



Cactus Crossings

NORTHEAST CORNER OF 67TH AVENUE & CACTUS ROAD
GLENDALE, AZ 85304

OFFERING MEMORANDUM

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CONFIDENTIAL MEMORANDUM

Cactus Crossings
NEC Corner of 67th Avenue & Cactus Road, Glendale, AZ

This is a Confidential Memorandum intended solely for your own limited use in considering whether to pursue negotiations to acquire Cactus Crossings described herein, ("The Property"), located in Glendale, Arizona.

This Confidential Memorandum contains brief, selected information pertaining to The Property, and has been prepared by De Rito Partners primarily from information supplied by the owner. It does not purport to be all-inclusive or to contain all the information which a prospective purchaser may desire. The owner and De Rito Partners make no representations or warranty, expressed or implied, as to the accuracy or completeness of this confidential memorandum, or any of its contents, and no legal liability is assumed or to be implied with respect thereto.

By acknowledgment of your receipt of this Confidential Memorandum, you agree that the Memorandum and its contents are confidential, that you will hold and treat it in the strictest of confidence, and that you will not directly or indirectly, disclose or permit anyone else to disclose this Memorandum or its contents to

any other person, firm or entity without proper written authorization of Owner's representative and that you will not use or permit to be used, this Memorandum or its contents in any fashion or manner detrimental to the interest of the owner, the Property, or De Rito Partners.

The owner expressly reserves the right in its sole discretion, to reject any or all proposals or expressions of interest in The Property and to terminate discussions with any party at any time with or without notice. De Rito Partners strongly recommends that each potential investor review the information contained in this Confidential Memorandum with its accountants, attorneys, consultants and tax advisors.

All offers or requests for further information should be directed to:

Michael J. McWilliams, P.C.
De Rito Partners, Inc.
3200 E. Camelback Road, Ste. 175
Phoenix, AZ 85018



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Cactus Crossings
NEC Corner of 67th Avenue & Cactus Road, Glendale, AZ

EXECUTIVE SUMMARY

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PROPERTY OVERVIEW

Cactus Crossings
NEC Corner of 67th Avenue & Cactus Road, Glendale, AZ

Property:

Cactus Crossings

Assessor's Parcel Number:

200-76-013Z

Address:

6690 West Cactus Road
Glendale, AZ 85304

Building Size:

6,450 SF

Price:

\$2,148,521

Land Size:

0.88 acres

Cap Rate:

7.0% with 5% vacancy factor
7.5% cap on actuals

Parking:

40 stalls (6.2/1,000) *Includes ADA

Year Built:

2006

Zoning:

C-2

Price Per Square Foot:

\$333.10

Population:

138,900 (3-mile radius)

Current Occupancy:

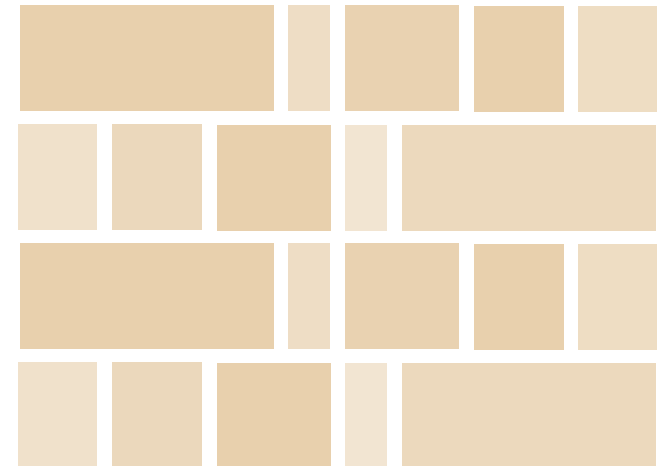
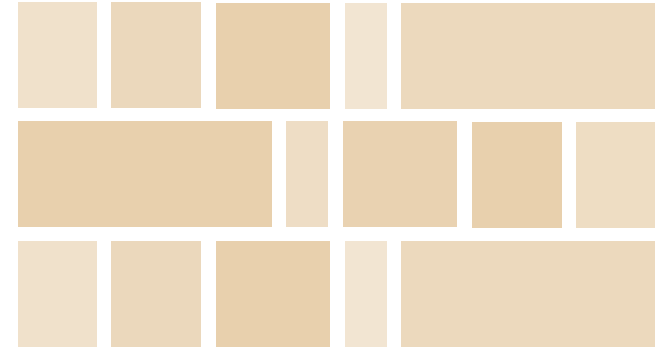
100% occupied

Traffic Counts (VPD):

67th Ave	40,672
Cactus Rd	51,085

Yr-1 NOI:

\$150,396



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Property Overview:

Cactus Crossings offers an excellent opportunity for the investor looking for a stable property with enough upside through annual rent increases to generate maximum cash flow. Totalling 6,450 square feet, the center is 100% occupied by existing tenants: CheckSmart, Care Nails & Spa, TCB Tattoo and Xtreme Vapour. The property has been 100% occupied since November, 2012.

Location Overview:

Cactus Crossings is strategically located at the Northeast corner (hard corner) of two major thoroughfares at Cactus Road & 67th Avenue in Glendale, Arizona. The property has excellent street visibility and easy access.

Property Highlights:

- 100% occupied
- Combined traffic count at the intersection of 91,757 VPD
- Excellent street visibility
- Hard corner location of two major thoroughfares



Tenants:

■ Xtreme Vapour

Premium electronic cigarettes featuring Babylon Vape Juice and e-Liquid. Full supply vapor lounge and online store with starter kits, accessories, replacements.

<http://www.xtremevapour.com>



■ TCB Tattoo

TCB Tattoo is a premier tattoo shop in AZ with over 20 years experience. Justin Kramer is the owner and an artist at TCB Tattoo, he is born and raised in Arizona. He has been tattooing 23 years and is well versed in all styles of tattooing.

<http://www.tcbtattooaz.com/kramer>



■ Care Nails & Spa

Nail salon & Spa serving the Glendale, AZ area.

No website available.

■ CheckSmart

CheckSmart proudly offers great financial services such as title loans, Western Union money transfers, prepaid debit cards, and check cashing for residents of Glendale.

<http://www.checksmartstores.com>



PROPERTY SITE PLAN

Cactus Crossings
NEC Corner of 67th Avenue & Cactus Road, Glendale, AZ



actual site plan may differ



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PROPERTY AERIAL

Cactus Crossings
NEC Corner of 67th Avenue & Cactus Road, Glendale, AZ



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ANALYSIS INFORMATION

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RENT ROLL

Cactus Crossings
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Shops

Suite	Tenant	Tenant SF	GLA (%)	Lease Start	Lease End	Current Rent PSF	Current Monthly Rent	Current Annual Rent	CAM	Security Deposit	Scheduled Rent Increases			
											Date	\$/SF/Yr	\$/Mo	\$/Yr
100	Xtreme Vapour*	1,334	21%	11/08/2012	11/07/2017	\$18.00	\$2,001.00	\$24,012.00	\$8.28	\$2,295.58	N/A	N/A	N/A	N/A
101	TCB Tattoo	1,016	16%	02/12/2012	04/30/2020	\$14.93	\$1,264.00	\$15,169.00	\$7.58	\$1,946.86	05/01/2017	\$15.37	\$1,301	\$15,619
											05/01/2018	\$15.83	\$1,340	\$16,083
											05/01/2019	\$16.30	\$1,380	\$16,561
102	Care Nails & Spa	1,400	22%	11/08/2006	03/31/2021	\$17.50	\$2,042.00	\$24,500.00	\$8.34	\$3,375.00	04/01/2017	\$18.00	\$2,100	\$25,200
											04/01/2018	\$18.50	\$2,158	\$25,900
											04/01/2019	\$19.00	\$2,217	\$26,600
											04/01/2020	\$19.50	\$2,275	\$27,300
103	Check Smart	2,700	42%	11/22/2006	11/30/2019	\$34.94	\$7,862.00	\$94,338.00	\$7.58	\$0	12/01/2017	\$35.99	\$8,098	\$ 97,173
											12/01/2018	\$37.07	\$8,341	\$100,089
Totals		6,450	100%		W. Avg.	\$24.50								

*Renewal Option: One 3-Yr at 3% annual increases.

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FINANCIAL ANALYSIS

Cactus Crossings
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Year 1 Proforma

Suite	Tenant Name	Building SF	Lease End	Yr-1 Rent (\$/SF/Yr) [1]	Monthly	Annual	NNN	NNN (\$/SF)	NNN Reimb.	NNN Reimb. (\$/SF)	Total Income (\$)	Total Income (\$/SF/Yr)
[2] 100	Xtreme Vapour, LLC	1,334	11/07/2017	\$18.32	\$2,036	\$24,432	\$11,494	\$8.62	\$11,494	\$8.62	\$35,926	\$26.93
101	TCB Tattoo, LLC	1,016	04/30/2020	\$15.37	\$1,301	\$15,616	\$8,754	\$8.62	\$8,754	\$8.62	\$24,370	\$23.99
102	Care Nails & Spa	1,400	03/31/2021	\$18.00	\$2,100	\$25,200	\$12,062	\$8.62	\$12,062	\$8.62	\$37,262	\$26.62
103	Check Smart	2,700	11/30/2019	\$35.55	\$7,999	\$95,989	\$23,263	\$8.62	\$23,263	\$8.62	\$119,252	\$44.17
Total/Average		6,450	11/03/2019	\$25.00	\$13,436	\$161,237	\$55,573	\$8.62	\$55,573	\$8.62	\$215,885	\$33.61

Occupied SF 6,450

Occupancy (%) 100.0%

Vacant SF -

Vacancy (%) 0.0%

[3] NNN Expenses (\$/SF)	
CAMs	\$ 5.23
Ins	0.26
Tax	3.13
	<u>\$ 8.62</u>

Notes:

- [1] Represents effective Yr-1 rental rate assuming start date of July 1, 2017.
- [2] Assumes tenant exercises their option.
- [3] Represents De Rito 2017 estimates.
- [4] Vacancy factor of 5.0% utilized.
- [5] Represents Yr-1 NOI (Beginning July 1, 2017).

Year-1 Proforma

*100.0% Occupancy

Scheduled Rent \$ 161,237

NNN Reimbursement 55,573

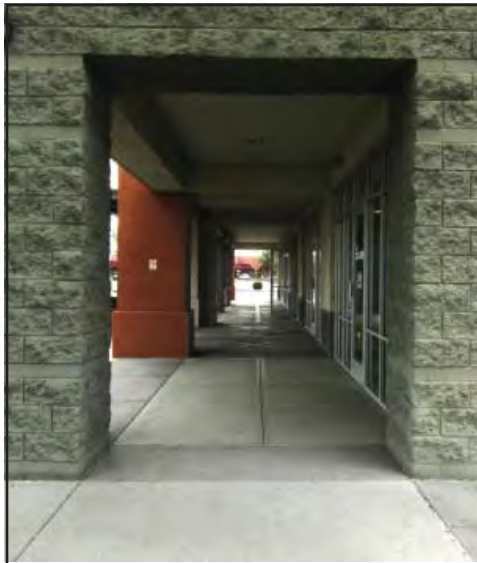
Gross Income \$ 216,810

[4] Vacancy Factor 5.0% \$ (10,841)

Estimated Expenses \$ (55,573)

[5] **NOI \$ 150,396**

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MARKET OVERVIEW

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Metro Phoenix's Vacancy Decreases to 8.8%

Net Absorption Positive 553,559 SF in the Quarter

The Metro Phoenix retail market experienced a slight improvement in market conditions in the fourth quarter 2016. The Vacancy rate went from 9.0% in the previous quarter to 8.8% in the current quarter. Net absorption was positive 553,559 square feet, and vacant sublease space increased by 48,728 square feet. Quoted rental rates decreased from third quarter 2016 levels, ending at \$14.53 per square foot per year. A total of 21 retail buildings with 383,701 square feet of retail space were delivered to the market in the quarter, with 1,227,017 square feet still under construction at the end of the quarter.

Net Absorption

Retail net absorption was moderate in Phoenix fourth quarter 2016, with a positive 553,559 square feet absorbed in the quarter. In third quarter 2016, net absorption was positive 393,433 square feet, while in second quarter 2016, absorption came in at positive 511,053 square feet. In first quarter 2016, positive 691,926 square feet was absorbed in the market.

Vacancy

Phoenix's retail vacancy rate decreased in the fourth quarter 2016, ending the quarter at 8.8%. Over the past four quarters, the market has seen an overall decrease in the vacancy rate, with the rate going from 9.0% in the first quarter 2016, to 8.9% at the end of the second quarter 2016, 9.0% at the end of the third quarter 2016, to 8.8% in the current quarter.

The amount of vacant sublease space in the Phoenix market has trended down over the past four quarters. At the end of the first quarter 2016, there were 741,073 square feet of vacant sublease space. Currently, there are 704,302 square feet vacant in the market.

Largest Lease Signings

The largest lease signings occurring in 2016 included: the 115,300-square-foot lease signed by Mercardo Centro at 4225 W Indian School Rd; the 92,904-square-foot lease signed by Floor & Décor at Mesa Pavilions North; and the 61,374-square-foot lease signed by Safeway at 4747 E Greenway Rd.

Rental Rates

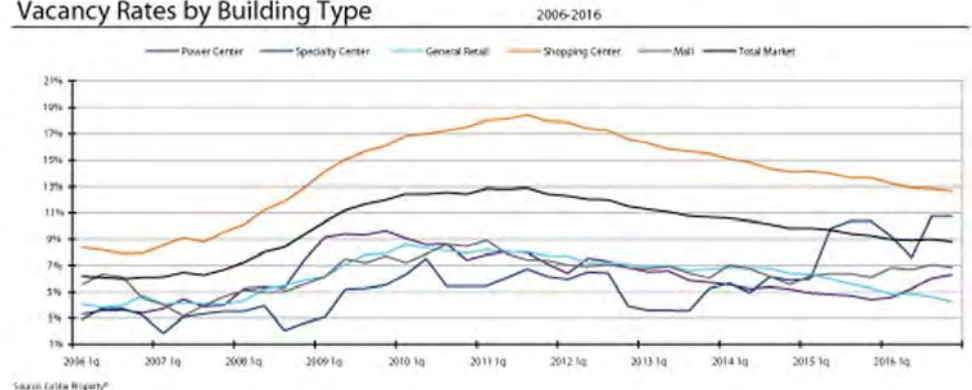
Average quoted asking rental rates in the Phoenix retail market are down over previous quarter levels, and up from their levels four quarters ago. Quoted rents ended that fourth quarter 2016 at \$14.53 per square foot per year. That compares to \$14.59 per square foot in the third quarter 2016, and \$14/40 per square foot at the end of the first quarter 2016. This represents a 0.4% decrease in rental rates in the current quarter, and a 0.89% increase from four quarters ago.

Inventory & Construction

During the fourth quarter 2016, 21 buildings totaling 383,701 square feet were completed in the Phoenix retail market. Over the past four quarters, a total of 1,930,376 square feet of retail space has been built in Phoenix. In addition to the current quarter, 35 buildings with 777,309 square feet were completed in third quarter 2016, 34 buildings totaling 497,267 square feet completed in second quarter 2016, and 272,099 square feet in 23 buildings completed in first quarter 2016.

There were 1,227,017 square feet of retail space under construction at the end of the fourth quarter 2016.

Vacancy Rates by Building Type



Some of the notable 2016 deliveries include: 13730 W Camelback Rd – Fry’s Marketplace, a 124,000-square-foot facility that delivered in the third quarter 2016 and is now 100% occupied, and 2929 E Ocotillo Rd – Fry’s Marketplace, a 123,000-square-foot building that delivered in fourth quarter 2016 and is now 100% occupied.

Total retail inventory in the Phoenix market area amounted to 222,521,135 square feet in 14,030 buildings and 1,960 centers as of the end of the fourth quarter 2016.

Shopping Center

The Shopping Center market in Phoenix currently consists of 1,871 projects with 105,997,662 square feet of retail space in 4,830 buildings. In this report the Shopping Center market is comprised of all Community Center, Neighborhood Center, and Strip Centers.

After absorbing 377,199 square feet and delivering 225,275 square feet in the current quarter, the Shopping Center sector saw the vacancy rate to from 12.9% at the end of the third quarter 2016 to 12.7% this quarter.

Over the past four quarters, the Shopping Center vacancy rate has gone from 13.2% at the end of the first quarter 2016, to 12.9% at the end of the second quarter 2016, to 12.9% at the end of the third quarter 2016, and finally to 12.7% at the end of the current quarter.

Rental rates ended the fourth quarter 2016 at \$14.05 per square foot, down from the \$14.07 they were at the end of the third quarter 2016. Rental rates have trended up over the past year, going from \$13.65 per square foot a year ago to their current levels.



Net absorption in the Shopping Center sector has totals 1,878,373 square feet over the past four quarters. In addition to the positive 377,199 square feet

absorbed this quarter, positive 445,559 square feet was absorbed in the third quarter 2016, positive 527,781 square feet was absorbed in the second quarter 2016, and positive 527,834 square feet was absorbed in the first quarter 2016.

Power Centers

The Power Center average vacancy rate was 6.3% in the fourth quarter 2016. With positive 2,694 square feet of net absorption and 91,400 square feet in new deliveries, the vacancy rate went from 6.0% at the end of last quarter to 6.3% at the end of the fourth quarter.

In the third quarter 2016, Power Centers absorbed negative (231,379) square feet, delivered no new space, and the vacancy rate went from 5.3% to 6.0% over the course of the quarter. Rental started the quarter at \$18.83 per square foot and ended the quarter at \$20.77 per square foot.

A year ago, in fourth quarter 2015, the vacancy rate was 4.4%. Over the past four quarters, Power Centers have absorbed a cumulative negative (459,272) square feet of space. Vacant sublease space has gone from 94,096 square feet to 122,551 square feet over that time period, and rental rates have gone from \$19.48 to \$19.31.

At the end of the fourth quarter 2016, there were 8,000 square feet under construction in the Phoenix market. The total stock of Power Center space in Phoenix currently sits at 30,161,680 square feet in 58 centers comprised of 767 buildings.

General Retail Properties

The General Retail sector of the market, which includes all freestanding retail buildings, except those contained within a center, reported a vacancy rate of 4.2% at the end of fourth quarter 2016. There was a total of 2,847,790 square feet vacant at that time. The General Retail sector in Phoenix currently has average rental rates of \$15.04 per square foot per year. There are 354,726 square feet of space under construction in this sector, with 67,026 square feet having been completed in the fourth quarter. In all, there are a total of 8,212 buildings with 67,048,219 square feet of General Retail space in Phoenix.

Specialty Centers

There are currently 10 specialty Centers in the Phoenix market, making up 2,208,987 square feet of retail space. In this report the Specialty Center market is comprised of Outlet Center, Airport Retail and Theme/Festival Centers.

Specialty Centers in the Phoenix market have experienced positive 58,777 square feet of net absorption in 2016. The vacancy rate currently stands at 10.8%, and rental rates average \$35.54 per square foot.

Malls

Malls recorded net absorption of positive 37,501 square feet in the fourth quarter 2016. This net absorption number, combined with no new space that was built in the quarter, caused the vacancy rate to go from 7.1% a quarter ago to 6.9% at the end of the fourth quarter 2016. Rental rates went from \$19.72 per square foot to \$18.41 per square foot during that time. In this report the Mall market is comprised of 21 Lifestyle Center, Regional Mall and Super Regional Malls.

Sales Activity

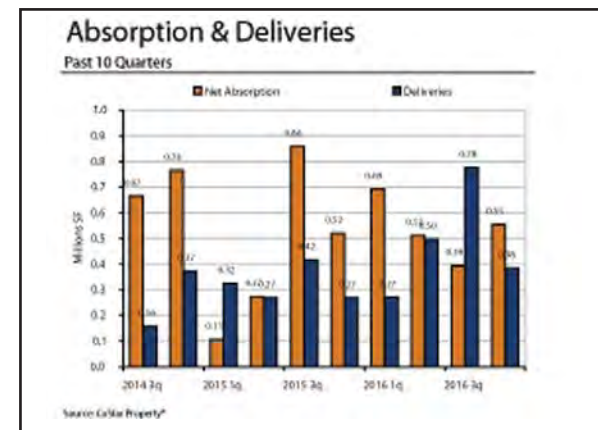
Tallying retail building sales of 15,000 square feet or larger, Phoenix retail sales figures fell during the third quarter 2016 in terms of dollar volume compared to the second quarter of 2016.

In the third quarter, 27 retail transactions closed with a total volume of \$320,536,784. The 27 buildings totaled 1,616,093 square feet and the average price per square foot equated to \$198.34 per square foot. That compares to 40 transactions totaling \$328,198,584 in the second quarter 2016. The total square footage in the second quarter was 1,831,377 square feet for an average price per square foot of \$179.21.

Total retail center sales activity in 2016 was up compared to 2015. In the first nine months of 2016, the market saw 102 retail sales transaction with a total volume of \$981,913,429. The price per square foot averaged \$166.79. In the same first nine months of 2015, the market posted 91 transactions with a total volume of \$648,539,659. The price per square foot averaged \$135.39.

Cap rates have been lower in 2016, averaging 6.8% compared to the same period in 2015 when they averaged 7.46%.

One of the largest transactions that has occurred within the last four quarters in the Phoenix market is the sale of Scottsdale 101 in Phoenix. This 579,734-square-foot retail center sold for \$81,000,000, or \$139.72 per square foot. The property sole on 1/11/2016.



Source: CoStar Group, Inc.



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NEC Corner of 67th Avenue & Cactus Road, Glendale, AZ

AREA INFORMATION

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AREA OVERVIEW

Cactus Crossings

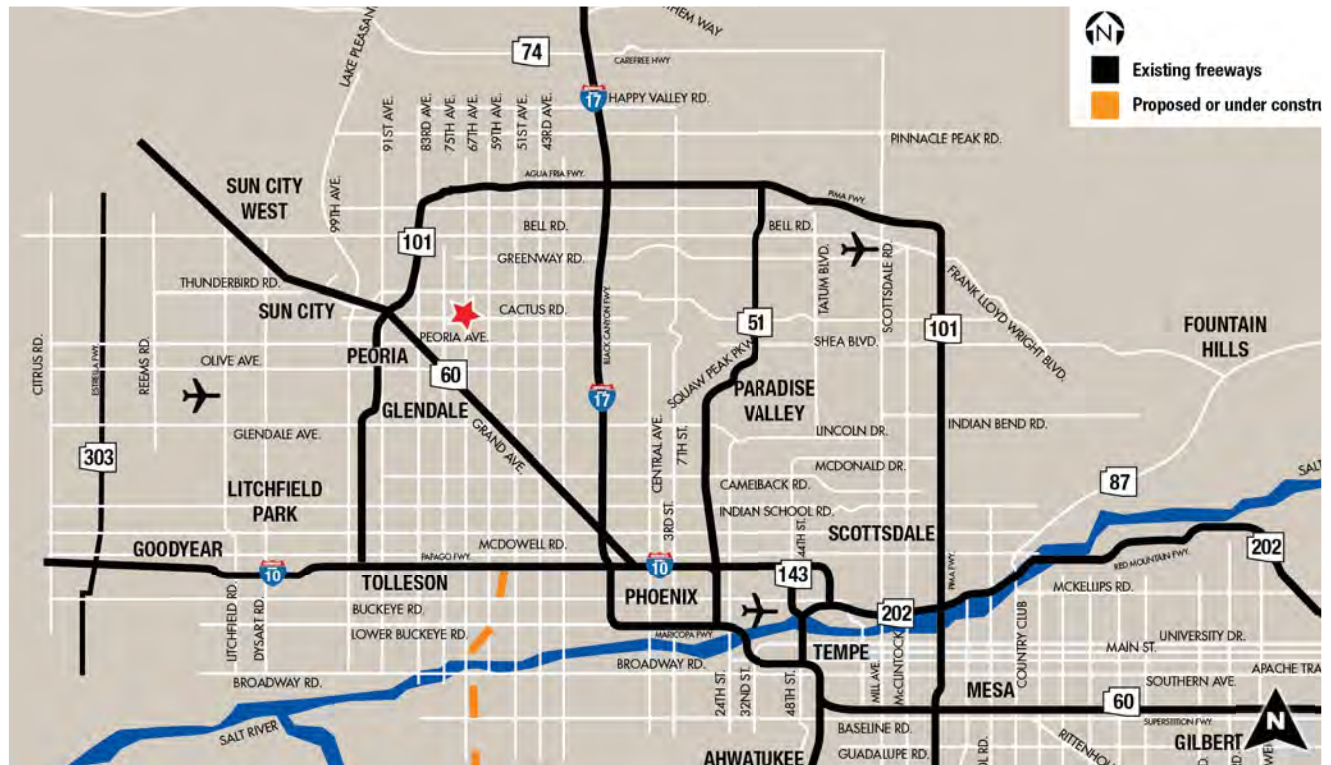
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Cactus Crossings

Glendale is a dynamic city located in Greater Phoenix's Northwest Valley. The city is composed of a diverse and vibrant population covering a vast cross section of economic and cultural communities. Glendale has earned a business friendly reputation through expedited, professional staff assistance, strategic infrastructure improvements and successful public/private partnerships.

In the past decade, the city has invested more than \$400 million worth of infrastructure improvements to create a world-class Sports and Entertainment District. University of Phoenix Stadium is home to the NFL's Arizona Cardinals. Jobing.com Arena is home to the NHL's Phoenix Coyotes. Camelback Ranch is the Cactus League home to MLB's LA Dodgers and Chicago White Sox. The district is now evolving into a regional employment center with multiple Class A office buildings and outstanding amenities.

Glendale is a thriving city that connects business, education, community and government.



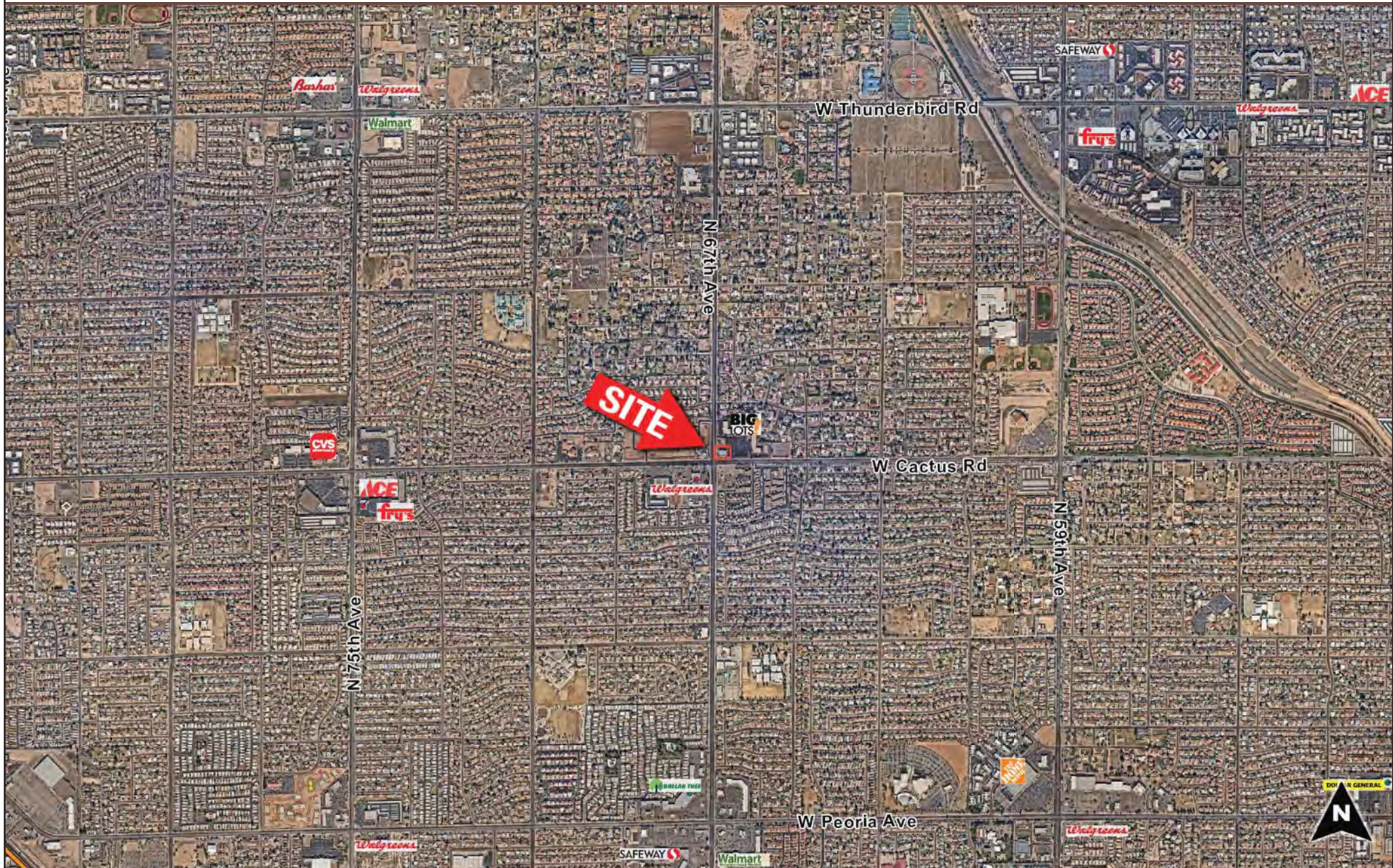
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TRADE AREA AERIAL

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DEMOGRAPHICS

Cactus Crossings NEC Corner of 67th Avenue & Cactus Road, Glendale, AZ

Estimated Population (2016)

1 mile	3 miles	5 miles
13,848	138,900	387,960

Projected Population (2021)

1 mile	3 miles	5 miles
15,018	151,010	422,637

Median Age (2016)

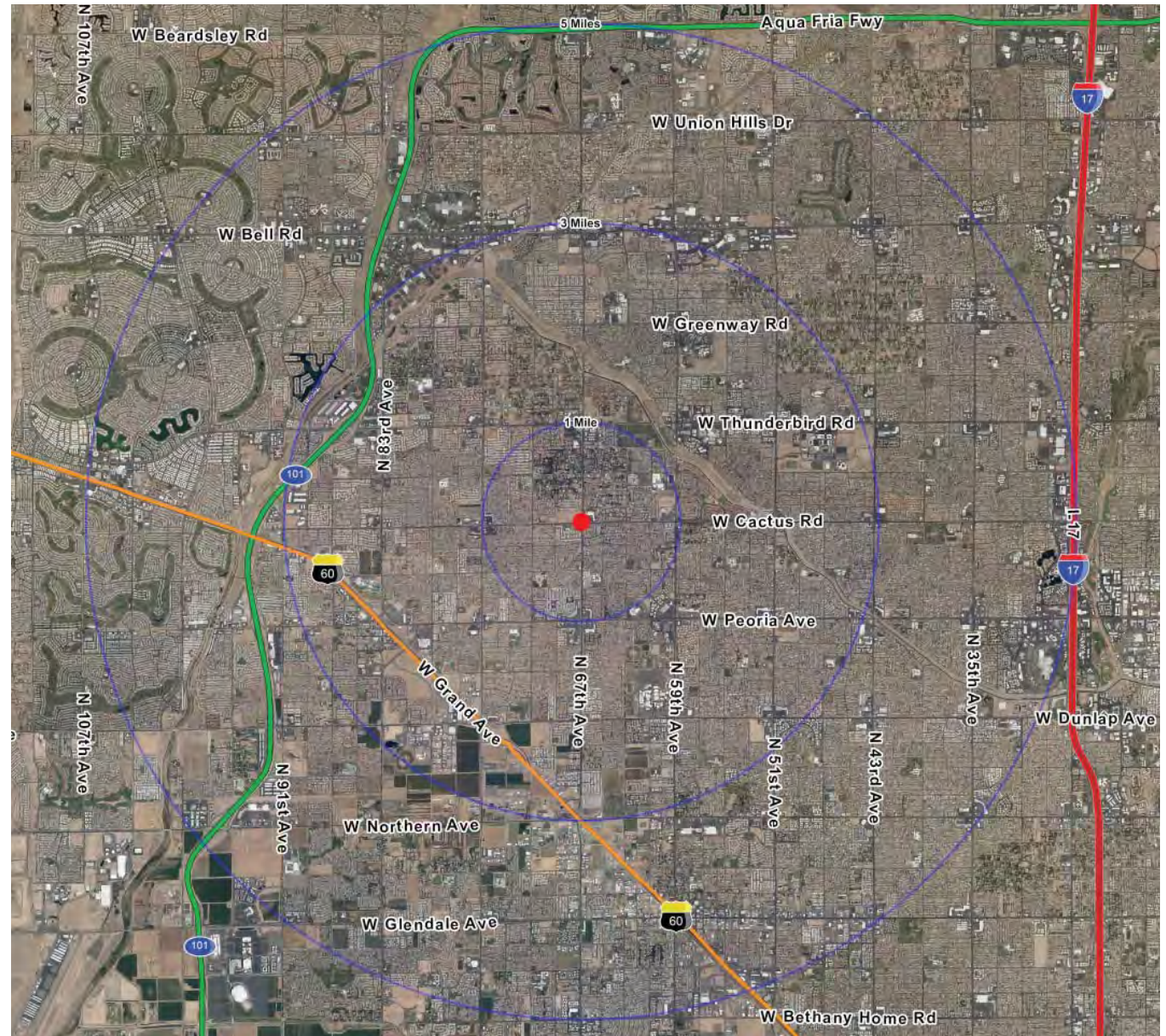
1 mile	3 miles	5 miles
40.5	36.4	37.7

Avg Household Income (2016)

1 mile	3 miles	5 miles
\$84,099	\$65,365	\$60,945

Projected Household Income (2021)

1 mile	3 miles	5 miles
\$96,554	\$74,824	\$69,533



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