

FOR SALE | NORTH POINTE SHOPPING CENTER | VISALIA, CA



Price: \$10,700,000

CAP Rate: 6.7%

Property Features:

- Anchored by FoodMaxx, a subsidiary of Save Mart Supermarkets
- Well located to capture growing Northeast Visalia population
- Ideal 1031 Exchange Replacement Property or Portfolio Asset

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EXECUTIVE SUMMARY

Fortune and Colliers are pleased to have been selected as the exclusive co-brokers for the sale of the North Pointe Shopping Center, located at the northeast corner of Ben Maddox Way and Houston Avenue in Visalia, California. The approximately 76,062 square foot neighborhood shopping center is anchored by a 49,950 square foot Food Maxx grocery store. The subject property is located in a growing trade area with an existing population of over 82,000 within a three mile radius. This offering presents an investor with an opportunity to acquire a pride of ownership grocery anchored neighborhood shopping center with a seasoned tenant lineup.

PROPERTY HIGHLIGHTS

- Good frontage, visibility and access to both Ben Maddox Way and Houston Avenue, which carry over 30,000 vehicles per day
- Anchored by Food Maxx, a subsidiary of Save Mart Supermarkets which operates 230+ stores in Central and Northern California and is the leading grocer in the Central Valley
- Long-time shop tenants in the center including Me-N-Ed's Pizza Parlor, Rent-A-Center, Advance America, Sunland Insurance, Laundry Day, and Money Mart provide the trade area with "daily needs" goods and services
- Located in a high growth area with 40% population growth in Visalia since 2000.
- Neighboring national tenants at the intersection include O'Reilly Auto Parts, Subway, Domino's Pizza, 76 and Valero

INVESTMENT SUMMARY

| | |
|-----------------------------------|---|
| Address: | 1404-1500 Ben Maddox Way Visalia, California 93292 |
| APN: | 098-200-066 |
| Land Area: | 6.42 ± Acres |
| Total GLA: | 76,062 ± Square Feet |
| Year Built: | 1993 |
| Occupancy: | 92.6% |
| Proforma Net Operating Income: | \$714,987 |
| CAP Rate: | 6.7% |
| Price: | \$10,700,000 |

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Current Operating Expenses

| | |
|----------------|------------------|
| Taxes | \$76,955 |
| Insurance | \$24,911 |
| C.A.M. | \$140,827 |
| Management Fee | \$40,293 |
| Total | \$282,986 |

Price: \$10,700,000

CAP Rate: 6.7%

Proforma Income & Expenses

| | |
|----------------------------------|-------------------|
| Scheduled Base Rent | \$ 747,434 |
| Proforma Base Rent on Vacancies | \$ 64,140 |
| Expense Reimbursements | \$ 226,978 |
| Gross Operating Income | \$1,038,552 |
| 5% Vacancy Factor (Excluding MF) | < \$ 40,579> |
| Operating Expenses | < \$ 282,986> |
| Net Operating Income | \$ 714,987 |

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|---|--|
|  | <p>FOODMAXX SUPERMARKETS</p> <p>FoodMaxx, a subsidiary of Save Mart Supermarkets - As of December 2013, Forbes listed Save Mart as the 87th largest private company in America with revenue of \$4.6 billion and 19,200 employees. Save Mart opened its first store in Modesto, California in January 1952, and now operates grocery stores located primarily in California's Central Valley and the San Francisco Bay Area. Its supermarkets and warehouse stores operate under the Save Mart Supermarkets, S-Mart, Lucky, and FoodMaxx banners. Of the 230+ company stores, approximately 50 stores are operated as low-price warehouse format FoodMaxx stores. While the other conventional grocery store banners have seen store contraction in recent years, the FoodMaxx concept has been the growth vehicle for Save Mart.</p> |
|  | <p>RENT-A-CENTER</p> <p>Rent-A-Center, Inc., together with its subsidiaries, leases household durable goods to customers on a rent-to-own basis. The company operates in four segments: Core U.S., Acceptance Now, International, and Franchising. It offers durable products, such as consumer electronics, appliances, computers, furniture, and accessories under rental purchase agreements. It operates retail installment sales stores under the Get It Now and Home Choice names; and rent-to-own and franchised rent-to-own stores under the Rent-A-Center names. As of February 28, 2014, the company operated approximately 3,000 stores in the United States, Puerto Rico, Canada, and Mexico. Rent-A-Center, Inc. was founded in 1986 and is headquartered in Plano, Texas.</p> |
|  | <p>ME-N-ED'S PIZZA</p> <p>Milano Restaurants International Corporation operates multiple restaurant concepts, bringing a variety of dining experiences – with an Italian emphasis – to the fast-casual market segment. From pizzerias to bar and grills, Milano has a diverse portfolio that allows for extensive market development within the same geographic area. Milano develops, franchises, and operates Me-n-Ed's Pizzerias, Me-n-Ed's Slices, Me-n-Ed's Coney Island Grill, Revolución Tequila Bar and Cocina, Angelo & Vito's Pizzerias, and Piazza del Pane restaurants. As of January 1, 2012, there are currently 43 company-owned and operated restaurants and 18 franchised restaurants located primarily in California (59), with the balance located in Dallas/Fort Worth, Texas (2). Of the 61 restaurants, 51 are Me-n-Ed's Pizzerias, four are Me-n-Ed's Slices, two are Angelo & Vito's Pizzerias, and two Piazza del Panes.</p> |
|  | <p>ADVANCE AMERICA CASH ADVANCE CENTERS</p> <p>Advance America, Cash Advance Centers is one of the largest payday advance firms in the US. Active in nearly 30 states, it operates more than 2,100 locations under the Advance America brand and more than 400 more under the National Cash Advance, Check Advance, First American Cash Advance, First American Cash Loans, Purpose Financial, and Purpose Money banners; California, Florida, and Texas are its largest markets. At its branches or online, customers provide proof of identification, source of income, bank account, and references, and Advance America loans them from \$50 to \$1,000 (plus fees and interest) to cover unexpected expenses. Grupo Elektra acquired Advance America in 2012 for some \$780 million.</p> |
|  | <p>MONEY MARKET</p> <p>Money Mart is a subsidiary of Dollar Financial Group, Inc. a US-based financial services group with over 1,000 locations in seven countries. It focuses on low-income or bad-credit consumers, providing short-term loans, pawn-brokering and gold buying services. DFG's brands include Money Mart, The Money Shop, Loan Mart, Insta-Cheques, and We The People. The company operates nearly 100 Money Mart locations in California.</p> |
|  | <p>SUNLAND INSURANCE SERVICES</p> <p>With seven Central Valley locations, Sunland Insurance provides convenient and personalized insurances to customers looking for affordable coverage. From auto insurance to homeowners insurance, the trained experts at Sunland Insurance work through the entire process to provide quality insurance coverage to protect your investments.</p> |

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Tulare County and City of Visalia Analysis

The subject property is located in the city of Visalia and the county of Tulare, California. Visalia is the largest of the eight incorporated communities that comprise Tulare County. The city is situated in the westerly portion of the county and lies east of State Highway 99 along State Highway 198. Visalia is approximately of equal distance between the major or metropolitan area of San Francisco and Los Angeles.



Population Trends

The southerly San Joaquin Valley area is home to nearly 2.7 million people and projections by the California Department of Finance estimated that by the year 2020 this number will grow to nearly 6.1 million. For this reason, it is considered to be a major growth area of California. According to statistics prepared by the State of California Department of Finance, the population of Tulare County

was 441,481 as of January 2009. Tulare County grew 1.78% between 2008 and 2009 and now ranks 18th in population amongst California's 58 counties.

Economic Base

Tulare County is considered to be the second most productive agricultural area in the United States, and for this reason, employment in this regional area is heavily concentrated in the agricultural market and ag-related industries. According to the most recent crop report for 2015 released by the Tulare County Ag Commissioner's office, the county produces over 120 different commodities which provided a total annual income of over \$6.98 billion in 2015. This is a decrease of 13.7% from the year before. The greatest percentage of this decrease is attributable to milk production which is one of the main agricultural products grown in the region. The 10 leading generators of gross income in the agricultural area included milk, cattle/calves, oranges, grapes, almonds, tangerines, corn, silage, pistachios, walnuts. Although, Tulare County's employment is dominated by the agricultural industry, its economic base is diversified with industrial, retail, service, and professional sectors. A review of the employment sector trends shows an increase in government, manufacturing, and construction employment while jobs in the FIRE, information, services are decreasing.

Employment industry in the city of Visalia, like much of Tulare County, is primarily centered around agriculture and the raising, processing, and packaging of food products. The city of Visalia also has a diverse economic base that is comprised of service sector, government, and warehouse/ distribution. Some of the major employers in the city include: Sequoia Beverage Company, UPS, Imperial Bondware, JoAnn Fabrics, BF Outdoor-Craft, CIGNA, Central California Business Forms, Tulare County, City of Visalia, College of the Sequoias, Visalia School District, and the Visalia Medical Clinic.

As evidenced of its claim as the "agri-center of the world", Tulare County is home each year to the world's largest expedition known as the World Ag Expo and California Farm Equipment Show. Each year people come from all over the world to view the latest in ag products, technology, research and equipment of some 1,500 exhibitors at the show's 162-acre facility.

Demographics and Income

According to Esri Demographics, the 2016 median household income for the city of Visalia was \$56,051. The State of California's median household income was \$60,382 for the same period. The income level for Tulare County is \$43,656 per year.

While the city of Visalia and Tulare County's income levels are below that of the state, the cost of living within these communities is lower than the state average. Visalia and Tulare County have a much higher housing affordable index than other regions of California.

Housing Market

Visalia is one of the more affordable markets in the Western region. According to ESRI Demographics, the median home price was \$177,100 and the median home value in Tulare County was \$163,100, in comparison to the state average of \$366,400. As the economy has improved, the residential markets have bounced back with prices appreciating substantially over the last five years, at around 28%.

Summary

Overall, the city of Visalia is a growing community that reflects many of the same trends experienced by other Tulare County cities. The population is increasing at a stronger rate than other cities in the county. Unemployment is down but is still higher in comparison to the balance of the state. Much of Visalia's economy is rooted in agriculture and the city considers itself the agri-center of the world. Housing is available at affordable levels and the real estate market has been very robust over the past five years as the economy has improved. The outlook for the future is for a moderate growth in the residential housing cycle with a moderately improving commercial valuation. The fundamentals of the economy are improving there is reason to be optimistic over the near term.

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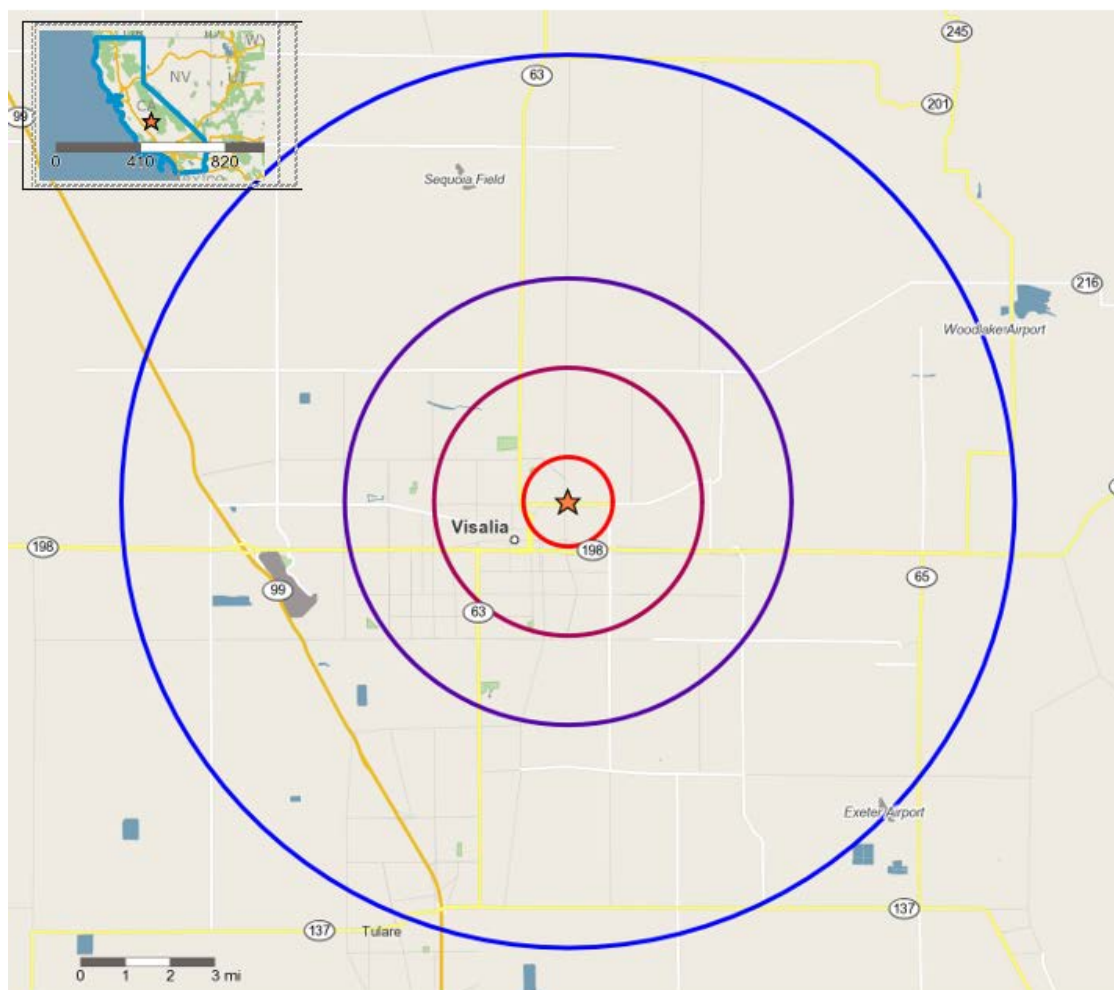
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| | |
|----------|-----------------------------|
| N | Trade Areas (in miles) - 1 |
| N | Trade Areas (in miles) - 3 |
| N | Trade Areas (in miles) - 5 |
| N | Trade Areas (in miles) - 10 |

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Demographics (continued)

| | 1 mile(s) | 3 mile(s) | 5 mile(s) | 10 mile(s) |
|-------------------------------------|-----------|-----------|-----------|------------|
| Population: 2017A | | | | |
| Total Population | 13,348 | 81,861 | 149,245 | 213,566 |
| Female Population | 50.39% | 50.48% | 50.87% | 50.58% |
| Male Population | 49.61% | 49.52% | 49.13% | 49.42% |
| Population Density | 4,246 | 2,893 | 1,899 | 679 |
| Population Median Age | 29.2 | 31.2 | 32.3 | 32.3 |
| Employed Civilian Population 16+ | 5,056 | 34,287 | 64,524 | 92,327 |
| % White Collar | 35.3% | 50.7% | 51.8% | 50.5% |
| % Blue Collar | 64.7% | 49.3% | 48.2% | 49.5% |
| Total Q2 2017 Employees | 4,307 | 24,273 | 46,597 | 68,840 |
| Total Q2 2017 Establishments* | 484 | 2,396 | 4,323 | 6,253 |
| Population Growth 2000-2010 | 3.54% | 24.87% | 26.71% | 26.68% |
| Population Growth 2017A-2022 | 0.35% | 7.66% | 8.50% | 8.18% |
| Income: 2017A | | | | |
| Average Household Income | \$50,411 | \$67,281 | \$72,217 | \$70,894 |
| Median Household Income | \$38,683 | \$50,359 | \$53,155 | \$52,395 |
| Per Capita Income | \$14,822 | \$21,704 | \$23,936 | \$23,211 |
| Avg Income Growth 2000-2010 | 21.25% | 27.05% | 29.07% | 27.47% |
| Avg Income Growth 2017A-2022 | 12.66% | 12.88% | 13.19% | 12.96% |
| Households: 2017A | | | | |
| Households | 3,766 | 26,123 | 49,102 | 69,114 |
| Average Household Size | 3.42 | 3.09 | 3.02 | 3.05 |
| Hhld Growth 2000-2010 | 4.18% | 23.45% | 25.44% | 25.13% |
| Hhld Growth 2017A-2022 | 2.55% | 9.08% | 9.81% | 9.61% |
| Housing Units: 2017A | | | | |
| Occupied Units | 3,766 | 26,123 | 49,102 | 69,114 |
| % Occupied Units | 95.00% | 95.75% | 96.12% | 96.15% |
| % Vacant Housing Units | 5.00% | 4.25% | 3.88% | 3.85% |
| Owner Occ Housing Growth 2000-2010 | -8.29% | 18.24% | 21.36% | 20.64% |
| Owner Occ Housing Growth 2000-2022 | -8.30% | 32.56% | 37.99% | 36.73% |
| Owner Occ Housing Growth 2017A-2022 | 2.61% | 9.79% | 10.89% | 10.50% |
| Occ Housing Growth 2000-2010 | 4.18% | 23.45% | 25.44% | 25.13% |
| Occ Housing Growth 2010-2022 | 6.54% | 16.85% | 17.31% | 16.90% |

| | 1 mile(s) | 3 mile(s) | 5 mile(s) | 10 mile(s) |
|---|-----------|-----------|-----------|------------|
| Occ Housing Growth 2017A-2022 | | | | |
| | 2.55% | 9.08% | 9.81% | 9.61% |
| Race and Ethnicity: 2017A | | | | |
| % American Indian or Alaska Native Population | 1.46% | 1.44% | 1.39% | 1.37% |
| % Asian Population | 7.33% | 5.92% | 5.04% | 4.20% |
| % Black Population | 2.72% | 2.04% | 1.92% | 1.99% |
| % Hawaiian or Pacific Islander Population | 0.06% | 0.12% | 0.13% | 0.14% |
| % Multirace Population | 4.97% | 4.86% | 4.92% | 4.91% |
| % Other Race Population | 32.24% | 27.89% | 26.06% | 26.07% |
| % White Population | 51.22% | 57.73% | 60.53% | 61.32% |
| % Hispanic Population | 67.30% | 56.56% | 53.51% | 54.04% |
| % Non Hispanic Population | 32.70% | 43.44% | 46.49% | 45.96% |
| Seasonal Population Trending | | | | |
| Q4 2014 | 28 | 187 | 437 | 664 |
| Q1 2015 | 25 | 181 | 416 | 617 |
| Q2 2015 | 28 | 190 | 440 | 649 |
| Q3 2015 | 31 | 206 | 481 | 692 |
| Q4 2015 | 31 | 209 | 496 | 709 |
| Q1 2016 | 28 | 207 | 543 | 758 |
| Q2 2016 | 28 | 207 | 543 | 758 |
| Q3 2016 | 29 | 183 | 468 | 644 |
| Q4 2016 | 29 | 184 | 471 | 647 |

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