



VICTORVILLE-DDS DISCOUNTS & VETERAN AFFAIRS MEDICAL CLINIC

14598 7th Street, Victorville, CA 92395



OFFERING MEMORANDUM

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INVESTMENT SUMMARY



INVESTMENT SUMMARY

The Opportunity

Pacwest Management Inc is pleased to present the opportunity to acquire a 47,650 square foot commercial property leased to Ross Dress for Less (NYSE: ROST) dba dd's Discounts and STG International dba U.S. Department of Veteran Affairs Outpatient Clinic as well as ancillary income from 16 Tesla Super Charging stations. Averaging just \$0.77/SF on a net basis, the property features low, replaceable rents below comparable properties in the immediate trade area. Both NNN leases feature corporate guarantees and embedded rental increases to hedge against inflation. The property is located at the busy intersection of 7th Street and La Paz with approximately 39K cars per day at the intersection. The property is surrounded by national retailers including Costco, Food 4 Less, 99 Cent Only, Toyota, Kia, and In Shape Fitness. With Goodwill and AutoZone as co-tenants, the Property is perfectly positioned to service the value oriented consumer in the trade area. Per Investment Advisor, SmartAsset, Victorville ranks #13 on its 2022 Top 100 Boomtowns in America.

2022 Top 100 Boomtowns

Per www.SmartAsset.com

Rank	City	Avg Yearly GDP Growth	Population	Number of Business	Housing Unit
11	Port St. Lucie, FL	1.35%	17.50%	19.87%	15.34%
12	Rancho Cordova, CA	1.52%	11.21%	10.28%	17.02%
13	Victorville, CA(Tie)	1.70%	11.18%	12.70%	15.45%
13	Riverview, FL(Tie)	1.91%	28.80%	13.22%	32.51%
15	Homestead FL	-0.33%	18.42%	9.95%	34.83%
16	Fayetteville, AR	1.38%	13.61%	11.69%	29.55%
17	Peoria, AZ	2.70%	18.70%	12.88%	23.30%
18	Roseville, CA	1.59%	14.48%	12.42%	18.05%
19	Denton, TX	4.47%	10.71%	22.86%	21.05%
20	Durham, NC	4.72%	8.54%	8.81%	14.73%

Offering Summary

Sale Price:	\$6,970,000
NOI:	\$460,172
Cap Rate:	6.60%
Price/SF:	\$145/SF
Lease Type:	NNN
Building Size:	±47,650 SF
Lot Size:	±5.32 AC
Occupancy:	100%
Number of Tenants:	2 Tenants + 16 Tesla Superchargers
Zoning:	Specific Plan (Civic Mixed)
Ownership Type:	Fee Simple (Land + Improvements)



STRONG INVESTMENT FUNDAMENTALS



- **100% Leased to Two NNN, National Credit Tenants + Tesla Charging Station –**
- **dd's Discounts (Ross Stores)**
 - o 2,010 stores across 40 states
 - o S&P 500, Fortune 500, and Nasdaq 100 (ROST) company
 - o 2022 revenues of \$18.052 billion
- **VA Outpatient Clinic** (Operated & Guaranteed by STG International)
 - o 2022 revenues of \$380 million
 - o 1,800+ employees
 - o 25 year history of operating government healthcare facilities
- **Tesla Superchargers**
 - o Guaranteed by Tesla, Inc. (NASDAQ: TSLA)
 - o 16 high speed charging stations
 - o 200 miles of charge in 15 minutes
 - o Largest in High Desert region & assists in LA to Las Vegas travel
- **Low, Replaceable Rents** – In-place rents average just \$0.77/SF on a net basis, well in-line with the overall market average and below comparable properties in the immediate trade area.
- **Upside Potential** – Previously a Kmart, the property features a 3,750 square foot former garden area that can be enclosed and converted to leaseable area.
- **Publicly Traded Companies** – dd's Discounts (Ross Stores, Inc.) and Tesla, Inc. are publicly traded companies, providing investors with the comfort and ability to view quarterly published financial statements as required by the SEC.
- **E-Commerce Resistant Service/Medical Users** – Discount clothing and medical/healthcare uses cannot be easily duplicated online.
- **Strong Income Growth Through Embedded Rent Increases** – Rent increases of 10% every 5 years offer investors a strong hedge against inflation.
- **Depreciable Asset** – Both the land and improvements are offered. By taking advantage of a cost segregation analysis, investors are offered the opportunity to potentially accelerate the depreciation of the asset, providing a key tax advantage and higher after-tax cash flow.
- **Below Replacement Cost** – At \$145/SF, the subject property is offered to investors at a price point below its replacement cost.
- **New Roof:** Brand new roof installed over entire building in early 2023



STRONG COMMERCIAL HUB

- **Victor Town Center** – The subject property anchors Victor Town Center, one of the trade area’s primary regional community centers.
- **3rd Party Common Area Management** – Victor Town Center’s common areas are maintained by a professional 3rd party property management company offering investors minimal management responsibilities, the cost of which can be passed through to the property’s tenants via CAM
- **Surrounded by National Retailers** – including Costco, 99 Cent Only, Food4Less, 7-Eleven, Starbucks, AutoZone, O’Reilly Auto Parts, Harbor Freight, Jack in the Box, and more.

- **Main & Main Intersection** – 7th Street & La Paz Dr. is one of the trade area’s “main & main” commercial intersections with over 39,700 vehicles passing per day.
- **Close Proximity to Interstate 15** – Victor Town Center is less than 0.4 miles from the I-15 “La Paz Drive” freeway exit.
- **Victorville Named Top 100 Boomtowns in America by SmartAsset** – New York-based SmartAsset ranked Victorville at #13 on its Top 100 Boomtowns in America, noting “Victorville has grown 11.18% in population, had a 12.7% increase in businesses, and a 15.45% increase in housing units for the year 2022.” Ranking in at number 34, Hesperia has “grown 7.73% in population, had a 12.7% increase in businesses and 8.2% increase in housing units.” (www.theHDpost.com, December 8, 2022)



AERIAL FACING SOUTHWEST



AERIAL FACING NORTHWEST



SURROUNDING PROPERTIES (NAP)



SITE PLAN



NOTE: Former Garden Center is partially enclosed and can potentially be fully enclosed to add an additional ±3,750 SF of leaseable area.



FINANCIAL SUMMARY



FINANCIAL SUMMARY

Revenue

Base Annual Rent	\$460,172
Expense Reimbursements	\$149,555
Gross Operating Income	\$609,727

Operating Expenses

Property Taxes [1]	\$79,047
Insurance	\$10,037
Maintenance & Repairs	\$29,801
Utilities	\$2,902
Trash	\$3,379
Property Management (4%)	\$24,389
Total Expenses	\$149,555

Net Operating Income **\$460,172**

[1] Property taxes reassessed for sale at 1.1341% of purchase price.

Pricing

Purchase Price	\$6,970,000
Cap Rate (In-Place)	6.60%
Price/SF	\$145

Proposed Financing [2]

Loan to Value	50%
Down Payment	\$3,485,000
Loan Amount	\$3,485,000
Rate	5.75%
Amortization	30 Years (Interest Only in Year 1)
Term	10 Years

Leveraged Returns

Debt Service (Year 1 - Interest Only)	(\$200,388)
After-Debt Cash Flow (Year 1 - Interest Only)	\$259,785
Cash-on-Cash Return (Year 1 - Interest Only)	7.45%
Principal Paydown (Year 2 - Amortizing Loan)	\$61,237
Total Return (Year 2 - Amortizing Loan)	7.96%

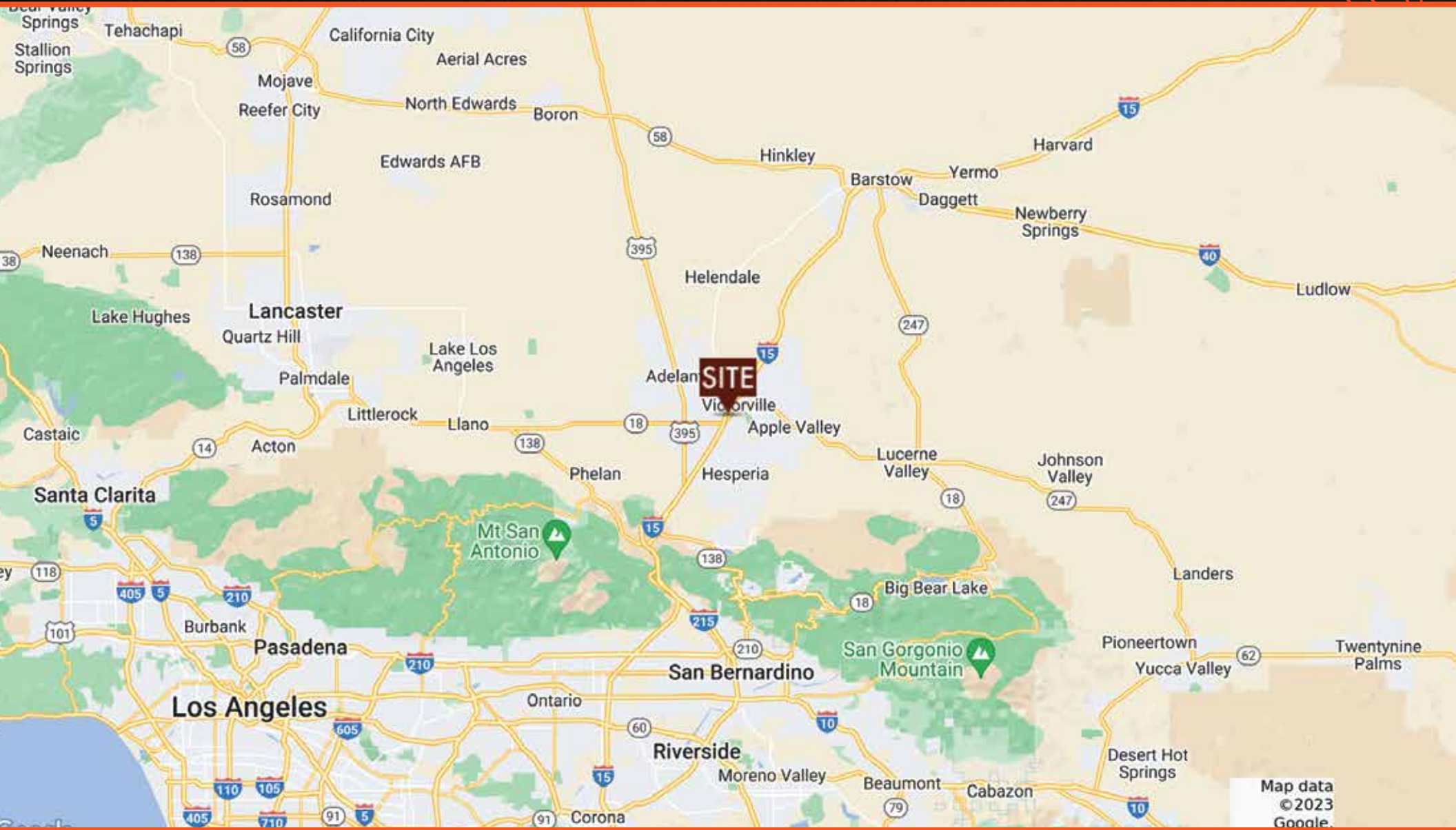
[2] For more information regarding financing, contact Mike Davis with Pacific Southwest Realty Services at (310) 440-2308



Property: **Victorville-DDs Discounts & Veteran Affairs Medical Clinic**
 Address: **14598 7th Street, Victorville, CA 92395**

Tenant Information			Lease Term			Rent Summary				
TENANT	UNIT	SIZE (SF)	LEASE BEGIN	MOST RECENT RENEWAL	LEASE END	BASE RENT	RENT/SF	LEASE TYPE	INCREASES	OPTIONS
dd's Discounts (Ross Guaranty)	A	25,720	Apr-2005	2022	Jan-2027	\$15,218	\$0.59	NNN	10% Every 5 Years	Two 5-Year
VA Clinic (STG International)	B	21,930	Oct-2021	2021	Sep-2031	\$21,930	\$1.00	NNN	10% Every 5 Years	One 5-Year
Tesla Superchargers (Tesla, Inc. Guaranty)	PAD	400	Jan-2023	2023	Jan-2028	\$1,200	\$3.00	GROSS	None	Two 5-Year
TOTAL:		48,050 SF			Monthly Rent	\$38,348				
OCCUPIED:		48,050 SF	(100%)		Annual Rent	\$460,172				
AVAILABLE:		0 SF	(0%)							

REGIONAL MAP



TENANT PROFILE DD'S DISCOUNTS



Company Overview

Ross Stores, Inc. is an S&P 500, Fortune 500, and Nasdaq 100 (ROST) company headquartered in Dublin, California, with fiscal 2022 revenues of \$18.502 billion. Currently, the company operates Ross Dress for Less, the largest off-price apparel and home fashion chain in the United States with over 1,690 locations across 40 states, the District of Columbia, and Guam. Ross offers first-quality, in season, name brand and designer apparel, accessories, footwear, and home fashion at a 20% to 60% discounted price. The company also operates over 320 dd's Discounts in the United States that feature moderately-priced assortment of first-quality, in-season, name brand apparel, accessories, footwear, and home fashions at a 20% to 70% discounted price.

<https://www.ddsdiscounts.com/>



TENANT PROFILE VA CLINIC



VA

U.S. Department
of Veterans Affairs

Company Overview

Operated by STG International, Victorville VA Outpatient Clinic is a medical facility where patients receive diagnostic, therapeutic, and preventive health care services without being admitted overnight. Staffed with physicians, nurses, and other healthcare professionals, the clinic can provide a wide range of services including diagnostics, treatments, and follow-up care. STGi is a national firm which specializes in the areas of healthcare services, training services and grants management to federal customers. Building on 25 years of experience, STGi works with customers across the U.S. and has built a portfolio of programs that focuses on providing services to traditionally underserved populations. They have a strong reputation for delivering high-quality services and are committed to meeting the unique needs of their clients. The company is known for its commitment to excellence and its ability to adapt to changing demands and requirements.

<https://www.stginternational.com/>



TENANT PROFILE TESLA, INC. (SUPERCHARGER HUB)

TESLA
DESTINATION
CHARGING

Company Overview

Tesla, Inc. is an American multinational corporation that designs, manufactures, and sells electric vehicles, energy storage and solar panel products. Founded in 2003, the company specializes in electric cars, lithium-ion battery energy storage, and residential photovoltaic panels (through the subsidiary company, Tesla Energy). Tesla has become one of the most valuable car companies in the world and is known for its commitment to sustainable energy and reducing carbon emissions. The company is led by CEO Elon Musk and is headquartered in Austin, Texas. Tesla revenue for 2022 was \$74.863 billion, a 55.95% increase year-over-year.



<https://www.stginternational.com/>



MARKET OVERVIEW



PROPERTY INFORMATION



Assessors Parcel Number
106-262-19



Year Built
1968
Renovated in 2010



Building Area
+47,650 SF



Lot Size
+5.32 AC



Parking
+262 Surface Stalls



Traffic Counts
7th Street: +22,928 CPD
La Paz Drive: +16,827 CPD

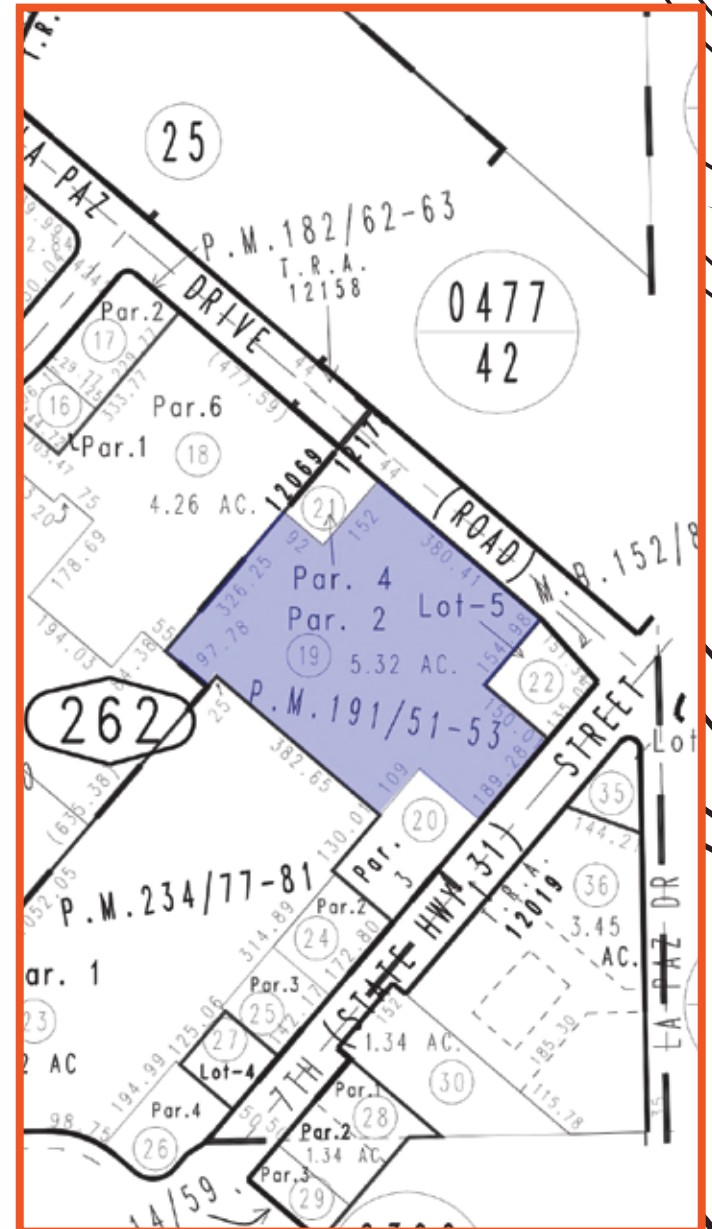


Zoning
Specific Plan (Civic Mixed)



Access Points
5 from 7th Street
3 from La Paz Dr

Parcel Map



TRADE AREA INFORMATION

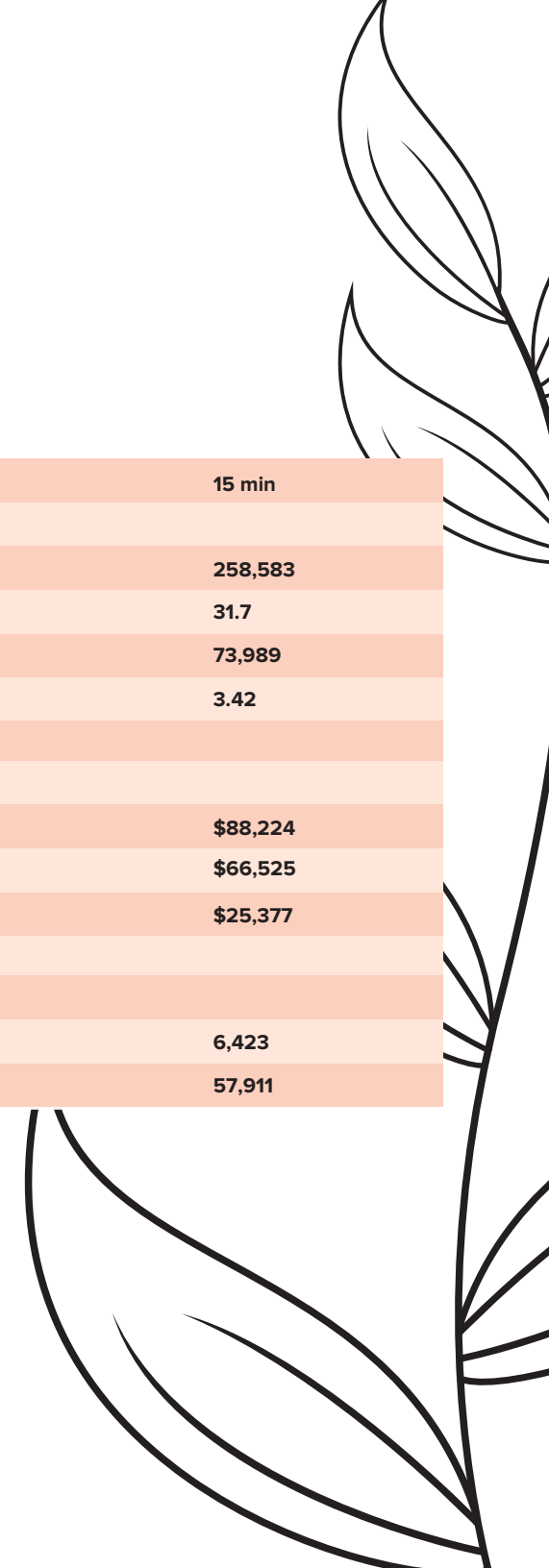
City Of Victorville

- The largest city in the High Desert spanning over 74-square miles.
 - Situated approximately 40 miles north of the City of Ontario and 85 miles northeast of Los Angeles.
 - The population is over 122,000 people with over 400,000 people within the Victor Valley.
 - ±10.7% growth between 2010 and 2020 and ±75% growth over the last 2 decades (Census).
 - Largest industries include Healthcare (15.1%), Retail (13.3%), Education (10.1%), Transportation (9.5%), Hospitality (6.8%).
 - Victorville offers spacious industrial sites, low-cost utilities, and a variety of pro-business incentives that maximizes the cost of savings for relocation.
 - **Restaurant Row** – the High Desert’s premiere dining destination featuring 19 eateries including Cracker Barrel, BJ’s Restaurant, Chili’s, and more.
- Victor Valley Transit Authority – second largest transit operator in San Bernardino County with a reported ridership of over 1 million in 2021.
 - Southern California Logistics Center – a 2,500-acre industrial park with 60 million square feet of development adjacent to the Southern California Logistics Airport, servicing international flights.
 - Foxborough Industrial Park – a 200-acre, key manufacturing/warehousing logistics operation with 2.3 million square feet of industrial space and direct rail access to BNSF main line.
 - Strategic positioning for distribution hubs with a reach of ±20 million people within a 3-hour drive
 - o Highways
I-15, I-10, & I-40
 - o Seaports
Los Angeles & Long Beach
 - o Airports
Southern California Logistics Airport
 - o Railway
BNSF



DEMOGRAPHICS

	5 min	10 min	15 min
POPULATION			
2022 Total Population	23,461	117,325	258,583
2022 Median Age	30.9	30.9	31.7
2022 Total Households	7,035	34,418	73,989
2022 Average Household Size	3.27	3.39	3.42
INCOME			
2022 Average Household Income	\$61,130	\$80,351	\$88,224
2022 Median Household Income	\$41,251	\$58,950	\$66,525
2022 Per Capita Income	\$18,557	\$23,471	\$25,377
BUSINESS SUMMARY			
2022 Total Businesses	1,465	3,764	6,423
2022 Total Employees	12,731	32,383	57,911



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