

CVS PHARMACY

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



2605 West March Lane
Stockton, CA 95207

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Investment Highlights

PRICE: \$13,054,774 | CAP: 4.65% | RENT: \$607,047

About the Investment

- ✓ Absolute Triple-Net (NNN) Lease with Over 15 Years of Term Remaining
- ✓ Over 126,900 People Live Within Three Miles of the Property | Forecasted Population Growth Over the Next Five Years in a 1, 3, 5, and 10-Mile Radii
- ✓ Situated on a 2.15 Acre Parcel
- ✓ Investment Grade Credit: CVS Corporate (S&P: BBB)

About the Location

- ✓ Dense Retail Corridor | Home Depot, Target, AutoZone Auto Parts, Hobby Lobby, Taco Bell, Olive Garden, Applebee's, In-N-Out, Chick-fil-A, McDonald's, Hilton, and Many More.
- ✓ Affluent Suburban Community | Average Income Within a One-Mile Radius Exceeds \$100,500
- ✓ Heavily Trafficked Area | West March Lane and Interstate-5 | Average Daily Traffic Counts Exceeding 53,600 and 112,000, Respectively
- ✓ Large Academic Presence | University of the Pacific, San Joaquin Delta College and Stagg High School all Located Within a Two-Mile Radius | Combined Enrollment of Over 26,200 Students
- ✓ Excellent California Real Estate | Stockton, CA is the 13th Most Populous City in California

About the Tenant / Brand

- ✓ CVS Pharmacy is the Largest Pharmacy Chain in the United States with Over 9,900 and has the Highest Prescription Revenue
- ✓ CVS Pharmacy Also Provides Healthcare Services Through its More Than 1,100 MinuteClinic Medical Clinics as well as Their Diabetes Care Centers
- ✓ CVS had 2018 Revenues of More Than \$194 Billion
- ✓ CVS Pharmacy Fills More Than 1.9 Billion Prescriptions Every Year





Financial Analysis

PRICE: \$13,054,774 | CAP: 4.65% | RENT: \$607,047

PROPERTY DESCRIPTION

Property	CVS Pharmacy
Property Address	2605 West March Lane
City, State, ZIP	Stockton, CA 95207
Year Built / Renovated	1979/1999
Building Size	10,800
Lot Size	+/- 2.15 Acres
Type of Ownership	Triple-Net (NNN)

THE OFFERING

Purchase Price	\$13,054,774
CAP Rate	4.65%
Annual Rent	\$607,047

LEASE SUMMARY

Property Type	Net-Leased Drug Store
Tenant	CVS
Guarantor	CVS Corporate
Original Lease Term	25 Years
Lease Commencement	December 21 st , 2011
Lease Expiration	January 31 st , 2037
Lease Term Remaining	15.4 Years
Lease Type	Triple-Net (NNN)
Options to Renew	Ten (10), Five (5)-Year Options

RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Current – Jan 2022	\$607,047	\$50,587	-
Feb 2022 – Jan 2023	\$607,047	\$50,587	-
Feb 2023 – Jan 2024	\$607,047	\$50,587	-
Feb 2024 – Jan 2025	\$607,047	\$50,587	-
Feb 2025 – Jan 2026	\$607,047	\$50,587	-
Feb 2026 – Jan 2027	\$607,047	\$50,587	-
Feb 2027 – Jan 2028	\$607,047	\$50,587	-
Feb 2028 – Jan 2029	\$607,047	\$50,587	-
Feb 2029 – Jan 2030	\$607,047	\$50,587	-
Feb 2030 – Jan 2031	\$607,047	\$50,587	-
Feb 2031 – Jan 2032	\$607,047	\$50,587	-
Feb 2032 – Jan 2033	\$607,047	\$50,587	-
Feb 2034 – Jan 2035	Final Three Years of Lease is a Free Rent Period for CVS		
Feb 2035 – Jan 2036			
Feb 2036 – Jan 2037			

Ten, Five Year Renewal Option Periods

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for an CVS located at 2605 West March Lane in Stockton, CA. The site consists of roughly 10,800 rentable square feet of building space on estimated 2.15-acre parcel of land. CVS has over 15 years remaining on a 25-year true triple-net (NNN) lease.



Concept Overview



CVS Pharmacy is a subsidiary of the American retail and Health care company CVS Health, headquartered in Woonsocket, Rhode Island. It was also known as, and originally named the Consumer Value Store and was founded in Lowell, Massachusetts, in 1963. The chain was owned by its original holding company Melville Corporation since its inception until its current parent company CVS Health was spun off into its own company in 1996. CVS Pharmacy is currently the largest pharmacy chain in the United States by number of locations (over 9,900 as of 2019) and total prescription revenue. As the retail pharmacy division of CVS Health, it ranks as the 5th largest U.S. corporation according to Fortune 500 in 2020 with revenues of more than \$256 billion. CVS/pharmacy's leading competitor Walgreens Boots Alliance is ranked 37th.

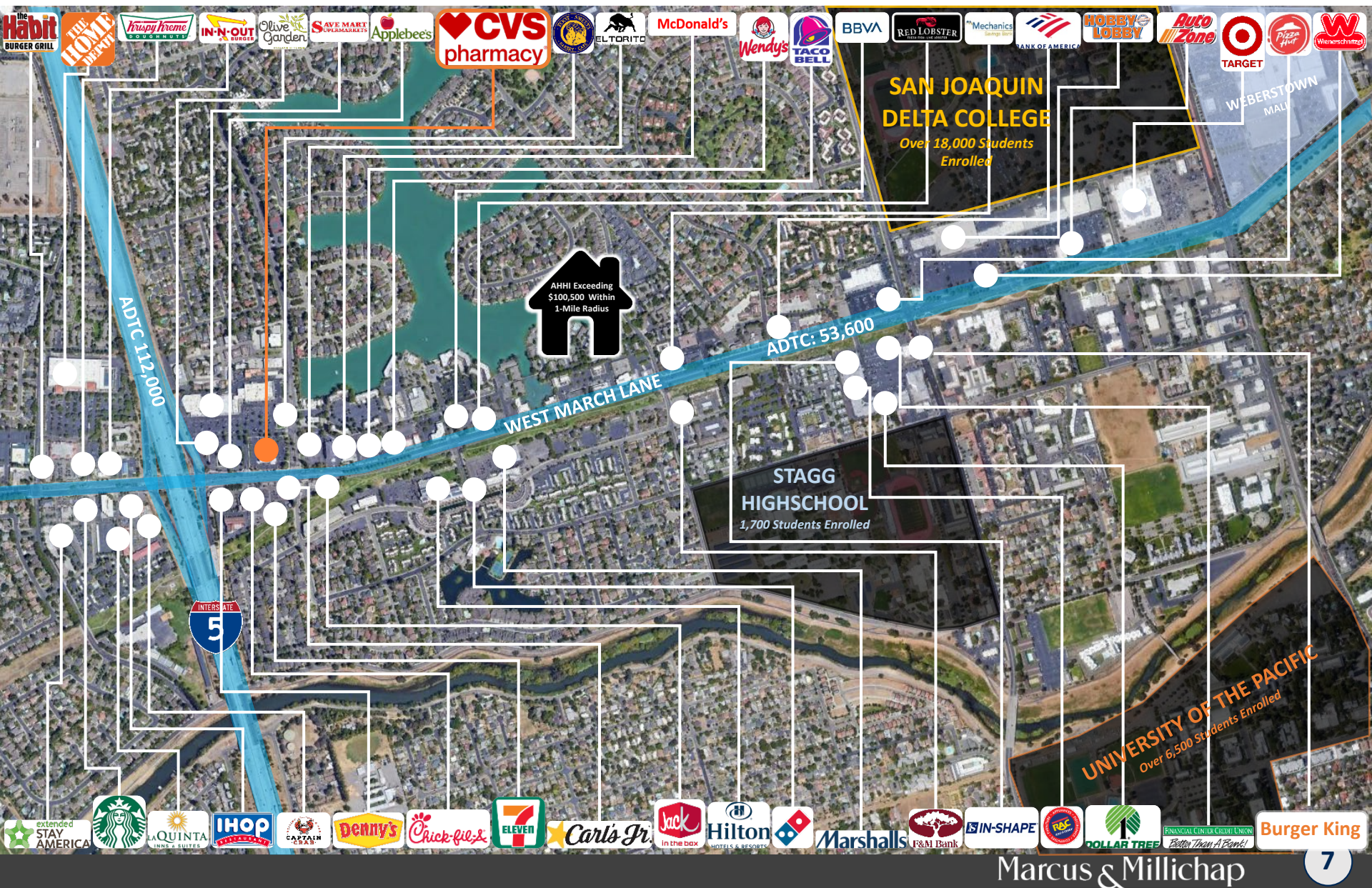
CVS sells prescription drugs and a wide assortment of general merchandise, including over-the-counter drugs, beauty products and cosmetics, film and photo finishing services, seasonal merchandise, greeting cards, and convenience foods through their CVS/pharmacy and Long Drugs retail stores and online through CVS.com. It also provides healthcare services through its more than 1,100 MinuteClinic medical clinics as well as their Diabetes Care Centers. Most of these clinics are located within CVS stores.



MinuteClinics are staffed by nurse practitioners and physician assistants who specialize in family health care, and are trained to diagnose, treat, and write prescriptions for minor acute illnesses such as strep throat and ear, eye, sinus, bladder, skin, and lung infections. Vaccinations, such as influenza, tetanus-pertussis, pneumovax, and Hepatitis A & B are available at all locations.



Surrounding Area



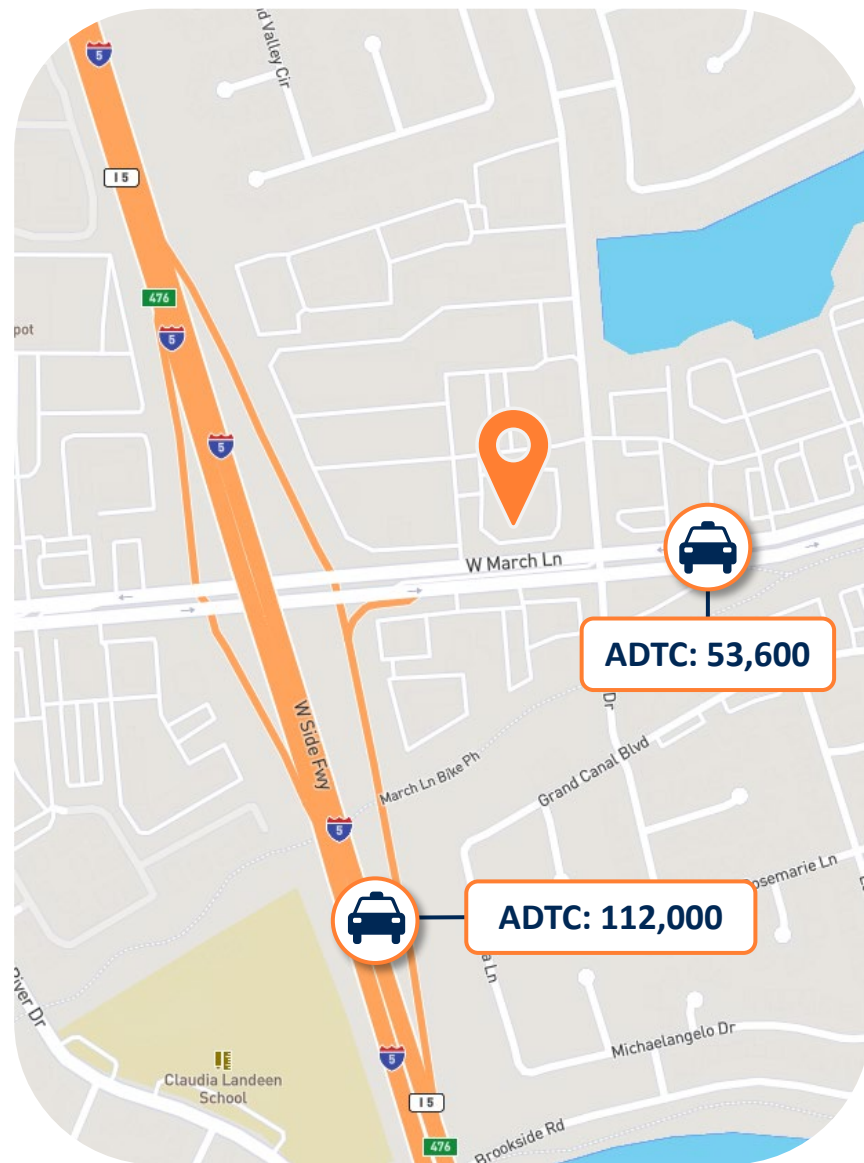


Location Overview

This CVS Pharmacy investment property is situated on West March Lane, which boasts an average daily traffic count exceeding 53,600 vehicles per day, respectively. West March Lane intersects with Interstate-5 (I-5), one of the nation's busiest interstates, which spans the entirety of the west coast. I-5 brings an additional 112,000 vehicles to the immediate area daily. There are more than 126,900 individuals within a three-mile radius, and over 281,000 within a five-mile radius. Additionally, this CVS property is situated in an affluent suburban community with an average household income of over \$100,500 within a one-mile radius.

The subject property benefits from being well-positioned in a dense retail corridor consisting of national and local tenants, large shopping centers, hospitality accommodations and academic institutions all within close proximity of this property. Major national tenants in the area include: The Home Depot, Target, AutoZone Auto Parts, Hobby Lobby, Taco Bell, Olive Garden, Applebee's, In-N-Out, Chick-fil-A, McDonald's, as well as many others. Hospitality accommodations in the area include the Hilton, La Quinta Inn, Courtyard by Marriott, Residence Inn, and more. Additionally, the subject property is ideally located one mile west of Westertown Mall, the premier shopping destination in the San Joaquin Valley. Furthermore, the subject CVS benefits from its proximity to several academic institutions. The most notable is the University of Pacific, a top rated, private university, which has an enrollment of 6,500+ students, 1,820 employees and over a \$279 million of annual economic impact in Stockton.

Stockton is the county seat of San Joaquin County in the Central Valley of the U.S. state of California. The city is located on the San Joaquin River in the northern San Joaquin Valley and had an estimated population of 311,178 by the California Department of Finance for 2018. Stockton is the 13th largest city in California and the 63rd largest city in the United States. It was named an All-America City in 1999, 2004, 2015 and again in 2017. The diverse economy offers a mix of industries: Healthcare & Social Assistance, Educational Services, Manufacturing, Retail Trade, and Accommodation & Food Services.





Property Photos



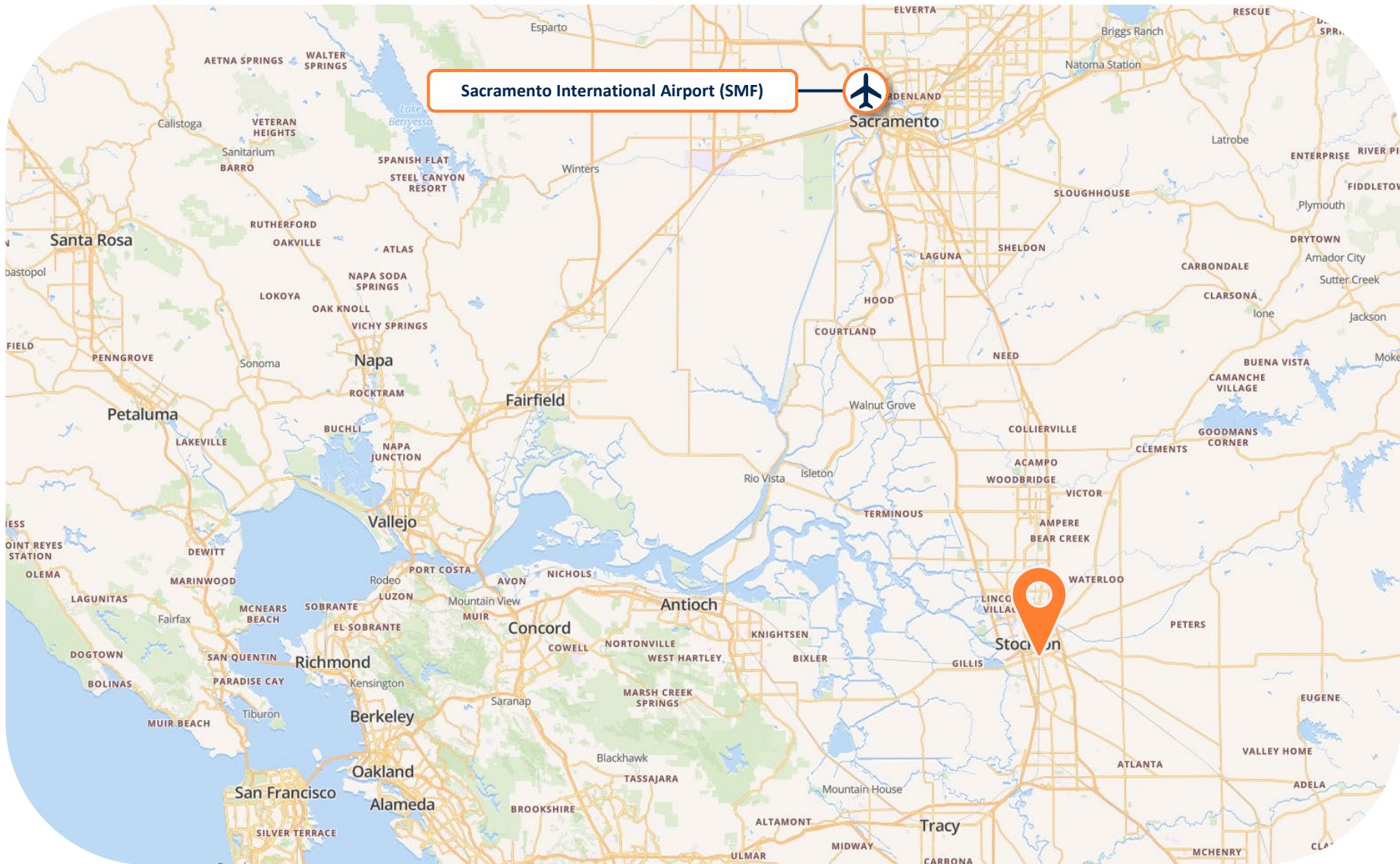


Surrounding Area Photos





Local Map



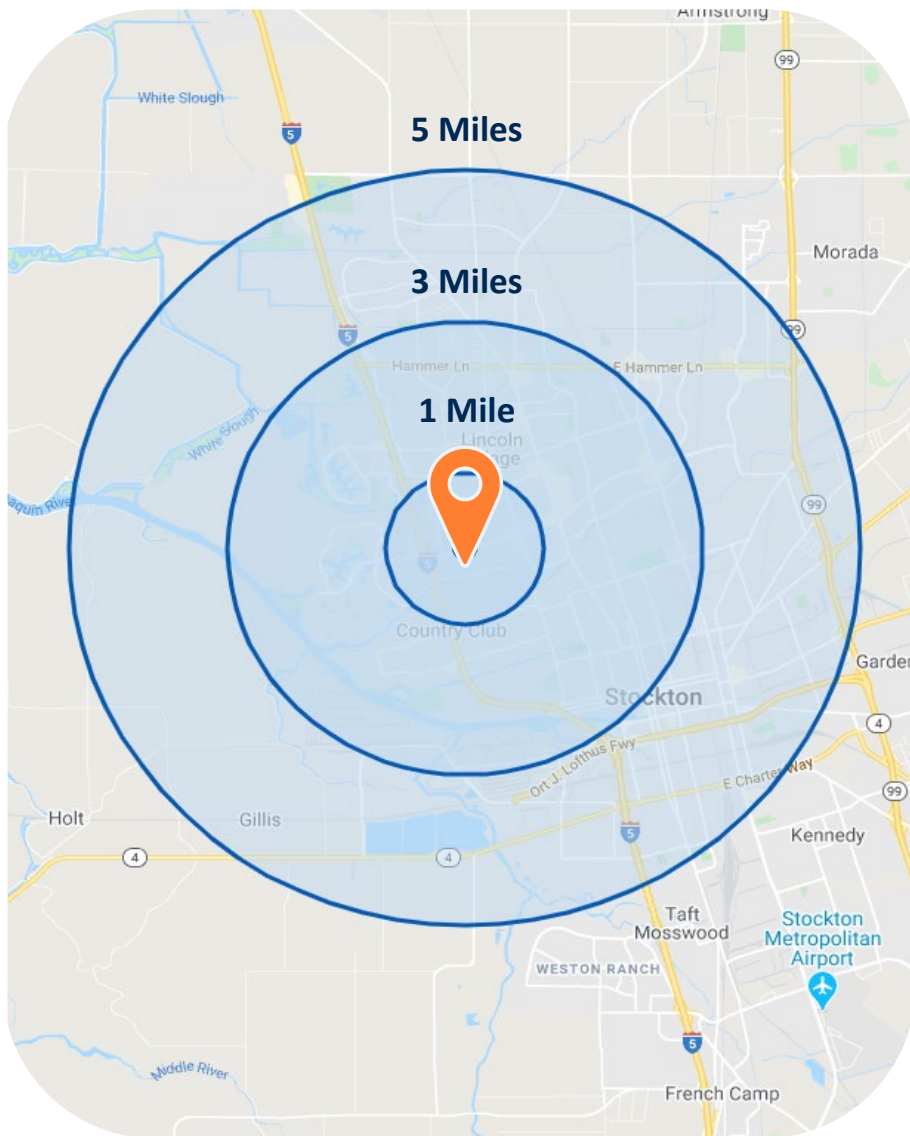


Regional Map





Demographics



POPULATION TRENDS

	1 Mile	3 Miles	5 Miles
2010 Population	16,310	118,844	261,587
2021 Population	17,246	126,941	281,151
2026 Population Projection	17,988	132,620	294,016
Growth 2010 – 2021	0.50%	0.60%	0.70%
Growth 2020 – 2026	0.90%	0.90%	0.90%

POPULATION BY RACE (2021)

	1 Mile	3 Miles	5 Miles
White	10,221	79,010	161,194
Black	2,050	14,015	31,501
American Indian/Alaskan Native	365	2,953	6,556
Asian	3,345	21,438	62,899
Hawaiian & Pacific Islander	110	1,007	2,439
Two or More Races	1,155	8,519	16,563
Hispanic Origin	5,506	48,648	121,925

HOUSEHOLD TRENDS

	1 Mile	3 Miles	5 Miles
2010 Households	6,525	44,118	85,384
2021 Households	6,936	47,326	91,923
2026 Household Projection	7,246	49,506	96,210
Growth 2010 – 2021	0.10%	0.10%	0.10%
Growth 2020 - 2026	0.90%	0.90%	0.90%

AVERAGE HOUSEHOLD INCOME (2021)

	1 Mile	3 Miles	5 Miles
Average Household Income (2021)	\$100,507	\$81,225	\$78,132

MEDIAN HOUSEHOLD INCOME (2021)

	1 Mile	3 Miles	5 Miles
Median Household Income (2021)	\$66,832	\$58,594	\$57,262

HOUSEHOLDS BY HOUSEHOLD

INCOME (2021)

	1 Mile	3 Miles	5 Miles
<\$25,000	\$1,146	\$9,443	\$19,280
\$25,000 - \$50,000	\$1,532	\$10,879	\$21,085
\$50,000 - \$75,000	\$1,145	\$9,294	\$17,939
\$75,000 - \$100,000	\$648	\$5,434	\$10,223
\$100,000 - \$125,000	\$558	\$3,823	\$7,617
\$125,000 - \$150,000	\$466	\$2,429	\$4,939
\$150,000 - \$200,000	\$574	\$2,780	\$5,726
\$200,000+	\$867	\$3,244	\$5,117



Market Overview



Stockton is one of California's fastest growing communities and the county seat of San Joaquin County. Stockton is currently the 13th largest city in California with a dynamic, multi-ethnic and multi-cultural population of more than 310,000. It is situated along the San Joaquin Delta waterway which connects to the San Francisco Bay and the Sacramento and San Joaquin Rivers. Stockton is located 60 miles east of the San Francisco Bay Area, 83 miles east of San Francisco, and 45 miles south of Sacramento, the capital of California. Stockton has an airport offering service to Phoenix and Las Vegas (on Allegiant Airlines). Visitors may also fly into Sacramento, Oakland or San Francisco.

In the mid-2000's Stockton underwent a tremendous economic expansion and continues to aggressively revitalize its downtown. Projects in the downtown area along the waterfront include an indoor arena, baseball stadium and waterfront hotel. A 16-screen downtown City Centre Cinemas was completed in December 2003. The Bob Hope (Fox) California Theatre, listed on the National List of Historic Landmarks recently completed a total renovation and hosts live performances regularly. The arena hosts the Stockton Kings (NBA G-League) basketball team, the Stockton Heat (AHL) Hockey team, as well as year-round family and cultural events and concerts. Adjacent to the Stockton Arena is the Stockton Ballpark, home of the Stockton Ports Single A Baseball Team (Oakland A's affiliate).

Stockton offers an excellent quality of life for its residents. The City has a number of beautiful residential communities along waterways, with single-family homes costing about one-third the price of homes in the Bay Area. With over 100,000 trees, Stockton has been recognized by Sunset Magazine as the "Best Tree City" in the western United States. In 1999, 2004, 2015, 2017, and 2018, Stockton was designated an All-America City by the National Civic League.

Stockton also has outstanding recreational opportunities. Stockton is within close proximity to world famous scenic attractions including the California Coast, San Francisco, Lake Tahoe and Yosemite National Park. The community offers many local recreational opportunities such as professional sports teams, an olympic size ice rink, and the Delta, which provides thousands of miles of waterways for water skiing, sailing and other water activities. There are also many opportunities to enjoy music, theater, dance, literary events, and other cultural and entertainment activities throughout the year. The city also boasts the 90+ year old Stockton Symphony, a nearly 70 year old Stockton Civic Theatre, and the 88 year old Haggin Museum.

Marcus & Millichap

EXCLUSIVE NET-LEASE OFFERING



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