

# Rare Investment Opportunity | Red Barn Flea Market with Highway 101 Visibility

Asking Price \$10,050,000



Offering Memorandum

**For Sale | Red Barn Flea Market | Aromas, CA**

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# RED BARN FLEA MARKET

## OFFERING MEMORANDUM

### TABLE OF CONTENTS:

#### 01 INVESTMENT SUMMARY

Property Overview 4

#### 02 PROPERTY DESCRIPTION

Property Photos 6  
Aerials 7  
Parcel Map 8

#### 03 FINANCIAL INFORMATION

Valuation 10  
Gross Revenue Analysis 11  
Expense Analysis 12  
Disclaimer 13

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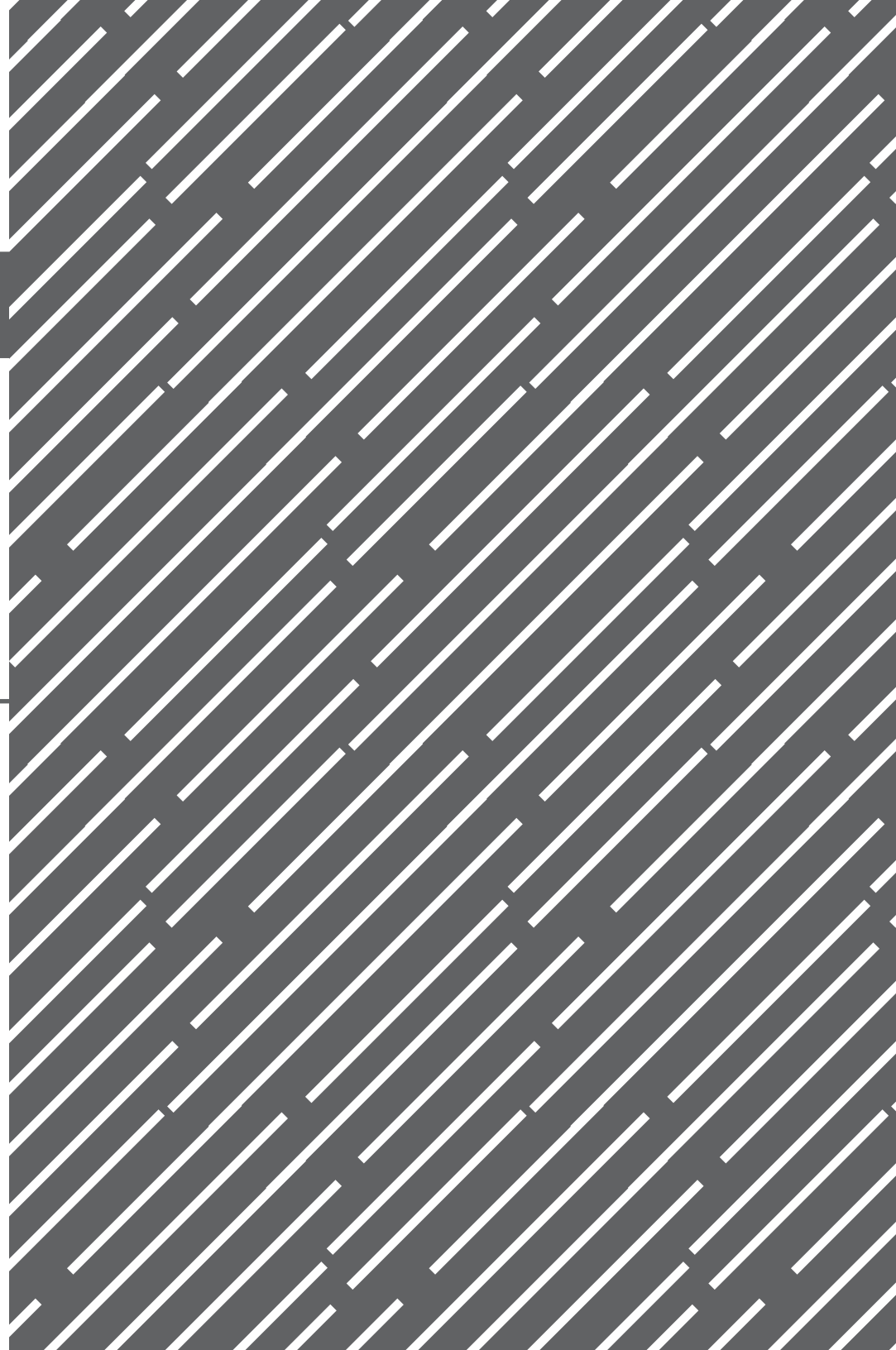
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# INVESTMENT SUMMARY

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PROPERTY SUMMARY



# PROPERTY OVERVIEW

**Mahoney & Associates** is pleased to offer for sale for the first time the famous Red Barn Flea Market. The market has been successfully in operation for 40 years, in a most convenient location just off of Hwy 101 in Aromas, California. This ideal location is at the midpoint between Salinas and Gilroy, California. Within the last two years, a new offramp from Hwy 101 has been completed which facilitates easy ingress and egress to the operation. This business sits on 28+/- acres of land. Both the business and the real property are being offered for sale. The operation requires 600 parking spaces, yet the property has 723 spaces.

The owner/operator of the operation recently passed away and because of a contested will there is a receiver in place who is charged with liquidating the asset. It is possible that court confirmation of the sale may be required.

At the present time, the capacity of the operation has been limited in the number of merchandising stalls that are allowed, as well as being limited to being open for business on Sundays only. This has been dictated by the County of Monterey by virtue of infrastructure deficiencies. Specifically, the operation requires the installation of a waste treatment plant and the construction of permanent restrooms. In addition, the water system needs additional pumps to generate sufficient pressure to operate the existing sprinkler system in the barn interior. At the present time, the barn is not in use.

**Many elements and variables have been used in the pricing structure of this offering. All buyers must satisfy themselves on all of these assumptions and projections. The elements considered in the pricing are as follows:**

- This is an all-cash transaction with no seller financing available.
- An all-cash offer without the need for financing will be favored.
- Also considered will be the length of the due diligence period and closing.
- The current owner is in the process of developing plans for the waste treatment plant, facilitating the application for this building permit. This permit must be obtained by June 2020.
- The estimated cost for this treatment plant including restrooms is \$1,600,000.
- The cost for the pumps to enhance water pressure is estimated at \$600,000
- Because of these deficiencies, the county has limited the operation to be open on Sundays only. Once these upgrades are completed it is anticipated that a Saturday operation will be allowed.
- For the past year of operation, the facility has been limited to 137 merchandising stalls all located outside the barn.
- As of June 1, 2019, this has been raised to 210 stalls.
- When the deficiencies have been corrected it is anticipated that a total of 320 stalls will be allowed, with 279 on the outside and 50 inside the barn.
- In analyzing the proforma income and expenses the actual numbers for the operation from July 1, 2018, until June 30, 2019, were utilized. These numbers were then adjusted to reflect the potential of the increased number of stalls and the inclusion of the Saturday operation.

## PROPERTY SUMMARY

Address	1000 US-101, Aromas, CA 95004
Offered at	\$10,050,000
Bldg Type	Commercial / Retail Trade
APN	141-013-034   141-013-035   141-013-037   141-131-025
Building	20,000 +/- SF
Lot	33 +/- Acres
Zoning	RDR/5.1 LC



02

# PROPERTY DESCRIPTION

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PROPERTY PHOTOS

AERIAL

PARCEL MAP



PROPERTY PHOTOS



# AERIAL MAP



WATSONVILLE | 20.4 MILES

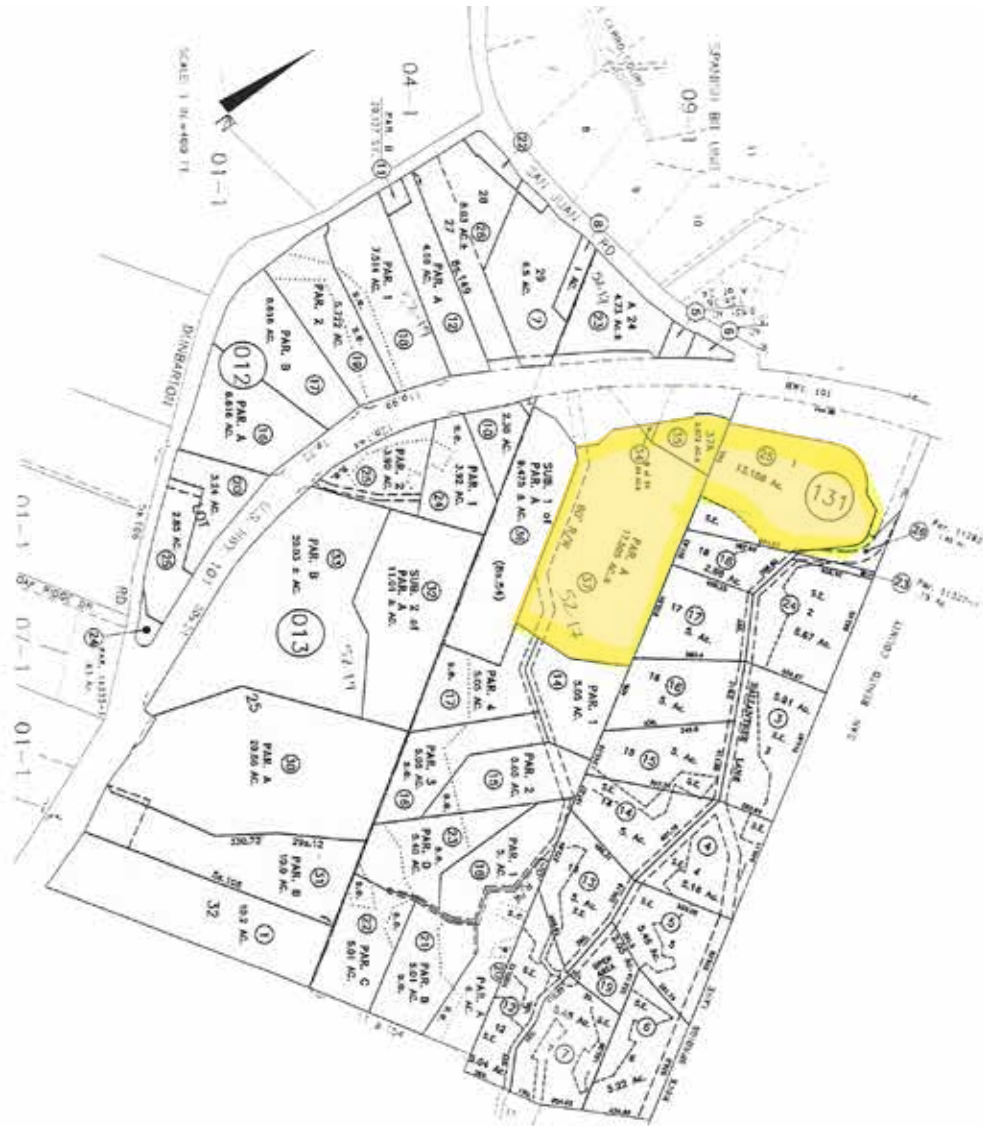
SANTA CRUZ | 29.4 MILES

RED BARN PROPERTY

HWY 101

MONTEREY | 27.6 MILES

# PARCEL MAP



The information contained herein has been obtained from sources we deem reliable.  
We cannot assume responsibility for its accuracy.



03

# FINANCIAL INFORMATION

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VALUATION

GROSS REVENUE ANALYSIS

EXPENSE ANALYSIS

# VALUATION METHOD

1. The net operating income for the period of July 1, 2018 to June 30, 2019 was \$548,467. To this a 7% capitalization rate was applied resulting in a value of \$7,835,243.
2. The projected increase in net operating income from an expanded Sunday operation and the opening of a Saturday operation is \$441,466. To this a 10% capitalization rate was applied resulting in a value of \$4,414,660.
3. Combined valuation \$12,249,903
4. Credited to this is the \$2,200,000 that is projected the buyer would need to invest in order to install the waste treatment plant, new restrooms, and new pumps to improve the water pressure.
5. Concluding with a value of \$10,050,000



# GROSS REVENUE ANALYSIS

Red Barn Flea Market			
Income Source	Actual Income	% Change Sunday Expansion	% Change Saturday Opening
Parking	\$349,188	^25%   \$87,297	^ 25%   \$87,297
Vendor Parking	\$3,614	^30%   \$1,084	^ 10%   \$361
Reservations	\$426,925	^50%   \$213,462	^ 25%   \$106,731
Electricity	\$3,320	^10%   \$332	^ 10%   \$332
Beer Stands	\$378,015	^25%   \$94,504	^ 25%   \$94,504
Water Sales	\$18,638	^25%   \$4,660	^ 25%   \$4,660
<b>Total</b>	<b>\$1,179,700 (1)</b>	<b>\$401,339 (2)</b>	<b>\$293,885 (3)</b>

1. Gross revenue for July 2015 - June 2016 was \$1,405,432. For 2016 - 2017 it was \$1,238,460
2. This is the projected increase in gross revenue that would be expected from an expanded Sunday operation.
3. This is the projected increase in gross revenue that would be expected from the new Saturday operation.

# RED BARN EXPENSE ANALYSIS

RED BARN FLEA MARKET		
Expenses	07/01/2018 - 06/30/2019	Saturday Expansion
Costs of Goods Sold	\$131,662	35%   \$32,916
Adv. & Promotion	\$600	0
Big Red Barn Supplies	\$6,353	25%   \$1,588
Equipment Rental	\$2,150	0
Insurance	\$41,304	25%   \$10,326
Workman's Comp	\$12,806	25%   \$3,202
Landscaping	\$7,520	0
License & Permits	\$14,154	25%   \$3,539
Office Supplies	\$13,266	0
Outside Contract	\$2,935	0
Payroll Taxes	\$33,838	25%   \$8,460
Accounting	\$6,790	0
Management	\$108,000	0
Security	\$9,441	50%   \$4,721

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# RED BARN EXPENSE ANALYSIS CONTINUED

RED BARN FLEA MARKET			
Expenses	07/01/2018 - 06/30/2019	Sunday Expansion	Saturday Expansion
Sales Tax	\$25,057	25%   \$6,264	25%   \$6,264
PG&E	\$11,240	25%   \$2,810	25%   \$2,810
Waste	\$7,513	100%   \$7,513	25%   \$1,878
Property Tax	\$110,000	0	0
Auto & Truck Expenses	\$1,200	50%   \$600	50%   \$600
Bank Service Charge	\$4,457	25%   \$1,114	25%   \$1,114
Salary & Wages	\$69,842	25%   \$17,461	75%   \$52,382
Printing & Production	\$4,359	25%   \$1,090	25%   \$1,090
ADP Payroll Fees	\$4,954	25%   \$1,239	75%   \$3,716
Telephone Expenses	\$1,792	0	0
<b>Total</b>	<b>\$631,233</b>	<b>\$119,152 (1)</b>	<b>\$134,606 (2)</b>

1. These are the projected increase in expenses that would be expected with the expanded operation, on Sundays.
2. These are the projected increase in expenses that would be expected with a Saturday operation.

# DISCLAIMER

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**EXCLUSIVELY LISTED BY:**

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