

FOOTHILL RANCH  
TOWNE CENTRE

**HOBBY LOBBY**  
CRAFTS • HOME ACCENTS • FLORAL

**HOBBY LOBBY.**

**SINGLE TENANT NN INVESTMENT (FEE SIMPLE)**

*~ Rare Orange County Big Box Offering ~*

26732 Portola Pkwy, Lake Forest, CA 92610





Rare Orange County Big Box Offering • Available At Below Replacement Cost



SNYDER/CARLTON TEAM - WWW.THENNETWORK.COM  
 3 PARK PLAZA, SUITE 1200 | IRVINE, CA 92814

## Table Of Contents

Investment Overview .....	05
Pricing/Lease Summary .....	06
Investment Highlights .....	08
Aerial Overview .....	10
Comparables .....	16
Parcel Information .....	18
Tenant Overview .....	20
Location Overview .....	22
Demographics .....	26
Confidentiality Agreement .....	28

### Investment Contacts:

John Sharpe  
 Senior Associate  
 License No. 01800769  
 949.724.5546  
 john.sharpe@colliers.com

Jereme Snyder  
 Executive Vice President  
 License No. 01360233  
 949.724.5552  
 jereme.snyder@colliers.com

Eric Carlton  
 Senior Vice President  
 License No. 01809955  
 949.724.5561  
 eric.carlton@colliers.com

FOOTHILL RANCH  
 TOWNE CENTRE



Extremely Stable Tenant • Hobby Lobby Stores • Profitable Location



## Investment Overview



### Property Description

We are pleased to offer to qualified investors an opportunity to purchase a 77,934 square foot, fee simple NN building that is 100% leased to Hobby Lobby Inc. on a long-term corporate guaranteed lease. There are approximately 8.5 years remaining on an original 12 year base term with 2 - 5 year options. There is a 8% rental escalation in year 2019 as well as approximate 8% increases each option. Moreover, the tenant is currently paying \$467,604 / year in annual rent, equating to a PSF rent of \$6.00 per annum, which represents a below market rental rate (please inquire for more details). As such, the property can be purchased at a steep discount to replacement cost - a truly rare opportunity for Southern California. The building, which is approximately 77,930 square feet, received a brand new roof in 2016 and is in very good condition.

The property is located within the Foothill Towne Center - a 130 acre lifestyle and shopping destination that includes national tenants such as Target, Michaels, PetSmart, Walmart, Regal Cinemas, Home Depot, In N Out, Chick Fil A, 99 Cent Only, Chuck E Cheese, McDonald's, and many more. The property enjoys excellent visibility and access from Portola Parkway; the trade area is a retail destination for residents of Orange County due to its central location and strong retail mix. Foothill Ranch is located within the city of Lake Forest and is home

to major employers such as Oakley, Panasonic Avionics Corporation, and Loan Depot. Lake Forest is a community of south Orange County, accessed by the 241 Toll highway as well as the Interstate 5 Freeway systems.

The tenant, Hobby Lobby Stores, is a leading arts and crafts retailer which currently operates over 700 stores in 47 states. Hobby Lobby was included in Forbes 2014 list of America's Largest Private Companies and has maintained a healthy growth rate while keeping long-term debt at a minimum. The company has excellent corporate financial fundamentals and was ranked #106 on the Forbes America's Largest Private Companies list with revenues of approximately \$4.0 Billion in 2016. Founded in 1972, Hobby Lobby currently employs over 28,000 people. This is a rare opportunity to purchase a single tenant big box asset that is occupied by a proven national big box operator within a dense infill market of south Orange County.



## Pricing Summary

### Pricing Summary

List Price	Unpriced
	<i>Inquire for Guidance</i>
NOI	\$467,604

### Operating Expense Date

Annual Rent	\$467,604
Operating Expense	
Taxes	NNN
Insurance	NNN
CAM	NNN
Net Operating Income	\$467,604



## Lease Summary



### Lease Abstract

Tenant Trade Name	Hobby Lobby
Lease Commencement	August 26, 2013
Lease Expiration	August 31, 2025
Lease Term	12 Years
Term Remaining On Lease	8.5 Years
Base Rent	\$467,604
Rent PSF	\$6.00

Rental Adjustments	09/01/2019	\$506,571
Options	2-5 YR Options 09/01/2025 - \$545,537 09/01/2030 - \$584,505	
Lease Type	NN Lease	
Roof And Structure	Landlord Responsible	

\*Brand New Roof Installed in 2016

## Stable Tenant

- Hobby Lobby Stores, Inc - Over \$4 Billion in Revenues - 654 Locations in 47 States
- Highly Successful Big Box Retailer - Conservative Corporate Strategy - Very Little Corporate Debt
- Ranked #106 on Forbes America's Largest Private Companies List
- Founded in 1972 - Over 28,000 Employees - Headquartered in Oklahoma City, OK



## Investment Highlights



## Long-Term Lease

- New 12 Year Corporate Lease Signed in 2013 - NN Lease Structure - Roof & Structure Only
- 8% Fixed Rental Escalation Every 5 Years During Primary Term - Next Increase: 9/1/2019
- 2 - 5 Year Option Periods - Long-Term Upside
- Brand New Roof in 2016 - No Deferred Maintenance
- Hobby Lobby Aggressively Pursued Site - Acted Quickly to Secure New Lease



# Aerial Overview



## Exceptional Trade Area

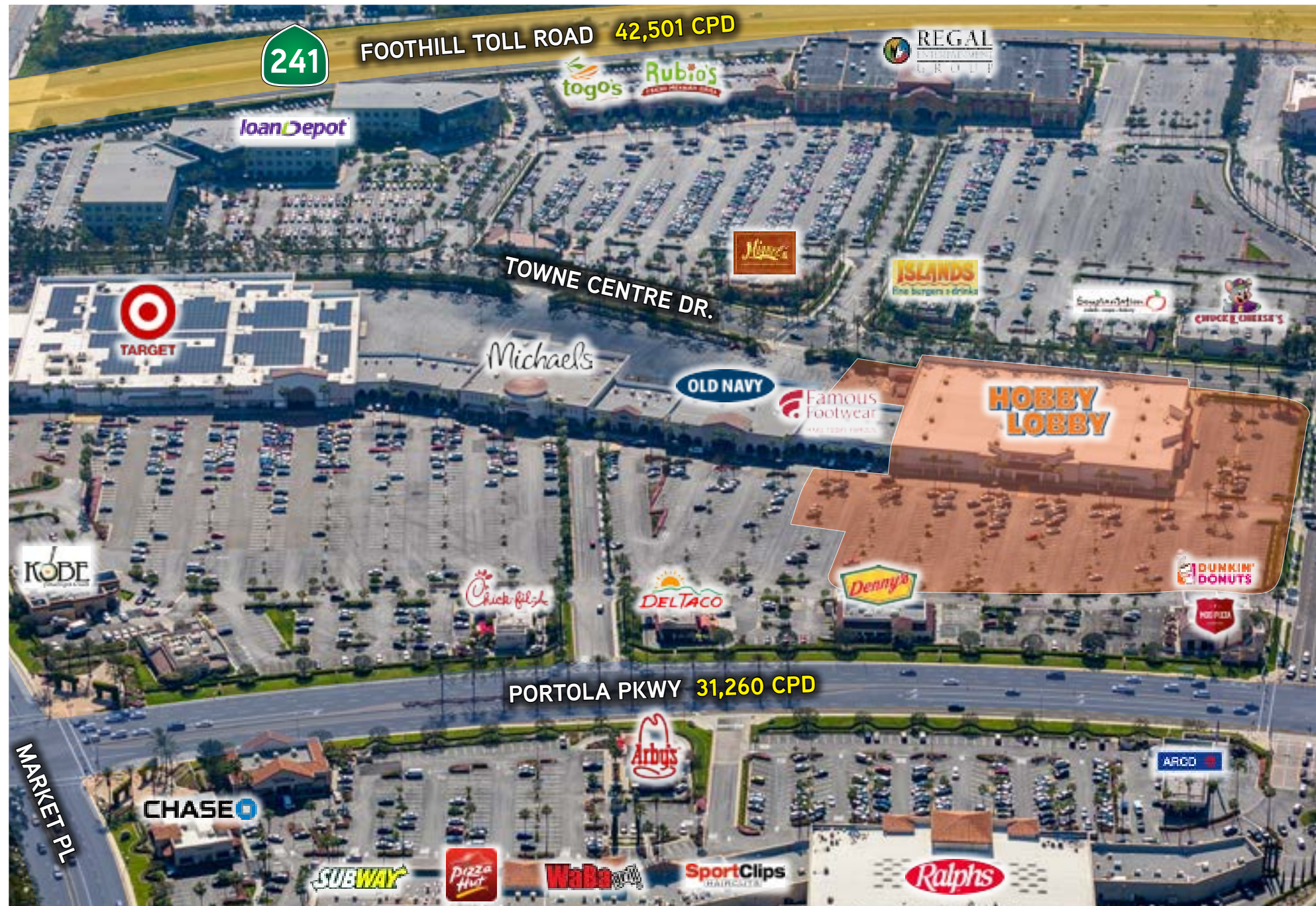
- Rare South Orange County Location - Part of 103 Acre Lifestyle Shopping Destination
- Adjacent to Target - Ample Parking - Excellent Visibility and Access
- Surrounding Retailers include Target, Michaels, PetSmart, Walmart, Regal Cinemas, Home Depot, In N Out, Chick Fil A, 99 Cent Only, Chuck E Cheese, and McDonald's
- Approximately 72,090 Residents Within a 3-Mile Radius
- Approximate Household Income of \$125,885 Within a 3-Mile Radius

# Aerial Overview



# Aerial Overview

HOBBY LOBBY





# Hobby Lobby Comparables

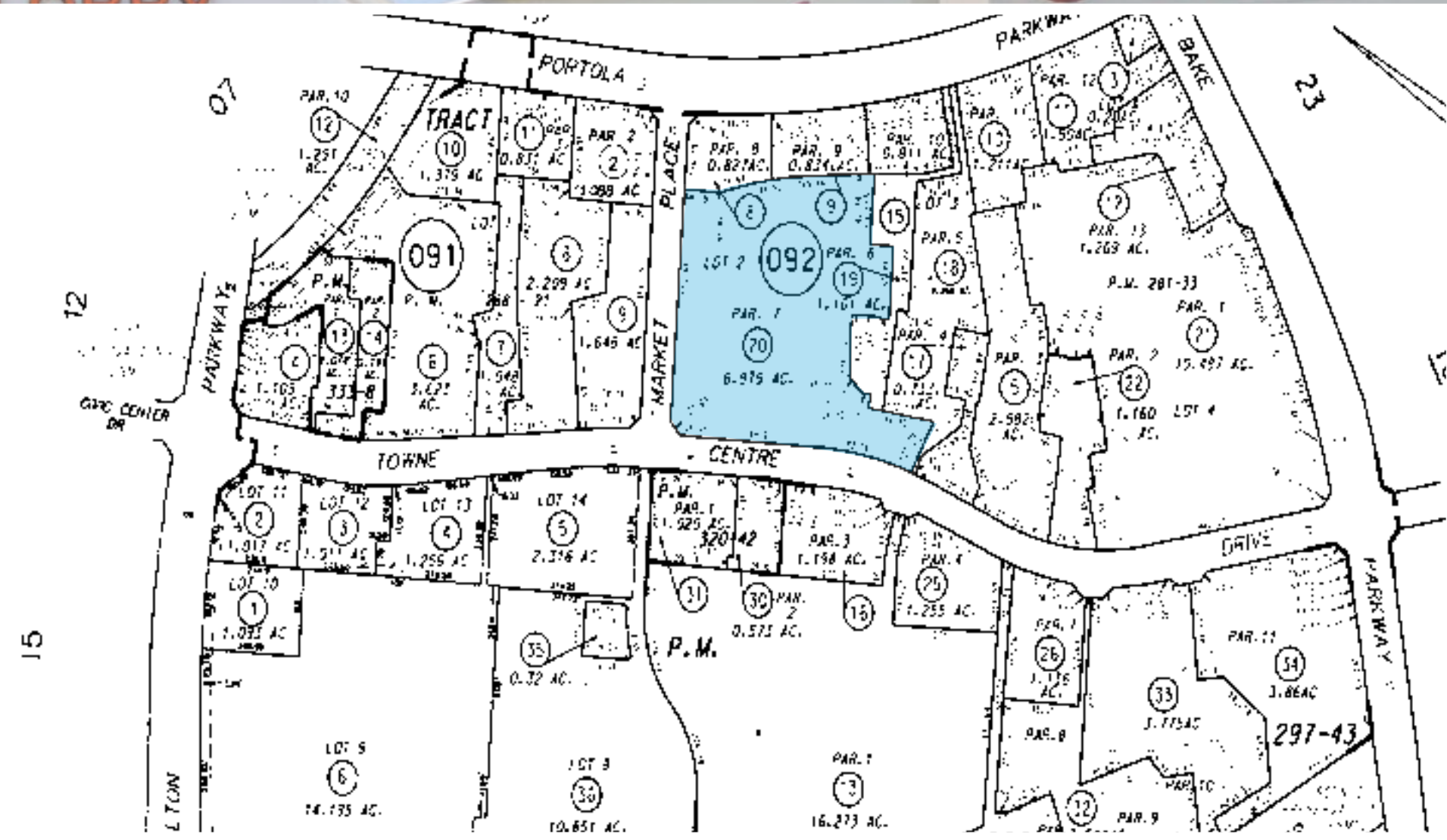


## Sale Comps

Date Sold	Tenant	City, State	Size (SF)	Sold Price	Price Per SF
5/7/2015	Ralph's	Burbank, CA	51,582	\$35,778,941	\$694
4/19/2016	Petsmart	Aliso Viejo, CA	25,952	\$18,093,726	\$697
3/2/2015	Burlington Coat Factory	Santa Ana, CA	58,450	\$13,750,000	\$235
10/1/2016	Ralph's	Anaheim, CA	45,000	\$7,962,956	\$177
12/23/2016	Best Buy	Murrieta, CA	46,520	\$8,500,000	\$183
9/10/2015	Do It Center	Valencia, CA	45,400	\$9,100,000	\$200
3/1/2016	Michael's	Victorville, CA	45,481	\$11,765,500	\$259



Excellent Site Fundamentals • Convenient Access and Parking • Strong Visibility



**Parcel Information**

**Building Area**  
77,934 SF

**Parcel Size**  
320,601 SF (7.36 Acres)

**Parcel**  
612-092-20

**Year Built**  
1993 Construction

**Land use**  
Commercial

**County**  
Orange



# Tenant Overview



## Company Overview

Hobby Lobby Stores, Inc. owns and operates a chain of arts and craft stores in the United States. The company provides products under various categories that include home décors and frames, crafts and hobbies, scrapbook and paper crafts, fabric and sewing products, yarn and needle art products, beads and jewelry, baking and party supplies, floral and wedding supplies, wearable arts, seasonal and novelty products, and gift cards. It also sells products online. Hobby Lobby Stores, Inc. was founded in 1972 and is based in Oklahoma City, Oklahoma.



- Hobby Lobby - Over 700 stores in 47 states
- Forbes 2014 List of America's Largest Private Companies
- Ranked #106 on the Forbes America's Largest Private Companies
- Revenues of approximately \$4.0 Billion in 2016
- Over 28,000 Employees

## Hobby Lobby plans for continued growth in 2017

"Hobby Lobby is coming off another significant year after opening 56 new stores, including eight relocated stores, in 2016. With ambitious plans to open more locations in 2017, it promises to be another eventful year for the company."

As the world's largest privately owned arts and crafts retailer, Hobby Lobby continues to increase its retail footprint across the U.S. Plans are underway to open 60 new locations and hire 1,700 to 2,500 new employees in 2017. Hobby Lobby currently has more than 700 stores across the nation."

Source: <https://newsroom.hobbylobby.com/articles/hobby-lobby-plans-for-continued-growth-in-2017/>



# Area Overview

## City of Lake Forest

The City of Lake Forest is located in the heart of Southern Orange County. According to the Department of Finance the population was 80,070 as of May 2015. Lake Forest incorporated as a city on December 20, 1991. Prior to incorporation, the community had been known as El Toro. Following a vote in 2000, Lake Forest expanded its city limits to include the master-planned developments of Foothill Ranch and Portola Hills. This expansion brought new homes and commercial centers to the Northeastern boundary of the city. Lake Forest (along with its neighboring cities Mission Viejo and Irvine) is ranked as one of the safest cities in the country.

### Transportation

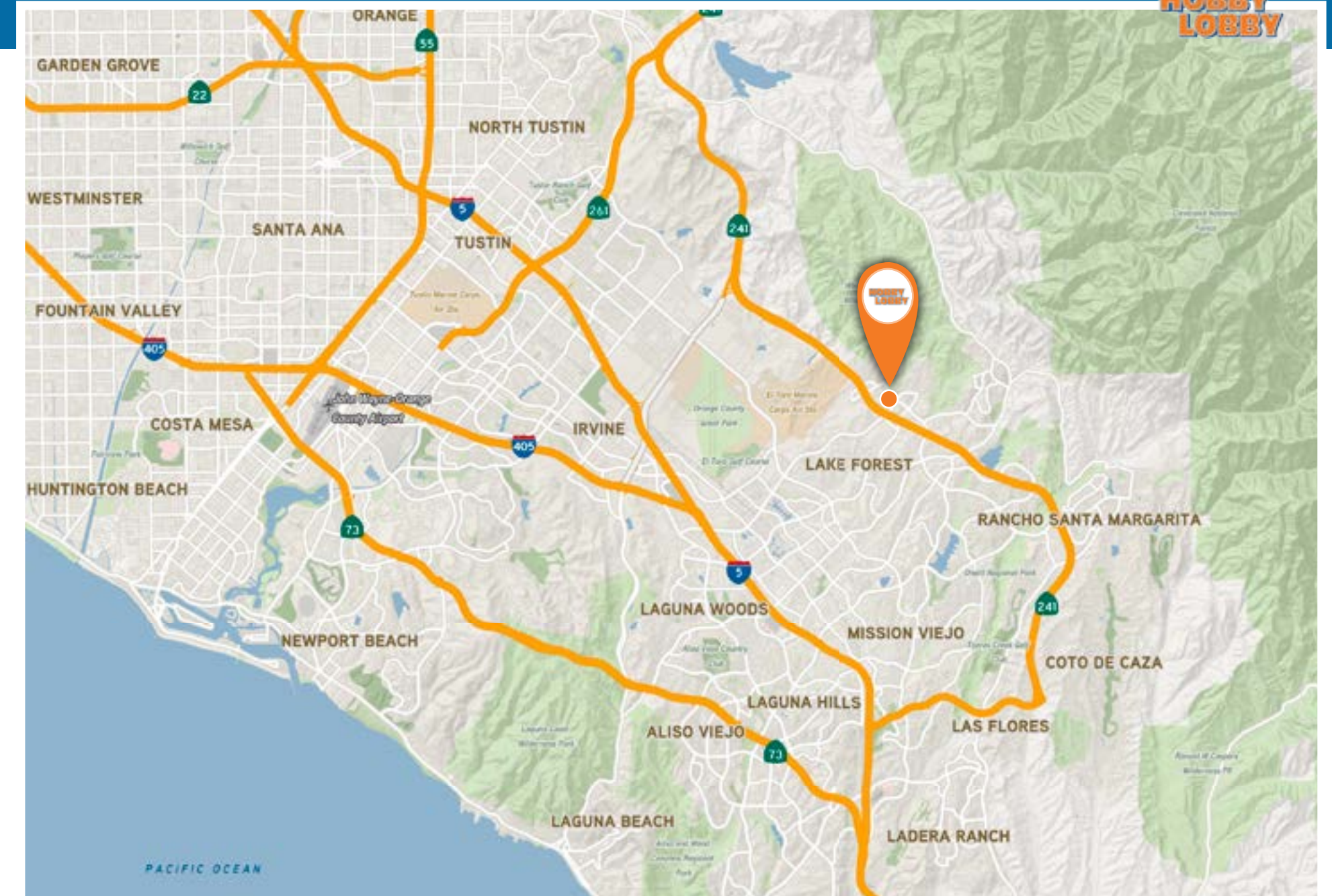


Irvine Spectrum	3 Miles
Beaches	7 Miles
Inland Empire	28 Miles
Los Angeles	45 Miles
San Diego	77 Miles

### Distance to Airports



John Wayne Orange County	11 Miles
Long Beach Airport	25 Miles
LA/Ontario Airport	45 Miles
Los Angeles International Airport	50 Miles



# Area Overview



## Orange County

Orange County is located in Southern California. As of the 2010 census, the population was 3,010,232 making it the third-most populous county in California, the sixth-most populous in the United States, and more populous than twenty-one U.S. states. The county's four largest cities, Anaheim, Santa Ana, Irvine, and Huntington Beach each have populations exceeding 200,000. Several of Orange County's cities are on the Pacific coast, including Huntington Beach, Newport Beach, Laguna Beach, and San Clemente.

The county is famous for its tourism as the home of attractions like Disneyland, Knott's Berry Farm, and several beaches along its more than 40 miles of coastline.

### Population Projection

- July 2020 3,271,008
- July 2025 3,350,900
- July 2030 3,397,663
- July 2035 3,431,390

### Housing Projection

- July 2020 1,133,109
- July 2025 1,162,917
- July 2030 1,178,131
- July 2035 1,192,142

Source: Center for Demographic Research



## Business

Orange County is the headquarters of many Fortune 500 companies:

- Ingram Micro (#69)
- American Corporation (#312)
- Broadcom (#343)
- Western Digital (#439)
- Pacific Life (#452)

Lake Forest is home to the headquarters:

- Oakley, Inc.
- Kaiser Aluminum
- Panasonic Avionics
- Karem Aircraft



## Employment

- Civilian Labor Force 1,636,600
- Employed Residents 1,575,900
- Unemployed Residents 60,700
- Unemployment Rate 3.7%

## Gross County Product

- 2014 Estimate \$ 203.5 billion
- 2015 Estimate \$ 211.4 billion
- 2016 Forecast \$ 232.5 billion

Source: Center for Economic Research, Chapman University



# Demographics



## Major Employers

Panasonic Avionics	2,083
Oakley	1,987
loanDepot	1,890
Schneider Electric	550
Spectrum Brands HHI	474
Bal Seal Engineering	447
Alcon Research	315
Walmart	315
Apria Healthcare Group	307
Home Depot USA Inc.	307
Dynacast	250
Quantum Fuel Systems	180
Spectrum Care	175



## Population

	1 Mile	3 Mile	5 Mile
2016 Estimate	11,224	68,774	188,054
2021 Projection	12,122	72,090	198,345
Growth 2016-2021	8.00%	4.82%	5.47%



## Households

	1 Mile	3 Mile	5 Mile
2016 Estimate	3,833	24,165	66,825
2021 Projection	4,158	25,367	70,573
Growth 2016-2021	8.48%	4.97%	5.61%



## Household Income 2016

	1 Mile	3 Mile	5 Mile
Avg. Household	\$144,676	\$125,885	\$117,902
Med. Household	\$128,449	\$106,532	\$96,790

# Confidentiality Agreement

This Offering Memorandum contains select information pertaining to the business and affairs of Hobby Lobby, Lake Forest, CA. It has been prepared by Colliers International. This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Colliers International. The material is based in part upon information supplied by the Seller and in part upon financial information obtained from sources it deems reliable. Owner, nor their officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence.

By acknowledging your receipt of this Offering Memorandum from Colliers, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Owner and Colliers International expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of Hobby Lobby, Lake Forest, CA or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Colliers International or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.

Colliers International | 3 Park Plaza, Suite 1200 | Irvine, CA 92614 | Snyder/Carlton Team

Colliers International makes no guarantees, representations or warranties of any kind, expressed or implied, regarding the information including, but not limited to, warranties of content, accuracy and reliability. This publication is the copyrighted property of Colliers International and /or its licensor(s) 2015. All rights reserved

## Investment Contacts:

John Sharpe  
Senior Associate  
License No. 01800769  
949.724.5546  
[john.sharpe@colliers.com](mailto:john.sharpe@colliers.com)

Jereme Snyder  
Executive Vice President  
License No. 01360233  
949.724.5552  
[jereme.snyder@colliers.com](mailto:jereme.snyder@colliers.com)

Eric Carlton  
Senior Vice President  
License No. 01809955  
949.724.5561  
[eric.carlton@colliers.com](mailto:eric.carlton@colliers.com)

