

CONFIDENTIAL OFFERING MEMORANDUM

# Advance Auto Parts

3450 W. Montrose Avenue // Chicago, IL 60618



*Actual Site*

## EXCLUSIVELY OFFERED BY:

### **PATRICK FORKIN**

Vice President / Broker  
312.275.3117  
patrick@baumrealty.com

### **BRAD TEITELBAUM**

Vice President / Broker  
312.275.3116  
brad@baumrealty.com

### **GRAHAM GOLD**

Associate / Broker  
312.275.3124  
graham@baumrealty.com

### **BAUM REALTY GROUP, LLC**

1030 W. Chicago Avenue, Suite 200  
Chicago, IL 60642  
www.baumrealty.com

# Offering Summary



Baum Realty Group has been exclusively retained by ownership to sell the corporate-leased and guaranteed Advance Auto Parts in the Albany Park neighborhood of Chicago, located approximately seven miles northwest of the Chicago CBD. The property benefits from heavy traffic exposure along Montrose Avenue (22,280 VPD) and is surrounded by a desirable demographic profile with 476,000 people earning \$87,000 within 3 miles.

PRICE:	\$2,760,000
CAP RATE:	9.00%
NOI:	\$248,430

Building Size: ±7,000 Square Feet

Land Size: ±0.43 Acres

Parking: 21 Spaces





# Investment Highlights

## INVESTMENT GRADE CREDIT TENANT

Advance Auto Parts is BBB- investment grade credit and a leading automotive aftermarket retailer with over 5,200 locations.

## DENSE CHICAGO NEIGHBORHOOD

There are over 212,472 residents earning average household incomes of \$81,000 within 2 miles of the property.

## NEARBY REGIONAL ACCESS

The property is one mile west of the I-90/94 Kennedy Expressway which leads 7 miles southeast to downtown Chicago and 7 miles west to O'Hare International Airport. Also, the property is conveniently located near two CTA 'L' Brown Line stations approximately ½ miles northwest.

## STRONG HISTORICAL OCCUPANCY

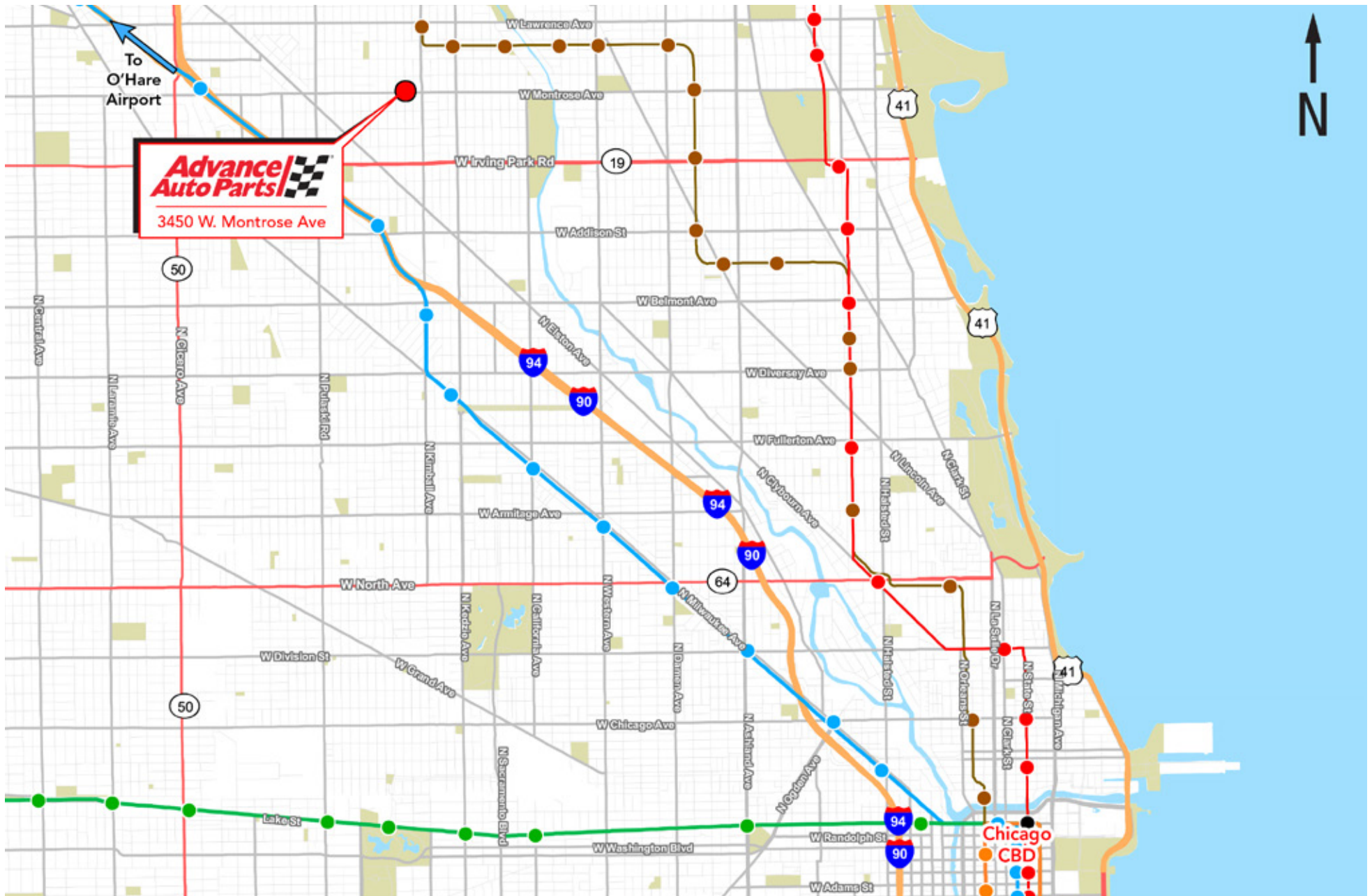
Advance Auto Parts has occupied the site for nearly 12 years, showing a strong commitment to the local customer base and its long term profitability.

## PRIMARY EAST-WEST THOROUGHFARE

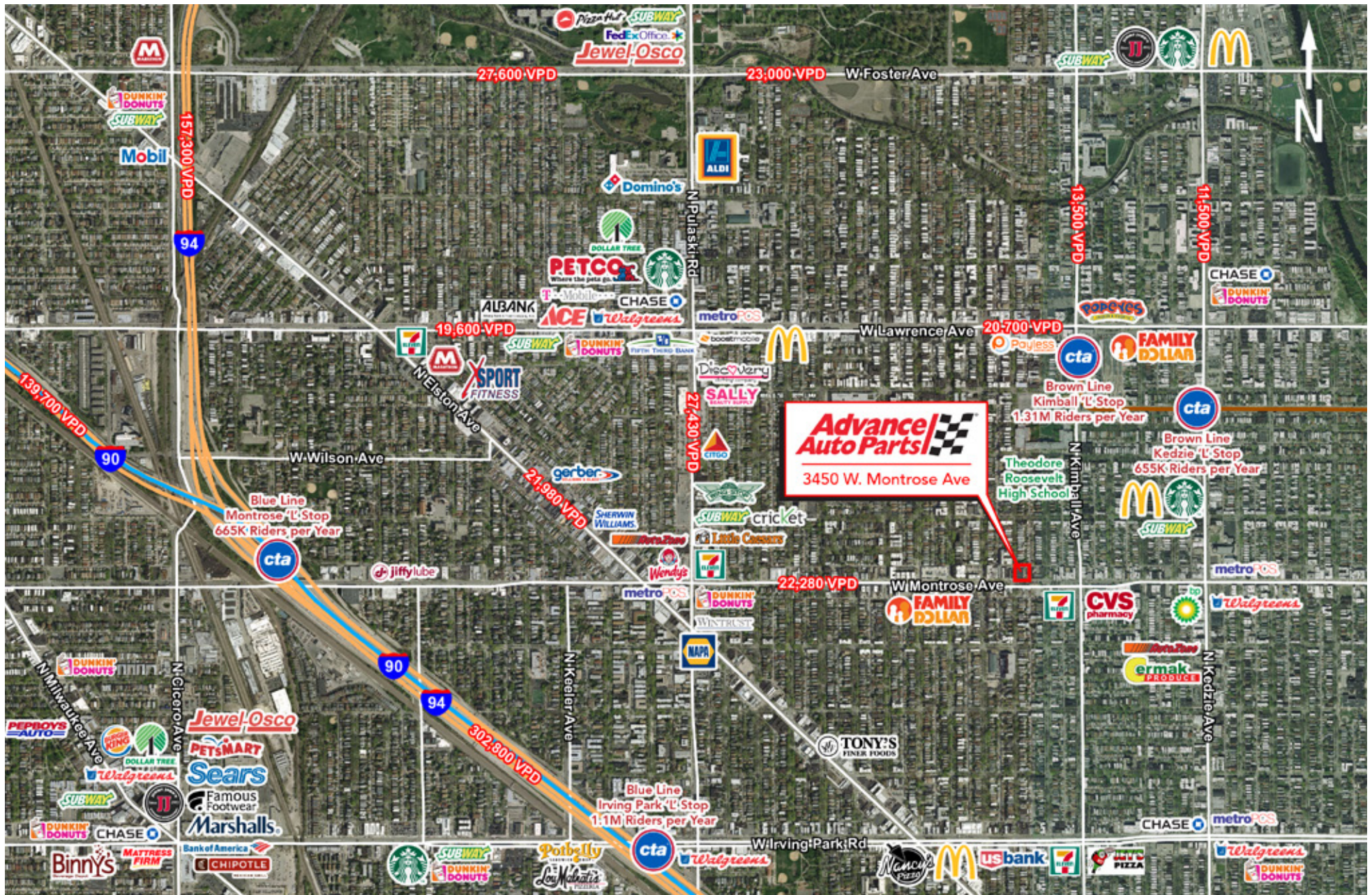
The site is located along Montrose Avenue with exposure to more than 22,280 vehicles per day. Other retailers in the area include: Starbucks, Walgreens, McDonald's, Chase Bank, Wendy's, Dunkin' Donuts, AutoZone, Wingstop, Little Caesars Pizza, and many more.



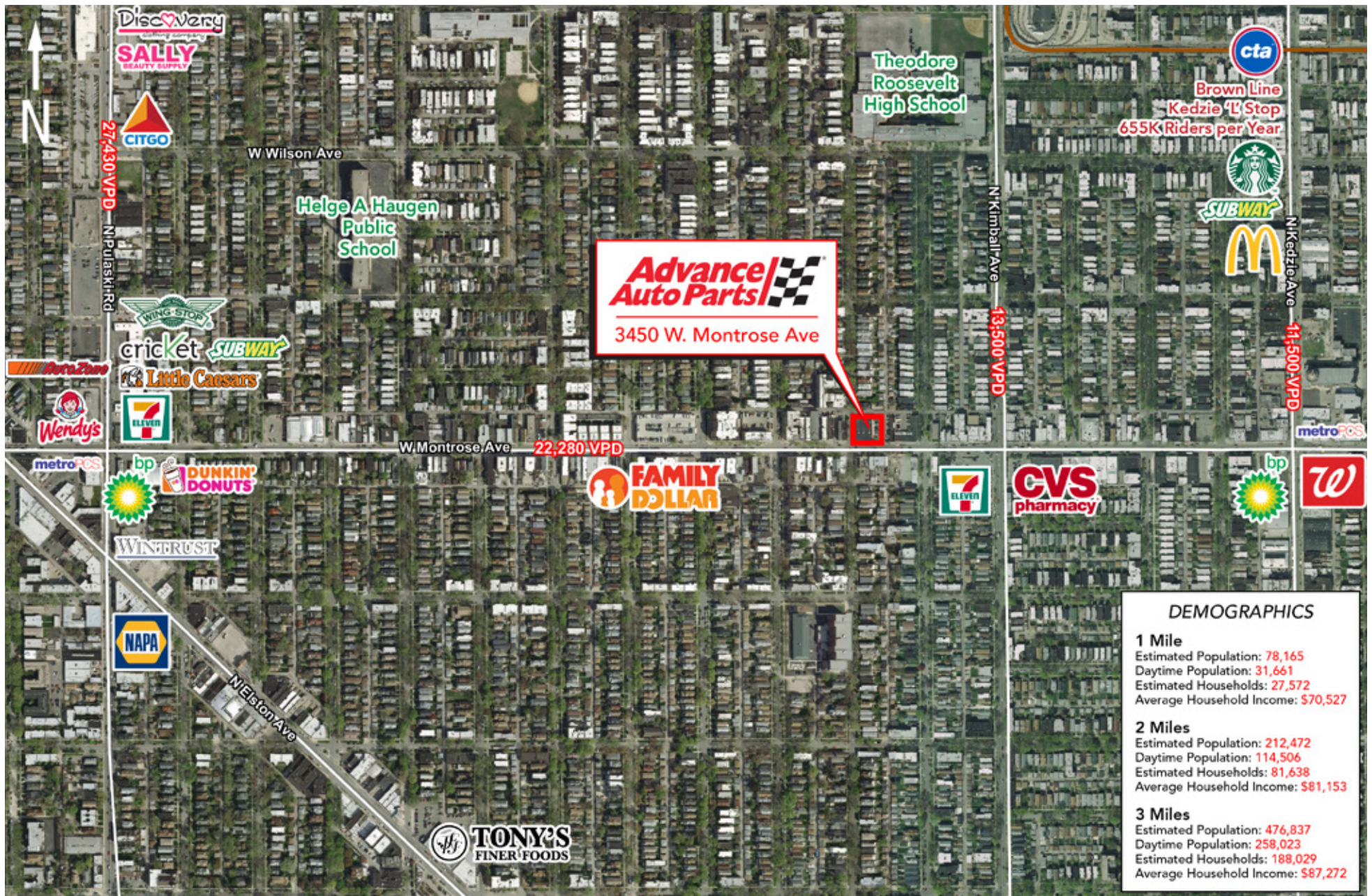
*Actual Site*


















*Actual Site*

## Property Information

**PROPERTY ADDRESS:**  
**3450 W. MONTROSE, CHICAGO, IL 60618**

**BUILDING SIZE:**  
**±7,000 SQUARE FEET**

**TOTAL LOT SIZE:**  
**±0.43 ACRES**

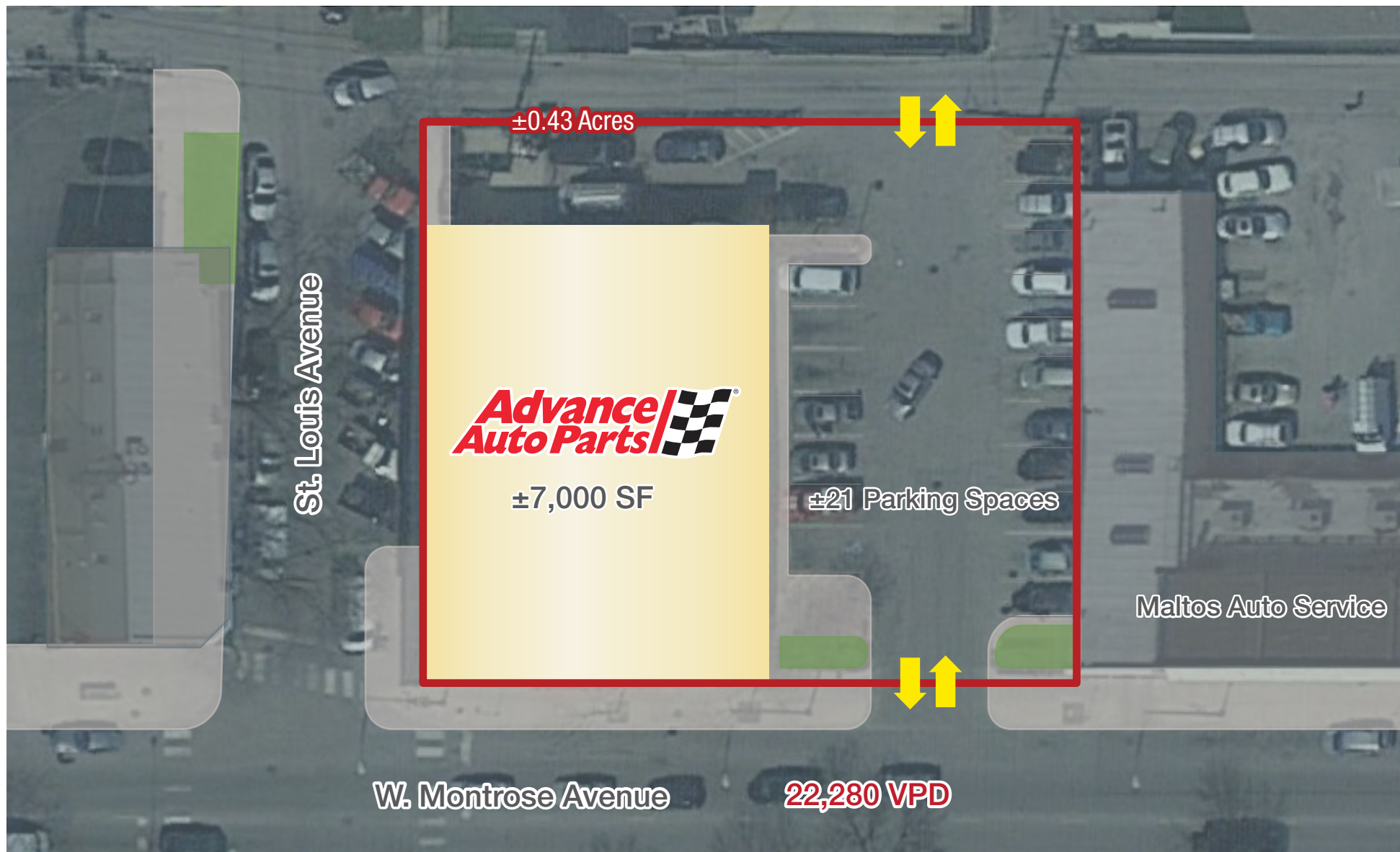
**TOTAL PARKING:**  
**21 STALLS**

**TAX PIN:**  
**13-14-223-038-0000**

Advance Auto Parts is located approximately 7 miles northwest of downtown Chicago in the Albany Park neighborhood. The auto parts retailer occupies a ±7,000 square foot building on a ±0.43 acre parcel along W. Montrose Avenue, a strong east/west thoroughfare featuring vehicular exposure of 22,280 VPD. Additionally, Advance Auto Parts is 1.3 miles east of full interchange access with I-90/94 providing the area with massive traffic exposure of 302,800 cars per day. Also within ½ mile of the site are the CTA 'L' Kimball and Kedzie Brown Line stations which had 1.31M and 655,000 passengers in 2016, respectively, connecting Albany Park to the Chicago "Loop" CBD. There is a complimentary mix of national retailers in the sub-market which help attract consumer traffic counts in the area, including: Starbucks, Walgreens, McDonald's, Chase Bank, Wendy's, Dunkin' Donuts, AutoZone, Wingstop, Little Caesars Pizza, and many more. There are 479,000 residents earning an average household income of \$87,000 and a daytime population of 258,000 people within 3 miles from the site providing a dense consumer base for the auto parts retailer.



# Site Plan





# Rent Roll & Pricing

Term	Annual Rent	Monthly Rent	Rent PSF	Rent Increase	Yield
2/23/2006 - 2/28/2016	\$ 236,600	\$ 19,717	\$ 33.80	N/A	N/A
3/1/2016 - 2/28/2021	\$ 248,430	\$ 20,703	\$ 35.49	5%	9.00%
3/1/2021 - 2/28/2026 (Opt. 1)	\$ 260,852	\$ 21,738	\$ 37.26	5%	9.45%
3/1/2026 - 2/28/2031 (Opt. 2)	\$ 273,894	\$ 22,825	\$ 39.13	5%	9.92%
3/1/2031 - 2/29/2036 (Opt. 3)	\$ 287,589	\$ 23,966	\$ 41.08	5%	10.42%
<b>Average Yield:</b>					<b>9.78%</b>

Price:	\$2,760,000
Cap Rate:	9.00%
NOI:	\$248,430
Lease Type:	NN – Limited Landlord Responsibility
Building Size:	±7,000 Square Feet
Land Size:	±0.43 Acres
Parking:	21 Spaces


*Actual Site*



# Lease Abstract

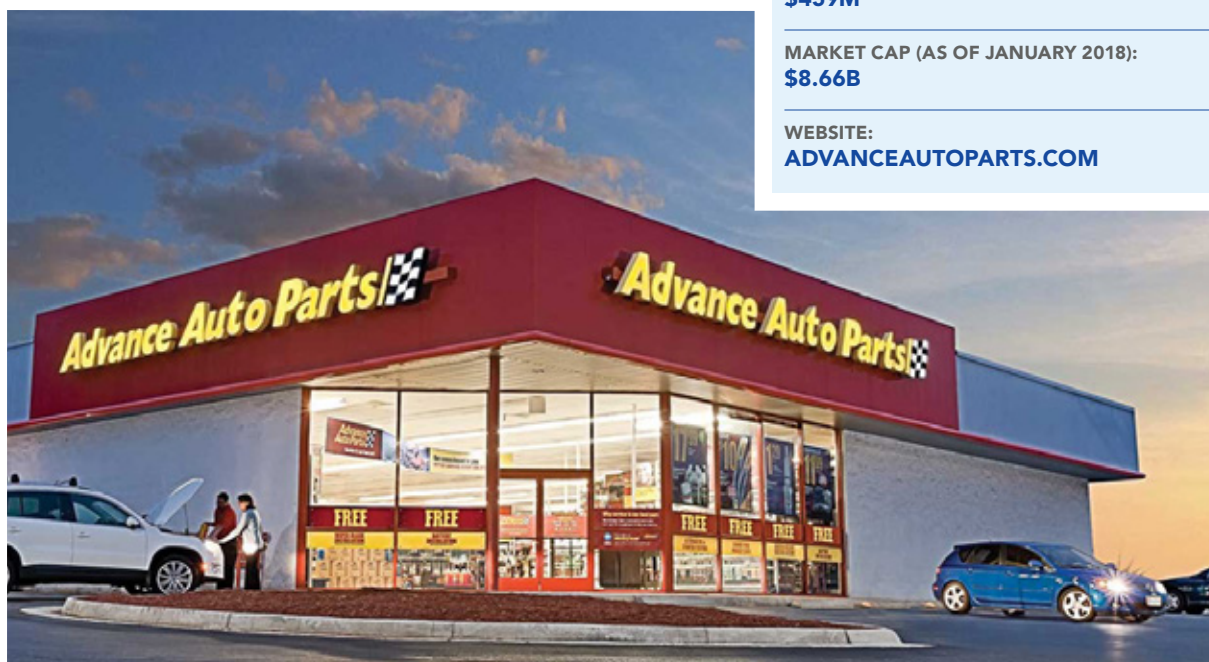
<b>Tenant:</b>	Advance Auto Parts
<b>Guarantor:</b>	Advance Stores Company Incorporated (corporate entity)
<b>Space Size:</b>	±7,000 Square Feet
<b>Lot Size:</b>	±0.43 Acres
<b>Rent Commencement:</b>	2/23/2006
<b>Lease Expiration:</b>	2/28/2021
<b>Current Base Rent:</b>	\$248,430
<b>Renewal Options:</b>	Three, 5-year options
<b>Rent Increases:</b>	5% per option
<b>Roof &amp; Structure:</b>	Landlord is responsible for maintenance, repair, and replacement of the roof and structure
<b>Parking Lot:</b>	Tenant maintains the parking lot and landlord is responsible for replacement
<b>Taxes:</b>	Tenant reimburses landlord for 100% of real estate taxes
<b>HVAC:</b>	Landlord maintains, repairs, and replaces the HVAC
<b>Insurance:</b>	Tenant and Landlord maintain general liability insurance
<b>Utilities:</b>	Tenant pays utilities directly
<b>Right of First Refusal:</b>	None



# Tenant Overview



Advance Auto Parts is a leading automotive parts, accessories, and supplies retailer with close to 5,200 stores in North America. The company primarily operates under the "Advance Auto Parts" banner but also has "Autopart International", "Carquest", and "Worldpac" locations under their flag. Advance Auto Parts was founded in 1929 and operated as a general merchandise retailer until the 1980's when it began targeting the sale of automotive parts and accessories and "do-it-yourself" or DIY customers. The company began their professional delivery program in 1996 and has steadily increased sales to professional customers since 2000. The retail locations offer a broad selection of brand name, original equipment manufacturer and private label auto parts including replacement parts, accessories, batteries, and maintenance items for every type of vehicle. Advance Auto Parts has been able to expand significantly due to comparable store sales growth, new store openings, and strategic acquisitions. As of the FYE 2016, Advance Auto Parts had net sales of \$9.56 billion, net income of \$459 million, and total assets of \$8.31 billion. Advance Auto Parts is currently ranked #292 on the Fortune 500 and has spent 15 years on the list.



**TENANT:**  
**ADVANCE STORES COMPANY, INC.**

**PARENT COMPANY:**  
**ADVANCE AUTO PARTS, INC.**

**OWNERSHIP:**  
**PUBLIC**

**STOCK SYMBOL:**  
**NYSE: AAP**

**CREDIT RATING:**  
**S&P: BBB- / STABLE**

**TOTAL ADVANCE AUTO PARTS LOCATIONS:**  
**5,189 STORES**

**FYE 2016 REVENUE:**  
**\$9.56B**

**FYE 2016 NET INCOME:**  
**\$459M**

**MARKET CAP (AS OF JANUARY 2018):**  
**\$8.66B**

**WEBSITE:**  
**ADVANCEAUTOPARTS.COM**





# Local Market Overview

## ALBANY PARK

The Albany Park neighborhood is located approximately 8 ½ miles northwest of downtown Chicago and encompasses about 1.9 square miles of land. The neighborhood is home to approximately 53,000 residents and features one of the most ethnically diverse populations in the city. The area is famous for a plethora of ethnic restaurants and grocery stores along the Lawrence corridor as well as street music festivals and stage performances by the Albany Park Theater Project. Albany Park is ideally located just east I-90/94 and situated in between the CTA 'L' Blue and Brown lines, providing residents with easy access to downtown Chicago.



### IMAGES

① Albany Park Chicago Public Library

② Ecuador National Day Parade on Montrose Avenue

③ Eugene Field Park field house



Actual Site



# Chicago Economic Overview

## 3RD LARGEST MSA IN THE U.S.

The Chicago MSA is home to approximately 9.5 million residents, making it the third most populous region in the country, encompassing 16 counties across three states: Illinois, Indiana, and Wisconsin. The city of Chicago is the economic and cultural capital of the Midwest, featuring a vibrant downtown district that is filled with world class businesses, restaurants, retail, residences, and entertainment. The strong economic base, skilled labor pool and diverse background make this 24-hour metropolis one of the most important and influential in the world. Chicago features 26 regional malls and 47 sub-regional markets within the MSA.

## INCREASING POPULATION DENSITY

Chicago has become noticeably more dense in the last several years, according to a report from the New York Times, which studies data gathered by the U.S. Postal Service and 2016 Census. Between 2010 and 2016, Chicago's density has increased by 1.2% and the report suggests that the city's population is shifting and refocusing with an influx of younger, more affluent residents moving into areas like the Loop, West Loop, and Wicker Park. The only major U.S. city that has become more dense in the same time period is Seattle.

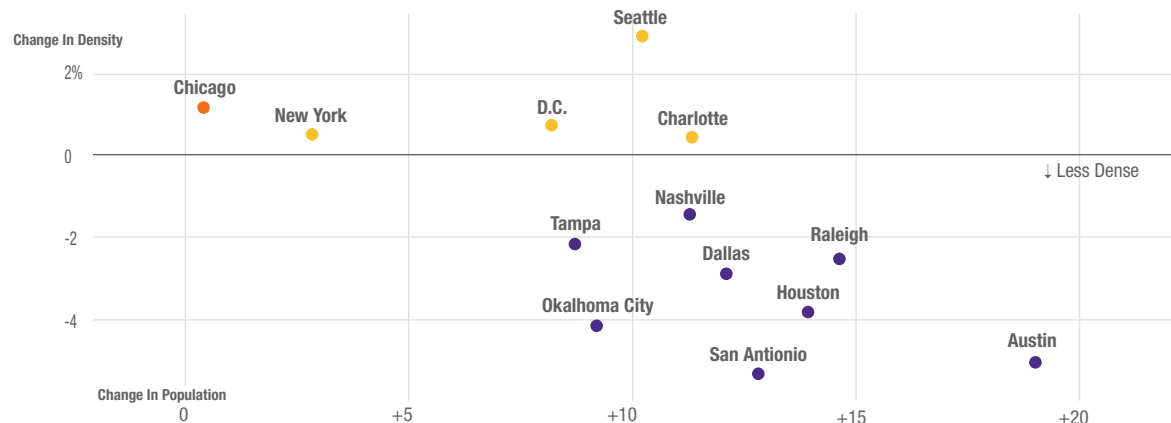
## CONSTRUCTION BOOM

Chicago has been experiencing a construction boom led largely by the demand for new apartments. As of April 2017, 52 high-rise projects are currently under construction, developers are working on delivering new office space, new hotels, new upscale condos, and new rental apartments throughout the city in 2017.

### RANK AND POPULATION BY U.S. CITY



### U.S. METRO AREA POPULATION DENSITY (2010-2016)



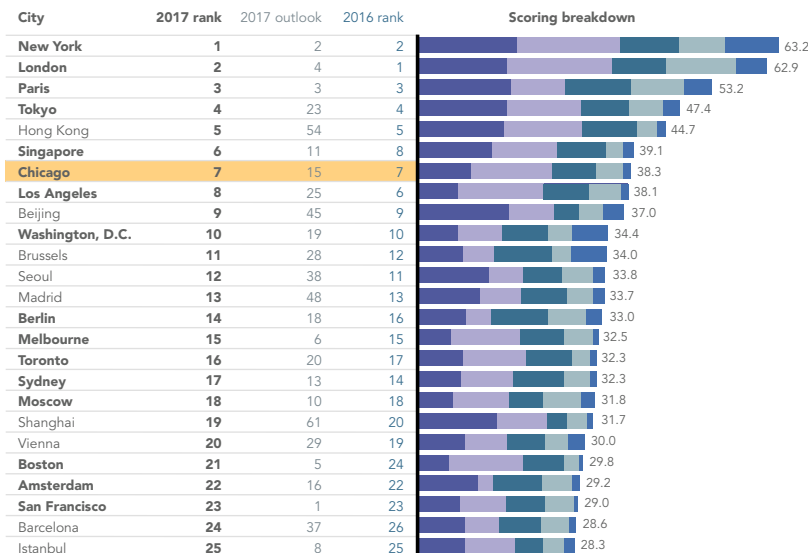


## THE TOP 25 ON THE GLOBAL CITIES INDEX & OUTLOOK

### GLOBAL CITIES INDEX

Note: **Bold** city names indicate top 25 in both Index and Outlook

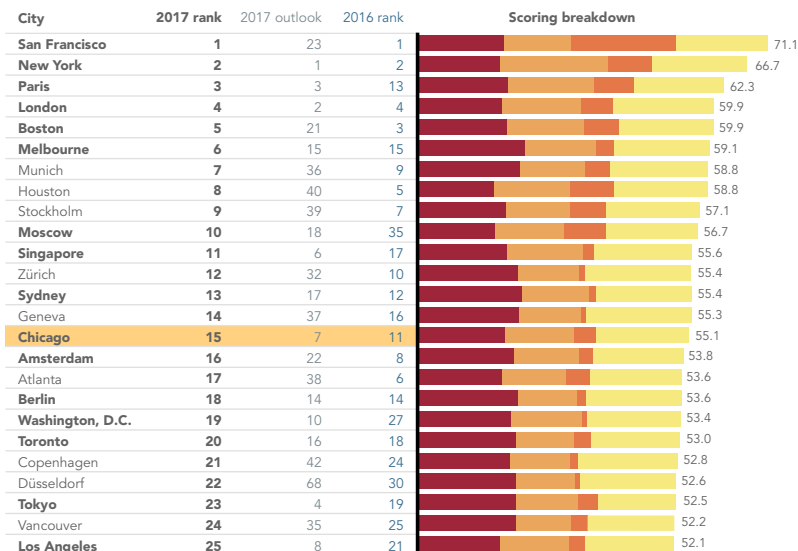
- Business activity (30%)
- Human capital (30%)
- Information exchange (15%)
- Cultural experience (15%)
- Political engagement (10%)



### GLOBAL CITIES OUTLOOK

Note: **Bold** city names indicate top 25 in both Index and Outlook

- Personal well-being (25%)
- Economics (25%)
- Innovation (25%)
- Governance (25%)

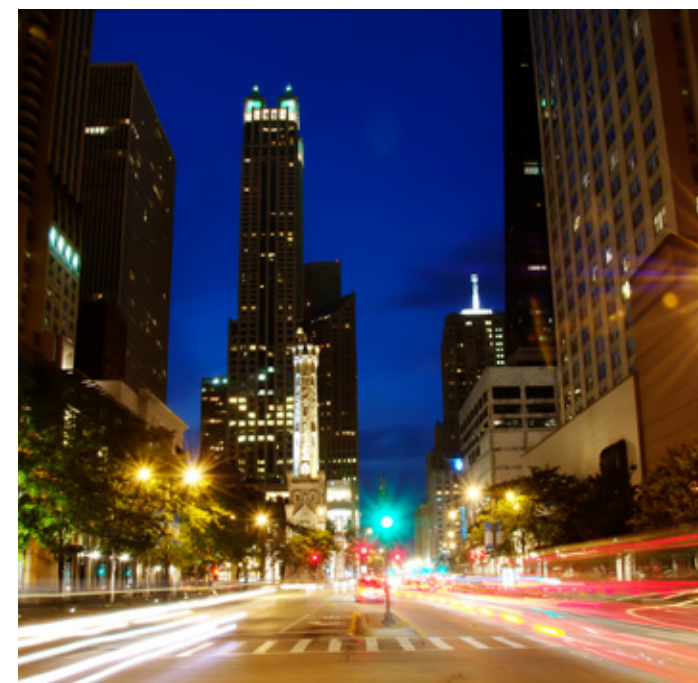


## AMONG THE TOP 25 GLOBAL CITIES

Chicago ranks 7<sup>th</sup> on the A.T. Kearney 2017 Global Cities Index, which examines cities' performance based metrics spanning five dimensions: business activity, human capital, information exchange, cultural experience, and political engagement; and ranks 15<sup>th</sup> on the Global Cities Outlook, which evaluates their potential.

Cities in the top 25 on both the Index and the Outlook, like Chicago, are not only performing well, but are also positioned for continued growth and global influence in the future. In 2017, Chicago was one of only 16 cities in the world to make the top 25 of both lists.

The Global Cities Index examines the current performance of cities based on 27 metrics spanning five dimensions: business activity, human capital, information exchange, cultural experience, and political engagement. The Index provides insights into the global reach, performance, and level of development of the world's largest cities. Source: A.T. Kearney Global Cities 2017.





## 2ND HIGHEST GRP IN U.S.

Chicago has the 2nd largest Gross Regional Product in the US, second to New York City, at \$592 billion. This also ranks Chicago 21th in the world in terms of Gross Product, if Chicago were its own country. Additionally, Chicago is the country's most diversified economy, with no single industry employing more than 14% of the workforce. Chicago's primary industries include: Financial Services, Business & Professional Services, Manufacturing, Health Services, and Transportation and Warehousing.

*Chicago has one of the world's largest and most diversified economies at over **\$561 billion in annual GRP**, making it the 4th most economically powerful city in the world.*

In 2016, the growth rate of real GDP is expected to be 2.6% — an improvement from the projected 2.2% rate for 2015.

As one of the largest financial centers in North America, the Chicago MSA is home to more than 400 major corporate headquarters, including 31 S&P 500 companies, 34 Fortune 500 companies and 20 FT Global 500 companies, including: Walgreens Boots Alliance, Boeing, United Continental Holdings, McDonald's, Discover Financial and Abbot Laboratories, among others. The city is also home to the largest future exchanges in the US, the CME Group.





*Chicago is home to more than 400 major corporate HQ's, including **34 Fortune 500 companies**, and ranked #2 in North America for International HQ's.*



Fortune 500 Headquarters In the Chicago MSA			
RANK	COMPANY	REVENUES (\$M)	Location
17	Walgreens Boots Alliance	\$117,351	Deerfield, IL
24	Boeing	\$94,571	Chicago, IL
45	Archer Daniels Midland	\$62,346	Chicago, IL
83	United Continental Holdings	\$36,556	Chicago, IL
84	Allstate	\$36,534	Northbrook, IL
89	Exelon	\$31,360	Chicago, IL
106	Kraft Heinz	\$26,487	Chicago, IL
109	Mondelez International	\$25,923	Deerfield, IL
111	AbbVie	\$25,638	North Chicago, IL
112	McDonald's	\$24,622	Oak Brook, IL
124	US Foods	\$22,919	Rosemont, IL
127	Sears Holdings	\$22,138	Hoffman Estates, IL
135	Abbott Laboratories	\$20,853	Abbott Park, IL
197	ConAgra Brands	\$14,134	Chicago, IL
199	CDW	\$13,982	Lincolnshire, IL
202	Illinois Tool Works	\$13,599	Geneva, IL
277	Discover Financial Services	\$10,497	Riverwoods, IL
281	Baxter International	\$10,163	Deerfield, IL
282	W.W. Grainger	\$10,137	Lake Forest, IL
304	LKQ	\$9,082	Chicago, IL
322	Tenneco	\$8,599	Lake Forest, IL
337	Navistar International	\$8,111	Lisle, IL
338	Univar	\$8,074	Downers Grove, IL
359	Anixter International	\$7,625	Glenview, IL
388	R.R. Donnelley & Sons	\$6,896	Chicago, IL
391	Jones Lang LaSalle	\$6,804	Chicago, IL
392	Dover	\$6,794	Downers Grove, IL
427	TreeHouse Foods*	\$6,175	Oak Brook, IL
433	Motorola Solutions	\$6,038	Chicago, IL
439	Old Republic International	\$5,901	Chicago, IL
450	Packaging Corp. of America	\$5,779	Lake Forest, IL
456	Ingredion	\$5,704	Westchester
462	Arthur J. Gallagher	\$5,595	Itasca, IL
487	Essendant	\$5,369	Deerfield, IL

\* New to the Fortune 500 in 2017

Source: Fortune Magazine, June 2017



## INTERNATIONAL TRAVEL DESTINATION

Chicago ranked as the 2<sup>nd</sup> most popular travel destination in the US. In 2016, the city hosted a record 53.91 million visitors, a 2.5% increase over 2015. Part of the boost came from the 31 major meetings and conventions held in the city, eight of which had record-setting attendance. Also, Grant Park hosted the NFL Draft for a second consecutive year, Chicago Cubs fans descended on the city for the World Series. Additionally, the city hosted an estimated 1.56 million international visitors, bringing the total number of visitors to a record setting 54.1 million. The increase of 1.5 million additional visitors saw both tourism-supported jobs grow to 145,137 (up 3.3%) and direct tourism-related spending swell to \$15 billion (an increase of 2.6%) in 2016.

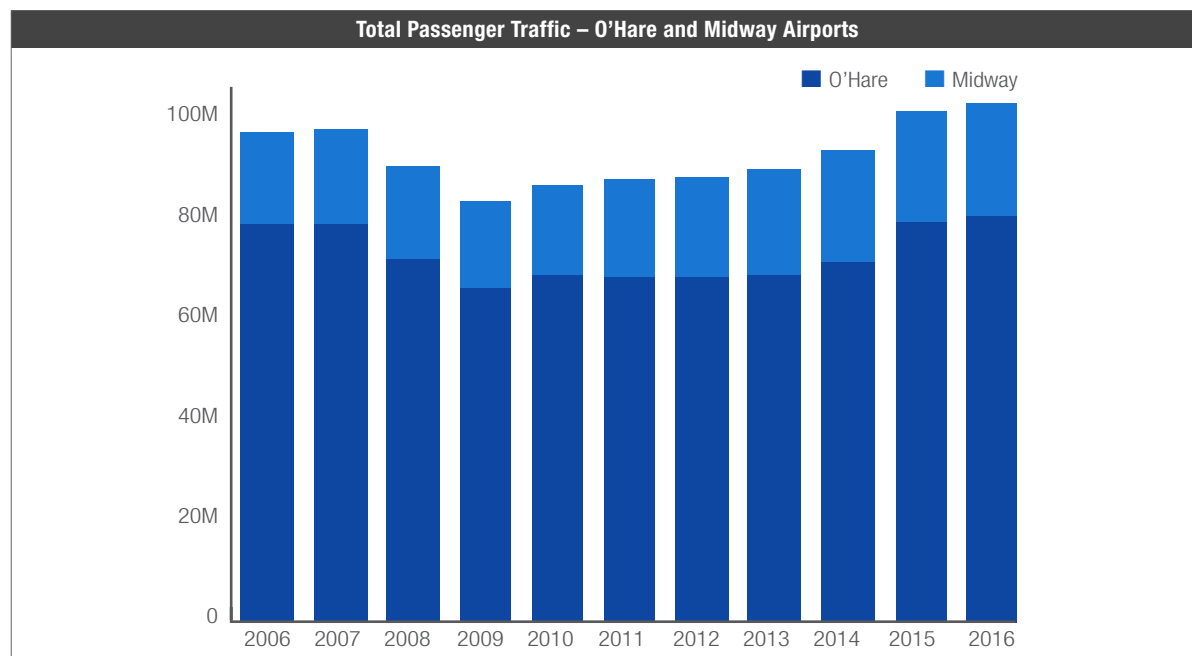


## DUAL-HUB AIRPORT SYSTEM

O'Hare International Airport and Midway International Airport, the only "dual-hub" airport system in North America, handles more than 2,800 daily departures and over 100 million passengers annually. Both airports have direct rail access to Downtown Chicago.

*"Dual-Hub" airport system has more than 2,800 daily departures and 100 million annual passengers.*

O'Hare is ranked #1 best connected airport in the U.S. because all major North American markets are within a 4-hour flight. Currently, O'Hare is undergoing a \$6.6 billion, 20-year expansion reducing flight delays and increasing flight capacity into the foreseeable future.



Source: Chicago Department of Aviation



## WORLD CLASS EDUCATION

Northwestern University, the University of Chicago, the University of Illinois at Chicago, DePaul University and Loyola University are all located within the Chicago MSA. There are also more than 325,000 students, with 58,000 in the Loop alone, who attend over 60 higher education institutions throughout the metropolitan area, supplying the city with a young and talented workforce. Of the 60 institutions, 2 are Top 20 Universities in the US and is a Top 10 University in the World. Chicago is also ranked as the #1 Metro for Big Ten Alumni and the #1 City for Recent College Grads.

*The Chicago MSA is home to more **than 60 colleges & universities**, including: Northwestern University, The University of Chicago, University of Illinois at Chicago, DePaul University and Loyola University.*



①

### Cost of Business by Metro Area

City	Index
Atlanta	95.1
Houston	97.6
Chicago	98.3
Philadelphia	99.8
Los Angeles	100.8
Boston	104.5
San Francisco	104.5
New York City	104.7



②

## GROWING ECONOMY

Chicago is top-ranked for economic potential among major cities across the world. As of 2016, Chicago remains the #1 ranked city for Metro Corporate Investments in the US and Inc. Magazine ranked Chicago #4 "Number of Fastest Growing Companies in the US". World Business Chicago identified more than 675 new & expanding facilities announced, under development, or completed in the metro area in 2013, representing a total of 35 million square feet and \$6 billion in economic development activity. Also, Chicago's list of active and new retailers has increased 25% since 2013, with 55 of these being new entrants to the market. Other factors contributing to Chicago's growing economy are a decline in unemployment and interest rates, as well as having the highest consumer confidence index since 2008.

### IMAGES

① University of Chicago - Mansueto Library

② Navy Pier



# Confidentiality Disclosure

Baum Realty Group, LLC ("Baum") has been retained as the exclusive broker by the Owner of Record ("the Owner") of 3450 W. Montrose Avenue in Chicago, IL in connection with the sale of certain properties ("the Property") as described in this Offering Memorandum.

This Offering Memorandum has been prepared by Baum for use by a limited number of parties, and does not purport to provide a necessarily accurate summary of the physical or economic aspects of the Property or any of the documents related thereto, nor does it purport to be all inclusive or to contain all of the information which prospective investors may need or desire further, the Offering Memorandum is limited to the matters set forth therein. All budgets or projections have been developed by Baum and Owner, and are based upon assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and Baum and therefore are subject to variation. Each of Baum and Owner makes no representation as to the accuracy or completeness of the information contained herein, and nothing contained herein is, or shall be relied on as a promise or representation as to the future performance of the Property. Although the information contained herein is believed to be correct, Baum and its employees, and Owner, and its trustees, officers, and employees disclaim any and all liability for representations and warranties, expressed and implied, contained in, or omissions from the Offering Memorandum or any other written or oral communication transmitted or made available to the recipient. The Offering Memorandum does not constitute a representation that there has been no change in the business or affairs of the Property Owner as of the date of preparation of the Offering Memorandum.

Additional information and an opportunity to inspect the Property will be made available upon written request to interested and qualified prospective investors.

Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers regarding the property, and/or terminate discussions with any entity at any time with or without notice. Owner shall have no legal commitment or obligations to any entity reviewing the Offering Memorandum or making an offer to purchase the property unless and until such offer is approved by Owner and the Board of Trustees of Owner and a written agreement for the purchase of the Property has been fully executed, delivered and approved by Owner and its legal counsel, and any conditions to Owner's obligations hereunder have been satisfied or waived.

This Offering Memorandum and the contents, except such information that is a matter of public record or is provided in sources available to the public, are of a confidential nature. By accepting this Offering Memorandum, you acknowledge that you have executed, and have agreed to be bound by, the Confidentiality Agreement with Baum and Owner.

CONFIDENTIAL OFFERING MEMORANDUM

# Advance Auto Parts

3450 W. Montrose Avenue // Chicago, IL 60618



*Actual Site*

## EXCLUSIVELY OFFERED BY:

### **PATRICK FORKIN**

Vice President / Broker  
312.275.3117  
patrick@baumrealty.com

### **BRAD TEITELBAUM**

Vice President / Broker  
312.275.3116  
brad@baumrealty.com

### **GRAHAM GOLD**

Associate / Broker  
312.275.3124  
graham@baumrealty.com

### **BAUM REALTY GROUP, LLC**

1030 W. Chicago Avenue, Suite 200  
Chicago, IL 60642  
www.baumrealty.com