

CONFIDENTIAL OFFERING MEMORANDUM

ADVANCE AUTO PARTS

2119 BAY STREET
SAGINAW, MI 48602



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Advance Auto Parts has operated in this location for over 14 years and utilizes the store as a HUB, serving surrounding stores with inventory. The tenant recently extended their lease early for an additional 5 years, demonstrating their commitment to the market and location.

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EXECUTIVE SUMMARY



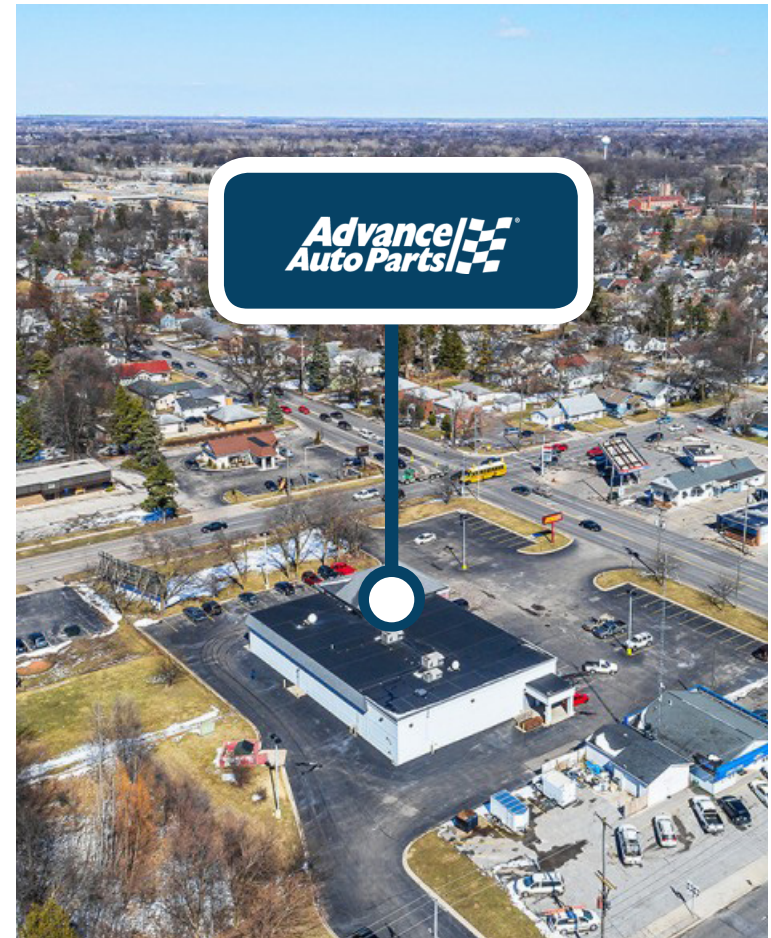
INVESTMENT OPPORTUNITY

ERE Retail Real Estate Advisors (“ERE Advisors”) exclusively represents the owners of Advance Auto Parts (the “Property”) in the sale of their property. The 10,830 square foot freestanding building is located in Saginaw, Michigan and spans an entire block, from Highway M-58 West to M-58 East. With visibility and access from two lighted intersections, the property benefits from exposure to over 55,000 vehicles per day and three points of access in one of the busiest areas of Saginaw.

Advance Auto Parts has a 14-year operating history at this location, which was originally constructed as a drugstore. The prime real estate, oversized parcel, and larger store footprint supports the tenant’s utilization of this location as a HUB store, providing neighboring stores and businesses with convenient access to additional inventory. The location’s HUB store status makes it an integral part of the tenant’s strategy in this market.

Advance Auto recently extended their lease early for an additional 5 years, demonstrating their commitment to the market and increasing the remaining lease term to just under 7 years. The lease is NNN and has a current net operating income of \$107,712 with a scheduled 5% rental escalation in 2020.

\$107,712	5%	6.5+ YEAR
CURRENT NOI	RENT INCREASE IN 2020	LEASE TERM



OFFERING SUMMARY

PROPERTY SUMMARY

Address	2119 Bay St, Saginaw, MI, 48602
Building Size	10,830 SF
Year Built	2000
Parcel Size	2.08 Acres
Lease Commencement	1/14/2003
Lease Expiration	7/31/2024
Lease Term	6 years 7 months
Rent Increases	5% increase 10/1/2020
Current NOI	\$107,712
Renewal Options	Two, 5-year renewal options with 10% increases
Landlord Responsibilities	“Landlords sole cost and expense is maintaining repairs and replacement of the structural portions of the roof and structure.”

\$1,436,160

LIST PRICE

7.5%

CAP RATE

RENT SCHEDULE

Year	Rent
Primary Term	
Current - 8/31/18	\$107,712
9/1/18 - 8/31/19	\$107,712
9/1/19 - 8/31/20	\$107,712
9/1/20 - 8/31/21	\$113,098
9/1/21 - 8/31/22	\$113,098
9/1/22 - 8/31/23	\$113,098
9/1/23 - 7/31/24	\$113,098

OPPORTUNITY HIGHLIGHTS

01

LONG-TERM LEASE

The tenant recently executed an early 5-year lease extension, demonstrating their commitment to the location and market

02

HUB STORE LOCATION

The property is a HUB store, serving surrounding locations with additional inventory and making it an integral part of the tenant's strategy in this market.

03

RENT INCREASES

Base rent is scheduled to increase 5% in 2020, bringing the average cap rate over the remaining lease term to 7.88%.

04

BELOW MARKET RENT

The rent is currently \$9.95/SF, 34% below the national average of \$13.34 as compared to all other Advance Auto Parts stores currently on the market.

05

HIGH QUALITY LOCATION

The building was originally constructed as a drug store and features prime real estate, an oversized parcel, and larger store footprint.

06

LOW PRICE / SF

The sale price per square foot is \$132, 34% below the national average of \$201 as compared to all other Advance Auto Parts stores currently on the market.

TENANT OVERVIEW



Advance Auto Parts, Inc. (NYSE: AAP) is the largest retailer of automotive replacement parts in the U.S. and employs approximately 74,000 people. Advance Auto has expanded its presence to more than 5,100 company owned stores, 1,400 of which are independently owned Carquest branded locations, and 126 World Pac Branches spread across 48 states, Puerto Rico, The Virgin Islands, and Canada. Since its founding in 1932 in Roanoke, Virginia, Advance Auto has steadily grown organically and through acquisitions, including the addition of Autopart International in 2005 and General Parts Inc. in 2013. Through these acquisitions, Advance Auto has gained deeper access to commercial and wholesale parts suppliers, increasing its margins while also improving customer access to more diverse inventory.

Advanced Auto Parts has made an appearance on the Forbes Fortune 500 list of companies since 2003 and was ranked 292nd in 2017. In 2016, Advanced Auto Parts, Inc. had total revenues of \$9.57 billion, net income of \$460 million, net worth in excess of \$2.9 billion, \$135 million cash on hand, and was awarded an investment grade credit rating of BBB- from Standard & Poors.

74,000
EMPLOYEES NATIONWIDE

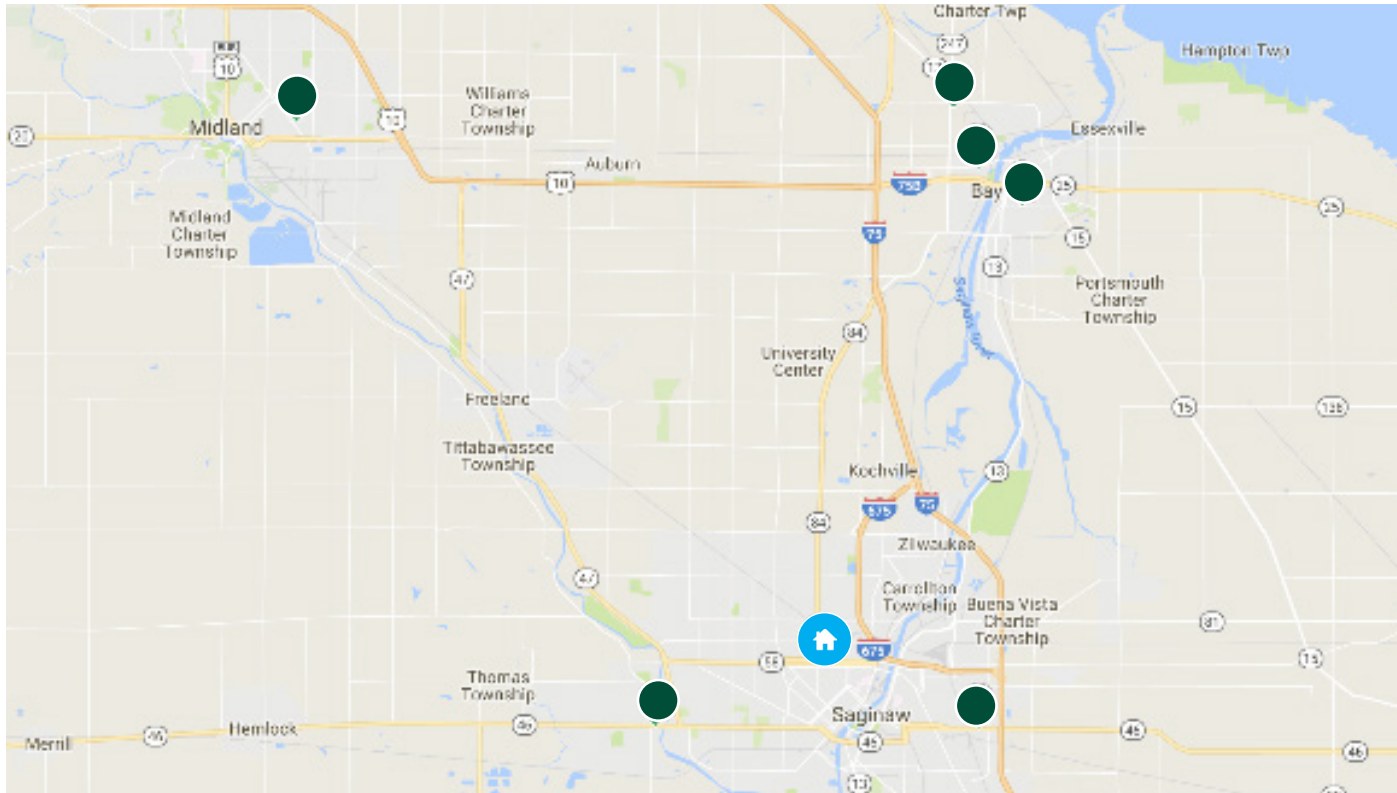
5,100
COMPANY OWNED STORES

1,400
INDEPENDENTLY OWNED STORES

\$9.57 B
TOTAL REVENUES IN 2016

ADVANCE AUTO LOCATIONS

The Subject Location is a HUB store, serving surrounding locations with additional inventory and making it an integral part of the tenant's strategy in this market.



**SUBJECT
LOCATION**



**ADVANCE AUTO
PART LOCATIONS**

Surrounding stores range in size from 4,800 to 8,100 square feet, resulting in limited storage capacity and dependence on the Subject Location for additional inventory.

MARKET OVERVIEW



AREA OVERVIEW



Advance Auto Parts is located in the center of Saginaw, MI between two major thoroughfares, Highway M-58 West (Davenport Ave.) and Highway M-58 East (State St.). The highways are connected by Bay St., a high traffic north/south corridor that creates two lighted intersections, both of which provide access to the subject property. Combined, the three roads provide exposure to over 55,000 vehicles per day. The property is surrounded

by major and local retailers such as Domino's Pizza, Dish TV, 7-Eleven, Ramada Inn and Suites, The Bayside Lodge Clubhouse, Family Video, Car Today Used Cars, Boost Mobile, Agawa Companion Animal Hospital, and Family Dollar.

The city of Saginaw is in Central Michigan located about 100 miles northwest of Detroit and is a part of Saginaw county. The Saginaw Metropolitan Statistical Area has about 200,000 residents, and is the largest municipality within the Saginaw, Midland, and the Bay City metropolitan areas.

Many major corporations have a large presence within the Saginaw metropolitan area, including General Motors, Dow Chemical Company, and The Michigan Sugar Company. Beginning in 2018, S.C. Johnson, will begin a multimillion dollar expansion of its Ziplock factory in Saginaw. In 2013, the US government gave a federal grant to Michigan aimed at revitalizing neighborhoods, in return raising property values though the removal of inferior structures. Since then, property owners have seen significant appreciation in the value of their assets.

KEY FACTS - 30 MILE RADIUS

580,092

Population

41.4

Median Age



18,233

Total Businesses



336,661

Total Employees

KEY FACTS - 3 MILE RADIUS



2.5

Average Household Size

\$45,893

Median Household Income

AREA ACTIVITY



Logos for: TJ-maxx, ULTA BEAUTY, DICK'S SPORTING GOODS, DSW, OLD NAVY, Michaels, PETSMART, BABIESRUS, Burlington, five BELOW, DOLLAR TREE, DAVID'S BRIDAL, BARNES & NOBLE BOOKSELLERS

Logos for: BIG LOTS!, Pier 1 imports, GANDER.MTN. WE LIVE OUTDOORS, LOWE'S, HOBBY LOBBY, OfficeMax, KESSEL SUPERMARKET

Logos for: macy's, sears, JCPenney, maurices, SHOE DEPT.

Logos for: BEST BUY, Guitar Center, Dunham's SPORTS, BED BATH & BEYOND

Logos for: Walmart (Save money. Live better.), Sam's CLUB

Logos for: Planet Fitness, Kroger, OLLIE'S OUTLET (Buy one, Get one GOOD STUFF CHEAP)

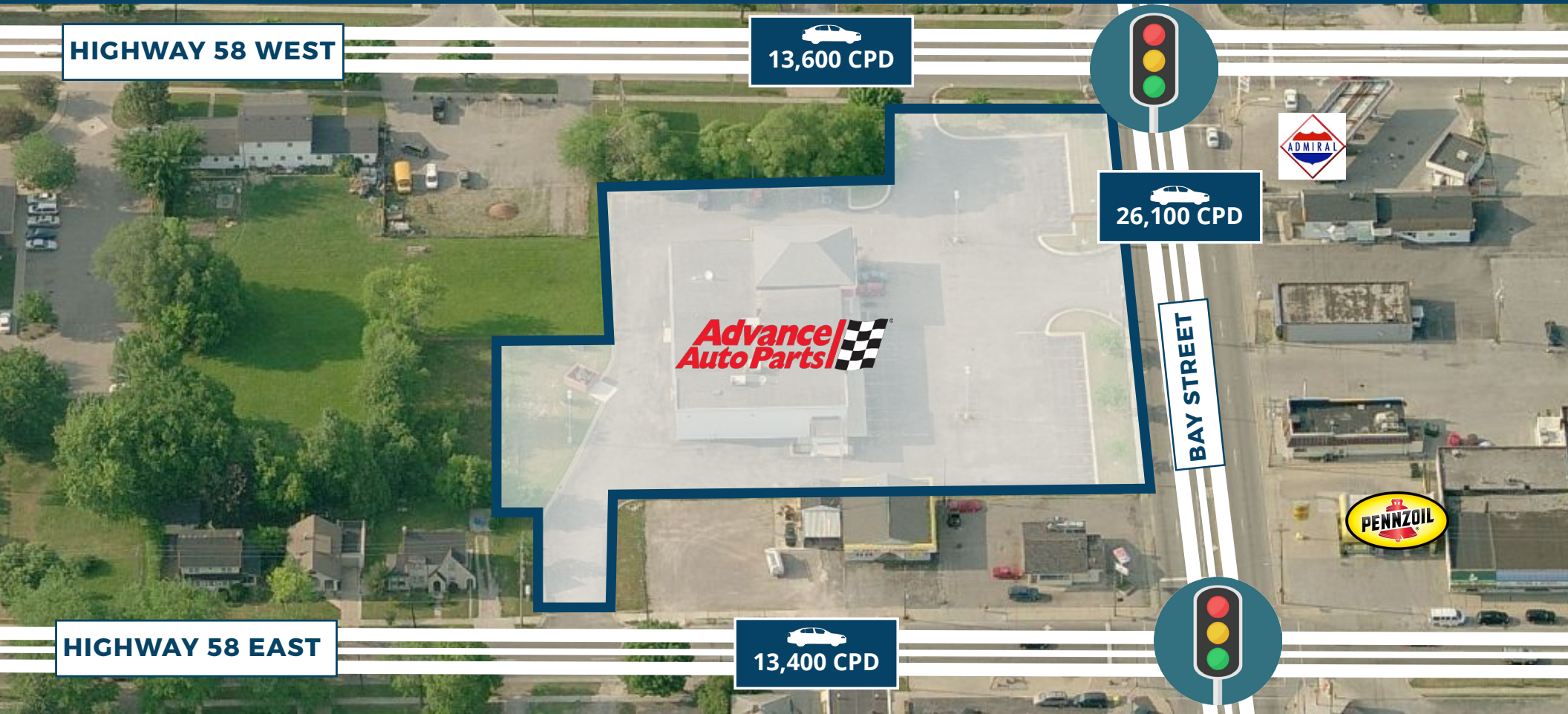
Logo for: Advance Auto Parts

Logos for: THE HOME DEPOT, meijer (Higher Standards. Lower Prices.)

Logos for: Kroger, Kmart

TRAFFIC COUNTS

Advance Auto Parts benefits from exposure to over 55,000 vehicles per day at 2 lighted intersections with 3 points of ingress/egress.



PHOTOS

Advance Auto Parts 

2119

FREE **FREE** **FREE**

PROPERTY PHOTOS

The building was originally constructed as a drug store and features prime real estate, an oversized parcel, and larger store footprint.



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