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Marcus & Millichap



CVS/PHARMACY
1212 MCRAE BOULEVARD
EL PASO, TEXAS 79925

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EL PASO, TEXAS



MARKET AND PROPERTY ANALYSIS

MARKETING & PROPERTY ANALYSIS

INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present for sale a CVS/Pharmacy located in El Paso, Texas. The town of El Paso is the county seat of El Paso County and is a part of the El Paso-Juárez-Las Cruces international metropolitan area. The property is situated on approximately 1.9 acres with a gross leasable area (GLA) of 13,511 square feet. The subject property is comprised of a single-story building completed in 2014, with a drive-through, 64 on-site parking spaces and is positioned at the signalized intersection of McRae Boulevard and Wedgewood Drive. CVS/Pharmacy is a on a Triple-Net (NNN), corporately guaranteed lease, with 21.5 years remaining (expiration January 2040) and 10, five-year extension options (last 8 options are at 100% of FMV (Fair Market Value)). The lease is guaranteed by CVS Health Corporation, the 7th largest company in the Fortune 500 index with an S&P credit rating of BBB+ and revenues of \$177.5 billion for fiscal year 2016. The property is located just off Exit 28A from Interstate-10, near a dense concentration of medical offices that include Del Sol Regional Medical Center, numerous national retail tenants, and shopping centers. Eastwood High School, Ranchland Hills Middle School, and Valle Verde High School are all within a one-mile radius from the property and combine for approximately 3,100 total students.

This CVS/Pharmacy is located at the signalized intersection of McRae Boulevard and Wedgewood Drive that in 2016 had a traffic count of 36,000 vehicles per day. The property is in an area with a population of 264,000 people living within a five-mile radius and an average household income of just over \$52,000. Major tenants in close proximity include: Walmart Supercenter, Cielo Vista Mall (1.238 Million SF), Sam’s Club, TJ Maxx, Family Dollar, Starbucks, and McDonald’s, Among Others. El Paso is home to more than 70 Fortune 500 company offices such as Hoover, Eureka, Boeing, and Delphi. Education is a driving force for El Paso’s economy with El Paso’s three large school districts among the largest employers in the area with more than 19,000 employees between them. El Paso is accessible via Interstate-10, U.S. Highway 54, U.S. Highway 62, and El Paso International Airport, serviced by American, Delta, Southwest, and United Airlines, among others. The property’s long-term lease, corporate guarantee, and strategic location, make this CVS/ Pharmacy an attractive investment opportunity.

INVESTMENT HIGHLIGHTS

- CVS/Pharmacy (24-Hour Store) with 21.5 Years Remaining on a Corporately Guaranteed Triple Net (NNN) Lease
- No Increases in Base Term. Last 8 Options are at Fair Market Value, Providing the Possibility of Major Rent Increases in Those Options
- Located in El Paso, Texas, Part of the El Paso-Las Cruces-Juárez International Metropolitan Area
- Located at the Signalized Intersection of McRae Boulevard and Wedgewood Drive with a Combined Traffic Count of 36,000 Vehicles Per Day and Just Off Highway 10 with a Daily Traffic Count of 194,700
- Corporately Guaranteed by CVS Health Corporation, a Publicly Traded Company with a Credit Rating of BBB+ (S&P) and Revenues of \$177.5 Billion for Fiscal Year 2016
- No Personal Income Tax in Texas
- Surrounded by Major National Retailers Including: Walmart Supercenter, Cielo Vista Mall (1.238 Million SF), Sam’s Club, TJ Maxx, Family Dollar, Starbucks, and McDonald’s, Among Others
- Densely Populated with 264,000 People Living Within a Five-Mile Radius and an Average Household Income of just Over \$52,000

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OFFERING SUMMARY

Price	\$7,793,000
Price / SF	\$577
Cap Rate	5.25%
Gross Leasable Area (GLA)	13,511 SF
Year 1 NOI	\$409,114
Years Remaining	21.5 Years

PROPERTY DETAILS

Property Name	CVS/Pharmacy
Street Address	1212 McRae Boulevard
City, State Zip	El Paso, TX 79925
Gross Leasable Area (GLA)	13,511 SF
Tax Parcel Number	E207-999-0200-6500
Property Type	Single-Tenant Freestanding Retail (Drug Store)
Number of Buildings	One
Number of Stories	One
Year Built/Renovated	2014
Type of Ownership	Fee Simple
Parking	64 Spaces
Lot Size	1.91 Acres

OPERATING DATA

	\$/SF	CURRENT
Potential Gross Revenue		
Base Rent	\$30.28	\$409,114
Scheduled Base Rental Revenue	\$30.28	\$409,114
Net Operating Income	\$30.28	\$409,114

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RENT BREAKDOWN

RENT		RENTAL RATE			
START	END	PER SF	MONTHLY	ANNUAL	TERM
Current	Jan-40	\$30.28	\$34,093	\$409,114	Base Term
Feb-40	Jan-45	\$30.28	\$34,093	\$409,114	Option 1
Feb-45	Jan-50	\$30.28	\$34,093	\$409,114	Option 2
Feb-50	Jan-55	FMV	FMV	FMV	Option 3
Feb-55	Jan-60	FMV	FMV	FMV	Option 4
Feb-60	Jan-65	FMV	FMV	FMV	Option 5
Feb-65	Jan-70	FMV	FMV	FMV	Option 6
Feb-70	Jan-75	FMV	FMV	FMV	Option 7
Feb-75	Jan-80	FMV	FMV	FMV	Option 8
Feb-80	Jan-85	FMV	FMV	FMV	Option 9
Feb-85	Jan-90	FMV	FMV	FMV	Option 10

Note:

First two extension options are at a fixed rate and all 8 options thereafter will be at Fair Market Value (FMV) - Providing the possibility of major rent increases; Tenant will have a maximum of ten (10) extension options



CVS Health Corporation is the largest pharmacy health care provider in the United States with over 9,800 retail locations in 49 states, the District of Columbia, Puerto Rico, and Brazil. As an industry leader with nearly 24 percent market share, CVS continues to be on the leading edge of pharmacy and health services with more than 94 million PBM members and more than 13 million total Medicare members. Among its integrated platform, the company provides an expansive range of services including retail pharmacies, retail clinics, infusion services, long-term care pharmacy services, clinical programs, and pharmacy benefits management, among others. Pending approval by government regulators, CVS will acquire and merge with Aetna Inc. in 2018, one of the nation’s leading diversified health care benefits companies featuring a network that stretches across the United States. Currently ranked 7th on the Fortune 500, the combined CVS/Aetna entity would create a Fortune 4 company with more than \$18 billion in pro forma EBITDA.

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TENANT OVERVIEW

Tenant Trade Name	CVS Pharmacy, Inc.
Company Name	CVS Health Corporation
Industry	Pharmacy & Retail
Net Revenue (FY 2017)	\$184.765 Billion
Operating Income (FE 2017)	\$9.517 Billion
Net Income (FE 2017)	\$6.622 Billion
Type	Public
Stock Symbol	NYSE: CVS
Rating Agency / Credit Rating	S&P / BBB+ Moody's / Baa1
Number of Locations	9,800+
Headquarters	Woonsocket, RI
Year Founded	1963
Fortune 500 Rank (2017)	#7

LEASE OVERVIEW

GLA	13,511 SF
Lease Start	Dec-14
Lease Expiration	Jan-40
Years Remaining	21.5 Years
Original Lease Term	25 Years
Rent / SF	\$30.28
Monthly Rent	\$34,093
Annual Rent	\$409,114
Increases	None
Options	Ten, Five-Year Options
Option Rent	Fixed at \$409,114 in First Two Options 100% of FMV in Final Eight Options
Lease Type	Absolute Triple-Net (NNN)
Roof & Structure	Tenant Responsibility
Guarantor	Corporate Guarantee (CVS Health Corporation)

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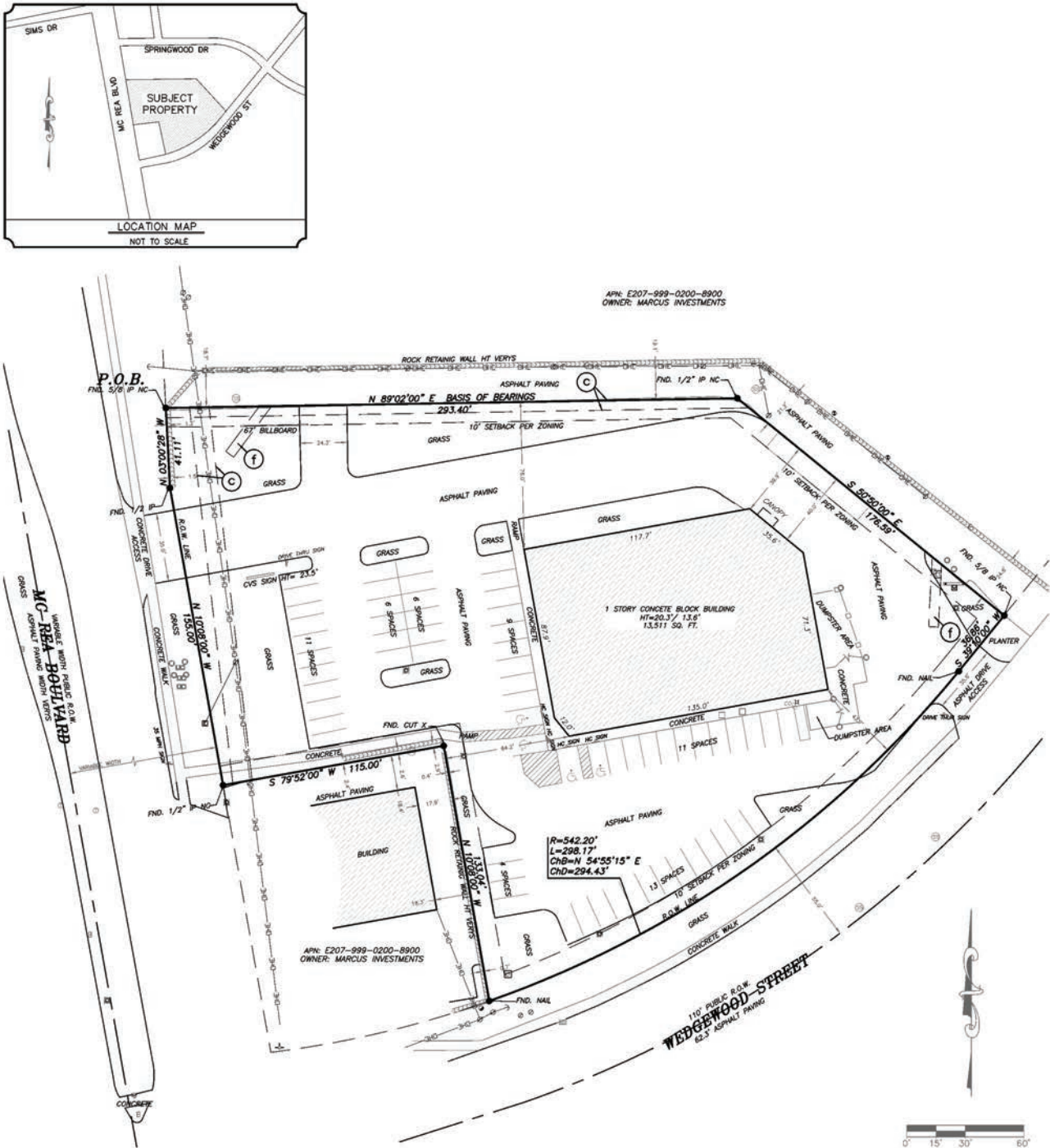
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PARCEL OUTLINE*



*Boundaries are only estimates and should not be relied upon.

PROPERTY SURVEY

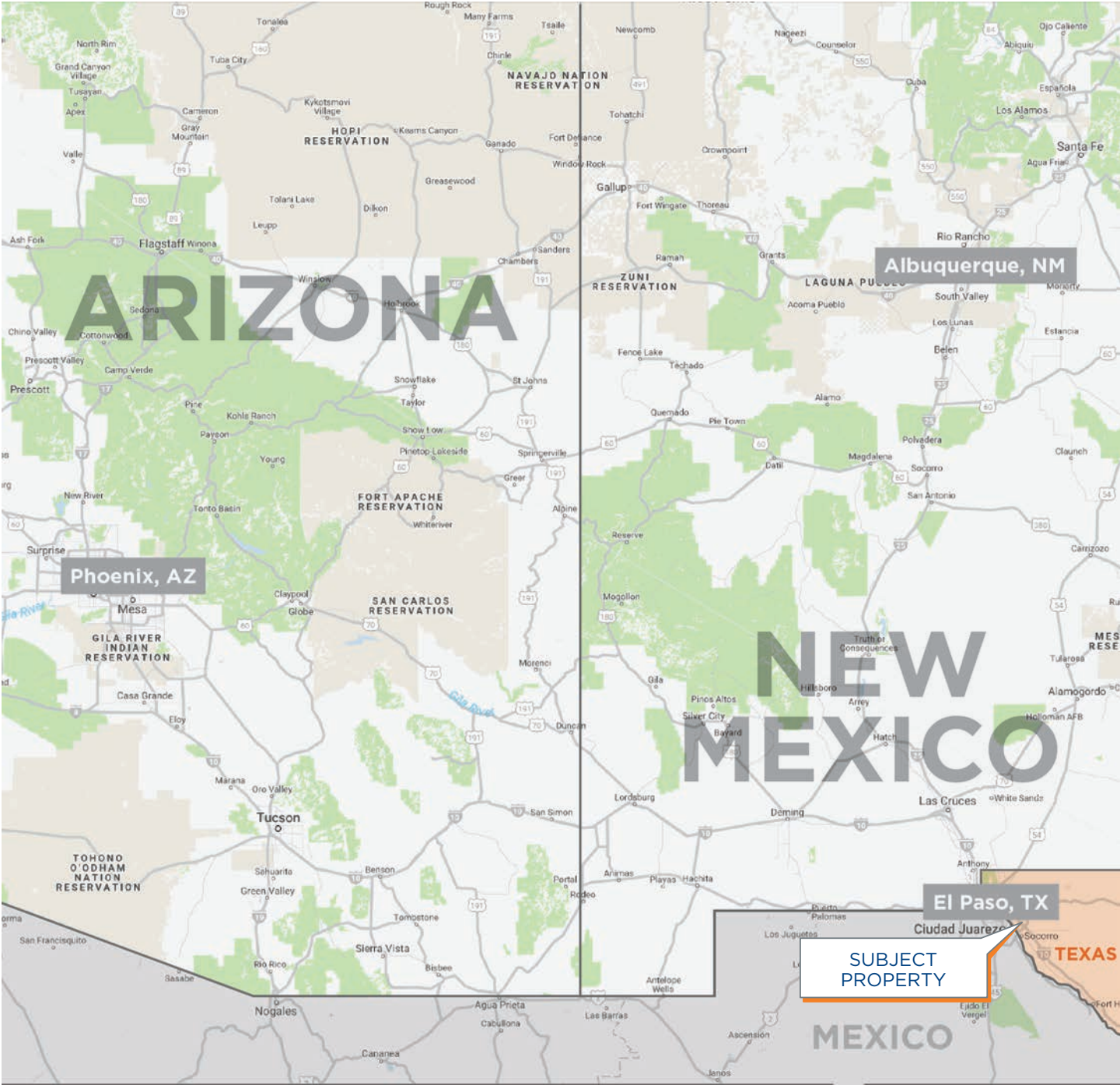


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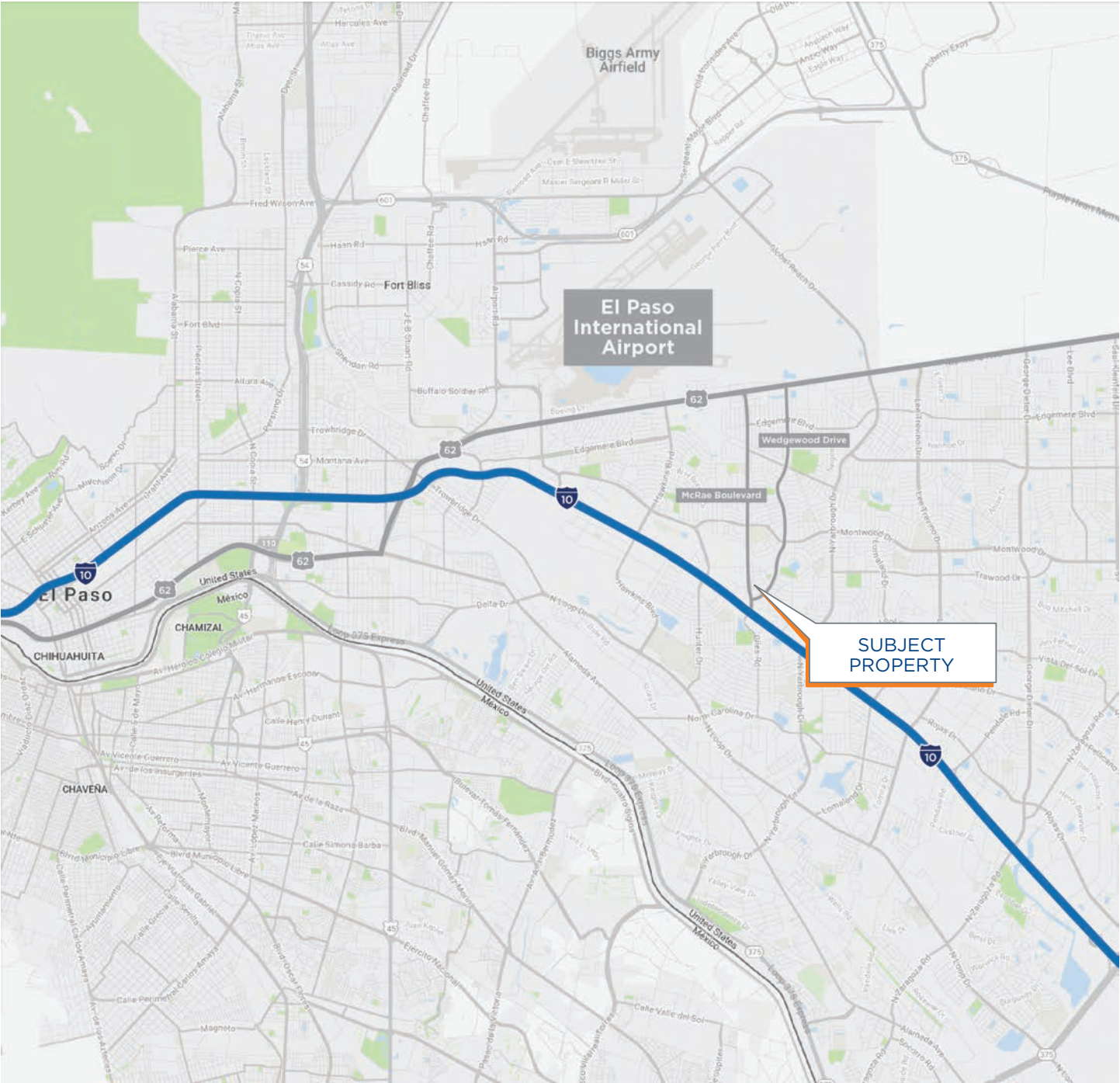
REGIONAL MAP



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LOCAL MAP



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MAJOR LOCAL RETAIL MAP



Traffic Count Source: CoStar Texas DOT

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DEMOGRAPHICS

	1 MILE	3 MILE	5 MILE
2017 Population	18,426	122,019	266,581
2022 Population	18,292	120,915	271,465
2017 Households	6,910	42,924	88,324
2017 Average Household Income	\$55,647	\$53,143	\$53,615
2017 Median Household Income	\$39,842	\$40,807	\$41,323
2017 Per Capita Income	\$20,881	\$18,750	\$18,056

MAJOR AREA EMPLOYERS

COMPANY	# OF EMPLOYEES
GS Services	5,154
Elcom Inc.	2,900
Ysleta Independent School Dist.	2,722
Western Refining Inc.	1,723
El Paso County Hospital Dist.	1,700

MAJOR AREA RETAILERS

RETAILER
Best Buy
Dick's Sporting Goods
HomeGoods
TJ Maxx
Walgreens

TRAFFIC COUNTS*

STREET NAME	VEHICLES PER DAY (VPD)
McRae Boulevard	28,000
Wedgewood Drive	8,000
I-10	194,700

*Source: CoStar & Texas DOT



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LOCATION OVERVIEW - EL PASO, TX

El Paso is an important entry point to the U.S. from Mexico that is located in southwest Texas. Once a major copper refining area, major manufacturing industries in El Paso now include food production, clothing, construction materials, electronic and medical equipment, and plastics. Cotton, truíe, vegetables, livestock, and pecas are produced in the area. Education is also a primary driving force in El Paso. The University of Texas at El Paso has an annual budget of nearly \$250 million and employs nearly 3,600 people with the University's local economic impact estimated at \$349 million. The military installation of Fort Bliss is a major contributor to El Paso's economy and is the site of the United States Army Air Defense Center. The Air Defense Center produces approximately \$80 million in products and services, annually, with about \$60 million of those products and services purchased locally. Fort Bliss' total economic impact on the area as been estimated at \$1 billion with 12,000 soldiers currently stationed at the Fort, pending the removal of troops from overseas assignments, this could add an additional 3,800 soldiers with this growth expected to create a strong economic ripple through El Paso. El Paso has a diversified economy focused on international trade, military, government service, oil and gas, health care, tourism, and service sectors.



MARKETING & PROPERTY ANALYSIS

DEMOGRAPHIC SUMMARY 1, 3, 5 MILES FROM 1212 MCRAE BOULEVARD, EL PASO, TEXAS 79925

POPULATION	1 MILE	3 MILE	5 MILE
2000 Population	19,175	128,085	260,585
2010 Population	18,741	122,947	264,499
2018 Population	18,426	122,019	266,581
2022 Population	18,292	120,915	271,465
HOUSEHOLDS	1 MILE	3 MILE	5 MILE
2000 Households	6,902	42,044	81,034
2010 Households	7,024	43,207	87,510
2018 Households	6,910	42,924	88,324
2022 Households	6,983	43,284	91,397
Growth 2018 - 2022	1.06%	0.84%	3.48%

HOUSING UNITS BY OCCUPANCY STATUS	1 MILE	3 MILE	5 MILE
2000 Owner Occupied Housing Units	53.62%	58.46%	61.36%
2000 Renter Occupied Housing Units	41.73%	36.96%	33.46%
2000 Vacant	4.65%	4.59%	5.18%
2010 Owner Occupied Housing Units	53.26%	58.13%	61.09%
2010 Renter Occupied Housing Units	46.74%	41.87%	38.91%
2010 Vacant	2.95%	3.66%	3.79%
2018 Owner Occupied Housing Units	51.73%	56.79%	59.57%
2018 Renter Occupied Housing Units	48.27%	43.21%	40.43%
2018 Vacant	4.30%	5.21%	5.47%
2022 Owner Occupied Housing Units	49.88%	56.35%	59.42%
2022 Renter Occupied Housing Units	50.12%	43.65%	40.58%
2022 Vacant	4.15%	5.28%	5.53%

2018 HOUSEHOLD INCOME	1 MILE	3 MILE	5 MILE
\$200,000 Or More	1.79%	1.35%	1.32%
\$150,000 - \$199,999	2.46%	1.94%	1.95%
\$100,000 - \$149,999	8.41%	7.85%	7.84%
\$75,000 - \$99,000	9.29%	9.41%	9.71%
\$50,000 - \$74,999	17.70%	18.90%	18.95%
\$35,000 - \$49,999	17.03%	17.01%	17.42%
\$25,000 - \$34,999	14.05%	12.72%	12.73%
\$15,000 - \$24,999	13.19%	13.82%	13.39%
\$10,000 - \$14,999	7.98%	7.51%	7.21%
Under \$9,999	8.10%	9.49%	9.48%
2018 Average Household Income	\$55,647	\$53,143	\$53,615
2018 Median Household Income	\$39,842	\$40,807	\$41,323
2018 Per Capita Income	\$20,881	\$18,750	\$18,056

DEMOGRAPHIC SUMMARY 5 MILES FROM 1212 MCRAE BOULEVARD, EL PASO, TEXAS 79925

POPULATION

In 2017, the population in your selected geography is 266,581. The population has changed by 2.30% since 2000. It is estimated that the population in your area will be 271,465 five years from now, which represents a change of 1.83% from the current year. The current population is 48.22% male and 51.78% female. The median age of the population in your area is 34.0, compare this to the Entire US average which is 37.8. The population density in your area is 3,395.37 people per square mile.

HOUSEHOLDS

There are currently 88,324 households in your selected geography. The number of households has changed by 9.00% since 2000. It is estimated that the number of households in your area will be 91,397 five years from now, which represents a change of 3.48% from the current year. The average household size in your area is 2.98 persons.

INCOME

In 2017, the median household income for your selected geography is \$41,323, compare this to the entire US average which is currently \$56,286. The median household income for your area has changed by 25.28% since 2000. It is estimated that the median household income in your area will be \$47,737 five years from now, which represents a change of 15.52% from the current year.

The current year per capita income in your area is \$18,056, compare this to the entire US average, which is \$30,982. The current year average household income in your area is \$53,615, compare this to the entire US average which is \$81,217.

RACE & ETHNICITY

The current year racial makeup of your selected area is as follows: 81.55% White, 2.99% Black, 0.14% Native American and 0.84% Asian/Pacific Islander. Compare these to Entire US% averages which are: 70.42% White, 12.85% Black, 0.19% Native American and 5.53% Asian/Pacific Islander.

People of Hispanic origin are counted independently of race. People of Hispanic origin make up 85.61% of the current year population in your selected area. Compare this to the Entire US% average of 17.88%.

HOUSING

In 2000, there were 52,436 owner occupied housing units in your area and there were 28,599 renter occupied housing units in your area. The median rent at the time was \$448.

EMPLOYMENT

In 2017, there are 142,516 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 59.04% of employees are employed in white-collar occupations in this geography, and 40.94% are employed in blue-collar occupations. In 2017, unemployment in this area is 5.11%. In 2000, the average time traveled to work was 22.8 minutes.



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