



**\$14,900,000 | 6.43% CAP**  
**LA MIRADA, CA**



Ryan Barr  
760.448.2446  
rbarr@lee-associates.com



Ryan Bennett  
760.448.2449  
rbennett@lee-associates.com



**La Mirada, CA**

# OFFERING MEMORANDUM

**EXCLUSIVELY LISTED BY:**

**Ryan Barr**  
760.448.2446  
rbarr@lee-associates.com  
CA Lic#01338994

**Ryan Bennett**  
760.448.2449  
rbennett@lee-associates.com  
CA Lic#01826517

**Barr & Bennett Net Leased Investments**  
[www.nnninvestmentgroup.com](http://www.nnninvestmentgroup.com)



## DISCLAIMER

Lee & Associates hereby advises all prospective purchasers of Single-Tenant Net-Leased property as follows:

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Lee & Associates has not and will not verify any of this information, nor has Lee & Associates conducted any investigation regarding these matters. Lee & Associates makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a single-tenant property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Lee & Associates expressly denies any obligation to conduct a due diligence examination of this Property for Buyer. Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a single-tenant property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors. Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any single-tenant property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

By accepting this Marketing Brochure you agree to release Lee & Associates Investments and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this single-tenant property.

# INVESTMENT SUMMARY

24 HOUR FITNESS | 13395 Beach Blvd, La Mirada CA



**Lee & Associates** is pleased to offer for sale a double-net (NN) leased single tenant 24 Hour Fitness located at 13395 Beach Boulevard in La Mirada, California. This investment is an excellent opportunity for an investor to acquire a stable long term asset with rental escalations in the highly coveted Southern California market.

### THE INVESTMENT

The subject property is comprised of a freestanding 40,738 square foot building that was built in 2002 and situated on a 4.26 acre lot. The lease with 24 Hour Fitness is a double-net (NN) lease with the landlord only responsible for roof and structure. The lease has approximately eight years remaining with three (3), five year options to extend. The lease also calls for rent escalations every five years based on the consumer price index (CPI), increases not to exceed 12.5%. Additionally, the subject property includes a cell tower leased to T-Mobile which generates additional income for an investor. The income generated from the cell tower grows at three percent annually per the lease.

Along with the lease the property must be transferred with assumable debt. The original balance of the loan was \$7,700,000. As of January 2015 the balance of the loan will be \$7,472,162. The loan is amortized over 20 years and has interest rate of 5.086%. This results in annual loan payments of \$614,197. This gives the property a 1.58 debt coverage ratio in year one.

### ACTIVE LOCATION

The city of La Mirada lies on the border between Los Angeles County and Orange County and is home to Biola University which is just three and a half miles from the subject property. The city, which boasts a 4.6% unemployment rate, has seen positive net absorption over the past year and half. This positive net absorption is highlighted by the redevelopment of Crossroads Plaza which was redeveloped in 2013 and is anchored by Wal-Mart Neighborhood Market and Walgreens. The subject property sits less five miles from this project.

The subject property is located in a very active and affluent area. Beach Blvd sees roughly 48,000 vehicles per day and is home to numerous major retailers. Retailers on the street include CVS, Sam's Club, Lowe's, Walmart, Arco, Jack in the Box, McDonald's, Kohl's, Bed, Bath, and Beyond, Chili's, Supercuts, Gamestop, Panda Express, Baja Fresh, Yogurtland, Sprint, Chevron, At&t, Wells Fargo, Taco Bell, Vons, Firestone, Chipotle, AutoZone, Verizon, TJ Maxx, Sports Authority, Smart & Final, and several others. Additionally, there are also three golf courses near the site La Mirada Golf Course, Los Coyotes Country Club, and Westridge Golf Club. The subject property and all of these amenities are supported by a three mile population of over 194,000 with average household income of over \$87,400.



**CORPORATE LEASE GUARANTEE**

24 Hour Fitness is the largest privately held fitness chain in the US with 400+ clubs in 18 states and almost 4 million club members. The company was the first to offer 24/7 access to its facilities and continues to offer a wide range of fitness classes and equipment. (ABC Financial)

**IDEAL 1031 INVESTMENT**

Rare opportunity to acquire an asset in the highly sought after Los Angeles market.

**EXCELLENT DEMOGRAPHICS**

Within just a one mile radius the area has an average household income of over \$100,000 and with three miles the population exceeds 188,000. Along with the strong demographics the Beach Blvd sees almost 48,000 vehicles per day.

**STRONG RETAIL CORRIDOR**

The subject property is located on one of La Mirada’s strongest retail corridors. Nearby retailers include CVS, Sam’s Club, Lowe’s, Walmart, Arco, Jack in the Box, McDonald’s, Kohl’s, Bed, Bath, and Beyond, Chili’s, Supercuts, Gamestop, Panda Express, Baja Fresh, Yogurtland, Sprint, Bank of the West, Chevron, At&t, Wells Fargo, Taco Bell, Vons, Firestone, KFC/A&W, and Carrows.



**STABLE FITNESS INDUSTRY**

Since 2005 the health club industry has seen stable growth, experiencing an average year over year membership growth of just under 3%. As a result, the industry saw revenue reach \$21.8 billion in 2012. (IHRSA)

**VACANCY DECLINE**

The southeastern submarket of Los Angeles, in which La Mirada is located has seen a significant drop in retail vacancy in the past few months. In fact, it has a lower retail vacancy than the overall Los Angeles market. The southeastern submarket of Los Angeles is experiencing vacancy at 4.9%, down almost 11% from its 2013 high of 5.5% in the second quarter. The overall Los Angeles retail market has seen a significant decline as well, with current vacancy residing at 5.1%. (Costar)

**HEDGE AGAINST E-COMMERCE**

With e-commerce growing at over 12% annually investors need a hedge against those traditional retailers that will be affected by this e-commerce growth. Unlike traditional retailers 24 Hour Fitness provides customers with an experience everytime they come to the club. Therefore, by providing an experience rather than a product the business is less affected from the rise in e-commerce.

**LONG TERM ASSUMABLE DEBT**

This asset is encumbered by favorable long term debt. With a possible rising interest rate market in the future, investors are looking to lock in low interest rate debt. This asset will allow them to lock in a low fixed interest rate as the market will most likely see a rise in interest rates.

**INVESTMENT HIGHLIGHTS**

<b>Price:</b>	\$14,900,000
<b>NOI:</b>	\$957,595
<b>Cap:</b>	6.43%
<b>Down Payment:</b>	\$7,447,351
<b>Cash on Cash w/ Principal Paydown:</b>	7.84%

**PROPERTY OVERVIEW**

<b>Address:</b>	13395 Beach Blvd, La Mirada, CA 90638
<b>Tenant:</b>	24 Hour Fitness
<b>Guarantor:</b>	24 Hour Fitness USA, Inc.
<b>Building Size:</b>	40,738 Sq. Ft.
<b>Land Size:</b>	4.26 Acres
<b>Ownership:</b>	Fee Simple
<b>Year Built:</b>	2002
<b>Cell Tower Income:</b>	Approximately \$9,961 received annually from T-Mobile for the cell tower. T-Mobile is currently in options, renewing each year at 3% annual increases.
<b>APN:</b>	8037-055-007 & -008

**TERMS, BASE RENT & OPTIONS**

<b>Lease Commencement:</b>	February 1, 2002
<b>Lease Expiration:</b>	January 31, 2022
<b>Lease Term:</b>	20 Years (Approx. 8 Years Remaining)
<b>Base Rent Schedule:</b>	See Cash Flow Analysis
<b>Options:</b>	Three (3) 5-Year Options
<b>Lease Type:</b>	Double Net (NN)
<b>Landlord Responsibilities:</b>	*Roof & Structure

*\*Roof was inspected along with some preventative maintenance that was completed in January 2014.*

**EXISTING LOAN INFORMATION\* (Must be assumed)**

<b>Loan Commencement:</b>	12/1/2013
<b>Loan Term:</b>	10 Years
<b>Original Loan Amount:</b>	\$7,700,000
<b>Current Loan Balance:</b>	\$7,472,162 (as of Jan 2015)
<b>Interest Rate:</b>	5.086%
<b>Amortization:</b>	20 Years
<b>Annual Debt Service:</b>	\$614,197
<b>Recourse:</b>	Non Recourse



**Assumable Financing Cash Flow Analysis**

Property Information	
<b>Price</b>	<b>\$14,900,000</b>
<b>Annual Net Operating Income (Y1)</b>	<b>\$957,595</b>
<b>Capitalization Rate</b>	<b>6.43%</b>
Original Lease Term	20 Years
Remaining Lease Term	8 Years
Renewal Options	Three (3), Five Year
Increases:	CPI Every 5 Years
Lease Type	Double-Net (NN)
Building Size (Square Feet)	40,738
Land Area (Acres)	4.26

Debt Information	
Down Payment	\$7,447,351
Loan Amount (1/1/2015)	\$7,452,649
LTV	50.02%
Original Loan Amount	\$7,700,000
Loan Originated	12/1/2013
Loan Due	12/1/2023
Loan Term	10 Years
Amortization	20 Years
Interest Rate	5.086%
Annual Debt Service	\$614,197

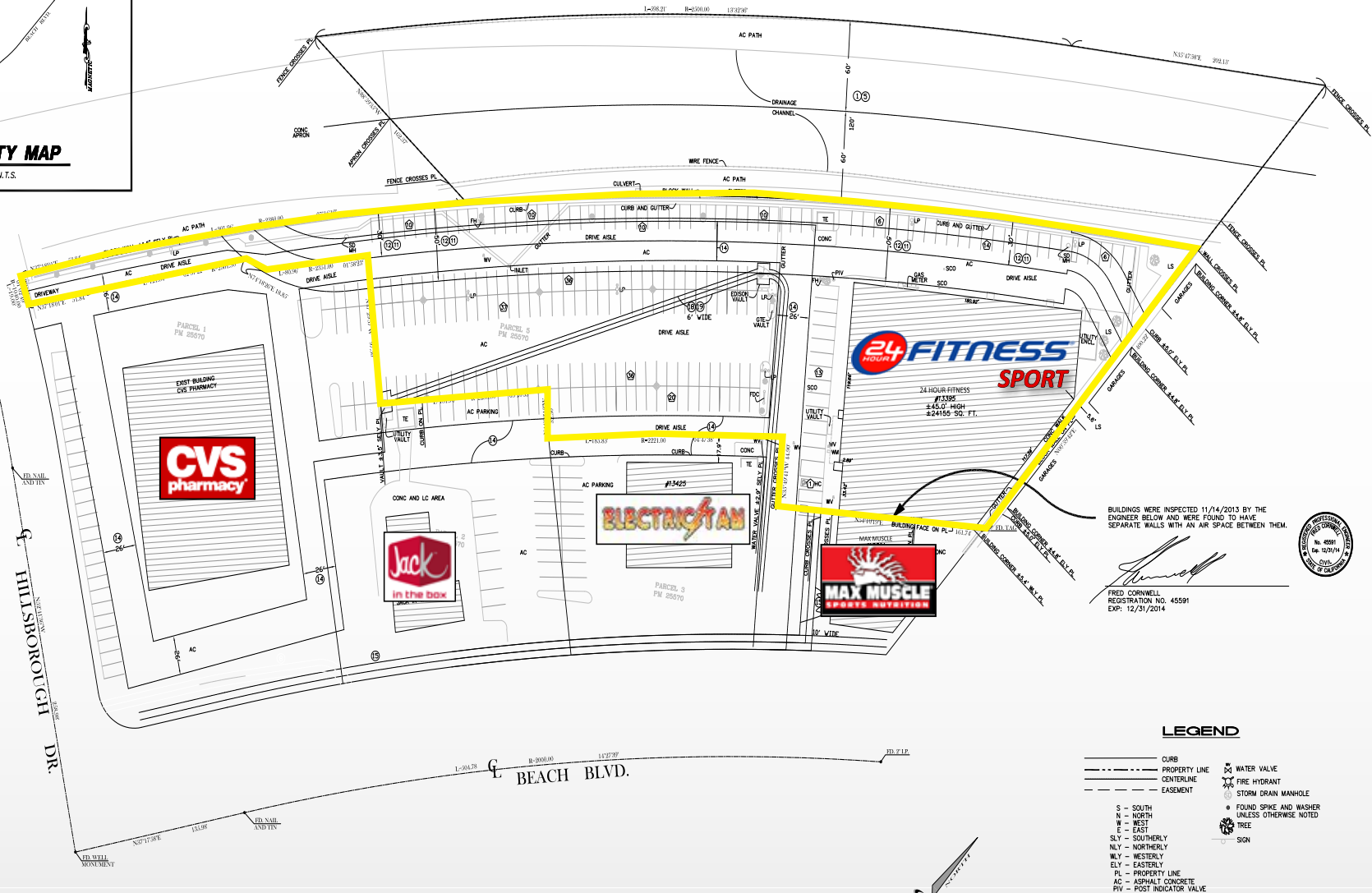
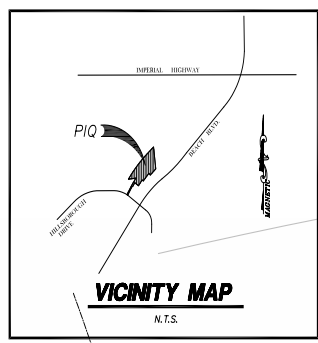
Term Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Calendar Year	January-14	January -15	January-16	January-17	January-18	January-19	January-20	January-21
24 Hour Fitness	\$959,850	\$959,850	\$1,069,833	\$1,079,831	\$1,079,831	\$1,079,831	\$1,079,831	\$1,192,314
Cell Tower	\$9,961	\$10,260	\$10,568	\$10,885	\$11,211	\$11,548	\$11,894	\$12,251
Effective Gross Income	\$969,811	\$970,110	\$1,080,401	\$1,090,716	\$1,091,043	\$1,091,379	\$1,091,725	\$1,204,565
Capital Reserve (\$0.30 psf)	(\$12,216)	(\$12,216)	(\$12,216)	(\$12,216)	(\$12,216)	(\$12,216)	(\$12,216)	(\$12,216)
<b>Net Operating Income</b>	<b>\$957,595</b>	<b>\$957,894</b>	<b>\$1,068,185</b>	<b>\$1,078,500</b>	<b>\$1,078,827</b>	<b>\$1,079,163</b>	<b>\$1,079,509</b>	<b>\$1,192,349</b>
<b>Capitalization Rate</b>	<b>6.43%</b>	<b>6.43%</b>	<b>7.17%</b>	<b>7.24%</b>	<b>7.24%</b>	<b>7.24%</b>	<b>7.25%</b>	<b>8.00%</b>
Total Debt Service	(\$614,197)	(\$614,197)	(\$614,197)	(\$614,197)	(\$614,197)	(\$614,197)	(\$614,197)	(\$614,197)
Cash Flow After Debt Service	\$343,398	\$343,697	\$453,988	\$464,303	\$464,630	\$464,966	\$465,312	\$578,152
Principle Paydown (PP)	\$240,715	\$253,247	\$266,432	\$280,303	\$294,896	\$310,249	\$326,402	\$343,395
Cash Flow w/ Principle Paydown	\$584,113	\$596,944	\$720,420	\$744,606	\$759,526	\$775,215	\$791,714	\$921,547
<b>Cash on Cash Yield</b>	<b>4.61%</b>	<b>4.62%</b>	<b>6.10%</b>	<b>6.23%</b>	<b>6.24%</b>	<b>6.24%</b>	<b>6.25%</b>	<b>7.76%</b>
<b>Cash on Cash Yield (w/ PP)</b>	<b>7.84%</b>	<b>8.02%</b>	<b>9.67%</b>	<b>10.00%</b>	<b>10.20%</b>	<b>10.41%</b>	<b>10.63%</b>	<b>12.37%</b>



# TENANT SUMMARY

24 HOUR FITNESS | 13395 Beach Blvd, La Mirada CA





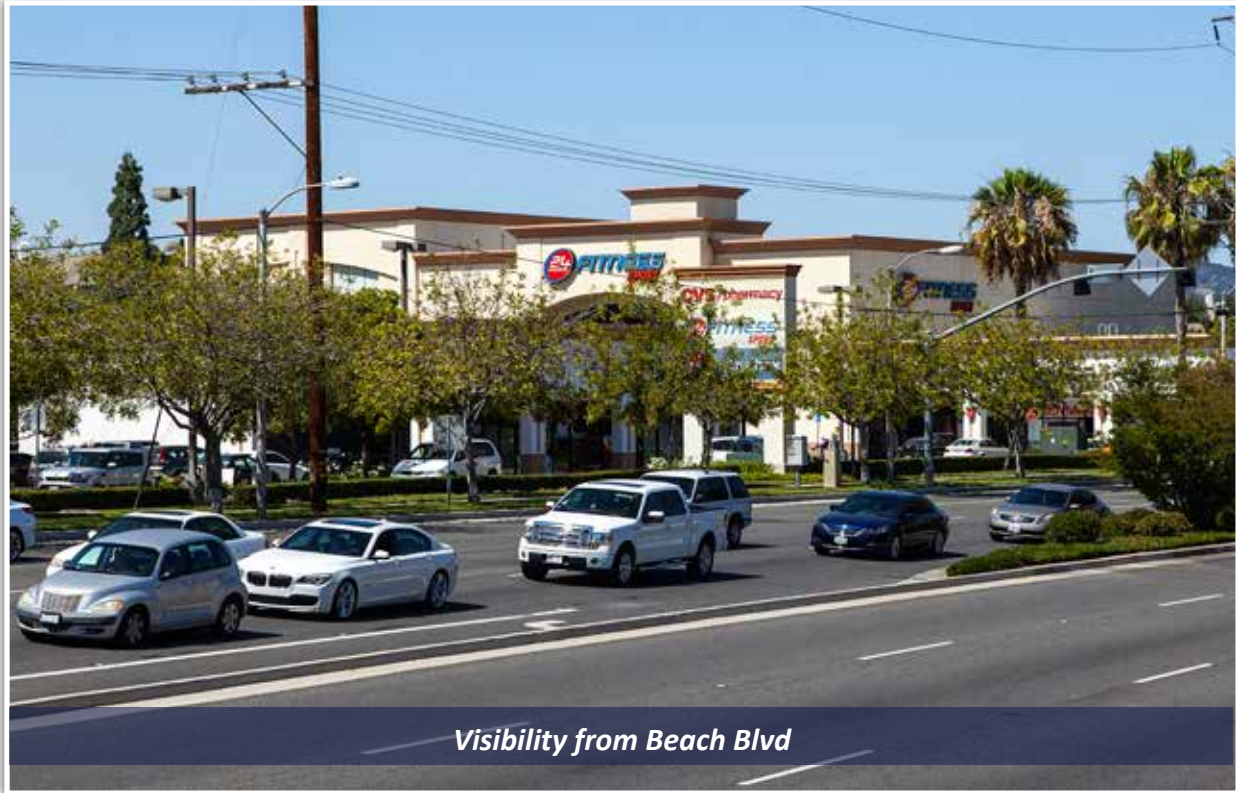
BUILDINGS WERE INSPECTED 11/14/2013 BY THE ENGINEER BELOW AND WERE FOUND TO HAVE SEPARATE WALLS WITH AN AIR SPACE BETWEEN THEM.

*Fred Cornwell*  
 FRED CORNWELL  
 REGISTRATION NO. 45591  
 Exp. 12/31/2014

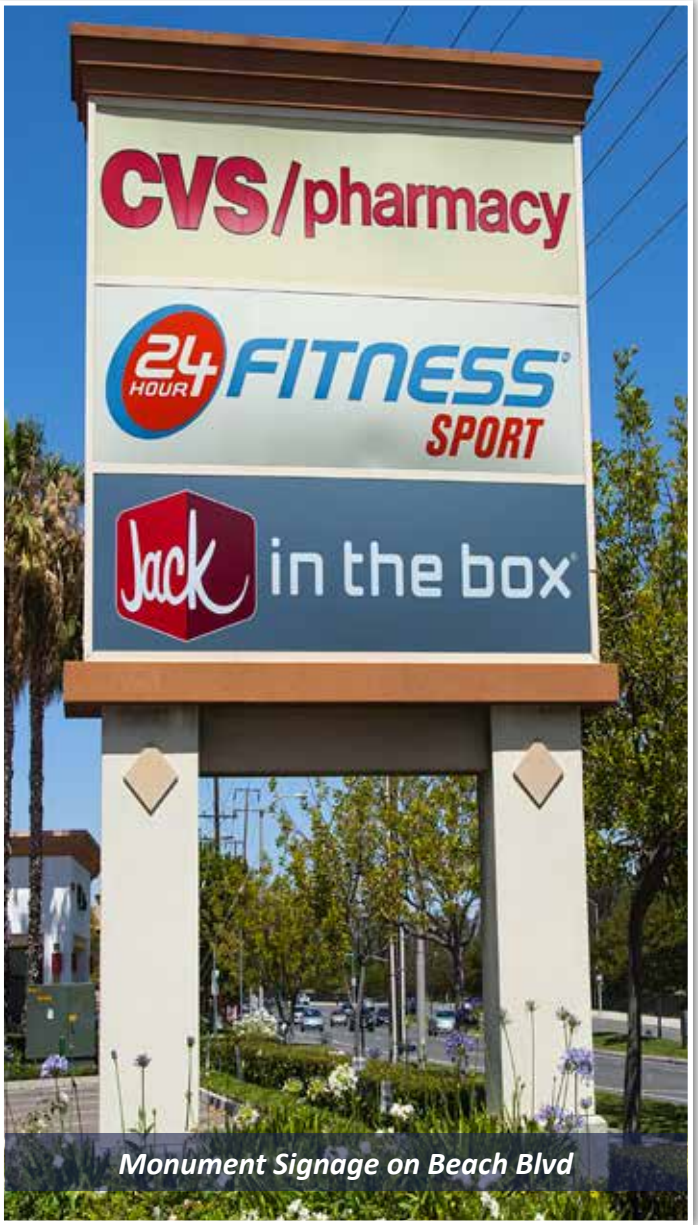


**LEGEND**

- CURB
- PROPERTY LINE
- CENTERLINE
- EASEMENT
- WATER VALVE
- FIRE HYDRANT
- STORM DRAIN MANHOLE
- FOUND SPIKE AND WASHER UNLESS OTHERWISE NOTED
- TREE
- SIGN
- S - SOUTH
- N - NORTH
- W - WEST
- E - EAST
- SLY - SOUTHERLY
- NLY - NORTHERLY
- WLY - WESTERLY
- Ely - Easterly
- PL - PROPERTY LINE
- AC - ASPHALT CONCRETE
- PVI - POST INDICATOR VALVE
- SC - SEWER CLEANOUT



*Visibility from Beach Blvd*



*Monument Signage on Beach Blvd*



*Signalized Intersection (57,000 cpd)*



*Adjacent Shop Space (not a part)*



**24 Hour Fitness**  
[www.24hourfitness.com](http://www.24hourfitness.com)

**24 Hour Fitness** is the world's largest (by memberships) privately owned and operated fitness center chain, and third in number of clubs behind Gold's Gym and Fitness First of the UK. It currently has 425 clubs, 18,000 employees in the U.S.A., and an undisclosed number of employees working in a customer services call-center in the Philippines and another call center in Las Vegas, Nevada. The corporate office is located in San Ramon, California and a processing center is located in Carlsbad, California.

The company began in 1983 as a one-club operation called 24 Hour Nautilus. Mark Mastrov and Leonard Schlemm began the firm, with Mastrov and Schlemm remaining to continue its expansion.

CEO Mark Mastrov hired Mark Golob and Dean Moloney as Vice President of Marketing. Golob created promotional campaigns with Pamela Anderson, Arnold Schwarzenegger and Mike Tyson that increased membership and sales. During Moloney's tenure, he and Mastrov, along with Tom Gergley and Golob, began planning an international chain of health clubs

In 1994, 24 Hour Nautilus partnered with McCown De Leeuw and soon thereafter acquired the Southern California-based Family Fitness Centers chain, renaming the company 24 Hour Fitness.

In 2004, 24 Hour Fitness became a sponsor of the 2004-2008 United States Olympic teams.

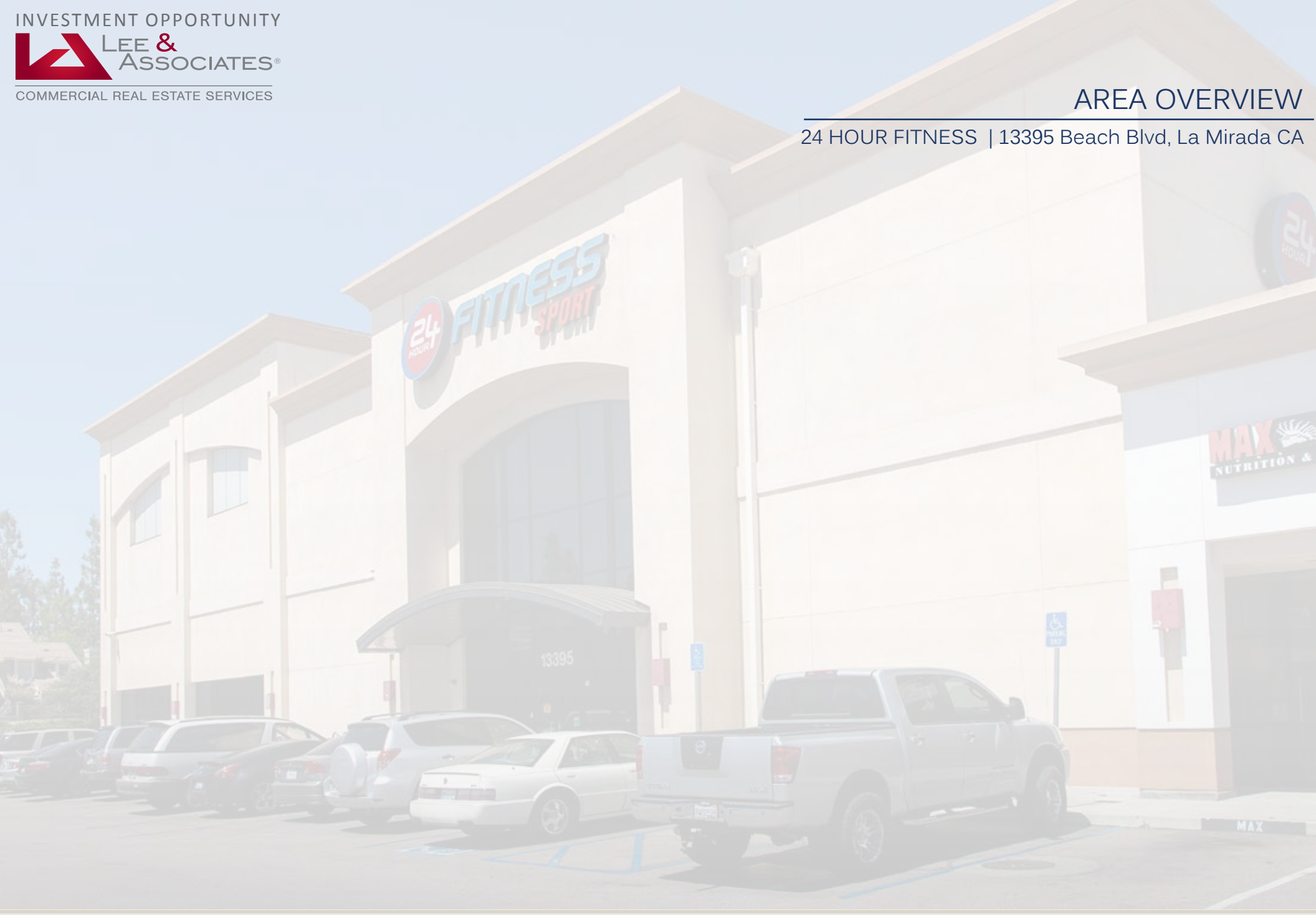
24 Hour Fitness worked with NBC to develop a reality show, *The Biggest Loser*, which features 12 to 22 overweight contestants competing to lose weight over several million dollars. The show first aired in late 2004.

### **24 Hour Fitness USA, Inc. (Guarantor)**

- Founded: 1979
- Headquarters: San Ramon, CA
- Net Worth: \$986 Million
- Standard & Poors Credit Rating: B
- Fortune 500 Rank: #146 (2012)
- Locations: 425
- Employees: 20,000+
- Website: [www.24HourFitness.com](http://www.24HourFitness.com)

## AREA OVERVIEW

24 HOUR FITNESS | 13395 Beach Blvd, La Mirada CA



### LA MIRADA, CA

**La Mirada** is a city in southeast Los Angeles County, California, United States, and is one of the Gateway Cities. The population was 48,527 at the 2010 census, up from 46,783 at the 2000 census. The city of La Mirada was listed on CNN Money Magazine’s “Best Place to Live” list. La Mirada placed 34th on the list, with the La Mirada Theatre for the Performing Arts and the Splash! La Mirada Regional Aquatics Center as two of its main attributes. It is the home of Biola University, an evangelical Christian institution of higher education. It is also the home of the La Mirada Theatre for the Performing Arts. The Elephant Bar restaurant chains offices are located there.

La Mirada (Spanish for “The Look”) was the creation of two men, Andrew McNally, a printer and mapmaker from Chicago (see Rand McNally) and his son-in-law Edwin Neff. In 1888, McNally purchased over 2,200 acres of Rancho Los Coyotes, south of Whittier, for \$200,000. He developed 700 acres into his own home called Windermere Ranch and surrounded it with olive, orange and lemon groves. McNally built a plant to process the olive oil, which was of the best quality, as well as a railroad station on Stage Road. From here his olive oil and fruit were shipped all over the U.S.

La Mirada’s main arterial streets are Rosecrans Avenue and Imperial Highway. Valley View Avenue, La Mirada Boulevard, and Santa Gertrudes Avenue are other important arterials. Interstate 5 passes through the southwest corner of the city, while Beach Boulevard (CA-39) passes through the east end of the city.

The city received a lot of attention for the fact that it was going to be completely structured and planned out. Referred to as “the Nation’s completely planned city” during the early 1950s, the city of La Mirada received a lot of attention from the State Fair. The Fair praised the city for planning for the future while still maintaining practicality for today.

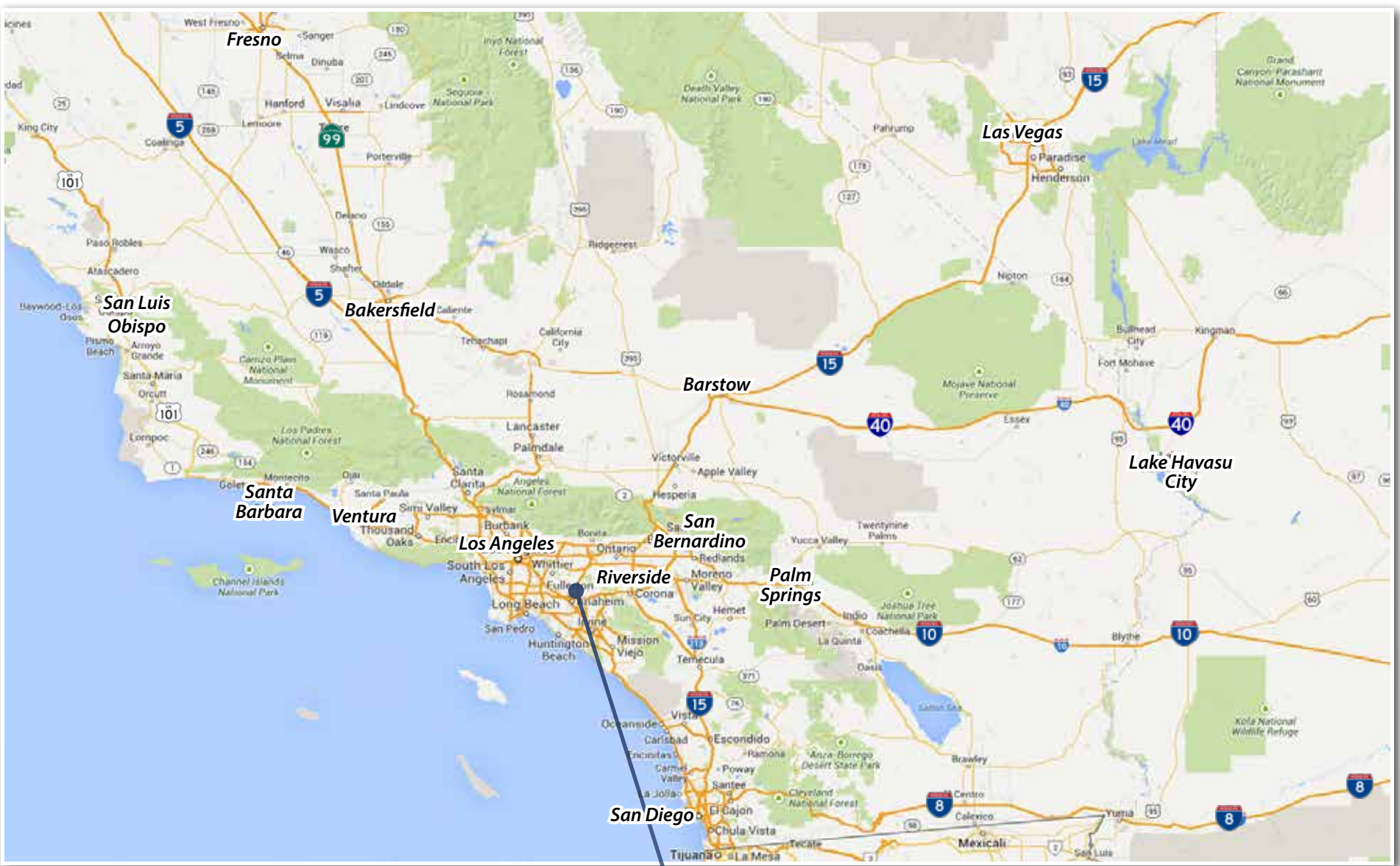
In 1953, the land was sold to subdivisions for 5.2 million dollars, one of the largest real estate transactions in California. By 1960, the year the city was incorporated, La Mirada had grown from a mere 100 homes to over 8,000. The city was incorporated as “Mirada Hills” on March 23, 1960. On November 8, 1960, voters approved a change of name to the current La Mirada, which was officially certified on December 15, 1960.

Today, the current population is over 50,000 with the addition of a new subdivision on the eastern side of town.



**Demographics**

	1 Mile	3 Miles	5 Miles	
<b>POPULATION</b>	2013 Estimated Population	17,683	194,281	477,515
	2018 Projected Population	18,044	198,444	487,942
	2010 Census Population	17,256	189,690	466,236
	2000 Census Population	15,438	177,990	447,541
	Projected Annual Growth 2013 to 2018	0.4%	0.4%	0.4%
	Historical Annual Growth 2000 to 2013	1.1%	0.7%	0.5%
2013 Median Age	42.6	36.7	36	
<b>HOUSEHOLDS</b>	2013 Estimated Households	6,375	61,112	145,798
	2018 Projected Households	6,591	63,276	151,024
	2010 Census Households	6,258	59,943	142,986
	2000 Census Households	5,664	57,899	139,990
	Projected Annual Growth 2013 to 2018	0.7%	0.7%	0.7%
	Historical Annual Growth 2000 to 2013	1.0%	0.4%	0.3%
<b>RACE &amp; ETHNICITY</b>	2013 Estimated White	46.0%	55.5%	55.5%
	2013 Estimated Black or African American	2.1%	2.0%	2.3%
	2013 Estimated Asian or Pacific Islander	40.3%	20.9%	17.6%
	2013 Estimated American Indian or Native Alaskan	0.5%	0.8%	0.9%
	2013 Estimated Other Races	11.2%	20.8%	23.8%
	2013 Estimated Hispanic	24.8%	43.5%	48.8%
<b>INCOME</b>	2013 Estimated Average Household Income	\$104,158	\$87,438	\$83,968
	2013 Estimated Median Household Income	\$85,798	\$76,708	\$74,141
	2013 Estimated Per Capita Income	\$37,564	\$27,636	\$25,763
<b>BUSINESS</b>	2013 Estimated Total Businesses	399	5,676	17,856
	2013 Estimated Total Employees	3,331	50,599	193,205
	2013 Estimated Employee Population per Business	8.4	8.9	10.8
	2013 Estimated Residential Population per Business	44.3	34.2	26.7



**24 FITNESS**  
**SPORT**  
13395 Beach Blvd, La Mirada CA







Beach Blvd (48,000 cpd)













A grid of logos for various businesses and services, including Raytheon, Rubios, Barnes & Noble, Hydriflow, Target, McDonald's, KFC, Ross, Subway, T-Mobile, Dynamex, FMC Technologies, and others.

Logos for Rite Aid, La Mirada Garden Florist, Shell, Allstate, and Wilshire Bank.





Flame Broiler, Sizzler, CHASE, Dunkin', Starbucks, SUBWAY, STAPLES, IHOP, BIG 5, TACO BELL

76, STATER BRG'S, AutoZone, BURGER KING, Shell, QUIZOS, DEL TACO, AMERICAN TIRE DEPOT

Reginald M Benton Middle School

RITE AID, COLDWELL BANKER, Mobil, SUBWAY, FARMERS INSURANCE, SunClub, Stein Mart, Edward Jones, fresh & easy, savers



CVS pharmacy

Jack in the Box

Hillsborough Dr

ampm

Los Angeles County Fire Dept

ELECTRIC M

MAX MUSCLE

West Ridge Golf Club



**BARR & BENNETT**  
NETLEASED INVESTMENTS

[www.nnninvestmentgroup.com](http://www.nnninvestmentgroup.com)

**Exclusively Listed by:**

Ryan Barr

760.448.2446

[rbarr@lee-associates.com](mailto:rbarr@lee-associates.com)

CalBRE Lic#01338994

Ryan Bennett

760.448.2449

[rbennett@lee-associates.com](mailto:rbennett@lee-associates.com)

CalBRE Lic#01826517



**BARR & BENNETT**  
NETLEASED INVESTMENTS