

Challenger Square - Dollar Tree Center

FOR SALE



NRT

1061 E. Avenue J., Lancaster, CA 93535



PROPERTY OVERVIEW

Challenger Square is a neighborhood retail center anchored by **Dollar Tree**. **CVS Pharmacy** is also located at the center (parcel not for sale).

Challenger is located near a major signalized intersection with high traffic count and has several long term tenants.

DETAILS

PRICE:	\$4,550,000
GLA/SF:	32,662
PRICE/SF:	\$139.31
CAP RATE:	7.93%
YEAR BUILT:	2005 – Remodeled & New Construction
OCCUPANCY:	100%

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EXCLUSIVELY LISTED BY:

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Property Information

Type:	Neighborhood Retail Center		
Address:	1061 & 1063 E. Avenue J		
City, State:	Lancaster, CA 93535-3839		
County:	Los Angeles		
Cross Streets:	Avenue J & Challenger Way (NE Corner)		
Building SF:	32,662		
Lot Size SF:	103,472	(+/- 2.38 acres)	
Year Built:	1973 & 2005		
Zoning:	C3		
Ownership:	Fee Simple		
No. of Buildings:	2	(1 Inline & 1 Pad)	
Parking Spaces:	60	(In Phase II)	
Parking Spaces:	234	(Total Available in Center)	
Parking Ratio:	3.71 / 1,000 SF		
Parcels:	2		
Current Occupancy:	100.00%		

Parcel Summary

APN	Bldg SF		Lot SF		Yr Blt	
3147-008-036	+/-	29,400	+/-	86,684	1973	Extensive Remodel 2005
3147-008-023	+/-	3,000	+/-	16,788	2005	



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Highlights

- ◆ Dollar Tree Anchor
- ◆ CVS Pharmacy Shadow Anchor
- ◆ Remodeled & New Construction 2005
- ◆ Major Signalized Intersection
- ◆ Traffic Count of 20,150 Vehicles Per Day
- ◆ Surrounded by Newer Housing Developments
- ◆ Busy Neighborhood Center
- ◆ Extra Income From Recycling Center and Cell Tower

Challenger Square Phase II is a 32,662 SF shopping center redeveloped in 2005 when 29,662 SF was completely remodeled and anchored by Dollar Tree. In 2005 an outlying pad of 3,000 SF was newly built accommodating two 1,500 SF tenants. Check into Cash is a popular destination on paydays and provides a ready source of cash carrying customers for the rest of the center. Phase II has been enhanced with additional income from a cell tower and a recycling bin located in the parking area.

65% of the center is occupied by long term tenants who have extended their leases into their option period.

Phase 1 (not included in this sale) consists of 27,451 SF and shares the parking lot with Phase II. It's tenants include CVS (Signed 20 year lease extension 2013) , American Tire Depot, Liberty Tax Service and Metro PCS.



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Offering Summary

Price:	\$ 4,550,000
Price per SF:	\$ 139.31
Capitalization Rate:	7.93%
Cash on Cash Return:	11.99%
Total Return:	15.82%

Operating Data

Scheduled Base Rental Income	\$ 382,204
Expense Reimbursements	\$ 96,403
Gross Potential Income	\$ 478,607
Vacancy - Actual	0.00% \$ -
Effective Gross Income	\$ 478,607
Property Taxes	\$ 57,631
Insurance	\$ 7,200
Utilities - Electric & Water	\$ 14,950
Landscaping	\$ 7,500
Parking Lot Lighting and Maintenance	\$ 1,400
Parking Lot Steam Cleaning	\$ 3,200
Sweeping & Custodial	\$ 12,000
Trash Removal	\$ 9,500
Maintenance & Repairs	\$ 4,500
Total Operating Expenses	\$ 117,881
Net Operating Income	\$ 360,726
Debt Service	\$ 197,076
Pre-Tax Cash Flow	\$ 163,649
Principal Reduction - Add Back	\$ 52,284
Total Return	\$ 215,934

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Potential New Financing

Proposed Loan:	\$ 3,185,000	70.00%
Down Payment:	\$ 1,365,000	30.00%
Loan Type:	New	
Interest Rate:	4.65%	
Loan Term - Yrs:	10	
Amortization - Yrs:	30	
Monthly Payment:	\$ 16,423	

Loan information is subject to change. Quote available upon request.

Lease Expiration Summary by SF

Vacant	-	0.00%
2017	-	0.00%
2018	1,272	3.89%
2019	-	0.00%
2020	17,255	52.83%
2021	14,135	43.28%
	<u>32,662</u>	<u>100.00%</u>



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Tenant Profiles



Dollar Tree Stores, Inc. is a Fortune 500 company ([NASDAQ: DLTR](#)). In July 2015, Dollar Tree completed the acquisition of Family Dollar Stores Inc., creating the largest dollar store chain nationwide with 14,000+ locations generating over \$19 billion annually. Dollar Tree operates discount variety stores in 48 contiguous states and five provinces in Canada. Its stores are supported by a nationwide logistics network of eleven distribution centers. Dollar Tree has a S&P rating of BB + positive outlook. They have been at the center since it was renovated in 2005.



Check Into Cash was established in 1993 and operates over 1,200 stores in over 30 states across the county. Check Into Cash is a national leader in affordable short-term credit solutions and provides on-line payday advances, in-store cash advances, title loans, title pawns, check cashing, Western Union®, walk-in bill pay, and prepaid reloadable U.S. Money Cards. They have been at the center for over 12 years.



Pan De Vida is a local bakery and offers a wide variety of baked products to it's regular customer base. The privately owned company also has a wholesale business servicing restaurants and markets. They have been at the center for 10 years.



Dragon Garden is a popular authentic Chinese cuisine restaurant. This local operator has two other stores in the Palmdale area. They have been at the center for over 12 years.



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Tenant Profiles (Con't)



Mimi's Country Dinner serves a wide range of traditional and Mexican food. Open for breakfast, lunch and dinner this is their second store in the Antelope Valley. This store opened in 2016.

Fitness League operating as Off the Grid Training, Inc. is one stop shop training company to help reach their customers reach their goals with Fitness, Weight Loss, and Strength. They offer Personal Training, Boxing, Boot-Camps, Muay Thai. They also offer attire and supplements.



Tenant List - Phase II *

Check into Cash	1,272	3.89%
Pan De Vida (Mexican Bakery)	1,223	3.74%
Fitness League	9,912	30.35%
Dollar Tree	17,255	52.83%
Mimi's Country Diner	1,500	4.59%
Dragon Garden	1,500	4.59%
Metro PCS (Cell Tower)		
Recycling Center		
Total SF	32,662	100.00%

* Rent Roll Available Upon Request.

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Shadow Tenant Profiles (NAP)



CVS Health Corp. trades on the [\(NYSE: CVS\)](#) and has approximately 9,700 locations in 49 states, the District of Columbia, Puerto Rico and Brazil. Their pharmacy's serve 5 million people per day.



American Tire Depot operates over 100 locations in California and offers a full range of tire brands at discount prices. They offer auto repair services including battery installation oil changes, shocks, A/C repairs, and engine tune ups.



MetroPCS merged with T-Mobile [\(NYSE: TMUS\)](#) in 2013. T-Mobile provides wireless communications services to over 71 million customers. Metro PCS sells mobile phones, provides financing, and offers a range of service plan options. T-Mobile boasts the fastest 4G LTE network in the US for 14 consecutive quarters.



Liberty Tax Service specializes in the preparation of tax returns for individual and small business. LTS is the primary subsidiary of Liberty Tax, Inc. [\(NASDAQ: TAX\)](#)

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Area Description

The City of Lancaster is located in the central part of the **Antelope Valley**. This area is approximately 60 miles northeast of Los Angeles and includes the rapidly-growing cities of Lancaster and Palmdale. Los Angeles is projected to **grow by 3 million people** in the next 10 years according to the U.S. Census Bureau and Southern California Association of Governments. The Antelope Valley is located in the targeted growth path of this massive population explosion.

The Antelope Valley is home to growing industries including renewable, sustainable, alternative energy (solar thermal, solar voltaic, and wind) which makes this region on the "Alternative Energy Capital" of both California and the entire USA. **Berkshire Hathaway Energy** has invested over \$2.5 billion in 3,230+ acres of land near the cities of Rosamond and Lancaster where they built the massive 579 megawatt **Solar Star Project**, which constitutes the **largest operational solar power plant in the world**. This plant provides clean renewable energy to over one million residents in over 250,000 homes.

The Antelope Valley is home to many large and growing aerospace and technology industries including:

Northrop Grumman	Sempra Energy
Lockheed Martin	Delta Scientific
NASA	Boeing Aircraft
Virgin Atlantic	BYD (Build Your Dreams) Electronic Vehicles
Kinkisharyo International	

The area is also home to **Edwards Air Force Base** and **China Lake Naval Weapons** research facilities.

The **Pentagon** recently announced that a new fleet of 100 Long Range Strike aircraft (the B-21 Raider) will be designed, engineered, and manufactured by Northrop Grumman in Palmdale, which translates into a long-term **\$80 plus billion defense contract** for the Antelope Valley.

In addition to this massive defense contract that will provide thousands of new jobs **Kinkisharyo International** was recently awarded a **\$910 million contract** with the Los Angeles County Metropolitan Transportation Authority to build new high-quality light rail cars for the Metro System in their Palmdale plant.

After just five years in Lancaster BYD, a Chinese electric vehicle manufacturer has quadrupled its workforce and manufacturing facility to fulfill a **record-setting order** for over 800 heavy-duty electric transit buses for the **Washington State Department of Transportation** and other orders across the country.

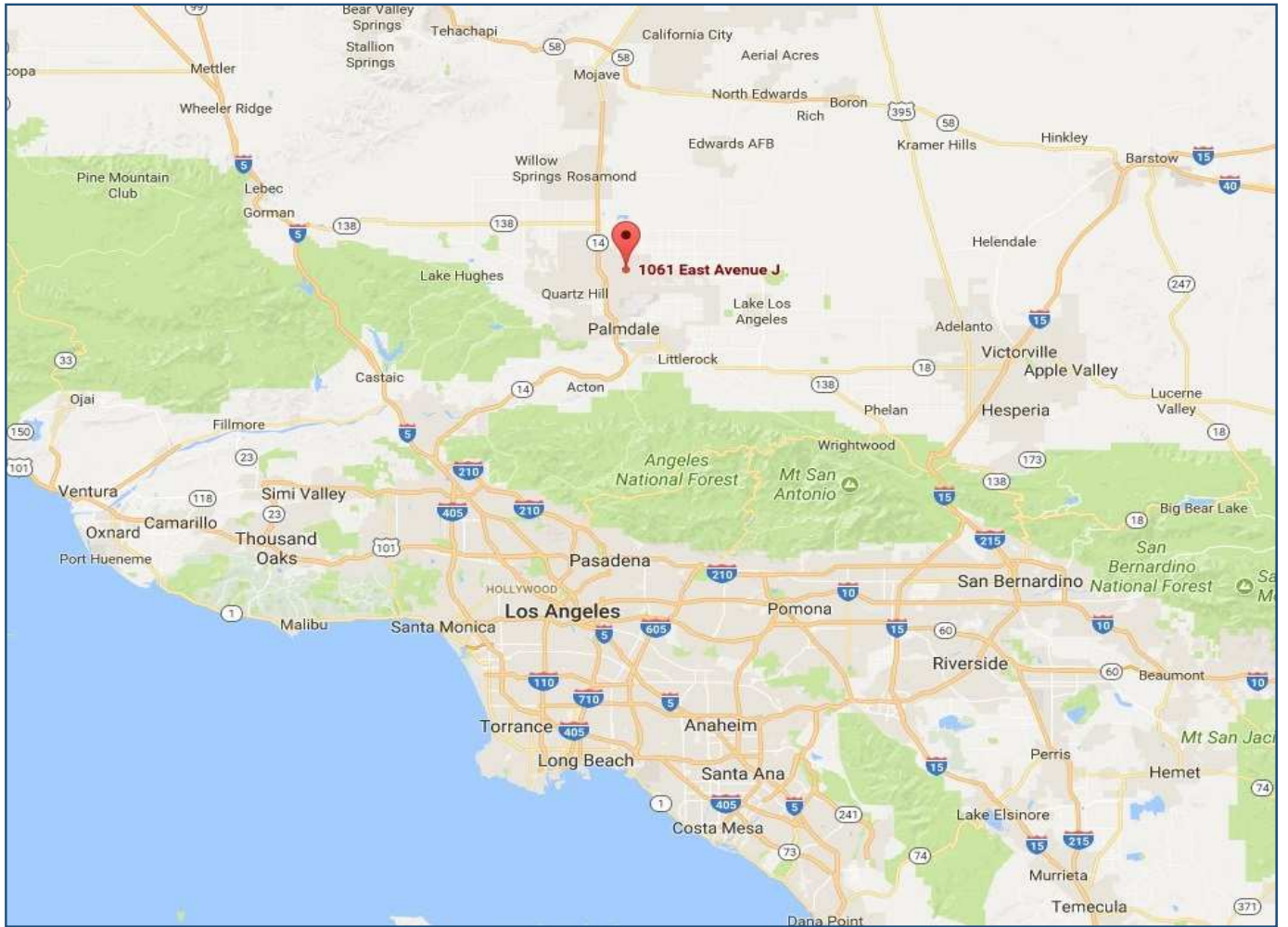


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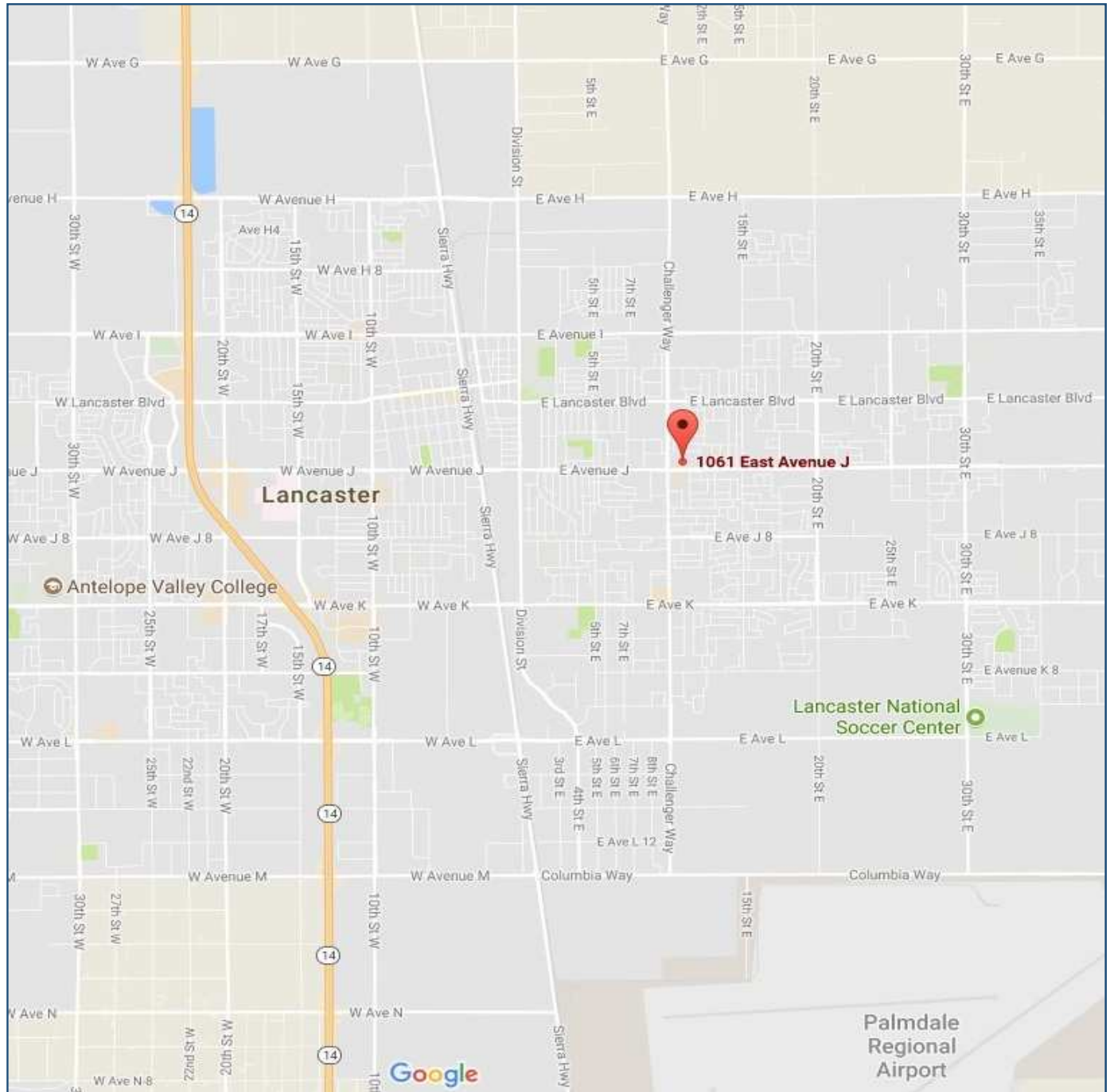
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Area Map



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Street Map



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Phase II - Dollar Tree Center

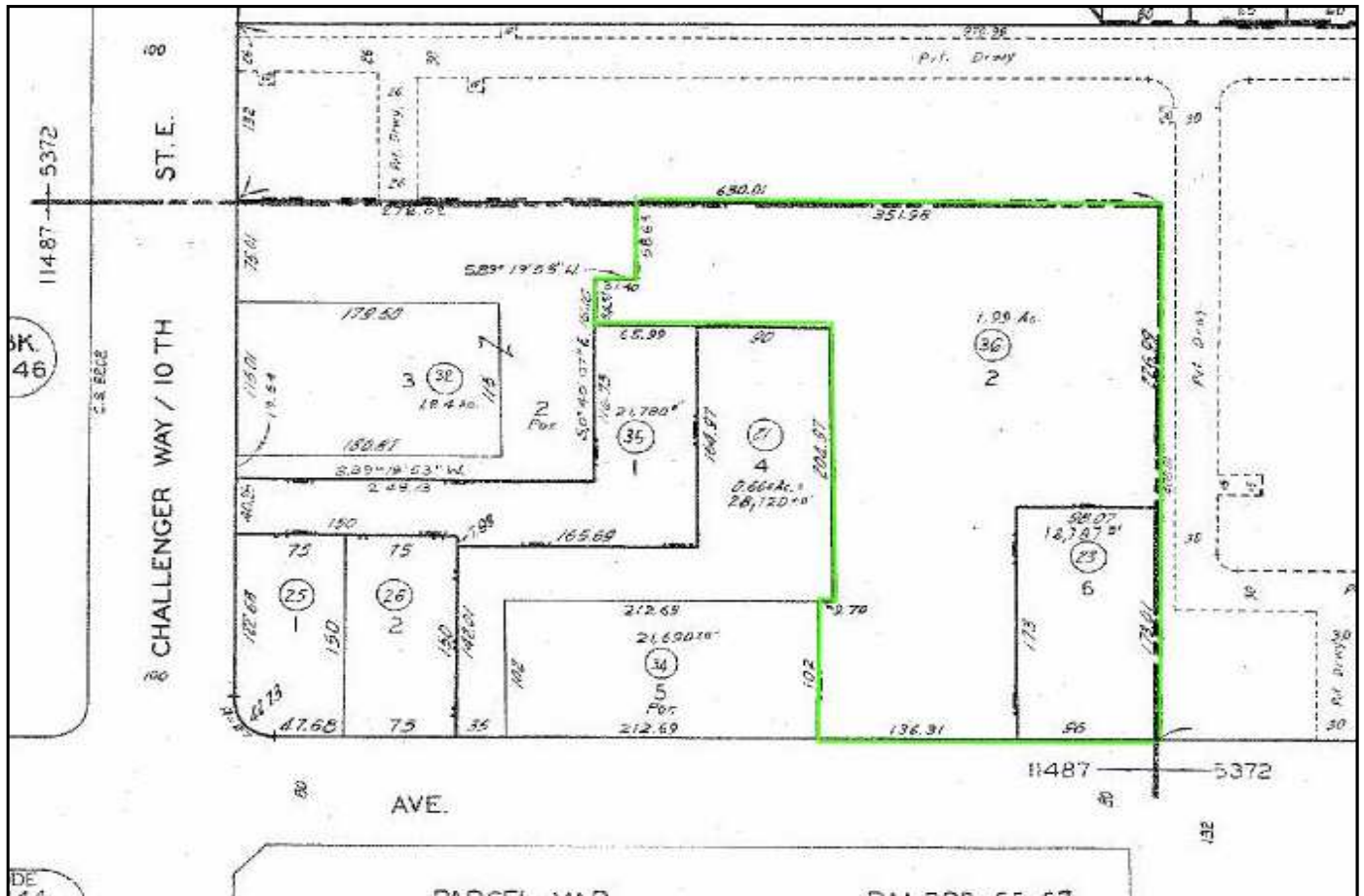


Phase II: For Sale / Right Side - Dollar Tree Center

Phase I: Not For Sale / Left Side - CVS

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Demographics

1 Mile 2 Miles 3 Miles

Population

2021 Projected Population	26,446	108,305	152,114
2016 Estimated Population	25,050	100,824	141,495
2010 Population	23,553	91,988	128,870
2000 Population	22,276	76,679	104,717
Annual Projected Growth 2016 - 2021	1.09%	1.44%	1.46%
Annual Estimated Growth 2010 - 2016	1.03%	1.54%	1.57%
Annual Growth 2000 - 2010	0.56%	1.84%	2.10%

Households

2021 Projected Households	7,733	32,951	47,130
2016 Estimated Households	7,309	30,773	44,068
2010 Households	6,850	28,419	40,837
2000 Households	7,027	25,427	35,506
Annual Projected Growth 2016 - 2021	1.13%	1.38%	1.35%
Annual Estimated Growth 2010 - 2016	1.09%	1.34%	1.28%
Annual Growth 2000 - 2010	-0.25%	1.12%	1.41%

Income

2016 Estimated Median Household Income	\$ 44,312	\$ 40,873	\$ 46,808
2016 Estimated Average Household Income	\$ 55,564	\$ 52,865	\$ 60,428
2016 Estimated Per Capita Income	\$ 16,213	\$ 16,135	\$ 18,820

Source: Nielsen/Claritas



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