

OFFERING MEMORANDUM

2001 ESPLANADE | CHICO, CA

NET LEASED INVESTMENT



BIG O TIRES

**AVISON
YOUNG**



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**AVISON
YOUNG**

BIG O TIRES

THE TEAM YOU TRUST™

TENANT PROFILE

The Big O Tires story begins back in 1962, just as America's new love affair with the automobile was hitting high gear. The market for replacement tires was exploding, and independent tire dealers found themselves struggling to compete in the face of low prices offered by major tire manufacturers' own company stores. Big O's founding fathers were a handful of progressive independent tire dealers who decided to band together to form a tire-buying cooperative so that they could secure volume pricing and keep their customers happy. Their concept worked. In the years that followed, The Big O Tires co-op evolved into a full-fledged franchise as it continued to find innovative ways to harness the power of the collective to benefit independent dealerships and their customers.

Almost a half-decade later, Big O Tires has become North America's largest retail tire franchiser, with over 400 independently-owned and operated locations in 19 states, providing customers with a broad range of automotive services in addition to quality tires, wheels and accessories. Big O has become an industry role model admired for its innovative approach to franchising and unmatched customer loyalty ratings.

In 1996, Big O Tires joined forces with one of the largest and most respected tire marketers in the nation when it became part of the TBC Retail Group, an automotive retail network comprised of some 1,200 Big O Tires, Tire Kingdom, Merchant's and NTB locations spanning 40 U.S. states. Big O's reach was broadened again in 2005, when TBC Corporation was acquired by Sumitomo Corporation of America, the largest wholly-owned subsidiary of Tokyo based Sumitomo, one of the world's leading traders of goods and services.

As Big O Tires continues to thrive and adapt to an ever-changing marketplace, it remains rooted in its humble beginnings as a proud collective of independent dealers committed to putting its customers first.

COMPANY PROFILE



Sumitomo Corporation

Company:	Sumitomo Corporation
Company Headquarters:	Chuo, Tokyo, Japan
Founded:	1919
Publicly Traded:	TYO: 8053 OSE: 8053 NSE: 8053 FSE: 8053
Website:	www.sumitomocorp.com

Financial Highlights

2013 Revenue:	\$32.16 Billion
Market Capitalization:	\$1.525 Trillion



PROPERTY DESCRIPTION

ADDRESS

2001 Esplanade, Chico, California (Butte County)

LOCATION

The subject property is located on the west side of Esplanade, only minutes away from Highway 99 in the city of Chico, California

PARCEL

Tax Assessor's Parcel Number: 003-601-009-000

LAND AREA

The subject property land area is approximately 17,859 square feet (0.41 acres)

BUILDING AREA

The subject property building area is approximately 4,085 square feet

VISIBILITY AND FRONTAGE

Excellent visibility on the corner of Esplanade and West 10th Avenue with 90' frontage on Esplanade, providing superior accessibility for both north- and south-bound traffic

TRAFFIC COUNTS

In excess of 22,000 vehicles per day along Esplanade

ACCESS

Access to Big O Tires is easily achieved via two entrances, one on Esplanade and the other on West 10th Avenue

YEAR BUILT

The property was originally built in 1980 with a full renovation in 2020





INVESTMENT SUMMARY

Offering Price	\$1,385,000
Capitalization Rate	6.50%
NOI	\$90,000
Lease Type	Absolute NNN
Lease Commencement	Effective Upon Closing
Remaining Term	15 Years
Options	Three - 5 Year Options To Renew
Rent Increases	10% Every 5 Years
Total Land Area	±17,859 SF
Total Building Area	±4,085 SF
Ownership	Fee Simple (Land & Building)

INVESTMENT HIGHLIGHTS

BIG O TIRES IN THE HEART OF CHICO, CALIFORNIA

- 100% leased single-tenant NNN fee simple (land & building) providing an investor with a very secure asset
- The base rent shall increase by 10% every 5 years of the lease term providing continued upside for the investor
- Complete new renovation of the building, both inside and outside

ZERO MANAGEMENT RESPONSIBILITY

- Single tenant, Absolute NNN lease
- Tenant pays taxes, insurance, roof & structure, and CAM charges

STRONG OPERATOR

- Multi-unit Big-O Tires operator

HIGH IDENTITY CORNER LOCATION

- Surrounded by a wide variety of national and local retailers insuring this location remains a point of destination for both daytime and evening consumer demands
- Strategically located on the corner of Esplanade and West 10th Avenue in the heart of Chico's retail district
- High-volume traffic count exceeding 22,000 VPD on Esplanade immediately in front of the Big O Tire store
- The subject property is located less than 1/2 mile to Highway 99 which is the major North/South Highway running through Northern California
- Location is supported by good demographics with over 109,000 people in a 5-mile radius and an average household income of over \$56,668 (per Costar)
- This location is considered Chico's main retail trade area. Other significant retailers in the immediate area include Starbucks, O'Reilly Auto Parts, Big 5 Sporting Goods, Denny's, DaVita, Dutch Bros Coffee, and Enloe Medical Center-Chico.

LEASE ABSTRACT

LEASE SUMMARY

Lease Term	15 Years from Close of Escrow
Tenant	My Mechanic Realty LLC dba Big O Tires
Building Size	±4,085 SF (Buyer To Verify)
Lease Commencement	COE
Lease Expiration	15 Years after COE
Options	Three - 5 Year
Rent Increases	10% Every 5 Years Following COE
Lease Type	Absolute NNN
Insurance	Paid By Tenant
Maintenance & Repairs	Paid By Tenant
Property Taxes	Paid By Tenant
Roof & Structure	Paid By Tenant
Utilities	Paid By Tenant

ESTIMATED OPERATING INFORMATION



INCOME

GROSS POTENTIAL RENT	\$90,000
EXPENSE REIMBURSEMENT	____ NNN
EFFECTIVE GROSS INCOME	\$90,000
LESS EXPENSES	____ NNN
NET OPERATING INCOME	\$90,000



RENT ROLL

Property			Lease Term		Rental Rates				
Tenant	Square Feet	% of Property	Begin	End	Begin	Monthly	PSF	Annually	Cap Rate
Big O Tires	±4,085	100%	COE	15 Years Following COE	Years 1-5	\$7,500	\$1.84	\$90,000	6.50%
					Years 6-10	\$8,250	\$2.02	\$99,000	7.15%
					Years 11-15	\$9,075	\$2.22	\$108,900	7.86%

Tenant Has Three (3) - Five (5) Year Options To Renew The Lease With 10% Increases At Each Option





BIG TIRES

INVESTMENT SUMMARY

AREA OVERVIEW

PROPERTY OVERVIEW

TENANT SUMMARY

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AREA OVERVIEW

CITY OF CHICO

Chico is the most populous city in Butte County. One of California's most distinctive small cities, Chico blends the energy of a contemporary university town with a diverse culture of art and outdoor living. The population of Chico has surged over the past several years. The 2020 Census estimates the population will have grown from 86,187 in 2010 to 109,000+ in 2020. The city is the cultural, economic, and educational center of the northern Sacramento Valley and home to California State University Chico.

Chico maintains a special sense of community as it has developed into a vibrant regional center for business, recreation and cultural activities. It is a magnet to individuals seeking an environment where you can live and work while enjoying unparalleled access to outdoor recreation and the social spirit of an involved community. Chico is also home to the iconic Sierra Nevada Brewing Company; the county also helped pioneer America's craft beer movement and today an assortment of newcomers have joined the local brewing community.

Work...Live...Learn are the three words that best describe the City of Chico. With its vintage city center filled with shopping and dining, a vibrant arts scene, and the home to California State University Chico, Chico blends small-city charm with a surprising sophistication.



DEMOGRAPHICS

		1 Mile	3 Mile	5 Mile
Population	2025 Projection	18,525	97,316	113,938
	2020 Estimate	17,832	93,300	109,187
	2010 Census	16,836	85,750	100,113
	Growth 2020-2025	3.89%	4.30%	4.35%
	Growth 2010-2020	5.92%	8.80%	9.06%

Households	2025 Projection	7,879	38,998	45,744
	2020 Estimate	7,577	37,372	43,811
	2010 Census	7,144	34,500	40,295
	Growth 2020-2025	3.99%	4.35%	4.41%
	Growth 2010-2020	6.06%	8.32%	8.73%
	Owner Occupied	2,535	16,560	20,689
	Renter Occupied	5,042	20,813	23,122

Income	2020 Average Household Income	\$64,455	\$73,292	\$78,246
	2020 Median Household Income	\$40,431	\$51,505	\$56,688
	2020 Households by HH Income			
	Income <\$25,000	2,409	10,300	11,148
	Income \$25,000-\$50,000	1,848	8,059	9,062
	Income \$50,000-\$75,000	1,135	5,762	6,726
	Income \$75,000-\$100,000	732	4,078	4,784
	Income \$100,000-\$125,000	553	3,613	4,432
	Income \$125,000-\$150,000	239	1,431	1,849
	Income \$150,000-\$200,000	333	2,163	3,290
Income \$200,000+	328	1,966	2,520	

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This Confidential Offering Memorandum (the "Memorandum") has been prepared and presented to the recipient (the "Recipient") by Avison Young - Northern California ("Avison Young") as part of Avison Young's efforts to market for sale the property located at 2001 Esplanade in Chico, California (the "Property"). Avison Young is the exclusive agent and broker for the owner(s) of the Property (the "Owner"). Avison Young is providing this Memorandum and the material contained in it to the Recipient solely to assist the Recipient in determining whether the Recipient is interested in potentially purchasing all or part of the Property. Avison Young also is providing this Memorandum and the material in it to the Recipient with the understanding that the Recipient will independently investigate those matters that it deems necessary and appropriate to evaluate the Property and that the Recipient will rely only on its own investigation, and not on Avison Young, the Owner or this Memorandum, in determining whether to purchase the Property.

Please Note the Following:

Avison Young, the Owner and their respective agents, employees, representatives, property managers, officers, directors, shareholders, members, managers, partners, joint venturers, corporate parents or controlling entities, subsidiaries, affiliates, assigns and predecessors and successors-in-interest make no representations or warranties about the accuracy, correctness or completeness of the information contained in this Memorandum. The Recipient is urged not to rely on the information contained in this Memorandum and to make an independent investigation of all matters relating to the Property.

This Memorandum includes statements and estimates provided by or to Avison Young and/or the Owner regarding the Property. Those statements and estimates may or may not be accurate, correct or complete. Nothing contained in this Memorandum should be construed as a representation or warranty about the accuracy, correctness or completeness of such statements and estimates. Further, nothing contained in

this Memorandum should be construed as representation or warranty about any aspect of the Property, including, without limitation, the Property's (1) past, current or future performance, income, uses or occupancy, (2) past, current or prospective tenants, (3) physical condition, (4) compliance or non-compliance with any permit, license, law, regulation, rule, guideline or ordinance, or (5) appropriateness for any particular purpose, investment, use or occupancy. Again, the Recipient is urged not to rely on this Memorandum and the statements and estimates in it and to make an independent investigation regarding the Property and the statements and estimates contained herein.

This Memorandum may include statements regarding, references to, or summaries of, the nature, scope or content of contracts and/or other documents relating to the Property. Those statements, references or summaries may or may not be accurate, correct or complete. Additionally, Avison Young may not have referenced or included summaries of each and every contract and/or other document that the Recipient might determine is relevant to its evaluation of the Property. Nothing contained in this Memorandum should be construed as a representation or warranty about the accuracy, correctness or completeness of such statements, representations or summaries. On request and as available, and subject to the Owner's consent, Avison Young will provide the Recipient with copies of all referenced contracts and other documents. Avison Young assumes no obligation to supplement or modify the information contained in this Memorandum to reflect events or conditions occurring on or after the date of its preparation of this Memorandum. More detailed information regarding the anticipated terms, conditions and timing of any offering by the Owner relating to the Property will be provided in due course by separate communication. Avison Young and/or the Owner reserve the right to engage at any time in discussions or negotiations with one or more recipients of this Memorandum and/or other prospective purchasers of the Property without notice or other obligation to the Recipient.

EXCLUSIVE ADVISORS



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