

1200 FAIR OAKS AVE.

SOUTH PASADENA, CA 91030



Long Term Absolute NNN Sale-Leaseback



Marcus & Millichap  
OVANESS-ROSTAMIAN GROUP





ARCO

OFFERING MEMORANDUM



# NON - ENDORSEMENT & DISCLAIMER NOTICE

## CONFIDENTIALITY & DISCLAIMER

The information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This

Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances,

PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein. Marcus & Millichap is a service mark of Marcus & Millichap Real Estate Investment Services, Inc.

© 2019 Marcus & Millichap. All rights reserved.

## NON - ENDORSEMENT NOTICE

Marcus & Millichap is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of Marcus & Millichap, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of Marcus & Millichap, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY.

**Marcus & Millichap**  
**OVANESS-ROSTAMIAN GROUP**

OFFICES THROUGHOUT THE U.S. AND CANADA  
[www.marcusmillichap.com](http://www.marcusmillichap.com)

# SPECIAL COVID-19 NOTICE

## DISCLAIMER NOTICE

All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.

Marcus & Millichap  
OVANESS-ROSTAMIAN GROUP

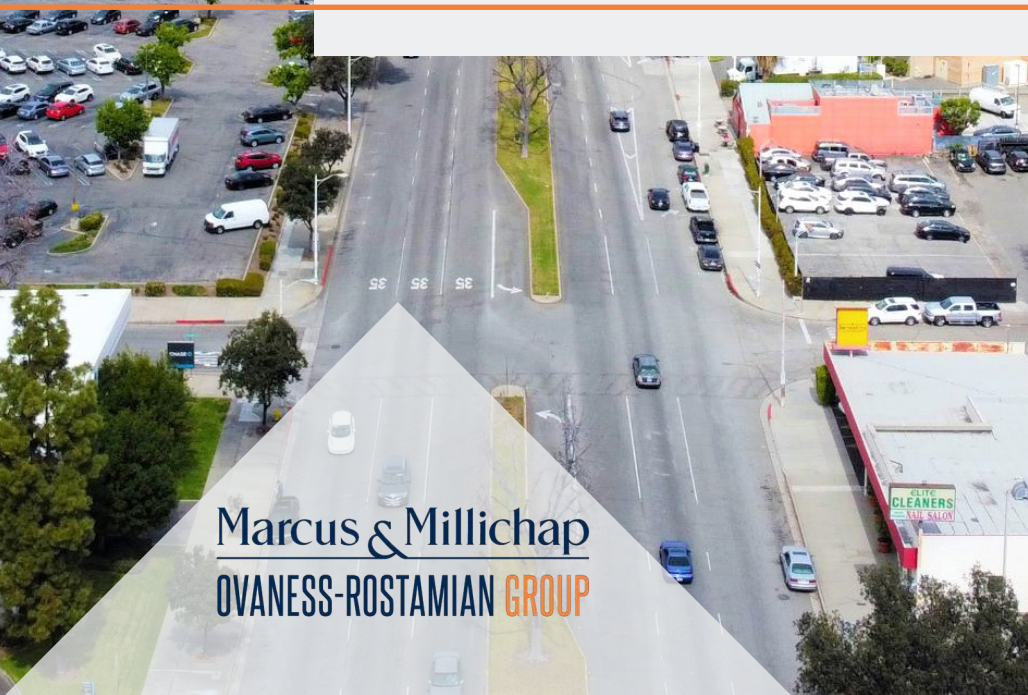
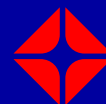
OFFICES THROUGHOUT THE U.S. AND CANADA  
[www.marcusmillichap.com](http://www.marcusmillichap.com)





# TABLE OF CONTENTS

ARCO



Marcus & Millichap  
OVANESS-ROSTAMIAN GROUP

01

EXECUTIVE SUMMARY

02

PROPERTY DESCRIPTION

03

FINANCIAL ANALYSIS

04

MARKET OVERVIEW





section 1

# Executive Summary

location map

offering summary

investment highlights

tenant profile



1200  
Fair Oaks Ave.  
South Pasadena, CA  
91030

Monterey Road

Fair Oaks Ave.

N. H. St.





# OFFERING SUMMARY

1200 Fair Oaks Ave. South Pasadena 91030

 **\$6,000,000**

Land Price /SF: \$203  
Price /SF: \$2,935

Total Building SF	2,044 SF
Total Land SF	29,695 SF
Going-In CAP Rate	4.00%
NOI	\$240,000
Term	15 Years (2% Annual Increases)
Options	2-Five Year (2% Annual Increases)
Guarantor	3-Unit Operator
Absolute NNN	Fee Simple
Year Built	1971 /2011
APN	5320-001-024
Zoning	SPC1*

**Marcus & Millichap**  
**OVANESS-ROSTAMIAN GROUP**







8,278

CARS PER DAY



Monterey Road

32,808

CARS PER DAY



Fair Oaks Ave.



# ARCO

South Pasadena, CA 91030

The Ovaness-Rostamian Group of Marcus & Millichap is pleased to present the opportunity to acquire fee-simple ownership in an absolute NNN leased-back, Arco gas station investment opportunity located in the high barrier to entry city of South Pasadena, California. The experienced 3-Unit operator will sign a 15-year lease at the close of escrow with 3-(5) year options to extend, illustrating their commitment to the site. The lease features rare 2% annual increases throughout the initial term and option period. The Arco gas station comprises of approximately 2,044 square feet of building situated upon 29,695 square feet of land.

1200 Fair Oaks Avenue is located at the signalized, hard corner intersection of Fair Oaks Avenue and Monterey Road with +/- 32,000 cars per day. The site benefits from excellent visibility and access with multiple points of ingress and egress. Additionally, the subject property is located less than half a mile away from the highly traveled 110 Freeway with over 56,000 cars per day. Arco is located on a prominent retail corridor with nearby national/credit tenants that include Vons, Pavilions, Rite Aid, Chase Bank, McDonald's, Starbucks, Chipotle, El Pollo Loco and more, further increasing consumer draw to the property. The 3-mile trade area is supported by a dense population of over 274,000 and an average household income of \$109,000.

## INVESTMENT HIGHLIGHTS

- Absolute NNN - Fee Simple Lease With Zero Landlord Responsibility & Rare 2% Annual Rent Increases
- Signalized Hard Corner With Over 32,000 Cars Per Day With Excellent Visibility
- High Barrier to Entry Market
- Prominent Retail Corridor - Large National Credit/Tenant Presence
- Rare Downtown South Pasadena - Los Angeles County Offering
- Close Proximity To California Highway 110
- Strong Affluent Demographics in 3-Mile Trade Area





Marathon Petroleum Corporation (MPC) is a leading, integrated, downstream energy company headquartered in Findlay, Ohio. The company operates the nation's largest refining system with more than 3 million barrels per calendar day (bpcd) of crude oil capacity across 16 refineries. MPC's marketing system includes branded locations across the United States, including Marathon branded outlets. Speedway LLC, an MPC subsidiary, owns and operates retail convenience stores across the United States. MPC also owns the general partner and majority limited partner interest in MPLX LP, a midstream company which owns and operates gathering, processing, and fractionation assets, as well as crude oil and light product transportation and logistics infrastructure. In 2018, Marathon Petroleum Corporation acquired Andeavor (formerly Tesoro), which extended its operations nationwide. Included in the acquisition were 10 refineries: Anacortes (Washington), Dickinson (North Dakota), El Paso (Texas), Gallup (New Mexico), Kenai (Alaska), Los Angeles (California), Mandan (North Dakota), Martinez (California), Salt Lake City (Utah) and St. Paul Park (Minnesota), approximately 3,300 retail stations and the general partner of Andeavor Logistics. In 2019, the company reported revenues of \$1.6 billion, up from \$1 billion in 2018.

The Retail segment sells gasoline, diesel and merchandise through convenience stores that it owns and operates, primarily under the Speedway brand, as well as through direct dealer locations. Our Retail segment has approximately 3,900 company-owned and -operated convenience stores across the United States and more than 1,000 long-term supply contracts for direct dealer locations, primarily in Southern California, and largely under the ARCO brand.

For more than 50 years, ARCO has been a leading gasoline provider, with locations across the West Coast, Mexico and Upper Midwest. We are a quality TOP TIER™ gasoline provider, offering gasoline that exceeds EPA standards and can help improve engine performance, efficiency and cleanliness. Today there are over 1,050 ampm franchise locations in the states of Arizona, California, Nevada, Oregon and Washington.

# TENANT PROFILE

Website	www.arco.com
Founded	1966
Headquarters	La Palma, CA
Locations	± 1,200
Guarantee	Personal Guarantee



Locations

± 1,200

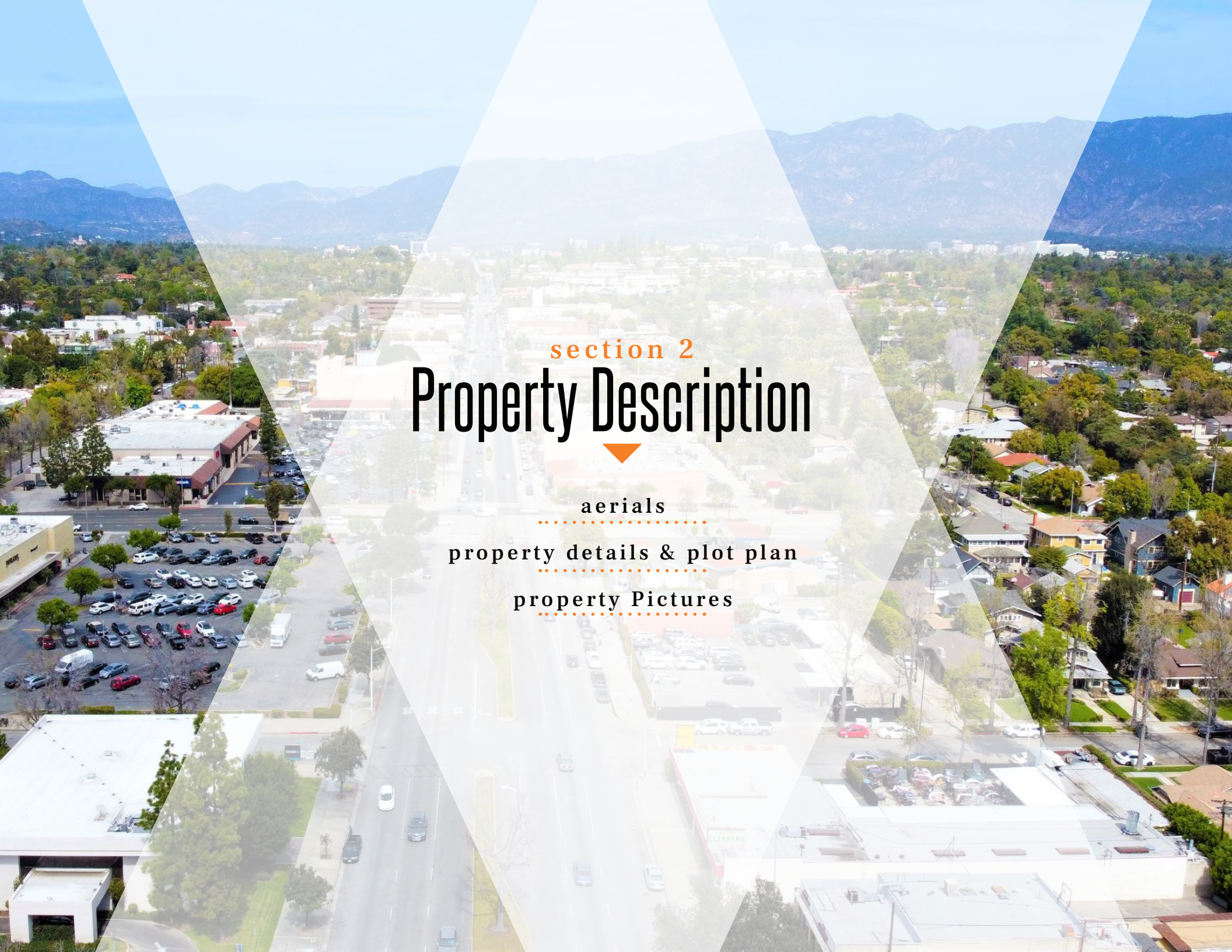


Headquarters

La Palma, CA







section 2

# Property Description

aerials

property details & plot plan

property Pictures





59,000  
CARS PER DAY

Arroyo Seco Pkwy.

CALIFORNIA  
110



Bristol Farms  
GOOD FOOD MARKET

ARCO

South Pasadena  
Care Center  
156 Beds



8,278  
CARS PER DAY

MISSION  
TILE WEST  
ExtraSpace  
Storage



South Pasadena  
Public Library



Monterey Road

ARCO



32,808  
CARS PER DAY

PAVILIONS



CHASE

South Pasadena  
Senior High School  
1,492 Students





59,000  
CARS PER DAY



Bristol Farms  
GOOD • FOOD • MARKET



EAST WEST BANK

WELLS FARGO



BLAZE PIZZA

ARCO



8,278  
CARS PER DAY



Monterey Road

CHASE

Fair Oaks Ave.

32,808  
CARS PER DAY

ELITE CLEANERS  
SUE SALON





Fair Oaks Ave.



# PROPERTY DETAILS & PLOT PLAN

Land SF



29,695

Building SF



2,044

Year Built



1971 / 2011

Zoning

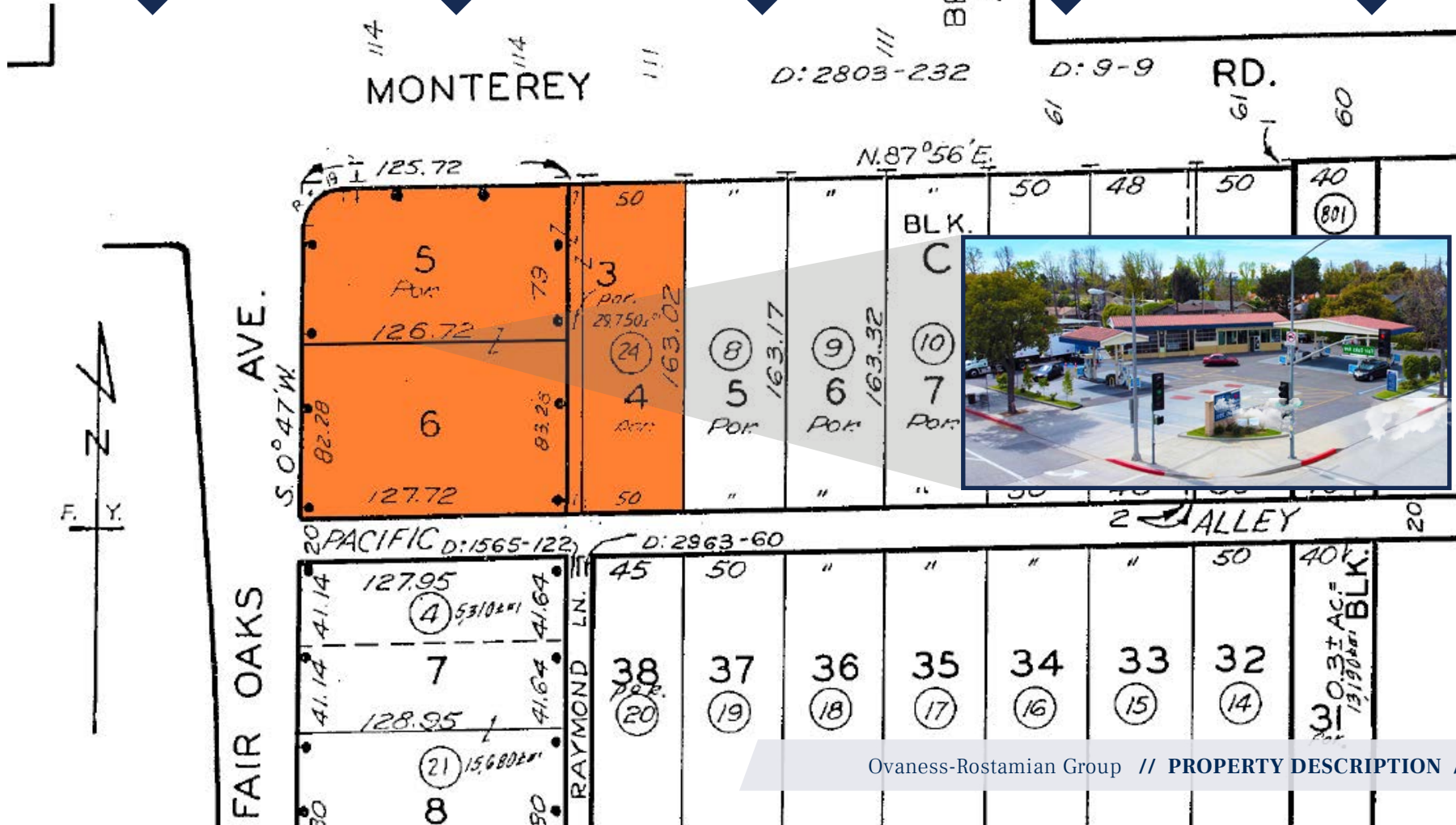


SPC1\*

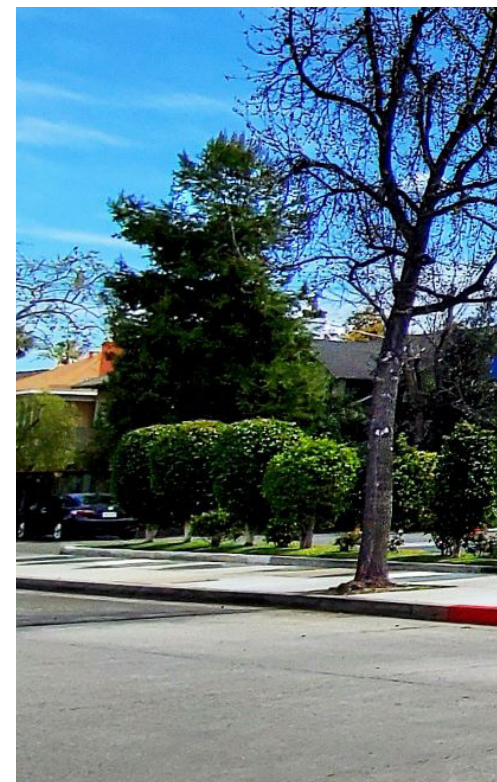
Location



South  
Pasadena,  
CA















section 3

# Financial Analysis

pricing summary & scheduled income



# PRICING SUMMARY & SCHEDULED INCOME



## PRICING SUMMARY

<b>Price:</b>	<b>\$6,000,000</b>		
<b>Down Payment:</b>	<b>\$3,000,000</b>	<b>50%</b>	
<b>Going-In Cap Rate:</b>	<b>4.00%</b>	<b>Cash on Cash</b>	<b>2.68%</b>
<b>Cap Rate 2026:</b>	<b>4.42%</b>	<b>Cash on Cash</b>	<b>3.51%</b>
<b>Year Built/Renovated:</b>	1971/2011		
<b>Total Building Size:</b>	2,044		
<b>Price Per Square Foot:</b>	\$2,935		
<b>Lot Size (SF):</b>	29,695	<b>Land Per Sq. Ft.:</b>	\$203

## FINANCING

<b>New Financing</b>	
Balance:	\$3,000,000
Term:	10
Rate:	3.40%
Amortization:	30
Maturity Date:	5/31/2030
Yearly Payment:	\$159,653

## FINANCIAL SUMMARY

	<u>Jan-21</u>		<u>Jan-26</u>	
Total Rental Income (GLA):	\$240,000		\$264,979	
Expense Reimbursements:	\$82,868		\$82,868	
<b>Total Gross Revenue:</b>	<b>\$322,868</b>		<b>\$347,847</b>	
Operating Expenses:	(\$82,868)	35%	(\$82,868)	31%
<b>Net Operating Income (NOI):</b>	<b>\$240,000</b>	<b>4.00%</b>	<b>\$264,979</b>	<b>4.42%</b>
First Trust Deed/Mortgage:	\$159,653		\$159,653	
Pre-Tax Cash Flow:	\$80,347	2.68%	\$105,326	3.51%
Interest Payment:	\$101,093		\$93,800	
Principle Payment:	\$58,560		\$64,839	
<b>Total Return:</b>	<b>\$138,907</b>	<b>4.63%</b>	<b>\$170,165</b>	<b>5.67%</b>

## ESTIMATED EXPENSES

<b>Property Tax:</b>	\$67,500
<b>Insurance:</b>	\$920
<b>CAM:</b>	\$1,533
<b>Property Mgt:</b>	\$12,915
<b>Total Expenses:</b>	<b>\$82,868</b>
<b>Expenses Per Sq. Ft (GLA):</b>	<b>\$40.54</b>

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied as to the accuracy of the information. Buyer must verify the information and bears all risk for any inaccuracies.

## SCHEDULED INCOME

15 yr. term, 3-5 yrs. option with 2% annual increases

Lease Term 01/01/2021 through 01/01/2036

Year	Annual Rent	Monthly Rent PSF
2021	\$240,000	\$9.78
2022	\$244,800	\$9.98
2023	\$249,696	\$10.18
2024	\$254,690	\$10.38
2025	\$259,784	\$10.59
2026	\$264,979	\$10.80
2027	\$270,279	\$11.02
2028	\$275,685	\$11.24
2029	\$281,198	\$11.46
2030	\$286,822	\$11.69
2031	\$292,559	\$11.93
2032	\$298,410	\$12.17
2033	\$304,378	\$12.41
2034	\$310,466	\$12.66
2035	\$316,675	\$12.91
2036	\$323,008	\$13.17

**Total Income: \$4,473,428 Over 15 Years**

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied as to the accuracy of the information. Buyer must verify the information and bears all risk for any inaccuracies.





section 4

# Market Overview

location overview

demographics





# SOUTH PASADENA

## CALIFORNIA

POPULATION  
696,805

(within a 5-Mile radius)





# City Of SOUTH PASADENA

South Pasadena is a city in Los Angeles County, California, situated only six miles from downtown Los Angeles. Called the City of Trees, the area is known for its stunning homes, unique small businesses, and top quality schools. South Pasadena's diverse population of about 25,619 as of July 1, 2018 occupies a mere 3.44 square miles of flatlands and hillsides on the west side of the San Gabriel Valley. This small town atmosphere makes South Pasadena one of California's most desirable locations.

South Pasadena is located at the western end of the San Gabriel Valley, north of the San Rafael Hills, east of the Arroyo Seco seasonal river, and south of the separate city of Pasadena, California. Adjacent cities are Los Angeles to the west and south, Pasadena to the north, San Marino to the east, and Alhambra to the southeast. More than 100 acres of parks and playgrounds blanket its landscape and more than 21,000 trees adorn its streets. The quiet, historic character of its attractive neighborhoods is a testament to the preservationist efforts of residents in protecting both its architectural and natural beauty.

South Pasadena's streets are lined with numerous species of native California trees. These include redwood, sequoia, ash, walnut, and sycamore. Some non-native trees, such as sweetgum, are also seen. Because there are very few stucco-clad Spanish Colonial houses and virtually no palm trees in some parts of the city, South Pasadena is a popular stand-in for Midwestern and Northeastern towns in motion picture and television productions. South Pasadena sits less than 10 miles (16 km) from Downtown Los Angeles; substantial numbers of residents work either in Bunker Hill or as professors and staff at the University of Southern California.

"Mom and Pop" merchants populate the business district, and the Mission West area is a part of the original U.S. Route 66. Of historical relevance is The Fair Oaks Pharmacy and Soda Fountain; also the Rialto Theater in downtown South Pasadena is a unique blend of Spanish Baroque and Egyptian stylings and was built in 1925. It is one of the last remaining single screen cinemas in the country. The Rialto was added to the National Register of Historic Places in 1978, having narrowly missed being torn down that year. It went out of business on August 19, 2007 because of low profits. It has been featured in many films and commercials, most notably Robert Altman's *The Player* and more recently in *Scream 2*.



# DEMOGRAPHICS

## OVERVIEW



696,805

Total Population within  
5-Mile Radius



\$104,467

Average Household Income within  
5-Mile Radius



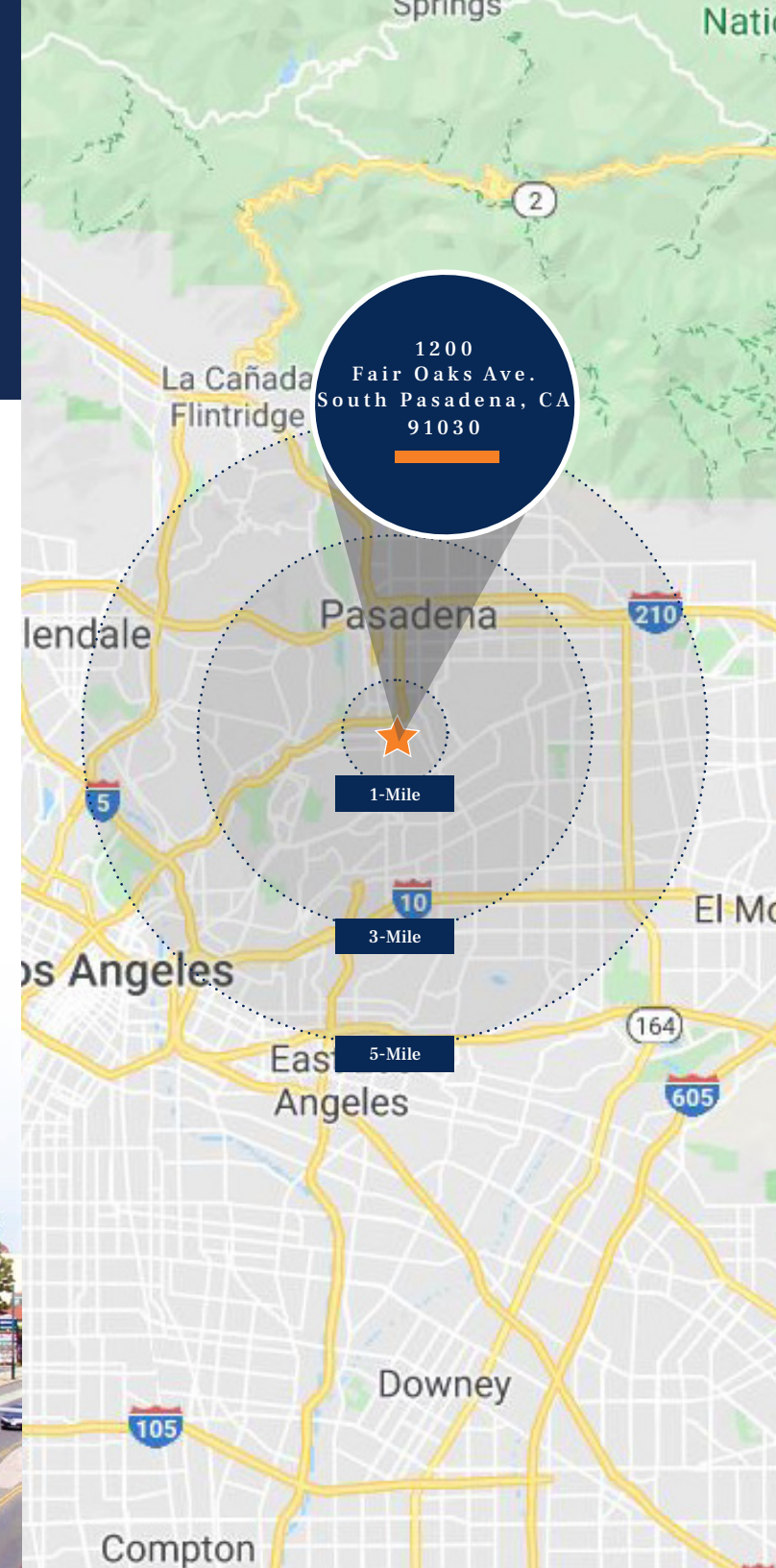
\$69,557

Median Housing Income within  
5-Mile Radius



236,720

Total Households within  
5-Mile Radius





# DEMOGRAPHICS

POPULATION	1 Miles	3 Miles	5 Miles
■ 2025 Projection			
Total Population	25,963	256,718	707,626
■ 2020 Estimate			
Total Population	25,545	251,671	696,805
■ 2010 Census			
Total Population	25,104	242,349	676,213
■ 2000 Census			
Total Population	23,777	240,960	674,798
■ Current Daytime Population			
2020 Estimate	24,541	277,908	667,158
HOUSEHOLDS	1 Miles	3 Miles	5 Miles
■ 2025 Projection			
Total Households	10,614	97,645	241,686
■ 2020 Estimate			
Total Households	10,511	95,232	236,720
Average (Mean) Household Size	2.42	2.61	2.89
■ 2010 Census			
Total Households	10,215	90,398	226,844
■ 2000 Census			
Total Households	10,197	87,208	220,657
■ Occupied Units			
2025 Projection	10,614	97,645	241,686
2020 Estimate	11,048	100,679	248,807
HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
■ 2020 Estimate			
\$150,000 or More	32.68%	20.07%	17.71%
\$100,000 - \$149,000	19.00%	17.05%	16.55%
\$75,000 - \$99,999	11.57%	12.36%	12.45%
\$50,000 - \$74,999	14.39%	15.62%	15.83%
\$35,000 - \$49,999	7.17%	9.75%	10.56%
Under \$35,000	15.20%	25.12%	26.91%
Average Household Income	\$157,365	\$114,183	\$104,467
Median Household Income	\$103,588	\$74,114	\$69,557
Per Capita Income	\$64,878	\$43,448	\$35,753

HOUSEHOLDS BY EXPENDITURE	1 Miles	3 Miles	5 Miles
Total Average Household Retail Expenditure	\$97,291	\$84,977	\$83,078
■ Consumer Expenditure Top 10 Categories			
Housing	\$28,559	\$24,799	\$24,160
Shelter	\$18,439	\$16,229	\$15,697
Transportation	\$16,310	\$13,994	\$13,463
Personal Insurance and Pensions	\$10,432	\$8,734	\$8,516
Food	\$10,071	\$9,053	\$8,898
Health Care	\$5,423	\$4,771	\$4,758
Utilities	\$4,462	\$3,968	\$3,959
Entertainment	\$4,437	\$3,706	\$3,658
Household Operations	\$2,694	\$2,091	\$2,043
Education	\$2,379	\$1,685	\$1,654
POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population By Age			
2020 Estimate Total Population	25,545	251,671	696,805
Under 20	21.82%	20.67%	21.98%
20 to 34 Years	17.30%	22.73%	21.78%
35 to 39 Years	6.52%	7.78%	7.21%
40 to 49 Years	15.53%	13.74%	13.59%
50 to 64 Years	22.90%	19.10%	19.41%
Age 65+	15.94%	15.99%	16.03%
Median Age	43.07	39.21	39.30
■ Population 25+ by Education Level			
2020 Estimate Population Age 25+	18,758	184,897	500,845
Elementary (0-8)	1.25%	6.24%	8.82%
Some High School (9-11)	1.95%	6.84%	8.35%
High School Graduate (12)	9.67%	16.94%	19.48%
Some College (13-15)	15.63%	16.43%	16.34%
Associate Degree Only	6.38%	6.68%	6.72%
Bachelors Degree Only	34.94%	25.49%	22.38%
Graduate Degree	29.34%	18.26%	13.55%





EXCLUSIVELY  
LISTED BY

## ORBELL OVANESS

First Vice President  
Office: Los Angeles

Direct: (213) 943-1822 // Mobile: (818) 219-5054  
orbell.ovaness@marcusmillichap.com  
License: CA 01402142

## ARA H. ROSTAMIAN, MRED

Vice President  
Office: Los Angeles

Direct: (213) 943-1781 // Mobile: (818) 823-0832  
ara.rostamian@marcusmillichap.com  
License: CA 01814678

## AREN OHANIAN, MBA

Associate Director  
Office: Los Angeles

Direct: (213) 943-1876 // Mobile: (818) 613-9526  
aren.ohanian@marcusmillichap.com  
License: CA 02101342

Marcus & Millichap  
OVANESS-ROSTAMIAN GROUP