



3705 Hampton Rd – Oceanside, NY

Confidential Offering Memorandum





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Property

Property Overview

Costco – Oceanside, NY

Long Island Costco Wholesale with over 23 years remaining on an absolute NNN ground lease



**BROAD APPEAL TO THE
NET LEASE INVESTOR
MARKETPLACE**

23+YEAR ABSOLUTE NNN
GROUND LEASE



CORPORATE LEASE



BELOW MARKET RENT



LARGE 12.97 ACRE PARCEL
ON SOUTHERN COAST OF
LONG ISLAND



AFFLUENT AND DENSE
DEMOGRAPHIC PROFILE



INVESTMENT GRADE CREDIT
BACKING THE LEASE



18 MILES FROM MANHATTAN

The Offering

JLL is pleased to offer for sale the ground interest in a single tenant, freestanding Costco Wholesale (the “Property” or “Asset”) located in Oceanside, New York. The Asset is subject to an Absolute NNN Ground Lease, leased to Costco Wholesale (the “Tenant”), and features over 23 years of primary term with four, 5-year option periods. As a rare 13 acre parcel on the south shore of Long Island, the Property holds tremendous value in the underlying real estate, providing future ownership unparalleled downside protection. Additionally, the location draws from the affluent and dense population base of Southern Long Island, as this wholesale club is primarily serves the residents of Long Beach, Oceanside, Woodmere, East Rockaway and Rockville Centre. This offering presents an outstanding opportunity to acquire an investment grade tenant in an affluent location with a large, waterfront parcel providing security in the investment.

INVESTMENT HIGHLIGHTS

- Over 23 years remaining on the Absolute NNN Ground Lease requiring zero landlord responsibilities allowing a completely passive investment
- Significant below market rent of \$8.11 PSF – Long Island retailers occupying 100,000 SF or more range between \$16-\$30 NNN PSF.
- Large 13 acre, waterfront parcel on the highly-coveted southern coast of Long Island, providing unmatched downside protection
- Brand new build-to-suit construction giving future ownership security in the longevity of the tenancy
- Investment grade (S&P: ‘A+/Stable’) tenant with outstanding historical performance and growth
- Dense and affluent demographic base with over 127,000 residents boasting an average household income over \$131,000 within a three-mile radius
- Strategic location with no other competitive wholesale club within 4.5 miles; see pages 18 and 19 for reference
- Proximate to the Oceanside and Island Park Long Island Railroad MTA stops, just a 30 minute ride from Manhattan
- Only 7 miles from John F. Kennedy International Airport, the sixth largest airport in the United States

PROPERTY SUMMARY

Address	3705 Hampton Road, Oceanside, NY 11572
Price / PSF	Unpriced
NOI / PSF	\$1,200,000 / \$8.11
Cap Rate	Unpriced
Lease Type	Absolute NNN Ground
Square Footage	148,000 SF
Site Size	+/- 12.97 acres
Year Built	2017
Owner Interest	Ground
Tenant	Costco Wholesale Corporation
Remaining Term	23+ years (Expires 12/01/2041)
Rental Increases	Flat in primary term; 5% each option
Options	4 x 5 year options; one 3-year, 11-month option
ROFR	Yes







COSTCO
WHOLESALE

Tenant

Tenant Overview

Costco – Oceanside, NY





Company	Costco Wholesale
Year Founded	1976
Headquarters	Issaquah, Washington
Employees	239,000
Revenue (FY 2017)	\$126.2B
Profits (FY 2017)	\$4.1B
Products	Warehouse Club
Type	Public (NADAQ: COST)
Credit Rating	S&P: 'A+/Stable'
Locations	752
Website	http://www.costco.com

■ COSTCO WHSL CORP NEW
as of 7/17/2018



Costco Wholesale

Costco Wholesale Corporation is a membership warehouse club and the third largest retailer in the world. With hundreds of locations worldwide, Costco provides a wide selection of merchandise, plus the convenience of specialty departments and exclusive member services.

Costco opened in 1976 under the name Price Club as just a single location. Today, Costco has 752 locations around the world and is the world's largest seller of choice and prime beef, organic foods, rotisserie chicken, and wine. Costco's private label, Kirkland Signature, sells everything from packaged goods and beverages to apparel and generates 25% of the companies revenue. Costco's 90 million members pay a \$55-a-year membership fee to shop at all locations which results in very high profit margin given the low costs of goods. The company's business model has focused on providing a broad range of high quality merchandise at prices that are consistently lower than competitors.

Costco has seen continual revenue growth year over year, most recently reporting \$129 billion in 2017. Costco has also seen strong membership growth and a retention rate between 87%-90%. Their high renewal rates demonstrate the loyalty of its members and provide a stable stream of fee-based revenue that enhances Costco's cash flow and credit profile. 2017 membership fees represented 69% of the company's operating income of \$4.1 billion. The company has historically raised its membership fee every five years, with the last increase being to \$60 per year for the base membership and 9% to \$120 for the Executive membership in June 2017.



Fortune 15
Global Company

amazon



Costco
WHOLESALE

Walmart

One of the four largest U.S.
Retailers in terms of market cap



90 million members with
90% retention rate



America's Best Large Employer
2017 (Forbes; companies with
5,000+ employees)





Market

Market Overview

Costco – Oceanside, NY

Market

The Oceanside, New York Area

Located in the south part of the Town of Hempstead, Nassau County, New York, Oceanside is a CDP with a population of approximately 32,000 residents. Oceanside offers many shopping and dining choices in its five-square-mile area along with many recreational opportunities. Oceanside Park's waterfront acreage features fields & courts for a variety of sports, an outdoor pool, roller rink and playgrounds. Also along the water are a public golf course and 52-acre Marine Nature Study Area devoted to environmental education and natural history.

Via the Long Beach line of the Long Island Railroad, Oceanside is just a 45-minute ride to Manhattan from the train station located at Weidner and Lawson Boulevard.

Oceanside's Long Beach Road is a major avenue to miles of sandy South Shore beaches - from Atlantic to Long Beach to Point Lookout. A bustling economic thoroughfare, it offers a variety of dining and shopping experiences from mom-and-pop to national brand retail stores.



Rare 13 acre parcel on the intracoastal waterway of Long Island, providing outstanding residual value in the underlying real estate



Average household income within a 3-mile radius of the Property is over \$131,000, approximately 57% above the United States national average.



Highly educated population base with nearly 56% holding a bachelor's degree or better and over 21% with an advanced degree.



Median home value within a three mile radius is over \$490,000, further supporting an affluent market, which is the target demographic for wholesale clubs such as Costco.

Demographic Information

	1-mile radius	3-mile radius	5-mile radius
POPULATION			
2018 Estimate	9,208	127,324	344,415
2018 Number of Households	3,442	48,652	119,392
ESTIMATED HH INCOME			
Less than \$35,000	16.2%	15.6%	15.6%
\$35,000 - \$49,999	7.4%	7.2%	7.2%
\$50,000 - \$74,999	12.7%	13.2%	12.9%
\$75,000 - \$99,999	10.9%	12.5%	12.6%
More than \$100,000	52.8%	51.4%	51.8%
Average HH Income	\$133,498	\$131,488	\$134,193
Median HH Income	\$104,781	\$102,111	\$102,576

Oceanside Local Aerial



Wholesale Competitive Analysis

1

Costco – 605 Rockaway Tpke, Lawrence, NY

Distance to Subject Property – 4.75 Miles

Approximate Drive Time: 35 minutes

149,384 SF

10.53 AC

Gas Station: No

Built in 1993

3-Mile Population: 195,947



S

Costco – 3705 Hampton Road, Oceanside, NY**Subject Property**

148,000 SF

12.97 AC

Gas Station: Yes

Built in 2017

3-Mile Population: 127,324



2

BJ's Wholesale – 125 Green Acres, Valley Stream, NY

Distance to Subject Property – 4.68 Miles

Approximate Drive Time: 25 minutes

124,853 SF

7.10 AC

Gas Station: No

Built in 2006

3-Mile Population: 277,016



3

BJ's Wholesale – 100 Mill Road, Freeport, NY

Distance to Subject Property - 4.79 Miles

Approximate Drive Time: 18 minutes

122,910 SF

6.44 AC

Gas Station: Yes

Built in 1992

3-Mile Population: 160,043



4

BJ's Wholesale – 711 Stewart Ave, Garden City, NY

Distance to Subject Property – 8.20 Miles

Approximate Drive Time: 29 Minutes

121,042 SF

17.22 AC (Shared)

Gas Station: No

Built in 1947

3-Mile Population: 192,197



5

Costco – 1250 Old Country Rd, Westbury, NY

Distance to Subject Property – 9.09 Miles

Approximate Drive Time: 30 Minutes

148,295 SF

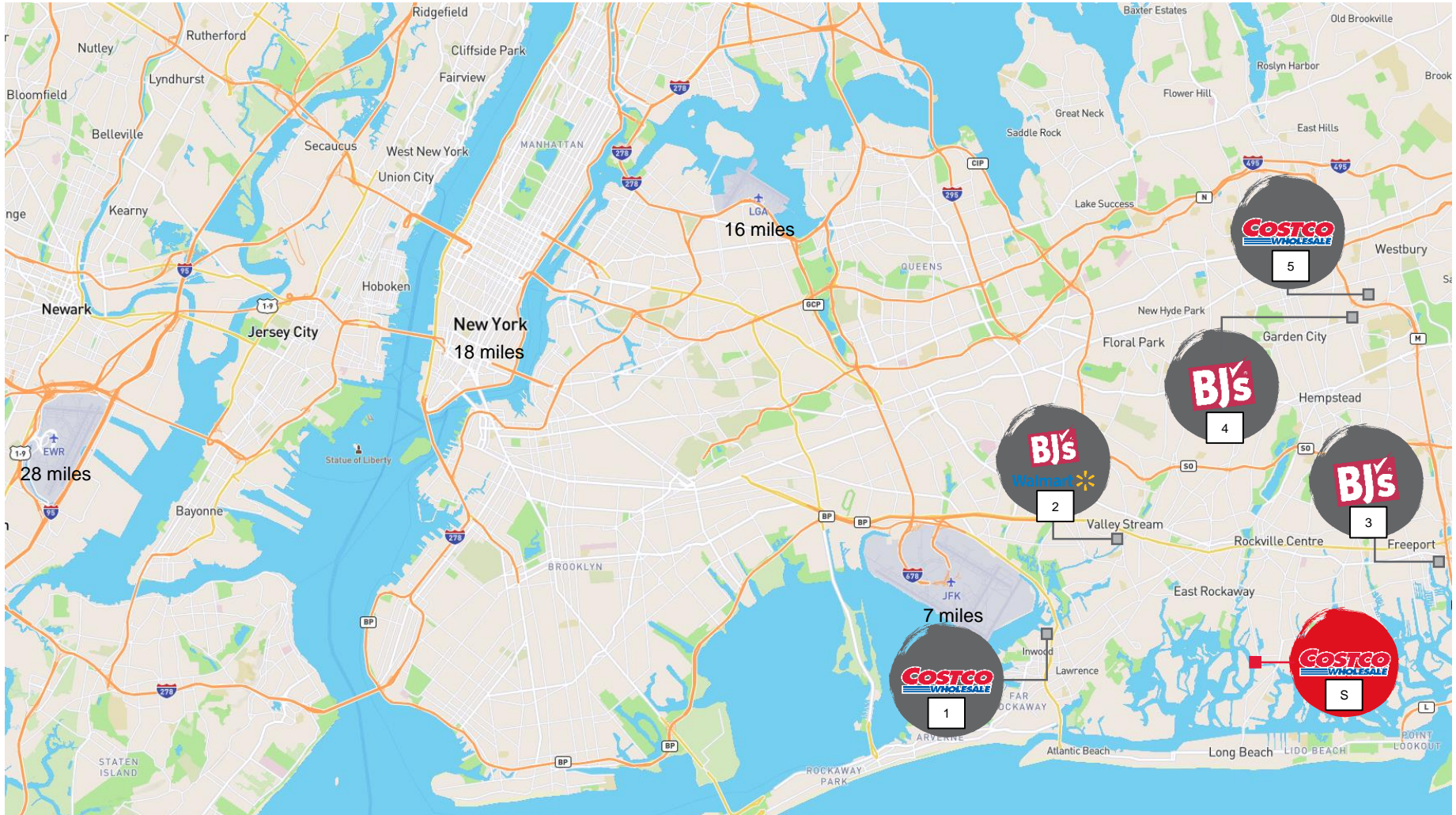
15.31 AC

Gas Station: No

Built in 1993

3-Mile Population: 168,498

Metro Aerial



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