

# SAFEWAY

1425 SOUTH MURRAY BLVD, COLORADO SPRINGS, CO 80916

OFFERING MEMORANDUM

Marcus & Millichap  
THE ISAAC GROUP





# SAFEWAY

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1425 SOUTH MURRAY BLVD, COLORADO SPRINGS, CO 80916

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# THE INVESTMENT — 01

Marcus & Millichap



# SAFeway

1425 SOUTH MURRAY BLVD, COLORADO SPRINGS, CO 80916

OFFERING PRICE

\$11,500,000

CAP RATE

5.12%





# OFFERING SUMMARY

1425 SOUTH MURRAY BLVD, COLORADO SPRINGS, CO 80916

## PRICING

	LIST PRICE	ANTICIPATED OFFER RANGE	
Price	\$11,500,000	\$11,500,000	\$11,500,000
NOI	\$588,730	\$588,730	\$588,730
CAP Rate	5.12%	5.12%	5.12%
Price/SF	\$204.32	\$204.32	\$204.32

## THE OFFERING

Building Size	56,284 SF
Lot Size	5.67 AC
Type of Ownership	Fee Simple
Year Built	2000

## LEASE SUMMARY

Lease Type	NNN
Roof & Structure	Tenant
Lease Guarantor	Corporate
Original Lease Term	25 Years
Lease Commencement Date	3/1/2001
Lease Expiration Date	2/28/2026
Remaining Lease Term	7.5 Years
Increases	In Options
Options to Renew	10 x 5-Year Options

## ANNUALIZED OPERATING DATA

TERM	ANNUAL RENT	MONTHLY RENT	RENT /SF	CAP Rate
Current	\$588,730	\$49,061	\$10.46	5.12%
Option 1	\$677,040	\$56,420	\$12.03	5.89%
Option 2	\$778,596	\$64,883	\$13.83	6.77%
Option 3	\$895,386	\$74,616	\$15.91	7.79%
NOI	\$588,730			5.12%



# INVESTMENT OVERVIEW



## 7+ YEARS REMAINING ON PRIMARY TERM

Safeway occupies the property under a 25 year absolute triple-net NNN lease which commenced when the building was constructed in 2000. The lease currently has 7.5 years remaining on the primary term with ten (10) five-year options to renew.



## STRONG BRAND RECOGNITION

Safeway was acquired by Albertsons Companies, Inc., the largest privately held and second-largest traditional grocer in the United States, in 2016. Albertsons has 2,300 stores in over 35 states under 20 well-known brands.



## LONG TERM TRIPLE-NET (NNN) LEASE

The lease commenced on March 1st, 2000 and will expire on February 28th, 2026. The rent is flat during the original term and features 15% rent increases in the options. The lease is an absolute triple-net (NNN), providing an investor a truly passive investment with no management or expense responsibilities whatsoever. The tenant has ten (10) five-year options to renew.



## COLORADO SPRINGS, CO LOCATION

The property is located in Colorado Springs, CO (pop. 465,000). Safeway benefits from its location in between the two primary arterial corridors, Academy Boulevard and Powers Boulevard. Safeway is surrounded by a variety of households including Antero Apartments (528 Units), Fountain Springs Apartments (228 Units), Bellaire Ranch Apartments (229 Units) as well as numerous other neighborhoods.







**SAFeway®**

## TENANT OVERVIEW

Safeway, Inc. was founded in 1915 by Marion Barton Skaggs. Skaggs aimed to give customers value and expand by keeping a narrow profit margin. By 1926, he had opened 428 stores in 10 states and almost doubled the size of his business by merging with Safeway's 322 stores, becoming incorporated as Safeway, Inc. In 1927, Safeway stock went public at \$226. On January 30, 2015, Safeway and Albertsons finalized. In 2016, The company decided to re-brand their Albertsons in the Denver Metro area as Safeway as Safeway is the stronger brand in the Denver Area. Colorado has the second largest concentration of Safeway branches, only behind Washington.



An aerial photograph of a Safeway grocery store and its parking lot, taken at dusk. The store is a large, single-story building with a flat roof. The parking lot is filled with cars. The surrounding area includes other commercial buildings and residential neighborhoods. The sky is dark, and the overall scene is dimly lit.

# THE PROPERTY

02

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Valley Hi Golf Course

Lockheed Martin Corporation

Colorado Department of Corrections

UNITED STATES POSTAL SERVICE

Leon Young Sports Complex

Walmart Neighborhood Market

O'Reilly AUTO PARTS

GREEN BURRITO  
Carnita's

Carmel Middle School

Wendy's

BIG LOTS!

Advance Auto Parts

SONIC  
America's Drive-In

jiffy lube

H&R BLOCK

Papa Murphy's  
TAKE 'N BAKE PIZZA

PAPA JOHN'S  
PIZZA

Firestone

NAPA AUTO PARTS

TACO BELL

NISSAN

AMO CLASSIC

U-HAUL  
AUTHORIZED DEALER

AutoZone

Little Caesars

Walgreens

Sierra High School

SUBWAY

DEL TACO

7 ELEVEN

McDonald's

Bellaire Ranch Apartments  
(229 Units)

Antero Apartments  
(528 Units)

Fountain Springs Apartments  
(228 Units)

Wildflower Elementary School

SAFEWAY

HARRIS

7 ELEVEN

Super 8

Days Inn

dpiX

K

Panorama Middle School

Holiday Inn Express

Holiday Inn

Hampton Inn

ACE Hardware

Colorado Springs Airport

24

21

24

21

S. ACADEMY BLVD

E FOUNTAIN BLVD

STATE HIGHWAY 21

S POWERS BLVD



**SAFEWAY**

**SUBWAY**

**SUPERCUTS**







# THE MARKET

—  
03

Marcus & Millichap



# LOCATION OVERVIEW

## COLORADO SPRINGS, CO

The Colorado Springs metro encompasses El Paso and Teller counties and boasts a magnificent natural landscape that includes the 14,100-foot Pikes Peak. The city's elevation is around 6,000 feet. Local geology limits development in certain locations. The market contains a population of approximately 699,000 people. Colorado Springs is known as the largest city by area in Colorado, as well as ranking second as most populated city behind Denver. It holds around 445,600 residents and is expected to grow by 51,500 residents by the end of 2021. Colorado Springs is also home to the U.S. Air Force Academy and the Colorado Springs Airport, which is only 5 miles away.

### METRO HIGHLIGHTS



#### LOWER COST OF LIVING

Colorado Springs offers cost advantages over nearby Denver and Boulder. The median home price in the metro is less than half the median price in Boulder.



#### STRONG TECH INDUSTRY

High-tech manufacturing provides a solid base for the area's economy. Among the many companies are Hewlett-Packard, Oracle and Cherwell Software.



#### NATIONAL MILITARY PRESENCE

The U.S. military plays a vital role in the local economy. Fort Carson, Peterson Air Force Base, NORAD, NORTHCOM and the Air Force Academy are all located in the metro.





# DEMOGRAPHICS

POPULATION	1-MILE	3-MILES	5-MILES
<u>2022 Projection</u>			
Total Population	19,422	96,927	228,405
<u>2017 Estimate</u>			
Total Population	18,618	94,417	223,303
<u>2010 Census</u>			
Total Population	17,073	86,782	208,242
<u>2000 Census</u>			
Total Population	15,927	81,237	202,322
<u>Current Daytime Population</u>			
2017 Estimate	14,956	96,919	241,567
HOUSEHOLDS	1-MILE	3-MILES	5-MILES
<u>2022 Projection</u>			
Total Households	7,337	37,080	93,593
<u>2017 Estimate</u>			
Total Households	6,913	35,429	90,004
Average (Mean) Household Size	2.71	2.57	2.41
<u>2010 Census</u>			
Total Households	6,342	32,361	83,424
<u>2000 Census</u>			
Total Households	5,787	30,148	78,812
<u>Occupied Units</u>			
2022 Projection	7,337	37,080	93,593
2017 Estimate	7,476	37,790	94,708
HOUSEHOLDS BY INCOME	1-MILE	3-MILES	5-MILES
<u>2017 Estimate</u>			
\$150,000 or More	2.37%	2.15%	3.53%
\$100,000 - \$149,000	7.19%	6.52%	9.41%
\$75,000 - \$99,999	9.69%	9.65%	11.91%
\$50,000 - \$74,999	21.30%	19.33%	20.13%
\$35,000 - \$49,999	19.06%	16.95%	15.67%
Under \$35,000	40.41%	45.40%	39.36%
Average Household Income	\$52,283	\$49,217	\$57,440
Median Household Income	\$42,443	\$38,449	\$44,997
Per Capita Income	\$19,414	\$18,971	\$23,682

HOUSEHOLD BY EXPENDITURE	1-MILE	3-MILES	5-MILES
<u>Total Average Household Retail Expenditure</u>			
	\$59,398	\$57,004	\$63,828
<u>Consumer Expenditure Top 10 Categories</u>			
Housing	\$16,299	\$15,656	\$17,215
Transportation	\$10,212	\$9,819	\$11,104
Shelter	\$10,520	\$10,053	\$10,964
Personal Insurance and Pensions	\$4,935	\$4,422	\$5,206
Food	\$6,102	\$5,877	\$6,403
Health Care	\$3,052	\$3,142	\$3,780
Cash Contributions	\$1,859	\$1,845	\$2,453
Entertainment	\$2,368	\$2,281	\$2,662
Utilities	\$2,814	\$2,733	\$2,999
Apparel	\$1,537	\$1,407	\$1,475

POPULATION PROFILE	1-MILE	3-MILES	5-MILES
<u>Population By Age</u>			
2017 Estimate Total Population	18,618	94,417	223,303
Under 20	32.88%	29.54%	26.69%
20 to 34 Years	33.11%	30.57%	28.33%
35 to 39 Years	6.89%	6.67%	6.41%
40 to 49 Years	10.03%	10.13%	10.40%
50 to 64 Years	11.95%	13.40%	16.03%
Age 65+	5.14%	9.70%	12.17%
Median Age	27.40	29.49	31.90
<u>Population 25+ by Education Level</u>			
2017 Estimate Population Age 25+	10,461	56,876	142,234
Elementary (0-8)	4.24%	3.88%	2.56%
Some High School (9-11)	7.43%	9.73%	7.47%
High School Graduate (12)	27.18%	29.70%	27.12%
Some College (13-15)	31.24%	29.44%	28.97%
Associate Degree Only	14.05%	11.73%	11.12%
Bachelors Degree Only	10.93%	10.19%	14.38%
Graduate Degree	3.79%	4.19%	7.52%





# THE OFFER — 04

Marcus & Millichap



# SUMMARY OF TERMS

## INTEREST OFFERED

Marcus & Millichap is marketing for sale to qualified investors an opportunity to acquire 100 percent fee simple Interest in the subject property. Seller shall assign to purchaser all leases encumbering the property at closing.

## OFFERING PROCESS

The property is being offered on an open bid basis. Prospective purchasers will be notified if a call for offers or best and final date is set; however, Seller intends to review offers as they are submitted and will respond promptly to all offers. Please contact the listing brokers to discuss submitting a Letter of Intent to purchase.

## FINANCING

The property is being offered free & clear of any existing debt and prospective purchasers shall be afforded the opportunity to obtain a new financing for acquisition. Prospective purchasers are encouraged to submit proof of funds, expected loan terms, and a preliminary approval from lender with a Letter of Intent. Marcus & Millichap Capital Corp. has also sourced potential lenders for this acquisition and the listing brokers can provide terms upon request.

## COOPERATIVE BROKERAGE COMMISSION

Marcus & Millichap is offering a cooperative brokerage commission equal to 50% of the gross commission by seller to brokers that represent purchasers that were not directly contacted by the listing brokers and that successfully close on the property at terms acceptable to seller.

## PROPERTY TOURS

Prospective purchasers are encouraged to visit the subject property prior to submitting a Letter of Intent; however, all property tours must be arranged with the listing broker or landlord only. Under no circumstances should any prospective purchaser or related entity contact the tenant, on-site management, or employees. Recipients of this offering memorandum acknowledge that such contact may damage the tenant's operations which may impair the financial results. The landlord/seller reserves the right to seek legal redress for any damage that may occur from such interference with their relationship with tenant.



# CONFIDENTIALITY & DISCLAIMER

## NON-DISCLOSURE NOTICE

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## DO NOT CONTACT TENANT

All property showing are by appointment with the listing broker or landlord only. Under no circumstances, should any prospective purchaser or related entity contact the tenant or any of the employees at these stores. Recipients of this offering memorandum acknowledge that such contact may damage the tenant's operation which would impair the financial results. Landlord reserves the right to seek legal redress for any damage that may occur from such interference with landlord's relationship with tenant.

## NET LEASE DISCLAIMER

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.







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