



OFFERING MEMORANDUM

PRESERVE  
WEST  
CAPITAL



Mattress Firm  
Vallejo, CA | San Francisco Bay Area

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|                      |   |                |   |
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## Disclaimer

MGM Capital Corp dba Preserve West Capital ("Broker") has been retained on an exclusive basis to market the property described herein ("Property"). Broker has been authorized by the Seller of the Property ("Seller") to prepare and distribute the enclosed information ("Material") for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

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Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

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

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## PROPERTY HIGHLIGHTS



## Property Highlights

- Mattress Firm Recently Renewed Long-Term Net Lease for 10 Years with Corporate Guaranty
  - Scheduled Rental Escalation at Option
  - 23-Year Operating History at Site
- Unique Lease with Tenant Reporting Store Sales and Tenant Financials
  - Excellent Historical Sales at Location
  - Strong Tenant Financials
- Outparcel to Target-Anchored Center and Adjacent to To-Be-Built Costco
- Irreplaceable Infill Location in Established Bay Area Suburb
- Approximately 30 Miles North of San Francisco
- Excellent Access and Visibility on I-80 Arterial
  - Combined AADT of 160,582
- Robust Demographics within 5 Mile Radius
  - Population of 154,476
  - Average Household Income of \$100,522
- Neighbors Numerous Major Employers
  - Less than 2 Miles from Kaiser Permanente Vallejo Medical Center, Six Flags Discovery Kingdom, and Sutter Solano Medical Center – Vallejo's 1st, 2nd, and 5th Largest Employer



## PRICE

**\$4,258,000**

**5.00% Return**

## Location

The property is located at 900 Admiral Callaghan Lane in Vallejo, California.

## Lot Size

Approximately 1.06 acres or 46,180 square feet.

## Improvements

A 10,000 square foot retail building for **Mattress Firm**.

## Parking

There is ample parking available on site.

## Lease

Leased to **The Sleep Train, Inc. dba Mattress Firm** for 32 years (including exercised lease extensions) and guaranteed by **Mattress Firm, Inc.** with approximately 10 years remaining from August 1, 1998 through July 31, 2030 at a current annual rent of \$212,900. There is one (1) five-year option to renew the lease; rent is to increase by 12% to \$238,400 at the start of the option period. The lease is net with tenant responsible for all taxes, insurance, common area maintenance costs, including an administrative/management fee equal to 10% of overall CAM costs, and maintenance, excluding roof and structural elements.

## Annual Income

| Years                      | Annual Rent      | Rent PSF       | Return       |
|----------------------------|------------------|----------------|--------------|
| <b>2021-2030 (Current)</b> | <b>\$212,900</b> | <b>\$21.29</b> | <b>5.00%</b> |
| 2030-2035 (Option 1)       | \$238,400        | \$23.84        | 5.60%        |

## Financing

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





# **MATTRESSFIRM®**

Since its founding in 1986, **Mattress Firm** has grown to become the largest and most successful specialty bedding company in the United States. The company operates more than 2,500 locations across 49 states offering a selection of bedding from leading brands including Serta, Simmons, Tulo, Sleepy's, Chattam & Wells, and Purple. Though the company filed for bankruptcy in October of 2018, the company rapidly emerged from bankruptcy with a stronger portfolio of retail locations and a sustainable long-term retail strategy.

Mattress Firm was acquired by **Steinhoff International Holdings N.V.** for \$3.8 billion as of September 16, 2016. Steinhoff International Holdings is an integrated retailer that manufactures, sources and retails furniture, household goods and general merchandise in Europe, Africa and Australasia. Steinhoff's vertically integrated business model is based upon a strategy of sourcing and manufacturing products at low cost and distributing them to its value-conscious customer base through its extensive retail footprint. For the quarter ended March 31, 2019, the company reported revenue of \$3.43 billion and net income of \$127.5 million.

**The Sleep Train, Inc.**, the lease entity, was acquired by Mattress Firm, Inc. in 2014 for \$425 million. Sleep Train locations were rebranded to Mattress Firm locations in February and March of 2017. **Mattress Firm, Inc.**, the guarantor entity, is the corporate entity for Mattress Firm.



## AERIAL

## EAST VIEW



Blue Rock Springs  
Golf Club

### GATEWAY PLAZA

CENTURY  
THEATRES

ROSS  
DRESS FOR LESS

Marshalls

Michaels  
Where Creativity Happens

ULTA

GameStop

MOD PIZZA

OfficeMax

Orangetheory  
FITNESS

Panera  
BREAD

CITY SPORTS  
CLUB

TARGET

DOLLAR TREE

Rainbow

Starbucks

H&R BLOCK

Daniel's  
Korean Restaurant

SALLY BEAUTY

### FAIRVIEW AT NORTHGATE

**COSTCO**  
WHOLESALE

New 51-Acre  
Costco-Anchored  
Retail Development  
with 178 Proposed New  
Residences



AERIAL

SOUTHWEST VIEW

REDWOOD PLAZA

**SAFeway**

**IN-N-OUT**  
BURGER

**Round Table**  
PIZZA  
The Last Honest Pizza™

**THE CHEESE STEAK SHED**

**FedEx Office**  
Print & Ship Services

**Golden 1**  
CREDIT UNION

**AutoZone**

**HONDA**

Shops  
\$42-52 PSF  
Asking Rents

**MATTRESSFIRM**

Turner Pkwy



**TARGET®**



**McDonald's**

Downtown Vallejo  
3.5 Miles

San Francisco  
~30 Miles



Admiral Callaghan Ln (14,582 AADT)

**Red Roof Inn**



**SureStay**  
HOTEL  
by BEST WESTERN

**Denny's**



A map of the San Francisco Bay Area and surrounding regions. The map shows major cities including San Francisco, San Jose, Sacramento, and Yuba City. A red dot labeled "SITE" is located near Vallejo, California, on the northern shore of San Francisco Bay. The map also shows major highways (Interstates 5, 80, 580, 680, 880, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000).

Vallejo (population 122,506) is a city in Solano County located in the North Bay subregion of the San Francisco Bay Area adjacent to the inner East Bay. It is the tenth most populous city in the San Francisco Bay Area and the most populous city of Solano County. The city sits on the northeastern shore of the San Pablo Bay approximately 30 miles north of San Francisco, 26 miles north of Oakland, and 15 miles south of Napa.

The city benefits from close proximity to the San Francisco Bay Area, with strong employment, high demand for housing, and rapid population growth. Average cost of housing in Vallejo is 50% lower than in the rest of the Bay Area, driving new residents to the city. Approximately 20,000 Vallejo residents commute to the greater Bay Area on a daily basis, and two high-speed ferry terminals offer transportation to San Francisco in just 50 minutes. In addition, the city is an appealing location for new businesses, with 20% lower operating costs and 40% lower commercial and industrial costs than San Jose and San Francisco. The city is home to 20 business parks with 1,000 acres of Tier 1 sites within the county with a wide array of commercial, industrial, and flex space.

Major recent and planned developments in the city include the Waterfront Project, a 52-acre master-planned mixed use development along the shoreline of the San Pablo bay. The development will include pedestrian and public-transit friendly residential, commercial, and office space. Other major developments include the redevelopment of Mare Island, a former naval shipyard, which will result in the construction of 1,400 single-family homes and more than seven million square feet of retail, industrial, and office space on the island, approximately 3.5 million square feet of which is already fully occupied. Other major projects include the Sonoma Boulevard Specific Plan, which will create new residential, retail, and office space along the regional Sonoma Boulevard/CA-29 corridor. The city recently adopted the General Plan 2040, with plans to streamline development and foster continued growth in years to come.



[illegible]

The subject property is prominently located with excellent access and visibility along Admiral Callaghan Lane (14,582 AADT) adjacent to the I-80 arterial (146,000 AADT), which links Vallejo to the San Francisco Bay Area to the south and Sacramento to the north. The site benefits from robust demographics with a population of 154,476 and average household income of \$100,522 within 5 miles of the site.

In addition, the property is located in close proximity to numerous major employers, schools, and tourist attractions, drawing additional traffic to the area surrounding the site. The property is located approximately 1.25 miles from the Kaiser Permanente Vallejo Medical Center, Vallejo's largest employer with a staff of 3,878, and just three-quarters of a mile from the Sutter Solano Medical Center, Vallejo's fifth largest employer with a staff of 680. The site is also located less than one mile from Six Flags Discovery Kingdom, the city's second-largest employer with a staff of approximately 1,839 and a major attraction for visitors to the city. Additionally, the property is located approximately 1.25 miles from the Vallejo campus of Solano Community College, which offers both 2-year and 4-year degree programs and can accommodate up to 3,000 students.





# 900 Admiral Callaghan Lane | Vallejo, CA 94591



TOTAL POPULATION

**154,476**



AVG. HOME VALUE

**\$453,298**



AVG. HOUSEHOLD INCOME

**\$100,522**

| Population Summary       | 1 Mile    | 3 Miles   | 5 Miles   |
|--------------------------|-----------|-----------|-----------|
| 2010 Total Population    | 14,729    | 106,118   | 147,437   |
| 2020 Total Population    | 15,211    | 110,700   | 154,476   |
| 2025 Total Population    | 15,666    | 113,442   | 158,468   |
| 2020-2025 Annual Rate    | 0.59%     | 0.49%     | 0.51%     |
| Average Household Income |           |           |           |
| 2020                     | \$99,174  | \$90,226  | \$100,522 |
| 2025                     | \$110,798 | \$99,411  | \$111,673 |
| Average Home Value       |           |           |           |
| 2020                     | \$434,573 | \$420,575 | \$453,298 |
| 2025                     | \$499,267 | \$494,017 | \$520,446 |

## Major Employers in Vallejo

## # of Employees

|                                  |       |
|----------------------------------|-------|
| Kaiser Permanente Medical Center | 3,878 |
| Six Flags Discovery Kingdom      | 1,839 |
| Vallejo Unified School District  | 1,435 |
| Kaiser Permanente Call Center    | 970   |
| Sutter Solano Medical Center     | 680   |
| City of Vallejo                  | 495   |
| Touro University California      | 352   |
| California Maritime Academy      | 313   |
| Costco                           | 279   |
| U.S.D.A. Forest Service          | 226   |





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