Options
Kiddie Academy	6,800	\$27,250	\$4.01	\$327,000	\$48.09	Year 2	2%	\$27,795	\$4.09	\$333,540	\$49.05	Absolute NNN	Year 1	Year 20	4 (5-Year) FMV at Option 1, then 2% annual increases
						Year 3	2%	\$28,351	\$4.17	\$340,211	\$50.03				
						Year 4	2%	\$28,918	\$4.25	\$347,015	\$51.03				
						Year 5	2%	\$29,496	\$4.34	\$353,955	\$52.05				
						Year 6	2%	\$30,086	\$4.42	\$361,034	\$53.09				
						Year 7	2%	\$30,688	\$4.51	\$368,255	\$54.16				
						Year 8	2%	\$31,302	\$4.60	\$375,620	\$55.24				
						Year 9	2%	\$31,928	\$4.70	\$383,133	\$56.34				
						Year 10	2%	\$32,566	\$4.79	\$390,795	\$57.47				
						Year 11	2%	\$33,218	\$4.88	\$398,611	\$58.62				
						Year 12	2%	\$33,882	\$4.98	\$406,583	\$59.79				
						Year 13	2%	\$34,560	\$5.08	\$414,715	\$60.99				
						Year 14	2%	\$35,251	\$5.18	\$423,009	\$62.21				
						Year 15	2%	\$35,956	\$5.29	\$431,470	\$63.45				
						Year 16	2%	\$36,675	\$5.39	\$440,099	\$64.72				
						Year 17	2%	\$37,408	\$5.50	\$448,901	\$66.01				
						Year 18	2%	\$38,157	\$5.61	\$457,879	\$67.34				
						Year 19	2%	\$38,920	\$5.72	\$467,037	\$68.68				
						Year 20	2%	\$39,698	\$5.84	\$476,377	\$70.06				



Kiddie Academy  
www.kiddieacademy.com

A franchised private business, Kiddie Academy has been around since 1981 and specializes in educational child care. The first location opened in Maryland. Today, there are over 200 locations nationwide. Their goal is to combine fun with learning for young children. They push a curriculum that includes character education, health and fitness and technology education that makes up their proprietary "Life Essentials" philosophy.

Company Type: Private

Locations: 200+



## TRANSACTION SUMMARY

### Financial Information

**Price:** \$6,555,000

**Lease Type:** Absolute NNN

Tenant is responsible for taxes, insurance, CAM, roof and structure. Landlord has zero responsibilities.

### Property Specifications

**Rentable Area:** 6,800 SF

**Land Area:** 0.65 Acres

**Year Built:** 2019

**Address:** 1345 N. Grand Avenue  
Santa Ana, CA 92701

**Parcel Number:** 400-261-14

**Ownership:** Fee Simple (Land & Building)

**Tenant:** Kiddie Academy

### Operating Information

	<u>Year 1</u>	<u>Year 6</u>
Gross Potential Rent	\$327,000	\$361,034
Plus Recapture	NNN	NNN
Effective Gross Income	\$327,000	\$361,034
Less Expenses	(NNN)	(NNN)
<b>Net Operating Income</b>	<b>\$327,000</b>	<b>\$361,034</b>

<b>Cap Rate:</b>	<b>5.00%</b>	<b>5.51%</b>
------------------	--------------	--------------





**KIDDIE ACADEMY.**  
EDUCATIONAL CHILD CARE



Thomas Chichester  
Managing Director  
tchichester@farislee.com  
(949) 221-1820  
R.E. License No 01915137

Nick D'Argenzio, MRED  
Managing Director  
nickd@farislee.com  
(949) 221-1828  
R.E. License No 0143404

18301 Von Karman Ave., Suite 800 Irvine, CA 92612 P (949) 221-1800 F (949) 221-1830 farislee.com

