

JOHN DEERE | BELKORP AG FULL-SERVICE DEALERSHIP

MERCED, CALIFORNIA

SALE-LEASEBACK

OFFERING MEMORANDUM



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 **CUSHMAN &
WAKEFIELD**
— NET LEASE GROUP —

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Investment Offering & Highlights

The Property

- A full-service John Deere equipment dealership featuring an oversized 15.98 acre lot containing two metal frame industrial buildings totaling 22,950 square feet, ample on site customer parking and substantial outdoor secured yard area for tractor and equipment sales and service, located on the northeast corner of S Highway 59 and Vassar Ave in Merced, CA, leased to Belkorp AG, LLC for 10 years from close of escrow

Lease / Tenant

- Long term 10 year absolute net lease with no landlord responsibilities
- Excellent rent growth and inflation hedge with 2% annual increases
- Belkorp Ag is the exclusive John Deere agricultural equipment dealer and service provider for the North Coast and Central California
- A full-service dealership operation including service, parts, retail, sales and office components
- John Deere is the agricultural equipment market leader in California and has a market cap of approximately \$120 Billion

Real Estate / Area Strengths

- Large rectangular graded lot at almost 16 acres with significant redevelopment potential – covered land play
- Established location with long term operating history of 40+ years
- Strong real estate fundamentals with rent at market and extremely large lot size
- Hard corner site on South Highway 59 (Los Banos Highway) in Merced's dominant agricultural corridor
- Multiple points of ingress/egress off South Highway 59 and Vassar Ave
- Large rectangular graded lot at almost 16 acres with significant redevelopment potential – covered land play
- Strategic location for tenant's customer base amidst one of the most important and high-volume agricultural regions in the world in California's Central Valley
- Highway 99 and Downtown Merced are easily accessible via Highway 59 to the north

Asking Price: \$3,965,000 - 5.75% Cap Rate



Investment Overview

Location

1486 South Highway 59, Merced, CA 95341

Lot Size

Approximately 15.98 acres – 696,089± square feet

Improvements

Constructed between 1977 and 2007, two metal frame industrial buildings comprising 22,950 square feet, with approximately 18-20 foot clear height. There is substantial outdoor secured yard area for tractors and agricultural machinery sales, service and parts repair, staging, and asphalt customer parking area.

Zoning

A-1 (General Agriculture)

Lease

Leased to **BELKORP AG, LLC** for 10 years from close of escrow with three five-year renewal options. The initial annual rent of \$228,000 increases by 2% annually throughout the lease. The lease is absolute net with the tenant responsible for all taxes, insurance, maintenance and repair, including roof, structure and parking lot. The renewal option rents shall be Fair Market Value, not less than 95% or greater than 110% of the previous year's rent, with 2% annual increases.

Rent Schedule (Primary Term)

Lease Year(s)	Monthly Rent	Annual Rent	Cap Rate
1	\$19,000	\$228,000	5.75%
2	\$19,380	\$232,560	5.87%
3	\$19,768	\$237,211	5.98%
4	\$20,163	\$241,955	6.10%
5	\$20,566	\$246,795	6.22%
6	\$20,978	\$251,730	6.35%
7	\$21,397	\$256,765	6.48%
8	\$21,825	\$261,900	6.60%
9	\$22,262	\$267,138	6.74%
10	\$22,707	\$272,481	6.87%

Asking Price: \$3,965,000 - 5.75% Cap Rate

Current Rent Per Square Foot (Net Rentable Area of Building)

\$9.93 net per year - \$0.83 net per month



Site Plan



SOUTH HIGHWAY 59 (LOS BANOS HIGHWAY)

VASSAR AVE

Site Location

The John Deere - Belkorp Ag property is located on the northeast corner of South Highway 59 and Vassar Ave in Merced, CA. South Highway 59, also known as the Los Banos Highway, connects the property to Highway 99 and Downtown Merced to the north, and to the south the property is connected to much of the agricultural land and customer base that the dealership serves. Merced Regional Airport is located just 3 miles northeast of the property (approximately 5 minute drive).





Aerial

135



51,000
CARS PER DAY

Smart&Final



99

44,000
CARS PER DAY



MERCED REGIONAL
AIRPORT

W DICKENSON FERRY RD

E MISSION AVE



LOS BANOS HWY



S WEST AVE

VASSAR AVE



Site Photos



Belkorp AG, LLC

Since 2011, **Belkorp Ag**, LLC, part of the Belkorp Group of Companies, has been the trusted dealer of John Deere agricultural equipment for customers from all over the North Coast and Central California and currently operates 7 locations. Prior to Belkorp Ag, each of these locations has been operating as a John Deere dealership for 40+ years, and John Deere has been selling agricultural equipment in California for over 100 years.

Whether its customers run a large scale farming operation, or are looking for a tractor to maintain their land or simply need to rent a piece of equipment, Belkorp Ag's employees will help get exactly what is needed to do the job right. Belkorp Ag is committed to lowering risks and improving profitability and they achieve this by focusing on the following areas:

UPTIME

- More than 70 highly trained technicians, all equipped with laptops, available to keep customers running
- On call 24/7 even on holidays when customers are in the field
- The largest parts inventory on hand in the area with their John Deere Parts Distribution Center located nearby in Lathrop, CA
- Daily parts drop offs throughout the entire trade area on a daily basis by Belkorp Ag's own fleet of dedicated Parts Vans
- 4 Dedicated Product Support Field Representatives dedicated to keeping its customers in the field

TECHNOLOGY

A dedicated staff of Highly Educated Technology/Agronomy Specialists committed to keeping customers on the leading edge of technology.

- Field Pro's stationed in the field to provide hands-on support for products Belkorp Ag sell
- Dedicated Call Center staff with full-time specialists actively monitoring customer questions and concerns

Product offerings include:

- Agronomic Business Support and Data Interpretation
- Machine Optimization
- Technology Support
- Cutting edge new products such as Wireless Data Transfer, and MyJohnDeere data storage capabilities from John Deere

For more information visit www.belkorpag.com.



Regional Map

Demographics

2021 Summary	88	1 mile	3 miles	5 miles
Population		2,309	38,527	89,963
Households		540	10,978	28,404
Families		467	8,329	20,411
Average Household Size		4.02	3.42	3.09
Owner Occupied Housing Units		281	3,633	11,907
Renter Occupied Housing Units		259	7,344	16,497
Median Age		27.1	27.9	30.2
Median Household Income	4	\$55,273	\$36,159	\$50,863
Average Household Income		\$66,032	\$51,122	\$67,831



Merced, California



Merced, the county seat of Merced County, is located in the heart of California's agricultural San Joaquin Valley and two hours from Silicon Valley, Sacramento, Yosemite National Park and Monterey Bay. Known as the "Gateway to Yosemite," Merced is a diverse community of about 85,000 people with an average household income of \$77,109.

ECONOMY

Merced is the region's hub for education, culture, and business, and the county is ranked as the fifth-top producing agriculture county in California. Merced County consistently generates more than 3 billion dollars in total value of agricultural production, and the top five commodities are milk, almonds, chickens, cattle and sweet potatoes. Downtown Merced is the finance and banking center for Merced County, as well as the hub of culture and performing arts, with several galleries and two live performing arts theaters. Downtown also retains Merced's largest concentration of restaurants and shops, and a substantial share of the professional office market. Merced's retail corridors have a variety of national tenants, most notably Costco, Walmart, Target, Lowe's, Hobby Lobby, PetSmart, Merced Mall and Merced Auto Center.

The University of California, Merced ("UC Merced") is the tenth and newest of the University of California campuses with almost 10,000 students. Most UC Merced students are from California almost evenly divided between Southern California, the Central Valley, and Northern California. UC Merced is the only institution in the United States to have all buildings on campus to be LEED certified. In November 2015, the University of California regents approved a \$1.14 billion proposal to double the size of UC Merced, boosting its enrollment by nearly 4,000 students. The new space is expected to be completed by the end of 2021. The campus's economic contribution to the region and the state of California has been more than \$23 billion since the beginning of operations in July 2000. In a record year for applicants to the entire University of California system, UC Merced has received a total of 30,105 prospective student applications among freshman and transfer students into the university — the highest number in the campus's history.

TRANSPORTATION

Highways

California State Route 99 provides major highway access to Merced. California State Route 140 traverses the central valley through Merced and connects with the eastern foothills, the Sierras, and Yosemite National Park.

Rail

Merced is served by one of the busiest rail corridors in the country. The Amtrak San Joaquin makes daily stops in Merced on the routes between Oakland and Bakersfield and Sacramento and Bakersfield, with connections available to Yosemite National Park.

Air

Merced is served locally by the Merced Regional Airport and Merced County Castle Airport. The closest major airports are Fresno, and San Jose and Oakland.



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