

Marcus & Millichap

NET-LEASED INVESTMENT
CORPORATE GUARANTEE



**TSC TRACTOR
SUPPLY CO.**

TEHACHAPI, CA



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TRACTOR SUPPLY CO

480 NORTH MILL STREET, TEHACHAPI, CA 93561

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OFFERING OVERVIEW

TRACTOR SUPPLY CO

480 NORTH MILL STREET, TEHACHAPI, CA 93561

OFFERING PRICE

\$6,300,000

CAP RATE

4.80% CURRENT / 5.28% APRIL 2024

ANNUAL RENT

\$302,500 CURRENT / \$332,750 APRIL 2024

PROPERTY DETAILS

Property Address	480 NORTH MILL STREET TEHACHAPI, CA 93561
Year Built	2014
Gross Leasable Area	19,031 SF
Lot Size	2.75 Acres
Type of Ownership	Fee Simple
APN	415-170-24-00-4
Zoning	M-1
Parking	77 Spaces



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Marcus & Millichap is pleased to present investors this excellent opportunity to acquire the fee simple interest in a net-leased, corporately guaranteed Tractor Supply Company located within the world's most productive agriculture region.

Situated upon 2.75 acres of land, the premises comprise 19,031 square feet plus an additional 15,000 square foot outdoor sales area. The Property is directly adjacent to the high-traffic California 58 Highway.

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Tractor Supply Company (NASDAQ: TSCO), the largest rural lifestyle retailer in the United States, has been passionate about serving its unique niche, targeting the needs of recreational farmers, ranchers and all those who enjoy living the rural lifestyle, for more than 80 years.

Tractor Supply offers an extensive mix of products necessary to care for home, land, pets and animals with a focus on product localization, exclusive brands and legendary customer service for the Out Here lifestyle.

With more than 48,000 Team Members, the Company's physical store assets, combined with its digital capabilities, offer customers the convenience of purchasing products they need anytime, anywhere and any way they choose at the everyday low prices they deserve. At June 26, 2022, the Company operated 2,016 Tractor Supply stores in 49 states, a customer mobile app and an e-commerce website at www.TractorSupply.com.

INVESTMENT HIGHLIGHTS

INVESTMENT GRADE CREDIT TENANT Tractor Supply Co is a publicly traded company (NASDAQ: TSCO) with a \$21.69 Billion Market Cap and annual sales growth of 19.9% in 2021. Record sales in 2021 surpassed \$12B.

BUILT-TO-SUIT CONSTRUCTION IN 2014 Tenant-specific design includes a 19,031 square foot building featuring an additional 15,000 square foot outdoor sales yard.

TRACTOR SUPPLY CO: RECORD LEVEL SALES FY 2021 and Second Quarter 2022 saw new record level sales and earnings performance, as well as broad-based market share gains.

NEAR-TERM RENT GROWTH BOOSTS VALUE Next rental increase scheduled for April 2024, followed by 10% rental increases every five years, including in the option periods.

CORPORATELY GUARANTEED by best-in-class, investment grade credit tenant Tractor Supply Company, an A2 rated company, S&P rated BBB Stable.

MAXIMUM VISIBILITY FROM CA HIGHWAY 58 Destination location directly adjacent to California Highway 58 (>31,000 vehicles per day) and across from the region's only Home Depot.



EXECUTIVE SUMMARY

TRACTOR SUPPLY COMPANY

480 North Mill Street
Tehachapi, CA 93561

OFFERING SUMMARY

Offering Price	\$6,300,000
Cap Rate (Current / April 2024)	4.80% / 5.28%
Gross Leasable Area (GLA)	19,031 SF
Price/SF (GLA)	\$331.04
Year Built	2014

LEASE SUMMARY

Property Subtype	Single Tenant Net Leased
Tenant	Tractor Supply Company
Rent Increases	10% Every Five Years
Guarantor	Corporate Guarantee
Lease Type	NN
Rent Commencement	3/22/2014
Lease Expiration	3/31/2029
Lease Term	15 Years
Term Remaining on Lease	7 Years
Renewal Options	Four 5-Year Options
Landlord Responsibility	Roof & Structure, Elements of Paved Areas (excluding re-sealing and re-striping) + Commercial General Liability Insurance
Tenant Responsibility	Taxes, Insurance, Maintenance
Right of First Refusal	Yes - 30 Day Notice

INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present this exclusive investment opportunity for the fee simple interest in an outstanding net leased Tractor Supply Company in the farming and agricultural community of Tehachapi, California.

New build-to-suit construction in 2014, the initial term of the corporately guaranteed, 15 year lease expires in March of 2029 and features four, five-year options thereafter. The lease provides for 10% rental increases every five years in the initial term as well as the option periods. The next 10% rental increase is scheduled for April 2024.

It is hard to overstate the strength and quality of an investment in the Tractor Supply Company brand. The investment grade credit tenant has experienced continuing growth and record sales achievements, conservatively overseen an exemplary balance sheet while maintaining minimal debt, and continuously makes improvements to an outstanding business model that efficiently and effectively accommodates ranchers and the daily needs of homeowners alike.

The Subject Tractor Supply Co. is located 4,000 feet above sea level in the Tehachapi Mountains of California. Conveniently located with easy access to many larger markets, major transportation hubs and expanding industry.

INVESTMENT HIGHLIGHTS

- Tractor Supply Company: Record Annual Sales in 2021 of \$12B+
- Superior Credit Tenant: Impeccable Financials and Minimal Debt
- TSCO: NASDAQ & S&P 500 Company | \$12.69 Billion Market Cap
- \$21.69 Billion Market Cap | 2,000+ Stores in 49 States
- Corporately Guaranteed Lease With 10% Increases Every Five Years
- Near Term 10% Rental Increase in April 2024
- Adjacent to Highway 58 With 30,000 AADT
- Record Sales in Fiscal Year 2021 Followed By Most Recent 2nd Quarter 2022

FINANCIAL SUMMARY

RENT SCHEDULE

LEASE YEAR	ANNUAL RENT	MONTHLY RENT	RENT PER SF	CAP RATE
Current - March 31, 2024	\$302,500	\$25,208	\$15.90	4.80%
April 1, 2024 - March 31, 2029	\$332,750	\$27,729	\$17.48	5.28%
Option 1: April 1, 2029 - March 31, 2034	\$366,025	\$30,502	\$19.23	5.81%
Option 2: April 1, 2034 - March 31, 2039	\$402,628	\$33,552	\$21.16	6.39%
Option 3: April 1, 2039 - March 31, 2044	\$442,890	\$36,908	\$23.27	7.03%
Option 4: April 1, 2044 - March 31, 2049	\$487,179	\$40,598	\$25.60	7.73%

PROPOSED FINANCING

New Acquisition Financing	\$3,465,000
Loan to Value	55.00%
Interest Rate	4.90%
Amortization Period	25
Loan Constant	6.95%
Annual Debt Service Payment	\$240,656
Year 1 Debt Service Coverage	1.26
Year 1 Debt Yeild	8.73%
Year 1 Net Cash Flow After Debt Service	\$61,844
Net Cash Flow After Debt Service as of April 2024	\$92,094

FOR ADDITIONAL FINANCING INFORMATION:

PLEASE CONTACT NICK GRAY
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ABOUT THE TENANT

In 1938, Charles E. Schmidt Sr. of Chicago, Illinois, established a mail-order tractor parts business from his kitchen table, and by 1939, it had grown into a successful retail store in Minot, North Dakota. Today, with over 2,000 stores in 49 states, we are the largest operator of rural lifestyle retail stores in the United States and are committed to being the most dependable supplier of basic maintenance products to home, land, pet and animal owners.

What can you buy at Tractor Supply Company?

Everything except tractors. At TSC, customers find everything they need to maintain their farms, ranches, homes and animals. As the inventors of the “do it yourself” trend, our customers handle practically every chore themselves, from repairing wells to building fences, welding gates together, constructing feed bins, taking care of livestock and pets, repairing tractors and trucks and building trailers for hauling.

TSC stores are located primarily in towns outlying major metropolitan markets and in rural communities. The typical Tractor Supply store has about 15,500 square feet of selling space inside, with a similar amount of outside space.



“TRACTOR SUPPLY HAD A STRONG SECOND QUARTER THAT WAS IN LINE WITH OUR EXPECTATIONS WITH RECORD RESULTS ON BOTH SALES AND EARNINGS. OUR TEAM’S OUTSTANDING FOCUS ON SERVING OUR CUSTOMERS WITH THE PRODUCTS AND SERVICES THEY NEED TO LIVE THE OUT HERE LIFESTYLE ALLOWED US TO CAPTURE BROAD-BASED MARKET SHARE DURING THE QUARTER,” SAID HAL LAWTON, TRACTOR SUPPLY’S PRESIDENT AND CHIEF EXECUTIVE OFFICER. ”



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CALIFORNIA FARMING REGIONS: THE GREAT CENTRAL VALLEY

The adjoining San Joaquin and Sacramento Valleys form the Great Central Valley, which stretches over 450 miles from the Tehachapi Mountains in the south to the Cascade Range in the north. This basin, once the floor of an inland sea, lies between the Coast Ranges and the Sierra Nevada Mountains.

The Central Valley is one of the most productive regions on Earth.

The Central Valley, also known as the Great Valley of California, covers about 20,000 square miles and is one of the more notable structural depressions in the world. Occupying a central position in California, it is bounded by the Cascade Range to the north, the Sierra Nevada to the east, the Tehachapi Mountains to the south, and the Coast Ranges and San Francisco Bay to the west..

- ▶ More than 250 different crops are grown in the Central Valley with an estimated value of \$17 billion per year.
- ▶ Approximately 75% of the irrigated land in California and 17% of the Nation's irrigated land is in the Central Valley
- ▶ Using fewer than 1% of U.S. farmland, the Central Valley supplies 8% of U.S. agricultural output (by value) and produces 1/4 of the Nation's food, including 40%

THE GREAT CENTRAL VALLEY:
ONE OF THE MOST PRODUCTIVE
AGRICULTURAL REGIONS ON
EARTH



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DEMOGRAPHICS



HOUSEHOLDS BY EXPENDITURE			
	5 Miles	10 Miles	15 Miles
Total Average Household Retail Expenditure	\$135,698	\$142,546	\$148,712
Consumer Expenditure Top 10 Categories			
Housing	\$23,704	\$24,741	\$25,669
Transportation	\$10,302	\$10,805	\$11,247
Food	\$9,110	\$9,454	\$9,782
Personal Insurance and Pensions	\$7,246	\$7,687	\$8,044
Healthcare	\$5,209	\$5,525	\$5,847
Entertainment	\$3,125	\$3,316	\$3,482
Cash Contributions	\$2,735	\$2,946	\$3,159
Apparel	\$1,822	\$1,932	\$2,028
Gifts	\$1,561	\$1,650	\$1,728
Education	\$1,486	\$1,563	\$1,617
POPULATION PROFILE			
	5 Miles	10 Miles	15 Miles
Population By Age			
2021 Estimate Total Population	20,654	30,514	38,139
Under 20	27.8%	22.0%	21.5%
20 to 34 Years	18.2%	22.3%	19.9%
35 to 39 Years	5.6%	6.8%	6.2%
40 to 49 Years	10.8%	12.9%	12.5%
50 to 64 Years	20.2%	19.7%	20.9%
Age 65+	17.4%	16.2%	19.0%
Median Age	38.5	39.1	42.0
Population 25+ by Education Level			
2021 Estimate Population Age 25+	13,722	21,730	27,588
Elementary (0-8)	5.2%	5.3%	4.6%
Some High School (9-11)	7.2%	11.7%	10.2%
High School Graduate (12)	26.9%	27.1%	25.7%
Some College (13-15)	30.6%	28.5%	29.5%
Associate Degree Only	9.5%	8.6%	9.1%
Bachelor's Degree Only	13.1%	12.0%	13.1%
Graduate Degree	7.4%	6.7%	7.9%


Tractor Supply Co.				
POPULATION	5 Miles	10 Miles	15 Miles	
2026 Projection	21,392	31,457	39,592	
2021 Estimate	20,654	30,514	38,139	
2010 Census	19,198	29,134	35,753	
2000 Census	15,691	22,159	27,958	
INCOME				
Average	\$81,085	\$86,372	\$91,346	
Median	\$60,716	\$65,188	\$69,072	
Per Capita	\$30,591	\$30,595	\$33,415	
HOUSEHOLDS				
2026 Projection	8,125	10,183	13,641	
2021 Estimate	7,784	9,693	12,896	
2010 Census	7,049	8,667	11,393	
2000 Census	5,554	6,415	8,654	
HOUSING 2021				
Median Home Value	\$247,389	\$260,643	\$276,761	
EMPLOYMENT				
2021 Daytime Population	18,984	24,799	29,654	
2021 Unemployment	5.85%	5.41%	5.19%	
Average Time Traveled (Minutes)	28	30	32	
RACE & ETHNICITY				
White	78.14%	74.77%	77.88%	
Native American	0.13%	0.15%	0.14%	
African American	1.48%	4.46%	3.80%	
Asian/Pacific Islander	1.93%	1.61%	1.54%	

DEMOGRAPHICS




POPULATION

In 2021, the population in your selected geography is 38,139. The population has changed by 36.4 percent since 2000. It is estimated that the population in your area will be 39,592 five years from now, which represents a change of 3.8 percent from the current year. The current population is 56.1 percent male and 43.9 percent female. The median age of the population in your area is 42.0, compared with the U.S. average, which is 38.4. The population density in your area is 54 people per square mile.



HOUSEHOLDS


There are currently 12,896 households in your selected geography. The number of households has changed by 49.0 percent since 2000. It is estimated that the number of households in your area will be 13,641 five years from now, which represents a change of 5.8 percent from the current year. The average household size in your area is 2.5 people.



INCOME


In 2021, the median household income for your selected geography is \$69,072, compared with the U.S. average, which is currently \$65,694. The median household income for your area has changed by 47.0 percent since 2000. It is estimated that the median household income in your area will be \$71,843 five years from now, which represents a change of 4.0 percent from the current year.

The current year per capita income in your area is \$33,415, compared with the U.S. average, which is \$36,445. The current year's average household income in your area is \$91,346, compared with the U.S. average, which is \$94,822.




EMPLOYMENT

In 2021, 15,273 people in your selected area were employed. The 2000 Census revealed that 53.6 percent of employees are in white-collar occupations in this geography, and 46.3 percent are in blue-collar occupations. In 2021, unemployment in this area was 5.0 percent. In 2000, the average time traveled to work was 21.6 minutes.



HOUSING

The median housing value in your area was \$276,761 in 2021, compared with the U.S. median of \$227,827. In 2000, there were 6,329 owner-occupied housing units and 2,325 renter-occupied housing units in your area. The median rent at the time was \$445.



EDUCATION

The selected area in 2021 had a lower level of educational attainment when compared with the U.S. averages. Only 7.9 percent of the selected area's residents had earned a graduate degree compared with the national average of 12.0 percent, and 13.1 percent completed a bachelor's degree, compared with the national average of 19.5 percent.

The number of area residents with an associate degree was higher than the nation's at 9.1 percent vs. 8.3 percent, respectively.

The area had fewer high-school graduates, 25.7 percent vs. 27.2 percent for the nation, but the percentage of residents who completed some college is higher than the average for the nation, at 29.5 percent in the selected area compared with the 20.5 percent in the U.S.





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