

Lowe's Anchored Center

LOWE'S AND PANDA EXPRESS GROUND
LEASES COMPRISE OVER 95% OF GLA
EXCELLENT FREEWAY VISIBILITY / HIGH POPULATION DENSITY
ESCONDIDO, CA (SAN DIEGO COUNTY)



Marcus & Millichap



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OFFERING MEMORANDUM



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EXCLUSIVELY LISTED BY:

BROKER OF RECORD:

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Investment Highlights



Rare Opportunity to Acquire a Southern California Lowe's Asset in a Highly Sought-After San Diego Metropolitan Submarket (Escondido)



Mostly Passive Ownership - Lowe's and Panda Ground Lease Guarantees Comprise 95% of the Gross Leasable Area



High Visibility Freeway Frontage Location Near the Intersection of the 78 and 15 Freeways

High Identity Southern California Shopping Center with Investment Grade Fundamentals

- ▶ Anchored by Lowe's (NYSE: LOW) on a Long-Term Ground Lease - **Lowe's has Occupied the Subject Property for Nearly 20 Years**
- ▶ **Subject Property Includes a Separately-Parceled, Single Tenant Panda Express with a Drive-Thru**
- ▶ Includes Fee Simple Ownership of a **Three-Tenant Strip Retail Building Anchored by San Diego Gas and Electric (SDGE)**
 - SDGE will be Getting New Signage Installed, Which Bodes Well for a Lease Renewal
- ▶ **High Quality, 2007 Construction with Excellent Curb Appeal** - The Subject Property is Surrounded by Other Strong Retailers such as CarMax, Denny's, Jack in the Box, Motel 6, and O'Reilly Auto Parts

Excellent Surrounding Area

- ▶ **The Subject Property is Bounded by Signalized Intersections, Allowing for Excellent Exposure** as well as Promoting Easy Ingress & Egress for Patrons
- ▶ Dense, Infill Location with Average Household Income Over \$100,000 in a Five-Mile Radius | **San Diego County's Population Exceeds 3.3 Million**
- ▶ **This Location is Highly Advantageous with Nearby Attractions**, Including Escondido Promenade, Westfield North County Mall, and **San Diego Safari Park, Drawing Around 3.5 Million Visitors Annually**
- ▶ **Over Fifty Percent of the Housing in a Five-Mile Radius is Owner Occupied**



Tenant Spotlight

Lowe's Home Improvement Overview

Lowe's Home Improvement is a retail company that specializes in home improvement products and services. It was founded in 1946 in North Wilkesboro, North Carolina, USA, by Lucius Smith Lowe. Lowe's has since grown to become the second-largest home improvement retailer in the world, with over 2,000 stores in the United States, Canada, and Mexico. The company is known for its wide range of products, including building materials, tools, appliances, and home décor, as well as its competitive prices and excellent customer service.

Lowe's operates on a "do-it-yourself" (DIY) model, meaning that customers are encouraged to take on home improvement projects themselves rather than hiring professionals. The company offers a variety of resources and services to support customers in their DIY projects, including online tutorials, workshops, and in-store experts.

In addition to its brick-and-mortar stores, Lowe's also operates an online store that offers the same range of products as its physical locations. The company has a strong e-commerce presence, with an easy-to-navigate website and convenient delivery and pickup options.

Lowe's is committed to sustainability and social responsibility, and has implemented initiatives to reduce its environmental impact and support its communities.

Overall, Lowe's Home Improvement is a well-known and respected company in the home improvement industry, with a strong reputation for quality products and customer service.



LOWE'S OUTLINES NEXT CHAPTER OF TOTAL HOME STRATEGY TO FUEL LONG-TERM GROWTH

Lowe's Press Release - December 7, 2022 - PRNewswire

Lowe's Companies, Inc. (NYSE: LOW) is hosting its 2022 Analyst and Investor Conference today in New York City to provide an update on its key growth initiatives and long-term financial targets...

"Based on its confidence in the company's continued momentum and strong cash generation capabilities, the board of directors has authorized a new \$15 billion common stock repurchase program."

[Click Here to Read More](#)

Website	www.lowes.com
Company Type:	Public (NYSE: LOW)
Market Cap:	\$118.61 Billion
Number of Locations	2,000+ in USA, Canada and Mexico
Revenue	\$97 Billion (2022)
Operating Income	\$12Billion (2022)

Tenant Spotlight

Panda Express

Panda Express is a fast-food restaurant chain that specializes in American Chinese cuisine. The company was founded in 1983 in Glendale, California and is currently headquartered in Rosemead, California. Panda Express has over 2,200 locations across the United States and in several other countries, making it one of the largest Chinese restaurant chains in the world.



Square Feet	±2,448 SF
Tenancy	±16 Years
# of Locations	2,200 Locations
Website	www.pandaexpress.com



Serrano's Mexican Food

Serrano's offers authentic Mexican cuisine and provide warm and welcoming service to their customers. They opened their doors in 2016 and have since established a strong reputation in Escondido due to their commitment to using fresh and high-quality ingredients. Every dish is homemade and prepared fresh-to-order, ensuring that it is always hot and delicious when served. Customers are encouraged to visit and experience their exceptional service firsthand, creating a memorable dining experience.



Square Feet	±1,755 SF
Tenancy	±6 Years
# of Locations	1 Location
Website	www.yelp.com/biz/serranos-mexican-food-escondido



"This was my first time trying Serranos, and i'll be back. I got the supreme rolled tacos combo, very very good. I am looking forward to trying different things from here."

- Kristina V., Yelp

San Diego Gas and Electric (Branch Office)

San Diego Gas and Electric (SDGE) is a utility company that provides natural gas and electricity to customers in the San Diego and southern Orange County regions of California. The company serves over 3.6 million customers and operates a vast network of energy infrastructure, including transmission lines, substations, and power plants.



SDGE also offers a variety of energy efficiency and conservation programs designed to help customers reduce their energy usage and save money on their bills.

In addition to its core energy services, SDGE is committed to supporting the communities it serves. The company is involved in a variety of initiatives aimed at promoting sustainability, education, and community engagement.

Square Feet	±2,199 SF
# of Locations	15 Locations
Website	https://www.sdge.com/

Financial Analysis

Offering Summary

Property Name	Lowe's Anchored Center
Property Address	600-644 W. Mission Avenue Escondido, CA 92025
Assessor's Parcel Numbers	228-230-39-00 / 228-230-40-00 228-230-42-000 / 228-230-27-00 / 228-230-44-00*
Current Occupancy	100%
Year Built	2007
Gross Leasable Area (GLA)	±179,514 Square Feet
Lot Size	Total Acreage = ±11.04 Acres*

NOTE: Plus 0.11 Acres (in negotiations for quitclaim by the City of Escondido)

Pricing

Price	\$32,500,000
Cap Rate	5.25% Current
Price Per Acre	\$2,914,798

Financing Information

Assumable financing available. Please contact Agents for more details.

Annualized Operating Data **Current**

Gross Potential Rent	\$1,706,948
Expense Reimbursements	\$492,043
Gross Potential Income	\$2,198,992
Effective Gross Income	\$2,198,992
Total Expenses	(\$492,043)
Net Operating Income	\$1,706,948

Expenses **Current**

Property Tax Rate	1.1465%
Property Taxes	\$372,626
Special Assessments	\$10,000
Insurance	\$7,050
CAM	\$7,785
Utilities	\$15,000
Repairs & Maintenance	\$11,305
Property Management	\$68,278
Total Expenses	\$492,043
Expenses/SF	\$2.74

NOTE: All expenses displayed above (except property tax) represent the expenses for the 3-tenant shopping strip and Panda Express. Lowe's is responsible for maintenance of its parcel and reimburses for its pro rata share of property taxes.



Rent Roll

Suite	Tenant Name	GLA	% of GLA	Monthly Rent	Rent/SF	Expiration	Increases	Options	Lease Type	Tenancy
Ground Leases										
600	Panda Express	2,448	1.36%	\$11,646	\$4.76	4/30/2027	In Options (10%) (May 2027 - Option)	Four, Five-Year @ 10%	NNN	±16 Years
620	Lowe's	169,112	94.21%	\$110,000	\$0.65	1/12/2027	In Options (CPI - 10% Max) (Jan. 2027 - Option)	Six, Five-Year (90-Day Notice)	NNN	±16 Years
Strip Retail Leases										
640	Rent Guarantee	4,000	2.23%	\$9,000	\$2.25	1 Year	N/A	N/A	NNN	N/A
642	Serrano's Mexican Food	1,755	0.98%	\$3,476	\$1.98	5/31/2026	3% Annual	One, Five-Year @ 3% Annual	NNN	±6 Years
644	SDGE	2,199	1.22%	\$5,887	\$2.68	4/30/2024	3% Annual	None	NNN	±13 Years
Signage										
	Panda Express	0	0.00%	\$784	N/A	4/30/2027	10% Every Five Years @ 10% (May 2027 - Option)	Five, Five-Year @ 10%	NNN	±10 Years
	Carmax	0	0.00%	\$1,452	N/A	3/31/2026	10% Every Five Years (April 2026 - Option)	Three, Five-Year & One, 4Y/11M	NNN	±12 Years
			Monthly: \$142,246 Annual: \$1,706,948		\$0.79					

Aerial Photo



Market Overview

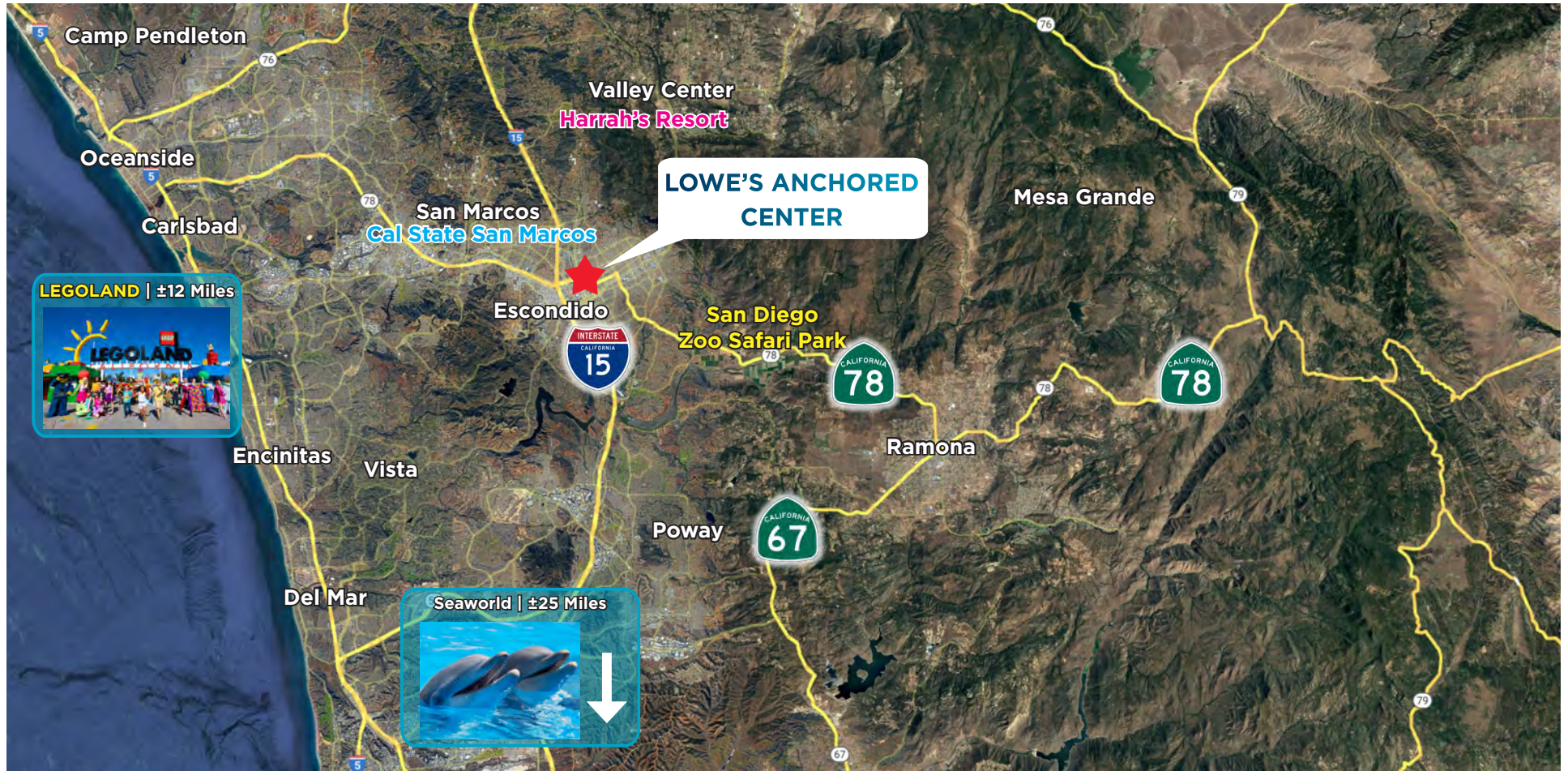
Close Up View & Parcel Map



NOTE: Property boundaries, land area, and building area are approximate and must be independently verified by potential buyers.

Market Overview

Regional Map



±161,000

CARS PER DAY
ON THE I-15 FREEWAY



±30 MILES

TO SAN DIEGO
INTERNATIONAL AIRPORT(SAN)



±5 MILES

TO THE SAN DIEGO
ZOO SAFARI PARK



±86,000

CARS PER DAY
ON HIGHWAY 78

Market Overview

The City Of Escondido

Escondido is a city located in northern San Diego County, California. It has an estimated population of over 150,000 people and covers an area of approximately 37 square miles.



The city has a semi-arid climate, with hot summers and mild winters. It is surrounded by rolling hills and is located just a short drive from the Pacific Ocean.

Escondido is home to a number of cultural attractions, including the California Center for the Arts, Escondido, which features a performing arts theater, museum, and conference center. The city also has a historic downtown district with a variety of restaurants, shops, and art galleries.

In addition to its cultural offerings, Escondido has a number of outdoor recreation opportunities, including hiking and biking trails, parks, and golf courses. The city is also home to the San Diego Zoo Safari Park, which features a wide range of wildlife in natural habitats.

Overall, Escondido is a vibrant city with a diverse population and a range of amenities and attractions to suit a variety of interests.

Some popular cities near Escondido include: San Marcos, Carlsbad, Vista, Encinitas and Oceanside.

Nearby City Highlights

- ▶ LEGOLAND California - A great destination for families with young children, offering a wide range of fun and interactive activities for everyone to enjoy
- ▶ San Diego Safari Park - According to the San Diego Zoo Global Annual Report for 2019, the San Diego Zoo had a total of 3.5 million visitors.
- ▶ California Center for the Arts - This cultural center features a performing arts theater, art museum, and conference center. Visitors can attend concerts, theater performances, and art exhibits.
- ▶ Visit the Orfila Vineyards and Winery: This award-winning winery offers tastings, tours, and a beautiful outdoor setting for picnics and special events.

LEGOLAND California



San Diego Zoo



Orfila Vineyards



Market Overview

Demographic Summary

Population	1-Mile	3-Miles	5-Miles
2027 Population	22,572	150,539	222,750
2022 Population	21,928	147,692	217,031
2010 Population	20,670	141,958	205,880
2000 Population	21,778	133,068	178,877

Households	1-Mile	3-Miles	5-Miles
2027 Households	7,230	49,053	72,584
2022 Households	7,039	47,990	70,543
2010 Households	6,531	45,072	65,469
2000 Households	6,745	43,497	58,960
2027 Owner Occupied Housing	20.5%	47.5%	54.0%
2027 Rent Occupied Housing	79.5%	52.5%	46.0%
2022 Owner Occupied Housing	20.8%	47.6%	54.0%
2022 Renter Occupied Housing	79.2%	52.4%	46.0%
2010 Owner Occupied Housing	23.2%	50.6%	56.5%
2010 Renter Occupied Housing	76.8%	49.4%	43.5%

Income	1-Mile	3-Miles	5-Miles
\$ 0 - \$ 14,999	17.2%	11.1%	9.7%
\$ 15,000 - \$24,999	12.6%	8.4%	7.3%
\$ 25,000 - \$34,999	13.2%	9.2%	8.2%
\$ 35,000 - \$49,999	16.0%	12.3%	11.0%
\$ 50,000 - \$74,999	18.7%	18.3%	16.7%
\$ 75,000 - \$99,999	7.3%	11.8%	11.9%
\$100,000 - \$124,999	5.9%	10.2%	10.9%
\$125,000 - \$149,999	2.5%	5.8%	6.7%
\$150,000 - \$200,000	3.9%	7.2%	9.0%
\$200,000 to \$249,999	0.7%	2.4%	3.8%
\$250,000 +	2.2%	3.4%	4.9%
2022 Median Household Income	\$42,024	\$60,852	\$70,019
2022 Average Household Income	\$60,226	\$86,504	\$100,644



\$100,644

2022 AVERAGE HOUSEHOLD INCOME
(5-MILE RADIUS)



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