

# ABSOLUTE NNN CORP. LEASE (FEE SIMPLE)

## *Walgreens*

*Long-Term Stable Cash Flow - Over 11 Years Remaining*

2431 S. Higley Road, Gilbert, AZ 85295



## PROPERTY OVERVIEW

We are pleased to offer to qualified investors an opportunity to purchase an investment grade single tenant absolute NNN leased investment that is fully leased to Walgreen Co. with 11 years remaining on the original term and 10 - 5 year options. Comprising 14,490 square feet, the building is situated on a large 1.54 acre corner lot and is exceptionally well located along E. Williams Field Road and S. Higley Road in Gilbert, AZ. Furthermore, the subject property is located in close proximity to the regional power center SunTan Village Marketplace which contains major anchor tenants such as Walmart Supercenter, Sam's Club, Costco, Dick's Sporting Goods, Dillard's, Macy's, Bed Bath & Beyond, and more. This is a rare opportunity to purchase the second-largest pharmacy store chain in the U.S. (true investment grade tenant - "BBB" by S&P's), with over 11 years remaining on the original term, positioned in the main retail corridor, with zero landlord responsibilities and secure long term cash flow.



**2nd  
Largest**

Pharmacy Store Chain  
in United States



## PRICING DETAILS

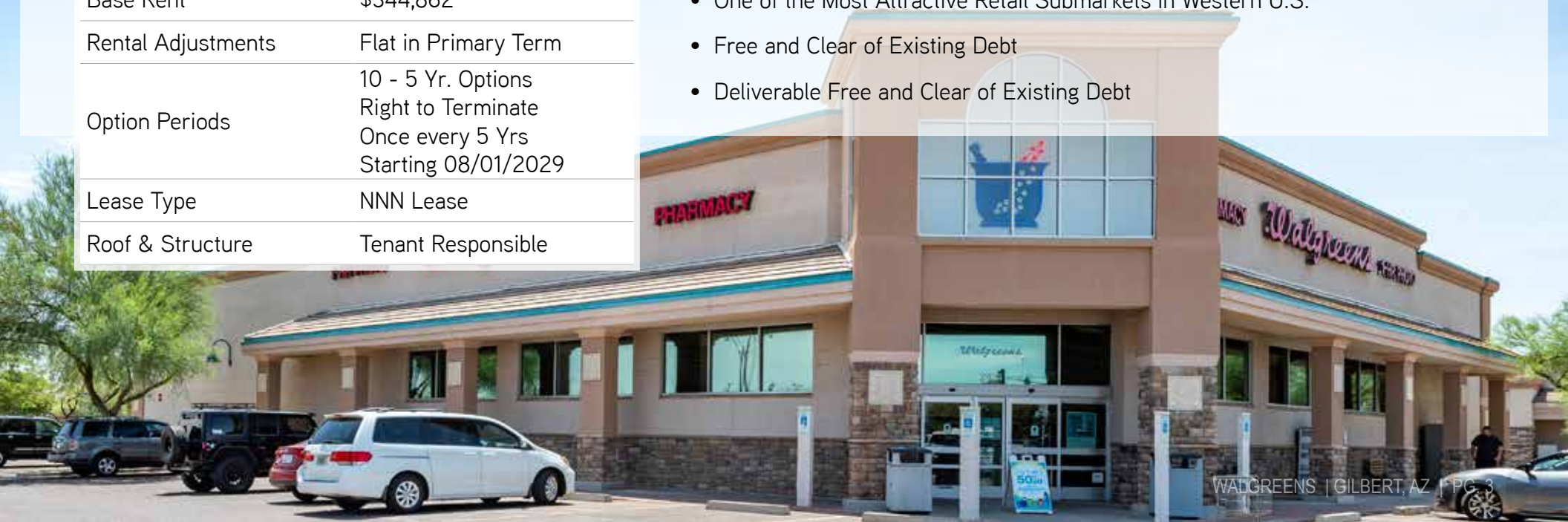
List Price	\$5,975,000
NOI	\$344,862
CAP Rate	5.77%
Taxes	NNN
Insurance	NNN
CAM	NNN

## LEASE ABSTRACT

Tenant Trade Name	Walgreens
Lease Start	August 1, 2004
Lease Expiration	July 31, 2079
Lease Term	75 Years
Term Remaining On Lease	11 Years
Base Rent	\$344,862
Rental Adjustments	Flat in Primary Term
Option Periods	10 - 5 Yr. Options Right to Terminate Once every 5 Yrs Starting 08/01/2029
Lease Type	NNN Lease
Roof & Structure	Tenant Responsible

## INVESTMENT HIGHLIGHTS

- Walgreens (NASDAQ: WBA) is rated “BBB” by S&P’s - Investment Grade Credit
- Long-Term Stable Cash Flow - Over 11 Years Remaining - 10 - 5 Year Options
- NNN Lease - Zero Landlord Responsibilities - Excellent 1031 Exchange Asset
- Next to SunTan Village Marketplace - Regional Power Center
- Major Anchor Tenants - Walmart Supercenter, Sam’s Club, Costco, Dick’s Sporting Goods, Dillard’s, Macy’s, Bed Bath & Beyond, and More
- Excellent Demographics - +/-93,907 Residents Within 3-Mile Radius
- High Growth Area - Over 19% Growth Expected in the Next 5 Years
- Affluent Neighborhood - +/- \$106,100 AHHI Within 3-Mile Radius
- Over \$118 Billion in Corporate Revenue - Net Income over \$4 Billion
- Ranked 17th in Fortune Global 500 - 2nd Largest Pharmacy Store Chain in U.S.
- Gilbert - The Most Prosperous City of its Size in the U.S. - Economic Innovation Group
- One of the Most Attractive Retail Submarkets in Western U.S.
- Free and Clear of Existing Debt
- Deliverable Free and Clear of Existing Debt



# PARCEL DETAILS

Parcel	Building Size	Land Size
309-29-348	14,490 SF	1.54 Acres

# STORE SALES

2015	2016	2017
\$2,136,267.20	\$2,240,613.50	\$2,304,527.60

WILLIAM LYON HOMES  
AT COOLEY STATION

CHANDLER GINNING

CHAPARRAL ESTATES



Walgreens



E. WILLIAMS FIELD RD. 19,356 CPD

S. HIGLEY RD. 18,153 CPD

E. WARNER RD.

GILBERT GATEWAY TOWNE CENTER



E. RAY RD.

PHOENIX-MESA  
GATEWAY AIRPORT

SAN TAN VILLAGE



GATEWAY  
RANCH

CROSSROADS

E. WILLIAMS FIELD RD. 19,356 CPD

202

VINCENZ

CHAPARRAL  
ESTATES

SAN TAN VILLAGE MARKETPLACE



83,633 CPD

S. HIGLEY RD. 18,153 CPD



ASU  
ARIZONA STATE  
UNIVERSITY  
POLYTECHNIC  
CAMPUS

POWER RD. S.

CROSSROADS TOWNE CENTER



WHIEWING  
AT HIGLEY

STRATLAND  
ESTATES

SAN TAN  
RANCH

POWER RANCH

CORONADO  
RANCH

BRIDGES  
AT GILBERT

TRILOGY

PROPERTY PHOTOS



## SURROUNDING RETAIL



## ABOUT WALGREENS CO.

Walgreen Co. is the second-largest pharmacy store chain in the U.S., operating some 8,100 mostly freestanding Walgreens stores in all 50 US states, the District of Columbia, the Virgin Islands, and Puerto Rico. But it's the brand face of Walgreens Boots Alliance, a company with a worldwide reach. For the US subsidiary, prescription drugs account for about 70% of sales; the rest comes from general merchandise, over-the-counter medications, cosmetics, and groceries. Most Walgreens stores offer drive-through pharmacies and one-hour photo processing. Walgreen acquired the Swiss-based Alliance Boots to form Walgreens Boots Alliance in 2014.



## WALGREENS BOOTS ALLIANCE

Walgreens Boots Alliance (Nasdaq: WBA) is the first global pharmacy-led, health and wellbeing enterprise. The company's heritage of trusted health care services through community pharmacy care and pharmaceutical wholesaling dates back more than 100 years. Walgreens Boots Alliance is the largest retail pharmacy, health and daily living destination across the U.S. and Europe. Walgreens Boots Alliance and the companies in which it has equity method investments together have a presence in more than 25 countries and employ more than 385,000 people.



The company is a global leader in pharmacy-led, health and wellbeing retail and, together with the companies in which it has equity method investments, has more than 13,200 stores in 11 countries as well as one of the largest global pharmaceutical wholesale and distribution networks, with more than 390 distribution centers delivering to more than 230,000 pharmacies, doctors, health centers and hospitals each year in more than 20 countries.



8,100

Walgreens Pharmacies



2nd  
Largest

Pharmacy Store Chain  
in United States



Ranked

17th

in Fortune Global 500



Rated

BBB  
by S&P

Investment Grade Credit



## MSA OVERVIEW

Phoenix's retail sector continues to steadily improve. Strong tenant demand—bolstered by positive job and population growth—has enabled absorption to outpace supply additions, a trend that continued in the first half of 2018.

The market's strong demographic trends bode well for retail demand moving forward. Phoenix's population is growing at nearly three times the national rate and job growth continues to consistently outpace the national average. In 18Q1, Phoenix's year-over-year household income growth ranked at the top of major U.S. metros. Furthermore, the metro's single-family housing market is finally back on firm footing—home prices increased by about 7% last year and are well positioned to return to prerecession levels. Substantial rent growth has been hard to come by for most of this cycle, however, gains have trended upwards in recent quarters.

A combination of positive demographic trends and muted development activity has bolstered the recovery of fundamentals. In addition to strong job and wage growth, Phoenix's population has expanded at a faster rate than has its retail inventory. In fact, Phoenix only has about 45 SF of retail space per capita, which is below the national average and one of the lowest concentrations of retail space among major metros in the Southwest. While construction did tick up in 2016 and 2017, net deliveries were still well below their historical average.

	PHOENIX	MARICOPA COUNTY	STATE OF AZ
1990	987,285	2,130,400	2,680,800
2000	1,321,045	3,072,149	5,130,632
2015	1,527,509	4,076,438	6,758,251
2020	1,648,800	4,506,800	7,346,800
2030	1,880,000	5,359,400	8,535,900

Source: Arizona Department of Administration, azstats.gov, 2013.



**Phoenix-Metro Area Accounted for Nearly Three-Quarters of the State's 2.8 million Jobs Overall in Jan. 2018**

**The Phoenix MSA has 4.7 Million of the 7 Million Residents in Arizona**

**Phoenix's Unemployment Rate is Falling (at 4.5 percent in Jan. 2018) and Wages are Climbing**

**Housing Affordability – Nearly 60% of Homes Sold in 4Q 2017 were Affordable to the U.S. Median Income of \$68,000**

**Arizona is One of the Fastest Growing State's in the U.S**

**1.6% Increase in Population (2016 – 2017) – The U.S. Grew by 0.7% Percent**

**Gross Sales from Tourism in Ariz. Increased by 4.6% (Dec. 2016 - Dec. 2017)**

**Arizona – Top 5 State for Franchising – International Franchise Association**

**The Average Retail Rent Increased by 3.0% to \$1.89 PSF Monthly from 2016 - 2017**

**Retail Vacancy Rate Remained Roughly Flat at 8.8%**

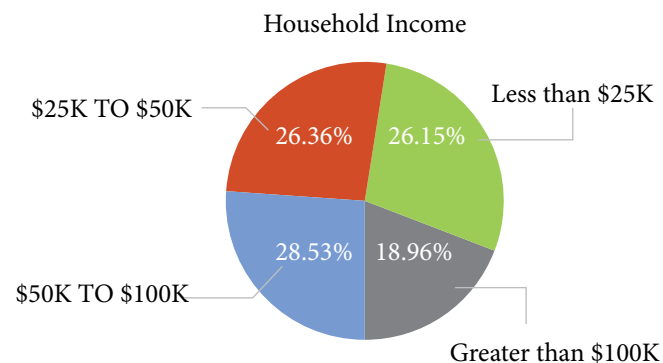


## CNN Money's 10 fastest growing cities ~ CNN Money, 2014

## Arizona BEST State for Future Job Growth ~ Forbes, 2015



Arizona's economy has seen strong positive growth in 2016 with the third highest increase in real GDP in the U.S. in Q2 2016. Arizona's 3.3% increase over the same period in 2015 was also higher than the national average. GDP for the state was just under \$300 Billion for the quarter. In Q3 2016, real GDP remained strong increasing 2.8% which can be attributed to mainly wholesale trade, finance, and insurance. Phoenix is currently home to four Fortune 500 companies: Avnet, Freeport-McMoRan, PetSmart, Republic Services.



Source: U.S. Census Bureau, ACS 2014 5-year Estimates

TOP EMPLOYERS BY # OF EMPLOYEES		
Company Name	Employees	Industry Type
Banner Health	9,145	Health Care
Honeywell	7,121	Aerospace
American Express	5,771	Financial
Wells Fargo	4,882	Financial
Bank of America	4,635	Financial
JP Morgan Chase	4,278	Financial
UHaul	4,014	Advanced Business Svcs
Amazon.com	4,013	Retail

**Phoenix is currently home to four Fortune 500 companies:  
Avnet, Freeport-McMoRan, PetSmart, Republic Services.**

## GILBERT, AZ

With attractive demographics, award-winning amenities, strategically identified business incentives and high-profile developments, Gilbert offers immediate, attainable economic opportunity for industry-leading companies. With a median age of 32.5 and 77.6% of the population under the age of 50, Gilbert provides an abundant pipeline of workers to support the growth of business and industry. Gilbert-based businesses have access to a specialized and educated workforce with over 255,000 residents. In addition, employers have access to a workforce of 1.6 million individuals within a 30 minute commute.

Gilbert boasts one of the highest median incomes in the state of Arizona at \$80,000+ and a population of three persons per household. From 2009 to December 2014, Gilbert led the Phoenix Metro Area with 9,468 issued single family permits, making Gilbert the fastest growing city in Arizona and among the Nation's Fastest Growing Communities. Gilbert has a focus on attracting, retaining and growing jobs within STEM occupations (Science, Technology, Engineers and Math). From 2010 – 2015, Gilbert has seen a 14% growth in STEM workforce, outpacing the Phoenix metropolitan area, as a whole.

### WITHIN A 30-MINUTE COMMUTE FROM GILBERT

70% of the Phoenix Metro's high tech workforce

60% of the Phoenix Metro's healthcare workforce

73% of the Phoenix Metro's engineering workforce

67% of the Phoenix Metro's advanced business services workforce

**12th Best City to Live in America – 24/7 Wall St., 2017**

**4th Best School District in America Gilbert Public Schools –  
Alarms.org, 2018**

**3rd Best City to Live in Arizona – Niche, 2018**

**3rd Best City to Buy a Family Home – SmartAsset, 2017**

**2nd Safest City in the United States – Law Street Media, 2016**

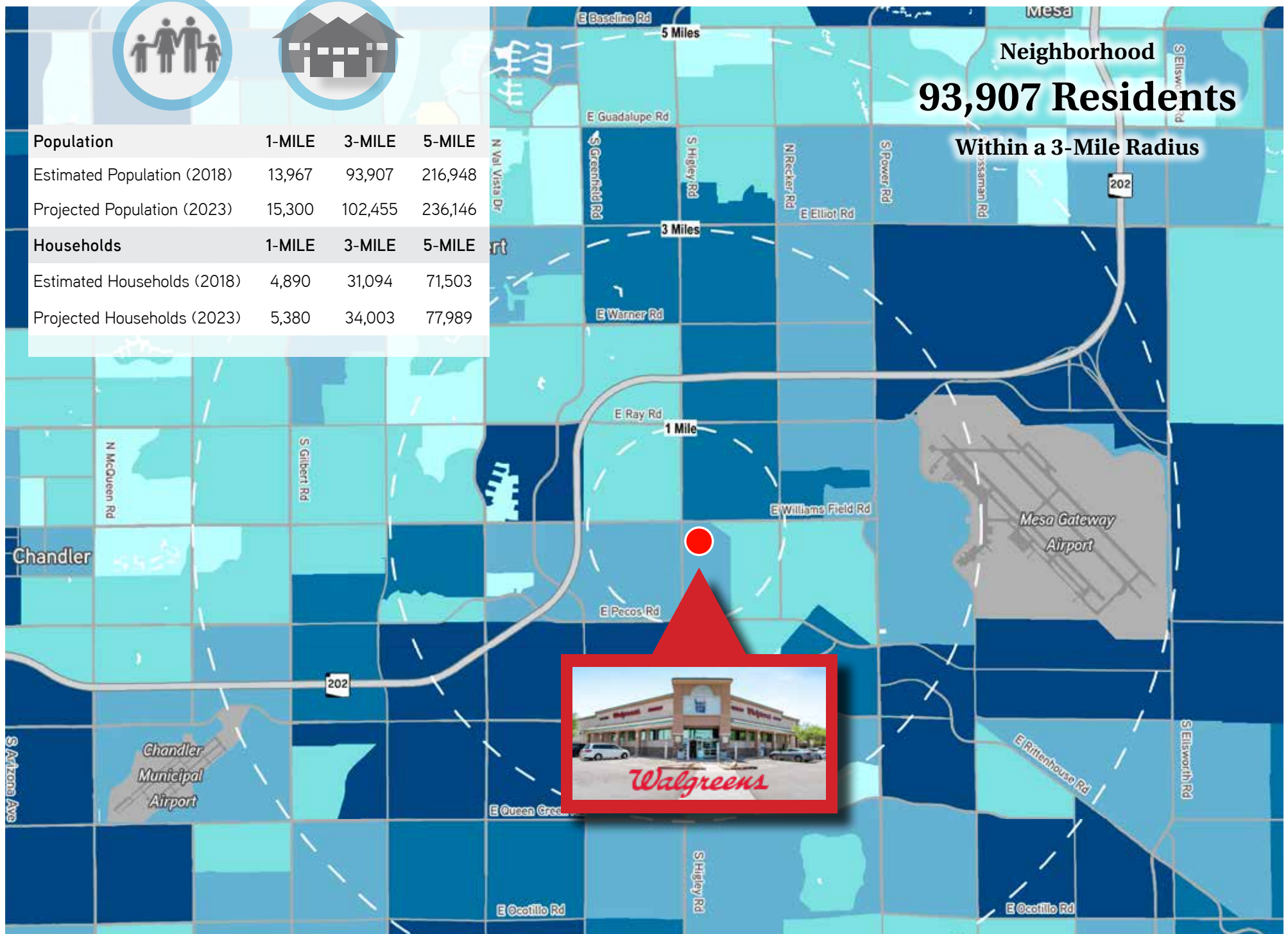




Population	1-MILE	3-MILE	5-MILE
Estimated Population (2018)	13,967	93,907	216,948
Projected Population (2023)	15,300	102,455	236,146
Households	1-MILE	3-MILE	5-MILE
Estimated Households (2018)	4,890	31,094	71,503
Projected Households (2023)	5,380	34,003	77,989

Neighborhood  
**93,907 Residents**

Within a 3-Mile Radius



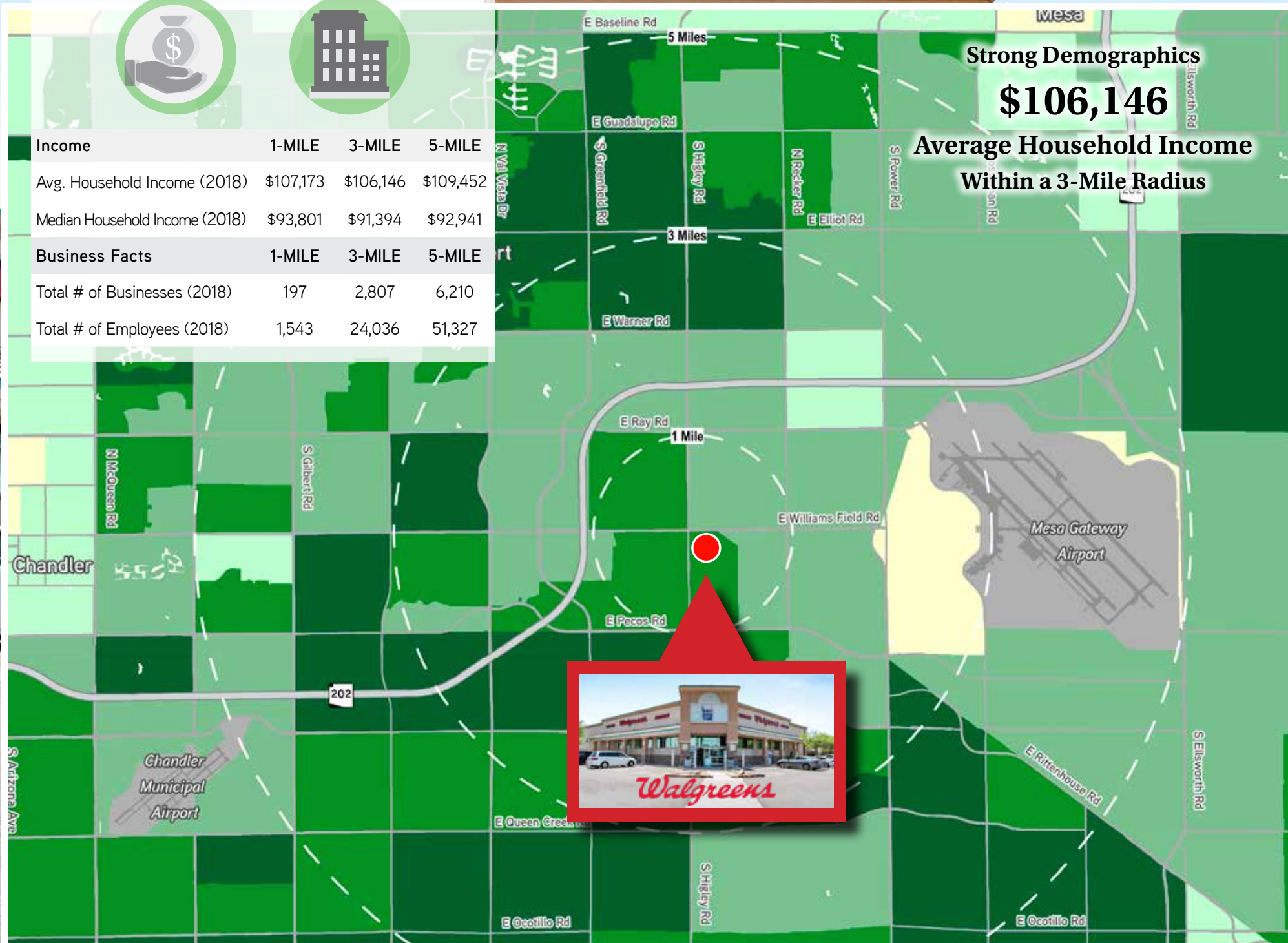


Income	1-MILE	3-MILE	5-MILE
Avg. Household Income (2018)	\$107,173	\$106,146	\$109,452
Median Household Income (2018)	\$93,801	\$91,394	\$92,941
Business Facts	1-MILE	3-MILE	5-MILE
Total # of Businesses (2018)	197	2,807	6,210
Total # of Employees (2018)	1,543	24,036	51,327

Strong Demographics

**\$106,146**

**Average Household Income  
Within a 3-Mile Radius**



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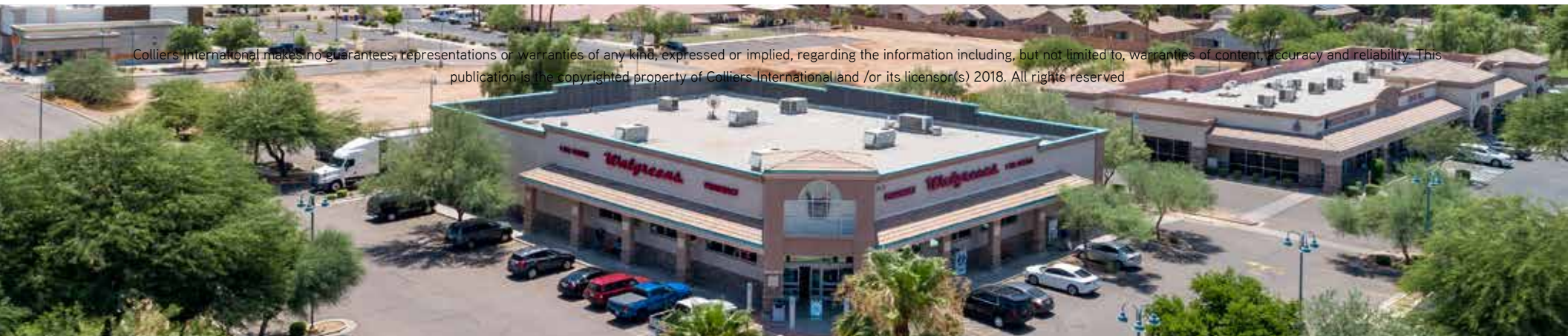
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2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Owner and Colliers International expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

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