



AT **STATER BROS.**
markets.

Absolute NNN Lease | 2021 Lease Extension | 23 Year Operating History | Below Market Rent



OFFERING MEMORANDUM
VICTORVILLE, CALIFORNIA



HANLEY INVESTMENT GROUP
REAL ESTATE ADVISORS



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REAL ESTATE ADVISORS



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OFFERING SUMMARY

LOCATION

Rite Aid
13720 Bear Valley Road
Victorville, CA 92392



OFFERING SUMMARY

| | |
|-------------------------|-------------|
| Price: | \$4,000,000 |
| Net Operating Income: | \$180,000 |
| Capitalization Rate: | 4.50% |
| Price per Square Foot: | \$182 |
| Net Rentable Area (1) : | 21,973 |
| Year Built: | 1991 |
| Lot Size [Acres]: | 1.90 |

LEASE TERMS

| | |
|-----------------------|------------------------------|
| Lease Commencement: | 12/11/1998 |
| Lease Expiration: | 12/31/2025 |
| Lease Term Remaining: | 4 Years |
| Lease Type: | Absolute NNN |
| Monthly Rent: | \$15,000 (\$0.68 psf) |
| Rental Increases: | None |
| Renewal Options: | One 5-Year @ 10% Each Option |

(1) Square footage includes 2,947 of 2nd story office space.

FINANCING SUMMARY

All Cash or Cash to New Financing
(Contact Hanley Investment Group for Further Details)



NOT A PART

RITE AID | Quick Facts

\$16B

TOTAL GENERATED U.S.
REVENUE (2021)

2,451

NUMBER OF DRUGSTORE
CHAINS IN 19 STATES

51,000

EMPLOYED ASSOCIATES
IN EAST AND WEST COAST

INVESTMENT HIGHLIGHTS

- **Single-Tenant Rite Aid Pharmacy**

- Absolute NNN lease; No landlord responsibilities
- 5-Year lease extension executed in 2021
- 10% increases every 5 years
- Below market rent of \$180,000/year (\$0.68 PSF/month)
- Favorable rent to sales ratio
- Essential business; Successful drug store operating history since 1998
- Corporate Guaranteed Lease (NYSE: RAD); 2,500 Locations
- #132 Fortune 500

- **Stater Bros. Market Shadow Anchored Neighborhood Center**

- Largest privately-owned supermarket chain in Southern California
- Operated at this location since 1992

- **Below Replacement Cost:** \$182 PSF

- **Signalized Intersection:** 50,000 Cars Per Day

- **High Growth Victor Valley Demographics/Explosive Trade Area Growth:**

- More than 442,000 total residents
- 15,663 homes planned in the Victor Valley region
- 35% growth in new home permits in 2019
- 85% population growth in Victorville since 2006



INVESTMENT HIGHLIGHTS

- **Southern California-Las Vegas Rail Project Hub:** 170-mile high-speed passenger rail project from Victorville to Las Vegas estimated at \$7 billion; plans to eventually connect Victorville to Los Angeles
- **Easily Accessible to One of the Largest Master-Planned Communities in the Victor Valley:** The community of Spring Valley Lake (considered the Jewel of the Desert) is located 7 miles away from the subject property and is comprised of 4,215 single-family homes
- **Dominant Retail Trade Area:** Nearby national/regional tenants include Walmart Supercenter, 24 Hour Fitness, 99 Cents Only, dd's Discounts, El Super, Food 4 Less, Home Depot, HomeGoods, Kohl's, Lowe's, Michaels, Party City, Petco, PetSmart, Planet Fitness, Ross Dress for Less, Smart & Final, and T.J. Maxx
- **Close Proximity to Major Traffic Generators in the Trade Area:**
 - **Victor Valley College** – Serves one of the largest geographical areas in the state; 11,000 students and 40 major courses offered
 - **The Mall of Victor Valley** – The dominant regional mall in Southern California's high desert; over 6 million shoppers annually
 - **Desert Valley Hospital** – Founded in 1994, the facility is a 148-bed acute care hospital and a six-time winner of the Top 100 Hospitals in the nation
- **Excellent High Desert Location:** The subject property is easily accessible to the entire Victor Valley (Adelanto, Apple Valley, Hesperia, and Victorville) that consists of over 173,000 people within a 5-mile radius
 - Victorville is the leading city for both industry and retail in the High Desert region
 - Victorville is the business hub of the area and draws consumers from well beyond its immediate area; it is the largest commercial center between San Bernardino and the Nevada border



SITE PLAN / PARCEL MAP



MONUMENT SIGNAGE



MONUMENT SIGNAGE



MONUMENT SIGNAGE



Rite Aid
13720 Bear Valley Road
Victorville, CA 92392

- SUBJECT PROPERTY
- NOT A PART
- PROPERTY PARCEL

APN: 3095-241-62-0000

* 21,973 Total SF;
19,026 SF 1st Floor &
2,947 2nd Floor Office Space





STATER BROS.
markets.

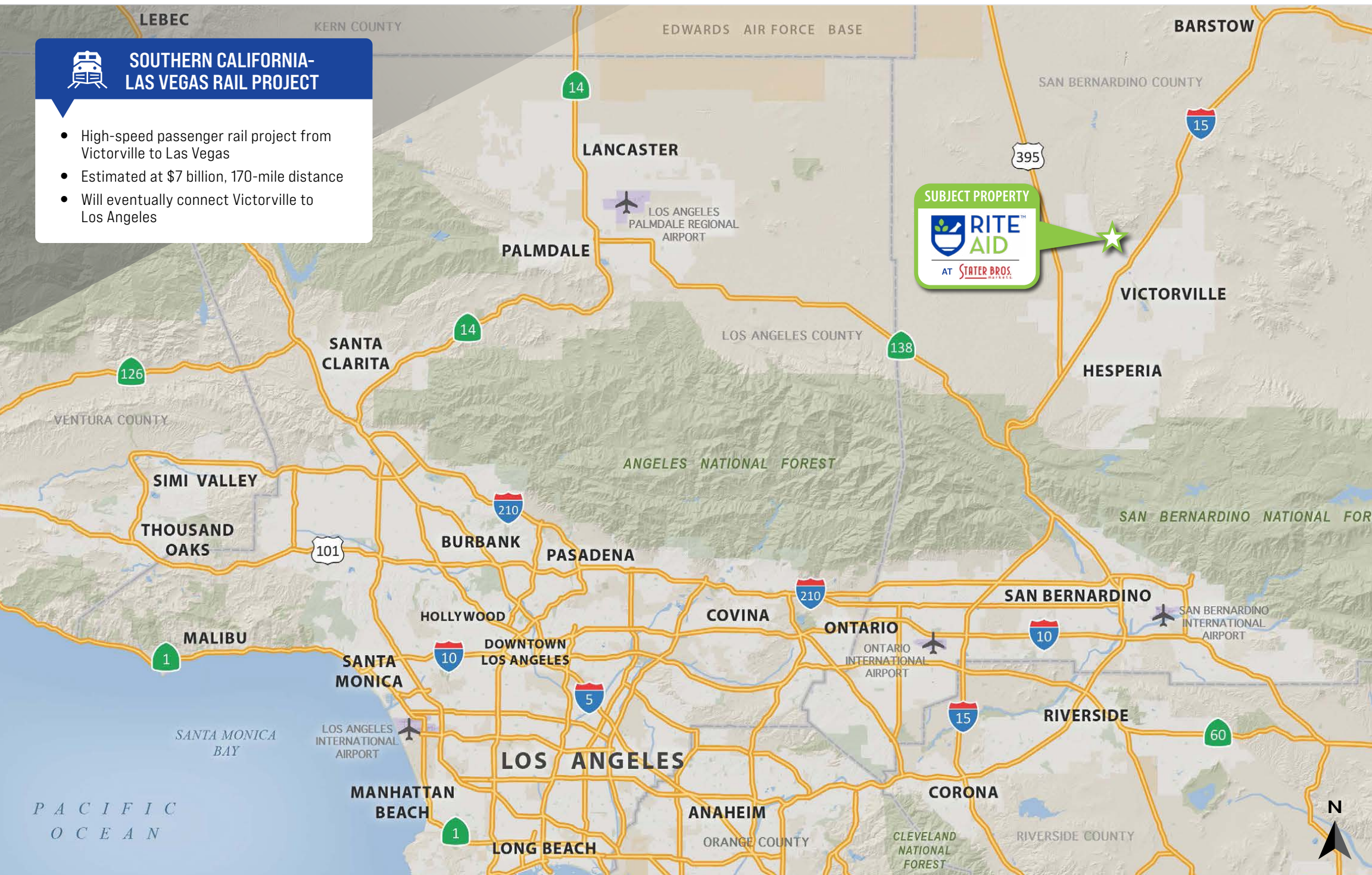
SHADOW-ANCHORED CENTER

AERIAL OVERVIEW





- High-speed passenger rail project from Victorville to Las Vegas
- Estimated at \$7 billion, 170-mile distance
- Will eventually connect Victorville to Los Angeles



TENANT PROFILE



Rite Aid Corporation is the fourth largest drugstore chain by store count in the United States with nearly 2,500 locations primarily in the Northeast and on the West Coast. The retail store sells prescription drugs as well as a wide assortment of general merchandise including over-the-counter drugs, beauty products and cosmetics, film and photo finishing services, seasonal merchandise, greeting cards, pet care, and convenience foods. The company also operates retail clinics at some locations that provide preventative services and treatment for common conditions. In addition, this segment offers healthcare coaching and disease management services. Rite Aid's e-commerce pharmacy platform operates at [riteaid.com](https://www.riteaid.com).

Rite Aid rebranded in late 2020 with a new logo, modernized website, partnership with home delivery services, sleeker store designs, transformed role of pharmacists, and an updated product offering with more wellness-oriented items such as healthy snacks, holistic remedies, and natural skin care products. Its shares have since risen by about 32% over the past year. CVS and Walgreens shares rose by about 3% and dropped by about 17%, respectively, during that same time period.

Rite Aid reached revenue of \$24 billion in 2020, placing the company at #132 on the Fortune 500 List. The company was founded in 1962 and employs 51,000 associates. Rite Aid recently moved its headquarters to Philadelphia where it constructed a "remote-first" facility designed for in-person collaboration and company gatherings.

Company Type: NYSE: RAD
Locations: 2,451
Website: www.riteaid.com

#132
Fortune
500 List

Fortune (2020)

#3
Customer Satisfaction
for Brick-&-Mortar Stores

J.D. Power & Associates (2020)

#4
Largest Pharmacy
Chain in the U.S.

Scrapehero (2021)



Rite Aid Unveils New Strategy, Revamped Stores to Remain Competitive with CVS, Walgreens

By Heather Landi | October 15, 2020

Drugstore chain Rite Aid gave a sneak peek at its new strategy and store layout, what it has dubbed the “store of the future,” as part an overall brand relaunch.

Rite Aid is revamping its stores to put pharmacists “front and center” as part of a business strategy that doubles down on its pharmacy business, according to Peters,

The corporate rebrand comes as Rite Aid competes with CVS and Walgreens as well as new digital players such as Amazon’s PillPack and e-pharmacy startups like Capsule and NowRx.

Rite Aid operates 2,400 drugstores in 18 states. The revamped stores, some of which will open this month, will feature a pharmacy that looks more like an Apple Store Genius Bar, virtual care rooms that will enable consumers to remotely connect with care teams and a new assortment of products with a focus on both traditional medicine and alternative “remedies” like essential oils, Peters said.

[CLICK FOR ARTICLE](#)



Amazon Fulfillment Center Comes to Victorville Bringing 1K+ Jobs to the City

By Sharjeel | September 1, 2021

Amazon has a massive footprint in Southern California with 3 fulfillment and sortation centers, 3 delivery stations, and 5 whole foods market locations. The Seattle-based company that revolutionized online shopping will open a new fulfillment center in Victorville promising to bring over 1,000 full-time jobs to the region.

The company also published its 2021 U.S. Economic Impact Report, which shows that it invested more than \$19.3 billion in the Inland Empire and \$81 billion in California, since 2010. The report summarizes Amazon’s investments in the U.S., including infrastructure and compensation for employees (2010 – 2020).

“Amazon’s roughly \$20 billion investment in the Inland Empire has helped our region become a national leader in the goods movement industry,” said Paul Granillo, President and CEO of Inland Economic Partnership.

Amazon’s huge footprint in the Inland Empire has helped the region to sustain the economic downturn better than other parts of the country.

[CLICK FOR ARTICLE](#)

AREA OVERVIEW

Victorville, California

- Located in the High Desert region of San Bernardino County; included in the Inland Empire region
 - 40 miles north of the city of San Bernardino; 81 miles northeast of Los Angeles
- 128,350 population, up 97% from 20 years ago; 442,000+ in Victor Valley
 - Additional 58% increase in population projected by 2045
- #95 “Top 100 Best Places to Live” - Livability (2019)

ECONOMY

- Business hub and economic engine for 8 cities along I-15 known as the Victor Valley; the city’s motto is “Victorville, Key City of the High Desert”
- Local economy is dominated by retail trade (15.1%), health care and social assistance (14.6%), educational services (9.2%), and transportation and warehousing (8%)
- **Southern California Logistics Center** - A 5,000-acre business complex integrating aviation, aeronautical, manufacturing, industrial, and office facilities with Southern California Logistics Airport
 - 3.4 million square feet of “off airport” industrial and manufacturing facilities with tenants such as Keurig Dr. Pepper, Newell Brands, Plastipak Packaging, Red Bull, and others
- High population growth and business-friendly environment drive a thriving retail sector; 42% of businesses in the city are from the retail sales category
 - Per capita sales are consistently higher than those of Southern California and California as a whole
 - **Mall of Victor Valley** - The only regional mall in the valley; Q2 2021 surpassed pre-pandemic sales tax revenues by nearly 25%
 - **Auto Park at Valley Center** - The only auto mall in Victor Valley; 10+ new and used car dealerships
- Close proximity to major seaports of Los Angeles and Long Beach, spacious industrial sites, low-cost utilities, and pro-growth business incentives attract companies to the area
 - 17.8+ million square feet of industrial inventory in Victor Valley; 40% located in Victorville
- Top employers include Southern California Logistics Airport, Victor Elementary School District, Victor Valley College, and Victor Valley Global Medical Center



Business Hub and Economic Engine of the High Desert



OLD TOWN VICTORVILLE



CALIFORNIA SOUTHERN LOGISTICS CENTER



MALL OF VICTOR VALLEY

AREA OVERVIEW

DEVELOPEMENTS

- **Sterling Development Facility at SCLC** - Construction of a large 820,000 square foot industrial facility for an undisclosed multinational consumer products firm; expected to create 100 jobs and be completed in 2022
- **New Hospital** - Construction of a new 260-bed hospital on a 98-acre campus by Kaiser Permanente and Providence Southern California that will replace St. Mary Medical Center
 - Expected to cost about \$1 billion and open in 2026
- **Brightline West** - Construction of a 200-mph all-electric train from Victorville to Las Vegas
 - A massive project that is expected to start construction in 2022

TRANSPORTATION

- Known as a transportation hub with full intermodal services including air, rail, and major freeways
 - 60% of all goods moving into and out of Southern California travel through Victorville
- Famed Route 66 travels through Victorville and the city is home to the Route 66 Museum
- 3 major transportation routes are I-15, US-395, and SR-18; other main routes include I-10, I-40, and I-215
 - 20 million people are accessible within a 3-hour drive
- **Southern California Logistics Airport** - 2,200 acre aerospace services hub providing non-scheduled passenger charter, aircraft storage, aircraft parts warehousing, jet engine testing, flight testing, pilot training, and aircraft maintenance
 - Clients include FedEx, Boeing, General Atomics, and General Electric
 - U.S. Customs port of entry and a Foreign Trade Zone
- Rail lines are provided by Union Pacific and BNSF
- Victor Valley Transit provides bus service to Victorville, Adelanto, Apple Valley, and Hesperia

EDUCATION

- **Victor Valley College** - 40+ major courses of study with 11,000+ students; serves one of the largest geographical areas in the state
- K-12 served by Victor Elementary, Adelanto Elementary, and Victor Valley Union High school districts



BRIGHTLINE WEST



SOUTHERN CALIFORNIA LOGISTICS AIRPORT



VICTOR VALLEY COLLEGE



60% of All Goods in Southern California Travel Through the City

DEMOGRAPHICS

| POPULATION | 1-Mile | 3-Mile | 5-Mile |
|---|----------|----------|----------|
| 2025 Projection | 9,997 | 70,889 | 176,599 |
| 2020 Census | 9,992 | 69,855 | 172,829 |
| 2010 Census | 9,584 | 66,418 | 162,646 |
| 2000 Census | 8,362 | 40,760 | 88,629 |
| Growth 2000-2010 | 14.61% | 62.95% | 83.51% |
| Growth 2010-2020 | 4.26% | 5.17% | 6.26% |
| Growth 2020-2025 | 0.05% | 1.48% | 2.18% |
| HOUSEHOLDS | | | |
| 2025 Projection | 2,987 | 20,258 | 50,729 |
| 2020 Census | 2,965 | 19,958 | 49,722 |
| 2010 Census | 2,818 | 18,752 | 46,288 |
| 2000 Census | 2,453 | 12,537 | 28,096 |
| Growth 2000-2010 | 14.88% | 49.57% | 64.75% |
| Growth 2010-2020 | 5.22% | 6.43% | 7.42% |
| Growth 2020-2025 | 0.74% | 1.50% | 2.03% |
| 2020 POPULATION BY SINGLE-CLASSIFICATION RACE | | | |
| White Alone | 4,908 | 32,979 | 79,104 |
| Black or African American Alone | 1,383 | 8,271 | 22,986 |
| American Indian and Alaska Native Alone | 142 | 866 | 2,212 |
| Asian Alone | 380 | 3,060 | 7,034 |
| Native Hawaiian and Other Pacific Islander Alone | 41 | 279 | 778 |
| Some Other Race Alone | 2,491 | 19,441 | 48,375 |
| Two or More Races | 621 | 4,716 | 11,613 |
| 2020 POPULATION BY ETHNICITY (HISPANIC OR LATINO) | | | |
| Hispanic or Latino | 5,328 | 40,411 | 100,831 |
| Not Hispanic or Latino | 4,664 | 29,444 | 71,998 |
| 2020 AVERAGE HOUSEHOLD INCOME | | | |
| | \$86,559 | \$77,535 | \$70,955 |

VICTORVILLE SNAPSHOT



172,829

POPULATION (5-Mile)



33,392

DAYTIME POPULATION (5-Mile)



83.51%

POPULATION GROWTH (5-Mile, 2000-2010)



\$86,559

AVERAGE HOUSEHOLD INCOME (1-Mile)



\$186,128

AVERAGE HOME VALUE (3-Mile)



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\$8.6 BILLION
retail sales nationwide



SHARED DATABASE
collaborative proprietary database



GLOBEST. INFLUENCERS
in retail & net lease sales



NATIONWIDE REACH
retail & investors across the U.S.



\$2.8 BILLION IN RETAIL SOLD
over 450 transactions in last 36 mos.