



SUBJECT PROPERTY

*Palm Promenade - In Line Shops*

650-662 DENNERY RD | SAN DIEGO, CA



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Sally Beauty Supply  
Payless Shoesource

**EXCLUSIVELY  
LISTED BY**



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# EXECUTIVE SUMMARY



INTERSTATE 805  
±176,130 VPD



KAISER PERMANENTE  
OTAY



SUBJECT PROPERTY

# Offering Summary

Matthews National Retail Investment Group – West (NRIG – West) is pleased to present the fee simple sale of a portion of Palm Promenade, located in the city of San Diego, California. The property is situated on the corner of Palm Avenue and Dennery Road and benefits from its location directly off Interstate 805 in a densely populated submarket with strong demographics. This asset is an excellent opportunity to acquire a high-performing asset with low risk and upside potential. The property has been 100% leased for the past 16 years.

The offering provides an investor with a dominant location offering 3,000 feet of freeway frontage and the drawing power of 617,000 SF of retail with dominant anchors. The offering comprises one in line shopping strip.

# Investment Highlights

- Highly sought after Walmart, Vons, AMC Theatres and Home Depot shadow-anchored strip center
- Dominant freeway oriented retail center totaling ±617,000 SF and sporting ±3,000 ft of freeway frontage
- Prime real estate off of Interstate 805 with over 115,000 cars per day
- Unparalleled density with over 160,000 residents within a 3-mile radius with an income of \$70,000 and over 317,000 residents within a 5-mile radius with an income of \$73,000
- Unique conventional site plan with limited shop space in a highly trafficked shopping center
- Built out master-planned community
- Historical occupancy has remained at 100% for the past 16 years
- In place rents are below market
- May be purchased as a package with the Wells Fargo pad

# Financial Summary

In Line Building	List Price
<b>Offering:</b>	
Sale Price	\$13,750,000
Price PSF	\$570.07
<b>Investment Returns:</b>	
In Place Cap Rate	5.54%
<b>Premise:</b>	
In Place Income	\$761,465
Building SF	24,120



# PROPERTY OVERVIEW



# Physical Description

Property Name	Palm Promenade - In Line Shops
Address	650-662 Denney Rd
Location	San Diego, CA 92154
Cross Street	Palm Ave
Square Footage (GLA)	24,120
Land Area	143,312 SF (3.29 AC)
APN(s)	631-042-16
Year Built	1996
Type of Ownership	Fee Simple
Zoning	Commercial
Number of Stories	1
Number of Buildings	1
Parking Spaces	141
Parking Ratio	5.8:1,000





Walmart



VONS

IMPERIAL BEACH  
±16.9 MILES AWAY

DOWNTOWN SAN DIEGO  
±15.7 MILES AWAY

PALM AVENUE  
±23,907 VPD

INTERSTATE 805  
±176,130 VPD

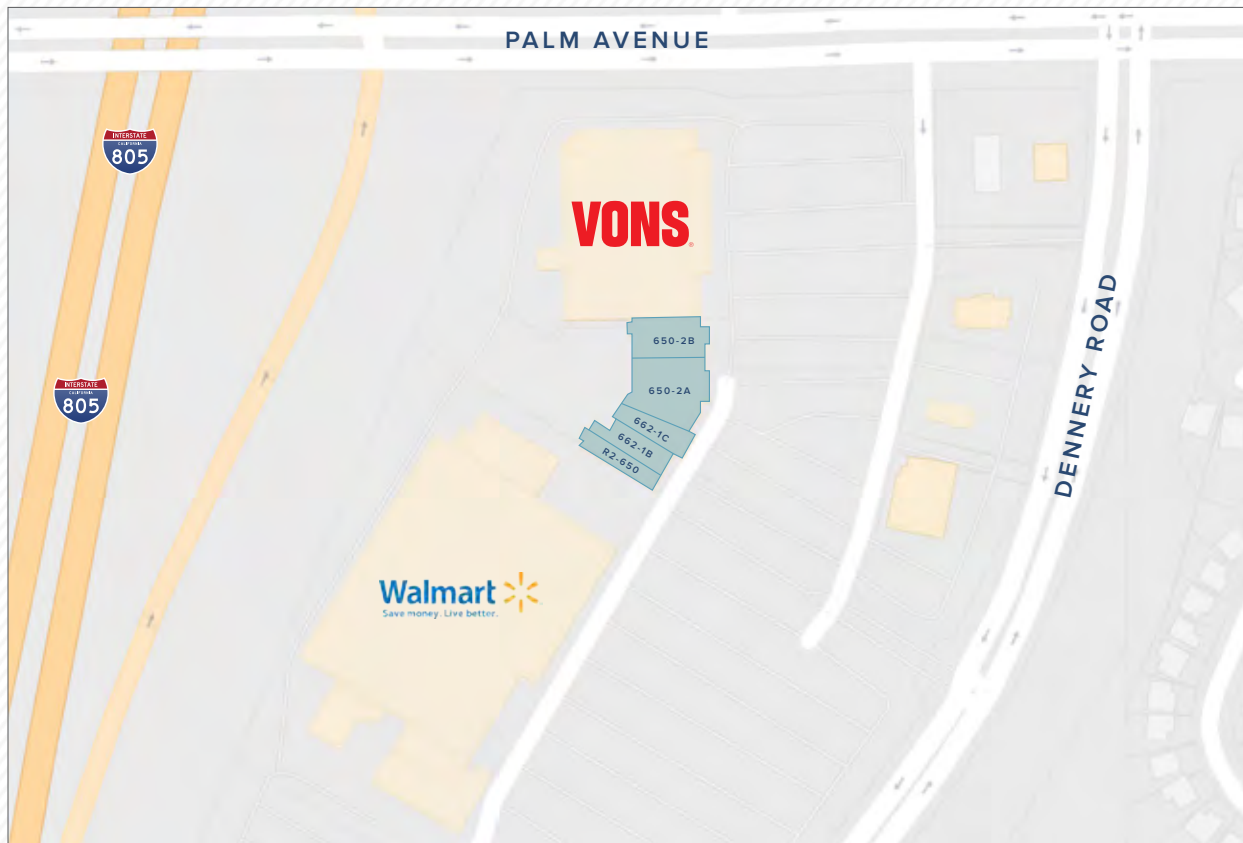
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SUBJECT PROPERTY



# Site Plan

## Tenant Roster



Unit	Tenant	SF
<i>Inline Parcel</i>		
R2-650	New Cingular Wireless	
662-1C	Payless Shoesource	4,120
650-2B	United States Postal	6,600
650-2B	Sprint	3,000
662-1B	Sally Beauty Supply	3,000
650-2A	Sunny's Fashion	7,400

Inline Parcel
  NAP

# AREA OVERVIEW

## San Diego, CA

San Diego is a major city in California, in San Diego County, on the coast of the Pacific Ocean in Southern California, approximately 120 miles south of Los Angeles and immediately adjacent to the border with Mexico. With an estimated population of more than 1.7 million people, San Diego is the eighth-largest city in the United States, second-largest in California, and positive growth has been steady over years.

San Diego is known as “the birthplace of California” and is known for its mild year-round climate, natural deep-water harbor, extensive beaches, long association with the United States Navy and recent emergence as a healthcare and biotechnology development center.

### INTERNATIONAL TRADE AND ECONOMIC FORCE

San Diego’s commercial port and its location on the United States-Mexico border make international trade an important factor in the city’s economy. San Diego’s main economic engines are military and defense-related activities, tourism, international trade, and manufacturing.



## Demographics

POPULATION	1 Mile	3 Mile	5 Mile
2021 Projection	25,450	172,881	344,358
2016 Estimate	23,865	163,786	326,042
Growth 2016 - 2021	6.64%	5.55%	5.62%

HOUSEHOLDS	1 Mile	3 Mile	5 Mile
2021 Projection	3,451	53,853	125,133
2016 Estimate	6,173	45,221	95,658
Growth 2016 - 2021	6.69%	5.68%	5.85%

INCOME	1 Mile	3 Mile	5 Mile
2016 Est. Average Household Income	\$115,522	\$76,076	\$76,247

## One of the Best Places to Invest

San Diego was one of the five most expensive housing markets in the fourth quarter of 2015. San Diego ranked the fastest in price appreciation and ranked 24th overall nationally. According to the latest report from San Diego Association of Realtors, the overall Median Sales Price was up 5.9% \$468,000 in February 2016.

### POPULATION GROWTH

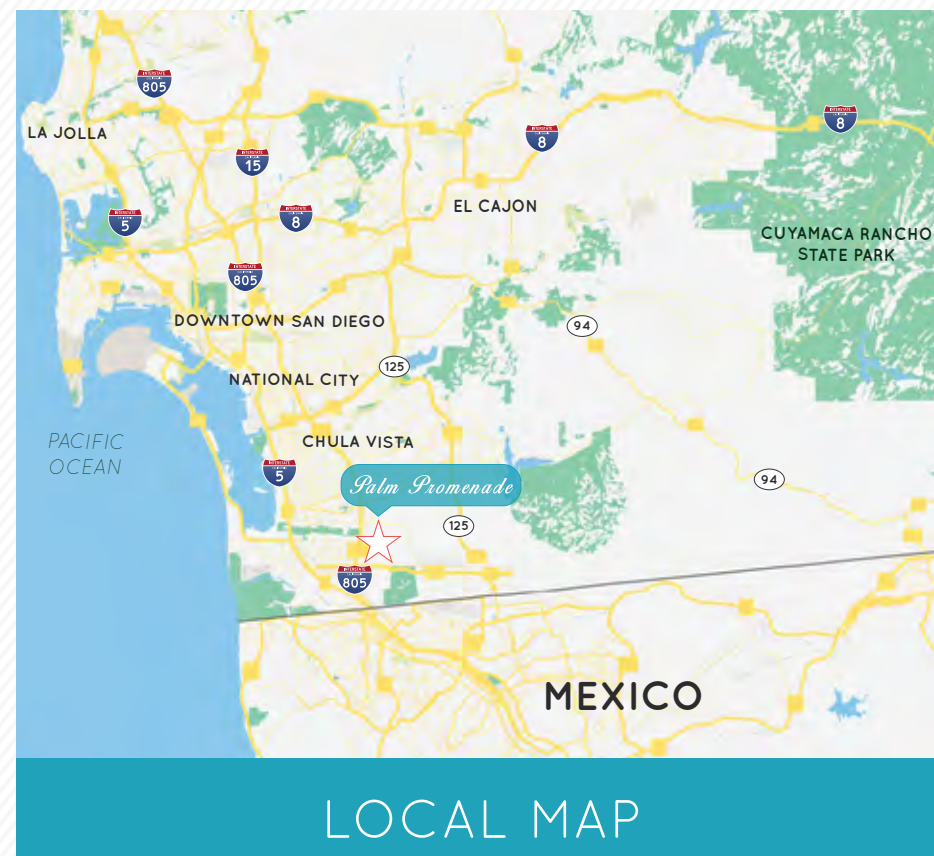
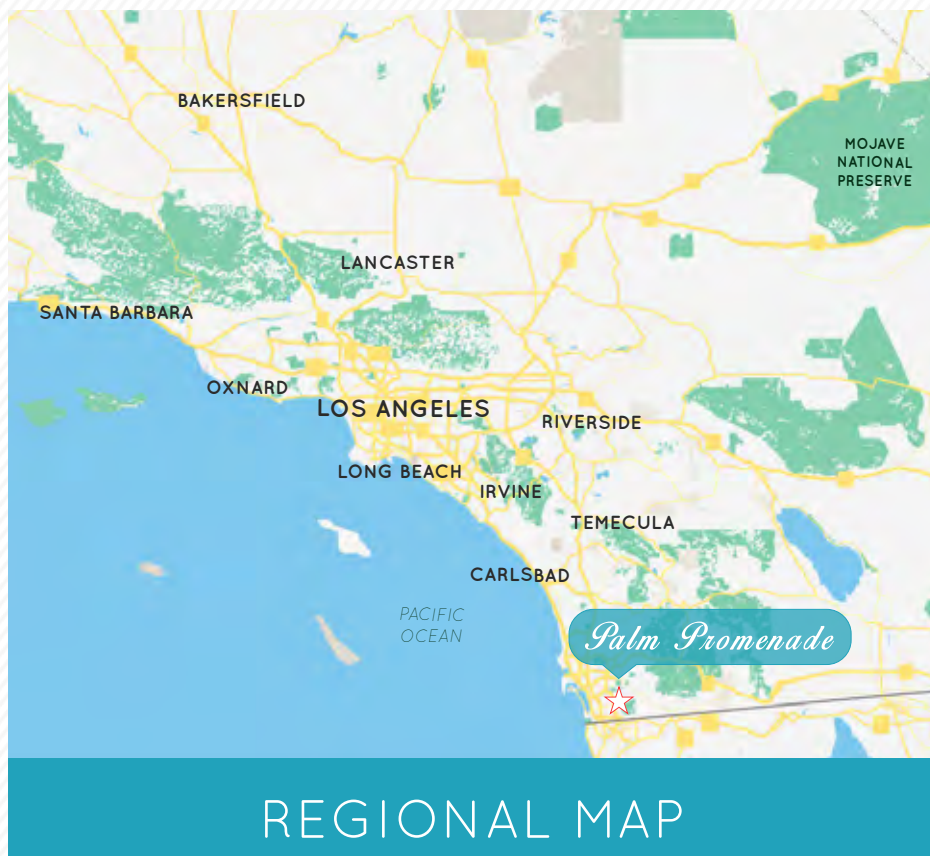
The California Department of Finance predicted that San Diego County's population will grow by 31 percent to hit 4.07 million people by 2060.

### CLIMATE

San Diego has on average 146 sunny days and 117 partly cloudy days a year, with mild, sunny weather throughout the year.







## Prime Location

Palm Promenade Center East not only enjoys the convenience of nearby interstate freeways and airports, but also quick access to major shipping ports in the neighboring cities of National City and San Diego.

## Port of San Diego

The Port of San Diego is one of only 17 strategic commercial seaports in the United States. The Port of San Diego is the fourth largest port in California. Its maritime terminals provide the infrastructure and services necessary to support military deployment activities, which can range from getting vehicles and equipment where it needs to go, to shipping household goods to servicemen and their families. In the last two years, 18.4 million pounds of unit cargo has gone through the Tenth Avenue Marine Terminal and the National City Marine Terminal, ranking the port as the number one Strategic Port on the West Coast.



## San Diego County

San Diego County is the second-most populous county in California and the fifth-most populous in the United States. San Diego County comprises the San Diego-Carlsbad Metropolitan Statistical Area. The San Diego-Carlsbad, CA Metropolitan Statistical Area as the 17th most populous metropolitan statistical area and the 18th most populous primary statistical area of the United States. Greater San Diego ranks as the 38th largest metropolitan area in the Americas.

San Diego County has 70 miles of coastline. There are also 16 naval and military installations of the U.S. Navy, U.S. Marine Corps, and the U.S. Coast Guard in San Diego County. From north to south, San Diego County extends from the southern borders of Orange County and Riverside County to the Mexico–United States border and Baja California.

The largest sectors of the San Diego's economy are defense/military, tourism, international trade, and research/manufacturing, respectively. In 2014, San Diego was designated by a Forbes columnist as the best city in the country to launch a small business or startup company

## Top Employers

EMPLOYER	# OF EMPLOYEES
United States Navy	29,948
University of California, San Diego	28,459
Sharp HealthCare	16,896
San Diego County	16,427
Qualcomm	13,725
San Diego Unified School District	13,446
City of San Diego	10,968
Dexcom	10,540
Kaiser Permanente	7,549
Scripps Health	6,111

## Points of Interest



**QUALCOMM STADIUM**

Qualcomm Stadium is a multi-purpose stadium, home of the San Diego Chargers and the San Diego State Aztecs football team. Located on the interchange of Interstate 8 & 15, the stadium has a capacity of 70,560 and has hosted three super bowl games.



**BALBOA PARK**

Just minutes from Downtown San Diego, Balboa Park is the nation's largest urban cultural park. The 1,200-acre park contains gardens, museums, theaters, restaurants and recreational facilities, and sees over 6 million visitors annually.



**SEAWORLD**

SeaWorld is a marine mammal park, oceanarium, and animal theme park, and hosts about 4 million visitors per year. Seaworld is also renowned for conducting research on marine biology and providing education and outreach on marine issues to the general public.



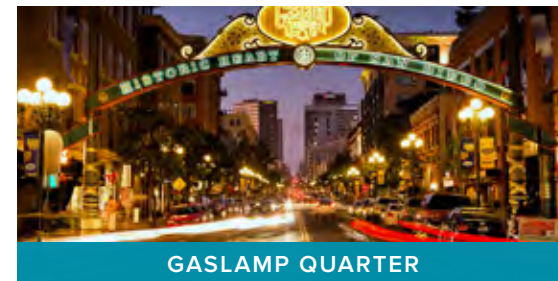
**SEAPORT VILLAGE**

The link between San Diego Bay and the city's downtown core, Seaport Village is a 14 acre waterfront shopping, dining and entertainment complex. Seaport Village includes more than 70 shops, galleries and eateries, and is in close proximity to local hotels, the airport and cruise ship terminal.



**SAN DIEGO ZOO**

The San Diego zoo houses over 3,700 animals and more than 650 species. A pioneer in the concept of open-air, cage-less exhibits that re-create natural animal habitats, the Zoo has the largest zoological membership association in the world, representing more than a half-million people.



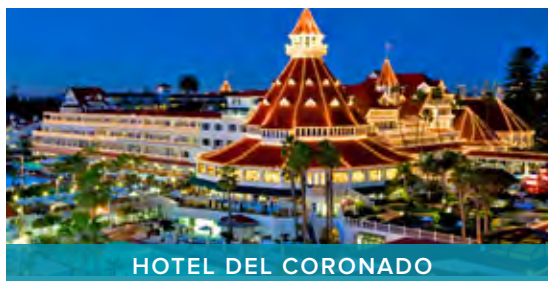
**GASLAMP QUARTER**

The Gaslamp Quarter is a 16½ block historical neighborhood in Downtown San Diego, and is the site of several entertainment and night life venues, as well as scheduled events and festivals. It includes 94 historic buildings that are still in use with active tenants including restaurants, shops and nightclubs.



**OLD TOWN**

Old Town is a 230 acre neighborhood that contains nine hotels, 32 restaurants and more than 100 specialty shops. Bounded by Interstate 8 on the north and Interstate 5 on the west, it is the oldest settled area in San Diego and is the site of the first European settlement in present-day California.



**HOTEL DEL CORONADO**

Hotel del Coronado is a historic beach-front hotel in the city of Coronado, just across the San Diego Bay. It is one of the few surviving examples of the wooden Victorian beach resort. It is the second largest wooden structure in the US, and has hosted presidents, royalty, and celebrities through the years.



**TORREY PINES GOLF COURSE**

Torrey Pines Golf Course is a 36-hole municipal public golf course that sits on the coastal cliffs overlooking the Pacific Ocean. The course has a unique method to ensure continued public access to the course, and has hosted several championship tournaments.

# FINANCIAL OVERVIEW





## Rent Roll

Unit	Tenant	Lease Start	Lease End	SF	% of GLA	Contract Rental Rate		Rent PSF		Rent Increases	Options	
						Year	Month	Year	Month			
R2-650*	New Cingular Wireless	Jan-06	Dec-20		0.0%	\$42,024	\$3,502				1 x 5 yr	
662-1C	Payless Shoesource	Jul-95	Jul-20	4,120	17.1%	\$100,402	\$8,367	\$24.37	\$2.03		None	
650-2B	United States Postal	Sep-99	Aug-19	6,600	27.4%	\$210,793	\$17,566	\$31.94	\$2.66	Sep-19 Sep-24	\$242,412 \$278,774	2 x 5 yr
650-2B	Sprint	Oct-16	Sep-26	3,000	12.4%	\$144,000	\$12,000	\$48.00	\$4.00	Oct-17 Oct-18 Oct-19 Oct-20	\$148,320 \$152,760 \$157,350 \$162,060	1 x 5 yr
662-1B	Sally Beauty Supply	Sep-95	Sep-20	3,000	12.4%	\$108,000	\$9,000	\$36.00	\$3.00	Oct-20	\$118,800	1 x 5 yr
650-2A	Sunny's Fashion	Apr-00	Aug-17	7,400	30.7%	\$155,696	\$12,975	\$21.04	\$1.75	Sep-17 Sep-18 - Sep-22	FMV 3.00% Annual Increases	1 x 5 yr
<b>Total</b>				<b>24,120</b>	<b>100%</b>	<b>\$760,915</b>	<b>\$63,410</b>	<b>\$31.55</b>	<b>\$2.63</b>			

\*Income from Wireless Antenna rent

## Summary Tenant Profile

INCOME DISTRIBUTION			
Tenant Name	In Place Rent	% of Income	Expiration Date
New Cingular Wireless	\$42,024	5.52%	Dec-20
Payless Shoesource	\$100,402	13.19%	Jul-20
United States Postal	\$210,793	27.70%	Aug-19
Sprint	\$144,000	18.92%	Sep-26
Sally Beauty Supply	\$108,000	14.19%	Sep-20
Sunny's Fashion	\$155,696	20.46%	Aug-17
<b>Total</b>	<b>\$760,915</b>	<b>100%</b>	

## Income & Expenses

	Total	\$/SF
<b>Income</b>		
Rental Income	\$760,915	\$31.55
Expense Reimbursements	\$240,000	\$9.95
Vacancy Factor (3%)	(\$22,827)	(\$0.95)
Effective Gross Income	\$1,000,915	\$41.50
<b>Expenses</b>		
Real Estate Taxes	\$130,000	\$5.39
Property Insurance	\$7,200	\$0.30
CAM	\$72,250	\$3.00
Management	\$30,000	\$1.24
EGI (%)	3.00%	
Non-Reimbursable Expenses		
Operating Expenses	\$239,450	\$9.93
<b>Net Operating Income</b>	<b>\$761,465</b>	<b>\$31.57</b>
Operating Expense Ratio	<b>24%</b>	

# SUNNY'S II FASHION & PLUS

SCHOOL UNIFORMS

SMALL MEDIUM

OPEN



# TENANT OVERVIEW



## Sally Beauty Supply

Sally Beauty Supply is an American international specialty retailer and distributor of professional beauty supplies with revenues of more than \$2,600,000,000 annually. The Company sells and distributes through over 4,000 stores, including approximately 200 franchised units, throughout the United States, the United Kingdom, Belgium, Canada, Chile, Puerto Rico, Mexico, France, Ireland, Spain and Germany. Sally Beauty Supply stores offer more than 6,000 products for hair, skin, and nails through professional lines such as Clairol, L'Oreal, Wella, and Conair, as well as an extensive selection of proprietary merchandise.



Company Name	Sally Beauty Supply
Ownership	Public
No. of Locations	±2,800
No. of Employees	±28,330
Headquartered	Denton, TX
Web Site	<a href="http://www.sallybeautyholdings.com">www.sallybeautyholdings.com</a>
Year Founded	1964

*Source: hoovers.com*

## Payless Shoesource

One of the top shoe retailers in the world, Payless ShoeSource operates more than 4,400 stores in more than 30 countries. It also has nearly 260 franchised stores located primarily in Asia, Eastern Europe, and the Middle East. Payless shops offer dress, athletic, and casual shoes; slippers; boots; and sandals for men, women, and kids. The discount shoe chain targets women age 18 to 49. Its North American stores stock about 6,600 pairs of shoes in 500 styles.



Company Name	Payless Shoesource, Inc.
No. of Locations	±4,496
Primary Industry	Shoe Stores
Headquartered	Topeka, KS
Web Site	<a href="http://www.payless.com">www.payless.com</a>
Year Founded	1961

*Source: hoovers.com*



**MATTHEWS** | RETAIL  
ADVISORS™

## CONFIDENTIALITY & DISCLAIMER STATEMENT

This Offering Memorandum contains select information pertaining to the business and affairs of **Palm Promenade Center East** located at **650-662 Denney Rd | San Diego, CA 92154 (“Property”)**. It has been prepared by Matthews Retail Advisors. This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews Retail Advisors. The material is based in part upon information supplied by the Seller and in part upon financial information obtained from sources it deems reliable. Owner, nor their officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Owner and Matthews Retail Advisors expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser’s sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Matthews Retail Advisors or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.