

Edward Jones Net Leased Investment **AT BASELINE CROSSINGS**

8427 E Baseline Road, Suite 106 :: Mesa, AZ 85209



CBRE

Capital Markets | Investment Properties

Edward Jones

MAKING SENSE OF INVESTING



Edward Jones

HAWES ROAD

BASELINE ROAD



NOT TO SCALE



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EXECUTIVE SUMMARY

INVESTMENT OPPORTUNITY

CBRE Phoenix Investment Properties has been retained as the exclusive advisor for the sale of a NNN Leased Edward Jones office, located at 8427 East Baseline Road in Mesa, AZ (The Opportunity). This small Investment Opportunity features a ± 915 square feet office condominium leased to Edward Jones, a national financial advisor with more than 11,000 locations across the nation. The Property is located within the attractive Baseline Crossings Office Park, which consists of 8 buildings and $\pm 54,000$ square feet of improvements.

The Opportunity includes newly completed Tenant Improvements for Edward Jones and a 5 year lease expiring in February 2020. The Lease features excellent 3% annual increases and the Operating Expenses are passed through to the Tenant. Baseline Crossings is well-located along the major east-west thoroughfare, Baseline Road, and just west of the Loop 202 Freeway. The Property offers an investor the opportunity to purchase a net leased asset with a credit tenant at an attractive 7.25% cap rate.

FINANCIAL SUMMARY

PRICE	\$208,000
NET OPERATING INCOME	\$15,079
CAP RATE	7.25%

ASSET PROFILE

NAME	BASELINE CROSSINGS OFFICE CONDOMINIUMS
ADDRESS	8427 E Baseline Road, Suite 106 Mesa, AZ 85209
MAJOR CROSSROADS	Baseline Road and Hawes Road
CLASSIFICATION	Office Condominiums
IMPROVEMENT SIZE	± 915 SF
OCCUPANCY	100%
PARCEL NUMBER	304-03-931
ZONING	C-O
YEAR BUILT	2008
PARKING STALL COUNT	2 reserved, 1 covered, remaining shared



EXECUTIVE SUMMARY

INVESTMENT HIGHLIGHTS

- NNN investment with 4.5 years remaining on the 5 year Lease.
- Edward Jones is a national credit Tenant with more than 11,000 locations and 12,000 financial advisors.
- 3% annual rental increases.
- The Baseline Crossings Office Condominium Association maintains the exterior of the building and common areas, creating a ease of management scenario.
- Brand New Tenant Improvements completed in 2015.
- Baseline Road—major east/west thoroughfare and located just off the Loop 202 Freeway.
- Located in the high growth area of East Mesa, near the 3,200 acre Eastmark master planned community, featuring thousands of new homes at completion and Apple’s \$2 billion manufacturing investment and 150 full-time, high-wage Apple employees.

DEMOGRAPHICS

	1 Mile Radius	3 Mile Radius	5 Mile Radius
2015 POPULATION	11,355	91,171	218,308
2020 POPULATION	12,296	98,470	237,286
GROWTH 2015-2020	8.3%	8.0%	8.7%
2015 AVERAGE HOUSEHOLD INCOME	\$53,540	\$59,315	\$62,223
2015 AVERAGE HOME VALUE	\$158,249	\$175,949	\$194,618
2015 AVERAGE AGE	47.1	41.1	41.1



TENANT OVERVIEW

Edward Jones[®]

MAKING SENSE OF INVESTING

Edward Jones is a leader in the financial-services industry that takes a personal approach to business, an approach that starts with a face-to-face meeting between a financial advisor and client. They believe that building long-term relationships with our nearly 7 million clients is key to serving their needs. Whether it's in the United States or Canada, They're located in the communities where their clients live and work because that's the best way to get to know them and help reach their financial goals.

LEASE ABSTRACT

TENANT	EDWARD D. JONES & Co., L.P. d/b/a EDWARD JONES		
LEASE DATE	7/31/2014		
BUILDING SF	±915		
LEASE TERM	64 Months		
COMMENCEMENT DATE	1/1/2015		
EXPIRATION DATE	5/30/2020		
CURRENT ANNUAL RENT	\$15,079		
RENT INCREASES	3% Annually		
LEASE TYPE	NNN		
RENT SCHEDULE	YEARS	ANNUAL RENT	RENT PSF
	2/1/15 - 1/31/16	\$14,640	\$16.00
	2/1/16 - 1/31/17	\$15,079	\$16.48
	2/1/17 - 1/31/18	\$15,532	\$16.97
	2/1/18 - 1/31/19	\$15,998	\$17.48
	2/1/19 - 5/30/20	\$16,477	\$18.01
EARLY TERMINATION	Tenant shall have the option to cancel the Lease and any renewals or extensions thereof at any time after the 24th month of the initial Lease Term upon 90 days written notice. In addition to paying rent and all amounts due through the early termination date, Tenant shall pay the sum of 4 months of the base rent plus the unamortized portion of all tenant improvement costs and leasing commissions paid on the initial term of the Lease.		
OPERATING COSTS	Landlord shall maintain, at Tenant's expense as part of Operating Expenses, the repair, maintenance or replacement of the Common Area Elements: roof, foundation, walls, sidewalks, parking lot, windows, drainage system, HVAC, plumbing, electrical wiring, landscaping, and pest control. Tenant's proportionate share of Operating Costs in the Baseline Crossings Condominium Association is 1.7%.		
CAM CAP	Controllable CAM expense annual increases shall not exceed 3.5% on a cumulative basis. Controllable CAM expenses are those reasonable controlled by Landlord, specifically excluding real estate taxes, insurance and utilities.		
UTILITIES & OPERATING EXPENSES	Tenant shall be responsible and contract directly with the utility company for electricity, and janitorial services. Landlord shall provide to the Premises and Building, all utilities (except electric in the Premises), including electric, water, sewer, heat and trash removal. Tenant shall pay through operating expenses, its allocable share of these items.		
TAXES & INSURANCE	Tenant shall pay its allocable share of Real Estate Taxes and Insurance.		
RENEWAL OPTIONS	One (1), Five (5) year Option to Renew at Fair Market Rent with 6 months written notice		



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LOOP 202

60

60

SOSSAMAN ROAD

BASELINE ROAD

HAWES ROAD

FARNSWORTH DRIVE

ELLSWORTH ROAD

LOOP 202

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HUB



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HAWES ROAD

BASELINE ROAD

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CITY OF MESA

Mesa is a city on the move. For many years Mesa has been one of the fastest growing cities in the country. With a population approaching a half million people, Mesa boasts of many amenities that make it the city of choice for professionals, entrepreneurs, families, students, business, and industry. Some of the more recent examples of Mesa's rise to being a premier city include:

1. Continued expansion of the light rail line through the heart of Mesa. Light rail service in Mesa is expanding, adding an additional five miles to the existing line. When light rail opened, the existing station in Mesa quickly became the highest ridership station on the 20-mile light rail line. The citizens of Mesa strongly support the current extensions and encourage continued expansion. The light rail line makes it easier for people living and working nearby to get to many great locations without needing a car. The stations in Mesa are attracting exciting new development that is spurring additional growth and activity in the surrounding areas.
2. Recognition of the Mesa Arts Center. The Mesa Arts Center, owned and operated by the City of Mesa, is a unique, architecturally stunning, international award winning facility located in the heart of downtown Mesa. Arizona's largest arts center is home to four theaters, five art galleries, and 14 art studios. Guests, patrons, and students come to Mesa Arts Center to enjoy the finest live entertainment and performances, world-class visual art exhibitions, and

outstanding arts education classes. The draw of the Mesa Arts Center is helping develop an arts community in the surrounding neighborhoods. The facility is an architectural showpiece and a destination for visitors to the Phoenix area. During the 2012 presidential election process the Mesa Arts Center was selected as a location for one of the Republican debates.

3. Growth of Phoenix-Mesa Gateway Airport. In July 2013 Phoenix-Mesa Gateway Airport celebrated the arrival of its 5 millionth passenger. Formerly Williams Air Force Base, this commercial airport is now one of the fastest growing airports in the country. A new passenger terminal is planned for the north side of the airport to handle the continued growth in passenger service. The Airport is also home to several companies including service centers for Embraer Aircraft, Cessna Citation, and Able Engineering.
4. Spring Training and Mesa Riverview. Spring training has long been a tradition in Mesa. That tradition is growing with the new facility for the Chicago Cubs and the return of the Oakland Athletics to Hohokam Stadium. These athletic facilities provide the opportunity for other community events and activities. The Cubs Park at Riverview has brought with it an exciting new Riverview Park and expansion of the entertainment, shopping, and business activities in the area.



5. Redevelopment of the former GM Proving Grounds. GM operated its desert proving grounds in Mesa for many years. When the decision was made to close this facility the property was sold for redevelopment. Using options, the subsequent owners and developers are creating exciting new additions to Mesa that include a wide variety of housing options along with interconnected recreational, educational, and shopping amenities.

6. Dynamic growth in higher education. Mesa has been the home of Mesa Community College (the largest community college in the country), Arizona State University Poly, Northern Arizona University, a branch of Chandler-Gilbert Community College, and AT Still University for many years. In 2011 the City of Mesa began an initiative to recruit additional colleges to the community. That effort has been very successful with Benedictine University, Albright College, Westminster College, and Wilkes University being attracted to Mesa. These new colleges and universities opened for classes in 2013. In addition Grand Canyon University has announced plans to bring a campus to Mesa to be part of the Eastmark development. Mesa is also home to the East Valley Institute of Technology which provides technical education and prepares students for work in a wide variety of industries.

7. Positive business environment brings new and expanded industries. Several new industries such as CMC Steel, Matheson Tri-gas, Crescent Crown Distributing,

CITY OF MESA DEMOS

2015 ESTIMATED POPULATION	463,551
2020 PROJECTED POPULATION	490,810
GROWTH 2010-2015	5.5%
GROWTH 2015-2020	5.9%
2015 AVERAGE HOUSEHOLD INCOME	\$60,517

Source: Claritas

Bridgestone Research and Development, and Apple have recently decided to establish facilities in Mesa and others are growing and shifting more of their operations to Mesa. One of the reasons these businesses have chosen Mesa is our proven ability to respond quickly to industry needs and process development request. Another reason is the availability of the infrastructure needed to serve new industries.

8. Falcon Field Employment Growth. As one of the busiest general aviation airports in the United States, Falcon Field is a catalyst for economic development in Northeast Mesa. Serving aviation industry employers and large-scale manufacturers. The current and significant Falcon Field employment base is expected to grow over time.



PHOENIX MSA

Phoenix is the sixth most populous city and is the most populous state capital in the entire United States. Incorporated in 1818, it is the largest city in Arizona and makes up the greatest portion of the Phoenix Metropolitan Statistical Area (MSA). The Phoenix MSA is home to approximately 4.5 million residents and is consistently recognized in the National Top 10 for both employment and population growth. The City's famous climate and ideal geography are two of Phoenix's several economic and lifestyle advantages.

The Phoenix MSA boasts approximately 330 days of sunshine per year and an average annual temperature of 76 degrees. Arizona's largest industry, Sports and Tourism, draws over 10 million visitors annually. There are endless hiking, biking and horseback riding trails, including the Grand Canyon, as well as infinite resorts, restaurants, sporting events, museums, theaters and spas.

Phoenix hosts the highest-attended PGA tour tournament, The Waste Management Open, as well as MLB's Cactus League Spring Training Season and the Tostitos Fiesta Bowl (NCAA College Football). Phoenix will also host the 2015 NFL Super Bowl. Phoenix is only one of six cities nationwide with a professional franchise in each of the nation's four major sports.

The dry climate and lack of natural disasters have also made Phoenix an ideal location for the tech and bio-science industries. Companies such as Intel, TGEN, Boeing, and Apple continue to locate, operate, store, research and develop in Phoenix. Phoenix is headquarters to four Fortune-500 Companies – Avnet, PetsMart, Freeport McMoran and Republic Services.

Phoenix also has two highly-ranked State Universities – Arizona State University and University of Arizona (main campus in Tucson, AZ) – both of which are leaders in STEM-focused education and innovation. Arizona State University recently aligned with the award-winning Thunderbird School of Global Management, a top Business Management Master's Program.

The Phoenix MSA is the central location of the Interstate-10 Southwest Shipping Corridor that begins in Southern California and services Utah, Colorado, West Texas and Mexico. Over 50 shipping companies utilize the corridor daily to transport hundreds of millions of dollars' worth of freight to more than 20 markets, including Arizona's own lucrative farming and ranching exports.



Also as a result of its favorable geography, Arizona has been designated a Foreign Business/Trade Zone by dozens of international countries. Mexico — which is both Arizona’s AND the U.S.’s largest trading partner — has stabilized its banking system and currency and quickly moving up the Global Economic Chain. Arizona’s GDP grew over 4% from 2012 to 2014 and is projected to experience accelerated growth based on the rapidly-increasing influx of International interest in U.S. real property and companies.

TOP TEN PRIVATE EMPLOYERS

- Walmart
- Banner Health Systems
- Wells Fargo
- Bank of America
- Raytheon
- Apollo Group
- JP Morgan Chase
- Intel Corp.
- US Airways
- American Express

PHOENIX METRO DEMOS

2015 ESTIMATED POPULATION	4,475,400
2020 PROJECTED POPULATION	5,100,000
GROWTH 2010-2015	6.3%
GROWTH 2015-20	10%
2015 ESTIMATED AVERAGE AGE	32
2015 EST. AVERAGE HOUSEHOLD INCOME	\$44,750
2015 EST. AVERAGE HOME VALUE	\$175,000

Source: Claritas



PHOENIX METRO OFFICE MARKET

The metropolitan Phoenix office market continues to accelerate in its recovery moving into the first quarter of 2015. At this point in the cycle, healthy underlying economic fundamentals are beginning to pay dividends for commercial property markets. In the local office market, this momentum is reflected in sustained, albeit incremental, quarterly direct average asking rate appreciation, declining vacancy rates and significant net absorption gains across the market.

The vacancy rate for the metropolitan Phoenix office market ended Q1 2015 at 20.6%; this is a 40-basis-point (bps) decrease in overall market vacancy from the previous quarter and a 150 bps decrease from the overall market vacancy rate

of 22.1% reported at the end of Q1 2014. Concurrently, average asking lease rates for the overall market continue to rise. The full service, average asking lease rate for existing product in metropolitan Phoenix ended Q1 2015 at \$21.74 per sq. ft., compared to \$21.49 per sq. ft. in the previous quarter and \$20.91 per sq. ft. at the end of Q1 2014. This is the 8th consecutive quarter in which asking lease rates have increased, after twelve consecutive quarters that saw rental rate decreases that began in Q1 2010.

CBRE Econometric Advisors forecasts that in the next five years, 67,900 office-using jobs will be added to the local employment base. By comparison, 47,800

 **Vacancy**
20.60%

 **Rental Rate**
\$21.74 Per Sq. Ft.

 **Net Absorption**
477,901 Sq. Ft.

 **Under Construction**
4,001,729 Sq. Ft.

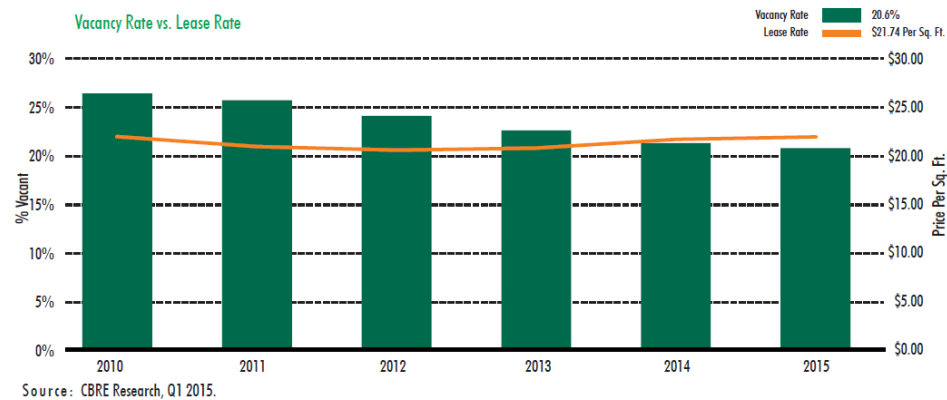
 **Deliveries**
48,081 Sq. Ft.

*Directional arrows based on change from the previous quarter. Data reflects market totals.



office-using jobs have been added in metropolitan Phoenix since the fourth quarter of 2009; the low point for the local employment market. Importantly, many office-using jobs that have been added in the current recovery replaced jobs lost during the downturn and therefore did not generate significant net absorption gains via tenant expansion. Looking at the upcoming five year, as metropolitan Phoenix office-using employment enters an expansionary phase, CBRE Econometric Advisors projects that vacancy rates for the overall market will decline 38% from their current level and average asking rates will increase 34% between Q4 2014 and the end of 2019.

Overall, the metropolitan Phoenix office market continues to benefit from sustained tenant demand that far outstrips supply. This dynamic has and will continue to result in owners of Class A and well positioned Class B product increasing asking rates and reducing tenant concessions. Furthermore, a limited supply of available product will continue to exert upward pressure on rents.





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If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return this Memorandum to CBRE, Inc.



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