



INVESTMENT OFFERING

O'Reilly Auto Parts, Prescott, AZ



O'Reilly Auto Parts

342 GROVE AVENUE, PRESCOTT, AZ 86301



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STATEMENT OF CONFIDENTIALITY & DISCLAIMER

Faris Lee Investments ("FLI") has been engaged as the exclusive financial advisor to the Seller in connection with Seller's solicitation of offers for the purchase of the property known as O'Reilly Auto Parts, City of Prescott, State of Arizona. Prospective purchasers are advised that as part of the solicitation process, Seller will be evaluating a number of factors including the current financial qualifications of the prospective purchaser. Seller expressly reserves the right in its sole and absolute discretion to evaluate the terms and conditions of any offer and to reject any offer without providing a reason therefore. Further, Seller reserves the right to terminate the solicitation process at any time prior to final execution of the Purchase Agreement.

The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property, and it is not to be used for any other purpose or made available to any other person without the express written consent of Seller or FLI. The material is based in part upon information supplied by the Seller and in part upon financial information obtained by FLI from sources it deems

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A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and

shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or FLI or any of their affiliates or any of their respective officers, directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

Prospective purchasers are not to construe the contents of this Offering Memorandum or any prior or subsequent communication from FLI or Seller or their affiliates or any of their respective officers, directors, shareholders, owners, employees, or agents as legal, tax, or other advice. Prior to submitting an offer, prospective purchasers should consult with their own legal counsel and personal and tax advisors to determine the consequences of an investment in the Property and arrive at an independent evaluation of such investment.

O'Reilly Property Overview



INVESTMENT SUMMARY

Faris Lee Investments is pleased to offer for sale the fee simple interest (land & building) in a 8,000 SF O'Reilly Auto Parts (the "Property"), located at 342 Grove Avenue in the quickly growing city of Prescott, Arizona. The property is ideally located on 1.1 acres of land sandwiched between densely populated residential area and the city's dominant retail thoroughfare. The property enjoys prime commercial frontage and outstanding visibility along Grove Ave.

O'Reilly Auto Parts is one of the largest specialty retailers in the incredibly stable auto parts and service industry. The long term, corporate guaranteed lease has 3% annual increases and 2 (5-year) options (6% rental increases at the start of each option). In addition, the tenant has done business at the subject location for over 20 years, an indication of corporate trust in the market.

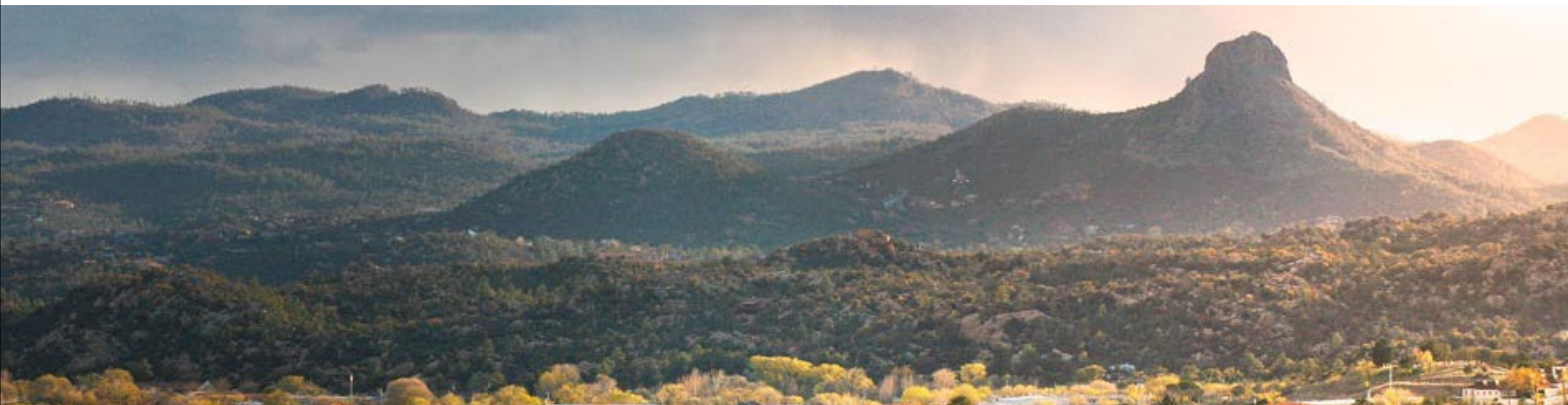
LOCATION SUMMARY

The Property is strategically positioned directly across from several other auto parts and services retailers, including NAPA Auto and AutoZone, creating tenant synergy that drives crossover traffic. It is also located just steps away from several other major retailers that consistently generate crossover traffic, including CVS Pharmacy, Whole Foods, and Fry's Food & Drug. The property benefits immensely from its proximity to several densely populated and relatively affluent neighborhoods: over 40,000 households with an income of \$65,414 in a five mile radius.

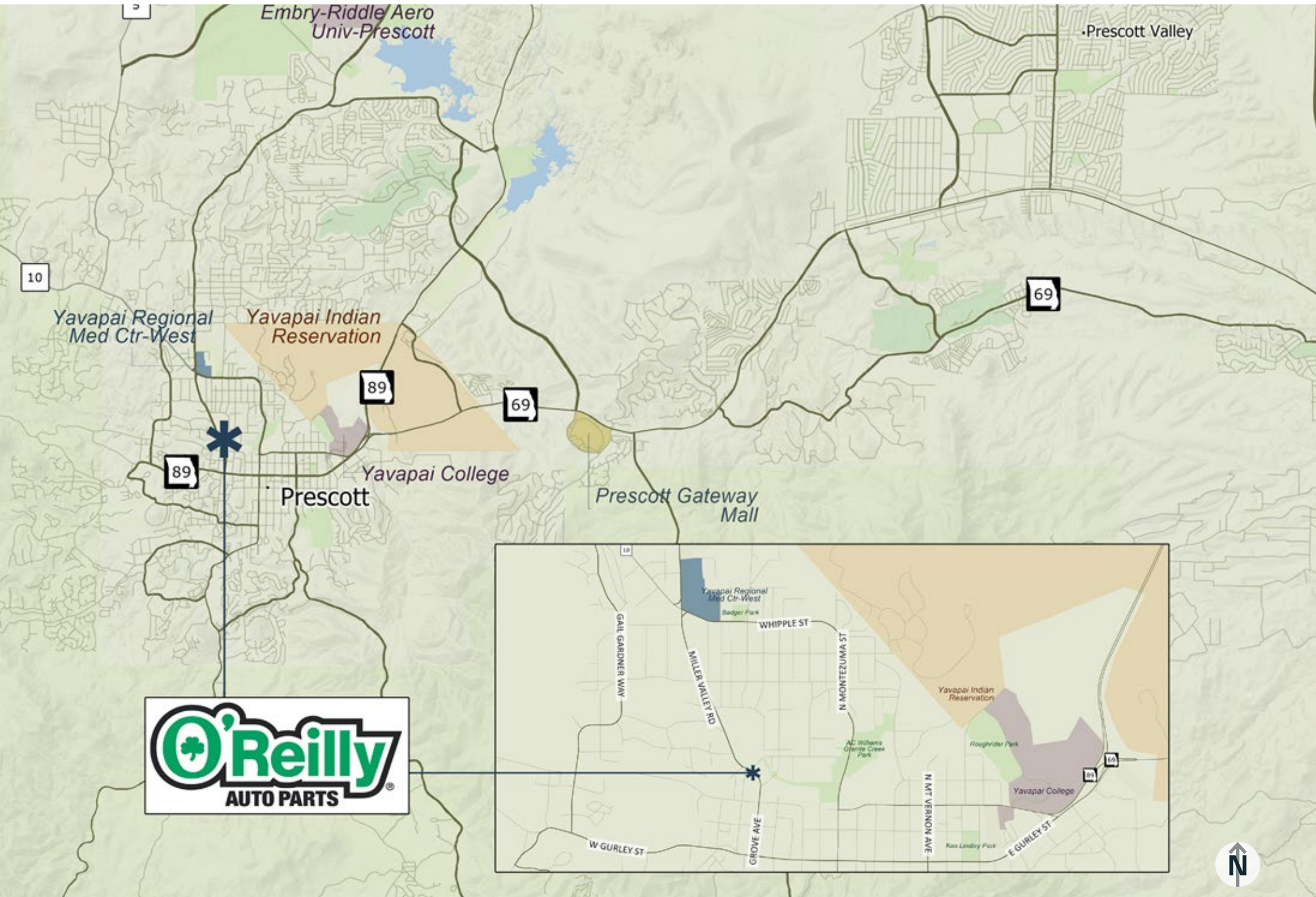
Prescott, Arizona is located 80 miles north of Phoenix and 60 miles south of Flagstaff. It is regarded as one of the most desirable places to live in Arizona, providing its residents with a small town atmosphere, without forcing them to surrender the creature comforts of a big city. Prescott is located within Yavapai County, the second fastest growing in the State.

PRICING

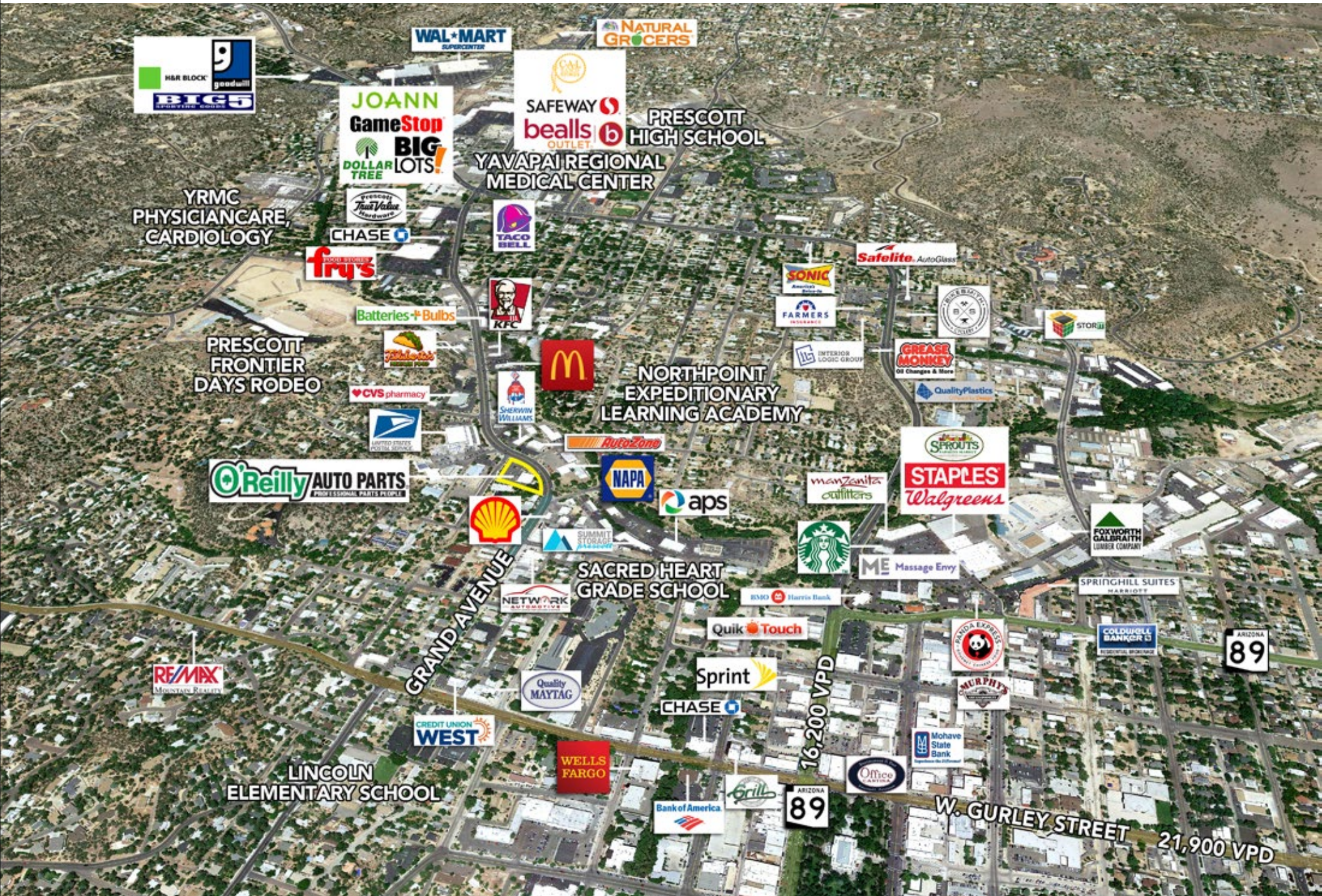
Price:	\$1,963,000
Price PSF:	\$245
Cap Rate:	5.75%



LOCATION MAP



MAJOR RETAIL CORRIDOR







PROPERTY SPECIFICATIONS

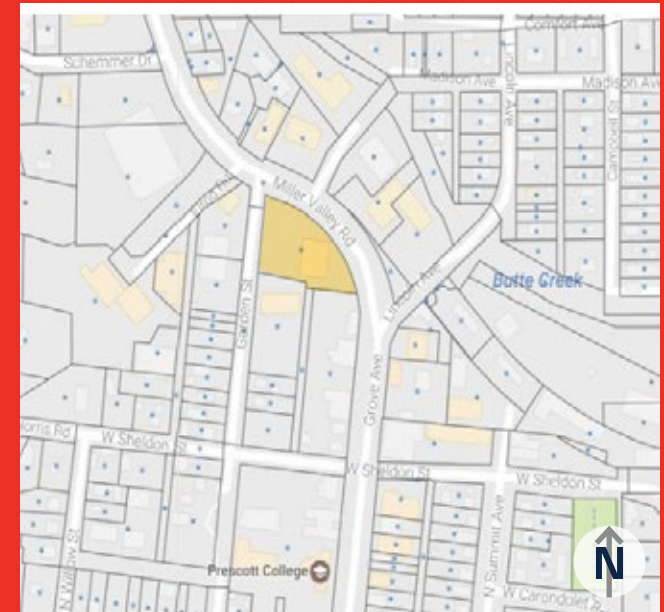
Rentable Area:	Approx. 8,000 SF	Ownership:	Fee Simple (Land & Building)
Land Area:	47,916 SF / 1.10 Acres	Zoning:	BG - Business General
Year Built:	1997		
Address:	342 Grove Avenue, Prescott, AZ 86301		
Access:	There are three (3) access points, two (2) along Grove Avenue and one (1) along Garden Street.		
Parking:	There are approximately 55 dedicated parking stalls on the owned parcel. The parking ratio is approximately 6.83 parking stalls per 1,000 SF of leasable area.		



PARCEL NUMBERS

PARCEL	ACRES	SQUARE FEET
113-09-034C	1.1	47,916

PARCEL MAP





LONG TERM NN LEASE

- » Corporate Guaranteed NN Lease
- » Tenant has operated at subject location for over 20 years
- » Signed an additional 10 Year lease extension in 2011
- » Steady, reliable NOI Growth - 3% annual rental increases through 2023
- » 2 (5-year) options available



STRONG, NATIONAL CREDIT TENANT

- » O'Reilly Auto Parts: S&P BBB+ - National Credit Tenant, strong brand recognition
- » Over 5,000 locations, 195 added in 2017
- » Long term stability - Auto Parts/Service industry is resistant to recession and internet sales trends
- » Consistent demand - auto service use fulfills daily demand from high density residential areas that surround the property



PRIME POSITIONING IN TRADE AREA

- » Excellent commercial frontage and visibility along Grove Avenue
- » Steps away from several other, crossover traffic generating national credit tenants including CVS Pharmacy, Whole Foods, Fry's Food and Drug, NAPA Auto Parts, Auto Zone
- » Moments from main Prescott retail corridors: Sheldon St and Montezuma St



LIMITED LANDLORD RESPONSIBILITIES

- » NN lease structure
- » Tenant pays for CAM, taxes, and insurance
- » Landlord responsibilities limited to roof and structure
- » Roof recently underwent extensive refurbishment
- » Ideal, limited management investment for out of state or passive investor



SIGNIFICANT NEAR-TERM UPSIDE

- » Tenant's rent is significantly below market rate
- » Investor can increase NOI substantial through re-leasing
- » O'Reilly location 0.7 miles away from the subject is paying \$28 PSF
- » Current FAR is 16.5% - opportunity to expand to 25% with a new, 4,000 SF pad on the Northwestern corner of the parcel

Pricing Analysis





SITE PLAN NOT TO SCALE

RENT ROLL

Tenant	Size (SF)	Current Monthly Rent	Monthly Rent \$/SF	Current Annual Rent	Annual Rent \$/SF	Increase Date	Increase	Rental Increases Monthly Rent	Monthly \$/SF	Annual Rent	Annual \$/SF	CAM Recovery Type	Lease Start	Lease Expires	Lease Options
CSK Auto, Inc.	8,000	\$9,132	\$1.14	\$109,586	\$13.70	Mar-2019	3%	\$9,406	\$1.18	\$112,874	\$14.11	NNN	2/13/1998	2/28/2023	2 (5-Year)
						Mar-2020	3%	\$9,688	\$1.21	\$116,260	\$14.53	*Tenant not responsible for increases in property taxes due to ownership change.			Opt 1: \$10,603.33
						Mar-2021	3%	\$9,979	\$1.25	\$119,748	\$14.97				Opt 2: \$11,239.33
						Mar-2022	3%	\$10,278	\$1.28	\$123,340	\$15.42				

TRANSACTION SUMMARY

Financial Information

Price: \$1,963,000

Price/SF: \$245

Lease Type: NN

Tenant is responsible for taxes, insurance and CAM.

Landlord responsible for roof and structure.

Property Specifications

Rentable Area: 8,000 SF

Land Area: 1.1 Acres

Year Built: 1997

Address: 342 Grove Ave
Prescott, AZ 86301

APN: 113-09-034C

Ownership: Fee Simple (Land & Building)

Tenant: CSK Auto, Inc.

Operating Information

	Mar-19	Mark-to-Market
Gross Potential Rent	\$112,874	\$130,000
Plus Recapture	NNN	NNN
Effective Gross Income	\$112,874	\$130,000
Less Expenses	(NNN)	(NNN)
Net Operating Income	\$112,874	\$130,000
Cap Rate:	5.75%	6.62%

TENANT SYNOPSIS



O'Reilly Automotive, Inc., together with its subsidiaries, engages in the retail of automotive aftermarket parts, tools, supplies, equipment, and accessories in the United States. The company provides new and remanufactured automotive hard parts, such as alternators, starters, fuel pumps, water pumps, brake system components, batteries, belts, hoses, temperature controls, chassis parts, driveline parts, and engine parts; maintenance items comprising oil, antifreeze products, fluids, filters, wiper blades, lighting products, engine additives, and appearance products; and accessories, such as floor mats, seat covers, and truck accessories. Its stores offer auto body paint and related materials, automotive tools, and professional service provider service equipment. Its stores provide do-it-yourself and professional service provider customers a selection of brand name, house brands, and private label products for domestic and imported automobiles, vans, and trucks. O'Reilly Automotive, Inc. was founded in 1957 and is headquartered in Springfield, Missouri.

Company Type:	(NASDAQ: ORLY)	2017 Revenue:	\$8.98 Billion
S&P Rating:	BBB+	2017 Assets:	\$7.57 Billion
2017 Employees:	75,552	Website:	www.oreillyauto.com
2017 Net Income:	\$1.13 Billion	Locations :	5,012
2017 Equity:	\$653.05 Million		
Fiscal Year End:	December		

Area Overview





Fast Facts

The City of Prescott is located in central Arizona and boasts the largest stand of Ponderosa Pine in the world. The City is the largest in Yavapai County and the base of county government operations. As of 2015 the population of Prescott was 41,810 while the metro total was over 97,000.

Known as “Everybody’s Hometown”, Prescott is home to the downtown Courthouse Plaza, famous Whiskey Row, World’s Oldest Rodeo, Prescott Fine Arts Association, Sharlot Hall Museum, Phippen Art Museum, Folk Arts Fair, Frontier Days, and Territorial Days. It has been officially designated as “Arizona’s Christmas City” by the State of Arizona.

The Courthouse Plaza, located in the center of the downtown and framed by towering elms, is the focal point for a myriad of activities, including crafts fairs, antique shows and art shows. The plaza and Yavapai County Courthouse are well-known throughout Arizona as symbolizing the quintessential mid-western downtown square.



Economic Highlights

Prescott is the center for trade in the region, with abundant retail establishments, professional services & manufacturing plants. Yavapai Regional Medical Center & Veterans Administration Hospital provides excellent diagnostic emergency & treatment centers. Travel & Tourism, cultural institutions & government offices are important to Prescott’s economy.

Companies find that Prescott delivers key assets that make the City a smart place to do business. Prescott is a proven market with 38,000 City-based employees and the region’s leading private employers. The City of Prescott has more than 98,000 workers. If transportation is important for corporate operations, all roads lead to Prescott. Prescott’s Ernest A. Love Field provides air access with three runways and daily non-stop flights to Los Angeles. Businesses that host overnight clients will find more than 1,300 hotel rooms in Prescott with more to come. Finally, for real estate, Prescott has more than 700 acres of land zoned for light industrial and office use. Several light industrial buildings are also available for lease.

Prescott has more than 4,500 businesses. Leading private employers are Yavapai Regional Medical Center, Sturm Ruger & Co., and Cobham Aerospace Communications. Regional employment stands at nearly 60,000.

MAJOR EMPLOYERS

COMPANIES	# OF EMPLOYEES
Yavapai County	1,424
Yavapai Regional Medical Center	1,402
Veteran’s Administration Medical Center	889
Sturm Ruger Manufacturing	579
Yavapai College College	564
City of Prescott Government	506
Prescott Unified School District Public Schools	495
Embry-Riddle Aeronautical University College	375
Yavapai Gaming Agency Casino	294
Wal-Mart Stores Retail	280



5.4%

PROJECTED POPULATION GROWTH 2016-2019



19.5%

PREDICTED JOB GROWTH OVER THE NEXT 10 YEARS



3.9%

RECENT JOB GROWTH IN PRESCOTT



4.7%

HOME APPRECIATION IN THE LAST YEAR



85,500+

ESTIMATED POPULATION WITHIN A 5 MILE RADIUS



\$64,000+

AVERAGE HOUSEHOLD INCOME WITHIN A 3 MILE RADIUS



17 Minutes

AVERAGE COMMUTE TIME

Demographics
(CoStar 2018)

3 Mile

5 Miles

10 Miles

Population

34,401

47,915

85,563

Average HHI

\$50,537

\$64,600

\$50,593

Total Households

16,004

22,282

37,708



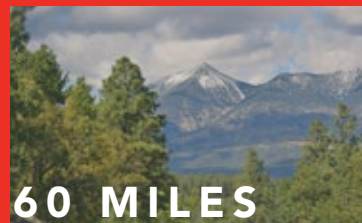
Courthouse Plaza

DISTANCE FROM PRESCOTT



80 MILES

PHOENIX



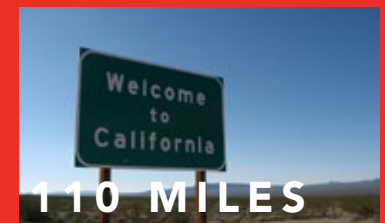
60 MILES

FLAGSTAFF



180 MILES

LAS VEGAS



110 MILES

CALIFORNIA BORDER



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