

# NNN INVESTMENT OPPORTUNITY

WALGREENS - CYPRESS, TEXAS



# NNN LEASE OFFERING MEMORANDUM

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# WALGREENS - CYPRESS, TEXAS

16211 SPRING CYPRESS ROAD, CYPRESS, TX 77429



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## EXCLUSIVELY OFFERED BY

**NIKO MIĆIN**

(206) 210 5208

[niko@agmnetlease.com](mailto:niko@agmnetlease.com)

[www.agmnetlease.com](http://www.agmnetlease.com)

## BROKER OF RECORD

**DAVID GREENE**

(719) 487 9973

[david@practicebrokers.com](mailto:david@practicebrokers.com)

TX Lic. #80921

# INVESTMENT SUMMARY

The subject property is a 14,490 square foot Walgreens store located in Cypress, an affluent suburb of Houston, TX, part of the Harris county. Walgreens (NASDAQ: WBA) has an Investment Grade Credit Rating “BBB” by Standard & Poor’s. Annual revenues exceed \$103 Billion. Tenant has been successfully operating at this address for 15 years, showing strong commitment to the location. Site is equipped with a double drive-thru pharmacy. Walgreens recently acquired 1,932 stores from Rite Aid on a nationwide basis (out of which 500 will be either closed or not renewed) to further expand their presence and footprint.

## LEASE DETAILS

Walgreens signed a 75-year lease, with ten 5-year termination options that commence on December 1st, 2029. There are approximately 9.5 +/- years remaining on the initial term of the lease. Lease is an absolute NNN lease providing investors with carefree ownership. Store was built in 2003 to capture the residents going to and from work on Spring Cypress and Barker Cypress Roads, a corner which boasts a combined daily traffic and of Walgreens presence in the Eastern part of the city, along the South Sycamore Avenue. As part of the lease agreement, Tenant shall pay the sum equal to 2% of the gross sales (except for the sales of food items and prescription items), plus 1.0% of the gross sales of food items, plus 0.5% of the gross sales of prescription items (excluding items sold pursuant to Third Party Prescription Plans) exceed the total fixed rent for such lease year.

## TRADE AREA

Cypress is an affluent suburb of Houston and is a part of its MSA (metropolitan statistical area), which has over 6.9 million residents and is the 5th largest MSA in the country. Cypress boasts incredible demographics within 1,3 and 5-mile radii with

incredible growth factors. Within 1-mile radius from the property, there are in excess of 12,000 residents with an average household income in excess of \$157,000, well above national averages. Cypress is located NW of downtown Houston accessible through US-290, the main arterial to Houston.

Property is located on the SW corner of heavily trafficked Spring Cypress and Barker Cypress Roads and with an excess of 40,000 vehicles passing daily, this location is hard to beat. Subject store serves the dense residential area just outside of the Cypress Town Center retail corridor. Neighboring retail roster includes the nation’s strongest retailers including Walmart, Home Depot, Lowe’s, Target, Chick-fil-a, Best Buy, Michael’s, PetSmart, T-Mobile, McDonalds, Starbucks, Capital One, Sprint, Five Guys, Wells Fargo, Panera Bread, Arby’s, CVS, Bank of America, Chase, Wendy’s, Chipotle, Sonic etc.





# INVESTMENT HIGHLIGHTS



## STELLAR REPORTED SALES

Subject store holds a steady \$3 million in reported sales, which is more than 30% above average for a Walgreens store.



## EXTRAORDINARY DEMOGRAPHICS – AFFLUENT NEIGHBORHOOD

Within 1-mile radius from the property, there are in excess of 12,000 residents with an average household income in excess of \$157,000, well above national average.



## INVESTMENT GRADE CREDIT TENANT

Walgreens (NASDAQ: WBA) Has an Investment Grade Credit Rating "BBB" by Standard & Poor's - Annual Revenues Exceed \$103 Billion.

## INCOME TAX-FREE STATE



## HIGH DENSITY OF NATIONAL TENANTS

Neighboring retailer roster includes the nation's strongest, including Walmart, Home Depot, Lowe's, Target, Chick-fil-a, Best Buy, Michael's, PetSmart, T-Mobile, McDonalds, Starbucks, Capital One, Sprint, Five Guys, Wells Fargo, Panera Bread, Arby's, CVS, Bank of America, Chase, Wendy's, Chipotle, Sonic etc.

## LONG TERM LEASE

There are 9.5+/- years remaining on the original 25-year initial term of the lease, allowing for a long term carefree investment. Long lease term, as well as the investment grade credit of the tenant make this an easily financeable investment.

## HIGH TRAFFIC VOLUMES AND UNPARALLELED VISIBILITY

Property is located on the SW corner of heavily trafficked Spring Cypress and Barker Cypress Roads with an excess of 40,000 vehicles passing daily.

## DOUBLE DRIVE-THRU

Property is equipped with a double drive-thru, which accounts for 20%+ of total sales in drugstores.

## ZERO LANDLORD RESPONSIBILITY

Lease is absolute NNN, where the Landlord is subscribed to carefree ownership.



# PRICING

## AND FACTS

SALE PRICE	\$6,450,000
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CAP RATE (CURRENT)	5.75%
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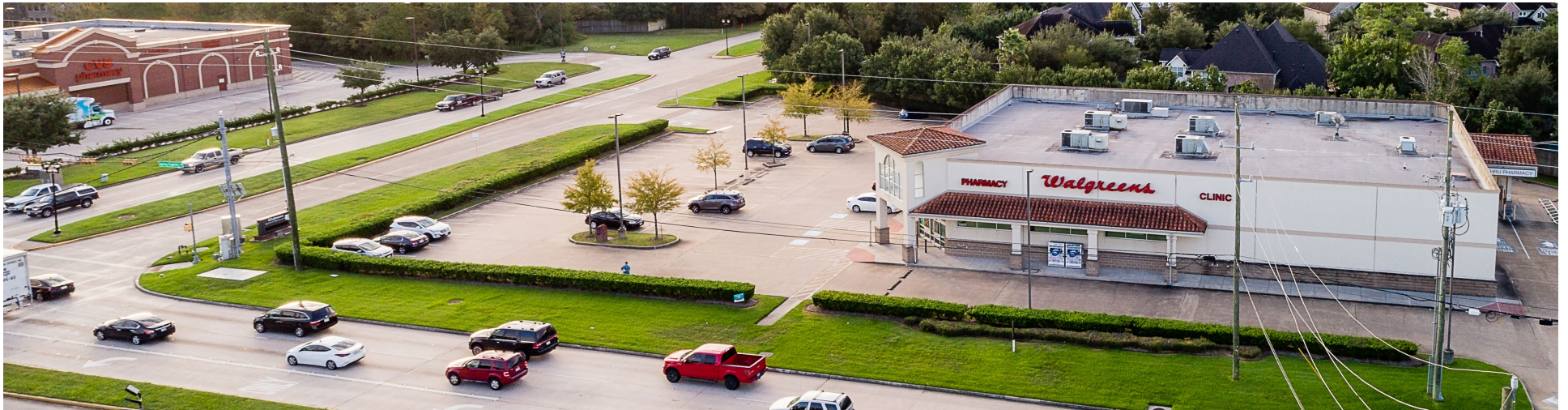
NOI	\$371,000
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YEAR BUILT/RENOVATED	2003
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RENTABLE SF	14,490 SF
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LOT SIZE	2 Acres
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OWNERSHIP TYPE	Fee simple
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# LEASE SUMMARY

TENANT:	WALGREENS.CO.
LEASE TYPE	NNN - Zero landlord responsibilities
UTILITIES	Tenant pays directly
TAXES	Tenant pays directly
INSURANCE	Tenant pays directly
LEASE TERM	75 years
COMMENCEMENT	March, 2003
EXPIRATION OF INITIAL TERM	March 31, 2028
REMAINING TERM, UNTIL FIRST TERMINATION OPTION	9.5 +/- Years
TERMINATION OPTION	Ten 5-year options
ROFR	Yes - within 10 days
ESTOPPEL PERIOD	Within 20 days, \$500 fee



# BASE RENT

## SCHEDULE

	PERIOD	YEARS	\$/SF	MONTHLY RENT	ANNUAL RENT
CURRENT	03/03-03/28	1-25	\$25.60	\$30,916.67	\$371,000
OPTION 1	04/28-03/33	26-30	\$25.60	\$30,916.67	\$371,000
OPTION 2	04/33-03/38	31-35	\$25.60	\$30,916.67	\$371,000
OPTION 3	04/38-03/43	36-40	\$25.60	\$30,916.67	\$371,000
OPTION 4	04/43-03/48	41-45	\$25.60	\$30,916.67	\$371,000
OPTION 5	04/48-03/53	46-50	\$25.60	\$30,916.67	\$371,000
OPTION 6	04/53-03/58	51-55	\$25.60	\$30,916.67	\$371,000
OPTION 7	04/58-03/63	56-60	\$25.60	\$30,916.67	\$371,000
OPTION 8	04/63-03/68	61-65	\$25.60	\$30,916.67	\$371,000
OPTION 9	04/68-03/73	66-70	\$25.60	\$30,916.67	\$371,000
OPTION 10	04/73-03/78	71-75	\$25.60	\$30,916.67	\$371,000



# TENANT OVERVIEW

## Walgreens

Walgreens, the nation's largest drugstore chain, constitutes the Retail Pharmacy USA Division of Walgreens Boots Alliance, Inc. (Nasdaq: WBA), the first global pharmacy-led, health and well-being enterprise. More than 8 million customers interact with Walgreens each day in communities across America, using the most convenient, multi-channel access to consumer goods and services and trusted, cost-effective pharmacy, health and wellness services, and advice. After completing the acquisition of 1,932 stores from Rite Aid in May of 2018, Walgreens shall operate approximately 10,000 drugstores with a presence in all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. Walgreens digital business includes Walgreens.com, Drugstore.com, Beauty.com, SkinStore.com and VisionDirect.com. Walgreens also manages more than 400 health care clinics and provider practice locations around the country.

For more information about Walgreens visit [www.walgreens.com](http://www.walgreens.com).

### 103.4 BILLION USD

#### ANNUAL REVENUE

### 87.78 BILLION USD

#### MARKET CAP



\*Image for illustrative purposes only

TENANT TRADE NAME	WALGREENS BOOTS ALLIANCE, INC
OWNERSHIP	PUBLIC
TICKER SYMBOL	WBA (NASDAQ)
CREDIT RATING	BBB (S&P)



# LOCATION

## AERIAL MAP





# PROPERTY

## SITE MAP



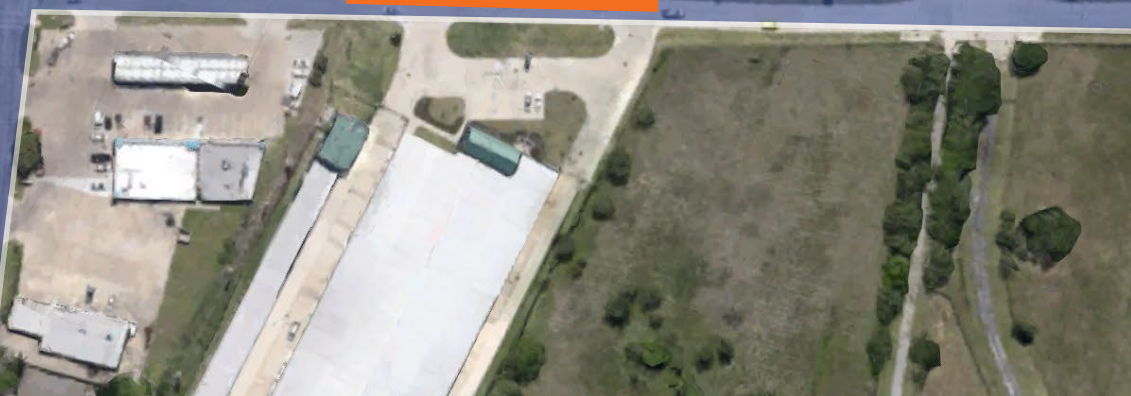
🚗 | 19,937 DAILY



🚗 | 19,937 DAILY



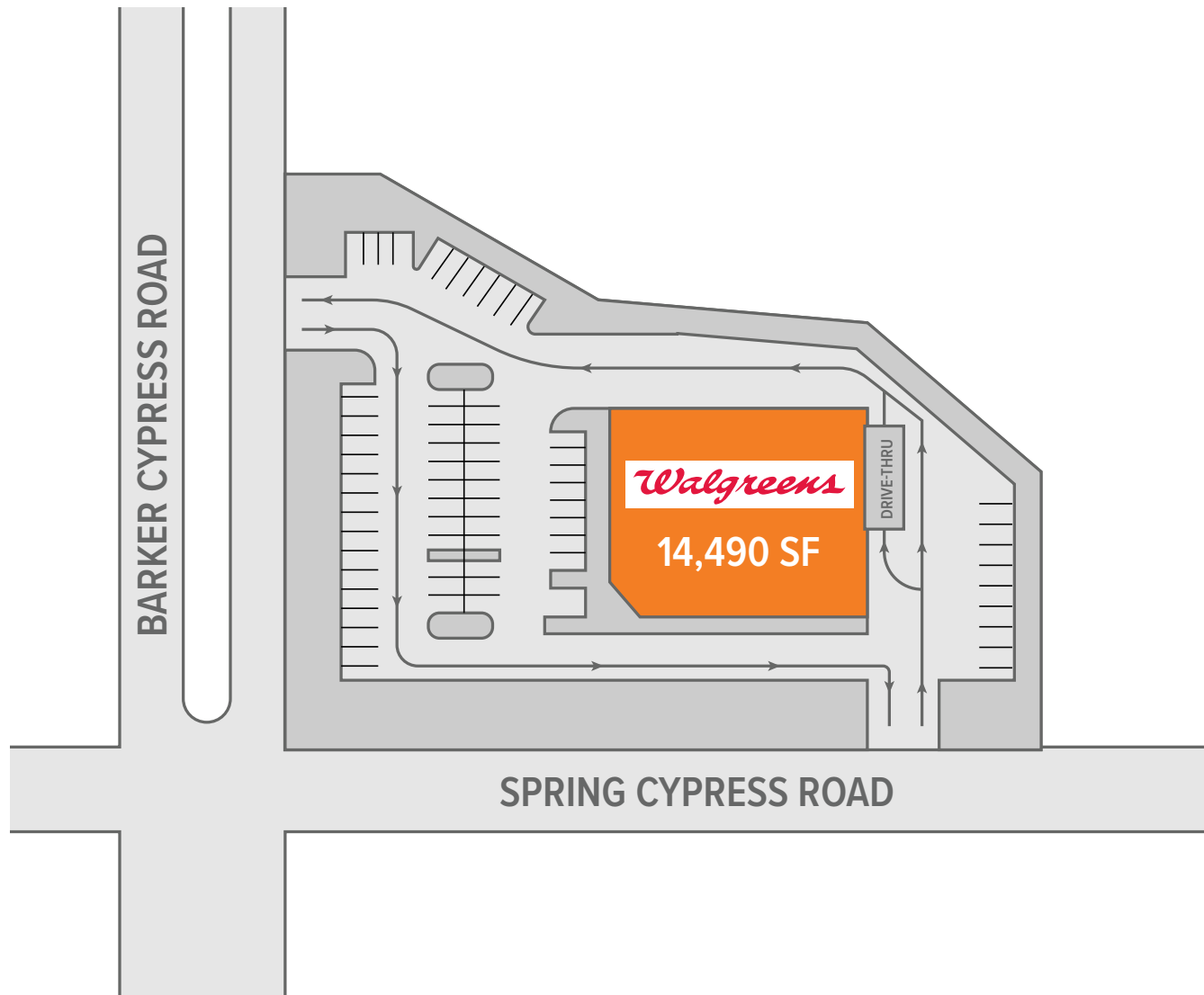
Barker Cypress Rd



Spring Cypress Rd

# PROPERTY

## SITE PLAN





# CYPRESS, TX

## MARKET OVERVIEW

Cypress is an affluent suburb of Houston and is a part of its MSA (metropolitan statistical area), which has over 6.9 million residents and is the 5th largest MSA in the country. Cypress boasts incredible demographics within 1,3 and 5-mile radii with incredible growth factors. Within 1-mile radius from the property, there are in excess of 12,000 residents with an average household income in excess of \$157,000, well above national averages. Cypress is located NW of downtown Houston accessible through US-290, the main arterial to Houston.

Houston has a global economy, second only to New York by the number of Fortune

500 headquartered companies. Main economic drivers in Houston metro are oil related, medical and retail sectors. Largest oil companies include Exxon Mobil, Shell Oil, Chevron, BP America, Schlumberger, Haliburton and Philips 66. The medical industry cluster in Houston is a strong attracting force for medical professional from around the globe with institutions such as the Memorial Hermann Health System, MD Anderson Cancer Center, Texas Children's Hospital, Baylor School of Medicine etc. The retail sector in Houston is home to Walmart, H-E-B Grocers, Kroger, McDonalds, United Airlines, Fluor and Sysco Systems (based in Cypress).

## MARKET HIGHLIGHTS

**6,772,470**

RESIDENTS IN  
METRO HOUSTON

**4,589,928**

RESIDENTS IN  
HARRIS COUNTY

**2,303,482**

RESIDENTS IN THE  
CITY OF HOUSTON

**91,528**

PROPERTY  
CLOSINGS

**299,461**

NEW CARS, TRUCKS &  
SUV'S SOLD

**54,546,393**

AIRPORT  
PASSENGERS

**\$6.6 BILLION**

IN BUILDING  
PERMITS

# CYPRESS, TX

## MAJOR EMPLOYERS



COMPANY	EMPLOYEES
Memorial Hermann Health System*	24,000
The University of Texas MD Anderson*	20,000
United Airlines	15,000
The Methodist Hospital System*	14,985
Exxon Mobil Corporation*	13,000
UTMB Health*	12,448
Kroger Company*	12,000
Shell Oil Company*	11,892
National Oilwell Varco	11,563
Schlumberger Limited*	10,000
Chevron*	9,000
Baylor College of Medicine*	8,924
ARAMARK Corp.*	8,500
Haliburton	8,000

\*Denotes member of the Greater Houston Partnership.

# AREA

## DEMOGRAPHICS



POPULATION	1 MILE	3 MILES	5 MILES
2010 POPULATION	11,354	56,945	148,803
2016 POPULATION	12,161	69,699	192,376
2021 POPULATION	13,351	76,986	215,044
AVG. HOUSEHOLD INCOME	1 MILE	3 MILES	5 MILES
2016 AVG. HOUSEHOLD INCOME	\$157,629	\$145,134	\$132,381
2021 AVG. HOUSEHOLD INCOME	\$174,185	\$159,602	\$146,255





# PROPERTY

## PHOTOS







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