

TWO TENANT LEASED INVESTMENT

PROGRESSIVE  
REAL ESTATE PARTNERS

# OFFERING MEMORANDUM

7001 Eastman Avenue, Midland, MI 48642  
Offered At: \$3,396,000

MATTRESSFIRM

MATTRESSFIRM

NOODLES  
COMPANY  
World Kitchen

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# INVESTMENT SUMMARY | TWO TENANT LEASED INVESTMENT

## PROPERTY HIGHLIGHTS

- 100% Leased, Two-Tenant Building with Long-Term NNN Leases
- Strong National Tenants: Mattress Firm and Noodles & Company
- Scheduled rental increases, providing a hedge against inflation
- Across from Midland Mall, Midland's primary shopping mall
- Ideal investment for an out-of-area investor

## OFFERING SUMMARY

Sale Price:	\$3,396,000
Net Operating Income:	\$229,200
Cap Rate (Current):	6.75% Return
Cap Rate (Sept.2019):	7.21% Return
Cap Rate (Oct.2021):	7.42% Return
Occupancy:	100%
Year Built:	2014-2016



# INVESTMENT HIGHLIGHTS | TWO TENANT LEASED INVESTMENT



**NOODLES & COMPANY**

**World Kitchen**



**MATTRESS  
FIRM**

## PROPERTY OVERVIEW

- High quality construction, limiting near-term maintenance and capital costs. Buildings were constructed in 2014 & 2016
- Noodles & Company (NYSE: NDLS) is one of the fastest growing fast casual restaurants with over 400 locations nationwide. Primary lease term of 20 years with over 18 years remaining on Noodles & Company lease with two, 5-year options with 10% increase every 5 years. Noodle & Company has a corporate guarantee from the franchisee that owns and manages 17 different restaurants throughout Michigan and Indiana.
- Mattress Firm (NASDAQ: MFRM) is the nation's leading specialty bedding retailer with more than 3,500 stores and 80 distribution centers nationwide. Primary lease term of 10 years with over 6.5 years remaining on a corporate Mattress Firm lease with two, 5-year options with 10% increase every 5 years.

## HIGHLY VISIBLE LOCATION ACROSS FROM THE MIDLAND MALL

- Over 25,300 cars per day in front of the subject property along Eastman Avenue.
- Midland Mall is an enclosed shopping mall opened in 1991, the mall features Yonkers and Target as it's anchor stores
- Surrounding regional/national tenants include Target, Yonkers, Dunhams, Barnes and Noble, Walmart Supercenter, Home Depot, Meijer, Kohl's, Ulta, Michaels, Marshalls, Dollar Tree, Lowes, Pier 1 Imports, PetSmart, Staples, Verizon, Planet Fitness, NCG Midland Cinema and more.
- Within the vicinity of the subject property include many national restaurants and hotels including, Bennigan's, Panera Bread, Buffalo Wild Wings, Burger King, Olive Garden, Arby's, Applebee's, Qdoba, Logan's Roadhouse, Starbucks, Firehouse Subs, Ruby Tuesday, Culver's, Residence Inn Marriott, Holiday Inn, and Hampton Inn.

# LOCATION HIGHLIGHTS | TWO TENANT LEASED INVESTMENT



## PROXIMITY TO FREEWAY AND DEMAND GENERATORS

- The subject property is located just north of the US State Highway 10 (29,265 CPD). Highway 10 runs east-west highway that connecting the communities of Bay City, Saginaw and Midland to east Lake Michigan.
- Midland is home to the Dow Chemical Company (NYSE: DWD) since 1897, the second-largest chemical manufacturer in the world by revenue (2016:\$50 billion) and the third largest company in the world by market capitalization. Dow employs nearly 54,000 people worldwide and about 6,100 people in the Midland area. Other large employers in Midland include Mid Michigan Medical Center (328-bed; 2,100 employees); Midland Public Schools (973 employees), Chemical Bank (591 employees) and City of Midland (443 employees).
- Four universities within the subject property trade area include Delta College (10,029 students); Saginaw Valley State University (9,165 students); Davenport University-Central Michigan University (5,777 students) and Northwood University (3,050 students).

## STRONG DEMOGRAPHICS

Average annual household income of nearly \$94,000 and over 49,300 population within a 5-mile radius of the subject property.

# RENT ROLL | TWO TENANT LEASED INVESTMENT

Tenant Information				Lease Term		Rent		Miscellaneous	
Unit	Tenant	Lease Type	Size (SF)	Begin	End	CURRENT Rent (Monthly)	Rent/SF	Increases	Options
7001	Mattress Firm	NNN	4,000	9/20/2014	9/30/2024	\$12,917	\$3.23	Sept 2019: \$14,209	Two 5-yr @10% increase each option
7007	Noodles & Company	NNN	2,800	10/1/2016	9/30/2036	\$6,183	\$2.21	Oct 2021: \$6,801 Oct 2026: \$7,482 Oct 2031: \$8,230	Two 5-yr @10% increase each option
TOTAL SIZE:			6,800	TOTAL MONTHLY RENT:		\$19,100			
TOTAL ANNUAL RENT:						\$229,200			



# REGIONAL MAP | TWO TENANT LEASED INVESTMENT





# RETAILER MAP | TWO TENANT LEASED INVESTMENT





# PARCEL MAP | TWO TENANT LEASED INVESTMENT



# TENANT DESCRIPTION | TWO TENANT LEASED INVESTMENT



## Mattress Firm

Mattress Firm, with more than 3,500 company-operated and franchised stores across 49 states, has the largest geographic footprint in the United States among multi-brand mattress retailers. Founded in 1986, Houston-based Mattress Firm is the nation's leading specialty bedding retailer with over \$3.5 billion in sales. In September 2016, the company was acquired by Steinhoff International for \$3.8 billion, and Mattress Firm now operates as a subsidiary of Steinhoff International Holdings N.V. Steinhoff is an integrated retailer that manufactures and retails furniture, household goods, and general merchandise in Europe, Africa and Australia. Steinhoff has a primary listing on the Frankfurt Stock Exchange and a secondary listing on the Johannesburg Stock Exchange. Steinhoff's reported revenue and operating profit for the 12 months ended Jun 30, 2016, of \$14.5 billion and \$1.6 billion, respectively.

Mattress Firm, through its brands including Mattress Firm, Sleepy's and Sleep Train, offers a broad selection of both traditional and specialty mattresses, bedding accessories and other related products from leading manufacturers, including Serta, Simmons, Tempur-Pedic, Sealy, Stearns & Foster, King Coil and Hampton & Rhodes.

Website:	<a href="http://www.mattressfirm.com">www.mattressfirm.com</a>
Founded:	1986
Number of Locations:	3500+
Headquarters:	Houston, TX
Parent Company:	Steinhoff International Holdings N.V.



# TENANT DESCRIPTION | MATTRESS FIRM | NOODLES & COMPANY

## Noodles & Company

Noodles & Company develops and operates fast casual restaurants in the United States. It offers cooked-to-order American and international noodle dishes including noodles and past, soups, salads, sandwiches, and appetizers. Their dishes are inspired by the individuality, creativity and cultural heritage of cuisines from around the globe. The company has numerous accolades such as Eat this Not That's, "35 Hottest Healthy Restaurants in America" as featured on MSM.com 2016, Forbes Magazine in 2016 "The 100 Most Trustworthy Companies in America", and many more. With more than 532 locations nationwide, customers can find a location near them. Noodles & Company was founded in 1995 and is based in Broomfield, Colorado.



Website:	<a href="http://www.noodles.com">www.noodles.com</a>
Founded:	1995
Number of Locations (Jan. 2017):	532+
Employees:	10,900+
Headquarters:	Broomfield, CO
Stock Symbol:	NYSE: NDLS

# AREA TENANTS (NAP)| TWO TENANT LEASED INVESTMENT





# AREA TENANTS (NAP)| TWO TENANT LEASED INVESTMENT





# AREA TENANTS (NAP) | TWO TENANT LEASED INVESTMENT





# DEMOGRAPHICS | TWO TENANT LEASED INVESTMENT

	3 miles	5 miles	10 miles
<b>Population</b>			
2000 Population	29,025	47,498	78,263
2010 Population	29,308	48,171	79,734
2017 Population	30,169	49,292	81,189
2022 Population	30,699	50,045	82,008
2000-2010 Annual Rate	0.10%	0.14%	0.19%
2010-2017 Annual Rate	0.40%	0.32%	0.25%
2017-2022 Annual Rate	0.35%	0.30%	0.20%
2017 Male Population	48.4%	48.5%	49.2%
2017 Female Population	51.6%	51.5%	50.8%
2017 Median Age	42.0	41.1	41.9

In the identified area, the current year population is 81,189. In 2010, the Census count in the area was 79,734. The rate of change since 2010 was 0.25% annually. The five-year projection for the population in the area is 82,008 representing a change of 0.20% annually from 2017 to 2022. Currently, the population is 49.2% male and 50.8% female.

## Median Age

The median age in this area is 42.0, compared to U.S. median age of 38.2.

## Race and Ethnicity

2017 White Alone	90.0%	90.6%	92.9%
2017 Black Alone	2.3%	2.3%	1.6%
2017 American Indian/Alaska Native Alone	0.4%	0.4%	0.4%
2017 Asian Alone	4.7%	4.1%	2.7%
2017 Pacific Islander Alone	0.0%	0.1%	0.1%
2017 Other Race	0.6%	0.7%	0.5%
2017 Two or More Races	1.9%	1.9%	1.7%
2017 Hispanic Origin (Any Race)	3.3%	3.2%	2.9%

Persons of Hispanic origin represent 2.9% of the population in the identified area compared to 18.1% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 18.4 in the identified area, compared to 64.0 for the U.S. as a whole.

## Households

2000 Households	10,863	18,693	29,988
2010 Households	11,562	19,774	31,860
2017 Total Households	11,951	20,317	32,588
2022 Total Households	12,181	20,664	32,987
2000-2010 Annual Rate	0.63%	0.56%	0.61%
2010-2017 Annual Rate	0.46%	0.37%	0.31%
2017-2022 Annual Rate	0.38%	0.34%	0.24%
2017 Average Household Size	2.46	2.37	2.45

The household count in this area has changed from 31,860 in 2010 to 32,588 in the current year, a change of 0.31% annually. The five-year projection of households is 32,987, a change of 0.24% annually from the current year total. Average household size is currently 2.45, compared to 2.46 in the year 2010. The number of families in the current year is 21,853 in the specified area.

# DEMOGRAPHICS | TWO TENANT LEASED INVESTMENT

	3 miles	5 miles	10 miles
<b>Median Household Income</b>			
2017 Median Household Income	\$71,033	\$60,311	\$58,547
2022 Median Household Income	\$79,114	\$67,329	\$65,930
2017-2022 Annual Rate	2.18%	2.23%	2.40%
<b>Average Household Income</b>			
2017 Average Household Income	\$107,705	\$93,876	\$85,691
2022 Average Household Income	\$121,372	\$106,007	\$97,739
2017-2022 Annual Rate	2.42%	2.46%	2.67%
<b>Per Capita Income</b>			
2017 Per Capita Income	\$43,592	\$39,207	\$34,905
2022 Per Capita Income	\$49,105	\$44,265	\$39,830
2017-2022 Annual Rate	2.41%	2.46%	2.67%

Current median household income is \$58,547 in the area, compared to \$56,124 for all U.S. households. Median household income is projected to be \$65,930 in five years, compared to \$62,316 for all U.S. households

Current average household income is \$85,691 in this area, compared to \$80,675 for all U.S. households. Average household income is projected to be \$97,739 in five years, compared to \$91,585 for all U.S. households

Current per capita income is \$34,905 in the area, compared to the U.S. per capita income of \$30,820. The per capita income is projected to be \$39,830 in five years, compared to \$34,828 for all U.S. households

<b>Housing</b>			
2000 Total Housing Units	11,351	19,763	31,645
2000 Owner Occupied Housing Units	8,601	13,692	23,413
2000 Renter Occupied Housing Units	2,262	5,001	6,576
2000 Vacant Housing Units	488	1,070	1,656
2010 Total Housing Units	12,209	20,925	33,774
2010 Owner Occupied Housing Units	8,920	14,143	24,483
2010 Renter Occupied Housing Units	2,642	5,631	7,377
2010 Vacant Housing Units	647	1,151	1,914
2017 Total Housing Units	12,625	21,621	34,746
2017 Owner Occupied Housing Units	9,059	14,209	24,562
2017 Renter Occupied Housing Units	2,892	6,109	8,026
2017 Vacant Housing Units	674	1,304	2,158
2022 Total Housing Units	12,911	22,093	35,394
2022 Owner Occupied Housing Units	9,239	14,457	24,851
2022 Renter Occupied Housing Units	2,943	6,206	8,136
2022 Vacant Housing Units	730	1,429	2,407

Currently, 70.7% of the 34,746 housing units in the area are owner occupied; 23.1%, renter occupied; and 6.2% are vacant. Currently, in the U.S., 55.6% of the housing units in the area are owner occupied; 33.1% are renter occupied; and 11.3% are vacant. In 2010, there were 33,774 housing units in the area - 72.5% owner occupied, 21.8% renter occupied, and 5.7% vacant. The annual rate of change in housing units since 2010 is 1.27%. Median home value in the area is \$151,515, compared to a median home value of \$207,344 for the U.S. In five years, median value is projected to change by 4.43% annually to \$188,179.



# LOCATION OVERVIEW | "Midland" - Best Small City - Forbes Magazine



## MIDLAND

Midland is a city located in the Tri-Cities region of Central Michigan. It is the county seat of Midland County. It is the principal city of the Midland Micropolitan Statistical Area, part of the larger Saginaw-Midland-Bay City Combined Statistical Area comprised of over 390,000 people. Several large corporations have operations in the Greater Tri-Cities Region such as The Michigan Sugar Company, General Motors powertrain plant, The Dow Chemical Company, Nexteer Corporation, and S.C. Johnson and Son.

Established originally as a fur trading post of the American Fur Company in the late 1920s, Midland today is home to the world headquarters of the Dow Chemical Company as well as the Dow Corning Corporation and Chemical Bank. Dow Chemical is one of the world's largest chemical manufacturers with annual sales of nearly \$50 billion.

Recreational community facilities in Midland include 72 parks, a 30-mile trail, two golf courses, a BMX track, a gymnastics training center, a tennis center and a brand new Civic Arena with two NHL-sized rinks and one Olympic-sized rink. In addition, the original gardens of the Herbert H. Dow homestead are now Dow Gardens, a 100-acre array of flower and vegetable gardens, plus an arboretum, open for tours.

Midland was named the 4th "Best Small City" to raise a family by Forbes Magazine in 2010.

# ADVISOR BIO & CONTACT | TWO TENANT LEASED INVESTMENT

## FRANK VORA, CCIM

Senior Vice President



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## PROFESSIONAL BACKGROUND

Frank Vora is focused on the representation of sellers and buyers of retail investment properties. At Progressive Real Estate Partners, Frank is a leading member of the Investment Sales Team. He successfully provides outstanding service to his clients and is willing to work from morning to night to help his client's achieve their goals.

Frank is highly skilled at helping his clients achieve maximum value for their asset, but then dedicating himself to solving their exchange strategy by combing the nation for a property to purchase which satisfies his client's goals. He has done this numerous times over the past few years resulting in successful sales and purchases for his clients.

Over the past three years Frank Vora has closed transactions valued at over \$125 million dollars and as a result, is one of the leading investment sales brokers in the Inland Empire. His knowledge of the marketplace combined with strong marketing, negotiation, and deal making skills gets his clients to the transactional finish line.

In 2003, Frank started working with a commercial real estate development company in Redlands. His responsibilities included prospecting sites, land acquisition, financial analysis, preparing site submittal packages, retail lease negotiations, entitlement and project coordination. During his tenure, Frank's notable projects were valued at over \$20 Million. Subsequent to his development work, Frank was a part of the Lee and Associates Riverside Retail Division. Frank's responsibilities included representation of national, regional and local tenants and developers with respect to site selection, lease negotiations, purchase-sale negotiations, and working with municipal officials to obtain project entitlements. Frank has been an active member of the International Council of Shopping Centers (ICSC) since 2003. Frank resides in Riverside with his wife and two children.

## EDUCATION

New Mexico State University - MS in Civil Engineering  
Gujarat State University - BS in Civil Engineering

## MEMBERSHIPS & AFFILIATIONS

CA License BRE#01793683  
Member of International Council of Shopping Centers (ICSC)  
Certified Commercial Investment Member (CCIM)