

Walgreens



WATCH VIDEO TOUR



ACTUAL PHOTO

 509 COLLINS AVE, MIAMI BEACH, FL 33139

Marcus & Millichap

INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present for sale this Trophy Net Leased Fee Simple Walgreens located in the heart of world famous South Beach, Florida. The subject property consists of a rare two-story standalone building comprised of 22,857 square feet of retail space.

Strategically located on the hard-signalized intersection of Collins Avenue and 5th Street, one of South Beach's busiest north/south and east/west corridors, Walgreens benefits from great visibility in an iconic South Beach location. The Mac Arthur Causeway (A1A) which sees an excess of 91,500 vehicles per day serves as the main point of entrance to South Beach's humming and vibrant scenery eventually turning into 5th Street where the property is located. The two-story trophy property sits just one block away from Ocean Drive and it's world class beaches, minutes from the newly renovated State of the Art Miami Beach Convention Center, Lincoln Road and some of South Beach's most iconic resorts, such as; The W South Beach, The Faena, Fontainebleau, The Ritz-Carlton, Loews, and The Delano.

South Beach, also nicknamed SoBe, has experienced years of a booming regional economy, development, and is the go-to destination to millions of visitors yearly who come to enjoy its beaches and the glamorous scene around its happening nightspots and celebrity-chef eateries. In 2017, Miami was host to a record breaking 16 million overnight visitors who spent an estimated \$25.9 billion. The 200+ hotels, pedestrian shopping, deco architecture, and incredible year-round weather make it an ideal destination to visit. The Miami Beach Convention Center, which is at the tail-end of a \$620 million renovation and expansion, will attract new national and international events and conventions. The center hosts the annual South Florida Auto Show, Art Basel, Florida Supercon, Forgiato Fest, Sporting events, and many other popular conventions.

The Walgreens lease is an absolute NNN lease with zero landlord responsibility. There are over 15 years remaining on a 25-year initial lease term with six options to extend for five years each. The lease has incredibly rare rental increases in both the initial term and during option periods. This is a rare opportunity for an investor to acquire a fee-simple Walgreens in the heart of South Beach.

INVESTMENT HIGHLIGHTS

- Walgreens Corporate Guarantee (NYSE: WAG) – Investment Grade Tenant (S&P BBB)
- Absolute NNN – Zero Land Lord Responsibility
- Located on a Highly Visible Signalized Hard Corner
- Rare Rental Increases During the Base Term and Options
- Unique Two-Story Flagship Location
- Fee Simple Allowing for Depreciation
- One Block Away from South Beach's World Class Beaches
- In 2017 an Estimated Record High 16 Million Visitors Who Spent at Least One Night in Miami and the Beaches
- Serves Over 4,000 Ultra High Luxury Condos Within a 5 Block Radius
- 5 Newly Constructed Hotels Within the Immediate Area with 1,000+ New Rooms
- Minutes from Newly Renovated \$620 Million, State of the Art Convention Center
- World Renown & Iconic Tourist Attraction/Location

THE OFFERING



PROPERTY DETAILS

Lot Size	15,246 SF (0.35 Acres)
Rentable Square Feet	22,875 SF
Price/SF	\$1,573.77
Year Built/Renovated	1995

FINANCIAL OVERVIEW

List Price	\$36,000,000
Down Payment	100% / \$36,000,000
Cap Rate	4.50%
Type of Ownership	Fee Simple

PROPERTY RENT DATA

RENT INCREASES	MONTHLY RENT	ANNUAL RENT
Years 1 - 20 (Current)	\$135,000	\$1,620,000
Years 21 - 30 (Includes 1st Option)	\$148,500	\$1,782,000
Years 31 - 40 (Includes 2nd & 3rd Options)	\$163,350	\$1,960,200
Years 41 - 50 (Includes 4th & 5th Options)	\$179,685	\$2,156,220
Years 51 - 60 (Includes 6th & 7th Options)	\$197,654	\$2,371,842
Base Rent (\$70.82 /SF)		\$1,620,000
Net Operating Income		\$1,620,000.00

TOTAL ANNUAL RETURN CAP 4.50% \$1,620,000

LEASE ABSTRACT

Tenant Trade Name	Walgreens
Tenant	Corporate Store
Ownership	Public
Guarantor	Corporate Guarantee
Lease Type	Absolute Net
Lease Term	25 Years
Lease Commencement Date	07/03/2008
Rent Commencement Date	07/03/2008
Expiration Date of Base Term	07/03/2033
Increases	10% in Year 20 of Initial 25 Year Term and Every 10 Years Thereafter
Options	Seven Five-Year Options
Term Remaining on Lease	15 Years
Property Type	Net Leased Drug Store
Landlord Responsibility	None
Tenant Responsibility	All
Right of First Refusal	No





Crescent heights strikes deal with the city of Miami Beach to build a 42-story tower on Alton Road (profilemiamire.com)

Five new hotels we cannot wait to open in Miami Beach (miami.com)

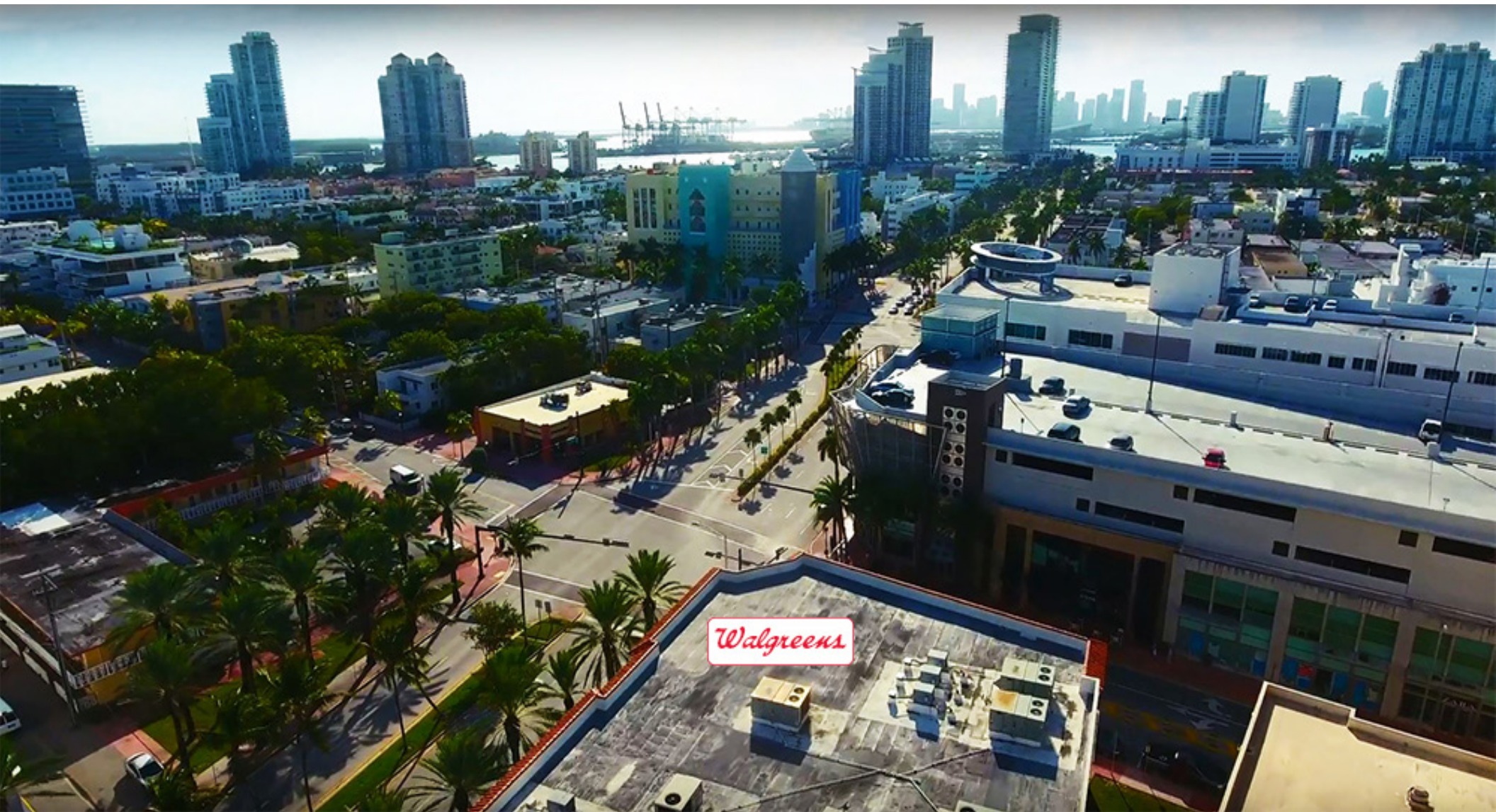
More tourists visited Miami in 2017 than ever before (thenextmiami.com)













ABOUT Walgreens

It would be impossible to tell the story of Walgreens drugstores without telling the story of Charles R. Walgreen Sr., the man who started it all. The first Walgreen's drugstore was located in Barrett's Hotel at Cottage Grove and Bowen Avenue on Chicago's South Side. By every account, Walgreen succeeded brilliantly, simply by practicing what he preached and instituting what he felt were clearly needed innovations. New, bright lights were installed to create a cheerful, warm ambiance in the store. Each customer was personally greeted by Walgreen or his colleague, Arthur C. Thorsen. Aisles were widened, creating a spacious, airy, welcoming feeling - a far cry from the cramped interiors of other drugstores. Generations of customers and employees hold fond memories of trips to the Walgreen's soda fountain and prescriptions filled by the friendly local pharmacist. Most of all, they remember Walgreens, a welcome, dependable presence in countless neighborhoods across the country for more than 100 years. It is the Historical Foundation's aim to build an understanding of the early Walgreens store culture and to help educate the public about the role Walgreens played in the history of retail pharmacy. Walgreens is America's leading provider of convenience and access to consumer goods and services, as well as pharmacy, health and wellness services. Walgreens stores provide patients with complete prescription needs in one place without sacrificing the safety, service or convenience of their nearby neighborhood drugstore.

Name	Walgreens
Ownership	Public
Stock Symbol	WBA
Sales Volume	<u>\$120.5 Billion (2017)</u>
Net Worth	<u>\$30.9 Billion</u>
Board	NYSE
Tenant	Corporate Store
HQ	Deerfield, IL
Number of Locations	8,175+
Web Site	www.walgreens.com

FOUNDED IN 1901

POPULATION

	1 Miles	3 Miles	5 Miles
2022 Projection	27,819	55,759	203,118
2017 Estimate	26,705	53,540	185,853
2010 Census	24,767	49,636	167,189
2000 Census	24,715	49,136	136,753

INCOME

Average	\$80,220	\$93,131	\$82,560
Median	\$40,224	\$47,218	\$43,239
Per Capita	\$49,770	\$54,398	\$42,205

HOUSEHOLDS

2022 Projection	17,193	32,645	105,606
2017 Estimate	16,479	31,130	94,273
2010 Census	15,277	28,866	84,611
2000 Census	15,300	28,468	65,990

HOUSING

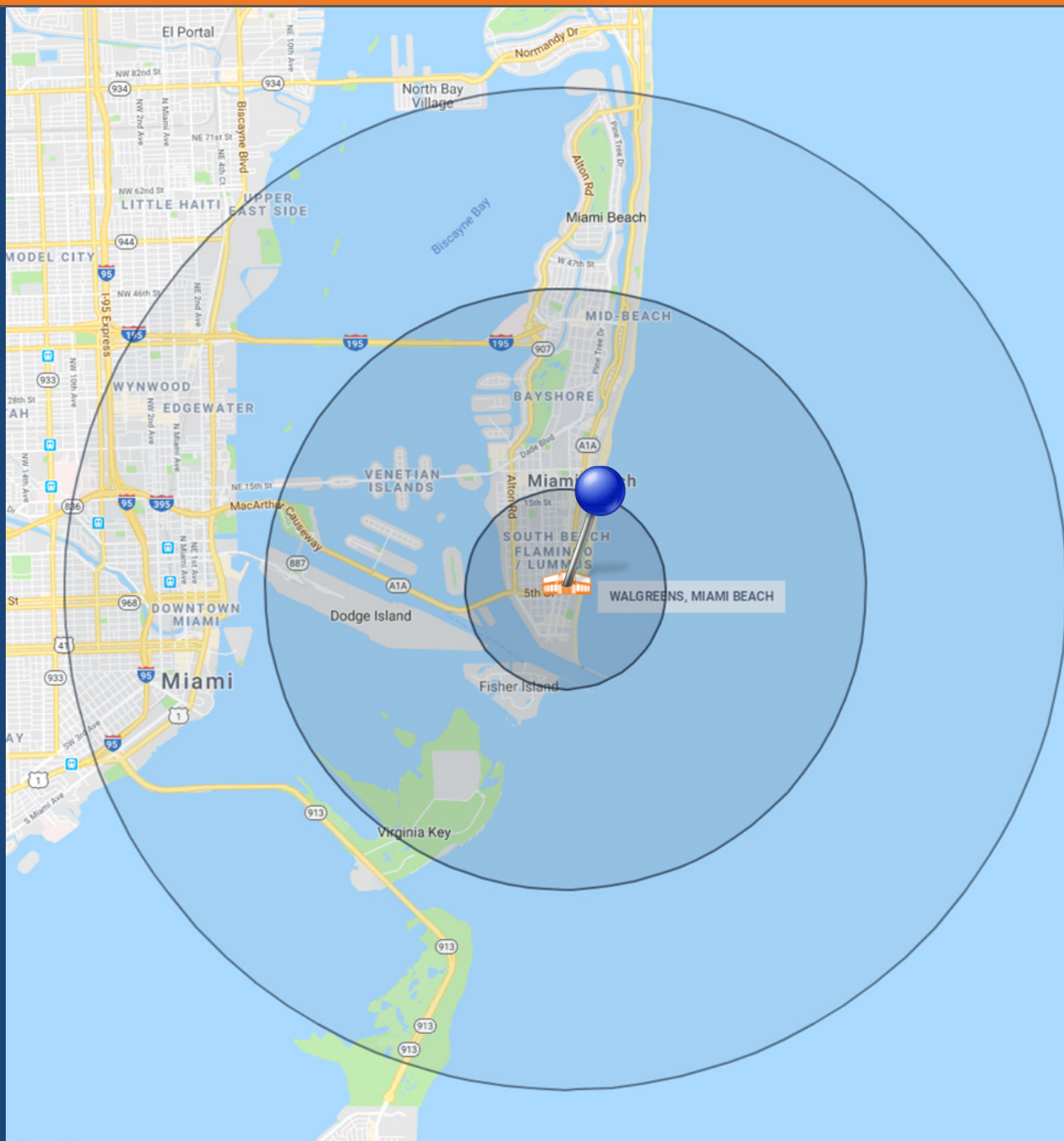
2017	\$273,118	\$337,154	\$325,906
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EMPLOYMENT

2017 Daytime Population	82,590	129,003	407,556
2017 Unemployment	3.36%	3.13%	4.28%
2017 Median Time Traveled	24	25	27

RACE & ETHNICITY

White	85.76%	87.54%	78.81%
Native American	0.06%	0.05%	0.04%
African American	4.37%	3.79%	11.18%
Asian/Pacific Islander	2.19%	2.25%	2.18%



GEOGRAPHY: 5 MILE



POPULATION

In 2017, the population in your selected geography is 185,853. The population has changed by 35.90% since 2000. It is estimated that the population in your area will be 203,118.00 five years from now, which represents a change of 9.29% from the current year. The current population is 52.51% male and 47.49% female. The median age of the population in your area is 37.98, compare this to the US average which is 37.83. The population density in your area is 2,369.95 people per square mile.



HOUSEHOLDS

There are currently 94,273 households in your selected geography. The number of households has changed by 42.86% since 2000. It is estimated that the number of households in your area will be 105,606 five years from now, which represents a change of 12.02% from the current year. The average household size in your area is 1.91 persons.



INCOME

In 2017, the median household income for your selected geography is \$43,239, compare this to the US average which is currently \$56,286. The median household income for your area has changed by 62.53% since 2000. It is estimated that the median household income in your area will be \$52,638 five years from now, which represents a change of 21.74% from the current year.

The current year per capita income in your area is \$42,205, compare this to the US average, which is \$30,982. The current year average household income in your area is \$82,560, compare this to the US average which is \$81,217.



RACE AND ETHNICITY

The current year racial makeup of your selected area is as follows: 78.81% White, 11.18% Black, 0.04% Native American and 2.18% Asian/Pacific Islander. Compare these to 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 57.99% of the current year population in your selected area. Compare this to the US average of 17.88%.



HOUSING

The median housing value in your area was \$325,906 in 2017, compare this to the US average of \$193,953. In 2000, there were 21,471 owner occupied housing units in your area and there were 44,520 renter occupied housing units in your area. The median rent at the time was \$534.



EMPLOYMENT

In 2017, there are 236,942 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 63.95% of employees are employed in white-collar occupations in this geography, and 36.19% are employed in blue-collar occupations. In 2017, unemployment in this area is 4.28%. In 2000, the average time traveled to work was 27.00 minutes.





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Marcus & Millichap
OFFICES NATIONWIDE
www.marcusmillichap.com

RONNIE ISSENBERG

Senior Vice President Investments
Senior Director, National Retail Group
MIAMI OFFICE
Office: (786) 522-7013
Rissenberg@marcusmillichap.com

GABRIEL BRITTI

Senior Vice President Investments
Senior Director, National Retail Group
MIAMI OFFICE
Office: (786) 522-7017
Gbritti@marcusmillichap.com

RICARDO ESTEVES

Associate Investments
Associate Member, National Retail Group
MIAMI OFFICE
Office: (786) 522-7054
Ricardo.Esteves@marcusmillichap.com