

FOR SALE

Two Unit Retail Building Anchored by Walgreens
40 Chester Avenue, Bakersfield California



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INCORPORATED

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INVESTMENT SUMMARY

Offering Price	\$4,650,000.00
Ownership Type	Fee Simple
Net Operating Income	\$293,011.56
Capitalization Rate	6.36%
Building Area	23,771 SF
Year Built	1968; Completely remodeled and divided in 1994
Land Area	2.34 Acres
On Site Parking	109 Spaces (4:58 Spaces/1,000 SF)
Occupancy	100%
Tenants	Walgreens Eurostar
Financing	Unencumbered



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INVESTMENT OFFERING

Prime Commercial, Inc. is pleased to offer for sale 40 Chester Avenue in Bakersfield, California. This two-unit retail building totals 23,771 square feet and is situated on a 2.34-acre parcel of land. The building was constructed in 1968 and was completely remodeled and divided into two units in 1994. The property is 100% leased to Walgreens and Eurostar. Walgreens has been a tenant since 1994 and recently agreed to a twenty-five-year lease extension commencing on October 1, 2019. Eurostar (Wholesale Shoe Sale) has been a tenant since 2012 and has two remaining five-year options to renew starting on February 1, 2023. Both leases are triple-net for ease of management.

The asset provides the investor a stable and increasing cash flow through two long term leases both of which have fixed scheduled rent increases during their respective terms. Walgreens has been a tenant for over 25 years which is a testament to the strength of this commercial site.

INVESTMENT HIGHLIGHTS

- 100% Leased to Walgreens and WSS
- Walgreens Corporately Guaranteed Lease (Standard & Poor's Investment Grade Rating of BBB) with a 25-Year Primary Term
- Ease of Management/NNN Leases
- Large Corner Lot with Drive Through Lane and Window Serving Walgreens
- Highly Visible Site with Excellent Ingress/Egress
- Fee Simple and Unencumbered Allows the Investor Attractive Financing Options
- Strong Demographic Profile with 124,401 Residents Within a 5 Mile Radius with and Average Household Income of \$58,777

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PROPERTY OVERVIEW

LOCATION

40 Chester Avenue
Bakersfield, CA 93301

SITE

Northeast Corner of Chester Avenue and Brundage Lane
APN 010-312-170

LAND AREA

Irregular shaped parcel totaling 2.34 acres

BUILDING AREA

40 Chester Avenue is developed with a single-story, slab on grade, concrete block retail building that was originally built in 1968 as a grocery store. The building is 23,771 square feet and in 1994 was completely remodeled and is divided into two units. Walgreens moved into the building at that time and occupies approximately 14,750 square feet and WSS (Warehouse Shoe Sales) occupies about 8,784 square feet. On the south side of the building, Walgreens has a covered drive through window. The exterior of the building is finished in stucco and Walgreens has an updated façade with covered arched walkway, decorative tile hip roofs, and large sign band on the front of the building. The roof is flat and covered with rolled macadam. Each of the two units is served with package HVAC systems. Other amenities include a dedicated dock high and roll up door serving the Walgreens side of the building and two exclusive freestanding illuminated pole signs fronting Chester Avenue.

PARKING

The building is severed with a parking lot that is asphalt paved, lighted at night and striped for 109 vehicles (4.58 stalls/1,000 sf).

TRAFFIC COUNTS

Chester Avenue 18,651 ADT
Brundage Lane 13,238 ADT

ZONING

Per the City of Bakersfield the property is zoned C2 (Central Business Zone)



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THE CITY OF BAKERSFIELD AND NEIGHBORHOOD

40 Chester Avenue is situated in Bakersfield near the southern end of the San Joaquin Valley within Kern County. Bakersfield is the county seat of Kern County and is strategically located approximately 110 miles north of Los Angeles and 240 miles south of San Jose and is interconnected by Highways I-5 and State Route 99. Kern County's population is expected to exceed 1,088,000 people by 2020 and was the third fastest growing county in California with growth of 2.1% in 2019.

Bakersfield is the largest metropolitan region within Kern County and is the 52 largest populous city in the United States and the 9th largest in California with a population of nearly 390,000 residents. Statistics compiled by the California Department of Finance estimate that Bakersfield grew by 1.1 percent in 2018, more than double the state rate of 0.47 percent. Bakersfield continues to show strong growth due to affordable housing, cheap transportation, and ease of access to beaches and mountains. Bakersfield is one of the fastest growing metropolitan area's in the Western United States and has seen growth of over 18.5 percent in the past five years.

Primary industries in Kern County and Bakersfield are agriculture and oil production. Kern County is ranked 1st in the State of California and 53rd Nationally for oil production with over 8.8 million barrels produced in 2019. Natural Gas is also a thriving industry in the area and Kern County accounted for about 34 percent of all California's natural gas production in 2019. Agriculture contributes significantly to local and regional economy and Kern County is part of the highly productive San Joaquin Valley. Bakersfield serves as the home for both corporate and regional headquarters of companies engaged in the production and distribution of food.

The subject neighborhood is mature and is located approximately one mile south of downtown Bakersfield and approximately two blocks north of Highway 55. The site has good access and visibility being situated at the heavily trafficked corner of Chester Avenue and Brundage Lane. Both of these thoroughfares are developed with commercial uses. Across the street at the northwest corner is an Albertsons grocery store and at the southwest corner is a McDonalds Drive Thru. Other national retailers and franchises include AutoZone, O'Reilly Auto Parts, Panda Express, and Taco Bell.



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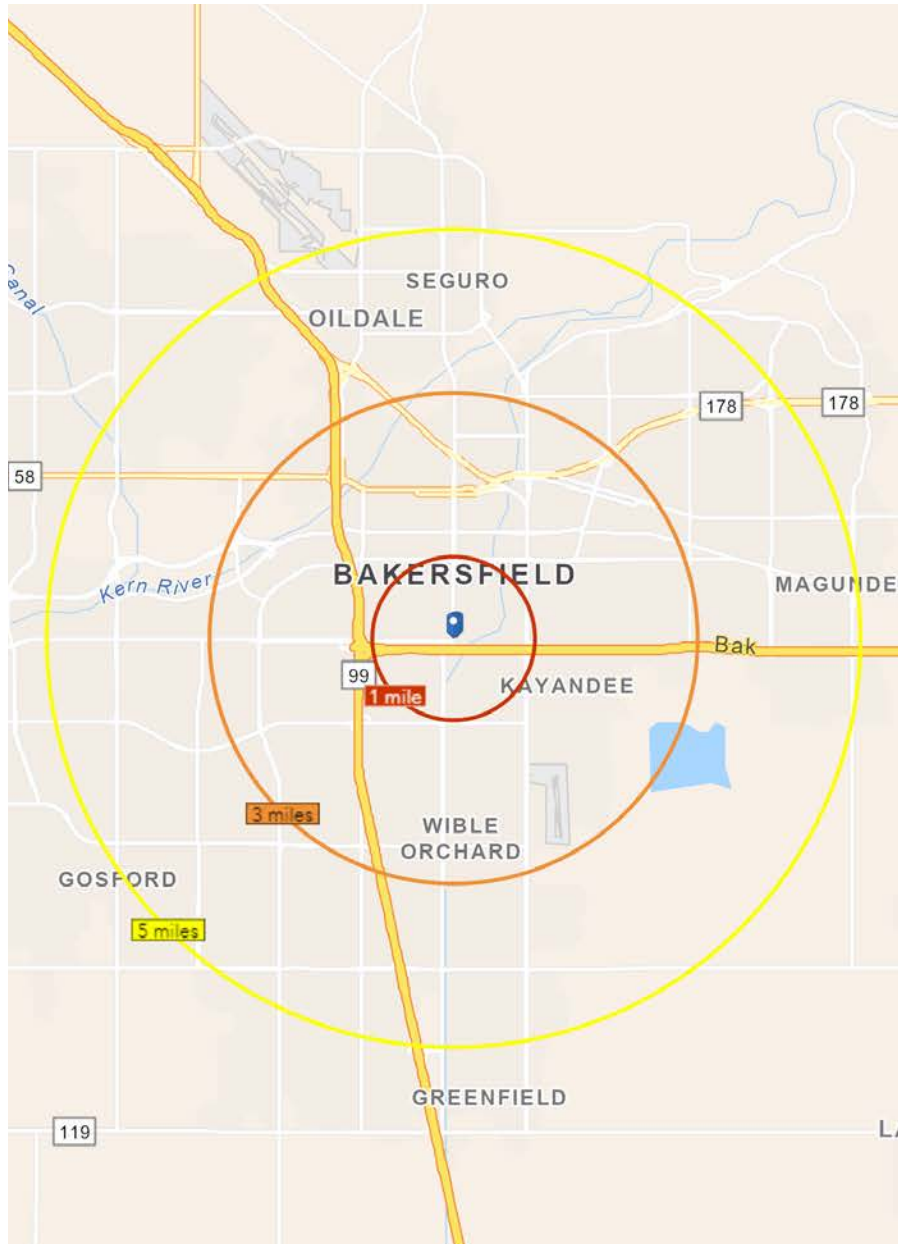
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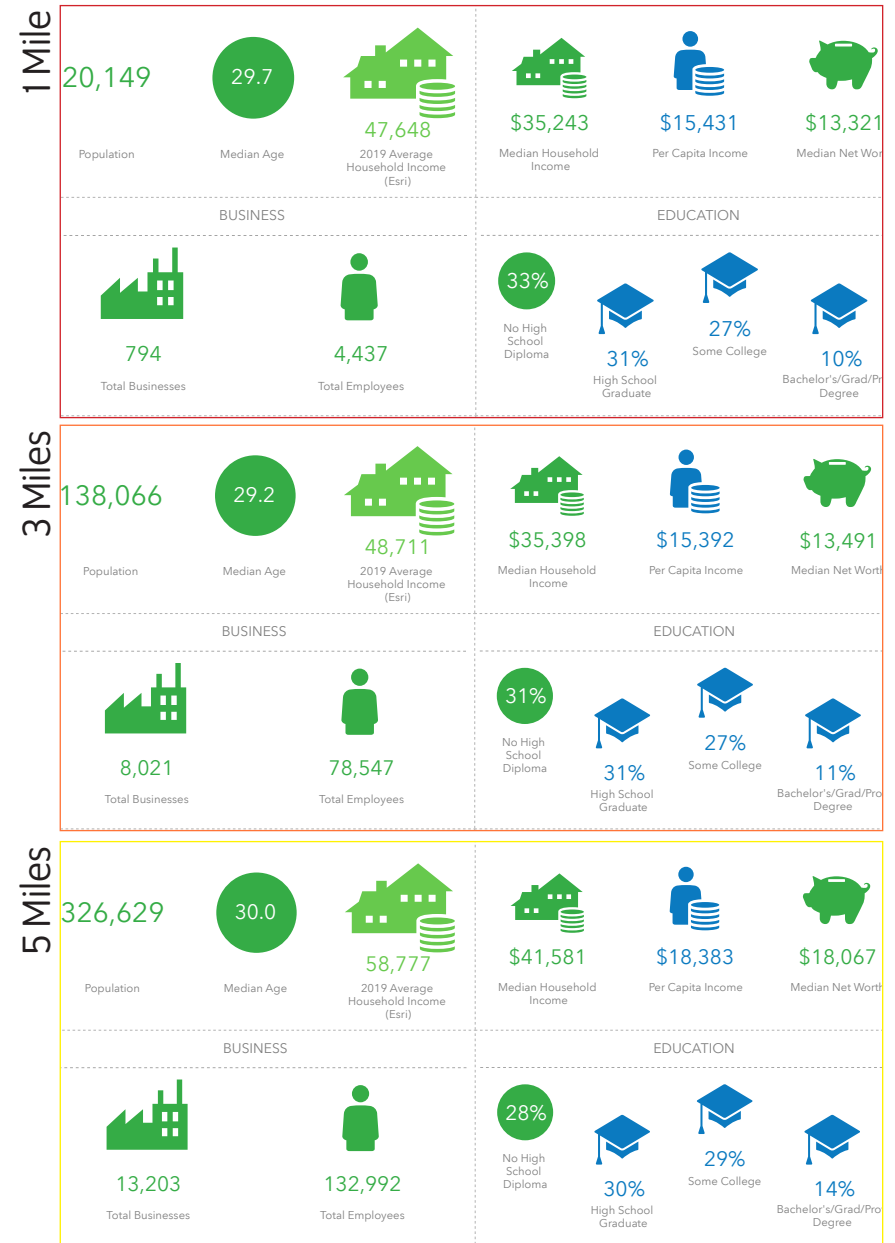


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AREA MAP



DEMOGRAPHICS



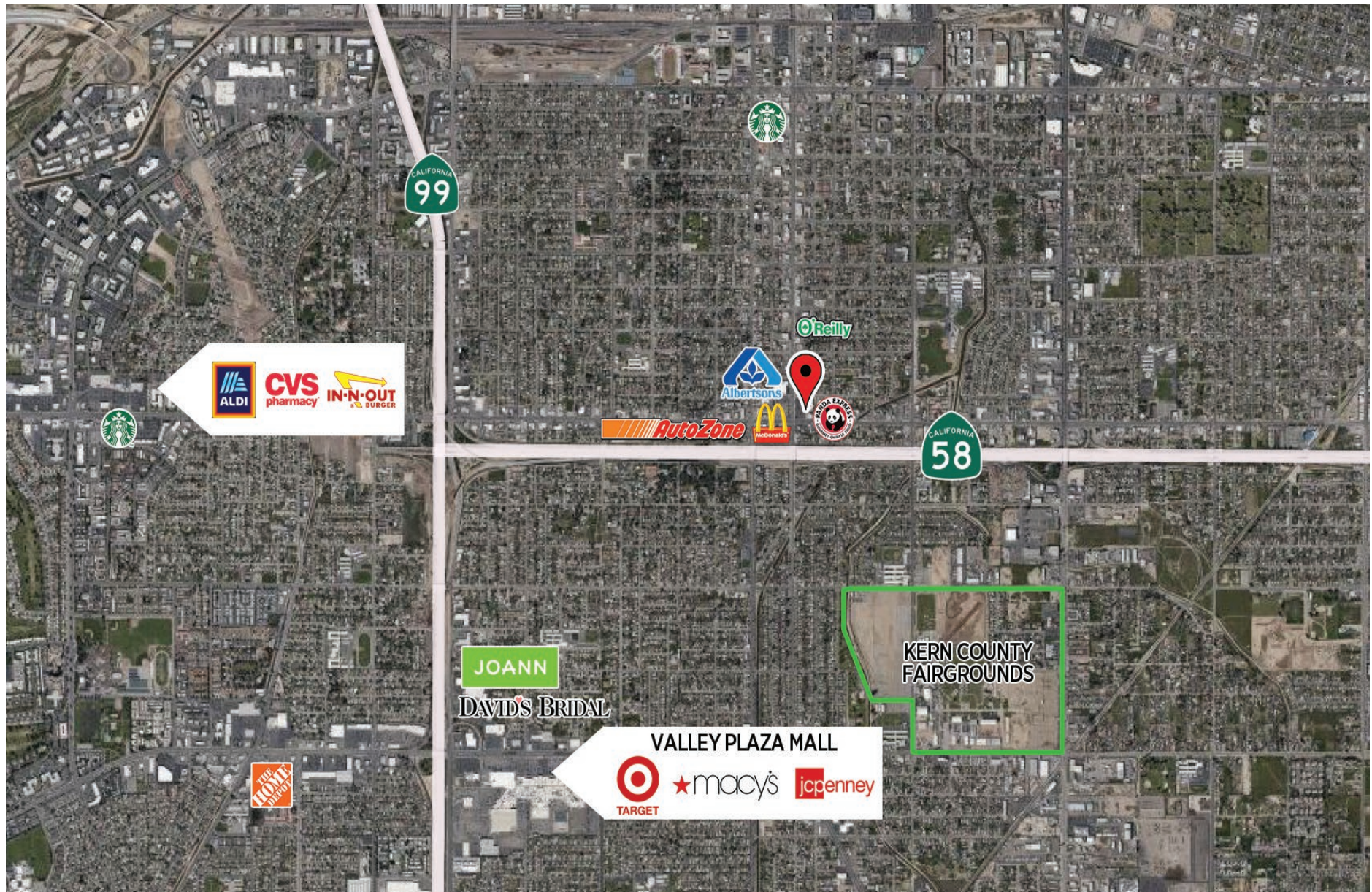
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AERIAL MAP



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AERIAL MAP II



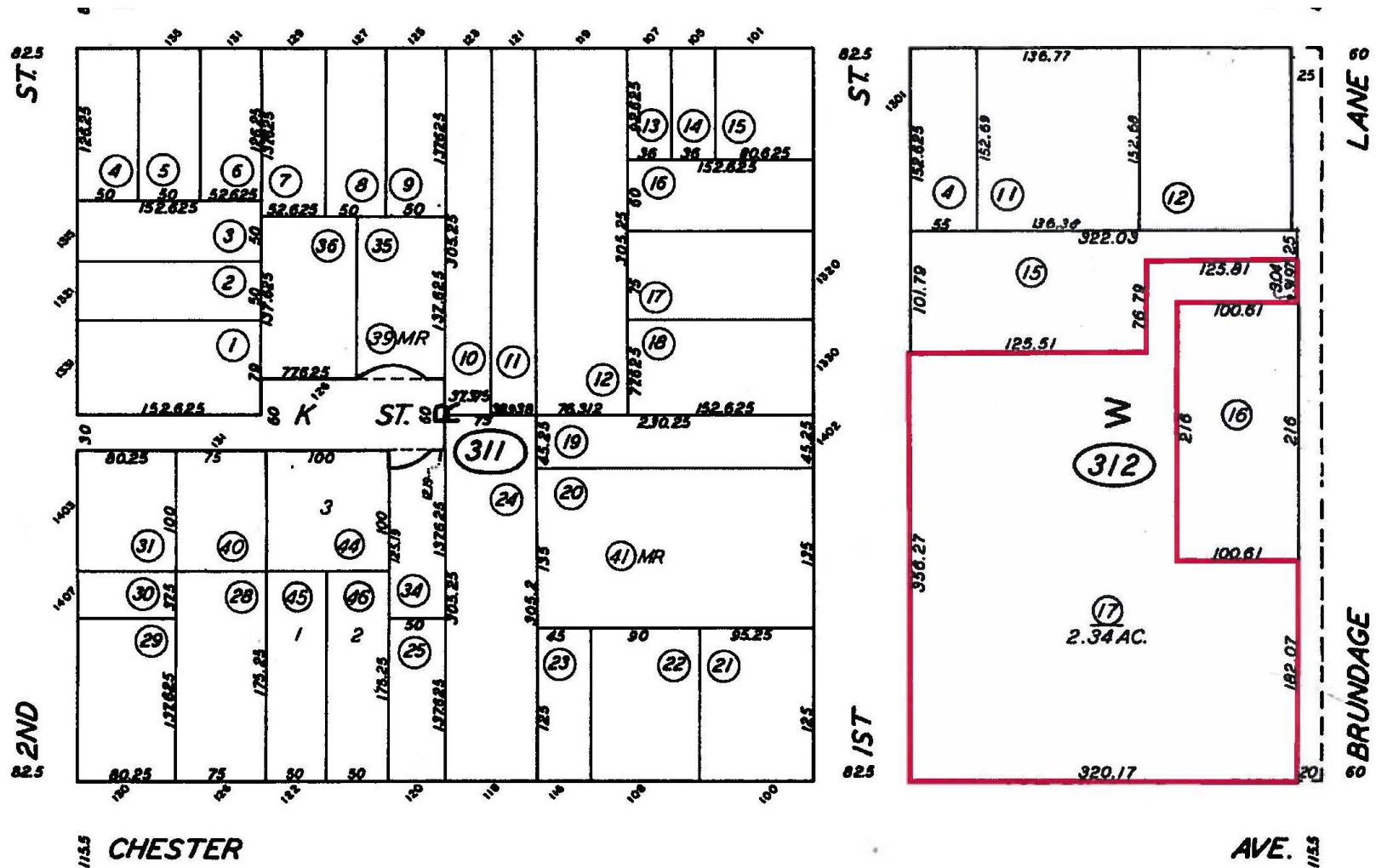
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PLAT MAP



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TENANT OVERVIEW



Walgreens is one of the nation's largest drug stores with over 9,277 stores in all 50 states, the District of Columbia, Puerto Rico, and the US Virgin Islands. The chain was founded in Chicago in 1901 and its current headquarters is located in Deerfield, Illinois. In December 2014 the Walgreens Boots Alliance was formed that owns Walgreens, Boots, and a number of pharmaceutical manufacturing, wholesale, and distribution companies. The company is organized into three divisions; Retail Pharmacy USA (Walgreens and Duane Reed), Retail Pharmacy International (Boots), and Pharmaceutical Wholesale incorporating Alliance Healthcare. The new company is traded on the New York Stock Exchanges (NASDAQ: WBA). As of October 2019, Walgreens Boots Alliance increased sales over 5.8% over the previous year with fiscal sales in 2019 being 136.9 billion dollars. Walgreens Boots Alliance has consistently maintained a strong credit rating of BBB according to Standard & Poors.



WSS is a family footwear retailer, former known as Warehouse Shoe Sale. It is a privately held national retailer with 92 outlets. The company was founded in 1984 and is headquartered in Los Angeles. In addition to their brick and mortar locations, WSS also operates an online retailer ShopWSS.com . WSS has been a tenant at 40 Chester Avenue since April 2012.



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RENT ROLL

Tenant	Square Feet	Lease Commencement	Lease Expiration	Lease Term	Monthly Rent	Rent/ Square Foot	Expense Service	Escalation	Options	Notes
Walgreens	14,750	10/1/2019	9/30/2044	25 Years	\$16,500.00	\$1.12	NNN	10/1/24 \$18,150.00 10/1/29 FMR* 10/1/34 FMR* 10/1/39 FMR*	None	1, 2
WSS	8,784	9/1/2017	1/31/2023	5 Years	\$7,909.18	\$0.87	NNN	9/1/20 \$7,909.18 9/1/21 \$8,146.46	2-5 year; 3% annual	3
Robin Yi	Easement				\$241.92					4
Total	23,534				\$24,651.10					

1 Walgreens has the right to terminate every five years after the first ten years.

2 Percentage Rent: If the sum equal to 2% of gross sales (except from the gross sale derived from the sale of prescription items); plus 1/2% the gross sales of prescription items made by Tenant in the operation of the Tenant's store in the leased premises in any lease year, shall exceed the total fixed rent for such lease year (limited to the restriction in items 2 (b) (c) and (d) contained in the lease).

3 Eurostar (WWS) is currently in the fourth year of their first option to renew.

4 Easement maintenance

REVENUE

Gross Potential Income	\$295,831.20
Vacancy (0.00%)	\$0.00
Expense Reimbursements	\$112,204.45
Effective Gross Income	\$408,017.65
Operating Expenses	\$102,204.45
Net Operating Income	\$295,831.20

EXPENSES

Real Estate Taxes (rate: 1.208096%)	\$56,176.46
Insurance (estimate)	\$17,453.00
CAM	\$27,252.00
Management Fee	\$8,400.00
Administrative Fee	\$2,922.99
Total	\$112,204.45

PRICE: \$4,650,000 (6.36% CAP RATE)

PRICE PER SQUARE FOOT \$197.59

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