

OFFERING MEMORANDUM.



Shopko Sandy, UT

The Maffia Team



Actual Site



\$14,017,000
6.75% CAP Rate

- ◆ Core Salt Lake City Metro Market
- ◆ Long Term 20-Year Absolute NNN Lease
 - ◆ 12 Years Remaining
- ◆ Located on a High Traffic Thoroughfare
- ◆ Rental Increases Every 3 Years
 - ◆ 125% of CPI or 6%
- ◆ Developable Outparcel Pad Included
- ◆ Recently Rebranded & Renovated at Tenant's Expense

**Newmark
Cornish & Carey**

This property is listed in conjunction with Utah-licensed real estate broker Newmark Grubb Acres.

www.maffiateam.com



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Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

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Property Information

Location Located at 2165 East 9400 South in Sandy, Utah.

Lot Size Approximately 8.28 acres, or 360,677 square feet.

Improvements 93,791 square foot building

Lease Leased to **Shopko** for 20 years from January 29th, 2007 to January 31st 2027. The current net annual rent is \$901,123. During the initial term, the base rent shall increase every 3 years by the lesser of 125% of CPI or 6%. The tenant has four 5-year options and upon the commencement of each option, the base rent shall be adjusted by Fair Market Value. Shopko pays all taxes, insurance, and maintenance, including roof and structure.

Rent Schedule	Years	Income*	Return
	7-9	\$901,123	N/A
	10-12 (Current)	\$946,179	6.75%
	13-15	\$1,002,950	7.16%
	16-18	\$1,063,127	7.58%
	19-20	\$1,126,914	8.04%
	21-25 (Option 1)	Fair Market Value	
	26-30 (Option 2)	Fair Market Value	
	31-35 (Option 3)	Fair Market Value	
	36-40 (Option 4)	Fair Market Value	

Price **\$14,017,000 (6.75% Return)**

*NOI increases every 3 years by the lesser of 125% of CPI or 6%. For the upcoming increase in Feb. 2016, a 5% increase is assumed and this is the income that is capitalized. For future increases 6% increases are assumed.



Financial Analysis | Possible Financing

Financing

The property will be delivered free and clear of permanent financing. A possible new 10-year loan may be secured in the amount of \$8,006,130. The loan will be fixed for 10 years at an interest rate of 4.40% with interest only for the entire term of the loan. The cash-flow analysis is below:

Cash Flow

			<u>Year 1</u>	<u>Year 4</u>	<u>Year 7</u>
Price	\$14,556,000	Net Income	\$946,179	\$1,002,950	\$1,063,127
Loan Amount	< \$8,006,130 >	Debt Service	< 352,270 >	< 352,270 >	< 352,270 >
Equity	\$6,550,470	Cash Flow	\$593,909	\$650,680	\$710,857
		Cash-on-Cash Return	9.07%	9.93%	10.85%

To discuss this loan and other financing options, please contact Louis Weisman of Berkadia Commercial Mortgage at (206) 521-7219 or Louis.Weisman@berkadia.com.



Tenant Information



Shopko is a chain of retail stores based in Ashwaubenon, Wisconsin, near Green Bay. Shopko was founded in 1962 by James Ruben, and its first store opened in Green Bay. From 1991 to 2005, the company was publicly held, with stock traded on the New York Stock Exchange under the symbol SKO. In December 2005, the company was acquired by an affiliate of Sun Capital Partners and reverted to private ownership. In 1999, Shopko purchased Pamida, a regional discount chain that operated mainly in smaller communities of 3,000 to 8,000 people. Shopko operated Pamida as a separate division until 2007 when Pamida was separated from Shopko and reestablished as a separate company. In 2012, Shopko and Pamida merged into one company. Shortly after, most Pamida stores were rebranded as Shopko Hometown. The company also owns and operates a chain of pharmacies called Shopko Express.

Shopko operates nearly 350 located in 20 states including Northern California, Iowa, Idaho, Illinois, Indiana, Kansas, Kentucky, Michigan, Minnesota, Missouri, Montana, Nebraska, North Dakota, Ohio, Oregon, South Dakota, Utah, Washington, Wisconsin, and Wyoming. The majority of Shopko stores are located in small to mid-sized communities.

For more information, please visit www.Shopko.com.



About the Area

Site Information

The subject property is located in the Canyon Center on the Northeast Corner of South 2000 East and East 9400 South in Sandy Utah. In addition to being anchored by Shopko, the Canyon Center is anchored by Smith's Food & Drug. Other tenants in the shopping center are Wells Fargo, Zion's Bank, Wendy's, Burger King and 7-Eleven. The immediate area contains complementary retail tenants such as Walgreens, America's First Credit Union and USPS.

Just across the street from the property is the Little Cottonwood Center, which includes Home Depot, Fresh Market, Starbucks, Discount Tire, Black Bear Diner, Great Clips and others. A mile and a half east, down East 9400 South, is the Walmart Supercenter anchored Quarry Bend shopping center. Additional major tenants include Lowe's, Hobby Lobby, Anytime Fitness, Subway, FedEx Office, Starbucks, GameStop, T-Mobile and Panda Express.

The community is served by the Intermountain Alta View Hospital, which lies just south of Quarry Bend and has offered a full range of in- and outpatient services since 1982.

General Overview

Sandy is a city in Salt Lake County, Utah. It is a suburb of Salt Lake City and has an estimated population of 89,344, making it the sixth-largest city in Utah. Sandy is located roughly 15 miles South of Salt Lake City. With a population of nearly 1,200,000 people, the Salt Lake City MSA is the 48th largest in the United States and 36th fastest growing since 2000.

The Rio Tinto Stadium which is home to the Real Salt Lake professional soccer team is located in Sandy.

The modern economy of Salt Lake City is service-oriented. In the past, nearby steel, mining and railroad operations provided a strong source of income with Silver King Coalition Mines, Geneva Steel, Bingham Canyon Mine, and oil refineries. Today the city's major industries are government, trade, transportation, utilities, and professional and business services. The city is known as the "Crossroads of the West" for its central geography in the Western United States. Local, state, and federal governments have a large presence in the city, and trade, transportation, and utilities also take up a significant portion of employment, with the major employer being the western North America Delta Air Lines hub at Salt Lake City International Airport. Equally significant are the professional and business services, while health services and health educational services are significant areas of employment, including the largest health care provider in the Intermountain West, Intermountain Healthcare. Other major employers include the University of Utah, Sinclair Oil Corporation, and The Church of Jesus Christ of Latter-day Saints.

Salt Lake City is home to one Fortune 500 company, Huntsman Corporation, and two Fortune 1000 companies, Zions Bank and Questar Corporation. Other notable firms headquartered in the city include AlphaGraphics, Sinclair Oil Corporation, Smith's Food and Drug (owned Kroger), MonaVie, Myriad Genetics, and Vehix.com. Notable firms based in nearby cities within the metropolitan area include Arctic Circle Restaurants, FranklinCovey, and Overstock.com. Metropolitan Salt Lake was also once the headquarters of American Stores, the Skaggs Companies, and ZCMI. High-tech firms with a large presence in the suburbs include Adobe, ColcaSac, eBay, Unisys, Siebel, Micron, Intel, L-3 Communications, Telarus, and 3M. Royal Bank of Scotland Group's subsidiary, RBS Securities has its middle office in Salt Lake City, as does Goldman Sachs.

In 2006, the largest potato producer in Idaho, the United Potato Growers of America, announced that it would relocate its headquarters to Salt Lake City, citing its need for a large international airport, being that Salt Lake City International is the 22nd busiest in the world in combined freight and passengers.

Site Plan



E 9400 SOUTH

Aerial | Close-Up View



SHOPKO

ZIONS BANK

©TheMafiaTeam

E 9400 S (23,800 AADT)

Aerial | Northwest View

West Jordan



Fashion Place Mall

Salt Lake City

Pebblebrook Golf Club



Silver Mesa Elementary School

Flat Iron Mesa Park

Falcon Park



S 2000 E (34,600 AADT)



E 9400 S (23,800 AADT)



©TheMafiaTeam

Aerial | East View

Granite
Elementary School

Granite
Park

Park Lane
School

SHOPKO
my life. my style. my store.



Smith's

Walgreens

©The Aerial Team



E 9400 S (23,800 AADT)

Payless
SHOP SOURCE

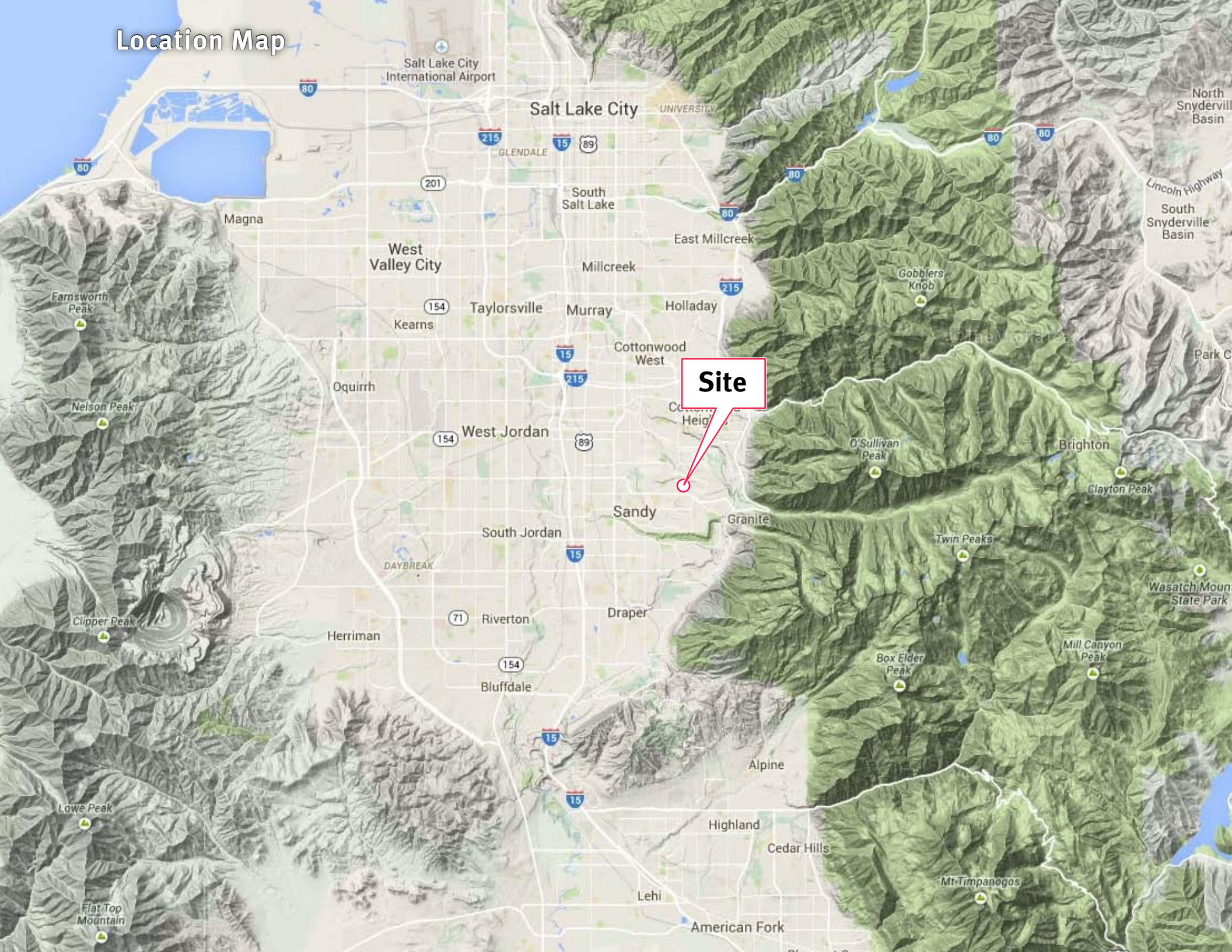
Domino's
PIZZA

H&R BLOCK **ZIONS BANK**



S 2000 E

Location Map



Site

Salt Lake City International Airport

Salt Lake City

North Snyderville Basin

Lincoln Highway

South Snyderville Basin

Magna

West Valley City

Millcreek

Farnsworth Peak

Nelson Peak

Oquirrh

Taylorsville

Murray

Holladay

Gobblers Knob

©TheMaffiaTea

Park C

West Jordan

Cottonwood West

Cottonwood Heights

O'Sullivan Peak

Brighton

Clayton Peak

South Jordan

Sandy

Granite

Twin Peaks

Wasatch Mountain State Park

Clipper Peak

Herriman

Riverton

Draper

Box Elder Peak

Mill Canyon Peak

Lowe Peak

Alpine

Highland

Cedar Hills

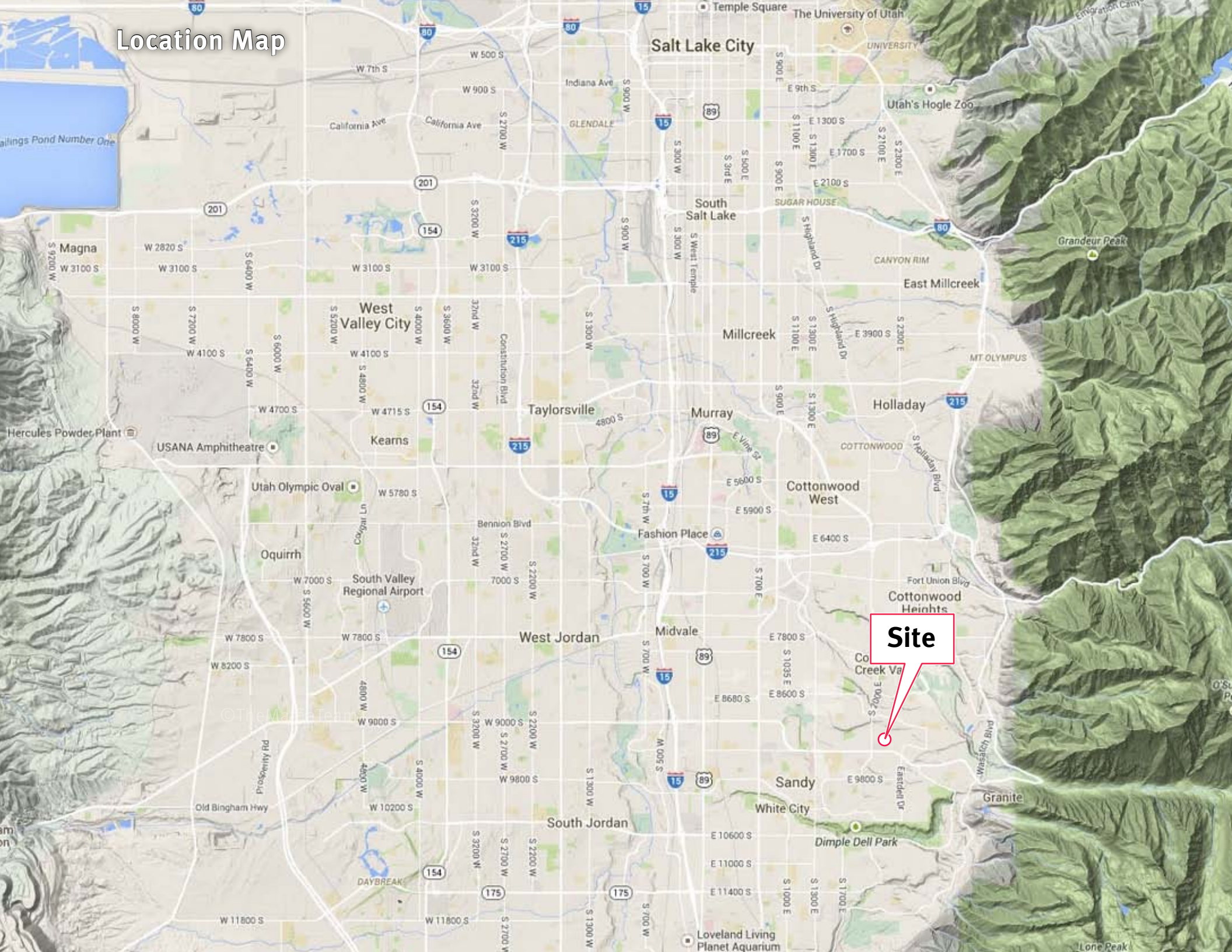
Mt. Timpanogos

Flat Top Mountain

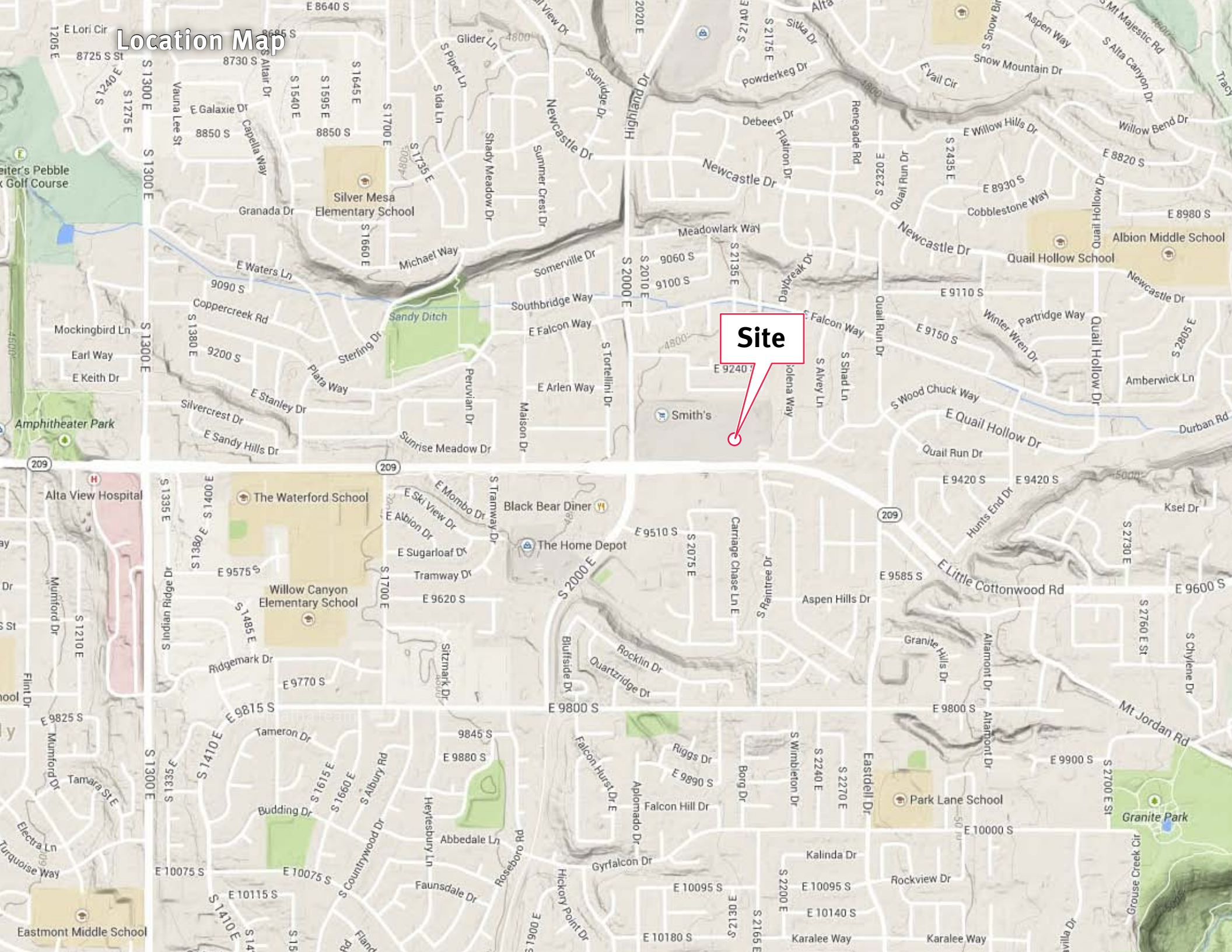
Lehi

American Fork

Location Map



Location Map



Site

Silver Mesa Elementary School

The Home Depot

Park Lane School

Granite Park

Alta View Hospital

Black Bear Diner

Eastmont Middle School

Willow Canyon Elementary School

Granite Park



Demographics

2165 East 9400 South
Sandy, UT 84093

	1 mile	3 mile	5 mile
Population Summary			
2000 Total Population	16,819	106,971	196,018
2010 Total Population	15,888	102,237	198,068
2014 Total Population	16,024	104,946	205,683
2014 Group Quarters	21	372	679
2019 Total Population	16,454	109,758	217,449
2014-2019 Annual Rate	0.53%	0.90%	1.12%
Housing Unit Summary			
2000 Housing Units	4,708	32,691	65,361
Owner Occupied Housing Units	92.2%	83.7%	72.9%
Renter Occupied Housing Units	5.8%	13.2%	23.0%
Vacant Housing Units	2.1%	3.1%	4.1%
2010 Housing Units	5,012	34,759	72,019
Owner Occupied Housing Units	88.2%	79.6%	69.5%
Renter Occupied Housing Units	9.5%	16.6%	25.6%
Vacant Housing Units	2.3%	3.8%	4.9%
2014 Housing Units	5,081	35,813	75,019
Owner Occupied Housing Units	86.9%	77.9%	67.5%
Renter Occupied Housing Units	10.8%	18.4%	27.8%
Vacant Housing Units	2.3%	3.7%	4.7%
2019 Housing Units	5,235	37,625	79,717
Owner Occupied Housing Units	87.0%	78.1%	67.5%
Renter Occupied Housing Units	10.7%	18.2%	27.7%
Vacant Housing Units	2.3%	3.7%	4.8%
Median Household Income			
2014	\$104,965	\$83,823	\$71,968
2019	\$123,507	\$98,771	\$84,004
Median Home Value			
2014	\$309,232	\$293,172	\$285,651
2019	\$375,159	\$355,362	\$351,012
Per Capita Income			
2014	\$39,991	\$35,325	\$32,615
2019	\$47,741	\$42,533	\$38,815
2014 Households by Income			
Household Income Base	4,962	34,494	71,484
<\$15,000	3.1%	4.8%	6.5%
\$15,000 - \$24,999	2.0%	4.3%	6.4%
\$25,000 - \$34,999	3.2%	5.1%	7.2%
\$35,000 - \$49,999	7.4%	9.9%	12.4%
\$50,000 - \$74,999	15.8%	18.8%	19.3%
\$75,000 - \$99,999	15.1%	16.5%	15.3%
\$100,000 - \$149,999	22.4%	20.5%	17.9%
\$150,000 - \$199,999	17.8%	11.0%	8.0%
\$200,000+	13.2%	9.1%	7.2%
Average Household Income	\$128,530	\$107,181	\$93,569
2019 Households by Income			
Household Income Base	5,113	36,235	75,926
<\$15,000	2.2%	3.8%	5.6%
\$15,000 - \$24,999	1.1%	2.7%	4.3%
\$25,000 - \$34,999	1.8%	3.3%	5.1%
\$35,000 - \$49,999	4.8%	7.6%	10.3%
\$50,000 - \$74,999	11.6%	15.9%	17.2%
\$75,000 - \$99,999	14.0%	17.3%	17.0%
\$100,000 - \$149,999	25.1%	21.4%	19.6%
\$150,000 - \$199,999	22.2%	15.0%	11.0%
\$200,000+	17.3%	12.9%	9.8%
Average Household Income	\$152,920	\$128,492	\$110,831