

NNN Citizens Bank - Recent 7 Yr. Renewal | High Deposit Location

Mentor, Ohio



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Offering Memorandum

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The Property - Investment Summary

Property	NNN Citizens Bank
Guarantor	Citizens Bank, N.A.
Branch Deposits	\$405,404,000 (www.fdic.gov - 2017)
Credit Rating	S&P: A-
Address	8715 Mentor Ave Mentor, Ohio 44060
Major Market	Cleveland-Elyria MSA
Market Population	2,058,844
Building Size	9,759 Square Feet
Building Type	Brick
Acreage	2.53 Acres
Parcels	1
Year Built	1958
Rent Commencement	June 29, 2006
Lease Expiration	July 31, 2025
Traffic Counts	Mentor Ave: 22,975 Vehicles Per Day (TETRAD)
Net Operating Income	\$109,000
CAP Rate	6%
Price	\$1,816,667
Additional Income	Yes - See Page 4 Rent Roll for Details



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The Property - Property Description

Investment Highlights

- Strong Corporate Guaranty - Citizens Bank, N.A. (NYSE: CFG) with more than 1,200 Branches & 3,200 ATMs across 11 States
- Extremely High Bank Deposit - \$405 Million Annually per FDIC
- Recent 7 Year Extension - Showing Long-Term Commitment to this Location
- Long-Term Occupancy - Over 12 Years at this Branch Location
- Part of the Cleveland-Elyria MSA - 2,058,844 Population
- Conveniently Located on Mentor Ave with Over 22,975 Vehicles Per Day (TETRAD)

Property Description

For sale to qualified investors is the fee-simple interest in a recent long-term extension, freestanding Citizens Bank with double drive-thru in Mentor, Ohio. Citizens Bank has been a tenant at this location since 2006 and recently showed their commitment to this location by extending their lease for 7 additional years. According to the Federal Deposit Insurance Corporation (FDIC), this Citizens Bank location has annual deposits over \$405 million, resulting in the largest branch office in Mentor and Lake County by a wide margin. This investment is being offered at an attractive 6% cap rate with a corresponding price of \$1,816,667. The passive nature of this lease combined with the corporate guaranty make this an ideal 1031 replacement property or acquisition for an investor desiring a passive real estate investment. There are approximately 43,595 people within a three mile radius, with average incomes of \$87,297. A few of the nearby retailers include Walmart, McDonald's, Dairy Queen, CVS, Applebee's Grill, Chipotle, Panda Express, T-Mobile, Huntington Bank, Bob Evans, Staples, Starbucks, Walgreens, Taco Bell, Kohl's, Chick-fil-A, Lowe's Home Improvements, Arby's, Target, Goodwill, Bed Bath & Beyond, Great Lakes Mall and many more.

Mentor, Ohio

Mentor is a city in Lake County, Ohio, with a population of 47,159 people. In 2010, CNNMoney.com ranked Mentor 37th in a list of the "Top 100 Best Places to Live in America." It is part of the Cleveland-Elyria Metropolitan Statistical Area and is located in the eastern suburbs, approximately 20 miles east of downtown Cleveland. As of 2012, Mentor was ranked the 6th largest retail market in Ohio and ranking 7th in the state for restaurants. The city was formally established in 1855 and was home to James A. Garfield, the 20th President of the United States. The city is also home to Headlands Beach State Park, the longest public swimming beach in Ohio. Surrounding the city are multiple national and international corporations, business and schools employing thousands of workers daily. Some of these include Avery Dennison Corporation, Lincoln Electric Holdings, Inc., FirstEnergy Corp., STERIS Corporation, Lake Health System, Inc., The Lubrizol Corporation, Parker-Hannifin Corporation.



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The Property - Property Photos



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Performance & Tenancy - Rent Roll

Tenant Name	Square Feet	Lease Term		Rental Rates			Recovery	
		Begin	End	Begin	Annually	Monthly	Type	Comments/Options
Citizens Bank, N.A. (NYSE: CFG)	4,281	6-29-2006	7-31-2025	Current	\$109,000.00	\$9,083.33	NNN	Tenant is responsible for all maintenance and repair of the premises. Tenant pays all property taxes and insurance.
				<u>Options</u>				
				8-1-2030	\$124,260.00	\$10,355.00		Options: Three (3) — Five (5) year options. Tenant to give Landlord twelve (12) months prior notice of its intent to renew.
				8-1-2035	\$136,686.00	\$11,390.50		
				8-1-2040	\$150,354.60	\$12,529.55		*If the vacant premises is leased at any point during the extension term, Tenant's prorate share of taxes and insurance shall be adjusted to 74.3%.

Value Add Opportunity

Operating Proforma

Tenant	Size	Annual/Potential Income	Current	Potential
Citizens Bank	4,281 SF	\$109,000	\$109,000	\$109,000
Vacant (1st Floor)	440 SF	\$6,600		\$6,600
Vacant (2nd Floor)	1,450 SF	\$14,500		\$14,500
Vacant (Basement)	3,000 SF	\$15,000		\$15,000
NOI			\$109,000	\$145,100
Cap Rate			6%	7.99%



Citizens Financial Group, Inc. (NYSE: CFG) is an American bank headquartered in Providence, Rhode Island, which operates more than 1,200 branches and approximately 3,200 ATMs across 11 states under the Citizens Bank brand. Currently, Citizens Bank ranks 24th on the list of largest banks in the United States by total assets. Citizens was established in 1828 as the High Street Bank in Providence, Rhode Island. The bank expanded through Rhode Island, opening a total of 29 branches in the state and soon established Citizens Financial Group as a holding company. In 1985, Citizens changed status from a mutual savings bank to a federal stock savings bank with expansion into other states beginning in 1986. Following the acquisition of The Royal Bank of Scotland Group in 1988, Citizens Bank grew rapidly along side over 25 strategic bank acquisitions. These acquisitions expanded their footprint throughout New England and into the Mid-Atlantic and the Midwest, transforming from a local retail bank into one of the largest retail U.S. bank-holding companies with nearly \$170 billion in assets.

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Market Overview - Regional Snapshot

Cleveland Regional Highlights

- The Cleveland Clinic consistently ranks in the Top 5 for Best Hospitals in the U.S., with 5.1 million patient visits per year.
- In the 2015 Fortune 500 ranking of the largest U.S. corporations, 7 companies are based in Northeast Ohio.
- According to the 2015 Census Estimate, the Cleveland-Akron-Canton CSA has a population of 3,515,646 people. The area is also home to NBA, NFL, and MLB professional franchises.
- The RNC (Republican National Convention) was held in Cleveland at the end of July 2016, and was estimated to have generated over \$200 Million in direct spending.



- Case Western Reserve University & Cleveland State University reside in the heart of downtown Cleveland. Combined enrollment is over 28,000 students.
- During 2016, developers rolled out over 1,500 apartment suites in Cleveland's central business district. In 2015 the average was 750 apartments units, resulting in a 100% increase from the previous year. 1,000 new units are planned for 2017.

Top Employers

Company	# Of Employees
• Cleveland Clinic	32,251
• University Hospitals	14,518
• Progressive Insurance	8,379
• The MetroHealth System	5,823
• Key Corp	4,812
• Case Western Reserve University	4,512
• Swagelok Co	4,186
• Sherwin-Williams Co	3,430
• Lincoln Electric Co	2,800
• Nestle USA	2,298



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Market Overview - Retail Aerial



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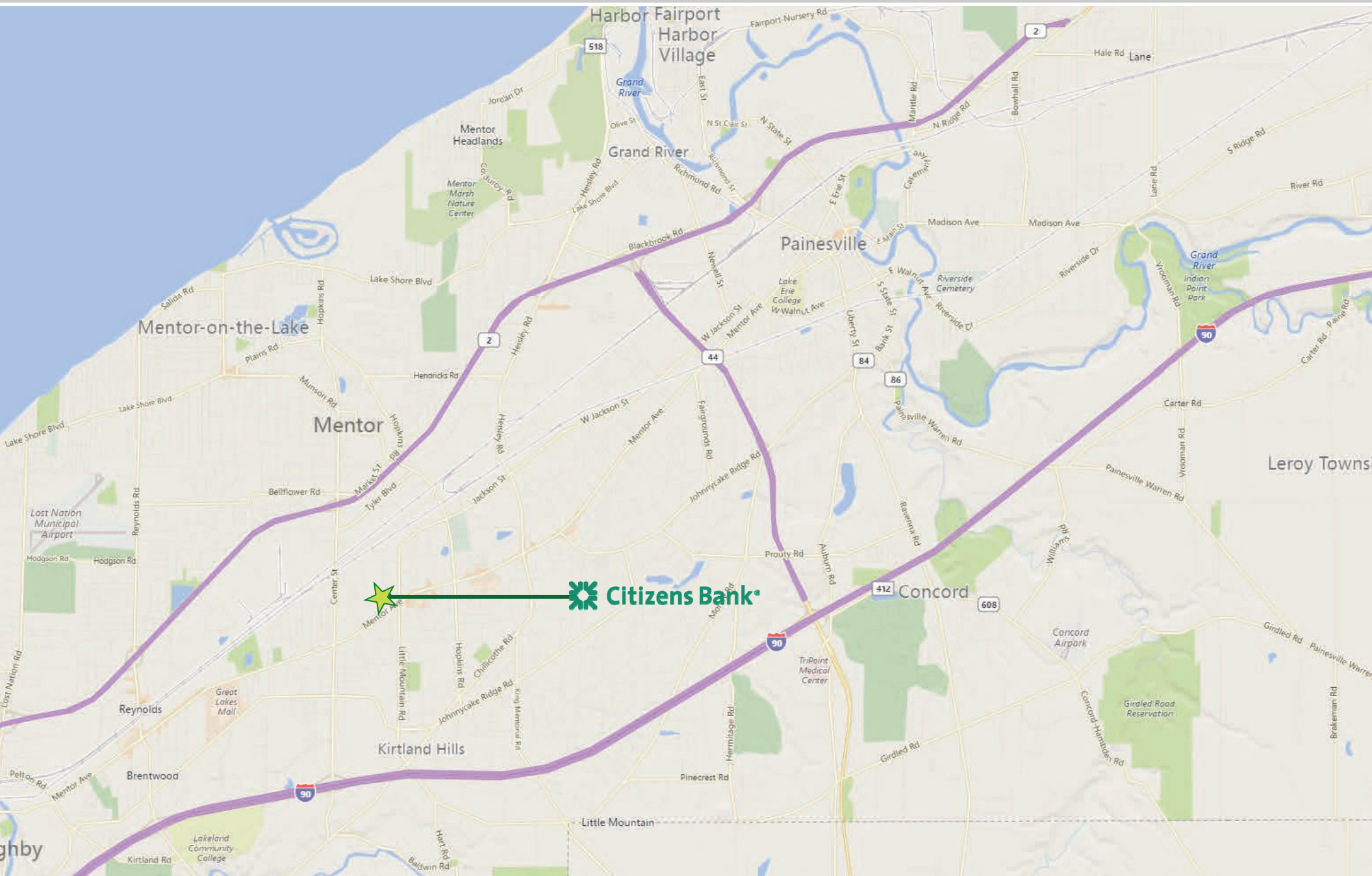
Market Overview - Retail Aerial



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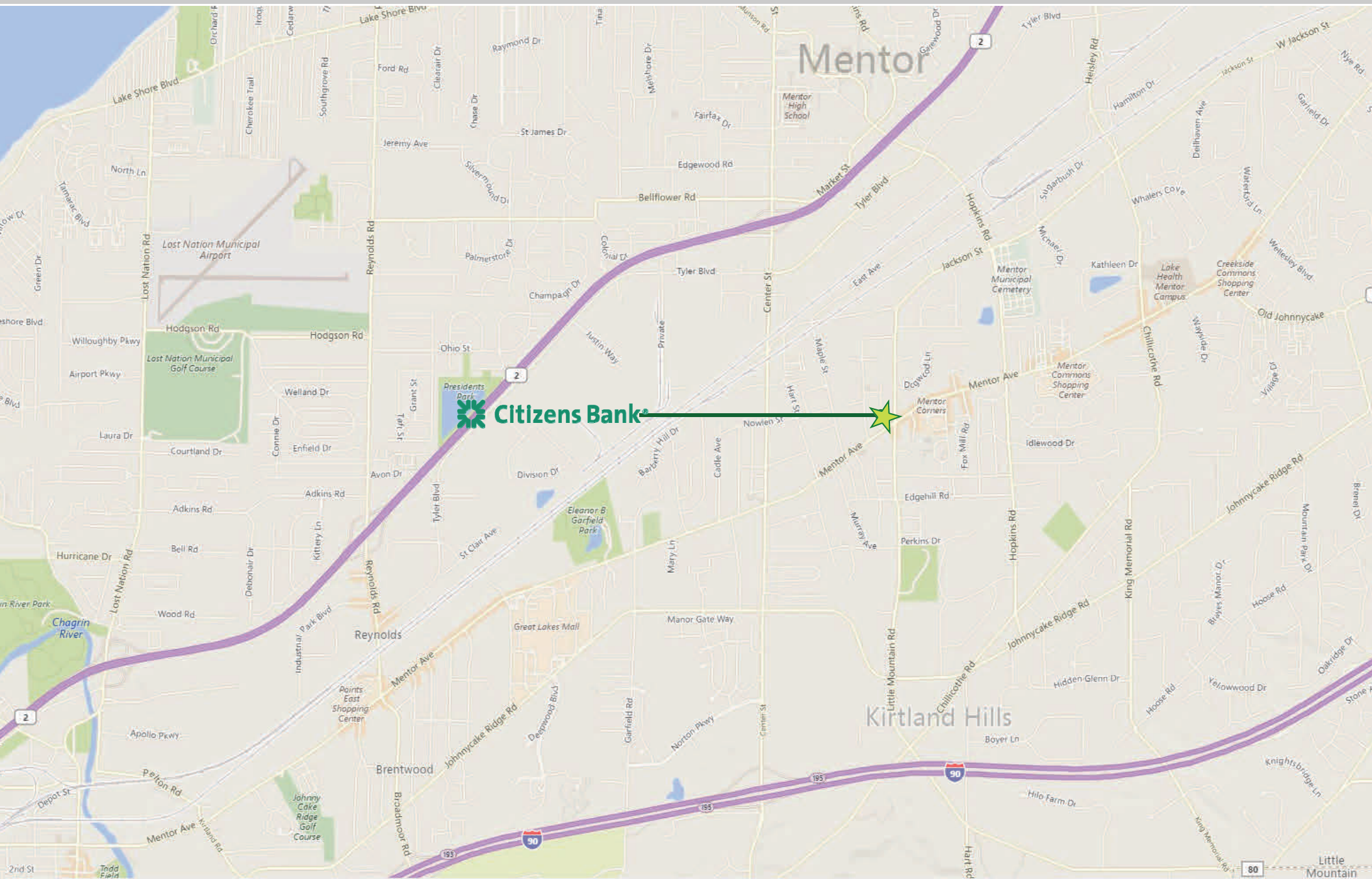
Market Overview - Regional Map



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Market Overview - Local Map



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Market Overview - Demographics

	1 mi	3 mi	5 mi	7 mi
Population				
2017 Estimated Population	5,711	43,595	103,579	157,584
2022 Projected Population	5,711	43,648	103,840	157,738
2010 Census Population	5,872	43,746	102,732	156,730
2000 Census Population	6,125	45,583	102,799	157,481
Projected Annual Growth 2016-2021	0.01%	0.12%	0.25%	0.10%
Households				
2017 Estimated Households	2,514	17,957	42,381	64,426
2022 Projected Households	2,514	17,983	42,505	64,515
2010 Census Households	2,565	17,989	42,011	64,027
2000 Census Households	2,465	17,311	39,741	61,478
Projected Annual Growth 2016-2021	0.01%	0.15%	0.29%	0.14%
Historical Annual Growth 2000-2016	1.98%	3.73%	6.64%	4.79%
Age (2017)				
Est. Population Under 10 Years	9.4%	9.4%	10.5%	10.7%
Est. Population 10-19	11.0%	12.1%	12.7%	12.6%
Est. Population 20-30	11.3%	11.3%	11.6%	11.8%
Est. Population 30-44	15.3%	14.3%	16.1%	16.4%
Est. Population 45-59	20.9%	22.3%	22.0%	21.7%
Est. Population 60-74	22.0%	22.0%	19.8%	19.3%
Est. Population 75 Years or Over	10.1%	8.5%	7.3%	7.5%
Income (2017)				
Est. HH Inc \$200,000 or more	2.2%	4.5%	4.1%	4.1%
Est. HH Inc \$150,000 to \$199,999	6.0%	8.6%	6.3%	5.7%
Est. HH Inc \$100,000 to \$149,999	17.8%	20.5%	17.5%	16.1%
Est. HH Inc \$75,000 to \$99,999	16.5%	15.1%	15.0%	14.5%
Est. HH Inc \$50,000 to \$74,999	20.7%	17.3%	18.4%	18.4%
Est. HH Inc \$35,000 to \$49,999	14.9%	12.6%	13.9%	13.9%
Est. HH Inc \$25,000 to \$34,999	6.8%	8.1%	9.0%	9.9%
Est. HH Inc \$15,000 to \$24,999	6.1%	6.4%	7.8%	8.8%
Est. HH Inc Under \$15,000	8.8%	6.9%	7.9%	8.6%
Est. Average Household Income	\$ 75,917	\$ 87,297	\$ 80,668	\$ 77,814
Est. Median Household Income	\$ 66,479	\$ 73,090	\$ 65,513	\$ 62,028
Est. Per Capita Income	\$ 33,421	\$ 35,957	\$ 33,007	\$ 31,813

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Education (2017)				
Est Pop Age 25+ by Educ Attain.	4,216	31,651	73,422	111,334
Less than 9th grade	1.6%	1.5%	1.8%	2.3%
Some High School, no diploma	3.3%	3.4%	4.8%	5.8%
High School Graduate (or GED)	32.0%	28.9%	31.9%	32.7%
Some College, no degree	24.6%	21.7%	21.9%	21.7%
Associate Degree	9.1%	10.3%	9.9%	9.8%
Bachelor's Degree	18.7%	21.9%	19.7%	18.1%
Graduate Degree	10.6%	12.2%	10.0%	9.7%
Housing (2017)				
Est. Total Housing Units	2,707	18,897	44,917	68,754
Est. Owner-Occupied	74.0%	80.3%	74.5%	71.1%
Est. Renter-Occupied	18.9%	14.7%	19.9%	22.6%
Est. Vacant Housing Units	7.1%	5.0%	5.6%	6.3%
Homes Built by Year (ACS)				
Homes Built 2005 Or Later	0.0%	0.1%	0.0%	0.0%
Homes Built 2000 To 2004	1.4%	0.9%	1.1%	1.0%
Homes Built 1990 To 1999	6.0%	5.4%	8.7%	8.5%
Homes Built 1980 To 1989	5.7%	14.7%	14.1%	12.6%
Homes Built 1970 To 1979	8.1%	16.5%	12.8%	10.9%
Homes Built 1960 To 1969	14.8%	21.6%	18.8%	18.0%
Homes Built 1950 To 1959	19.0%	18.3%	16.2%	15.4%
Homes Built 1940 To 1949	23.9%	13.1%	15.8%	17.2%
Homes Built 1939 Or Earlier	4.1%	3.1%	4.9%	5.8%
Housing (2017)				
Home Value \$1,000,000 or more	1%	1%	0%	1%
Home Value \$500,000 to \$999,999	1%	1%	3%	3%
Home Value \$400,000 to \$499,999	2%	3%	4%	4%
Home Value \$300,000 to \$399,999	6%	11%	10%	10%
Home Value \$200,000 to \$299,999	37%	38%	29%	25%
Home Value \$150,000 to \$199,999	27%	23%	23%	22%
Home Value \$100,000 to \$149,999	19%	15%	21%	24%
Home Value \$70,000 to \$99,999	5%	4%	6%	7%
Home Value \$50,000 to \$69,999	0%	1%	1%	1%
Home Value \$25,000 to \$49,999	1%	1%	1%	1%
Home Value Under \$25,000	3%	2%	3%	2%
Median Housing Unit Value	\$ 192,754	\$ 207,515	\$ 191,135	\$ 184,162

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	1 mi	3 mi	5 mi	7 mi
Labor Force (2017)				
Est Pop Age 16+ by Employ. Status	4,832	36,729	85,571	129,824
Labor Force	67.0%	67.4%	68.1%	67.1%
In Armed Forces	0.2%	0.1%	0.1%	0.1%
Civilian, Employed	63.6%	64.9%	65.1%	63.7%
Civilian, Unemployed	3.2%	2.4%	2.9%	3.3%
Not in Labor Force	33.0%	32.6%	31.9%	32.9%
Occupation (2017)				
Agr, forest, fish & hunt., min and const.	4.3%	4.5%	5.0%	5.1%
Manufacturing	14.0%	17.3%	19.0%	19.8%
Wholesale & retail trade	14.0%	14.9%	14.3%	13.9%
Transp. and warehousing, and utilities	6.3%	3.9%	3.7%	3.5%
Information	2.1%	1.5%	1.4%	1.5%
Fin, ins., real estate, rental & leasing	10.5%	9.1%	8.5%	8.1%
Prof, sci, manag, admin, & waste ms	11.4%	11.5%	9.9%	9.8%
Educational, health and social services	22.1%	23.8%	22.9%	22.1%
Arts, enter., rec., accom. & food services	7.1%	5.9%	7.9%	8.7%
Other services (except pub admin.)	6.0%	4.9%	4.7%	4.5%
Public Administration	2.2%	2.7%	2.7%	2.9%
Travel Time (ACS)				
14 Minutes or Less	31.2%	30.0%	28.5%	27.9%
15 to 29 Minutes	42.1%	37.3%	38.8%	40.4%
30 to 59 Minutes	23.4%	29.6%	29.6%	28.8%
60 Or More Minutes	3.4%	3.2%	3.1%	3.0%
Weekly Per Capita Consumer Expenditures				
Market Basket	\$ 53.89	\$ 54.64	\$ 54.38	\$ 54.19
Apparel and services	\$ 13.07	\$ 13.75	\$ 13.43	\$ 13.23
Transportation	\$ 74.17	\$ 77.12	\$ 75.23	\$ 74.10
Health Care	\$ 34.21	\$ 35.02	\$ 34.19	\$ 33.79
Entertainment	\$ 21.03	\$ 21.99	\$ 21.38	\$ 21.10