

# NNN Rite Aid (Walgreens)



- Corporate Lease Guarantee
- 4+ Years Remaining
- Hard Signalized Corner Location



Confidential Offering Summary

1690 U.S. Highway 1 South  
Southern Pines, NC



# The Offering

JLL is pleased to offer for sale an absolute NNN-leased Rite Aid (the "Property"), located in Southern Pines, NC. The Property possesses highly favorable lease fundamentals, featuring Rite Aid tenancy whose lease has been assigned to Walgreens corporate on an absolute NNN lease structure. There are currently 4.4 years of lease term remaining, and four, 5-year option periods with rental increases. The Property is strategically positioned on the hard signalized intersection of U.S. Highway 1 and Pinehurst Avenue which see a combined traffic count of over 26,000 vehicles per day.

While the exterior is still branded as a Rite Aid, the store contains a Walgreens operated pharmacy. This store is currently managed by Walgreens and over time will undergo positive changes as Walgreens systematically absorbs Rite Aid. This offering represents an exceptional opportunity to acquire a valuable property with strong lease fundamentals leased to an investment-grade tenant.



## Property Summary

Address	1690 U.S. Highway 1 South
City, ST	Southern Pines, North Carolina
Year Built	2003
Building Size (SF)	12,739
Parking	~64 spaces
Site Size	1.77 acre
County	Moore
Parcel ID No.	857115635055
Zoning	Commercial SP
Traffic Counts	26,000+ VPD
3-Mile Population	19,168 Residents

## Lease Summary

Tenant	Rite Aid (Walgreens)
Lease Type	Absolute NNN
Lease Start	9/21/2002
Lease Expiration	10/20/2022
Term Remaining	4.4 Years
Current NOI	\$338,542
NOI / SF	\$26.57
Renewal Options	4 x 5-Year
Rental Increases	Escalations in Option Periods

## Asking Price



**\$4,313,000**



**7.85% cap rate**

## Investment Highlights

### High-Visibility Location with Drive-Thru

The Property is located at the hard signalized intersection of U.S. Highway 1 and Pinehurst Avenue which sees a combined volume of over 26,000 vehicles per day. The Property also has ingress and egress to both roads and contains a drive-thru pharmacy.

### Absolute NNN Lease with 4+ Years of Initial Term

The offering constitutes a passive long-term investment with zero landlord responsibilities. The lease runs through October 20<sup>th</sup> 2022 and has 4 x 5 year options to renew. Each renewal option has fixed rate rental increases.

### Strong Tenant with Intense Brand Loyalty

With Walgreens acquisition of Rite Aid, they now have a larger domestic store count than CVS Pharmacy. With the intense brand loyalty, the Walgreens customer base will grow and emerge as the leading retail pharmacy.

### Highly Desirable Retail Location

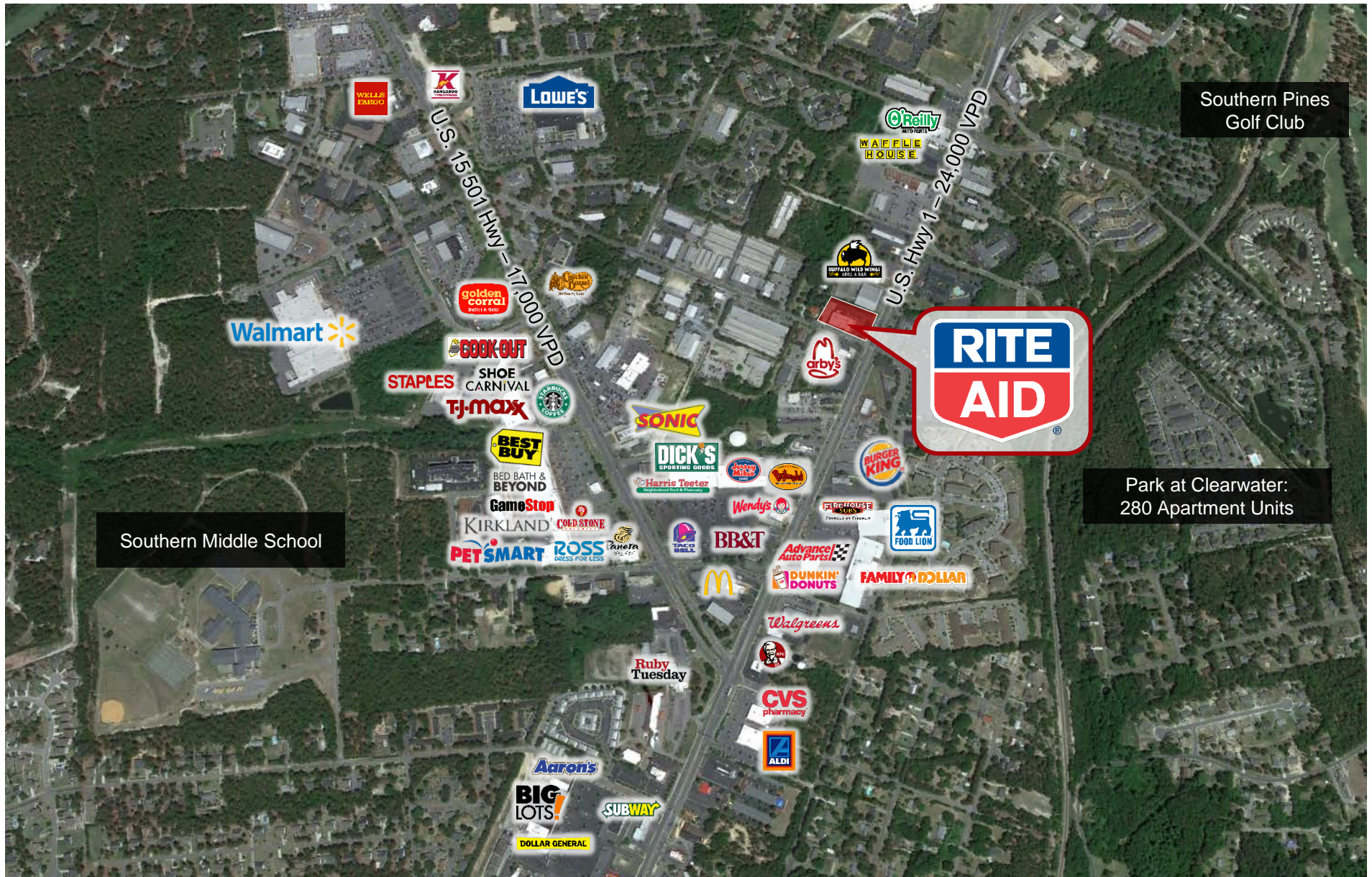
Freestanding retail in the 20-mile radius surrounding the Property area encompasses 5.2 million square feet and boasts a vacancy rate of 3.4%. Absorption over 156,000 in 2017 shows the local area is a highly desirable location. This will allow for the Property to be more easily re-tenanted in the event of a Walgreens exit.

<i>Rent Roll</i>					
Term	Start Date	End Date	Base Rent	Rent PSF	Monthly Rent
Base Rent	9/21/2002	10/20/2022	\$338,542	\$26.57	\$28,212
Option 1	10/21/2022	10/20/2027	\$344,972	\$27.08	\$28,748
Option 2	10/21/2027	10/20/2032	\$351,342	\$27.58	\$29,279
Option 3	10/1/2031	9/30/2036	\$357,711	\$28.08	\$29,809
Option 4	10/1/2036	9/30/2041	\$364,081	\$28.58	\$30,340



# Location Overview

NNN Rite Aid (Walgreens) | Southern Pines, NC





## Property Photos

NNN Rite Aid (Walgreens) | Southern Pines, NC





# Southern Pines

Southern Pines is a town in Moore County, North Carolina. The town has a population of approximately 15,500 and is located 70 miles south of Raleigh, NC. The town is serviced by the Moore County Airport and the Southern Pines Amtrak station. The train is served by Amtrak's Silver Star train, a 1,522-mile passenger train that runs from New York City to Miami.

The greater Southern Pines, Pinehurst, and Aberdeen area is world-famous as the "Home of American Golf" with 40 golf courses within a 15-mile radius. This, paired with the downtown shopping district, attracts thousands of visitors per year to the Southern Pines area.

Southern Pines was ranked the number 1 in the 2018 Best Places to Live in Moore County by Niche.com based on its strong public school system, low crime rates, employment opportunities, and overall cost of living.



## 4<sup>th</sup> Best City to Retire in North Carolina

- SmartAsset ranked Southern Pines in the Top 5 Places in North Carolina to Retire for the second year in a row



## #25 Best Small Town in America

- Ranked by NewsMax for its historically charming town features and large amount of recreational activities



## World-Renowned Golfing

- Twenty-three of the golf courses in the Pinehurst, Southern Pines, Aberdeen area were rated 4-stars or better by Golf Digest's "Best Places to Play", making of 76% of the total area courses.

## Demographics (2017 Estimates)

	1-mile	3-mile	5-mile
Population	4,728	21,262	39,901
Households	2,354	10,031	18,462
Average HHI	\$52,174	\$68,880	\$77,195
Median HHI	\$36,892	\$44,744	\$52,018
Average Home Value	\$281,436	\$312,211	\$309,384
Median Home Value	\$228,056	\$238,151	\$246,894
Median Age	35.5	45.5	49.2



## Company Background

- Founded in 1901, Walgreens Boots Alliance (the “Company” or “Walgreens”) is the global leader in pharmacy-led health and wellbeing retail. Walgreens operates more than 8,175 stores in the 50 states, the District of Columbia, Puerto Rico and the US Virgin Islands.
- With a typical store carrying over 18,000 items, Walgreens’ stores offer a wide range of consumer goods in addition to its pharmacy, health and wellness services. Bolstering Walgreens’ impressive six million daily customers, an average of 68 million people visit Walgreens’ websites (walgreens.com and drugstore.com) monthly. As of August 2017, approximately 76 percent of the United States population lived within five miles of a Walgreens store.
- In September 2017, Walgreens purchased 1,932 Rite Aid stores across the country. This is the end result of a two-year bid by Walgreens to purchase Rite Aid outright, which was ultimately thwarted by federal regulators. Thus far, 625 Rite Aid stores have been converted to Walgreens stores, and under the agreement, Rite Aid will have the option to purchase generic drugs that are sourced through an affiliate of Walgreens Boots Alliance at a cost that is substantially equivalent to Walgreens for a period of 10 years.



## Company Overview

Company:	Walgreens Boots Alliance
Year Founded:	1901
Headquarters:	Deerfield, IL
Ownership Type:	Public (NASDAQ: WBA)
Stock Index Membership:	S&P 500 Component
Sector:	Drug Stores
Locations:	8,175+
Number of Employees:	235,000+
Credit Rating (S&P):	‘BBB’ / Stable
Annual Revenue (YE 8/31/2017):	\$118.21 Billion
Market Capitalization (March 2018):	\$65.65 Billion
Total Assets (YE 8/31/2017):	\$66.01 Billion
Total Debt (YE 8/31/2017):	\$12.68 Billion
Website:	<a href="http://www.walgreensbootsalliance.com">www.walgreensbootsalliance.com</a>

This offering is being distributed to qualified investors exclusively by JLL. JLL asks that prospective investors submit their bids to the contacts listed below. All offers must be presented in writing, net of all seller closing costs and include the following:

- The capitalization rate and purchase price
- The source of purchaser's capital (including equity and debt)
- The amount of earnest money deposit
- An outline of the proposed schedule for due diligence and closing in a timely fashion
- A description of any physical or environmental assumptions which affect the price being offered
- A list of any contingencies, including committee approvals, required to close the transaction

Other factors include the prospective purchaser's:

- Financial strength
- Level of discretion to invest funds
- Experience in closing similar transactions
- Absence of contingencies
- Level of due diligence completed
- Thoroughness of underwriting

The Property will be conveyed free and clear of any existing financing. The Owner and JLL reserve the right to alter the Transaction Guidelines at their sole discretion.

## *Exclusive Contacts*

### **Peter Furest**

Senior Vice President  
JLL Capital Markets

+1 212 812 5802

[Peter.Furest@am.jll.com](mailto:Peter.Furest@am.jll.com)





[www.us.jll.com/capitalmarkets](http://www.us.jll.com/capitalmarkets)

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