

KOHL'S

Monroeville, PA



OFFERING MEMORANDUM

3624 William Penn Highway
Monroeville, Pennsylvania 15146

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KOHL'S

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Investment Highlights

KOHL'S

PRICE: \$13,500,000 | CAP: 8.61% | RENT: \$1,162,500

About the Investment

- ✓ Kohl's Recently Early Extended their Original Lease Showing Commitment to the Site
- ✓ 6 Years Remaining on an Extended 20-Year Lease
- ✓ Percentage Rent of 2% on Sales Over \$20 Million
- ✓ Four, Five-Year Tenant Renewal Options Remaining
- ✓ \$93,000 Rental Increase In Each Option Period
- ✓ Corporate Guarantee from Kohl's – NYSE: KSS

About the Location

- ✓ Located Directly Beside Monroeville Mall
- ✓ Major National Tenants in the Immediate Area Include: Sam's Club, Lowe's, LA Fitness, Best Buy, Macy's, Dick's Sporting Goods, Cinemark
- ✓ Excellent Traffic Counts – William Penn Highway and U.S. Interstate 376 – 29,169 and 63,034 Vehicles Per Day Respectively
- ✓ UPMC East – Located Approximately Two Miles Away - Over 155 Beds
- ✓ Monroeville is Fifteen Miles East of Pittsburgh

About the Tenant/Brand

- ✓ Kohl's is the second-largest department store by retail sales in the United States.
- ✓ Kohl's Operates Over 1,167 Locations
- ✓ Kohl's and Amazon's Recent Partnership Creates Synergies for Both Brands



INVESTMENT SUMMARY



Marcus & Millichap is pleased to present the exclusive listing for a Kohl's located at 3624 William Penn Highway in Monroeville, Pennsylvania. The property consists of 48,119 square feet of building space, 93,000 square feet of gross leasable area, and sits on 9.54 acres of land. The building was built in 1997.

Kohl's early exercised their first option period resulting in over 6 years left on an extended 20-year double-net (NN) lease. The lease commenced on March 29th, 1998 and expires on February 2nd, 2024. The base rent is \$1,162,500, and is scheduled to increase by \$93,000 in each of the remaining four, five-year tenant renewal options. The landlord is responsible for the roof and structural components of the building.

The Kohl's Corporation is an American department store retailing chain. The first Kohl's store was a corner grocery store opened in Milwaukee, Wisconsin in 1927 by Maxwell Kohl. The company's first department store opened in September 1962. British American Tobacco Company took a controlling interest in the company in 1972, and in 1979, the Kohl family left the management of the company. A group of investors purchased the company in 1986 from British-American Tobacco and took it public in 1992. Kohl's is the second-largest department store by retail sales in the United States.





Financial Analysis

KOHL'S

PRICE: \$13,500,000 | CAP: 8.61% | RENT: \$1,162,500

Property Description

Property	Kohl's
Property Address	3624 William Penn Highway
City, State, ZIP	Monroeville, PA 15146
Year Built / Renovated	1997
Building Size	+/- 48,119 SF
Gross Leasable Area (GLA)	93,000 SF
Lot Size	+/- 9.54 Acres
Type of Ownership	Fee Simple

The Offering

Annual Rent	\$1,162,500
CAP Rate	8.61%
Purchase Price	\$14,000,000
Price / SF	\$145
Rent / SF	\$12.50

Lease Summary

Property Type	Net Leased Department Store
Tenant / Guarantor	Corporate
Ownership Type	Public (NYSE: KSS)
Original Lease Term	25 Years
Lease Commencement	3/9/1998
Lease Expiration	2/2/2024
Lease Term Remaining	6 Years
Lease Type	Double-Net (NN)
Roof & Structure	Landlord Responsible
Rental Increases	\$93,000 in Each Option Period
Options to Renew	Four (4), Five (5)-Year Options

Rent Schedule

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 1	\$1,162,500	\$96,875	-
Year 2	\$1,162,500	\$96,875	-
Year 3	\$1,162,500	\$96,875	-
Year 4	\$1,162,500	\$96,875	-
Year 5	\$1,162,500	\$96,875	-
Year 6	\$1,162,500	\$96,875	-
Option Period 1	\$1,255,500	\$104,625	8.00%
Option Period 2	\$1,348,500	\$112,375	7.41%
Option Period 3	\$1,441,500	\$120,125	6.90%
Option Period 4	\$1,534,500	\$127,875	6.45%





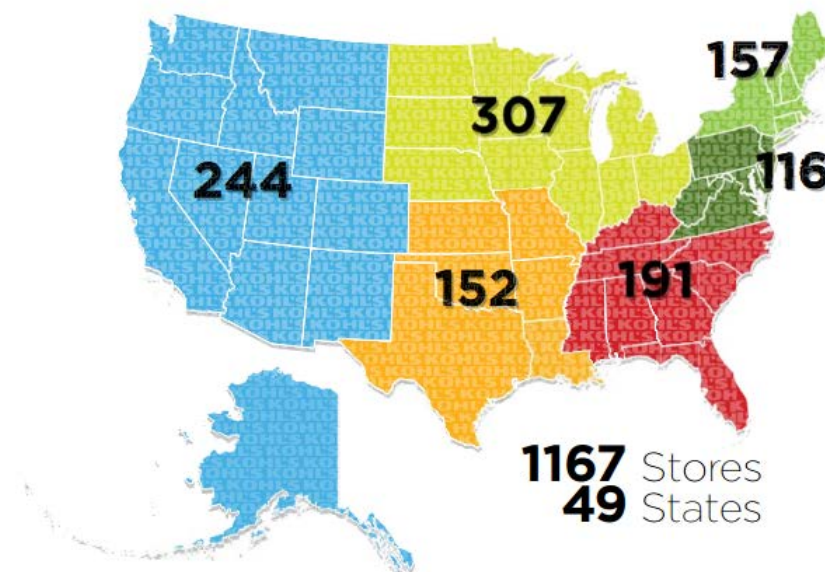
Tenant Overview

KOHL'S

KOHL'S IS A NATIONWIDE CONCEPT WITH STORES CONVENIENTLY LOCATED ACROSS THE UNITED STATES

About Kohl's

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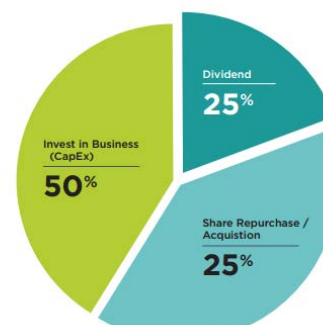


140k ASSOCIATES

1100+ STORES IN 49 STATES



\$19B IN ANNUAL SALES



DIVIDENDS

We paid our first quarterly dividend of 25 cents per common share in March 2011. This dividend has since more than doubled to 55 cents in 2017.

SHARE REPURCHASES

We have an active share repurchase plan. Since 2006, we have repurchased more than 50% of our outstanding stock – almost 200 million shares at a cost of \$10 billion.

First Kohl's Dept Store opens in Brookfield, WI

Kohl's Credit Card Launches

1962

Initial Public Offering of 11.1 million shares

1992

Kohl's Cares charitable program launches

2000

Kohls.com launches

2001

First dividend

2011

Yes2You Rewards loyalty program launches

2014

Buy Online Pick Up in Store available in all Kohl's stores

2015

Surrounding Area

Property Address: 3624 William Penn Highway, Monroeville, PA 15146



Kohl's - Monroeville, PA

Marcus & Millichap



Location Overview

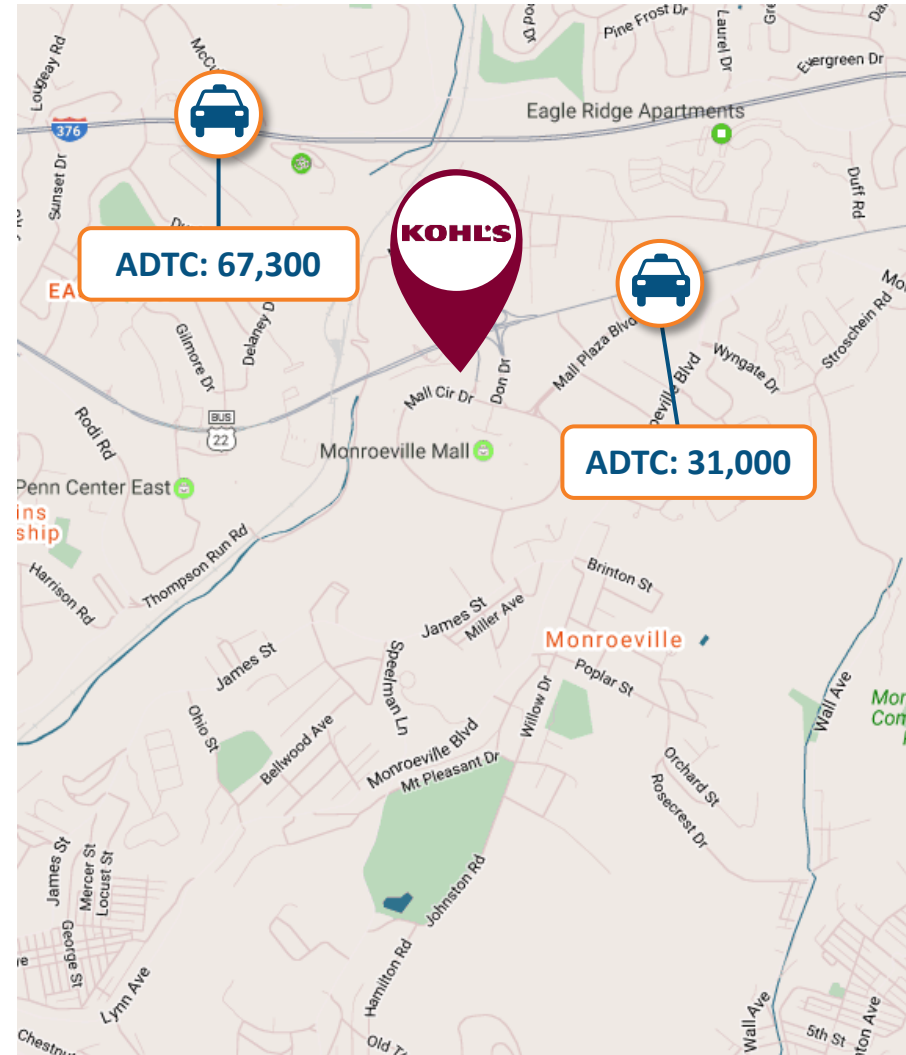
KOHL'S

This Kohl's is located at 3624 William Penn Highway in Monroeville, Pennsylvania. Monroeville is a city with home rule status in Allegheny County. Allegheny County is in the southwestern part of the Pennsylvania and is included in the Pittsburgh Metropolitan Statistical Area. The county is the second-most populous county in Pennsylvania. Monroeville is approximately 15 miles east of Pittsburgh.

The subject property is well-positioned in an extremely dense retail corridor, benefitting from its proximity to major national and local retailers. Restaurants in the area include: Sam's Club, Kmart, Dick's Sporting Goods, Best Buy, Macy's, Cinemark, Giant Eagle, Target, Olive Garden, TGI Fridays, Starbucks, AT&T, Chick-fil-A, Panera Bread, LA Fitness, Lowe's, Chipotle, Big Lots, Golden Corral, Red Lobster, Extended Stay America, Toys "R" Us, Bed Bath and Beyond, PetSmart, Jared, Men's Warehouse, Pizza Hut, T-Mobile, Jeep, Dodge, Chrysler, as well as many others. University of Pittsburgh Medical Center – East is located approximately two miles away. The general medical and surgical hospital has a bed count of 155 and had a total of 6,745 admissions last year.

Monroeville has approximately 61,896 individuals residing within a three-mile radius of the property and more than 174,130 within a five-mile radius. The Kohl's property is located directly off of William Penn Highway, also known as U.S. Route 22, which has traffic counts in excess of 29,169 vehicles per day. Nearby U.S. Interstate 376 has additional traffic counts of 63,034 vehicles per day.

Pittsburgh is located approximately 15 miles west of Monroeville. It is the second-largest city in the Commonwealth of Pennsylvania. The city has leading economies in the steel, aluminum, glass, shipbuilding, petroleum, sports, transportation, and automobile industries. Google, Apple, Bosch, Disney, Uber, Intel, and IBM are among 1,600 technology firms generating \$20.7 billion in annual Pittsburgh payrolls. The area also serves as the long-time federal agency headquarters for cyber defense, software engineering, robotics, energy research, and the nuclear navy. The University of Pittsburgh has over 28,617 students' enrolled and more than 4,880 staff. Multiple Fortune 500 companies are headquartered in Pittsburgh including: United States Steel, PNC Financial Services, H.J. Heinz Company, as well as many others.





Property Photos

KOHL'S



Representative Photo



Property Photos

KOHL'S





Property Photos

KOHL'S





Property Photos

KOHL'S





Surrounding Area Photos

KOHL'S



**CVS HEALTH
REGIONAL HEADQUARTERS**





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State Map

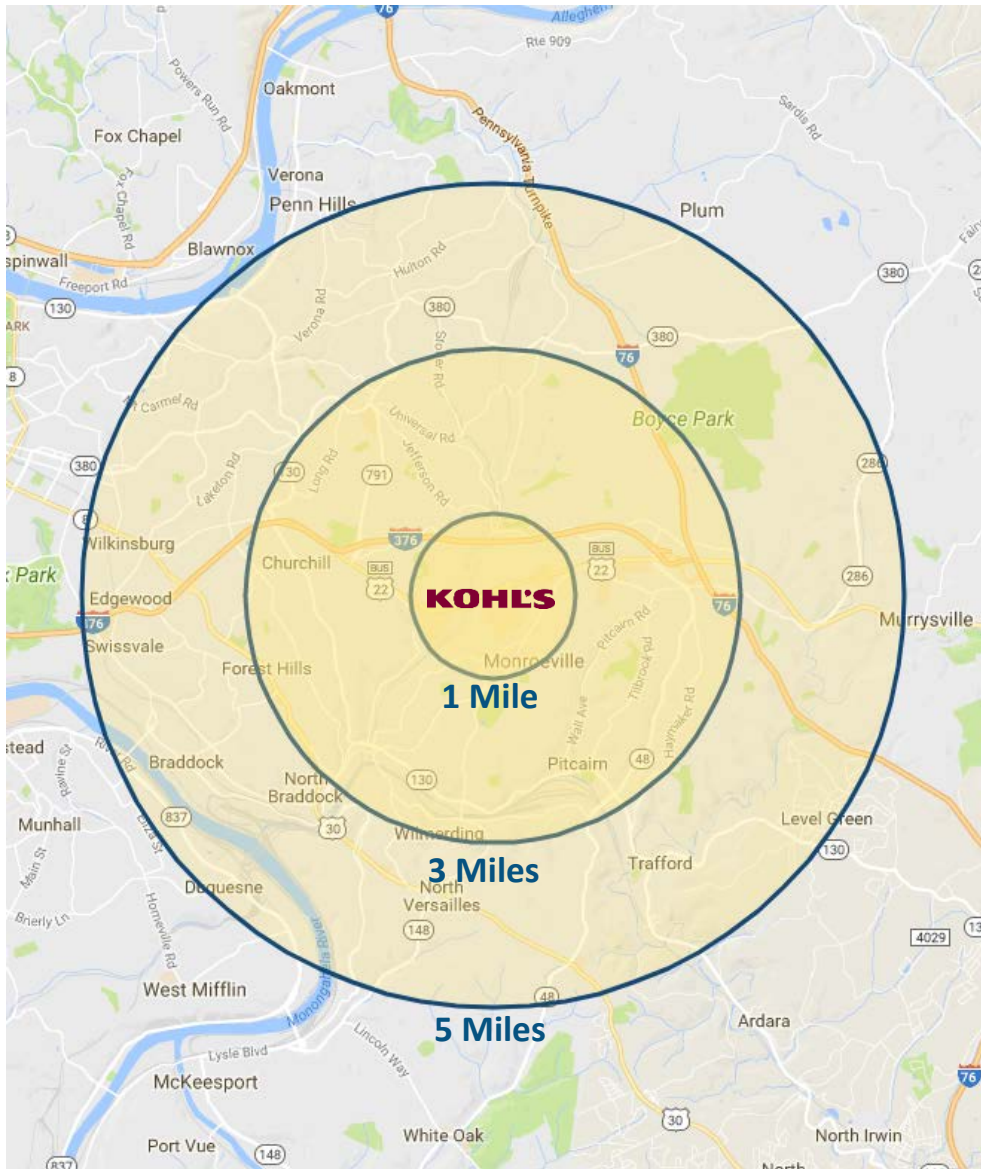
KOHL'S





Demographics

KOHL'S



Population Trends:

	1 Mile	3 Miles	5 Miles
2022 Projection	5,367	61,671	169,865
2017 Estimate	5,357	61,796	170,158
2010 Census	5,258	61,830	169,833
Growth 2017-2022	0.19%	(0.20%)	(0.17%)
Growth 2010-2017	1.88%	(0.05%)	0.19%
2017 Population Hispanic Origin	118	1,256	3,162

Population by Race (2017):

	1 Mile	3 Miles	5 Miles
White	4,139	46,180	112,782
Black	703	11,361	48,299
Am. Indian & Alaskan	9	147	409
Asian	371	2,333	4,004
Hawaiian & Pacific Island	2	15	35
Other	132	1,759	4,629

Household Trends:

	1 Mile	3 Miles	5 Miles
2022 Projection	2,593	28,399	77,320
2017 Estimate	2,588	28,453	77,428
2010 Census	2,538	28,462	77,197
Growth 2017 - 2022	0.19%	(0.19%)	(0.14%)
Growth 2010 - 2017	1.97%	(0.03%)	0.30%
Owner Occupied	1,558	18,315	49,473
Renter Occupied	1,030	10,138	27,955

Average Household Income (2017):

Households by Household Income (2017):

	1 Mile	3 Miles	5 Miles
< \$25,000	449	7,130	21,402
\$25,000 - \$50,000	695	7,072	19,208
\$50,000 - \$75,000	517	5,165	13,792
\$75,000 - \$100,000	500	4,016	10,170
\$100,000 - \$125,000	217	2,255	5,495
\$125,000 - \$150,000	54	1,054	2,957
\$150,000 - \$200,000	63	1,018	2,571
\$200,000+	92	744	1,833



Market Overview

PITTSBURGH OVERVIEW

The Pittsburgh metro consists of Armstrong, Butler, Fayette, Westmoreland, Washington, Allegheny and Beaver counties. It rests at the foothills of the Allegheny Mountains in the southeastern corner of Pennsylvania, outside the congested East Coast corridor. The metro contains nearly 2.4 million residents, with nearly half concentrated in Allegheny county. The city of Pittsburgh is located where the Allegheny and Monongahela rivers join to form the Ohio River. Pittsburgh is the most populous city in the metro and the second-largest in Pennsylvania, with approximately 310,000 residents.

METRO HIGHLIGHTS



POSITIVE EMPLOYMENT TRENDS

An estimated 37,500 jobs are expected through 2021. Growth will be driven by the professional and business services sector.



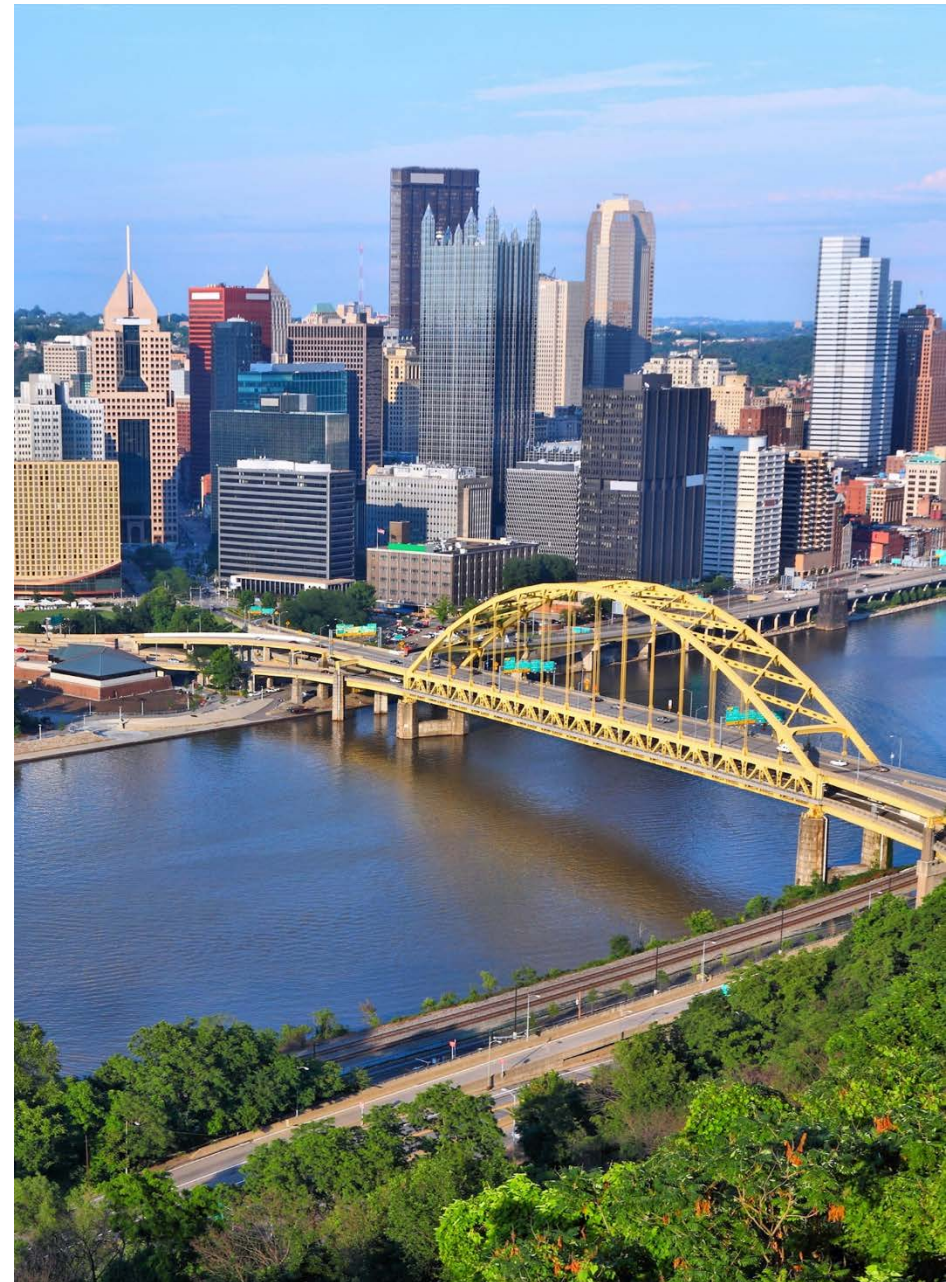
QUALITY HIGHER EDUCATION

The local economy benefits from university-related startup companies. Carnegie Mellon, Duquesne and the University of Pittsburgh are among the local higher-educational institutions.



POPULATION GROWTH

After years of decline, job seekers moving to the metro will contribute to a rise in population by 2021.

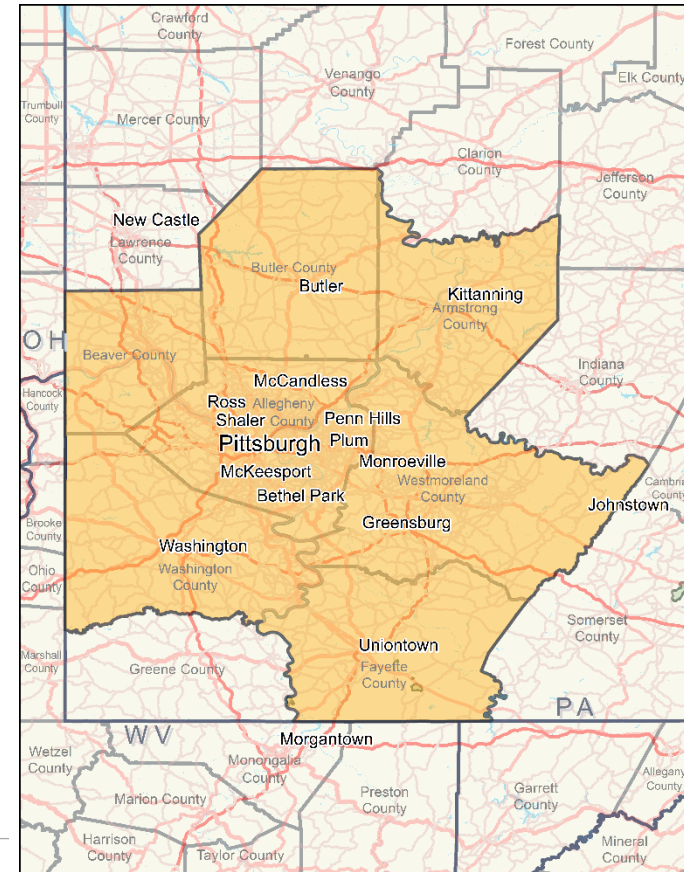


ECONOMY

- Once centered on the steel industry, Pittsburgh's economy has become much more diversified over the past 20 years and continues to change.
- There are a multitude of international firms with headquarters or regional offices in the metro. Additionally, six Fortune 500 companies are headquartered in Pittsburgh: U.S. Steel Corp., H.J. Heinz, PNC Financial, Wesco International, PPG Industries and Dick's Sporting Goods.
- High-tech is expanding, particularly in automation and manufacturing equipment, software, biotechnology, environmental services, and pharmaceuticals.

MAJOR AREA EMPLOYERS

UPMC
West Penn Allegheny Health System
University of Pittsburgh
BNY Mellon Corp.
PNC Financial Services
Eat'n Park Hospitality Group
Giant Eagle Inc.
Highmark Blue Cross Blue Shield
Wal-Mart
Verizon Communications



SHARE OF 2016 TOTAL EMPLOYMENT

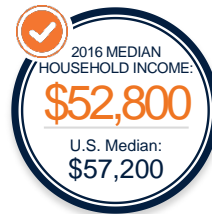
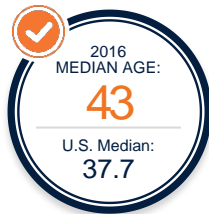
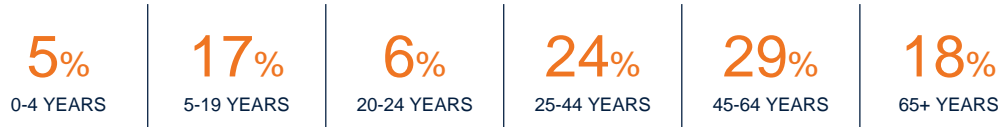




DEMOGRAPHICS

- The metro is expected to add nearly 5,000 people through 2021, which will result in the formation of nearly 10,000 households.
- A median home price below the national level has afforded 69 percent of households to own their home, which is above the national rate of 64 percent.
- Roughly 30 percent of people age 25 and older hold bachelor's degrees; among those residents, 11 percent also have earned a graduate or professional degree.

2016 Population by Age



QUALITY OF LIFE

Pittsburgh is a relatively affordable place to live compared with many other major East Coast metros. In addition, the market has one of the lowest crime rates in the country. There are more than 500 organizations serving southwestern Pennsylvania, such as the Pittsburgh Cultural Trust, which has revitalized downtown. Regional amenities also include three professional sports teams: the Steelers (NFL), Pirates (MLB) and Penguins (NHL). The Pittsburgh Penguins and the University of Pittsburgh Medical Center (UPMC) built a \$72 million sports medical center and practice rinks. UPMC is one of the busiest transplant centers in the world. In addition, Children's Hospital of Pittsburgh is one of the highest-ranked children's hospitals in the nation.

* Forecast

Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau



SPORTS



EDUCATION



ARTS & ENTERTAINMENT



Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING



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