



KOHL'S

KOHL'S

CORPORATE-BACKED LEASE ANCHORING PREMIER COMMUNITY CENTER

RENO, NV



CAPITAL PACIFIC



KOHL'S

SAFeway

ROSS
DRESS FOR LESS

ULTA
BEAUTY

PETSMART

WINGS

McDonald's

CHIPOTLE
MEXICAN GRILL

DOTTY'S

BIG O TIRES
AND SERVICE CENTER

**ANCHOR TO A COMMUNITY CENTER
WITHIN BEST IN MARKET RETAIL NODE**



KOHL'S

5150 MAE ANNE AVE STE 100, RENO, NV 89523

\$10,161,000

PRICE

6.85%

CAP

LEASABLE SF

94,385 SF

LAND AREA

9.09 AC

LEASE TYPE

Corporate NN

LEASE EXPIRATION

01/31/2028

YEAR RENOVATED

2007

GUARANTOR

Kohl's Corporation

Net-leased asset with over 11 years of operating history and a Corporate Guaranty

Premier retail node: best of class retail location

Well-positioned in Reno's growing northwest quadrant

Hard corner location within the Ridgeview Plaza community center

Kohl's is currently paying a low rent of \$7.47/ft.



Investment Highlights

THE OFFERING provides an investor with the opportunity to acquire a Kohl's featuring a full Corporate Guaranty in Reno, NV. Kohl's has over eight years remaining in the primary term with six 5-year extension options, and 7.5% rental escalations every five years, with the next increase scheduled for 02/01/2023. The tenant is responsible for maintaining the non-structural portions of the parcel including the HVAC, leaving the landlord with the minimal expense obligations of the roof, structure, and parking lot repavement/replacement. The subject property anchors the heavily trafficked Ridgeview Plaza shopping center, and is positioned at the signalized intersection of Mae Anne Avenue and North McCarran Boulevard, which have combined traffic counts of 42,210. McCarran Boulevard, or State Route 659 is one of Reno's primary arterials that loops around Reno and Sparks, providing access to established businesses and residential areas.

THE RETAIL MARKET - The subject property is located in the premier retail node of northwest Reno, a growing submarket within the region. The Ridgeview Plaza that Kohl's anchors features prominent pylon signage on North McCarran Boulevard and daily needs national tenants, including a Safeway grocery store and fueling station, Ulta Beauty, PetSmart, McDonald's and Chipotle, which further drive traffic to the center. Reno has undergone an economic resurgence over the past 10 years, with population growth tripling the national rate due to heavy waves of in-migration. Because of this, there have been recent major developments, including the Tesla Gigafactory, as well as data centers and large distribution facilities.



**KOHL'S IS A LEADING OMNI-CHANNEL
RETAILER WITH 1,160 DEPARTMENT STORES**

Contact the team

CHRIS KOSTANECKI

ck@capitalpacific.com

PH: 415.274.2701

NV CO-OP# B.1002330

CA DRE# 01002010

CHRIS PETERS

cpeters@capitalpacific.com

PH: 415.274.2703

NV CO-OP# B.1002330

CA DRE# 01339983

DAVE LUCAS

dlucas@capitalpacific.com

PH: 415.274.7390

NV LIC.# 1001411

CA DRE# 01389761

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Zoomed-In Aerial



8,400
VPD

Walmart
Supercenter

25,500
VPD

H&R BLOCK
Payless
SHOESOURCE
SAVE MART
SUPERMARKETS
DOLLAR TREE
Batteries
+ Bulbs
Great Clips

16,710
VPD

verizon
GameStop
Advance
America
Curves

STAPLES

SACRAMENTO
130 MILES)

ROSS

36,050
VPD

Massage Envy
ULTA
BEAUTY
MATHNASIUM
The Personal Training Gym

PETSMART

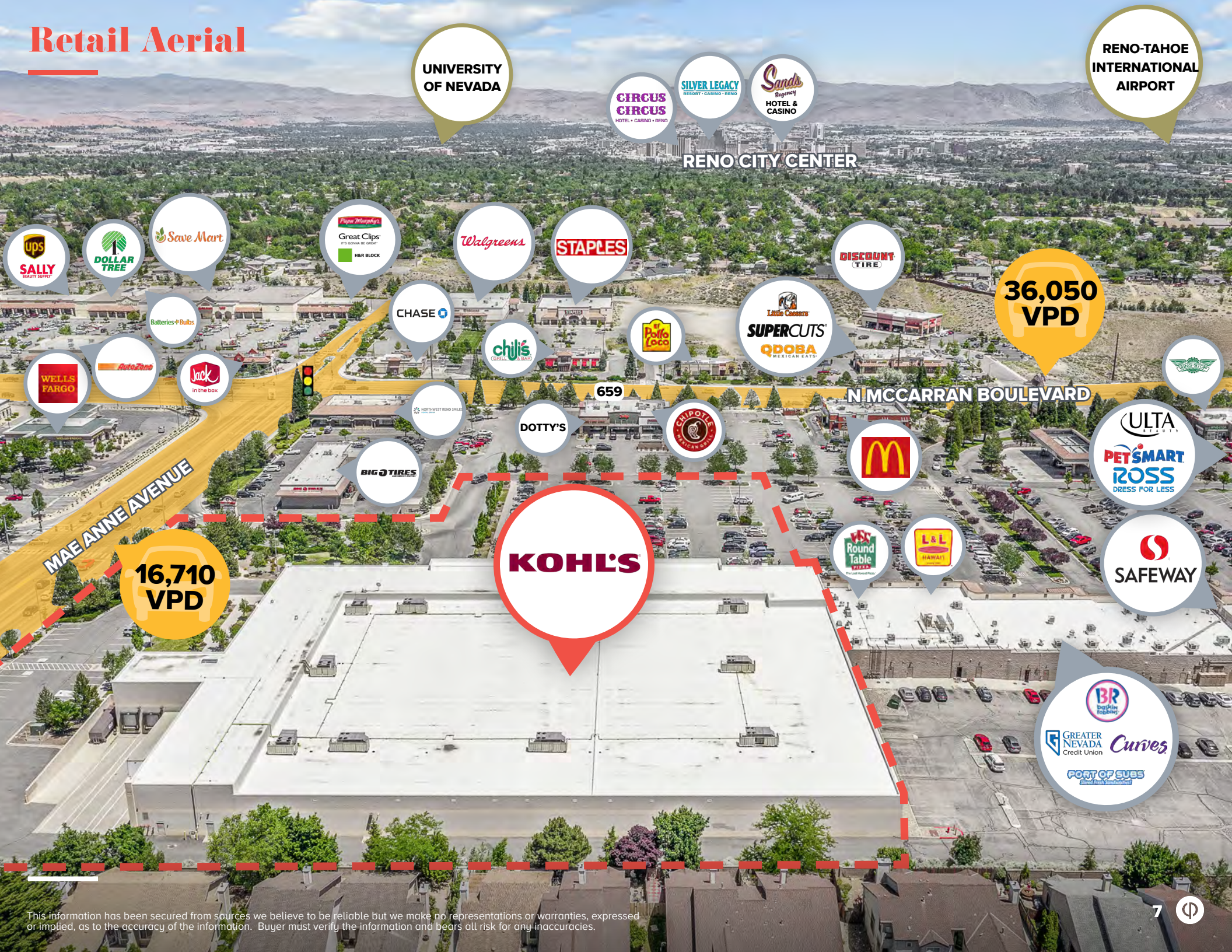
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Zoomed-Out Aerial



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Retail Aerial



UNIVERSITY OF NEVADA

RENO-TAHOE INTERNATIONAL AIRPORT

CIRCUS CIRCUS
HOTEL + CASINO + DESIG

SILVER LEGACY
RESORT + CASINO + RESID

Sands
Regency
HOTEL & CASINO

RENO CITY CENTER

UPS

SALLY
BEAUTY SUPPLY

DOLLAR TREE

Save Mart

Papa Murphy's

Great Clips

H&R BLOCK

Walgreens

STAPLES

DISCOUNT TIRE

36,050
VPD

Batteries + Bulbs

CHASE

chili's
CIBOLET & BART

El Pollo Loco

L'Oréal Cosmetics

SUPERCUTS

QDOBA
MEXICAN EATS

WELLS FARGO

AutoZone

Jack
In the box

NORTHWEST RENO SPILLS

659

N MCCARRAN BOULEVARD

DOTTY'S

CHIPOTLE
MEXICAN GRILL

McDonald's

ULTA
BEAUTY

PET SMART
ROSS
DRESS FOR LESS

MAE ANNE AVENUE

16,710
VPD

KOHL'S

BIG TIRES

Round Table
PIZZA
The Last Pizza Place

L&L
HAWAII

SAFeway

BR
Bicycle Fixation

GREATER NEVADA
Credit Union

Curves

PORT OF SUBS
Good Food, Good People



Submarket Overview

RETAILERS IN CLOSE PROXIMITY INCLUDE:

- Walmart
- Save Mart
- Wingstop
- Safeway
- Bank of America
- AutoZone Auto Parts
- Ross Dress for Less
- Staples
- KFC
- Ulta Beauty
- Walgreens
- Game Stop
- PetSmart
- Wells Fargo
- Chipotle
- McDonald's
- Burger King
- Taco Bell
- Big O Tires
- Chili's Grill & Bar
- Supercuts

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BUSINESS SUMMARY

TOTAL	1-MILE	3-MILES	5-MILES
Businesses	339	2,468	6,809
Employees	3,316	33,222	112,729
Residential Population	16,765	77,702	172,010

KEY

- 1-MILE
- 3-MILES
- 5-MILES

Subject Property



Surrounding Retail



Income & Expense

PRICE		\$10,161,000
Capitalization Rate:		6.85%
Price Per Square Foot:		\$107.65
Down Payment:	43%	\$4,326,000
Loan Amount:	57%	\$5,835,000
Total Rentable Area (SF):		94,385
Lot Size (AC):		9.09
STABILIZED INCOME		PER SQUARE FOOT
Scheduled Rent	\$7.47	\$705,469
Effective Gross Income	\$7.47	\$705,469
LESS		PER SQUARE FOOT
Taxes	NNN	\$0.00
Insurance	NNN	\$0.00
Capital Expenditure Reserve:	(\$0.10)	(\$9,438.50)
Total Operating Expenses	(\$0.10)	(\$9,438.50)
EQUALS NET OPERATING INCOME		\$696,030

CURRENT FINANCING (MUST BE ASSUMED)	
Original Loan Amount	\$6,075,000
Outstanding Loan Balance (As of Jan 2020)	\$5,835,000
Loan to Value	57%
Interest Rate	4.40%
Amortization	30
Term	10
Loan Assumption Fee	0.50%
Maturity Date	10/6/2027
Net Operating Income	\$696,030
Debt Service	(\$365,055)
Pre-Tax Cash Flow	\$330,976
Debt Coverage Ratio	1.91
Pre-Tax Leveraged Cash-on-cash Return	
	7.65%
Principal Pay down (Year 1 of Ownership)	
	\$110,111
Total Return	
	\$441,087
Yield	
	10.20%

Rent Roll

TENANT INFO		LEASE TERMS		RENT SUMMARY				
TENANT NAME	SQ. FT.			CURRENT RENT	MONTHLY RENT	YEARLY RENT	MONTHLY RENT/FT	YEARLY RENT/FT
Kohl's	94,385	01/31/08	01/31/13		\$52,083	\$625,000	\$0.55	\$6.62
<i>Corporate Guaranty</i>		02/01/13	01/31/18		\$54,688	\$656,250	\$0.58	\$6.95
		02/01/18	01/31/23	\$705,469	\$58,789	\$705,469	\$0.62	\$7.47
		02/01/23	01/31/28		\$63,198	\$758,379	\$0.67	\$8.03
Option 1		02/01/28	01/31/33		\$69,518	\$834,217	\$0.74	\$8.84
Option 2		02/01/33	01/31/38		\$76,470	\$917,638	\$0.81	\$9.72
Option 3		02/01/38	01/31/43		\$84,117	\$1,009,402	\$0.89	\$10.69
Option 4		02/01/43	01/31/48		\$92,529	\$1,110,343	\$0.98	\$11.76
Option 5		02/01/48	01/31/53		\$101,781	\$1,221,377	\$1.08	\$12.94
Option 6		02/01/53	01/31/58		\$111,960	\$1,343,514	\$1.19	\$14.23
TOTALS:	94,385			\$705,469	\$58,789	\$705,469	\$0.62	\$7.47

Lease Abstract

PREMISES & TERM

TENANT	Kohl's Department Stores, Inc.
GUARANTOR	Kohl's Corporation
BUILDING SF	94,385 SF
LOT SIZE	9.09 AC
LEASE TYPE	Corporate NN
TERM	01/31/2008-01/31/2028

RENT

CURRENT RENT

DATE RANGE	MONTHLY RENT	ANNUAL RENT
02/01/2018 - 01/31/2023	\$58,789	\$705,469
02/01/2023 - 01/31/2028	\$63,198	\$758,379

OPTION RENTS

DATE RANGE	MONTHLY RENT	ANNUAL RENT
#1. 02/01/2028 - 01/31/2033	\$69,518	\$834,217
#2. 02/01/2033 - 01/31/2038	\$76,470	\$917,638
#3. 02/01/2038 - 01/31/2043	\$84,117	\$1,009,402
#4. 02/01/2043 - 01/31/2048	\$92,529	\$1,110,343
#5. 02/01/2048 - 01/31/2053	\$101,781	\$1,221,377
#6. 02/01/2053 - 01/31/2058	\$111,960	\$1,343,514

The details contained within the Lease Abstract are provided as a courtesy to the recipient for purposes of evaluating the Property's suitability. While every effort is made to accurately reflect the terms of the lease document(s), many of the items represented herein have been paraphrased, may have changed since the time of publication, or are potentially in error. Capital Pacific and its employees explicitly disclaim any responsibility for inaccuracies and it is the duty of the recipient to exercise an independent due diligence investigation in verifying all such information, including, but not limited to, the actual lease document(s).

EXPENSES

TAXES

Tenant shall pay taxes directly to the taxing authority.

TENANT'S OBLIGATIONS

Tenant is responsible for the maintenance and repair of all non-structural portions of the building including the HVAC, as well as maintenance and repair for the common areas of the parcel (except for replacement and repaving).

LANDLORD'S OBLIGATIONS

Landlord is responsible for the maintenance, repair, and replacement of the roof and structure, as well as for repaving and replacing the parking lot.

INSURANCE

Tenant shall maintain: (1) Special form coverage amounting to full replacement value of the building and improvements; (2) commercial general liability insurance with limits no less than \$5 million per occurrence, naming landlord as additional insured

Landlord shall maintain: Commercial general liability insurance in or about the shopping center with limits no less than \$5 million per occurrence

UTILITIES

Tenant shall pay for utilities directly to the utility provider

LEASE PROVISIONS

ESTOPPEL CERTIFICATES

Landlord or tenant shall deliver an estoppel within 20 business days of request by the other party.

RIGHT OF FIRST OFFER

If landlord intends to sell, tenant shall first be notified of landlord's intended sale price and will have 60 days to elect to purchase the property.

Site Plan



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Tenant Overview

ABOUT KOHL'S

Kohl's (NYSE: KSS) is a leading omni-channel retailer which operates approximately 1,160 department stores across 49 states. Kohl's twelve Nevada locations employ 1,200 associates.

Founded in 1962 and headquartered in Menomonee Falls, Wisconsin, a suburb of Milwaukee, Kohl's is known for its low-priced, high quality merchandise and easy-to-navigate stores. The department store carries clothing, footwear, home goods, jewelry, beauty, and electronics. In addition to quality national brands, such as Nike, Levi's, Carter's, and Under Armor, stores also offer a variety of exclusive brands, including Simply Vera Wang, Apt. 9, Croft&Barrow, and more.

Kohl's has recently formed strategic partnerships with companies such as Planet Fitness and Amazon, which are viewed as integral to cutting costs and rightsizing its stores. These efforts have resulted in increases in store traffic and sales growth, and are reasons why it's viewed as an industry leader in innovation.

In 2018, Kohl's saw \$20 Billion in total revenue.

1,160

LOCATIONS
IN 49 STATES



Kohl's In the News

AMAZON AND KOHL'S: PROOF THAT COLLABORATION WORKS

May 28, 2019 (Forbes) Starting in July, brick-and-mortar retailer Kohl's will begin accepting Amazon returns, unpackaged and free of charge, at all 1,150 locations in 48 states. This is an expansion of a pilot program that the chain introduced in three markets in 2017.

“Amazon and Kohl's have a shared passion in providing outstanding customer service, and this unique partnership combines Kohl's strong nationwide store footprint and omnichannel capabilities with Amazon's reach and customer loyalty,” Kohl's CEO Michelle Gass said in a press release. “This new service is another example of how Kohl's is delivering innovation to drive traffic to our stores and bring more relevance to our customers.”

While many traditional retailers struggle to “Amazon-proof” their stores, Kohl's willingness to join forces with the enemy may prove to be a wise move. Here are three ways that collaborating with competitors can be beneficial.

Indeed, though much simpler than a merger or joint venture, these types of collaborations can benefit both parties by, as Gass explained on CNBC, “leverag[ing] each other's strengths.” For Amazon, its strength is ecommerce — it reaches an astounding 92% of the online market — and for Kohl's, it is its brick-and-mortar footprint, with Gass claiming that “80% of America lives within 10 miles” of a store.

[READ THE FULL ARTICLE](#)

WHY KOHL'S HAS GROWTH POTENTIAL

May 20, 2019 (Yahoo! Finance) Improving the customer experience could boost the long-term outlook for Kohl's Corp. (KSS). The retailer is modifying its loyalty program, while utilizing greater personalization in order to improve engagement.

Its omnichannel offering is the subject of further innovation, with consumers benefitting from increased investments in its supply chain. It is also boosting the efficiency of its stores.

Although tariffs may negatively impact the stock in the near term, the company's valuation suggests it could outperform the S&P 500 in the long run after matching its 5% rise over the last year.

Customer experience


Increasing investments in personalizing the shopping experience could enhance customer loyalty. The company's revised marketing program has increased the number of personalized impressions across media channels by 35%, with email personalization in the most recent quarter rising 65% from the previous year. Features such as product recommendations, machine learning and a variety of search options mean all website visits are personalized in some way.

[READ THE FULL ARTICLE](#)




Demographics

POPULATION

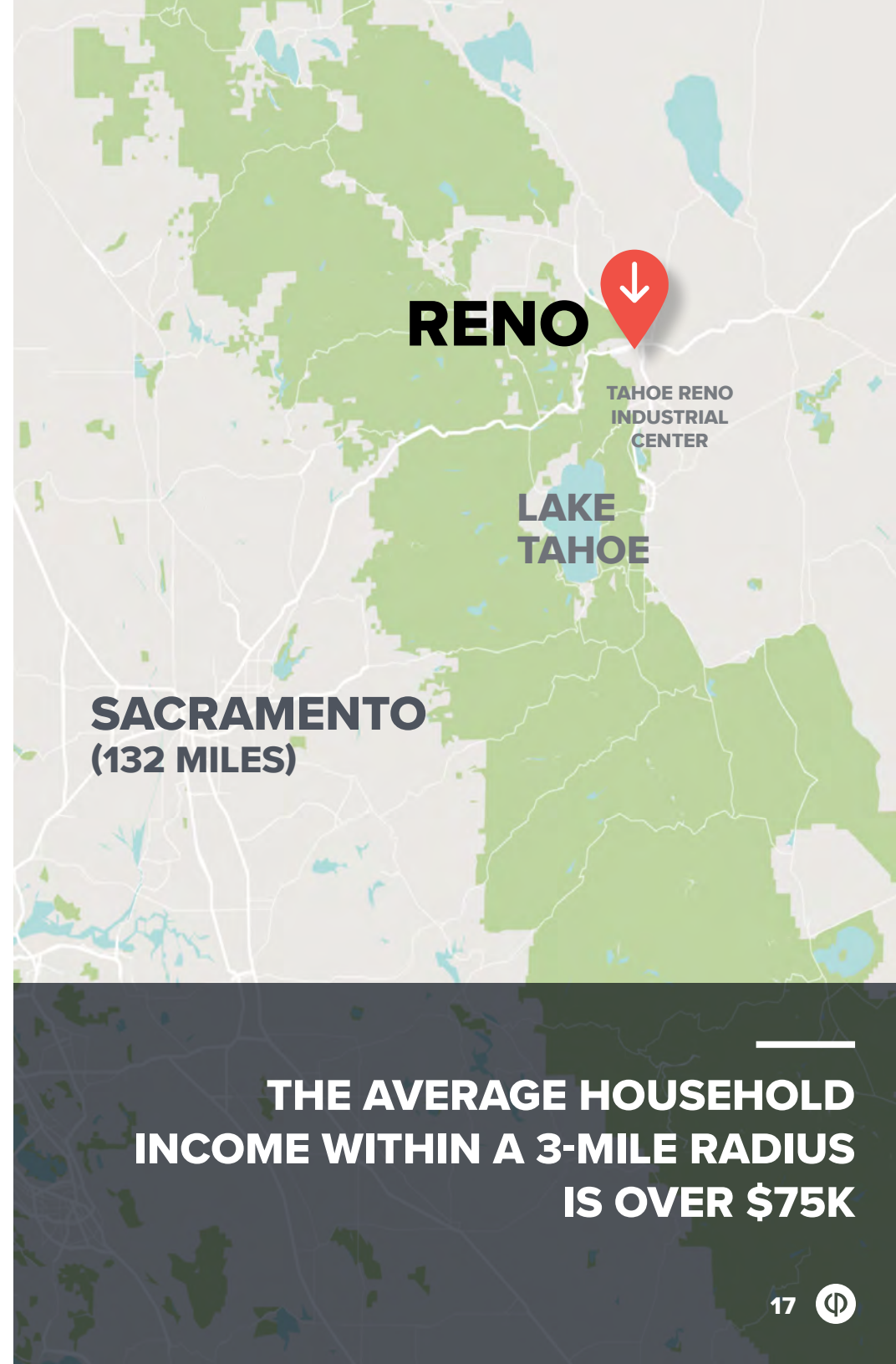
	1-MILE	3-MILES	5-MILES
2010	15,541	71,897	157,530
2018	16,765	77,702	172,010
2023	17,693	82,312	182,135

2018 HH INCOME

	1-MILE	3-MILES	5-MILES
Average	\$70,959	\$75,905	\$69,086
Median	\$57,202	\$54,474	\$45,370

TOP EMPLOYERS

EMPLOYER	# OF EMPLOYEES
Washoe County School District	8,750
University of Nevada - Reno	4,750
Washoe County	2,750
Renown Regional Medical Center	2,750
Peppermill Hotel-Casino Reno	2,250



SACRAMENTO
(132 MILES)

RENO

TAHOE RENO
INDUSTRIAL
CENTER

LAKE
TAHOE

**THE AVERAGE HOUSEHOLD
INCOME WITHIN A 3-MILE RADIUS
IS OVER \$75K**

RENO, NEVADA



RENO, known as “The Biggest Little City in the World” is located on Nevada/California border. The Truckee River runs through the heart of downtown, and Lake Tahoe, nestled in the Sierra Nevada Mountains, is a mere 30 minutes away. Reno sits at the junction of Interstate Highways 80, 580, and State Highway 395.

It’s 250,000+ residents enjoy a consistently sunny, high-desert climate and have access to first-class entertainment, dining, and recreational opportunities. Reno is home to the Tier 1 University of Nevada; the internationally-recognized Desert Research Institute; a Triple-A baseball park; and an urban Whitewater Kayak Park. Every August, Reno is also a gateway to the Burning Man Festival, a week-long art and culture event in the Black Rock Desert which sees over 68,000 attendees from around the world.

RENO’S ECONOMY for most of the 20th century was primarily centered on gaming and entertainment, it is now diversifying into a much broader base which spans healthcare, entrepreneurial startups, and technology-based industries. The Tahoe Reno Industrial Center is the largest industrial park in the world at over 107,000 acres. Phase 1 of the TRI development includes facilities operated by Tesla, Google, Jet.com and Switch.

465,000

 **RENO MSA
POPULATION
(ESTIMATED)**

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2019 Economic Snapshot

CONSTRUCTION

Residential units under construction have increased from 4,705 in Q1 to 5,478 in Q2.

EMPLOYMENT

Non-farm employment in the Reno-Sparks region gained 15,000 jobs (6.2% increase) compared to this time last year, with the largest increases coming in Manufacturing (16.7%), Professional and Business Services (15.8%) and Construction (9.2%).

The Nevada unemployment rate sits at 4%, its lowest rate since April 2007.

PERSONAL INCOME

In Q1 2019, personal income in Nevada reached \$152 billion, a 5% increase from a year ago.

APPLE AND GOOGLE'S RENO PRESENCE

Apple recently completed construction of its downtown Reno warehouse facility as well as the east campus at its Northern Nevada Data Center in Sparks. Apple also plans to construct a west campus at the data center, increasing its overall footprint to 1.2 million square feet.

Google recently broke ground on 400 acres for its latest data center in the Tahoe-Reno Industrial Center (they purchased 1,200 acres of land in the TRIC in 2017).

THE REGION'S SHARE OF NEVADA'S ECONOMIC DRIVERS

RENO MSA

STATE OF NEVADA

POPULATION

465,000

(15.3%)

3 M

JOBS

120,384

(8.85%)

1.36 M

GDP

\$23.1 B

(13.9%)

\$165.8 B

Local Developments

BLOCKCHAINS LLC REVEALED PLANS TO BUILD THE WORLD'S FIRST "SMART CITY" on 67,000 acres of land within the Tahoe Reno Industrial Center. The land, which amounts nearly two-thirds of the TRIC, was purchased in early 2018 for \$175 million. The planned city will encompass, among other projects, a highly-secured, high-tech park that joins blockchain technology with artificial intelligence (AI), 3D printing and nanotechnology; residential units that will provide a new living environment to thousands; and various financial, business and retail concepts that will take advantage of emerging technologies.

\$87 MILLION RENO MIDTOWN MAKEOVER, known as the Virginia Street Project, the multimillion-dollar undertaking will improve traffic-flow, walkability, with new turn-lanes and bike lanes, widened sidewalks, improved landscaping, new public art. Work is scheduled to be completed Fall 2020.

SOCAL-BASED BERKLEY INTERNATIONAL is the latest company to expand operations to the Tahoe Reno Industrial Center. Berkley International, a molded fiber packaging manufacturer, broke ground on their new 82,000-SF manufacturing facility in May 2019. The Nevada facility will function as the company's new headquarters, manufacturing and distribution hub. Berkley has invested \$5.9m to purchase the land for the manufacturing facility and will spend another \$1.6m procuring equipment.

GROUND BREAKS ON \$37 MILLION STUDENT HOUSING PROJECT near the University of Nevada, Reno. Canyon Flats, a four-story, 158-unit project located in downtown Reno will house 508 UNR students with fully furnished one, two, three, and four bedroom apartments. The building is scheduled for completion prior to the fall 2020 semester.





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