

WAWA-ANCHORED CENTER

Marcus & Millichap



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ACT ID: Z0300473

WAWA-ANCHORED CENTER

2524, 2550, 2544 W. RIDGE PIKE & SOUTH TROOPER ROAD,
WEST NORRITON, PA 19403

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OFFERING HIGHLIGHTS

WAWA-ANCHORED CENTER

2524,2550,2544 W. Ridge Pike & South Trooper Road, West Norriton, PA 19403

OFFERING PRICE

\$8,800,000

CAP RATE

6.53%

VITAL DATA	
Price	\$8,800,000
Cap Rate	6.53%
Total GLA	20,868 SF
Year Built/Renovated	2014-2018
Lot Size	6.63 Acres & 1.02 Acres
Occupancy	100%

DEBT QUOTE	
Rate	4.80%
Term	10-Years
LTV	65-70%
Amortization	30 Years

Marcus & Millichap



INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present this Wawa anchored five tenant shopping center in Trooper, PA. (West Norriton Township), a suburb of Philadelphia. Situated at the busy intersection of Ridge Pike and Trooper Road with combined traffic counts of over 35,000 vehicles per day, this center serves a population of over 72,000 people within a three-mile radius averaging over \$100,000 in household income. Just west of Norristown, the County Seat of Montgomery County, this property is centrally located in the third most populous county in Pennsylvania, that also has the highest per capita income in the state.

The center is strategically located as Ridge Pike is a major commuter artery running northwest to southeast toward Norristown (2 miles away), intersecting Rt. 202, Interstate 476, and providing access to King of Prussia, Plymouth Meeting, and Norristown. Trooper Rd. (Rt. 363), runs east west and provides access to Audubon, Oaks, East Norriton, and the Rt. 422 Corridor with multiple pharmaceutical companies and corporate parks.

The area has a host of miscellaneous commercial uses are along Ridge Pike, with Burger King, Urgent Care, and AutoZone directly across the street. Along Trooper Rd., the area is residential in character, both east and west of the property.

Two tenants, Wawa and Citadel Bank, are in freestanding structures on pad sites. The other three tenants, Steak & Shake, Good Shepard Penn Physical Therapy, and LAMS Dental, are in line in a 7,883 SF building.

The interests being conveyed in this marketing packages are as follows:

1. A leasehold interest from underlying Ground Owner in 6.63 acres of ground on a 25-year base term, concurrent with the Wawa, upon which Wawa has a sub-ground lease of approximately 1.7 acres, with the remaining 4.93 acres being allocated to the 7,883-square -foot building occupied by Steak n' Shake, LAMS Dental, and Good Shepherd as well as parking, access, retention basins, driveways and setbacks per zoning. This lease has (5), five year options in addition to the 25-year base term. **It is important to note that the Ground Lessee (Owner), has a first right of refusal should the underlying Ground Owner ever seek to sell his interest, thereby adding a level of protection to the long term residual value for the Owner.**
2. A fee-simple interest in 1.22 acres at the hard corner of Trooper Road and Ridge Pike, ground-leased to Citadel Bank, which owns its building.
3. Wawa sub-leases from Owner its 1.7 acres and owns its building. The 7,883-square-foot building occupied by the inline tenants is owned by Owner and is being conveyed to Purchaser, and can be depreciated by Purchaser.

INVESTMENT HIGHLIGHTS

- ▶ Great Location, Visibility, and Access
- ▶ Dense Population with High Income
- ▶ High Traffic Counts
- ▶ Signaled Corner with Three Means of Ingress and Egress
- ▶ 3 credit tenants in Wawa, Citadel Bank, & Steak n' Shake
- ▶ Unique Transaction Structure with the Purchase of a Leasehold Interest, and a Fee Simple Interest, Allowing Increased Depreciation
- ▶ NNN Leases for all Five Tenants
- ▶ Leasehold Owner has First Right of Refusal on Ground from Underlying Owner
- ▶ All Leases have Rent Increases either Annually or every Five Years
- ▶ Three Tenants are in Line in a Brand New Structure; Wawa and Citadel Bank are on Freestanding Pads
- ▶ Very Little Management - Great 1031 Exchange Property



RENT ROLL

TENANT	SQUARE FEET	GLA %	LEASE START	LEASE EXPIRE	BASE RENT	RENT/SF	INCREASE DATE	INCREASE AMOUNT	OPTIONS	LEASE TYPE	NOTES
Wawa (Leasehold)	12,985	62.22	6/2/2014	5/31/2038	\$409,002.00	\$24.47	7/1/2019	\$409,002.00	5 x 5	NNN	Tenant pays for own premises
							7/1/2024	\$449,902.00			
							10/1/2029	\$494,892.00			
LAMS Dental (Leasehold)	2800	13.42	9/14/2016	9/30/2026	\$72,800.00	26.00	10/1/2021	\$80,080.00	3 x 5	NNN	100% pro rata reimbursement
Penn Good Shepherd Physical Therapy (Leasehold)	2433	11.66	8/1/2018	7/31/2028	\$57,078.18	23.00	7/31/2019	\$57,078.18	2 x 5	NNN	100% pro rata reimbursement
							7/31/2020	\$58,221.69			
							7/31/2021	\$59,383.53			
							7/31/2022	\$60,581.70			
							7/31/2023	\$61,773.87			
							7/31/2024	\$63,014.70			
							7/31/2025	\$64,279.86			
7/31/2026	\$65,669.35										
7/31/2027	\$66,883.17										
Steak n' Shake (Leasehold)	2650	12.70	8/1/2018	7/31/2028	\$58,300.00	22.00	7/21/2023	\$67,045.00	2 x 5	NNN	100% pro rata reimbursement
Citadel Bank (Fee Simple)	3840		9/1/2013	8/31/2033	\$195,250.00		9/1/2023	\$214,775.00		NNN	Tenant pays for own premises
							9/1/2028	\$236,252.50			
Total Base Rent	24,708	100.00			\$792,430.18						

*NOTE: The in line leases are modified NNN with 100% pass throughs on taxes, insurances, utilities, CAM, and repairs. Roof and structure replacement is on Landlord. Net Operating Income is as of 7/31/2019

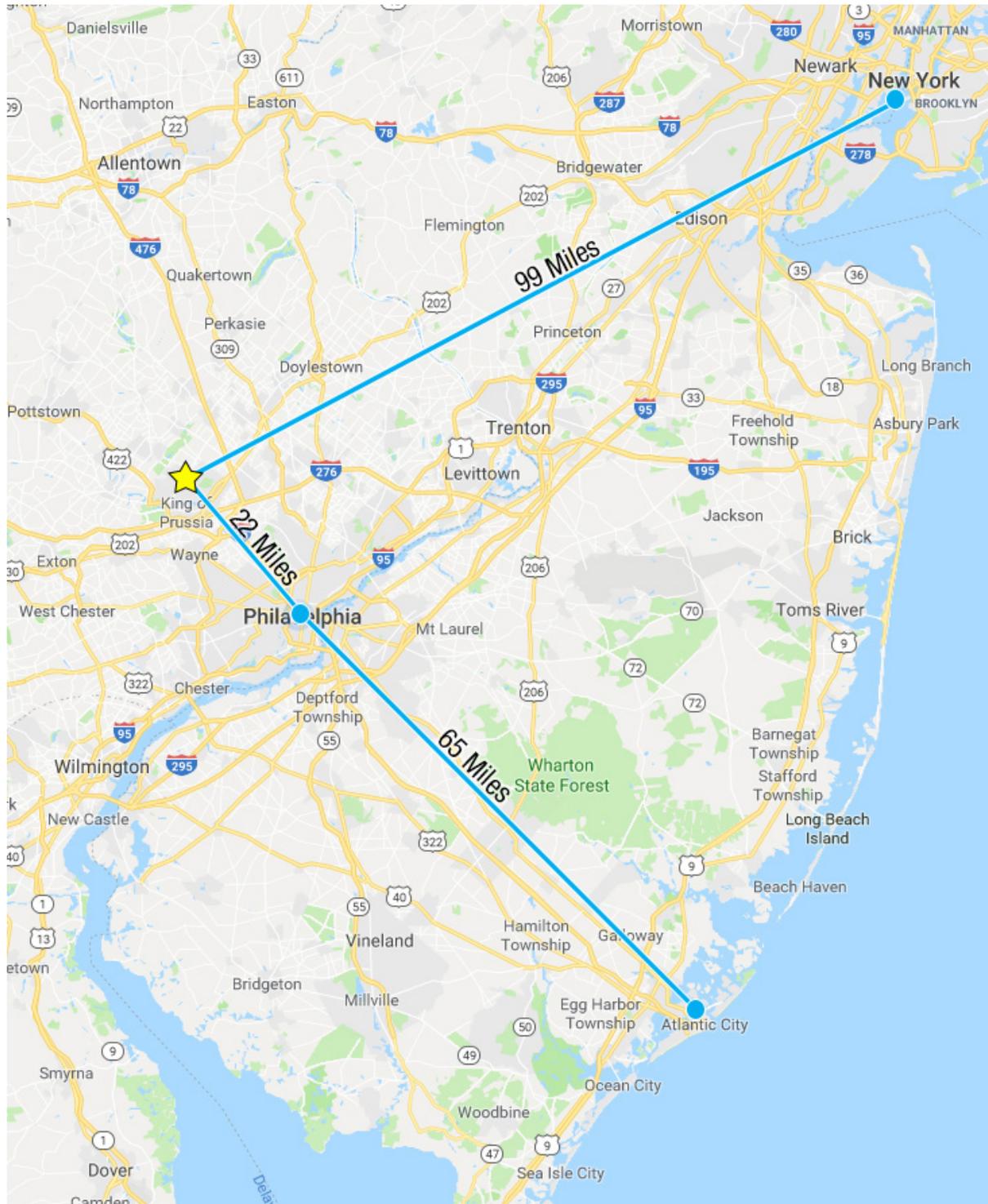
INCOME & EXPENSES

INCOME	
Base Rent	\$792,430.19
Reimbursement Rent	\$96,374.03
Other Income	\$0.00
Vacancy Factor	\$8,554.38
GROSS INCOME	\$880,249.84
EXPENSES	
Real Estate Taxes	\$60,463.39
Insurance	\$6,066.67
Electric	\$2,255.57
CAM	
Landscaping	\$4,232.36
Snow Removal	\$15,790.00
Maintenance	\$4,852.95
Property Management	\$2,713.09
Total Expenses	\$96,374.03
Management Fee (See CAM Above)	\$0.00
Ground Rent	\$210,000.00
TOTAL OPERATING EXPENSES	\$306,374.03
Replacement Reserve @ \$0.10/SF on inline only	-\$788.30
TOTAL EXPENSES	\$305,585.73
NOI	\$574,664.11

NOTES

- ▶ Wawa pays pro rata real estate taxes, and pays all other expenses direct to vendors.
- ▶ Other three tenants pay 100% of all expenses pro rata.
- ▶ No vacancy factor as this property contains two freestanding net lease PADS and three new 10 year in line tenants.
- ▶ Management fee is the 10% admin fee paid by the dentist, Steak & Shake, and the medical use.
- ▶ Reserve on 3 tenants totaling 7883 SF, NOT including Wawa or Citadel bank.







Site size - Leasehold Interest	6.63 acres
Site Size - Fee Simple Interest	1.02 acres
Zoning	L - C Limited Commercial District with Traffic Management Overlay
Topography	Flat
Inline GLA	7,883 SF
Wawa GLA (but is ground lease)	5,535 SF
Citadel Bank GLA (but is a ground lease)	3,640 SF
New Construction	Brick, Block, Stucco
Parking Lot	Asphalt
Parking Spaces	146
Building Coverage	70%
Features	Bank has a Double Drive-Thru

LEASE ABSTRACT

UNDERLYING GROUND LEASE	
Lease	25 Years
Lease Commencement	November 1, 2013
Lease Expiration	October 31, 2038
Options to Renew	Five Options at Five Years Each
Base Rent Yrs. 1-10	\$210,000
Years 11-20	\$230,000
Each 5 Yrs. Thereafter	CPI Increase with a floor of 5% and ceiling of 10%
Right of First Refusal	Yes, right granted to Ground Lessee

Notes

Ground Lessee (Owner for purposes of this offering) is responsible for all taxes, insurance, utilities, costs, and fees of any kind in addition to the ground rent payable. The lease is an absolute net ground lease on 6.63 acres with no costs or expenses on Ground Lessor.

TENANT INFORMATION



Wawa, Inc., a privately held company, began in 1803 as an iron foundry in New Jersey. Toward the end of the 19th Century, owner George Wood took an interest in dairy farming and the family began a small processing plant in Wawa, Pa, in 1902. The milk business was a huge success, due to its quality, cleanliness and “certified” process. As home delivery of milk declined in the early 1960s, Grahame Wood, George’s grandson, opened the first Wawa Food Market in 1964 as an outlet for dairy products.

Today, Wawa is your all day, every day stop for fresh, built-to-order foods, beverages, coffee, fuel services, and surcharge-free ATMs. A chain of more than 800 convenience retail stores (over 500 offering gasoline), Wawa stores are located in Pennsylvania, New Jersey, Delaware, Maryland, Virginia, Florida, and Washington, D.C., employing 30,000 associates. The stores offer a large fresh food service selection, including Wawa brands such as built-to-order hoagies, freshly brewed coffee, hot breakfast sandwiches, built-to-order specialty beverages, and an assortment of soups, sides and snacks. Most stores are open 24 hours a day, 365 days a year.

WAWA	
Ownership	Private
Tenant	Wawa
Number of Locations	800
Headquartered	Wawa, PA
Web Site	www.wawa.com

Sub-Lease has a sub-lease that is an absolute net ground sub-lease with Wawa paying all taxes (passed through from Ground Lease), insurance, utilities, repairs, replacements along with the rent and rent increases set forth in the rent roll. In the case of assignment, tenant remains liable for rent. Tenant has in place a restrictive covenant prohibiting other convenience stores, gas stations, coffee shops, doughnut shops and sandwich shops. In the event of a casualty to the building, Wawa must continue to pay rent and rebuild.

TENANT INFORMATION

GOOD SHEPHERD PENN PARTNERS

Ownership	Private
Tenant	Good Shepherd Penn Partners
Number of Locations	19
Web Site	www.pennpartners.org
Sub-Lease	<p>sub-leases 2,433 SF of the in line space on a fully net basis with 100% pro-rata reimbursement of CAM, Taxes, Insurance, Utilities and all other Imposition Fees or Costs. Roof and structure are Landlord's (Owner) responsibility. Good Shepard Penn Partners has an early termination right after five years with all rent due as of the Effective Termination Date as well as a Termination Penalty subject to a formula set forth in Section 1.02 (A) of the lease. Tenant has two (2) five (5) year options.</p>

STEAK N' SHAKE

Ownership	Public
Tenant	Steak n' Shake
Number of Locations	544
Headquarters	Indianapolis, IN
Web Site	www.steaknshake.com

Sub-Lease	<p>sub-leases 2,650 SF of the inline space on a fully net basis with 100% pro-rata reimbursement of CAM, Taxes, Insurance, Utilities and all other Imposition Fees or Costs. Roof and structure are Landlord's (Owner) responsibility. There is no Early Termination or Restrictive Covenant. Tenant has two (2) five (5) year options.</p>
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TENANT INFORMATION

LAMS DENTAL

Ownership	Private
Tenant	Smile Exchange
Headquarters	Wayne, PA
Web Site	www.smileexchange.com
Sub-Lease	sub-leases 2,800 SF of the inline space on a fully net basis with 100% pro-rata reimbursement of CAM, Taxes, Insurance, Utilities and all other Imposition Fees or Costs. Roof and structure are Landlord's (Owner) responsibility. There is no Early Termination or Restrictive Covenant. Tenant has three (3) five (5) year options.

CITADEL BANK

Ownership	Private
Tenant	Citadel Bank
Number of Locations	22
Headquarters	Exton, PA
Web Site	www.citadelbanking.com
Ground-Lease	Owner owns the 1.02 acres occupied by Citadel and said parcel is not part of the underlying ground lease. Citadel has an absolute net ground lease paying all taxes (passed through from Ground Lease), insurance, utilities, repairs, replacements, or other Imposition Costs along with the rent and rent increases set forth in the rent roll. In the case of assignment, tenant remains liable for rent. In the event of a casualty to the building, Citadel must continue to pay rent and rebuild.

LOCATION OVERVIEW

The Philadelphia metro encompasses 11 counties in four states: Philadelphia, Delaware, Bucks, Chester and Montgomery in Pennsylvania; Gloucester, Burlington, Camden and Salem counties in New Jersey; New Castle County in Delaware; and Cecil County in Maryland. The Delaware River bisects the metropolis from northeast to southwest and serves as the border between Pennsylvania and New Jersey. The Schuylkill River passes through the heart of Philadelphia, separating West Philadelphia from Center City. The Philadelphia metro contains approximately 6.1 million residents. Although the metro has more than 360 municipalities, few have more than 25,000 citizens. Philadelphia is the largest city with approximately 1.6 million residents.

METRO HIGHLIGHTS



HIGHLY EDUCATED WORKFORCE

Philadelphia has one of the highest concentrations of institutions of higher learning in the nation, including the University of Pennsylvania, Temple University and Drexel University.



EXPANDING HEALTH-SCIENCES SECTOR

The metro is a significant pharmaceutical, medical and biosciences center. Major companies include Merck, GlaxoSmithKline and Johnson & Johnson.



TRANSPORTATION NETWORK

Interstate 95 connects Philadelphia to both New York City and Washington, D.C., and Interstate 76 links the region to Pittsburgh and Cleveland.



DEMOGRAPHICS HIGHLIGHTS

POPULATION	1 Miles	3 Miles	5 Miles
• 2022 Projection			
Total Population	8,487	73,146	158,941
• 2017 Estimate			
Total Population	8,350	71,688	154,859
• 2010 Census			
Total Population	8,149	69,782	150,764
• 2000 Census			
Total Population	9,574	63,494	140,663
• Current Daytime Population			
2017 Estimate	6,843	62,467	187,621
HOUSEHOLDS	1 Miles	3 Miles	5 Miles
• 2022 Projection			
Total Households	3,272	28,245	62,540
• 2017 Estimate			
Total Households	3,205	27,198	60,078
Average (Mean) Household Size	2.55	2.51	2.49
• 2010 Census			
Total Households	3,119	26,526	58,559
• 2000 Census			
Total Households	3,254	23,826	54,027
• Occupied Units			
2022 Projection	3,272	28,245	62,540
2017 Estimate	3,248	28,666	63,099
HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
• 2017 Estimate			
\$150,000 or More	19.28%	16.66%	17.75%
\$100,000 - \$149,000	20.13%	17.99%	18.46%
\$75,000 - \$99,999	15.23%	14.37%	14.28%
\$50,000 - \$74,999	16.91%	16.88%	16.36%
\$35,000 - \$49,999	12.51%	12.41%	11.22%
Under \$35,000	15.95%	21.69%	21.92%
Average Household Income	\$109,353	\$100,554	\$105,074
Median Household Income	\$82,357	\$73,459	\$75,804
Per Capita Income	\$41,990	\$38,634	\$41,174

HOUSEHOLDS BY EXPENDITURE	1 Miles	3 Miles	5 Miles
Total Average Household Retail Expenditure	\$72,616	\$68,274	\$68,868
• Consumer Expenditure Top 10 Categories			
Housing	\$19,920	\$18,914	\$19,107
Transportation	\$11,663	\$10,995	\$11,144
Shelter	\$11,317	\$10,827	\$10,919
Food	\$7,200	\$6,737	\$6,831
Personal Insurance and Pensions	\$7,141	\$6,387	\$6,556
Health Care	\$5,294	\$4,921	\$4,892
Utilities	\$4,441	\$4,207	\$4,239
Entertainment	\$2,702	\$2,535	\$2,577
Apparel	\$2,180	\$2,016	\$2,034
Cash Contributions	\$1,942	\$1,826	\$1,816
POPULATION PROFILE	1 Miles	3 Miles	5 Miles
• Population By Age			
2017 Estimate Total Population	8,350	71,688	154,859
Under 20	21.31%	22.95%	23.63%
20 to 34 Years	19.26%	21.67%	21.70%
35 to 39 Years	6.41%	6.88%	7.08%
40 to 49 Years	13.44%	13.01%	13.07%
50 to 64 Years	23.05%	19.80%	19.45%
Age 65+	16.55%	15.69%	15.07%
Median Age	42.46	38.86	38.23
• Population 25+ by Education Level			
2017 Estimate Population Age 25+	6,146	50,816	108,731
Elementary (0-8)	1.65%	2.77%	2.92%
Some High School (9-11)	3.96%	5.88%	5.40%
High School Graduate (12)	27.95%	28.71%	27.27%
Some College (13-15)	16.20%	16.62%	15.58%
Associate Degree Only	6.54%	6.02%	6.28%
Bachelors Degree Only	25.38%	22.84%	24.80%
Graduate Degree	17.88%	16.56%	17.10%

DEMOGRAPHICS HIGHLIGHTS



Population

In 2017, the population in your selected geography is 8,350. The population has changed by -12.78% since 2000. It is estimated that the population in your area will be 8,487.00 five years from now, which represents a change of 1.64% from the current year. The current population is 49.82% male and 50.18% female. The median age of the population in your area is 42.46, compare this to the US average which is 37.83. The population density in your area is 2,653.80 people per square mile.



Race and Ethnicity

The current year racial makeup of your selected area is as follows: 84.35% White, 4.71% Black, 0.04% Native American and 8.14% 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 3.94% of the current year population in your selected area. Compare this to the US average of 17.88%.



Households

There are currently 3,205 households in your selected geography. The number of households has changed by -1.51% since 2000. It is estimated that the number of households in your area will be 3,272 five years from now, which represents a change of 2.09% from the current year. The average household size in your area is 2.55 persons.



Housing

The median housing value in your area was \$274,369 in 2017, compare this to the US average of \$193,953. In 2000, there were 2,588 owner occupied housing units in your area and there were 666 renter occupied housing units in your area. The median rent at the time was \$800.



Income

In 2017, the median household income for your selected geography is \$82,357, compare this to the US average which is currently \$56,286. The median household income for your area has changed by 31.30% since 2000. It is estimated that the median household income in your area will be \$98,707 five years from now, which represents a change of 19.85% from the current year.

The current year per capita income in your area is \$41,990, compare this to the US average, which is \$30,982. The current year average household income in your area is \$109,353, compare this to the US average which is \$81,217.



Employment

In 2017, there are 3,357 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 72.62% of employees are employed in white-collar occupations in this geography, and 27.98% are employed in blue-collar occupations. In 2017, unemployment in this area is 2.43%. In 2000, the average time traveled to work was 27.00 minutes.

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