

SHERWIN-WILLIAMS ANCHORED SHOPS AT LATHROP CROSSINGS MULTI-TENANT RETAIL OPPORTUNITY

Lathrop, California



Net Lease Group

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15390 S Harlan Rd,
Lathrop, CA

HARLAN ROAD

Table of Contents

Investment Offering & Highlights	1
Investment Overview	2
Rent Roll	
Net Income Analysis	3
About the Tenants/Lease	4
Site Plan	8
Aerial	9
Regional Area Map	10
Local Area Map	11
Site Location	12
Lathrop, California	13
Stockton, California	14
Demographics	16



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THE OFFERING

Built in 2008, a freestanding retail building totaling approximately 9,586 sq. ft. demised into four suites, with ample parking. The property shares driveways and parking with the adjacent retail building.

PRICE

\$3,675,000 - 6.00% Cap Rate

INVESTMENT HIGHLIGHTS

- Sherwin-Williams occupies 50% of center and just renewed for 5 more years
- 100% leased retail center with strong tenant mix
- The property borders Interstate 5 with traffic counts in excess of 108,000 ADT
- Adjacent to Save Mart & Starbucks anchored center
- Average household income of \$90,412 within 3 miles of the subject property
- Interstate 5 visible pylon & monument signage

LOCATION

15390 Harlan Rd at Interstate 5 and West Lathrop Rd Exit, Lathrop, California
part of the Lathrop Crossing Center

LOT SIZE

Approximately .73 acres - 31,929± square feet

IMPROVEMENTS

Built in 2008, a freestanding retail building totaling approximately 9,586 sq. ft. demised into four suites, with ample parking. The property shares driveways and parking with the retail building next door.

LEASES

The leases are net with the tenants responsible for reimbursing the landlord for taxes, insurance, and maintenance, except roof and structure, which are the responsibility of the Landlord.

PRICE: \$3,675,000 – 6.00% Cap Rate

RENT ROLL

Tenants	Annual Rents:	Annual Rent/ SF:	Approx. SF:	Lease Expiration:	Increases:
Sherwin-Williams	\$139,238	\$27.85	5,000	12/31/2023	
Randstad Staffing	\$37,506	\$21.00	1,786	2/28/2023	10% on scheduled date
Plume Dental	\$29,738	\$18.59	1,600	11/30/2027	3% annually
State Farm Agent	\$24,480	\$20.40	1,200	12/31/2021	3% annually
Monument Sign Panel	\$3,000			Mo/Mo	
Total/Averages	\$233,963	\$21.96	9,586		

NET INCOME ANALYSIS

For the Years	Year 1 1/19-12/19	Year 6 ⁽¹⁾ 1/25-12/25
PROJECTED GROSS REVENUE		
Annual Base Rent	\$233,963	\$268,381
Vacancy (5%)	\$(11,698)	\$(13,419)
Gross Revenue	\$222,264	\$254,962
EXPENSE REIMBURSEMENT REVENUE		
CAM Recovery	\$24,688	\$29,479
Insurance Recovery	\$4,108	\$4,905
RE Tax Recovery	\$44,100	\$49,664
Management Fee	\$3,002	\$3,585
Accounting Expense	\$1,700	\$2,030
Total Reimbursement Revenue	\$77,598	\$89,663
EFFECTIVE GROSS REVENUE	\$299,863	\$344,624
OPERATING EXPENSES		
CAM Expense	\$24,688	\$29,479
Insurance	\$4,108	\$4,905
RE Tax Expense (1.2% of Price)	\$44,100	\$49,664
Management Fee	\$3,002	\$3,585
Accounting Expense	\$1,700	\$2,030
Repairs - Non CAM	\$812	\$970
Capital Reserves (\$0.10/SF)	\$959	\$1,080
Total Operating Expenses	\$79,369	\$91,712
NET OPERATING INCOME	\$220,494	\$252,913
RETURN	6.00%	6.88%

(1) Assumes all Tenants exercised their options

Assumes increases of 3% annually for all expenses, 2% annually for taxes

NET INCOME ANALYSIS

YEAR STARTING :	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028
INVESTMENT YEAR:	1	2	3	4	5	6	7	8	9	10
Sherwin-Williams	\$139,238	\$139,238	\$139,238	\$139,238	\$139,238	\$155,947	\$155,947	\$155,947	\$155,947	\$155,947
Randstad Staffing	\$37,506	\$37,506	\$40,632	\$40,632	\$44,695	\$44,695	\$44,695	\$49,164	\$49,164	\$49,164
Plume Dental	\$29,738	\$30,630	\$31,549	\$32,496	\$33,471	\$34,475	\$35,509	\$36,574	\$37,671	\$38,802
State Farm Agent	\$24,480	\$25,214	\$25,971	\$26,750	\$27,552	\$28,379	\$29,230	\$30,107	\$31,011	\$31,941
Monument Sign Panel	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Total Base Rent	\$233,963	\$235,589	\$240,390	\$242,116	\$247,956	\$266,495	\$268,381	\$274,793	\$276,793	\$278,853
Vacancy Rate (5%)	\$(11,698)	\$(11,779)	\$(12,019)	\$(12,106)	\$(12,398)	\$(13,325)	\$(13,419)	\$(13,740)	\$(13,840)	\$(13,943)
Common Area Estimate	\$24,688	\$25,429	\$26,192	\$26,977	\$27,787	\$28,620	\$29,479	\$30,363	\$31,274	\$32,212
Management Fee	\$3,002	\$3,093	\$3,185	\$3,281	\$3,379	\$3,481	\$3,585	\$3,693	\$3,803	\$3,918
Insurance	\$4,108	\$4,231	\$4,358	\$4,489	\$4,623	\$4,762	\$4,905	\$5,052	\$5,204	\$5,360
Property Taxes (1.2% of Price)	\$44,100	\$44,982	\$45,882	\$46,799	\$47,735	\$48,690	\$49,664	\$50,657	\$51,670	\$52,704
Accounting Expense	\$1,700	\$1,751	\$1,804	\$1,858	\$1,913	\$1,971	\$2,030	\$2,091	\$2,154	\$2,218
Total Expense Reimbursement Revenue	\$77,598	\$79,485	\$81,420	\$83,404	\$85,438	\$87,524	\$89,663	\$91,856	\$94,105	\$96,411
Effective Gross Revenue	\$299,863	\$303,295	\$309,791	\$313,414	\$320,996	\$340,694	\$344,624	\$352,909	\$357,058	\$361,322
Common Area Estimate	\$(24,688)	\$(25,429)	\$(26,192)	\$(26,977)	\$(27,787)	\$(28,620)	\$(29,479)	\$(30,363)	\$(31,274)	\$(32,212)
Management Fee	\$(3,002)	\$(3,093)	\$(3,185)	\$(3,281)	\$(3,379)	\$(3,481)	\$(3,585)	\$(3,693)	\$(3,803)	\$(3,918)
Insurance	\$(4,108)	\$(4,231)	\$(4,358)	\$(4,489)	\$(4,623)	\$(4,762)	\$(4,905)	\$(5,052)	\$(5,204)	\$(5,360)
Property Taxes	\$(44,100)	\$(44,982)	\$(45,882)	\$(46,799)	\$(47,735)	\$(48,690)	\$(49,664)	\$(50,657)	\$(51,670)	\$(52,704)
Accounting Expense	\$(1,700)	\$(1,751)	\$(1,804)	\$(1,858)	\$(1,913)	\$(1,971)	\$(2,030)	\$(2,091)	\$(2,154)	\$(2,218)
Total Operating Expenses	\$(77,598)	\$(79,485)	\$(81,420)	\$(83,404)	\$(85,438)	\$(87,524)	\$(89,663)	\$(91,856)	\$(94,105)	\$(96,411)
Repairs - Non CAM	\$(812)	\$(836)	\$(861)	\$(887)	\$(914)	\$(941)	\$(970)	\$(999)	\$(1,029)	\$(1,059)
Cap Reserve @ \$0.10/SF	\$(959)	\$(978)	\$(997)	\$(1,017)	\$(1,038)	\$(1,058)	\$(1,080)	\$(1,101)	\$(1,123)	\$(1,146)
Net Operating Income	\$220,494	\$221,996	\$226,512	\$228,105	\$233,607	\$251,171	\$252,913	\$258,953	\$260,802	\$262,706

*Assumptions:

Tenant exercises options/renews lease

Common area operating expenses grown at 3% per year

Property taxes & Capital Reserve grown at 2% per year



SHERWIN-WILLIAMS:

Leased to Sherwin-Williams who recently exercised their first of five five-year options commencing on January 1, 2019 with 12% increases in Options 1-4 and FMV in the 5th Option. They have been in the center since January 2009.

The Sherwin-Williams Company (NYSE: SHW) is an American Fortune 500 Company that develops, manufactures, distributes and sells paints, coatings and related products to professional, industrial, commercial and retail customers located around the world.

The company operates in three segments: The Americas Group, Consumer Brands Group, and Performance Coatings Group. The Americas Group segment offers architectural paint and coatings, protective and marine products, as well as OEM product finishes and related products through dealers, home centers, distributors, hardware stores, and other retailers. The Consumer Brands Group segment provides architectural paints, stains, varnishes, industrial products, wood finish products, wood preservatives, applicators, corrosion inhibitors, aerosols, caulks, and adhesives. The Performance Coatings Group segment offers industrial coatings for wood finishing and general industrial applications, automotive refinish products, protective and marine coatings, coil and packaging coatings, and performance-based resins and colorants; and specialty coatings through direct sales staff and outside sales representatives to retailers, dealers, jobbers, licensees, and other third party distributors.

Sherwin-Williams was founded by Henry Sherwin and Edward Williams in 1866 in Cleveland where the company is presently headquartered. Today they have over 4,620 company-operated specialty paint stores. Sherwin-Williams is an investment grade rated company with a Standard & Poor's rating of "BBB". The company is publicly traded on the New York Stock Exchange (SHW) with a market capitalization in excess of \$36 billion. They reported for the six months ending 6/30/18 total revenues of \$8.7 billion, Net Income of \$653 million and Stockholders Equity of \$3.7 billion.

**RANDSTAD:**

Leased to Randstad General Partner, LLC (Randstad Staffing) who has been located in this center since December 2012. The tenant recently renewed their lease from March 1, 2018 until February 28, 2023 with a 10% rental increase occurring February 28, 2021 and 2 five year options with increases of 95% of fair market value occurring at the start of each option. Tenant has the right to terminate the lease on February 28, 2021 by giving the Landlord six month notice and paying a termination fee equal to \$6,251.

Randstad NV, commonly known as Randstad, is a Dutch multinational human resource consulting firm headquartered in Diemen, Netherlands. It was founded in the Netherlands in 1960 by Frits Goldschmeding and operates in around 39 countries. Randstad employs over 38,000 staff, and globally has 4,773 branches. Randstad NV is listed as RAND on the AEX of Euronext Amsterdam. For the year ending December 2017 the company reported revenues of \$27 billion, Net Income of \$737 million and a Stockholders Equity of \$4.9 billion.

Randstad specializes in human resource services for temporary and permanent jobs, including contract staffing of professionals and senior managers. In most of these countries, Randstad works according to a unit structure, whereby each unit consists of two consultants who are responsible for service provision to clients and selecting candidates. Randstad promotes these activities under two brand names: Randstad and Tempo Team. A separate division of Randstad focuses on recruiting supervisors, managers, professionals, interim specialists and advisors. These people are deployed in temporary positions in middle and senior management, such as engineers, ICT specialists, or marketing & communication specialists.

**PLUME DENTAL:**

Leased to Plume Dental for 10 years from December 1, 2017 until November 30, 2027 with 3% annual rental increases. The tenant has 9 years remaining on the current lease with 2 five year options remaining.

Plume Dental offers complete dental care solutions, providing general and cosmetic dentistry for families and individuals of Lathrop. The practice is owned and operated by Dr. Japneet Dhillon who has dedicated himself to providing the highest quality dental care available. For this reason, Plume Dental's office meets and surpasses all OSHA and CDC standards. Plume Dental caters to all types of people and strives to provide their patients with the most affordable treatment while still performing exceptional work.



STATE FARM INSURANCE - JENNIFER SMITH:

Leased to Jenifer Smith, a State Farm Agent, for 3 years from October 1, 2018 until December 31, 2021. The lease has 3% annual rental increases, with the first increase occurring on January 1, 2019, as well as 1 five year option to renew.

State Farm is a insurance company that makes its primary focus its policyholders. The company has more than 65,000 employees and more than 19,000 independent contractor agents who service 83 million policies and accounts throughout the U.S.

Site Plan

HARLAN STREET

STOP

J STREET

SHERWIN WILLIAMS. randstad STATE FARM INSURANCE Plume DENTAL

15390 S HARLAN STREET
±9,586 SF

SERVICE

East

SHOPS AT LATHROP CROSSINGS

SHERWIN WILLIAMS. randstad STATE FARM INSURANCE Plume DENTAL IN-SHAPE Little Caesars PIZZA! PIZZA! DICKEY'S BARBECUE PIT SUBWAY



Walgreens



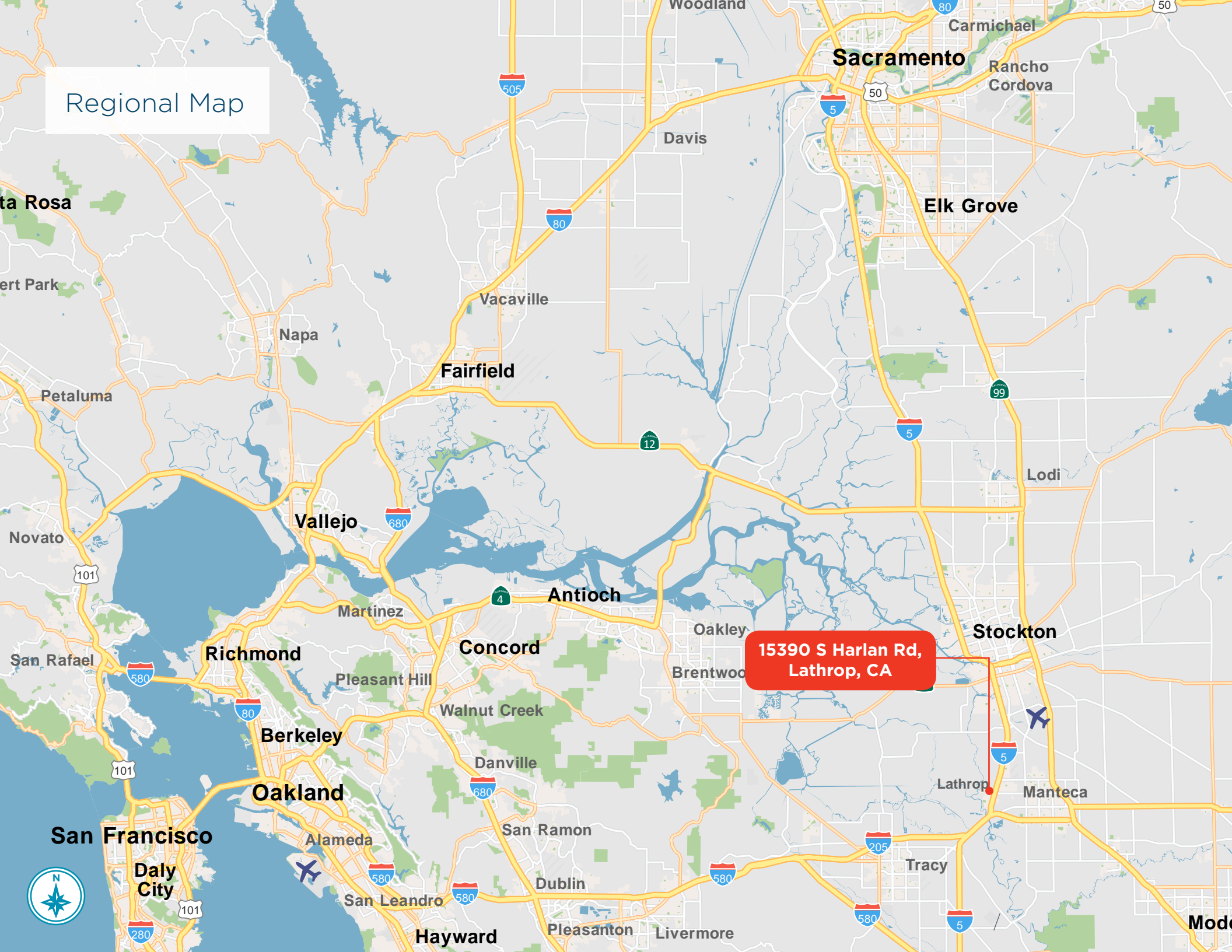
HARLAN ROAD

LATHROP ROAD

SPARTAN WAY

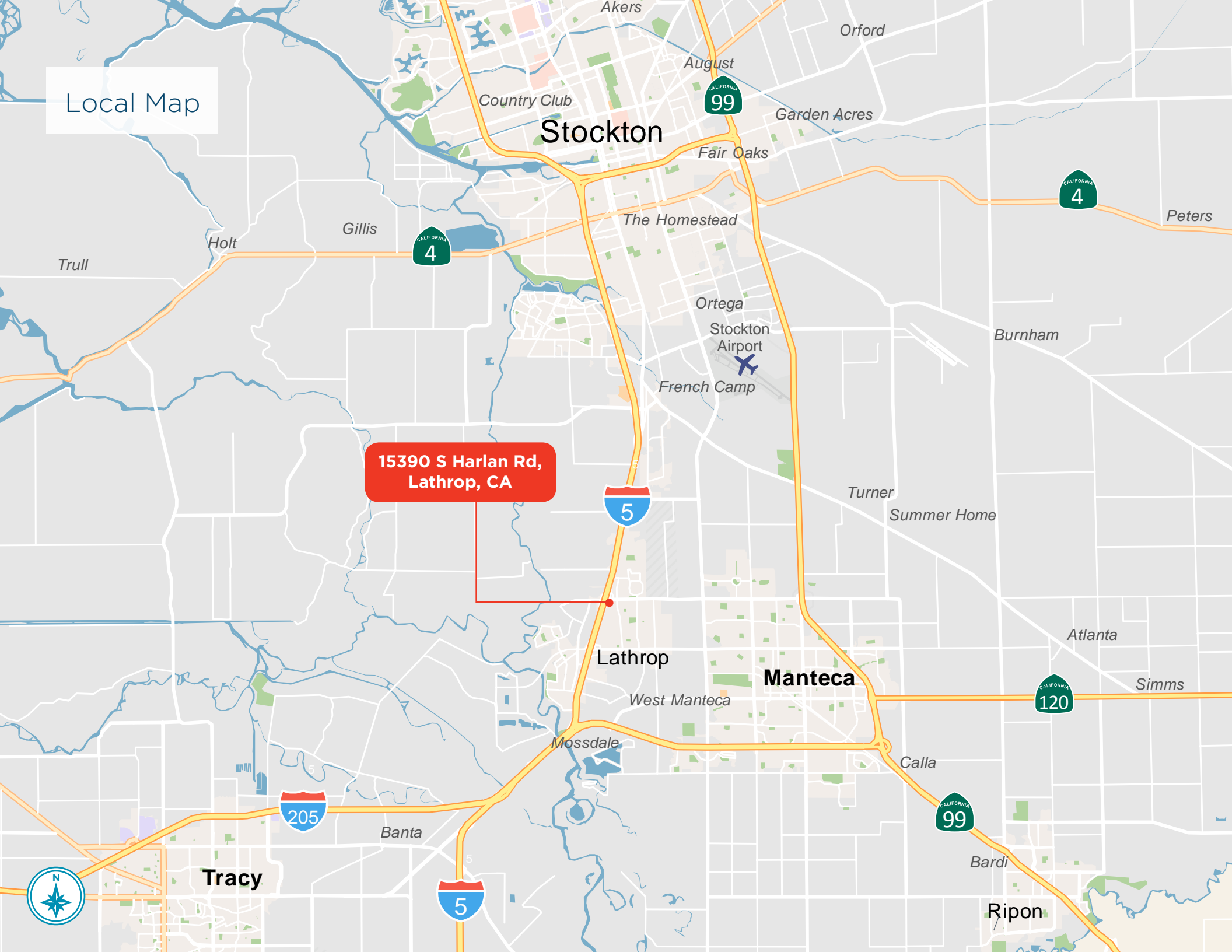
HARLAN ROAD

Regional Map



15390 S Harlan Rd,
Lathrop, CA

Local Map



15390 S Harlan Rd,
Lathrop, CA



The Shops at the Lathrop Crossroads are located on the northeast corner of Harlan Rd and J St in north Lathrop, CA. Located just off Interstate 5, with over 105,000 VPD, the shops are strategically situated along a strong retail corridor with major national retailers in the surrounding area including Save Mart, Chase Bank, Starbucks, Walgreens, Burger King, Subway, O'Reilly Auto Parts, and more. Additionally, the property is located within 7 miles of the Stockton Metropolitan Airport, 57 miles from Oakland International Airport and 66 miles from Sacramento International Airport. Tesla, In-N-Out Burger Corporate, JC Penny & Swift Transportation all have sizeable facilities within 2 miles of the subject property.





Lathrop, California

Lathrop sits aside Interstate 5, one of the major freeways in California and the major north-south freeway along the entire West Coast. Lathrop is located in the metro triangle, which is bounded by the Bay Area, Stockton and Sacramento. Lathrop is centrally located within a 30-minute commute of Tracy, Manteca, Stockton, Lodi, Modesto, Livermore and Pleasanton.

Lathrop's current population is nearly 22,112. With a projected "build out" population of 70,000, Lathrop is experiencing a unique opportunity to plan and manage its future development in a manner seldom available to other communities in Northern California. The City of Lathrop is one of Northern California's fastest growing and most comprehensive Master Planned Communities. Lathrop is a city at the cusp of extensive residential and commercial growth.

The City of Lathrop has a seven mile radius population of 105,893 with an average household income of \$63,072. Lathrop is strategically centered between the Stockton, Modesto and Tracy submarkets - all within a 20 mile radius with a combined current population of nearly 750,000 and an expectation that this number will approach 1 million within ten years.

Over 40,000 vehicles per day commute over the Altamont Pass into the Bay Area for employment. There is a strong demand for housing from the Bay Area as residents are moving to affordability.

The City of Stockton (population of 300,899), the county seat of San Joaquin County, is one of California's fastest growing communities. Stockton is currently the 13th largest city in California with a dynamic, multi-ethnic and multi-cultural population. The city is located on the San Joaquin River, in the northern farmland of San Joaquin Valley, a sub region of the Central Valley. The city is located 83 miles east of San Francisco and 50 miles south of Sacramento. In and around Stockton are thousands of miles of waterways which make up the California Delta.

Stockton is located along Interstate 5, State Route 99, inland California's major north-south highways, and State Route 4 - amid the farmland of the Central Valley. State Route 4 and the dredged San Joaquin River connect the city with the San Francisco Bay Area to its west. Due to its location at the "crossroads" of the Central Valley and a relatively extensive highway system, Stockton is easily accessible from virtually anywhere in California.

ECONOMY

Historically an agricultural community, Stockton's economy has since diversified to include telecommunications and manufacturing companies along with the development of hospitality and tourism venues.

The Port of Stockton is largest fully operating inland seaport on the West Coast, approximately 75 nautical miles east of the Golden Gate Bridge in San Francisco. Set on the San Joaquin River, the port operates a 2,000 acres transportation center with berthing space for 17 vessels up to 900 ft. in length. The Port of Stockton has 120 tenants and is served by BNSF & UP Railroads. The port also includes 1.1 million square feet of dockside transit sheds and shipside rail trackage and 7.7 million square feet of warehousing.

The Waterfront Events Center is part of a massive revitalization project that will include a marina, high-rise condominiums, and the Downtown Transit Center. The center includes Stockton Arena, Banner Island Ballpark, a Sheraton Hotel and Conference Center, and commercial/retail space.

The Stockton Arena is a 10,000-seat indoor arena used primarily for ice hockey, indoor soccer and arena football. It was announced in January 2015 that the Stockton Arena will be home to the Stockton Heat of the American Hockey League.

The Banner Island Ballpark, a 5,300-seat baseball stadium, is home to the Stockton Ports, a minor league affiliate to the Oakland Athletics in the North Division of the Class A - Advanced California League.

EDUCATION

The University of the Pacific ("Pacific") moved to Stockton in 1924 from San Jose. This non-profit university is the only private school in the United States with less than 10,000 students enrolled to offer eight different professional schools and offers a large number of degree programs. In addition to its liberal arts college, and its schools of education, engineering, business, international studies and music, it has three professional graduate schools: the School of Dentistry in San Francisco, the School of Law in Sacramento, and the school of Pharmacy and Health Sciences located in Stockton. Pacific offers more than 100 academic programs and more than 60 undergraduate degrees. Pacific has an administrative staff of 966, 3,457 undergraduates and 2,739 postgraduates.

Other schools located in the Stockton area include:

- National University (the second largest private university in the state)
- San Joaquin Delta College, features Distance Learning Education and Internet Classes. Additional sites are being set up to expand access to education in distant locations
- California State University, Stanislaus established a Stockton campus on the grounds of the former Stockton State Hospital. The hospital was the first state mental institution in California
- Humphreys College and School of Law (which has its main campus in Stockton and a branch campus in Modesto, California)
- Kaplan College of Stockton
- Christian Life College is a private four-year Bible college offering Associate and Bachelor of Arts degrees in Bible and Theology or Christian Music
- MTI Business College
- UEI College

TRANSPORTATION

Highways

Due to its location at the “crossroads” of the Central Valley and a relatively extensive highway system, Stockton is easily accessible from virtually anywhere in California. Interstate 5 and State Route 99, California’s major north-south thoroughfares, pass through the city limits. The east-west highway State Route 4 also passes through the city, providing access to the San Francisco Bay Area as well as the Sierra Nevada and its foothills to the east. The San Joaquin River connects the city with the Sacramento Delta and the San Francisco Bay Area to its west. Stockton is the western terminus of State Route 26 and State Route 88, which extends to the Nevada border. In addition, Stockton is within an hour of Interstate 80, Interstate 205 and Interstate 580.

Rail

Stockton is connected to the rest of the nation through a network of railways. Amtrak and Altamont Commuter Express (ACE) both make stops in Stockton, with Amtrak providing passenger access to the rest of the nation. Union Pacific and BNSF Railway, the two largest railroad networks in North America both service Stockton and its port via connections with the Stockton Terminal and Eastern Railroad and Central California Traction Company, who provide local and interconnecting services between the various rail lines. Recently, BNSF Railway opened a much needed \$150 million intermodal freight transport facility in southeast Stockton, which satisfies long-haul transportation needs.

Air

Stockton is served by Stockton Metropolitan Airport (SCK), located on county land just south of city limits. Daily non-stop service to and from Las Vegas, NV and Phoenix-Mesa, Arizona is provided by Allegiant Air.

The nearest international airport is Sacramento International Airport (SMK) located off of Interstate 5 approximately 58 miles north of Stockton. In 2014, SMF handled 8,971,526 passengers. Domestic service is provided by all the big carriers. Oakland International Airport (OAK) and San Francisco International Airport (SFO) are approximately 67 and 85 miles from Stockton, respectively.





DEMOGRAPHICS

2018 Summary	1 mile	3 miles	5 miles
Population	10,450	36,857	90,934
Households	2,849	10,834	27,332
Families	2,387	8,888	21,390
Average Household Size	3.67	3.40	3.26
Owner Occupied Housing Units	2,043	8,164	17,834
Renter Occupied Housing Units	807	2,670	9,498
Median Age	31.7	33.8	34.3
Median Household Income	\$62,224	\$76,674	\$65,308
Average Household Income	\$76,549	\$90,412	\$81,441
Projected 2023 Summary	1 mile	3 miles	5 miles
Population	11,106	40,265	98,486
Households	3,007	11,796	29,457
Families	2,516	9,672	23,065
Average Household Size	3.69	3.41	3.28
Owner Occupied Housing Units	2,238	9,222	20,208
Renter Occupied Housing Units	769	2,574	9,248
Median Age	32.5	34.0	34.8
Median Household Income	\$70,624	\$86,551	\$77,464
Average Household Income	\$89,443	\$106,030	\$96,247



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