

ONE-OF-A-KIND RETAIL INVESTMENT OPPORTUNITY

2000 -2010 N Hollywood Way | 2011 - 2015 N

BURBANK, CA 91505

NAI Capital
COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE



OFFERING MEMORANDUM

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2000-2015 N. HOLLYWOOD WAY
BURBANK, CA 91505

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INVESTMENT HIGHLIGHTS

Burbank, CA

2011 - 2015 N. HOLLYWOOD WAY

2000 - 2010 N. HOLLYWOOD WAY

Investment Highlights

Purchase Price:	\$28,000,000
Cap Rate:	4.56%
NOI:	\$1,286,625.60
GLA:	61,690 SF
Cost Per Net RSF	\$453.88
Land Area:	130,680 SF
Cost Per Sqft Land	\$214.26
Year Built / Year Renovated	1940/2010 & 1985
Parcel Number	2463-009-005; 2463-008-026; 8900-763-111
Occupancy:	100%
Traffic Counts:	±55,084 vehicles per day

Major Tenants:



INVESTMENT INFORMATION



Investment Highlights

- Prime retail investment opportunity in the city of Burbank
- Irreplaceable location at the signalized intersection of N Hollywood Way and Victory Blvd
- Excellent tenant mix with ten retailers and an on-site cell tower on staggered leases
- Two retail shopping centers on opposite corners of N Hollywood Way with synergistic, service-based tenant mix
- Not on the market for over 65 years



PROPERTY ADDRESS

2000 – 2010 N HOLLYWOOD WAY
2011 – 2015 N HOLLYWOOD WAY



BUILDING AREA

61,690 SF



LAND AREA

3 AC COMBINED
1.372 AC | 2000-2010 N. HOLLYWOOD WAY
1.628 AC | 2011-2015 N. HOLLYWOOD WAY



APN PARCEL #s

2463-009-005
2463-008-026



YEAR BUILT

1940 (RENOVATED 2010) / 1985



PARKING SPACES

188



PARKING RATIO

5:1,000 | 2000-2011 N. HOLLYWOOD WAY
3:1,000 | 2011-2015 N. HOLLYWOOD WAY



ZONING

C3

VALUE ADDED RETAIL CENTER

In-Place Value with Significant Upside

Petco is operating on a ten year lease through November of 2028 and paying only \$1.21/SF, significantly below the market rent of \$1.87/SF NNN for similarly sized spaces. Their strong health ratio gives ample room for the scheduled increase in 2023, and during their two, 5-year options. At only \$2.05/SF, the average rental rate in the centers remains significantly below the market average of \$2.85/SF in Burbank. The centers enjoy staggered leases, giving a new owner immediate stability, plus an opportunity to bring tenants up to market rents over time.

Service-Based, Synergistic Tenancy

The centers cater to the local submarket by providing an excellent mix of local retailers and name-brand tenants. Petco and Party City provide name-brand specialty retail services without any competitors in the immediate area. Domino's Pizza and Subway rank among the top six quick-service restaurants in the United States, while 7-Eleven is the largest convenience store in the country. Bellaj Banquet Hall and Burbank Laundry are established local businesses, operating in this location for over eight years.

In-Place Cash Flow

With zero vacancy and staggered leases, these shopping centers offer investors a rare opportunity to acquire a stabilized, diversified retail offering in the heart of Burbank, one of Los Angeles' most desirable submarkets.

Irreplaceable Location

The properties enjoy a prime location just south of the Burbank Airport, with an average household income in the area of \$100,932. They are located on a signalized corner, with easy ingress and egress. The properties enjoy a total of seven access points on N Hollywood Way and Victory Blvd, plus access from an alley between N Pepper St and N Hollywood Way.



TENANT PROFILES



7-Eleven

7-Eleven, Inc. is an American chain of convenience stores, headquartered in Dallas in the U.S. state of Texas. The chain was founded in 1927 as an ice house storefront in Dallas. It was named Tote'm Stores between 1928 and 1946.

7-Eleven operates, franchises, and licenses 78,029 stores in 19 countries and territories as of November 2021

Website: 7-eleven.com

Ownership: Seven & I Holdings Co., Ltd.

Revenue: \$64.74B

Market Capitalization: \$41.31B

S&P Rating: A

Locations: 28k+

Employees: 135K+

Headquarters: Dallas, TX

Local Tenants



TENANT PROFILES



Party City

Party City Holdco Inc. is an American publicly traded retail chain of party stores founded in 1986 by Steve Mandell in East Hanover, New Jersey. Based in Elmsford, New York, the company is the largest retailer of party goods in the United States, Canada and Mexico, operating over 900 company-owned and franchise outlets under the Party City, Halloween City, Toy City, and Factory Card & Party Outlet brands.

Website: partycity.com

Ownership: NYSE: PRTY

Revenue: \$2.17B

Market Capitalization: \$427.32M

S&P Rating: B+

Locations: 850+

Employees: 11K+

Headquarters: Elmsford, New York



Petco

Petco Health and Wellness Company, Inc. is an American pet retailer with corporate offices in San Diego and San Antonio. Petco sells pet food, products, and services, as well as certain types of live small animals.

Website: petco.com

Ownership: Petco Health and Wellness Company Inc.

Revenue: \$5.81B

S&P Rating: CCC+

Locations: 1,500+

Employees: 27K+

Headquarters: San Diego, CA



TENANT PROFILES



Subway

Subway was founded by 17 year old Fred DeLuca and financed by Peter Buck in 1965 as Pete's Super Submarines in Bridgeport, Connecticut. The restaurant was renamed Subway two years later, and a franchise operation began in 1974. Since then, it has expanded to become a global franchise.

It was the fastest-growing franchise in the world in 2015 and, as of June 2021, had 37,540 locations in more than 100 countries and territories. More than half its locations (21,796 or 58.1%) are in the US. It also is the largest single-brand restaurant chain, and the largest restaurant operator, in the world.

Website: subway.com

Ownership: DeLuca Family

Revenue: \$10.4B

Locations: 41K+

Employees: 10K+

Headquarters: Milford, CT



Domino's

Founded in 1960, Domino's is the recognized world leader in pizza delivery operating a network of company-owned and franchise-owned stores in the United States and international markets. Domino's is a company of exceptional people on a mission to be the best pizza delivery company in the world.

Website: dominos.com

Ownership: NYSE: DPZ

Revenue: \$4.36B

Market Capitalization: \$14.05B

S&P Rating:

Locations: 17K+

Employees: 14K+

Headquarters: Ann Arbor, MI

Local Tenants



RETAIL MAP





RENT ROLL

Suite	Tenant Name	Tenant Size	Pro Rata Share	Lease Comm.	Lease Exp.	Monthly Rent	Monthly Rent/SF	Annual Rent	Increase Date	Increased Rent	Type of Increase	Options	Type of Lease	Security Deposits
2011	Party City	8,000	22.20%	1-Feb-18	31-Jan-23	\$11,211.00	\$1.40	\$134,532.00	2/1, annually	1.75% minimum - 75% of CPI, of December previous year	COLA		NNN	\$8,000.00
2015	Domino's Pizza	1,112	3.20%	1-Oct-18	30-Sep-23	\$3,371.63	\$3.03	\$40,459.56	3/1, annually	3% minimum - 75% of CPI, of January	COLA		NNN	\$1,700.00
2017	Subway	1,112	3.20%	1-Mar-16	28-Feb-28	\$4,336.00	\$3.90	\$52,032.00	3/1, annually	3% minimum - 75% of CPI, of December of previous year, capped at 10%	COLA	One, 5-year	NNN	\$3,465.00
2021	USPS	2,223	3.60%	1-Oct-17	30-Sep-22	\$7,115.00	\$3.20	\$85,380.00						
3525	Petco*	26,500	68.00%	15-Nov-18	14-Nov-28	\$32,083.00	\$1.21	\$384,996.00	15-Nov-23	\$36,300.00	Fixed	Two, 5-year	NNN	None
3525, Roof	AT&T Cell Site	0	0.00%	1-Apr-18	31-Mar-23	\$4,028.00	\$-	\$48,336.00	4/1, annually	CPI, no less than 3% of previous year's rent	CPI	Three, 5-year with automatic renewals		None
2000	7 Eleven	3,158	13.98%	1-Jan-11	31-Dec-20	\$9,447.83	3.05	\$113,373.96		1st & 2nd option term (years 11-15 & 16-20) 2% minimum - 75% of CPI, of the previous term. 3rd option term (years 21-25) 2% minimum - 100% of CPI, of the previous term	COLA	Three, 5-year	NNN	\$12,000.00
2010	Fitiquity	9,430	15.29%	1-Oct-16	30-Sep-21	\$16,500.00	\$1.75	\$198,000.00						
3415	Bellaj Banquet Hall	4,152	17.30%	1-Feb-12	31-Jan-22	\$8,240.00	\$1.98	\$98,880.00	2/1, annually	3% minimum - 75% of CPI, of previous year. \$1000 fee, annually, to maintain right to exercise option.	COLA	One, 8-year	NNN	None
3423	Burbank Laundry	2,931	12.98%	1-Jul-11	30-Jun-21	\$5,642.34	\$1.93	\$67,708.08	At renewal date of the lease	At 6th year of the initial term, the greater of 3% or 75% of CPI. During the option terms, the greater of 3.5% or 75% of CPI.	COLA	Three, 5-year	NNN	\$4,725.00
3425	Vargo Physical Therapy	3,072	13.60%	1-Feb-19	31-Jan-24	\$5,244.00	\$1.71	\$62,928.00		3% minimum - 75% of CPI, of the previous year	COLA		NNN	\$5,775.00
Total Rentable Area		61,690	100%			\$107,218.80		\$1,286,625.60						\$41,825.00
Total Occupied Area		61,690	100%											

* Petco includes 22,000 SF 1st Floor area and 4,500 SF mezzanine

FINANCIALS

Price	\$28,000,000
Net Operating Income	\$1,286,625.60
Cap Rate	4.56%

As of March 2022	Victory Corners East	Victory Corners West
Rents	\$540,890.04	\$745,735.56
Nets	\$228,000	\$238,700
Totals:	\$768,890.04	\$984,435.56
Combined Gross Income:	\$1,753,325.60	
NNN Expenses	Victory Corners East	Victory Corners West
Site management and maintenance	\$28,500.00	\$28,500.00
Paving	\$6,500.00	\$10,500.00
Insurance	\$14,200.00	\$21,300.00
Utilities	\$3,800.00	\$3,400.00
Total	\$53,000.00	\$63,700.00
Combined Property Tax	\$350,000.00	
Total NNN	\$466,700.00	



AREA OVERVIEW

Burbank, CA

Location Overview

Burbank is the fourteenth most populous city in Los Angeles, California. As of the 2020 census the population was 107,337. Burbank is bordered by Griffith Park to the south, Glendale to the southeast, North Hollywood and Studio City to the West, and the Verdugo Mountains to the northwest. It is the easternmost city in Los Angeles' San Fernando Valley.



Burbank is often referred to as the “media capital of the world.” It is located northeast of Hollywood and is home to numerous entertainment companies, media outlets and production facilities. Some of the most significant companies housed in Burbank include Warner Bros. Entertainment, The Walt Disney Company, Nickelodeon Animation Studio, The Burbank Studios, Cartoon Network Studios with the West Coast branch of Cartoon Network, and Insomniac Games. In addition, it contains the largest IKEA in the U.S.

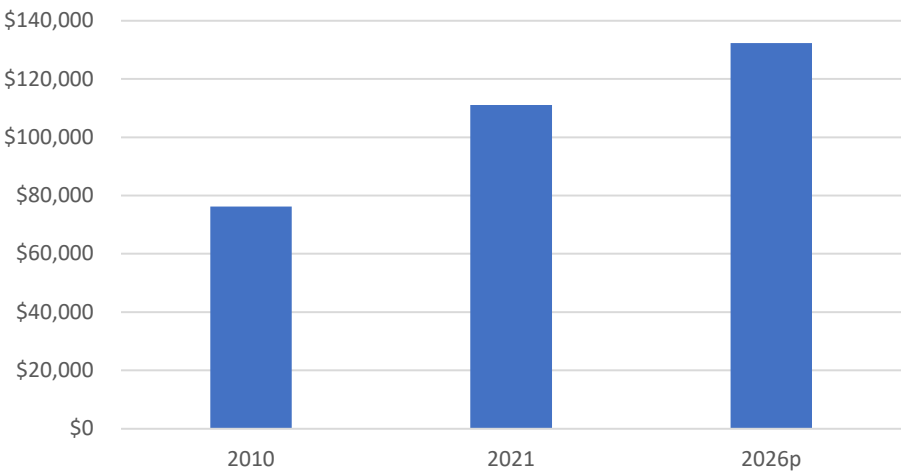
Several transportation arterials connect Burbank with the surrounding Los Angeles region and beyond. Interstate 5 cuts through the middle of the city, heading south to San Diego and extending north through and Northern California to the Pacific Northwest. California State Route 134 lays at Burbank’s southern edge and connects U.S. 101 with I-210 and State Route 210 to the San Gabriel Valley. Hollywood Burbank Airport, previously known as Bob Hope Airport, serves the northern Greater Los Angeles area with passenger, cargo and military flights. The airport estimates it serves between four and five million passengers a year. Burbank offers several rail and bus options, including Burbank Bus that serves the city. Metrolink trains from the Ventura County and Antelope Valley lines stop in Downtown Burbank with an additional stop at Burbank Airport for the Ventura County line.

Population & Income

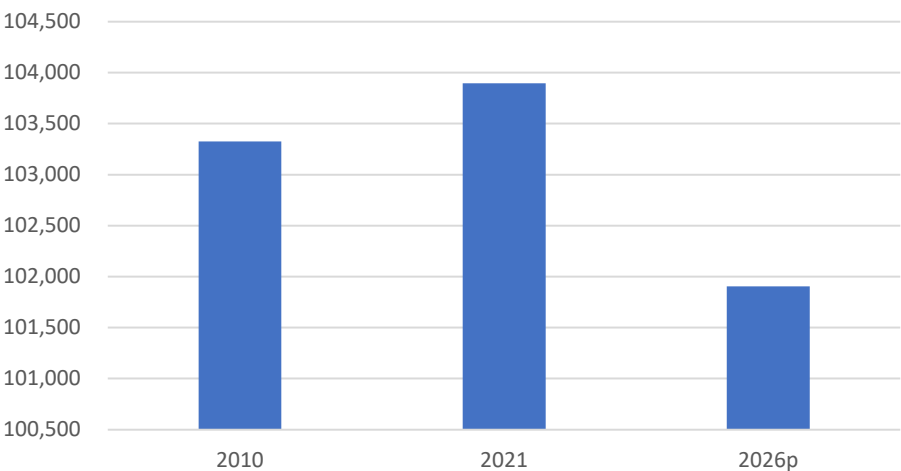
Burbank is home to more than 104K residents and nearly 44K households. The City expects to grow 0.1%, adding over 1K residents and 1K households by 2024. Overall, residents are highly educated as 71.2% of adults attended some college and 41% earned a bachelor’s degree or higher.

Area households are affluent, enjoying a median annual income of \$75,207, which is forecast to increase 3.2% to \$87,361 per year by 2024.

Average Household Income (\$)



Population



Source: NAI Capital Research, Applied Geographic Solutions
*Projections

AREA OVERVIEW

City of Burbank Demographics & Economy



POPULATION

104,557



HOUSEHOLDS

43,660



AVG HH INCOME

\$100,932



MEDIAN HOME VALUE

\$100,932



MEDIAN AGE

38.9



TOTAL BUSINESSES

8,564



TOTAL EMPLOYEES

94,958



UNEMPLOYMENT RATE

4.7%*



ANNUAL HH RETAIL EXPENDITURES

\$1.45 BILLION



MONTHLY HH RETAIL EXPENDITURES

\$2,772

Burbank represents a business-friendly city that offers a thriving local economy with four commercial districts — Downtown, Magnolia Park, Media District and the Airport District. The City provides numerous business incentives, such as no city income tax, no gross sales receipt tax, business rebates, and employee recruitment and hiring assistance. Major local industries include entertainment, education, healthcare and tourism. Burbank's daytime population of 125,863 ensures a steady flow of daily foot traffic for area retailers. Tourists and locals alike flock to Burbank's world-class shopping destinations. Burbank Town Center, Burbank Empire Center, Magnolia Park and Downtown Burbank bring an exciting mix of national retailers and chic boutiques to suit everyone's taste and budget.

Burbank's labor pool consists of about 71.4% white collar workers and 28.6% blue collar. This breaks down to 29.2% in professional and related services, 23.1% in sales and office positions, and 19.1% in management, business, and financial operations.

City of Burbank Top Employers

Top Employers	Employees
Warner Bros. Entertainment	4,378
The Walt Disney Company	4,008
Providence St. Joseph's Hospital	2,850
Bob Hope Airport	2,850
Burbank Unified School District	1,170
Deluxe Shared Services	1,495
City of Burbank	1,459
ABC Inc	1,180
Entertainment Partner	796
Nickelodeon Animation	602

Source: City of Burbank CAFR, 2022

Source: NAI Capital Research, Applied Geographic Solutions, econdevburbank.com, State of California EDD 2022 Estimates

*March 2022

AREA OVERVIEW

Los Angeles County, CA

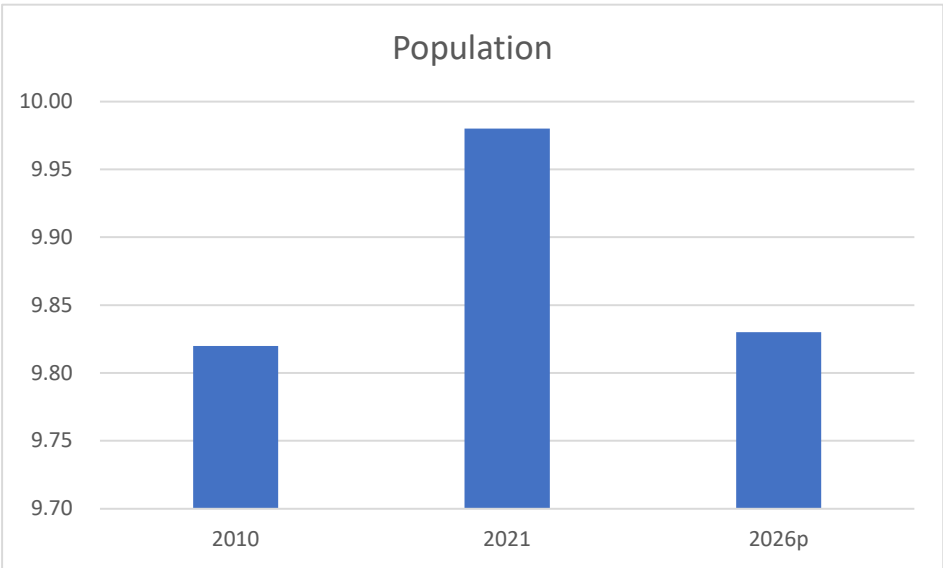
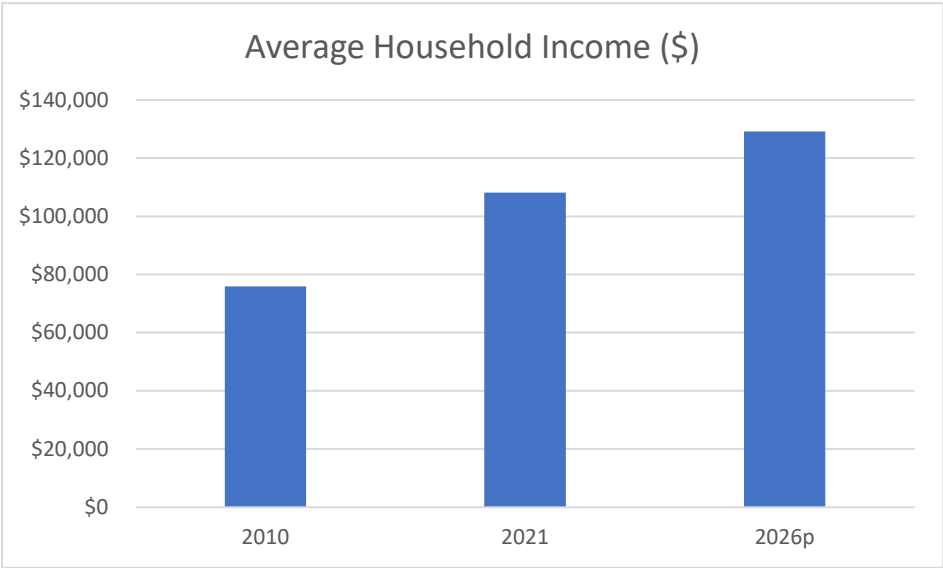
Location Overview



With a real gross domestic product of \$660 billion in 2020 Los Angeles County's economy is the largest in California, bigger than 45 U.S. states. If Los Angeles County were a nation, its economy would be the 19th largest in the world. Los Angeles County serves as a central trade district for the western United States and the gateway to the Asian economies, as it has grown into a leader in international commerce and investments.

Los Angeles County is home to largest port complex in the nation. As measured by cargo tonnage and the number of containers handled, together the ports of Los Angeles and Long Beach are ranked the ninth largest in the world. The combined ports Los Angeles and Long Beach handle over 40% of all inbound containers for the entire United States.

Los Angeles County benefits from a diverse industrial base, with employment in Trade, Transportation, Utilities, Education, Health Services, and Professional and Business Services being the leading employment sectors in the private economy. It is home to more than 466,088 businesses, with more minority- and women-owned businesses than any other in the nation. Los Angeles County is home to many traditional entertainment studios and music recording studios, but in recent years the growth of digital media, game design, virtual reality, and online video sharing and social media companies like YouTube Studios are redefining the region's entertainment and digital media industry cluster. Los Angeles County's, Information employment sector, clustered around what has become known as "Silicon Beach" has become a large and growing source of high paying jobs, employing more than 215,000 workers in 2021.



Source: NAI Capital Research, Applied Geographic Solutions
*Projections

AREA OVERVIEW

Los Angeles County Demographics & Economy



POPULATION
10.21 MILLION



HOUSEHOLDS
3.48 MILLION



AVG HH INCOME
\$98,260



MEDIAN HOME VALUE
\$591,260



MEDIAN AGE
36



TOTAL BUSINESSES
489,653



TOTAL EMPLOYEES
4.3 MILLION



UNEMPLOYMENT RATE
4.4%*



ANNUAL HH RETAIL EXPENDITURES
\$113.12 BILLION



MONTHLY HH RETAIL EXPENDITURES
\$2,706

Los Angeles County's robust economy serves as an ideal environment for retail businesses. The County offers an array of services that support the business community ranging from consultations to tech incubators and small business programs. Numerous local colleges and universities, such as UCLA, USC, and Caltech deliver a constant stream of highly skilled workers. Tourism provides ample revenue for the County's retail sector as more than 50M people traveled to the City of Los Angeles alone in 2018. Popular local retail destinations include Rodeo Drive, 3rd St. Promenade, The Grove, and Universal CityWalk.

The County's labor pool features roughly 60.5% white collar workers and 39.5% blue collar. Occupations translate to 23.5% in sales and office positions, 22.2% in professional and related services, and 19.1% service workers.

Los Angeles County Employment by Industry

Industry	Employees	% of Total
Trade, Transportation and Utilities	828,400	16.93%
Educational & Health Services	804,800	16.45%
Professional & Business Services	629,100	12.86%
Government	594,400	12.15%
Leisure & Hospitality	552,200	11.29%
Manufacturing	350,400	7.16%
Financial Activities	222,200	4.54%
Information	211,900	4.33%
Other Services	155,300	3.17%
Construction	144,300	2.95%

Source: City of Burbank CAFR, 2018

4Q 2021 Los Angeles County Retail Market Report

Market Overview

LA County's retail market is slowly pulling through the post-pandemic shutdown. Easing vacancy, lower construction, and budding demand for retail space encouraged landlords contending with an economy reopening little by little to brick and mortar retail. With stay-at-home orders lifted, vacant space that was quickly put on the market during the shutdown is once again beginning to get occupied in the second half of 2021. Still, the retail market has a way to go toward getting vacancy back to pre-pandemic levels. Since the first quarter of 2020, the start of the pandemic, more than 1.7 million square feet of retail space was vacated.

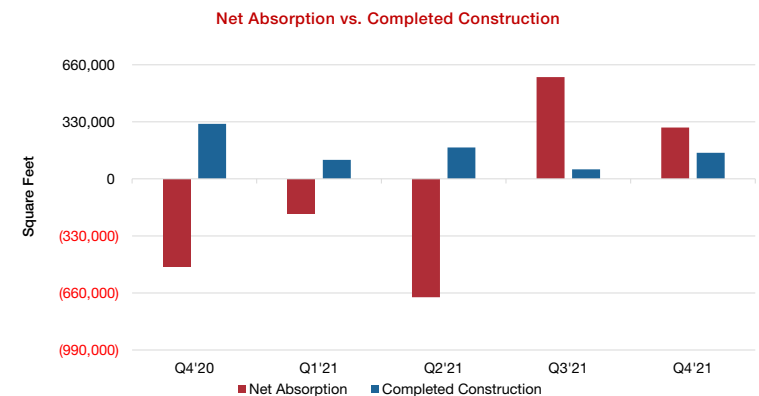
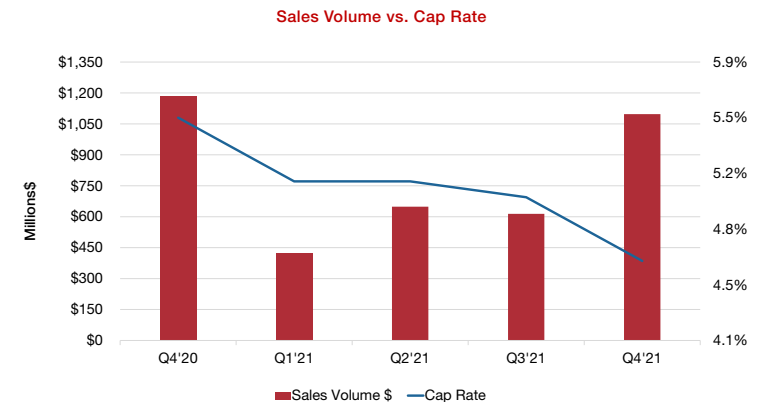
The drop in vacancy quarter over quarter has caused some landlords to remain firm on their asking rent. The average asking rent for the region remained flat from the previous quarter and 4.5 percent above last year. However, several markets saw rents drop to stimulate tenant demand for retail space. Leasing volume year to date increased 20.1 percent compared to last year at this time, while quarter over quarter volume dropped 9 percent. Square footage sold increased 67 percent year over year, up 116 percent from the prior quarter as sale transactions surged.

Trends to Watch

High rent markets with elevated vacancies will continue to adjust. Yearend, LA West experienced a drop in vacant space, down 3.8 percent from 2021 as rent there dropped 5 percent. Still, vacancy and rent in LA West remained the highest in the County, indicating more change to follow. In LA North, which is largest retail market in the region, the average asking rent didn't move from last year while that market experienced an 11.6 percent drop in vacant space year over year. In Central LA, which includes Downtown, average rent moved 8 cents higher as vacant space declined 7.3 percent year over year.

Both lower asking rent and free rent will see an increase from landlords looking to lure tenants into their projects, especially for second generation space competing with new construction. In LA County, 33.6 percent of the sublease space that was on the market at this time last year was worked out. In LA North the figure is much higher, with 55.3 percent of sublease space available last year no longer on the market. Los Angeles County's retail sector continues to rally back to pre-pandemic performance levels while investors and tenants search for opportunity in today's marketplace.

Sales Volume vs. Cap Rates



Source: NAI Capital Research, Applied Geographic Solutions
*Projections

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