

THE CENTREACH CENTER

1930-1990 Middle Country Rd | Centereach, NY

OFFERING MEMORANDUM

PARAMOUNT PROPERTIES GROUP



THE CENTEREACH CENTER

CONTENTS

1. **Company Profile**
Company Bio
2. **Executive Summary**
Investment Summary
3. **Property Description**
Property Features
Regional Map
Aerial Map
Survey
4. **Financial Analysis**
Rent Roll
Cash Flow Projection
Market Overview
Anchor Tenant Overview - LA
Fitness Contact Us

Exclusively Marketed by:

Gary Chimeri
President, CEO
(516) 286-5177
gchimeri@paramountpg.com

William Chimeri
Director of Finance
(516) 468-9398
wchimeri@paramountpg.com

171 Allen Blvd, Farmingdale, NY 11735

We obtained the following information above from sources we believe to be reliable. However, we have not verified its accuracy and make no guarantee, warranty or representation about it. It is submitted subject to the possibility of errors, omissions, change of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice. We include projections, opinions, assumptions or estimates for example only, and they may not represent the current or future performance of the property. You and your tax and legal advisors should conduct your own investigation of the property and transaction.

INDUSTRY LEADERS IN COMMERCIAL REAL ESTATE

Industrial | Office | Retail
Investment & Capital Markets

01

Company Profile
Company Bio



Gary J. Chimeri – President, CEO

M: (516) 286-5177
O: (631) 414-7878
F: (631) 414-7879
E: gchimeri@paramountpg.com



William M. Chimeri – Director of Finance

M: (516) 468-9398
O: (631) 414-7878
F: (631) 414-7879
E: wchimeri@paramountpg.com

Paramount Properties Group

171 Allen Blvd Farmingdale, NY 11735
Licensed Real Estate Broker

EXCLUSIVELY LISTED BY:

Paramount Properties Group (“PPG”)

PPG is exclusively representing the seller in this transaction. All inquiries and requests should be sent to members of the PPG team, as outlined on the left.

OFFER AND REQUIREMENTS

This Offering Memorandum (the “Memorandum”) serves as marketing material for the intended recipient’s use in determining an investment or purchase offer of the Owner’s property (the “subject property” or the “Center”) located in Centereach, NY. For a further description of the property, please refer to the Executive Overview.

It is noted that ownership has not established an asking price for the subject property. However, the Owner is a motivated seller with expectations that align with current market conditions and the “as is” value of the property.

All offers should include (i) purchase price and strength of purchaser, (ii) amount of earnest money deposit, (iii) source of funds, (iv) inspection period (if applicable) and timing of inspection, and (v) anticipated closing date.

DISCLAIMER

Seller reserves the right to remove the subject property from the market. All purchase offers shall be non-binding and neither PPG nor the Owner of the subject property shall have any legal commitment or obligation to transact except as set forth in a fully executed purchase agreement.



02

Executive Summary
Investment Summary

THE CENTEREACH CENTER

OFFERING SUMMARY

ADDRESS	1930-1990 Middle Country Rd Centereach NY 11720
COUNTY	Suffolk County
MARKET	Long Island
SUBMARKET	Central Suffolk
GLA (SF)	87,949
LAND ACRES	+/- 9.44

FINANCIAL SUMMARY

OFFERING PRICE	Submit Offer
OCCUPANCY	100%

DEMOGRAPHICS 1 MILE 3 MILE 5 MILE

2022 Population	10,235	103,767	253,068
2022 Median HH Income	\$123,513	\$115,237	\$114,847
2022 Average HH Income	\$155,507	\$148,194	\$149,227

DIVERSIFIED TENANCY W/ NATIONAL CREDIT TENANT AS ANCHOR

- ❖ The Center benefits from a diversified tenant base across 8 different industries with no industry representing > 14% of the rent roll with the exception of Health & Fitness.
- ❖ The top 3 tenants LA Fitness, Harbor Freight Tools, and Buffalo Wild Wings, represent ~47%, ~14%, and ~8% of the rent roll, respectively.
- ❖ All other tenants represent < 6%.
- ❖ The Center is supported by a national credit tenant with a corporate lease to L.A. Fitness International, LLC ("LA Fitness"), which is one of the largest gym service providers in the U.S. with more than 700 locations.
- ❖ LA Fitness lease runs until May '27 with three 5-year options at 12.5%, 10%, and 10%.

RELIABLE CASH FLOW W/ LONG-STANDING TENANCY

- ❖ The Center currently has zero vacancy, creating a stable and reliable cash flow stream for an investment opportunity.
- ❖ AutoZone rent (expiring 5/31/26) of \$26 PSF is below market, allowing for a potential lease-up opportunity; Rents forecasted to grow at a CAGR of 2.5% over the forecast period.
- ❖ The average term of the existing tenancy is ~18 years with over 96% of the rent roll in place for > 10 years. Only 1% of the rent roll has been in place for less than 5 years.

DESIRABLE RETAIL ASSET IN A STRONG RETAIL HUB LOCATION

- ❖ Tenancy consists of well-known, national brands such as: LA Fitness, Harbor Freight, AutoZone, Starbucks, Davis Visionworks, T-Mobile, Subway, Buffalo Wild Wings, and KFC.
- ❖ The Center is located in a strong retail hub just across from Centereach Square shopping mall with notable retailers such as: Walmart, Party City, Big Lots, Olive Garden, Dollar Tree, and many others.
- ❖ The location is in a high traffic area on NY-25 with close proximity to the LIE and Sunrise Hwy, as well as other well-known retailers such as: White Castle, Chase, Wendys, CVS, and Walgreens.



UDIOS

03

Property Description

- Property Features
- Regional Map
- Aerial Map
- Survey

PROPERTY FEATURES

NUMBER OF TENANTS	14
GLA (SF)	87,949
LAND ACRES	+/- 9.44
ZONING TYPE	Retail
NUMBER OF PARKING SPACES	+/- 441
CEILING HEIGHT	+/- 20' Clear
HEAT	Gas
TOTAL LOADING	Multiple Drive-ins
TAXES (2024)	\$3.47 PSF
PROPERTY INSURANCE (2024E)	\$0.98 PSF
VACANCY	0%
YR 1 PROJECTED NOI	\$2,428,115
YR 1 PROJECTED NOI (3% GEN. VACANCY ASSUMPTION)	\$2,352,558
CLOSE PROXIMITY TO	NY-25, LIE, Sunrise HWY

PROPERTY FEATURES

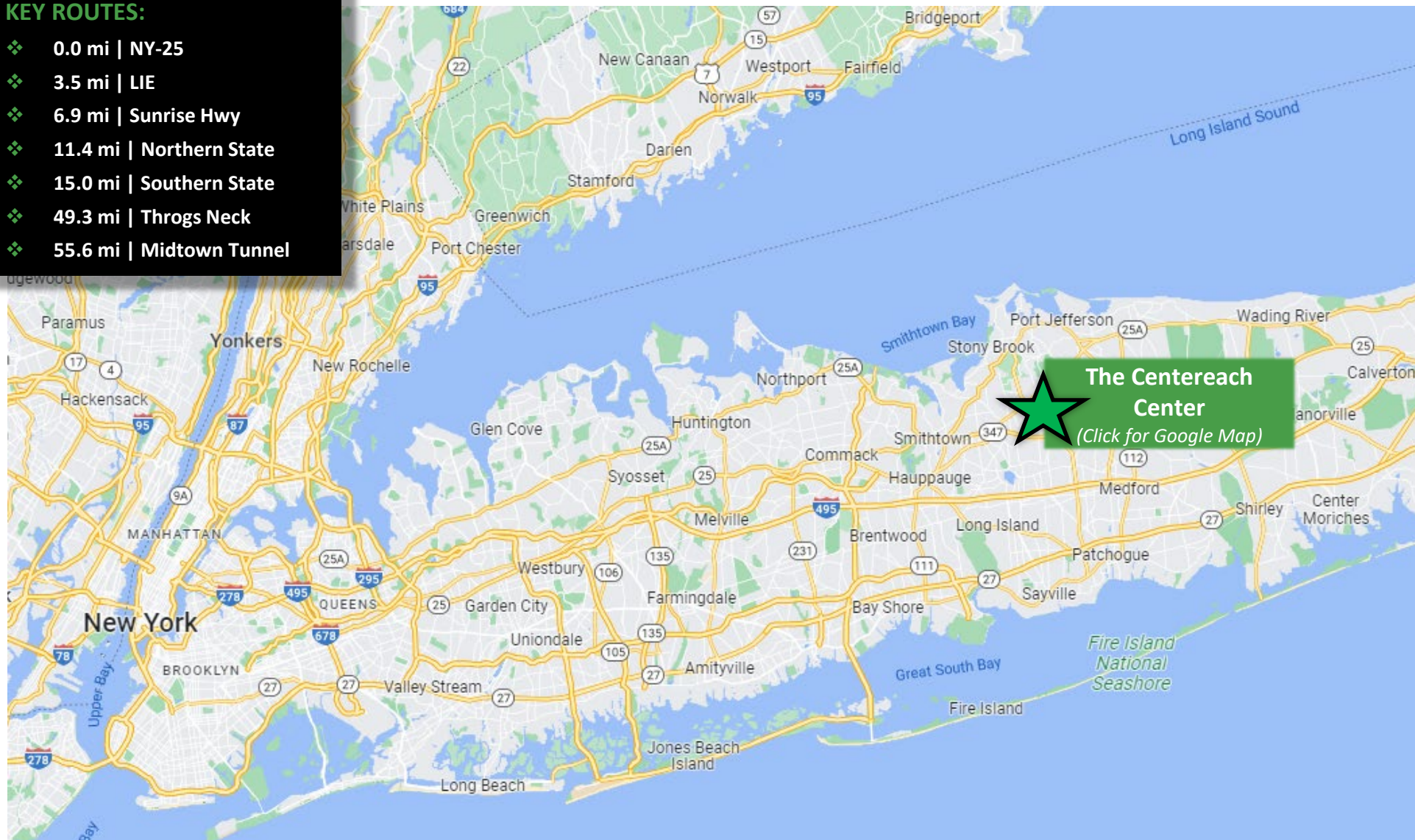
NUMBER OF TENANTS	14
GLA (SF)	87,949
LAND ACRES	+/- 9.44
ZONING TYPE	Retail



REGIONAL MAP

KEY ROUTES:

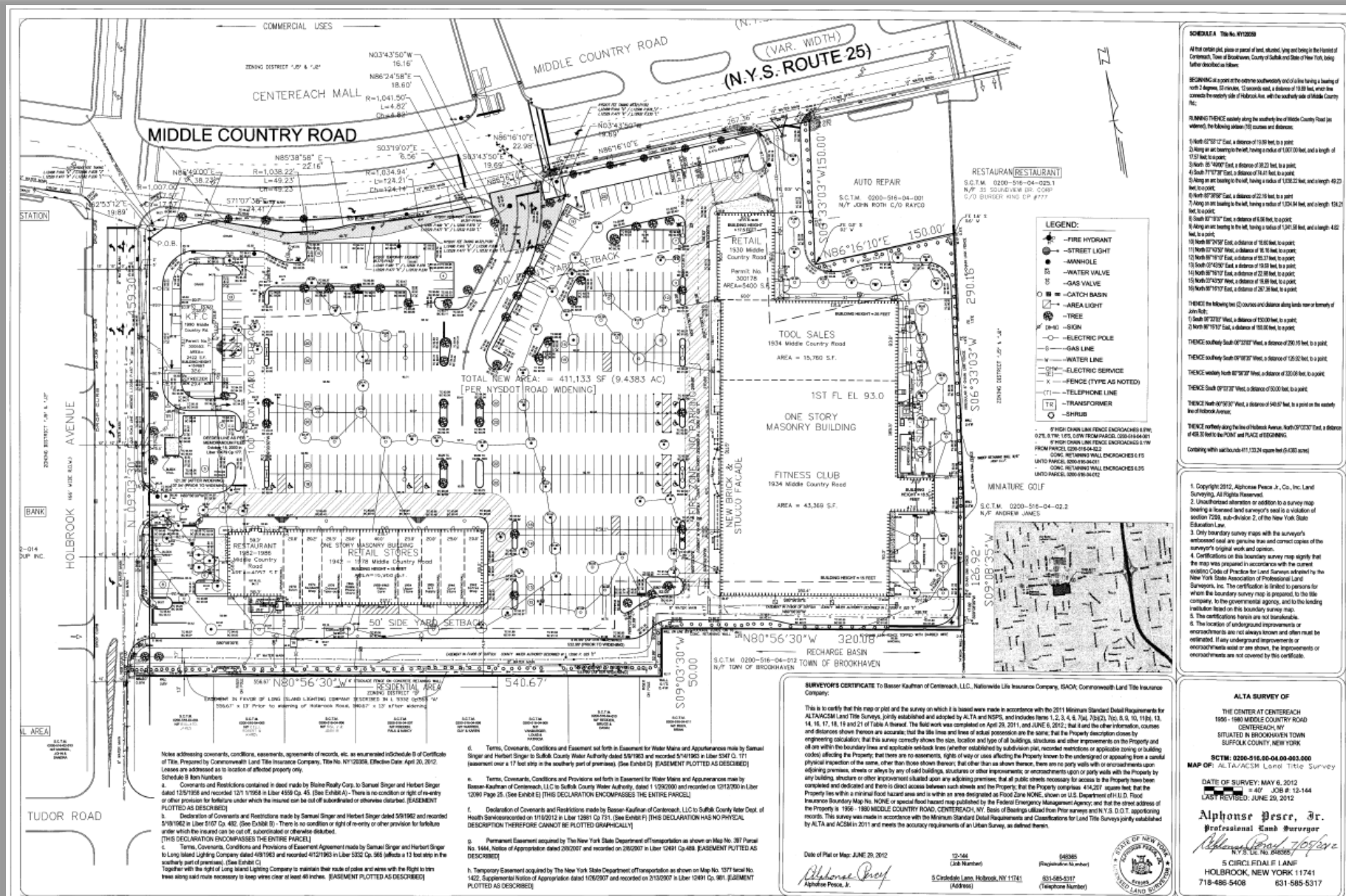
- ❖ 0.0 mi | NY-25
- ❖ 3.5 mi | LIE
- ❖ 6.9 mi | Sunrise Hwy
- ❖ 11.4 mi | Northern State
- ❖ 15.0 mi | Southern State
- ❖ 49.3 mi | Throgs Neck
- ❖ 55.6 mi | Midtown Tunnel



AERIAL MAP



SURVEY





04

Financial Analysis

Rent Roll

Cash Flow Projection

Market Overview

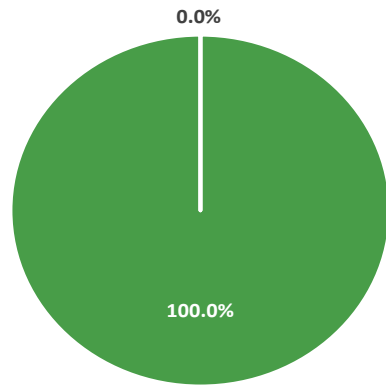
Anchor Tenant Overview - LA

Fitness Contact Us

RENT ROLL

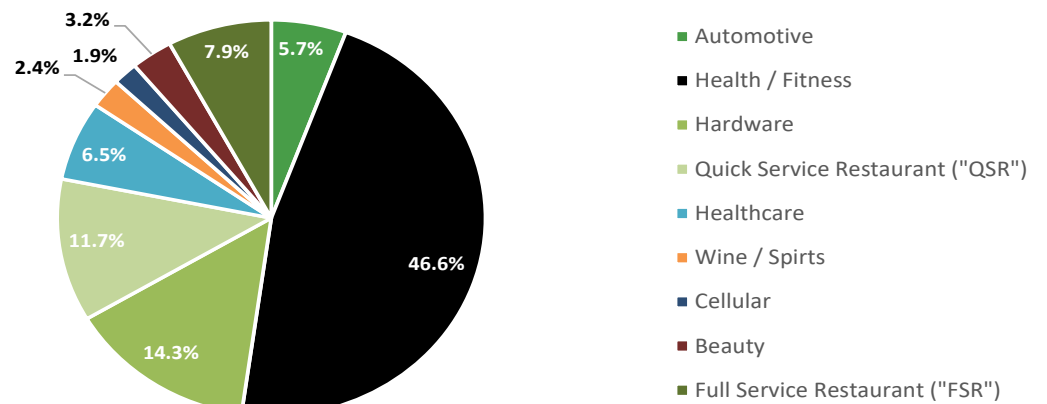
Unit	SF	SF %	RR %	Tenant	Annual Rent	Monthly Rent	\$ / SF	Lease Term		
								Begin	End	Option
1	5,551	6.3%	5.6%	AutoZone	143,928	11,994	25.93	11/1/2001	5/31/2026	Yes
2	43,432	49.4%	45.6%	LA Fitness	1,182,436	98,536	27.23	1/17/2012	5/31/2027	Yes
3	15,698	17.8%	15.7%	Harbor Freight Tools	406,264	33,855	25.88	12/8/2011	3/31/2029	Yes
4	1,600	1.8%	2.6%	Starbucks	67,200	5,600	42.00	7/9/2001	2/28/2027	No
5	2,000	2.3%	2.5%	Dental 365	63,996	5,333	32.00	10/1/2016	9/30/2026	Yes
6	1,600	1.8%	1.2%	Mozzafiato Pizzeria	32,000	2,667	20.00	3/1/2020	6/30/2030	Yes
6B	400	0.5%	0.5%	Mozzafiato Pizzeria	13,528	1,127	33.82	7/13/2023	6/30/2030	Yes
7	1,600	1.8%	2.1%	Shah Wine & Liquor	54,112	4,509	33.82	7/23/2001	6/30/2030	Yes
8	3,200	3.6%	3.9%	Davis Visionworks	100,800	8,400	31.50	3/20/2010	6/30/2025	No
9	1,600	1.8%	1.9%	T-Mobile	48,000	4,000	30.00	7/23/2001	10/31/2025	Yes
10	1,200	1.4%	1.6%	Subway	42,000	3,500	35.00	7/23/2001	9/30/2026	Yes
11	1,200	1.4%	1.7%	Wing Wah (Chinese)	43,068	3,589	35.89	7/23/2001	10/31/2026	No
12	2,152	2.4%	3.1%	Tapestry Salon & Spa	80,064	6,672	37.20	7/23/2001	9/30/2024	No
13	4,082	4.6%	7.7%	Buffalo Wild Wings	200,000	16,667	49.00	10/12/2000	11/30/2026	Yes
14	2,634	3.0%	4.4%	KFC	114,996	9,583	43.66	1/8/2001	4/30/2026	No
TOTAL	87,949	100%	100%		\$2,592,393	\$216,033				

0% Vacancy



■ Occupied SF ■ Vacant SF

Tenants by Industry



CASH FLOW PROJECTION

Tenant	\$PSF	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11
(\$ In Actuals)												
Potential Revenue	\$29.52	\$2,596,443	\$2,612,802	\$2,679,822	\$2,850,451	\$2,867,905	\$2,915,566	\$2,953,742	\$3,021,846	\$3,193,448	\$3,241,157	\$3,313,795
Turnover Vacancy	\$0.00	0	(55,440)	(102,690)	(25,760)	0	0	0	0	0	0	0
Scheduled Base Revenue	\$29.52	\$2,596,443	\$2,557,362	\$2,577,132	\$2,824,691	\$2,867,905	\$2,915,566	\$2,953,742	\$3,021,846	\$3,193,448	\$3,241,157	\$3,313,795
Reimbursement Revenue	\$7.96	699,772	720,765	742,388	764,660	787,599	811,227	835,564	860,631	886,450	913,044	940,435
Gross Rental Revenue	\$37.48	\$3,296,215	\$3,278,127	\$3,319,520	\$3,589,350	\$3,655,504	\$3,726,793	\$3,789,306	\$3,882,477	\$4,079,898	\$4,154,200	\$4,254,230
General Vacancy	\$0.00	0	0	0	0	0	0	0	0	0	0	0
Effective Revenue	\$37.48	\$3,296,215	\$3,278,127	\$3,319,520	\$3,589,350	\$3,655,504	\$3,726,793	\$3,789,306	\$3,882,477	\$4,079,898	\$4,154,200	\$4,254,230
Real Estate Taxes	(\$3.51)	(309,019)	(318,289)	(327,838)	(337,673)	(347,804)	(358,238)	(368,985)	(380,054)	(391,456)	(403,200)	(415,296)
Property Insurance	(\$0.99)	(86,732)	(89,334)	(92,014)	(94,775)	(97,618)	(100,547)	(103,563)	(106,670)	(109,870)	(113,166)	(116,561)
Management Fee	(\$1.12)	(98,886)	(98,344)	(99,586)	(107,681)	(109,665)	(111,804)	(113,679)	(116,474)	(122,397)	(124,626)	(127,627)
CAM & Utilities	(\$3.46)	(304,021)	(313,141)	(322,535)	(332,211)	(342,178)	(352,443)	(363,016)	(373,907)	(385,124)	(396,678)	(408,578)
Repairs & Maintenance	(\$0.39)	(34,138)	(35,162)	(36,217)	(37,304)	(38,423)	(39,576)	(40,763)	(41,986)	(43,245)	(44,543)	(45,879)
Professional Fees	(\$0.40)	(35,303)	(36,362)	(37,453)	(38,577)	(39,734)	(40,926)	(42,154)	(43,419)	(44,721)	(46,063)	(47,445)
Total OPEX	(\$9.87)	(\$868,100)	(\$890,634)	(\$915,644)	(\$948,221)	(\$975,422)	(\$1,003,533)	(\$1,032,160)	(\$1,062,510)	(\$1,096,813)	(\$1,128,275)	(\$1,161,385)
NET OPERATING INCOME	\$27.61	\$2,428,115	\$2,387,494	\$2,403,876	\$2,641,130	\$2,680,083	\$2,723,260	\$2,757,146	\$2,819,968	\$2,983,084	\$3,025,925	\$3,092,845
Leasing Commissions	(\$0.04)	(3,433)	(13,145)	(34,521)	(78,097)	(75,100)	(84,179)	(89,226)	(105,480)	(117,867)	(105,818)	(99,414)
Tenant Improvements	(\$0.69)	(60,256)	(171,040)	(193,632)	(92,800)	0	0	0	0	0	0	0
Capital Reserves	(\$0.15)	(13,456)	(13,860)	(14,276)	(14,704)	(15,145)	(15,599)	(16,067)	(16,549)	(17,046)	(17,557)	(18,084)
Total CAPEX	(\$1.56)	(\$137,401)	(\$369,085)	(\$436,060)	(\$278,401)	(\$90,245)	(\$99,778)	(\$105,293)	(\$122,029)	(\$134,912)	(\$123,376)	(\$117,498)
NET OPERATING CASH FLOW	\$26.05	\$2,290,714	\$2,018,409	\$1,967,816	\$2,362,729	\$2,589,837	\$2,623,482	\$2,651,853	\$2,697,938	\$2,848,172	\$2,902,550	\$2,975,347

ASSUMPTIONS

TIMING

- Analysis Start | 5/1/24
- Analysis End | 4/1/35

EXPENSE & ESCALATIONS

- Management Fee | 3.0% of Effective Rev.
- Rent Escalation | 3.0%
- Expense Escalation | 3.0%
- Real Estate Tax Escalation | 3.0%

AREA MEASURESEMENT

- Gross Leasable Area | 87,949 SF

LEASING & CASH FLOW

- General Vacancy | 3.0%
- Downtime | +/- 180 days
- Term | 10 Yrs
- Commissions | 7% for first 2 years / 3% thereafter
- Tenant Allowance | \$48 PSF
- Reserves | \$0.15 PSF w/ 3% escalation

Footnotes:

⁽¹⁾ \$PSF based on Yr 1 figures utilizing total SF of 87,949.

MARKET OVERVIEW – LONG ISLAND RETAIL

12 Mo Deliveries in SF

146K

12 Mo Net Absorption in SF

204K

Market Vacancy Rate

4.2%

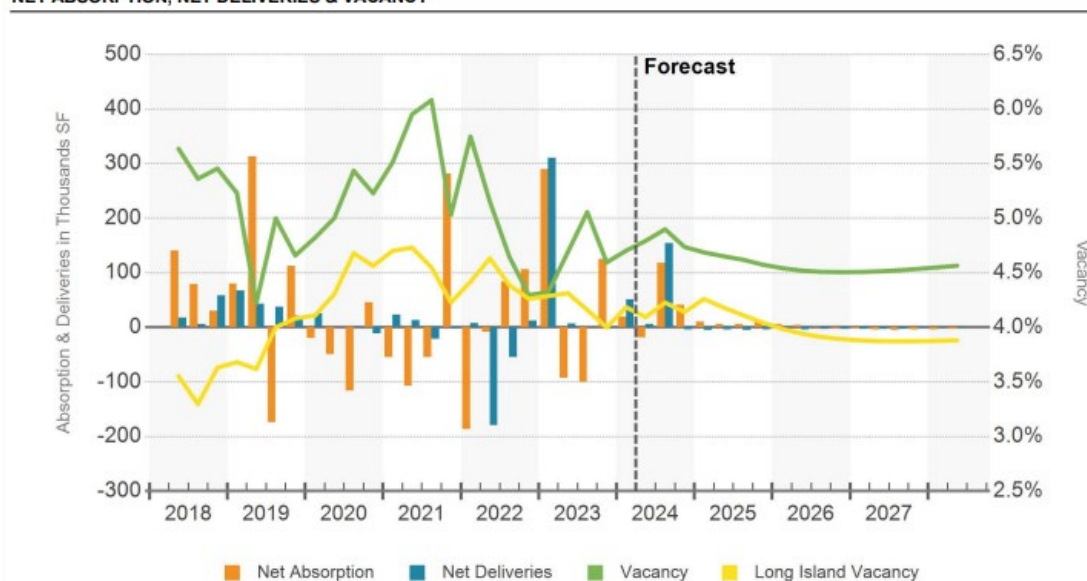
12 Mo Rent Growth

2.3%

KEY INDICATORS

Annual Trends	12 Month	Historical Avg.	Forecast Avg.	Peak / Date	Trough / Date
Vacancy Change (YoY)	-0.1%	4.7%	4.0%	6.7% / 2006 Q1	3.3% / 2018 Q3
Net Absorption (SF)	204K	650,302	209,218	2,489,882 / 2007 Q1	(952,120) / 2020 Q3
Deliveries (SF)	146K	614,194	205,527	1,407,591 / 2009 Q2	120,106 / 2021 Q4
Rent Growth	2.3%	1.7%	1.6%	6.0% / 2007 Q2	-3.8% / 2010 Q2
Sales Volume (\$)	\$577M	831.5M	N/A	\$1.6B / 2022 Q4	\$294.1M / 2009 Q3
Current Quarter	Vacancy Rate	Market Rent	Avail. Rate	Net Absorption (SF)	Under Construction (SF)
Malls	6.4%	\$46.00	5.3%	(90,905)	0
Power Center	3.8%	\$33.45	4.5%	5,842	0
Neighborhood Center	5.9%	\$33.16	7.0%	130	4,000
Strip Center	4.9%	\$31.63	6.0%	(16,261)	133,500
General Retail	3.2%	\$34.87	4.2%	128,272	626,622
Other	4.7%	\$44.14	2.2%	0	0
Market	4.2%	\$35.16	5.0%	27,078	764,122

NET ABSORPTION, NET DELIVERIES & VACANCY



HIGHLIGHTS

- Long Island's retail market has benefitted from certain retailers with improving sales, such as Home Depot, Walmart, and Target (5+ stores each in the market).
- Retail owners have been enjoying healthy demand for space, with net absorption totaling 204k over the past 12 months.
- Robust tenant demand and minimal new construction have curtailed availability, with availability rate declining steadily since Q1'21 to 5.0% as of March'24.
- Despite elevated inflation and heightened fears of an impending recession, leasing momentum held steady in 2023.
- New leases signed totaled >2.3M SF in 2023, with activity strained due to the lack of new supply and from tenants remaining in place.
- Net absorption for the quarter has primarily been driven by General Retail (+128k SF), which more than offset Malls (-91k SF), while Power & Neighborhood Centers remained relatively flat (+6k SF).
- Improving demand in recent quarters has resulted in positive rental growth of 4.2% YoY.
- Retail vacancies overall are projected to remain stable with a forecast of 4.0% vs. 4.2%.

ANCHOR TENANT OVERVIEW



L.A. Fitness International, LLC (“LA Fitness”) is an American fitness chain, based in Irvine, CA that was founded in 1984 with one location in an LA suburb. Today, there are more than 700 clubs across the United States and Canada, and they are continuing to expand by acquiring underperforming fitness clubs and by developing, opening, and operating newly constructed properties. LA Fitness seeks innovative ways to enhance the physical and emotional well-being of an increasingly diverse membership base. Their state-of-the-art clubs span the continent and are continuing to expand through their commitment to understanding and meeting the distinct needs of each community they serve.

LA Fitness clubs feature diverse sports club amenities, including cardio & strength equipment, personal training, and group exercise classes. Additionally, many of the facilities also typically include a pool, spa, basketball courts, and racquetball.

Company Type: Private

Locations: 700+

Website: LAFitness.com

CONTACT US

Gary J. Chimeri – President, CEO

M: (516) 286-5177
O: (631) 414-7878
F: (631) 414-7879
E: gchimeri@paramountpg.com

William M. Chimeri – Director of Finance

M: (516) 468-9398
O: (631) 414-7878
F: (631) 414-7879
E: wchimeri@paramountpg.com



Visit our website at [Paramount Properties Group \(paramountpg.com\)](http://Paramount Properties Group (paramountpg.com))

CONFIDENTIALITY AGREEMENT

Receipt of this Offering Memorandum (the “Memorandum”) constitutes the acknowledgement that (i) all information herein is confidential and intended solely for the recipient for the limited use of determining a purchase or lease offer of the subject property, (ii) this Memorandum will not, nor any of its contents or information, be disclosed to any third party without prior written consent of Paramount Properties Group (“PPG”), and (iii) none of the contents or information contained in this Memorandum will be used in any manner that is detrimental to PPG or the Owner.

DISCLAIMER

All information contained in the Offering Memorandum is from sources deemed reliable and is provided subject to errors, change of price or other terms and conditions, prior to sale, lease, financing or withdrawal without notice. The foregoing contents are based upon the receipt of information provided to PPG by the Owner, as well as the Broker’s site visit and verbal discussions with the Owner. All information is presented “as is” without representation or warranty of any kind. Such information includes estimates based on forward-looking assumptions relating to general market conditions, the current economy, and other factors which are subject to uncertainty and in no way represent the current or anticipated future performance of the property. Any decision to invest, purchase, or lease the subject property should not rely solely on the analysis or assumptions contained in this Memorandum. All investors, purchasers, and lessors are advised to independently verify the accuracy and completeness of the information contained herein and perform their own analysis or seek a third-party advisor to perform an independent evaluation of the property. Additionally, all measurements herein are approximations, including but not limited to references of acreages, square footages, and miles. PPG did not independently confirm legal status of any structures through the Town’s building department. All purchase and lease offers shall be non-binding and neither PPG nor the Owner of the subject property shall have any legal commitment or obligation to transact except as set forth in a fully executed purchase or lease agreement.