

\$600,000 Price Reduction!

Marshalls on State Street

900 State St., Santa Barbara CA 93101

\$17,700,000 | 4.4% CAP

*Approx. 38,015 SF Single Tenant NNN Leased Investment Property to a Credit Tenant
With a 10 Year Term. Premier California Coast Travel & Shopping Destination.*



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Offering Summary

NNN Leased Investment Offered at

\$17,700,000

4.4% CAP Rate

±38,015 SF Building | \$466/SF



Overview

**Property Overview & Highlights | The Tenant | Location & Parcel Maps
Site & Floor Plans | Property Photos | Nearby Retailers & Amenities | Downtown Parking**



SINGLE TENANT NNN LEASED INVESTMENT PROPERTY

±38,015SF RETAIL BUILDING | 900 STATE ST. SANTA BARBARA CA 93101

PROPERTY OVERVIEW

Property Brief

Santa Barbara Marshalls offers an investor the opportunity to acquire a rarely traded commercial property centrally located on the vibrant retail corridor of State Street in the heart of downtown Santa Barbara, CA. The single-tenant, NNN-leased property offers a current stable cash flow with a 10-year extension, ease of management and pride of ownership at a price that is substantially below replacement cost and a current lease that is substantially below market.

This landmark property consists of 38,015 SF of building GLA on 0.50 acres at the signalized intersection of State Street and Canon Perdido Street. The property provides over 80 feet of frontage on State Street, a very popular pedestrian shopping destination across from Paseo Nuevo Shopping Center, anchored by Nordstrom. Popular national retailers such as Apple, Forever 21, H&M and Anthropologie are located nearby on State Street.



Marshalls®

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PROPERTY OVERVIEW

Property Highlights

- Opportunity to acquire a **rarely traded, commercial investment property** in Santa Barbara, CA, an affluent California coastal city.
- Stable income property is **100% leased to Marshalls of California, LLC (with a new 10-year term)**, a wholly-owned subsidiary of TJX Companies, Inc. (NYSE: TJX), S&P Rating A Stable, Moody's Rating A-3.
- Pride of ownership property at the signalized intersection of State Street and W. Canon Perdido Street, a **prominent retail location across from the Paseo Nuevo Shopping Center featuring Nordstrom**, and Abercrombie & Fitch. Other prominent fashion and popular retailers like H&M, Anthropologie, Forever 21, and Apple are located on State Street.
- Strong trade area demographics with over 67,500 people and an average household income over \$80,200 within a 2-mile radius.**

Offered at
\$17,700,000
4.4% CAP | \$466/SF

Property Specifics

- Building Size — ±38,015 SF
- Price Per Square Foot — \$466/SF
- CAP Rate — 4.4%
- Lot Size — ±21,780 SF (.50 Acres)
- Floors — 3
- Elevators — Yes
- Parking — Adjacent to City Parking Lot Offering 90-Minute Free Parking.
- APN — 039-322-050
- Zoning — C-2 (General Commercial)
- Year Built — 1960 (Renovated 1995, 2011)

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PROPERTY OVERVIEW

The Tenant | Marshalls



Marshalls, Inc., is a chain of American and Canadian off-price department stores owned by TJX Companies (TJX:NYSE). TJX Companies, Inc. is **the leading off-price retailer of apparel and home fashions in the U.S. and worldwide, ranking No. 87 in the 2017 Fortune 500**

listings with over \$33 billion in revenues in 2016, more than 3,800 stores in 9 countries, three e-commerce sites and approximately 235,000 associates. The company operates T.J. Maxx and Marshalls (combined, Marmaxx), HomeGoods and Sierra Trading Post.

Marshalls alone has over 975 American stores (including larger stores named Marshalls Mega Store) covering 42 states and Puerto Rico, and 38 stores in Canada. Marshalls is the U.S.'s second largest off-price family apparel and home fashion retailer, behind its sister company, T.J. Maxx.

<http://www.tjx.com/businesses/US/marshalls.html>



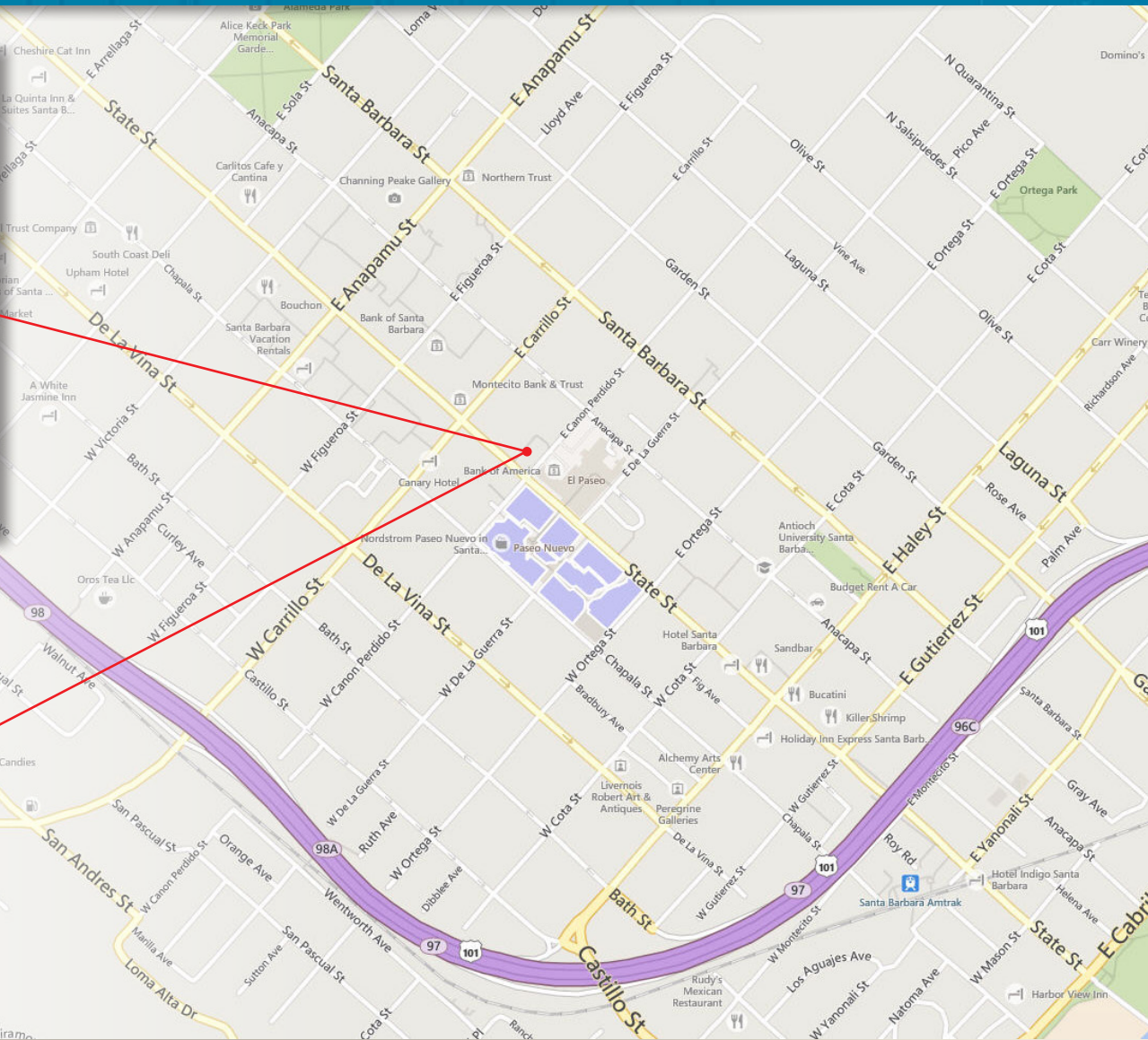
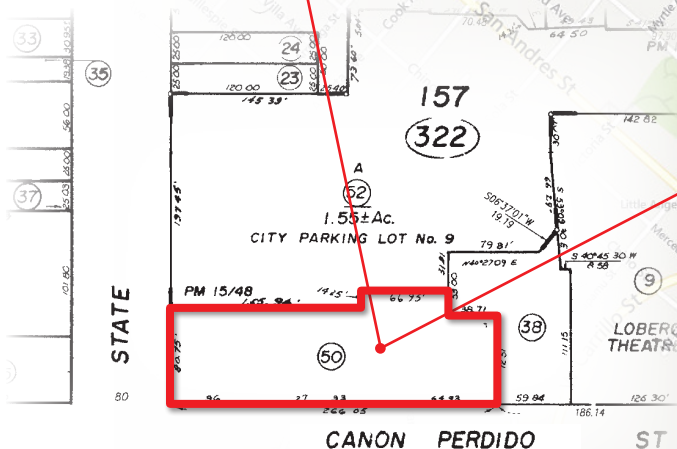
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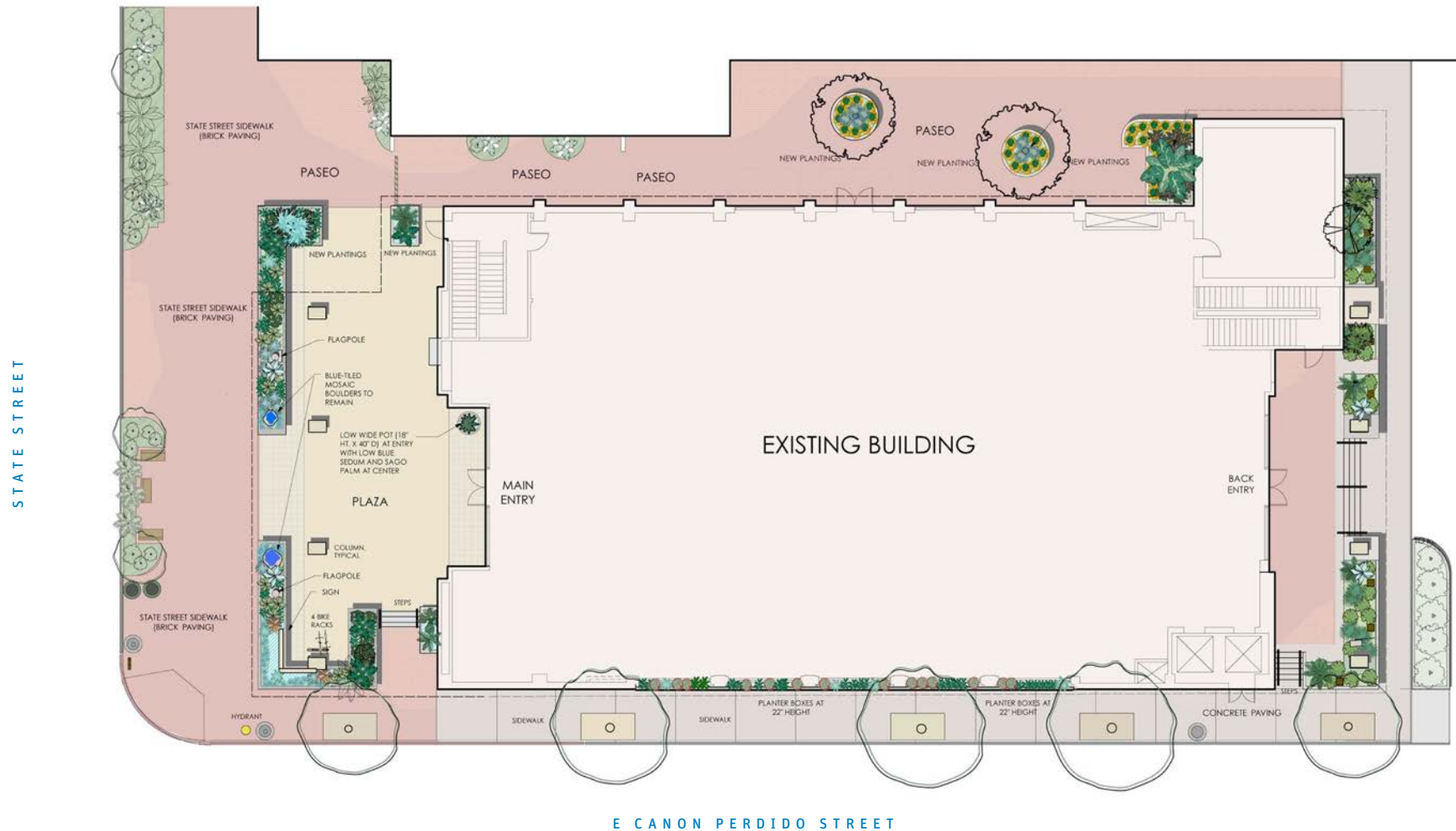
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SITE PLAN



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Not to scale

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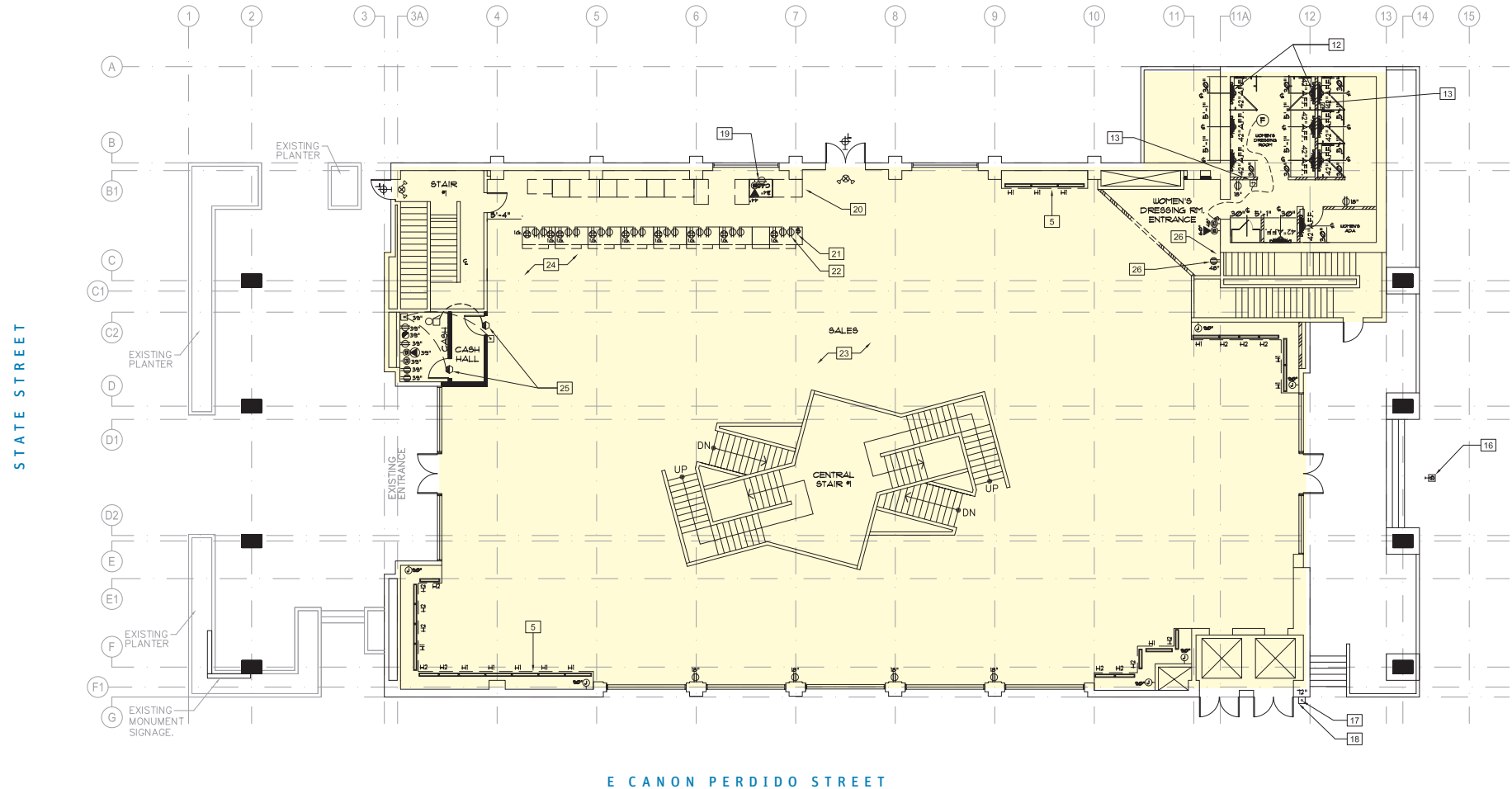
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FLOOR PLAN | GROUND FLOOR



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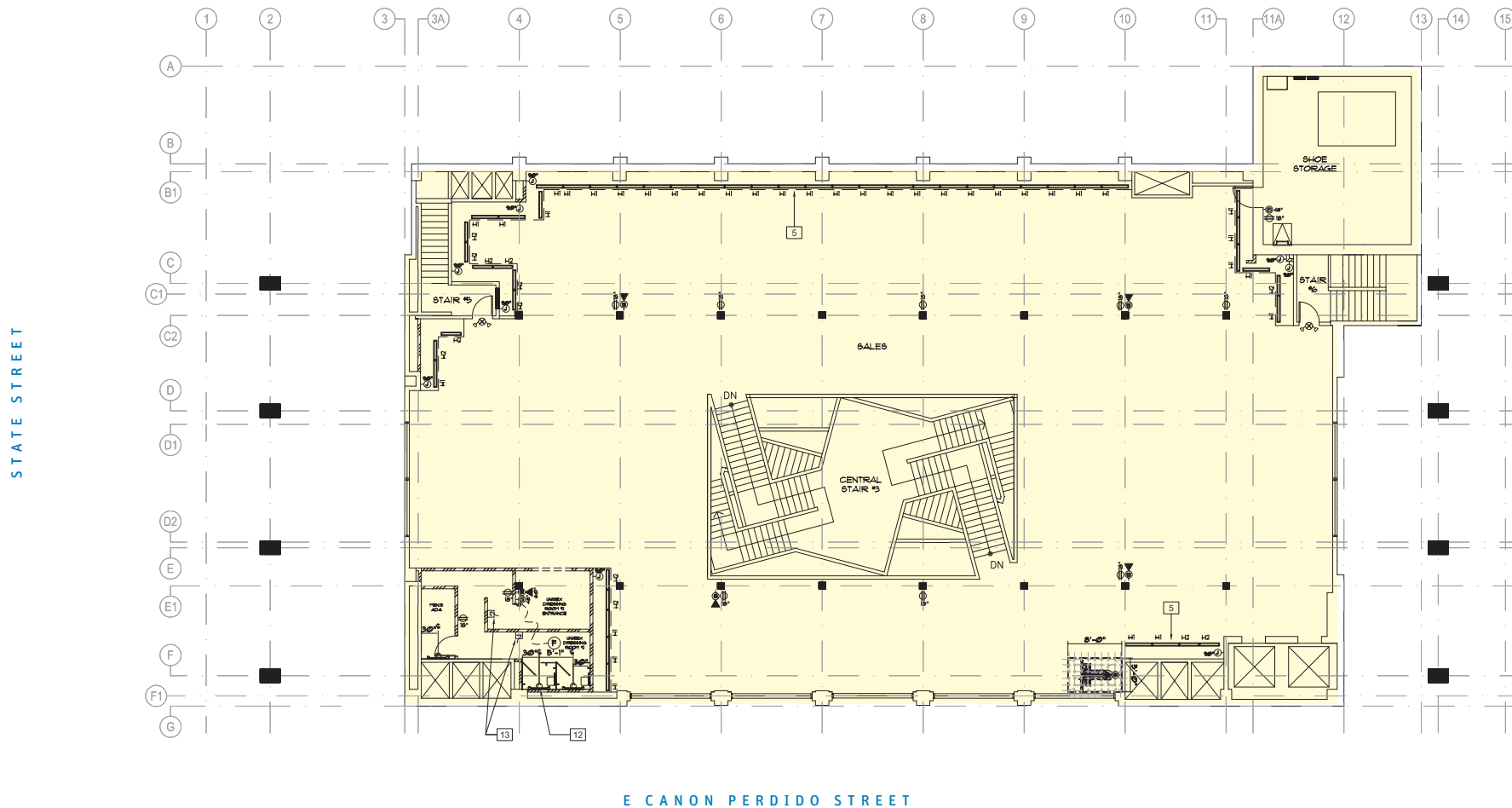
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FLOOR PLAN | SECOND FLOOR



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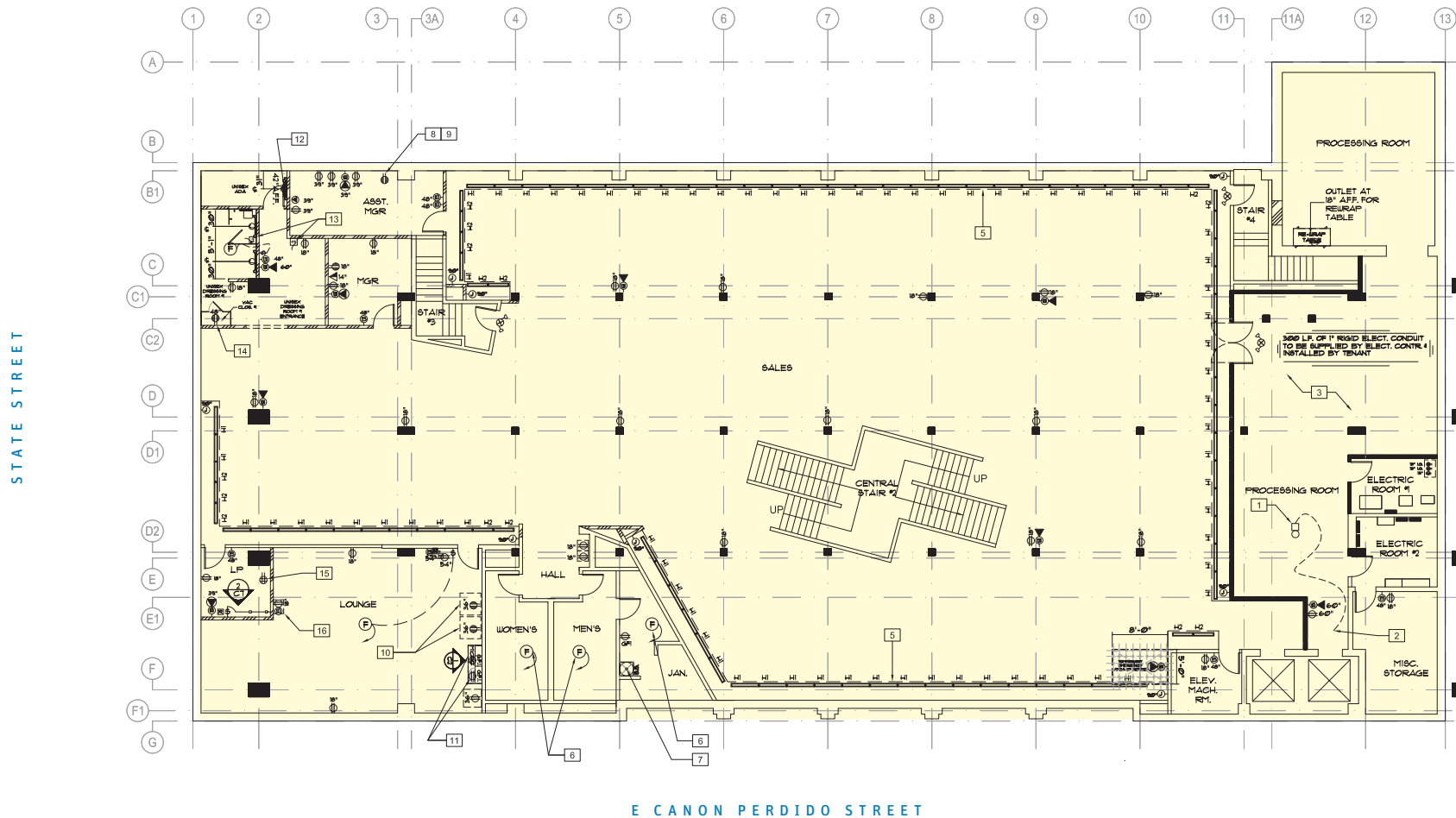
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FLOOR PLAN | LOWER FLOOR



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ADDITIONAL PROPERTY PHOTOS



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NEIGHBORING DOWNTOWN SANTA BARBARA ATTRACTIONS

Mere footsteps from 900 State St. are many of Santa Barbara's favorite attractions, including the historic Granada and Arlington theaters, Santa Barbara Public Market, Santa Barbara Courthouse, Paseo Nuevo Mall, The Funk Zone, Stearns Wharf, and of course the wide variety of shops and restaurants that pepper downtown Santa Barbara's world-renowned State Street corridor.



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NEARBY PARKING

*Approx. 1,197 Public Parking Spaces Within 1 Block of Property
which are 75 minutes free and \$1.50/hr. thereafter*



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Analysis

Proforma Income Analysis | Comparable Properties Sold



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FINANCIAL ANALYSIS

Lease Synopsis

Address	Tenant	Size (SF)	Monthly Rent	Rent/SF	Share of Operating Costs	Rent Adjustment	Term (Start to End)	Options	Comments
900 State St.	Marshalls of California LLC	38,015	\$64,943.77	\$1.71	100%	Nov. 18 2022 to \$68,902.19	11/18/1995 – 11/17/2027	(1) 5-year Option on 11/18/2027 @ \$72,862.08; then (1) 3-year Option on 11/18/2032 @ \$76,821.98. (Lessee must give 1 year notice prior to exercising options.)	Marshalls opened at this location 8/4/11 when they took over the Borders lease.
TOTALS		38,015	\$64,943.77	\$1.71	100%				

Proforma Income Analysis

	2018	2019	2020	2021	2022	2023
Annual Net Operating Income	\$779,325	\$779,325	\$779,325	\$779,325	\$826,826	\$826,826
CAP Rate	4.4%	4.4%	4.4%	4.4%	4.8%	4.8%
Purchase Price	\$17,700,000					
Price/SF	\$466/SF					

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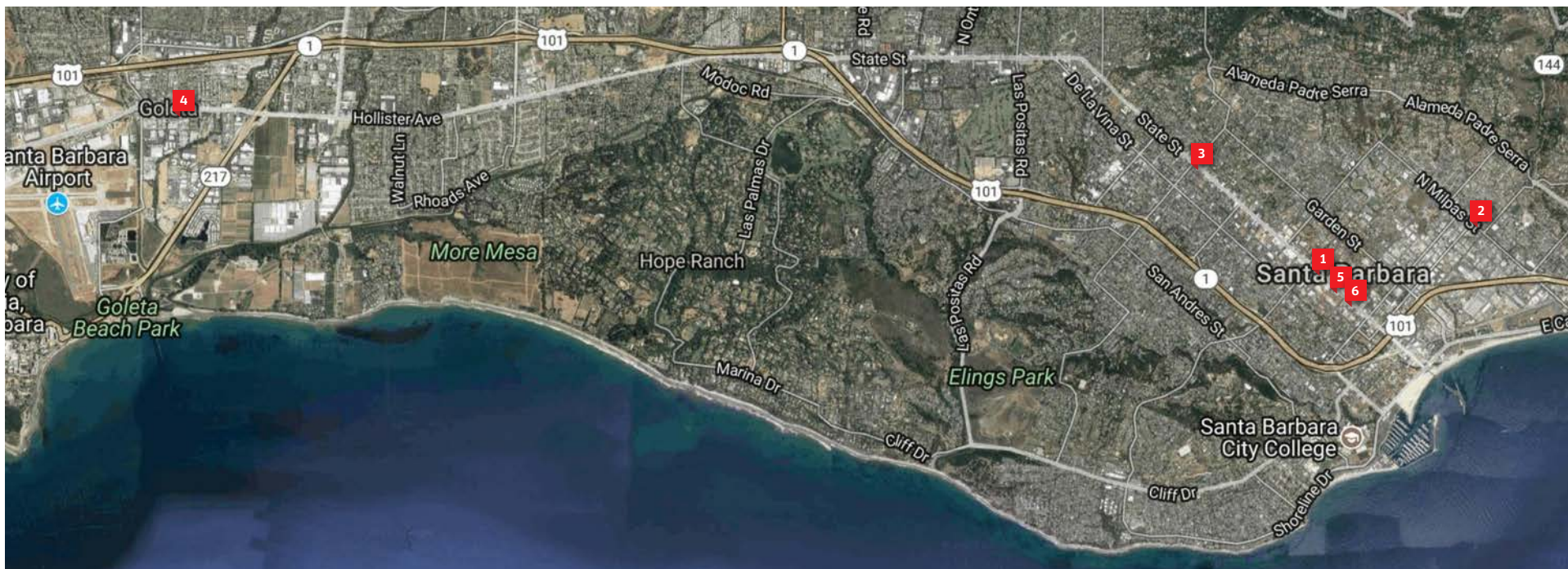
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COMPARABLE PROPERTIES SOLD



	Property Address	Square Footage	Price	Price/SF	CAP Rate	Closing Date
1	Subject Property: 900 State St., Santa Barbara	38,015 SF	Asking Price \$18,300,000	\$481/SF	4.30%	—
2	324-336 N. Milpas St., Santa Barbara	11,468 SF	\$8,200,000	\$715/SF	3.89%	2/23/2016
3	1936 State St., Santa Barbara	3,427 SF	\$4,950,000	\$1,444/SF	3.85%	12/6/2016
4	5799 Hollister Ave., Santa Barbara	9,000 SF	\$4,900,000	\$544/SF	4.40%	7/20/2017
5	800 State St., Santa Barbara	7,956 SF	\$8,625,000	\$1,084/SF	4.40%	8/29/2017
6	624 State St., Santa Barbara	10,217 SF	Asking Price: \$9,400,000	\$920/SF	4.80%	—

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Demographics, Tourism & Market Overview



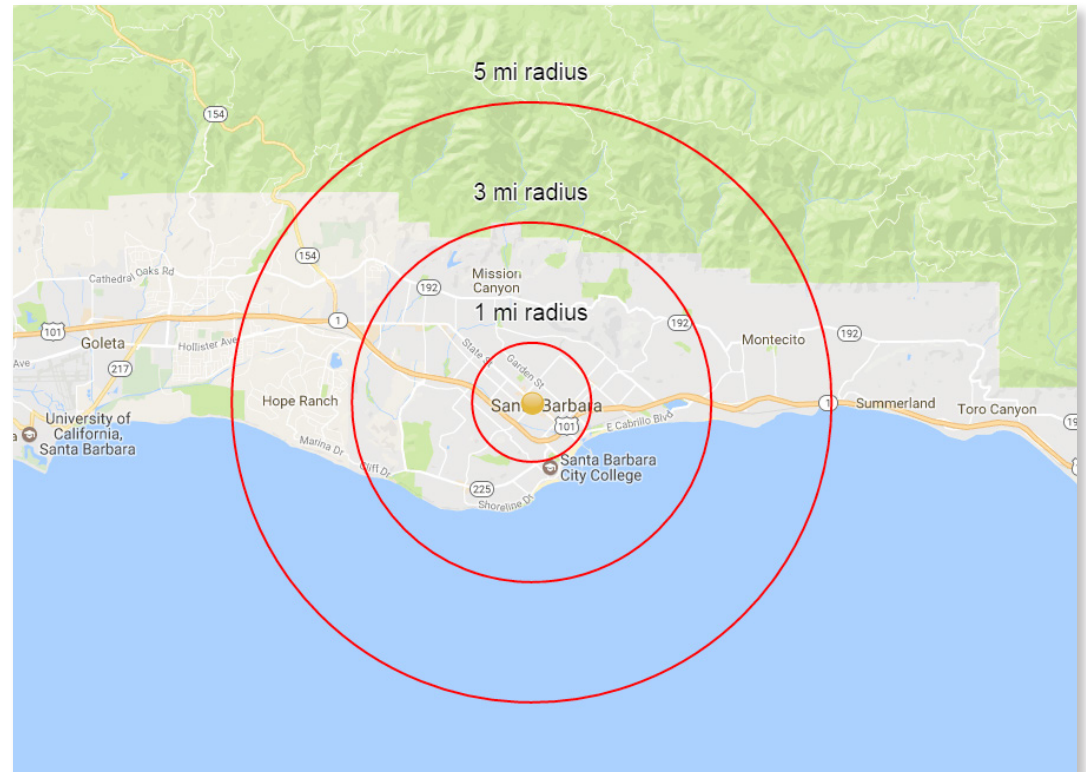
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DEMOGRAPHICS

900 State St Santa Barbara, CA 93101-2710	1 mi radius	3 mi radius	5 mi radius
Population			
Estimated Population (2016)	32,756	92,606	115,992
Projected Population (2021)	34,120	96,497	120,826
Census Population (2010)	31,015	88,685	111,028
Census Population (2000)	31,588	91,101	112,521
Projected Annual Growth (2016-2021)	1,364 0.8%	3,891 0.8%	4,834 0.8%
Historical Annual Growth (2010-2016)	1,741 0.9%	3,921 0.7%	4,964 0.7%
Historical Annual Growth (2000-2010)	-573 -0.2%	-2,416 -0.3%	-1,494 -0.1%
Estimated Population Density (2016)	10,431 psm	3,277 psm	1,477 psm
Trade Area Size	3.1 sq mi	28.3 sq mi	78.5 sq mi
Households			
Estimated Households (2016)	13,172	36,169	45,489
Projected Households (2021)	13,729	37,727	47,441
Census Households (2010)	12,575	35,037	44,031
Census Households (2000)	12,315	35,529	44,336
Projected Annual Growth (2016-2021)	557 0.8%	1,558 0.9%	1,951 0.9%
Historical Annual Change (2000-2016)	857 0.4%	640 0.1%	1,154 0.2%
Average Household Income			
Estimated Average Household Income (2016)	\$76,720	\$110,022	\$117,474
Projected Average Household Income (2021)	\$91,573	\$133,702	\$142,714
Census Average Household Income (2010)	\$63,134	\$86,279	\$93,513
Census Average Household Income (2000)	\$50,895	\$71,919	\$78,647
Projected Annual Change (2016-2021)	\$14,853 3.9%	\$23,680 4.3%	\$25,240 4.3%
Historical Annual Change (2000-2016)	\$25,826 3.2%	\$38,102 3.3%	\$38,827 3.1%
Median Household Income			
Estimated Median Household Income (2016)	\$58,542	\$81,126	\$83,435
Projected Median Household Income (2021)	\$64,975	\$89,639	\$91,755
Census Median Household Income (2010)	\$49,782	\$63,306	\$65,605
Census Median Household Income (2000)	\$38,755	\$53,678	\$57,460
Projected Annual Change (2016-2021)	\$6,433 2.2%	\$8,512 2.1%	\$8,320 2.0%
Historical Annual Change (2000-2016)	\$19,787 3.2%	\$27,449 3.2%	\$25,974 2.8%
Daytime Demographics (2016)			
Total Businesses	4,058	7,357	8,593
Total Employees	37,075	70,100	83,037
Company Headquarter Businesses	33 0.8%	56 0.8%	60 0.7%
Company Headquarter Employees	2,043 5.5%	6,957 9.9%	7,244 8.7%
Employee Population per Business	9.1 to 1	9.5 to 1	9.7 to 1
Residential Population per Business	8.1 to 1	12.6 to 1	13.5 to 1
Adj. Daytime Demographics Age 16 Years or Over	45,193	97,652	120,215

This report was produced using data from private and government sources deemed to be reliable. The information herein is provided without representation or warranty.



Traffic Counts

State Street: ±11,100 CPD

Canon Perdido Street: ±8,800 CPD

U.S. Hwy. 101: ±100,000 CPD

Foot Traffic: ±7,000 Pedestrians Per Day

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MARKET OVERVIEW

Santa Barbara | The American Riviera

Symbolizing the ultimate in casual California lifestyle, Santa Barbara is undoubtedly one of America's most desirable destinations to live and travel. Located on a pristine coastline approximately 337 miles south of San Francisco and 93 miles north of Los Angeles, Santa Barbara is nestled between the Pacific Ocean and the Santa Ynez Mountains on a stretch of coast known as the "American Riviera" because of its favorable Mediterranean climate.



With a population of approximately 92,000, Santa Barbara is both small and vibrant. Locals and visitors alike are drawn to the city's charming downtown and picturesque State Street with its rich Spanish architecture and historical sites, and wide variety of shops and galleries, numerous Zagat-rated restaurants, thriving open-air shopping centers like the famed Paseo Nuevo, pristine, sunny beaches and harbor, and countless other outdoor attractions including the Santa Barbara Zoo, Santa Barbara Mission, Stearns Wharf and Santa Barbara Museum of Natural History, to name just a few. Plus, with nearly 100 wineries within a short drive, Santa Barbara County is a world renowned wine region.



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MARKET OVERVIEW

Economy

As a major travel destination, Santa Barbara's tourism and hospitality industry are vital components of the local economy, which also includes a very large service sector (nearly 35%), education, technology, health care, finance, agriculture, manufacturing, and local government. Education in particular is well-represented with five higher learning institutions including UCSB, Santa Barbara City College and Westmont College. Santa Barbara has a vibrant, growing tech industry, expanding hotels with over 500 new rooms coming online in the near future, and additional extensive development.

Rank	Employer	# Employees	Rank	Employer	# Employees
1	University of California, Santa Barbara	6,200	6	Raytheon	1,500
2	County of Santa Barbara	4,000	7	Sansum Clinic	1,500
3	Santa Barbara Cottage Hospital	2,500	8	City Of Santa Barbara	1,000
4	Santa Barbara City College	2,000	9	United States Postal Service	1,000
5	Santa Barbara School Districts	1,800	10	Union Bank	950



Demographics

2015 Population	±91,842
2016 Population Density	±10,431 / sq. mile (1-mile radius)
2016 Est. Population	±32,756 (1-mile radius)
	±92,606 (3-mile radius)
	±115,992 (5-mile radius)
Annual Tourism	±6.1 million / yr.
Visitor-Related Spending	±1.5 billion / yr.
Households	±35,449
Age 0-18	±18.6%
Age 18-44	±42.0%
Age 44-64	±25.2%
Age 65+	±14.2%

County of Santa Barbara Population

Buellton	±4,893
Solvang	±5,363
Guadalupe	±7,144
Carpinteria	±13,442
Goleta	±30,202
Lompoc	±43,314
Santa Barbara	±90,385
Santa Maria	±101,103
Unincorporated	±137,552
Total	±433,398

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TOURISM

Santa Barbara welcomes over 6.1 million tourist per year and approximately 30 cruise ships per year that generate over \$1.5 billion in visitor spending per year. In 2016, 29 cruise ships with a total of 80,831 passengers visited Santa Barbara.

Santa Barbara is sometimes referred to as the American Riviera. Its beautiful beaches, majestic mountains, and colorful culture make Santa Barbara a premier resort destination as well as an attraction for neighbor counties such as Ventura County (Population 839,620), San Luis Obispo County (Population 276,443) and Los Angeles County (Population 10.2 Million). World-class accommodations and dining await many visitors. From the City, you are just minutes away from Santa Barbara wine country. The gorgeous Santa Ynez Valley, with its breath-taking vistas, is home to such notable attractions as Solvang and the Chumash Reservation.

The travel and tourism sector continues to be a driving force behind Santa Barbara County's economy. In 2015, leisure and hospitality workers totaled 29,000, up from 24,000 the year before, according to UCSB's Economic Forecast Project. (Compare that to 4,600 workers in the tech industry, 20,000 in retail and 20,000 in farming.) Annual spending by travelers to the South Coast totals more than \$1.5 billion and generates more than \$45 million in yearly tax revenues, according to Destination Analysts, a tourism market research firm.



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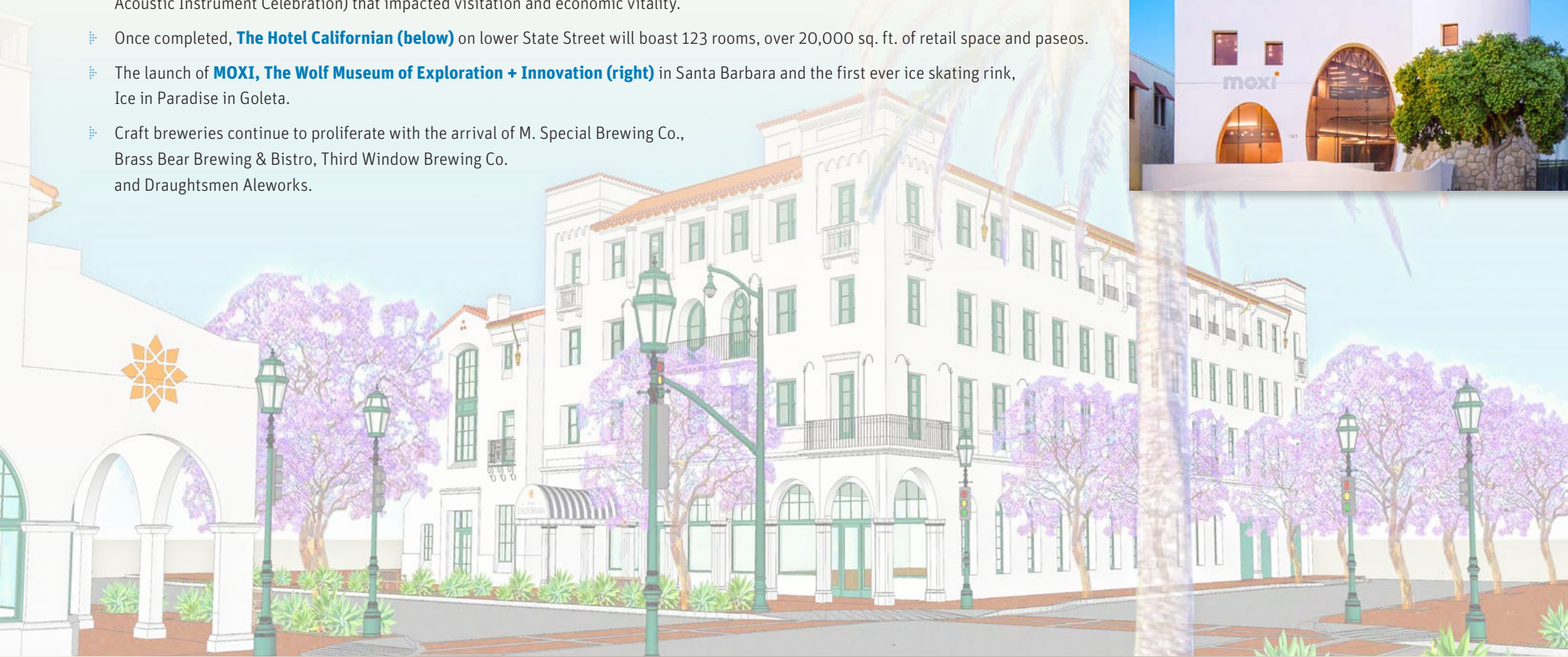
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TOURISM

2017 Regional Highlights

- The launch of American Airlines' new nonstop flight from Dallas Fort-Worth to Santa Barbara.
- Development of new festivals and events (Santa Barbara 100, FestForward, International Wine Film Festival and Santa Barbara Acoustic Instrument Celebration) that impacted visitation and economic vitality.
- Once completed, **The Hotel Californian (below)** on lower State Street will boast 123 rooms, over 20,000 sq. ft. of retail space and paseos.
- The launch of **MOXI, The Wolf Museum of Exploration + Innovation (right)** in Santa Barbara and the first ever ice skating rink, Ice in Paradise in Goleta.
- Craft breweries continue to proliferate with the arrival of M. Special Brewing Co., Brass Bear Brewing & Bistro, Third Window Brewing Co. and Draughtsmen Aleworks.



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