

# 10615 RUCHT ROAD

SOUTH GATE | CA

±44,500 SF INDUSTRIAL  
**FOR SALE**

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Buyer should verify with reputable consultants all aspects of this brochure and the property including office size, building & land size, if the building size includes any interior dock areas and mezzanine areas, type and age of building, structural condition of the building, ceiling clearance, power, sprinkler calculation, zoning, permitted uses within the building, parking count, any building measurements, number and type of loading doors, if any existing HVAC units work and their life expectancy, roof condition, any city potential incentive areas, any unpermitted improvements, if any existing elevators work, floor loads for every floor and if the floor load is adequate for Buyer's product weight and product types and use, etc. Buyer should also hire experts including but not limited to (Architect, Structural Engineer, Surveyor, Contractor, Environmental Consultant) to verify the condition of the above items in this disclosure and all aspects of the property and confirm with the appropriate Governmental Agency that the property zoning and building use (Certificate of Occupancy) and all aspects of the improvements including any office areas are acceptable to Tenant/Buyer in order for Buyer to occupy all areas of the building legally. Lee & Associates- Commerce Inc. strongly recommends that the above items be completed prior to Lease execution or waiver of any contingencies for a purchase. Broker also advises Buyer to obtain any required use permits and business licenses prior to lease execution or waiver of buyer contingencies and have their Attorney review any Lease or Purchase Contract prior to execution.

# PROPERTY OVERVIEW

10615 RUCHTI ROAD | SOUTH GATE



100% Net Leased  
Investment Property



Food Processing & Cold Storage  
Warehouse Facility



43' Clear / Fully Racked /  
13 Dock High Doors / 4,000 Amps



Previously USDA  
& SQF Certified Storage



Concrete Truck Yard



Significant Building/System  
Improvements in 2018

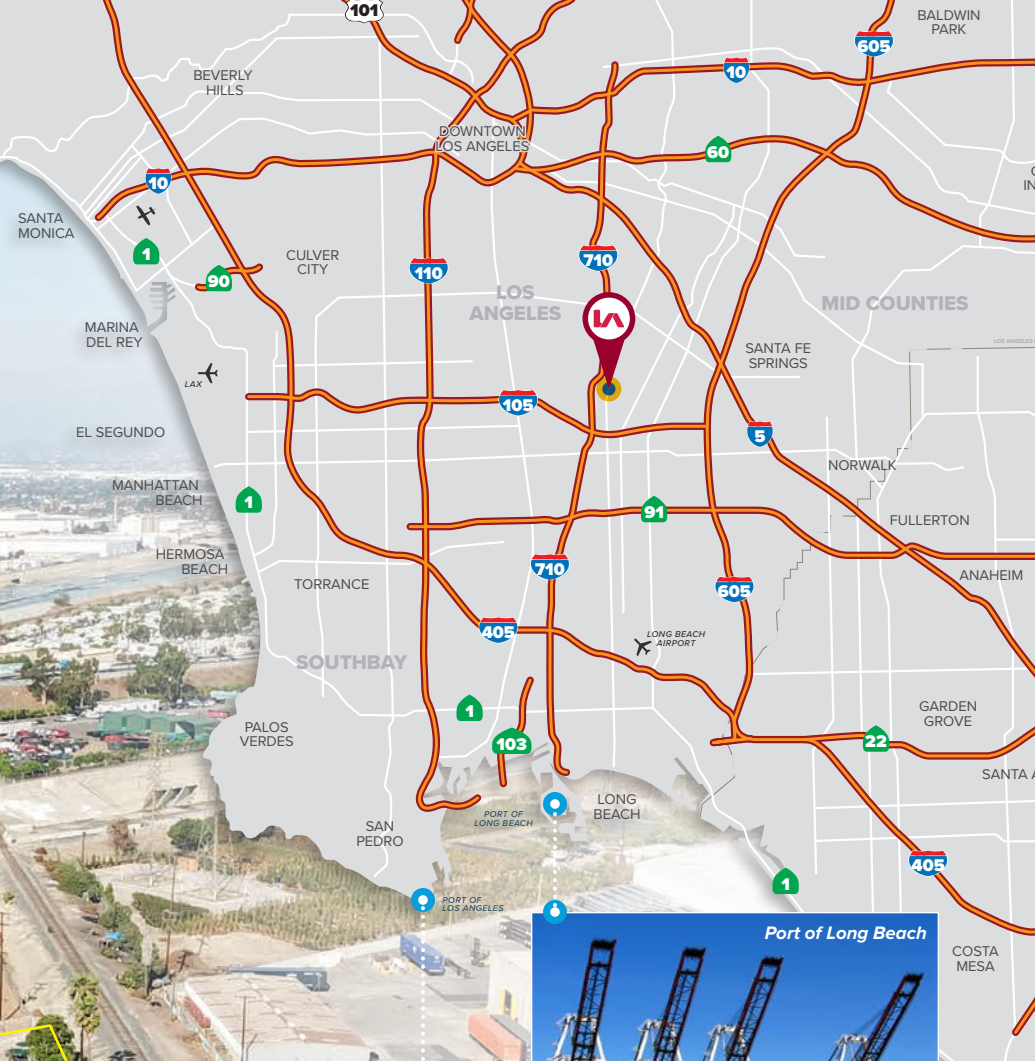


# PROPERTY LOCATION



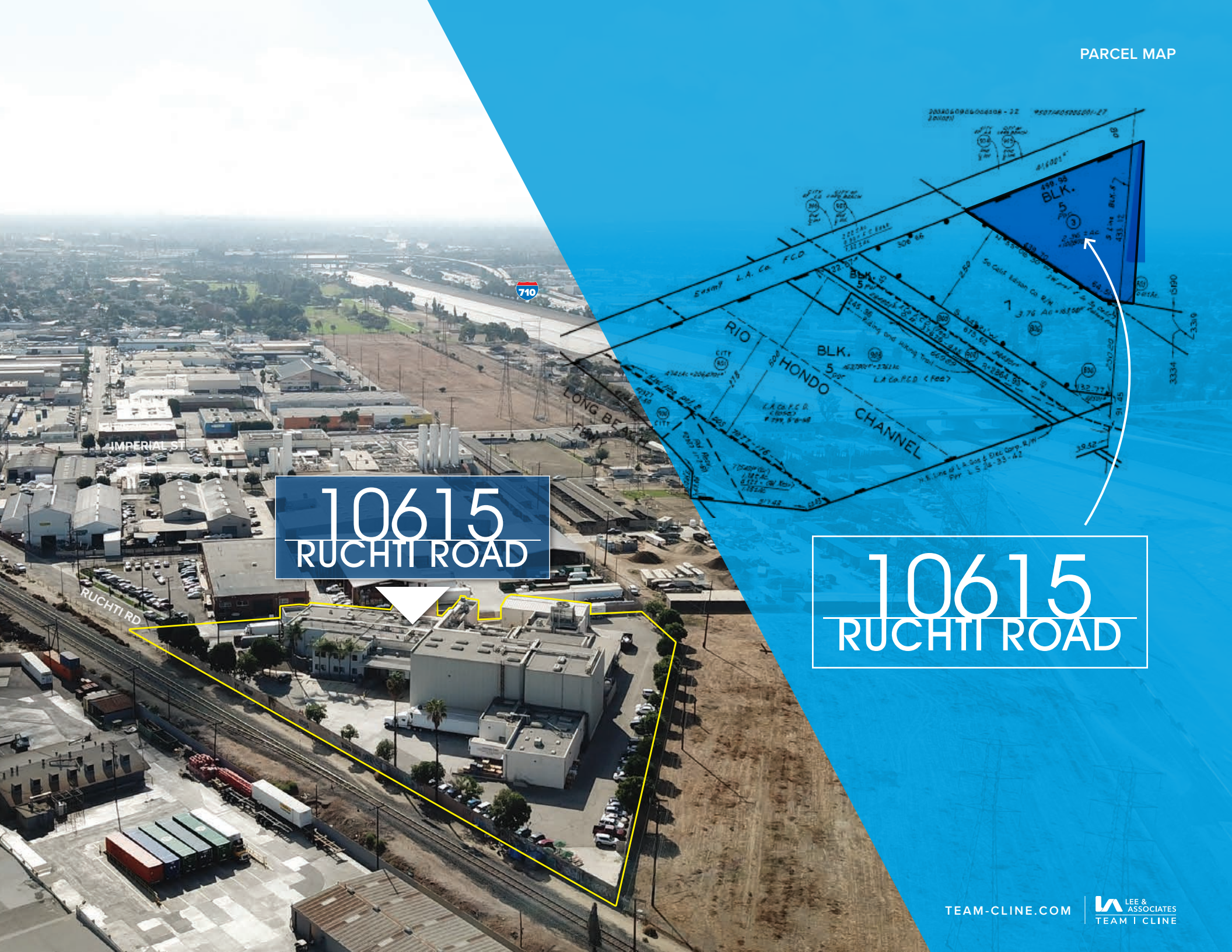
DTLA

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PROPERTY SITE PLAN



10615  
RUCHTI ROAD



NOTE: Drawing not to scale. All measurements and sizes are approximate.

PROPERTY PHOTOS





The property offers stable cash flow with fixed annual 3% rent increases over the lease term. The lease is backed by BPCP SALSA HOLDINGS LLC, part of Blue Point Capital Partners and its Blue Point III portfolio company, Italian Rose Gourmet Products, announced the acquisition of La Mexicana Food Products, a fresh, refrigerated salsa manufacturer based in Los Angeles, California.

This transaction represents the first add-on acquisition for Italian Rose since Blue Point acquired the platform investment three months ago, in November 2017. “From the time of our initial investment in Italian Rose, we saw significant opportunities to broaden the Company’s market presence. The acquisition of La Mexicana, one of the leading fresh salsa brands in the country, will enable the combined Company to present a unique value proposition to salsa buyers nationwide,” said Jonathan Pressnell, a Principal with Blue Point. Italian Rose, headquartered in West Palm Beach, Florida, is a leading manufacturer and distributor of premium salsas, dips, sauces and spreads to

major retail and foodservice channels. The addition of La Mexicana’s West Coast operations to Italian Rose’s East Coast presence will put the combined Company in a select universe of truly national salsa producers, as well as provide increased scale, production diversity and product breadth to both companies’ customers.

“The strength of the two companies has been their brands and recipes that have endured over time. We will continue to develop and expand both companies to allow more consumers to enjoy the “fresh to table” experience on a national basis,” said Angelo Fraggos, an Operating Executive with Blue Point and CEO of Italian Rose.

“For a combined 60 years, Italian Rose and La Mexicana have been manufacturing and distributing fresh, better-for-you products, and their efforts continue to redefine industry standards,” said John LeMay, a Partner with Blue Point. “Combining these two industry leaders was a natural and complementary fit. We are thrilled to add La Mexicana to the Italian Rose family.”

### LA MEXICANA

La Mexicana Food Products is a maker of refrigerated salsa. The company’s salsa producing operations began in 1982 and use only fresh vegetables – none of the company’s salsa ingredients are cooked, canned, dehydrated, or frozen.

La Mexicana is one of the leading fresh salsa brands in the country, manufacturing and distributing fresh refrigerated products that have helped redefine industry standards.

### ITALIAN ROSE

Italian Rose creates a wide variety of truly exceptional artisan-style products ranging from fresh dips and sauces to prepared, ready-to-use garlic and other staple products for the retail and food-service industries.

**Blue Point Capital Partners** is a private equity firm managing over \$1.5 billion in committed capital. With offices in Cleveland, Charlotte, Seattle and Shanghai, Blue Point’s geographical footprint allows it to establish relationships with local and regional entrepreneurs and advisors, while providing the resources of a larger, global organization. The Blue Point partner group has a 19-year track record of partnering with companies in the lower middle-market to facilitate growth and transformative change. It is one of only a few middle market private equity firms with a presence in both the United States and China, which provides a distinct advantage for its portfolio companies. Blue Point typically invests in businesses that generate between \$20 million and \$200 million in revenue.



KEY TAKEAWAYS

- ▶ Rising land and construction costs will continue to fuel upward movement in rents and property values.
- ▶ The Central Market vacancy remained the tightest in the nation at 2.95%. It was below 3.0% for the 32nd consecutive quarter.
- ▶ Cap rates range from 3.75% to 5.25%, with modern supply in the region's infill markets trading at the lower end of the spectrum.
- ▶ Most new construction leases within two months of delivery.
- ▶ Construction costs are up due to tariffs of 25% on imported Chinese steel and 10% on aluminum; higher costs will elevate rents.
- ▶ Loaded TEU volume at the ports in the first eight months of 2019 was on par with that of 2017, the second-busiest year on record.
- ▶ U.S. retail sales are on track to post a 4.3% increase this year, despite tariffs on \$550.0 billion worth of Chinese products.
- ▶ The National Retail Federation expects U.S. holiday retail sales during November and December to increase between 3.8% and 4.2% over 2018, this compares with an average holiday sales increase of 3.7% over the previous five years.

ECONOMIC INDICATORS

	Q2-19	Q3-19
Los Angeles Unemployment	4.6%	4.4%
U.S. Unemployment	3.9%	3.7%
Crude Oil Prices	\$76.24	\$56.79
Dow Jones Average	24,492	26,916
U.S. 10 year Treasury	3.21%	1.67%

KEY INDUSTRIAL STATS

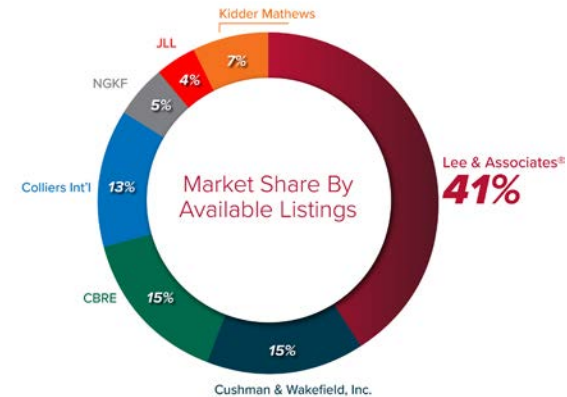
	Q2-19	Q3-19
Inventory SF	214,128,524	213,527,801
Vacancy Rate	2.70%	2.95%
Availability Rate	5.21%	3.83%
YTD Lease Activity (SF)	2,902,220	225,658
Asking Rental Rate	\$0.97	\$1.08
YTD Sale Activity	1,536,351	3,421,596
Asking Sale Price	\$174	\$189

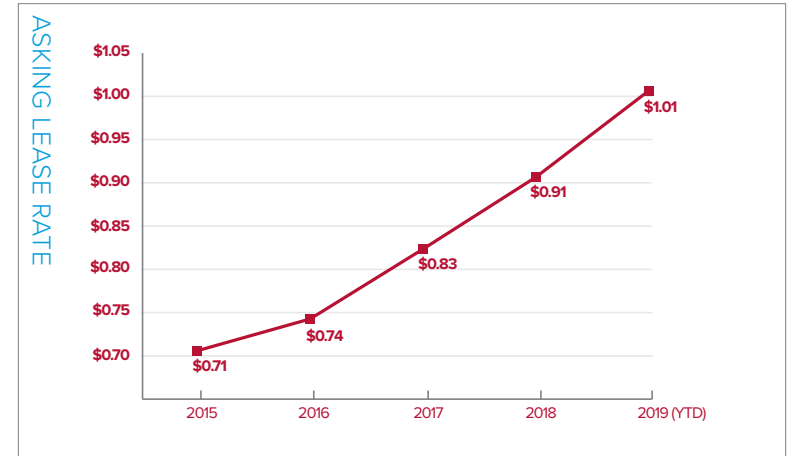
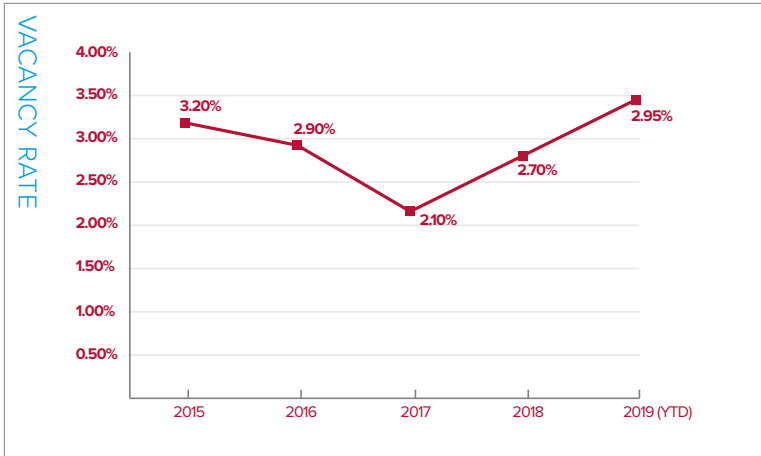
LOS ANGELES CENTRAL INDUSTRIAL MARKET

Central Los Angeles's overall vacancy climbed to 2.95 in the third quarter, 25 bps higher than a year ago due to 1.6 msf of net absorption year-to-date. However, even with increased vacancies, options for modern facilities remain limited. Less than 10% of Central LA's inventory was built after 1992 so it has been a very challenging market for tenants looking for newer, modern product. The decline in both leasing and sale velocity is the result of limited supply and not lack of demand.

U.S. e-commerce sales will have a compound annual growth rate of 7.7% from 2019 to 2022, and the bulk of future sales will come from urban markets such as Los Angeles. Today, an estimated 40% of the average Los Angeles 3PLs operations serve e-commerce, a figure that will grow in time. According to a recent DHL Supply Chain survey, 40% of retailers entirely insource, while 12% entirely outsource their inventory management. This will change over the next five years, when 34% will entirely insource and 18% will entirely outsource. Los Angeles 3PLs will continue to support and build up last-mile distribution locations. Logistics companies are ever-present amid near-peak trade volumes at the Ports of Los Angeles and Long Beach. More goods coming into Southern California means greater demand for the services of companies that truck items to inland warehouses.

Although GDP and job growth, is forecast to moderate from the strong levels of 2018, the outlook for the economy remains favorable for continued growth. In its latest forecast the Urban Land Institute states that GDP growth is projected to moderate to 1.7 percent and 1.9 percent in 2020 and 2021. Real estate fundamentals should stay steady through 2021 and industrial rent growth will lead all property types.





City	Industrial Buildings	Inventory SF	Availability Rate	Vacancy Rate	Market Rental Rate	YTD Leasing Activity	YTD Sale Activity	YTD Net Absorption
Bell	40	4,088,242	3.2	1.4	0.85	111,149	19,051	-46,637
Bell Gardens	64	1,737,000	1.2	0	1.12	55,275	351,965	-3,935
Commerce	631	48,702,443	3.61	2.51	0.86	2,725,745	936,966	-248,373
Cudahy	33	934,785	0	0	0.88	0	3,600	0
Huntington Park	87	3,245,025	1.56	1.56	0.87	231,733	213,236	25,148
Los Angeles-Central/DTLA	2178	73,248,513	4.18	3.8	1.19	3,243,785	2,784,209	-181,745
Maywood	22	599,733	0	0	0.98	24,692	0	0
Montebello	164	9,898,677	2.39	2.21	0.89	376,805	163,493	278,948
Monterey Park	91	2,631,785	1.77	1.77	1	54,184	45,420	18,719
Pico Rivera	144	10015866	2.08	1.98	0.87	286,673	15,275	-27,791
South Gate	156	7,577,798	1.96	1.96	0.83	402,596	63,283	-12,712
Vernon	789	51,996,832	3.22	2.15	0.88	1,520,072	1,188,303	-162,874

► Criteria: Industrial, 10K+

<b>Tenant</b>	La Mexicana, LLC A Delaware Limited Liability Company
<b>Lease Guarantor</b>	(February 27, 2018) – BRCP Salsa Holdings, LLC A Delaware Limited Liability Company Blue Point Capital Partners and its Blue Point III portfolio company, Italian Rose Gourmet Products, announced the acquisition of La Mexicana Food Products, a fresh, refrigerated salsa manufacturer based in Los Angeles, California.
<b>Property Address</b>	10615 Ruchti Road, South Gate CA 90280
<b>Permitted Use</b>	General warehousing, Food Production, and distribution of various salsa and related consumer products, warehousing, manufacturing and distribution of ambient, refrigerated and frozen food and grocery products.
<b>Square Feet of Premises</b>	±44,500 SF
<b>Lease Type</b>	NNN (Triple Net)
<b>Lease Commencement</b>	March 01, 2019
<b>Initial Lease Term</b>	Five (5) years
<b>Option to Extend (Revised in Second Amendment)</b>	Two (2) additional sixty (60) month periods
<b>Base Net Rent</b>	\$56,515 per month (\$678,180 per year)
<b>Determination of Market Base Rent on Renewal</b>	Cost of Living Adjustments shall occur on March 01, 2024 and March 01, 2029
<b>Rent Abatement</b>	Three (3) months of free rent occurring in the 1st, 3rd, and 13th months of the Lease term are March 01, 2019, May 01, 2019, and April 01, 2020.
<b>RENT ESCALATIONS</b>	3% annually
<b>Security Deposit</b>	\$64,970.00
<b>Real Property taxes</b>	Tenant will pay the landlord an amount equal to the Real Property Tax Installment due at least 20 (twenty) days prior to the applicable delinquency date.
<b>Utilities</b>	Tenant shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the premises, together with any taxes thereon

## LEASE ABSTRACT

<b>Insurance</b>	Lessee shall pay for all insurance required under paragraph 8 except to the extent of the cost attributed to liability insurance carried by Lessor under paragraph 8.2(b) in excess of \$2,000,000 per occurrence. Premiums for policy commencing prior to or extending beyond the lease term shall be prorated to correspond to the Lease term. Payment shall be made by lessee to lessor within 10 days following receipt of an invoice.
<b>Repairs and Maintenance</b>	Lessor have no obligation, in any manner whatsoever, to repair and maintain the Premises, except as set forth in the above referenced amendment to the lease.
<b>Right to Holdover</b>	Tenant shall have the right to holdover in possession of the Premises without Landlord's approval for up to one hundred eighty (180) days after the expiration or termination of the this Lease, and shall not be liable for any damages or other remedies in connection therewith, provided that (a) the Base Rent payable during the first sixty (60) days of such holdover shall be at a rate equal to 125% of the rate of the Base Rent immediately preceding such holdover, (b) the Base Rent payable during the next succeeding sixty (60) days of such holdover shall be at a rate equal to 150% of the rate of Base Rent immediately preceding such holdover, and (c) the Base Rent payable during the remainder of such period of holdover shall be at a rate equal to 175% of the rate of Base Rent immediately preceding such holdover. If Tenant remains in possession beyond one hundred eighty (180) days following the expiration or termination of this Lease without Landlord's consent, then the Base Rent payable thereafter shall be at a rate equal to 200% of the rate of Base Rent immediately preceding such holdover. See section 2 of the First Amendment.
<b>Assignment/Subletting</b>	Except to affiliates or successors, Tenant may not assign this Lease and/or sublet all or any portion of the Premises without Landlord's consent.

LA Mexicana Salsa Production & Distribution Center is being offered for sale.

Summarized below are the financial results for The LA Mexicana Salsa Production & Distribution Center.

<b>TOTAL RENTABLE AREA</b>	±44,500 RSF
<b>PERCENTAGE LEASED</b>	100%
<b>YEAR 1 NET OPERATING INCOME</b>	\$678,180

The following information is provided in the Financial Analysis and Tenant Information Sections and Appendix to assist investors in their initial underwriting.

- Ten-Year Cash Flow Projection
- Rent Roll
- Lease Summary
- Tenant Profile

### OPERATING EXPENSES

All operating expenses, including property taxes and insurance, are directly paid by Tenant. No operating expenses are included in the cash flow projection during LA Mexicana's term.

### PROPERTY TAXES

Upon commencement of the lease, all real estate taxes and assessments will be paid directly by LA Mexicana.



LA MEXICANA, LLC NET RENT SCHEDULE

	Lease Year	ANNUAL NET RENT	MONTHLY NET RENT	PSF/YEAR	PSF/MONTH
2019	Year 1 (Months 1 & 3)	None	None	None	None
	Year 1 (Months 2, 4-12)	\$678,180.00	\$56,515.00	\$15.24	\$1.27
2020	Year 2 (Month 1)	None	None	None	None
	Year 2 (Months 2-12)	\$698,525.40	\$58,210.45	\$15.69	\$1.31
2021	Year 3 (Month 1)	None	None	None	None
	Year 3 (Months 2-12)	\$719,481.12	\$59,956.76	\$16.17	\$1.34
2022	Year 4	\$741,065.64	\$61,755.47	\$16.65	\$1.39
2023	Year 5	\$763,297.56	\$63,608.13	\$17.15	\$1.42

5 Year Option

	Lease Year	ANNUAL NET RENT	MONTHLY NET RENT	PSF/YEAR	PSF/MONTH
	Year 6 CLAD	\$786,196.49	\$65,516.37	\$17.67	\$1.47
	Year 7	\$809,782.38	\$67,481.87	\$18.20	\$1.52
	Year 8	\$834,075.85	\$69,506.32	\$18.74	\$1.56
	Year 9	\$859,098.13	\$71,591.51	\$19.31	\$1.61
	Year 10	\$884,871.07	\$73,739.26	\$19.88	\$1.66

2<sup>nd</sup> 5 Year option

	Lease Year	ANNUAL NET RENT	MONTHLY NET RENT	PSF/YEAR	PSF/MONTH
	Year 11	\$911,417.20	\$75,951.43	\$20.48	\$1.71
	Year 12	\$938,759.72	\$78,229.98	\$21.10	\$1.76
	Year 13	\$966,922.51	\$80,576.88	\$21.73	\$1.81
	Year 14	\$995,930.19	\$82,994.18	\$22.38	\$1.87
	Year 15	\$1,025,808.09	\$85,484.01	\$23.05	\$1.92

**44,500 SF**  
TOTAL RENTABLE SF  
INVESTMENT ANALYSIS

LOCAL EXPERTISE. INTERNATIONAL REACH. WORLD CLASS.

# 10615 RUCHTI ROAD

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