



WALGREENS

A PROVEN PHARMACY ASSET IN A GROWING SOUTHERN CALIFORNIA MARKET

LANCASTER, CA



CAPITAL PACIFIC

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WALGREENS

2840 W AVE L, LANCASTER, CA 93536 

\$4,365,000

PRICE

6.30%

CAP

NOI:	\$275,004
YEAR BUILT:	2001
LEASE TYPE:	DOUBLE NET
LEASE TERM:	5 YEARS REMAINING
LEASABLE AREA:	13,310 SF
LAND AREA:	2.40 AC

CORPORATE LEASE WITH DRIVE-THRU AT A MAJOR INTERSECTION WITH OVER 35,000 AVERAGE VEHICLES PER DAY

Investment Highlights



THE OFFERING

An opportunity for an investor to acquire a proven, corporate Walgreens located at a heavily trafficked intersection in a high income, growing Southern California market. The original lease on the property was due to expire in 2021, however Walgreens recently executed a 5-year lease extension at a lower rent, reflecting the tenant’s commitment to the site under improved, “right-sized” operating economics. The lease extension also includes eight 5-year renewal options with rare and highly desirable fixed rent increases.

The property is located at a high traffic intersection with over 35,000 VPD and easy access with dedicated left hand turn lanes and allowable U-turn from all directions. This asset enjoys a true ‘neighborhood’ location with grocery, fast food, and other retail services occupying the other three corners of the intersection. Lancaster has significant local employment in the aviation and technology sectors and is also a bedroom community to myriad Los Angeles employers.

HIGHLIGHTS

- **Corporate Net Lease with minimal landlord responsibilities and rare increases in the option periods**
- **Original lease was due to expire in 2021. Walgreens negotiated rent reduction and five year extension to a ‘right-sized’ rent level showing commitment to the location**
- **“Essential Service” tenant that remains open and operating during the Coronavirus Pandemic**
- **The average household income within a 1-mile radius is over \$95k**

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Income & Expense

		CURRENT
Price:		\$4,365,000
Capitalization Rate:		6.30%
Price Per Square Foot:		\$327.95
Down Payment	35%	\$1,527,750
Loan Amount	65%	\$2,837,250
Total Rentable Area (SF):		13,310
Lot Size (AC):		2.40
STABILIZED INCOME		P/SF
Scheduled Rent	\$20.66	\$275,004
Effective Gross Income	\$20.66	\$275,004
LESS		P/SF
Taxes	NNN	\$0.00
Insurance	NNN	\$0.00
Total Operating Expenses	NNN	\$0.00
NET OPERATING INCOME		\$275,004

Proposed Financing/Cash Flow

QUOTED FINANCING	
Proposed Loan Amount	\$2,837,250
Lender Type	Recourse
Loan To Value	65%
Interest Rate	3.85%
Total Term:	30 year
Term Fixed:	10 Year
Amortization	30
Net Operating Income	\$275,004
Debt Service	(\$159,615)
Pre-Tax Cash Flow	\$115,389
Debt Coverage Ratio	1.72
Pre-Tax Leveraged Cash-on-cash Return	7.55%
Est. Principal Pay down	\$51,280
Total Return	\$166,668
Total Yield	10.91%

Speak with Dave Lucas for more information regarding the financing



Rent Roll

TENANT INFO		LEASE TERMS		RENT SUMMARY				
TENANT	SQ. FT.			CURRENT RENT	MONTHLY RENT	YEARLY RENT	MONTHLY RENT/FT	YEARLY RENT/FT
Walgreens	13,310	07/27/02	07/31/25	\$275,004	\$22,917	\$275,004	\$1.72	\$20.66
	Option 1	08/01/25	07/31/30		\$22,917	\$275,004	\$1.72	\$20.66
	Option 2	08/01/30	07/31/35		\$24,063	\$288,750	\$1.81	\$21.69
	Option 3	08/01/35	07/31/40		\$24,063	\$288,750	\$1.81	\$21.69
	Option 4	08/01/40	07/31/45		\$25,266	\$303,192	\$1.90	\$22.78
	Option 5	08/01/45	07/31/50		\$25,266	\$303,192	\$1.90	\$22.78
	Option 6	08/01/50	07/31/55		\$26,529	\$318,348	\$1.99	\$23.92
	Option 7	08/01/55	07/31/60		\$26,529	\$318,348	\$1.99	\$23.92
	Option 8	08/01/60	07/31/65		\$27,855	\$334,260	\$2.09	\$25.11
TOTALS:	13,310			\$1,909.75	\$22,917.00	\$275,004	\$1.72	\$20.66

Lease Abstract



RENT

BASE RENT

DATE RANGE	MONTHLY RENT	ANNUAL RENT
07/27/02 - 07/31/25	\$22,917	\$275,004

OPTION RENTS

DATE RANGE	MONTHLY RENT	ANNUAL RENT
#1. 8/1/25-7/31/30	\$22,917	\$275,004
#2. 8/1/30-7/31/35	\$24,063	\$288,750
#3. 8/1/35-7/31/40	\$24,063	\$288,750
#4. 8/1/40-7/31/45	\$25,266	\$303,192
#5. 8/1/45-7/31/50	\$25,266	\$303,192
#6. 8/1/50-7/31/55	\$26,529	\$318,348
#7. 8/1/55-7/31/60	\$26,529	\$318,348
#8. 8/1/60-7/31/65	\$27,855	\$334,260

The details contained within the Lease Abstract are provided as a courtesy to the recipient for purposes of evaluating the Property's initial suitability. While every effort is made to accurately reflect the terms of the lease document(s), many of the items represented herein have been paraphrased, may have changed since the time of publication, or are potentially in error. Capital Pacific and its employees explicitly disclaim any responsibility for inaccuracies and it is the duty of the recipient to exercise an independent due diligence investigation in verifying all such information, including, but not limited to, the actual lease document(s).

PREMISES & TERM

TENANT	Walgreen Co.
LEASE TYPE	NN
LEASE TERM REMAINING	5 years
LEASE EXPIRATION	07/31/25
OPTIONS	Eight 5-year options with increases every 10 years

EXPENSES

TAXES

Tenant pays directly to the taxing authority

INSURANCE

Tenant carries and maintains special form insurance as well as public liability and property damage insurance

UTILITIES

Tenant pays all utilities directly

MAINTENANCE

Tenant is responsible

LANDLORD'S OBLIGATIONS

Roof and structure replacement

ADDITIONAL LEASE PROVISIONS

PERCENTAGE RENT

If 2% of Gross Sales (except Gross Sales from sale of food items) plus 0.5% of such Gross Sales shall exceed the fixed rent for any lease year, then Tenant shall pay Landlord the amount of such excess as additional percentage rent annually

RIGHT OF FIRST REFUSAL

If Landlord receives a Bona Fide Offer to purchase the Premises, Tenant shall be notified and will have 15 days to purchase at the same price and terms

ESTOPPEL

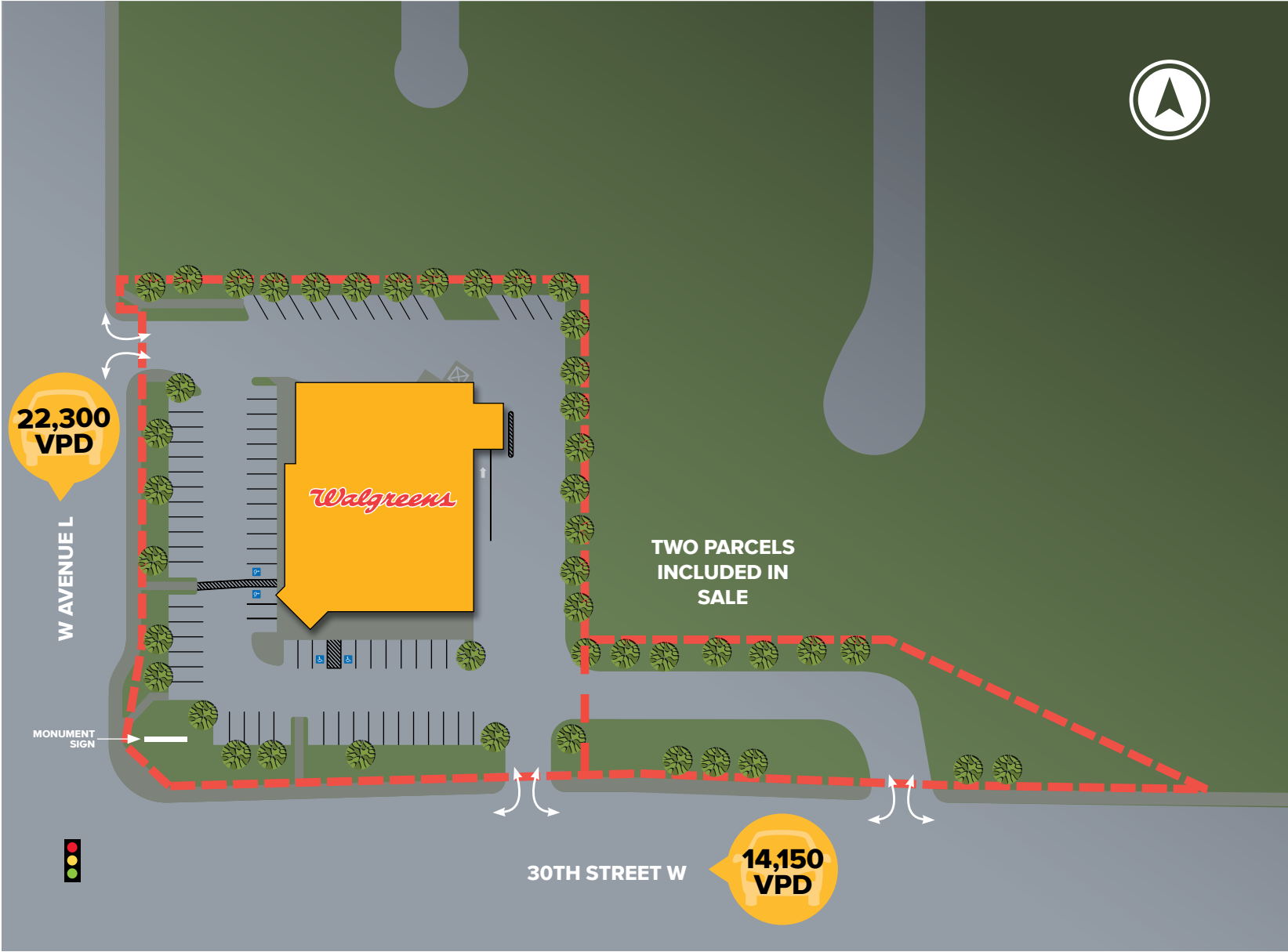
20 calendar day estoppel turnaround

Site Plan

sf
13,310
RENTABLE SF

ac
2.40
ACRES

75
SPACES



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Tenant Overview



ABOUT WALGREENS

Walgreens Boots Alliance (NASDAQ: WBA) is the first global pharmacy-led health and well-being enterprise in the world. The company was created through the combination of Walgreens and Alliance Boots of England in December 2014, bringing together two leading companies with iconic brands, a heritage of trusted health care services through pharmaceutical wholesaling and community pharmacy care.

Walgreens provides about 80% of the revenue and profits of WBA. The parent company employs over 385,000 people and has a presence in more than 25 countries. It is the largest retail pharmacy, health and daily living destination in the USA and Europe.

Walgreens Boots Alliance has more than 14,300 stores, and the **largest global pharmaceutical wholesale and distribution network** with over 390 distribution centers delivering to more than 230,000 pharmacies, doctors, health centers and hospitals each year in 20 countries. In addition, Walgreens Boots Alliance is the world's largest purchaser of prescription drugs and many other health and wellbeing products. Its portfolio of retail and business brands includes Walgreens, Duane Reade, Boots and Alliance Healthcare.

Walgreens is **the largest drugstore chain in the U.S. with fiscal 2019 sales of more than \$136.8 billion**. Founded with a single store in Chicago in 1901, Walgreens today has more than 9,560 drugstores.

9,560+

LOCATIONS IN ALL 50 STATES,
PUERTO RICO, AND THE U.S.
VIRGIN ISLANDS

Retail Aerial



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Aerial



89,000 VPD

23,000 VPD

76,000 VPD

42,000 VPD

20,239 VPD

LOS ANGELES

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Demographics



POPULATION

	1-MILE	3-MILES	5-MILES
2010	11,248	71,901	172,781
2019	11,509	76,004	181,054
2024	11,553	77,054	183,740



2019 HH INCOME

	1-MILE	3-MILES	5-MILES
Average	\$95,148	\$92,998	\$89,085
Median	\$72,268	\$70,316	\$67,035

TOP EMPLOYERS IN LOS ANGELES COUNTY

EMPLOYER	# OF EMPLOYEES
County of Los Angeles	107,400
Los Angeles Unified School District	104,300
University of California, Los Angeles	65,600
City of Los Angeles (including DWP)	61,900
Federal Government (non-Defense Dept.)	43,600



THE AVERAGE HOUSEHOLD INCOME WITHIN A 1-MILE RADIUS IS OVER \$95K

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LANCASTER, CALIFORNIA

ANTELOPE VALLEY POPPY RESERVE

LANCASTER is a city in Los Angeles county, with a population of about 172,237. Situated in Antelope Valley at the western edge of the Mojave Desert, it is 80 miles north of the city of Los Angeles and separated from the city by the San Gabriel Mountains.

Lancaster is home to a long rich history of aviation and technology innovation, flight research and world class aerospace accomplishments. The region is a favorite destination for film and television producers, who take advantage of the area's natural beauty and rugged landscape. For more than 50 years the area has been the home of more major milestones in flight than any other place, including Chuck Yeager breaking the sound barrier.

ANTELOPE VALLEY is located in the northern Los Angeles County. The largest cities in the valley are Palmdale and Lancaster, but it is home to many other smaller towns as well. The area's economic engine is driven by many industries including aerospace, healthcare, manufacturing, agriculture and film. Major aerospace employers include NASA, Lockheed Martin, Boeing, Northrup Grumman and Edwards Air Force Base.

Two main hospitals, Antelope Valley Hospital and Palmdale Regional Medical Center, provide a myriad health care services for the region. Antelope Valley California Poppy Reserve, state-protected land, is home to the most consistent blooms of the state flower, the California Poppy. The reserve is a popular destination for wildflower viewing and sees thousands of visitors during the flower season (mid-February through May).

541,726



**ANTELOPE VALLEY
POPULATION
(ESTIMATED)**

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Los Angeles MSA



THE CITY OF LOS ANGELES holds many distinctions. L.A. is the entertainment capital of the world, a cultural mecca boasting more than 100 museums and a paradise of idyllic weather.

Los Angeles is the world's premier center for the entertainment industry, home to a handful of the planet's most famous studios. In addition, L.A. is a tour de force in tourism and international trade, as well as having an increasing strength in digital media, technology, fashion and the arts, solidifying the diversification of the region's economy. A manufacturing powerhouse, Los Angeles also is home to the largest twin-port complexes in the Western Hemisphere, processing more than 40 percent of the goods entering to and from the United States and providing directly and indirectly hundreds of thousands of middle-class jobs to the region. With \$807 billion in annual output, Los Angeles County ranks among the world's largest economies. Its GDP, which would rank No. 19 in the world if it were a standalone nation.

#1 LARGEST CITY IN CALIFORNIA

2ND LARGEST MSA IN THE U.S.

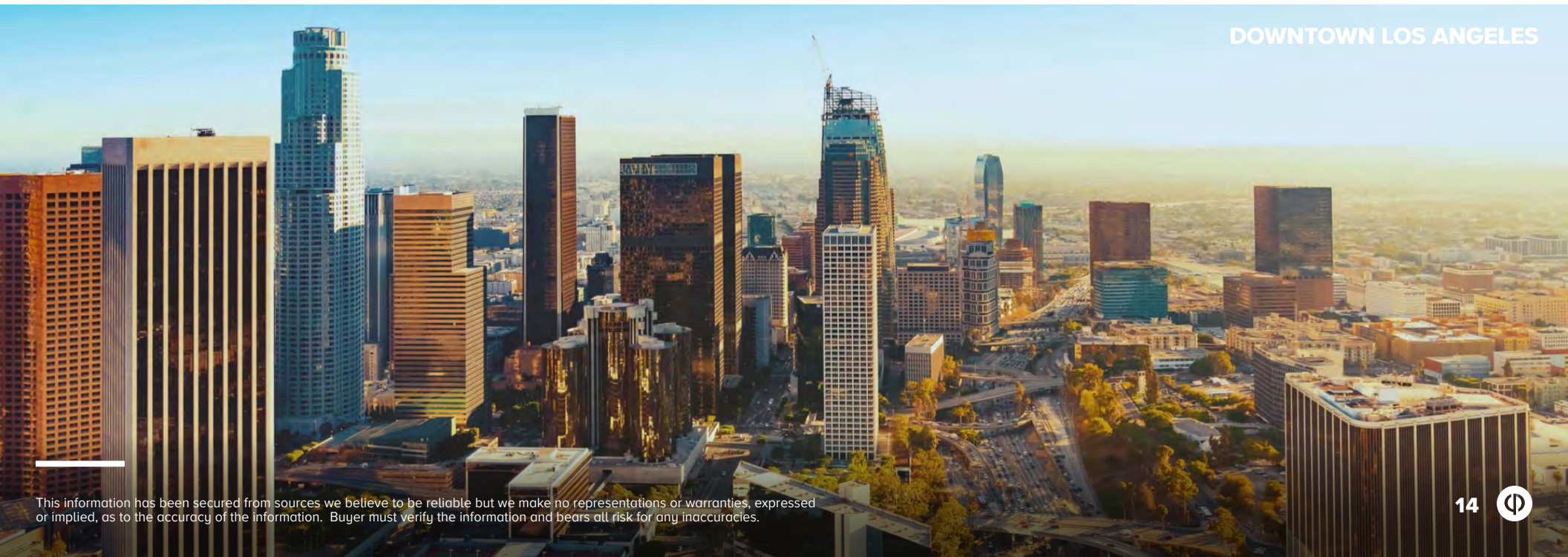
50 MILLION VISITORS IN 2018

18.8 MILLION ESTIMATED MSA POPULATION

TWO LARGEST SEA PORTS IN AMERICA (LOS ANGELES AND LONG BEACH)

3 OF THE WORLD'S LARGEST RESEARCH UNIVERSITIES: CALTECH, UCLA, USC, PLUS

3.9 MILLION ESTIMATED EMPLOYMENT IN L.A. COUNTY



DOWNTOWN LOS ANGELES

Contact us.

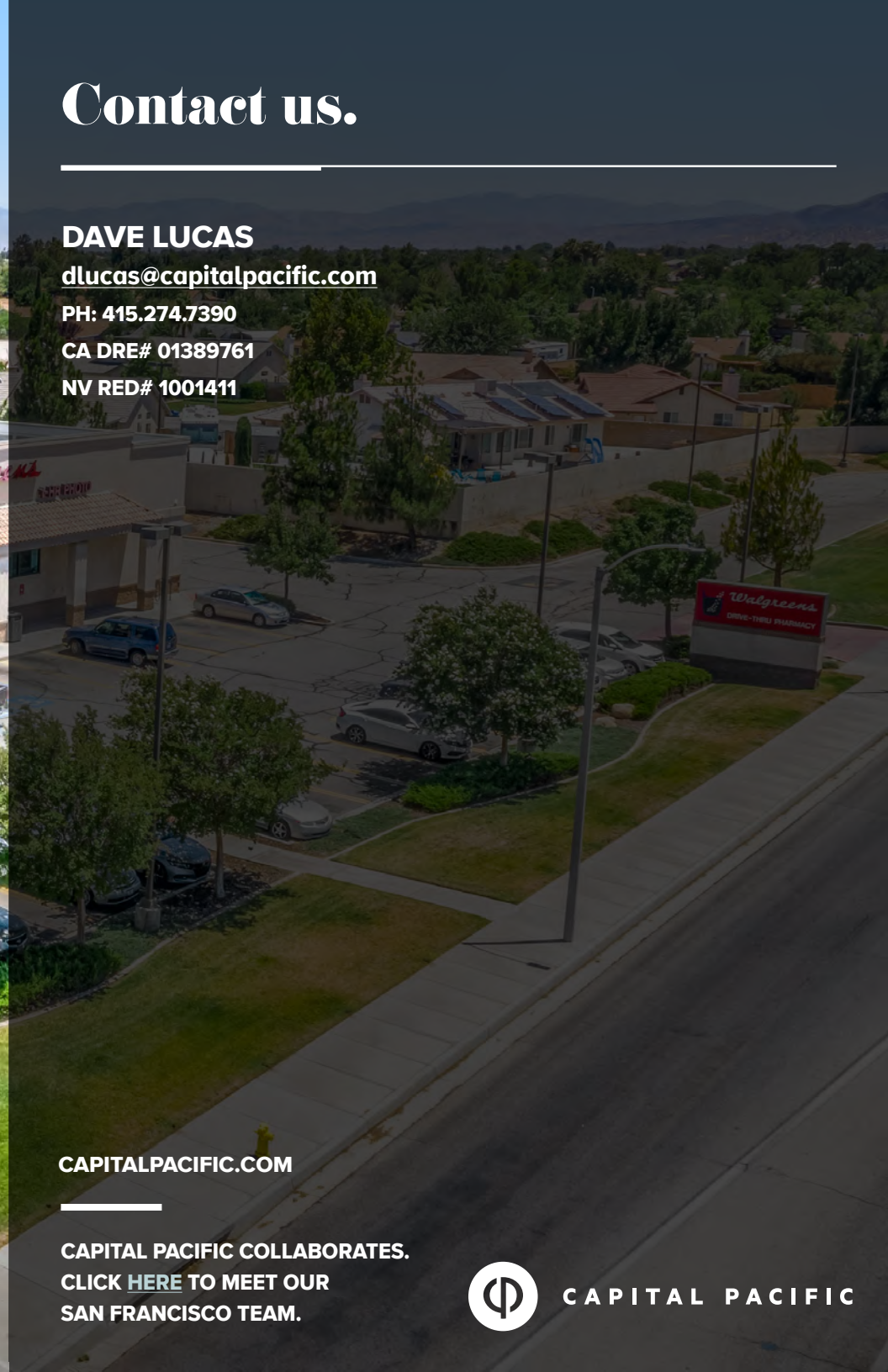
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