



PROPERTY

**OFFICE DEPOT**

LOCATION

**2300 SAN JACINTO BOULEVARD  
DENTON, TEXAS 76205**

**SHOP<sup>COS.</sup>**

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CONFIDENTIAL OFFERING MEMORANDUM

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DENTON, TEXAS 76205

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## EXECUTIVE SUMMARY

### INVESTMENT OVERVIEW

- Office Depot Recently Renewed for Fresh 10-Year Term & Reportedly Spent Approximately \$850,000 of their Own Capital on Store Improvements
- Only Significant Office Supply Retail Location in City of Denton & Within a 10-Mile Radius
- Close Proximity and Easy Access to 50,000+ Combined Students at University of North Texas & Texas Woman's University
- New Roof with 20-Year Warranty (Replaced in May 2017)
- Located Across the Street from 765,000 SF Golden Triangle Mall Anchored by Macy's, H&M, Dillard's, JCPenney & Ross
- Located in the Dominant Retail Submarket of Denton, Texas (DFW) with Over 3 Million SF of Retail GLA
- Quick Access to Interstate 35E (111,100+ VPD)
- Denton Ranked #1 Best Small Town in America in 2012 (USA Today) & Among Top 10 Fastest Growing Cities from 2010-2013 (US Census Bureau)
- Submarket Retailers Include Super Target, Kroger, Home Depot, Walmart, Best Buy, Lowe's & LA Fitness Among Numerous Others

Office Depot is a recently extended 10-year leased single tenant asset located on 1.53 acres of land in the Dallas/Fort Worth submarket of Denton, Texas. Located just 40 minutes from Downtown Dallas, Downtown Fort Worth and DFW Airport, the Property is positioned on San Jacinto Boulevard within the thriving Interstate 35E and South Loop 288 corridor. Office Depot currently serves as the only major office supply retail store within a 10-mile radius and more than 50,000 combined students are just a few minutes to the north at the University of North Texas and Texas Woman's University. San Jacinto Plaza is a neighboring shopping center that features a complementary tenant lineup including Burlington Coat Factory, Ogle School, Foot Spa, RDA Pro-Mart, Proflex Personnel, D&D Sports Med and Affordable Dentures & Implants among others. Office Depot has been a tenant for over 20 years and recently agreed to an extension through February 2027 at \$10.50 per square foot NNN with four, 5-year renewal options. Following the term extension Office Depot invested a reported \$850,000 into updating the improvements. In May 2017, the roof was replaced and carries a 20-year transferable manufacturer warranty. The Property is offered at an 7.75% cap rate which is priced significantly below replacement cost at only \$135.48 per square foot to the building.

The Property benefits from its close proximity to Interstate 35E, a major north/south thoroughfare boasting traffic counts in excess of 111,100 vehicles per day. South Loop 288, which is located just southeast of Office Depot, extends around the north, east, and southeast sides of Denton. Positioned directly across San Jacinto Boulevard is Golden Triangle Mall, a 765,000 square foot regional enclosed mall with an open-air component anchored by Dillard's,

Macy's, JCPenney, Ross and a 23,000 square foot H&M which opened in 2015. The South Loop 288 submarket is home to over 3 million square feet of retail GLA. Additional submarket retailers include Super Target, Home Depot, Walmart, Kroger, Best Buy, Bed Bath & Beyond, Hobby Lobby, TJ Maxx, LA Fitness, Starbucks and AT&T among numerous other national retailers and restaurants.

The University of North Texas (UNT) and Texas Woman's University (TWU) both reside in Denton. UNT is one of Texas' and Dallas/Fort Worth's largest universities with 103 bachelor's, 86 master's and 38 doctoral degree programs with an enrollment over 38,000 students. TWU is the largest state-supported university for women in the United States with an enrollment of more than 12,800 students. Office Depot benefits from a city with a student population over 50,000 people. The population within three and five mile radii exceeds 88,900 and 153,500 people, respectively.

The City of Denton was ranked the No. 1 Best Small Town in America by USA Today in 2012. From 2010 to 2013, the city was ranked among the top 10 fastest growing cities according to the U.S. Census Bureau with an 8.6% increase in population. In addition, given its location in a highly concentrated market with over 3 million square feet of retail in the South Loop 288 corridor, the Property should benefit from a low vacancy submarket with high barriers to entry. Overall, Office Depot offers an investor the opportunity to acquire an attractive cap rate single tenant retail asset with a proven operator at the location well below replacement cost and in a dynamic marketplace within the Dallas/Fort Worth Metroplex.

**EXECUTIVE SUMMARY**

# LEASE ABSTRACT

Offering Price:	\$3,221,000
Cap Rate:	7.75%
Price PSF:	\$135.48
Tenant:	Office Depot, Inc.
Location:	2300 San Jacinto Boulevard Denton, Texas 76205
Building Square Feet:	23,775 SF
Land Area:	+/-1.53 Acres
Rent Commencement:	August 1, 1998
Lease Expiration:	February 28, 2027
Renewal Options:	Four, 5-Year Options
Rent Increases:	10% Each Renewal Option
Lease Type:	NN
Year Built:	1998
Roof & Structure*:	Landlord's Responsibility



Rent Schedule:

Years	Annual Rent	Rent PSF
February 15, 2017 - February 28, 2027	\$249,638	\$10.50
March 1, 2027 - February 29, 2032 (Renewal Option #1)	\$274,601	\$11.55
March 1, 2032 - February 28, 2037 (Renewal Option #2)	\$302,180	\$12.71
March 1, 2037 - February 28, 2042 (Renewal Option #3)	\$332,375	\$13.98
March 1, 2042 - February 28, 2047 (Renewal Option #4)	\$365,660	\$15.38

\* Roof was replaced in 2017 and carries a 20-year transferable manufacturer warranty.

## EXECUTIVE SUMMARY

# TENANT PROFILE



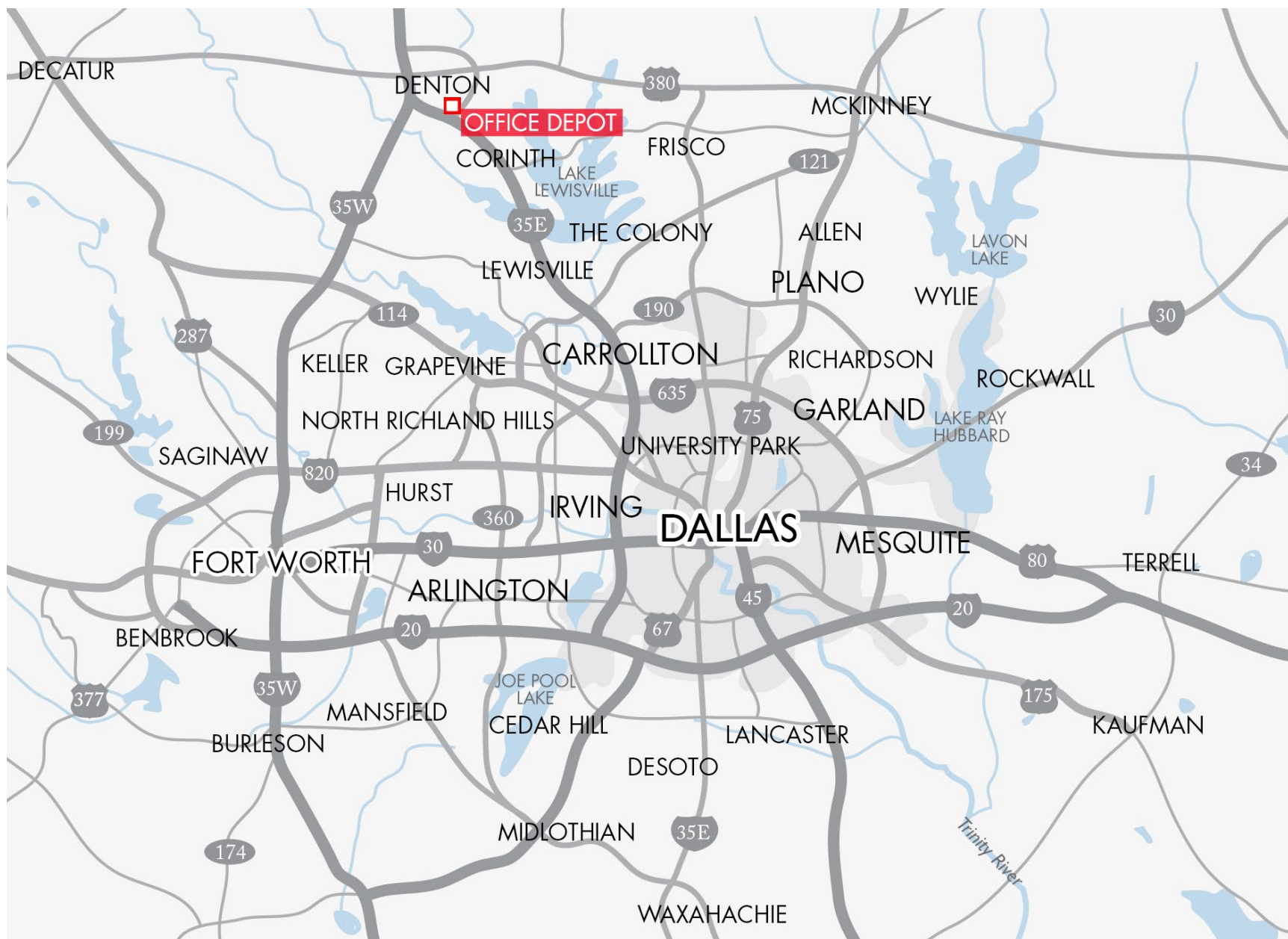
Office Depot, Inc. (NASDAQ:ODP) is a leading provider of business services and supplies, products and technology solutions through its fully integrated omni-channel platform of approximately 1,400 stores, online presence, and dedicated sales professionals and technicians to small, medium and enterprise businesses. Through its banner brands Office Depot®, OfficeMax®, CompuCom® and Grand&Toy®, the company offers its customers the tools and resources they need to focus on their passion of starting, growing and running their business. Total revenues in 2017 reportedly exceeded \$10.2 billion.

[www.officedepot.com](http://www.officedepot.com)

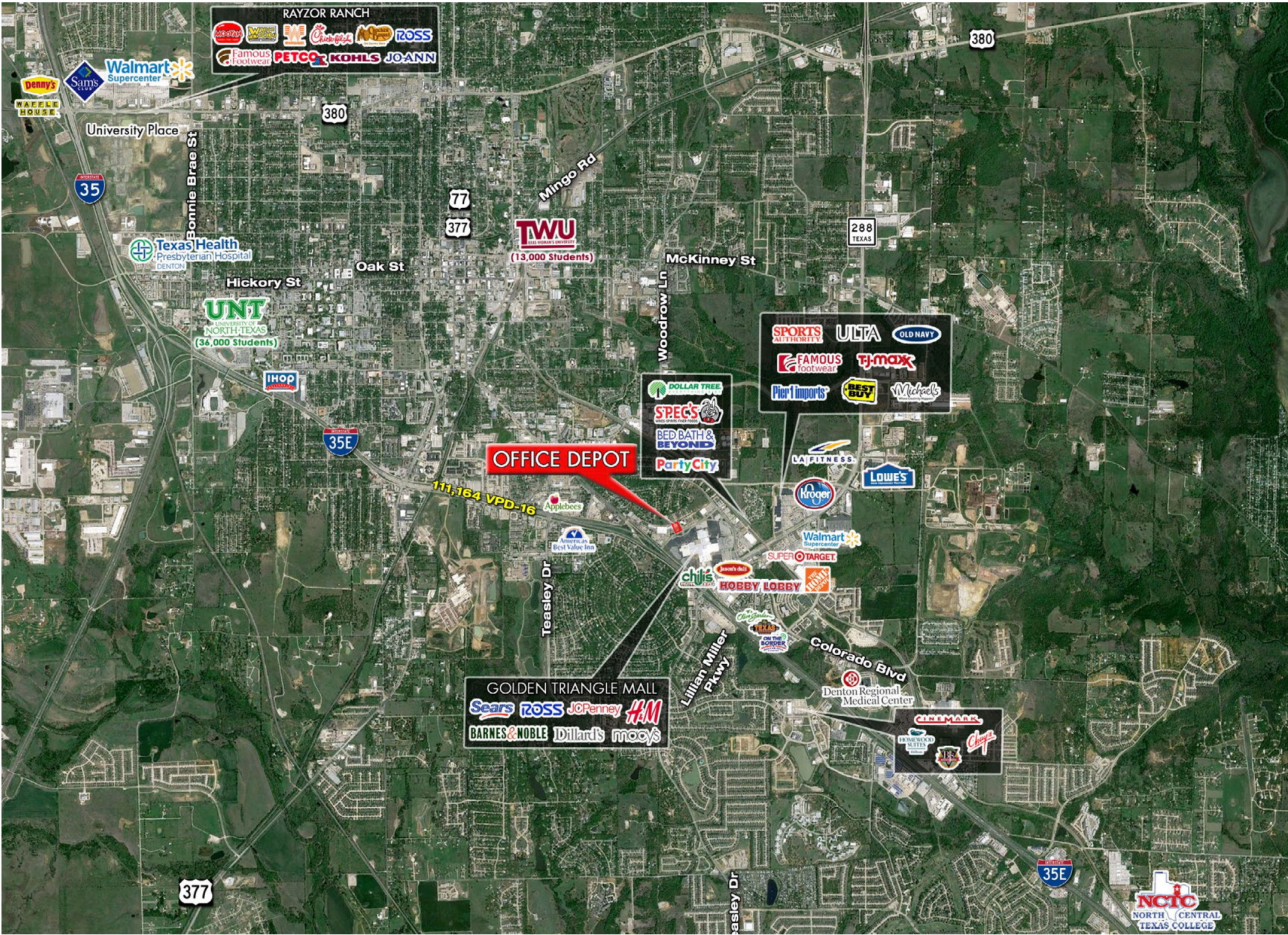




## PROPERTY OVERVIEW



PROPERTY OVERVIEW



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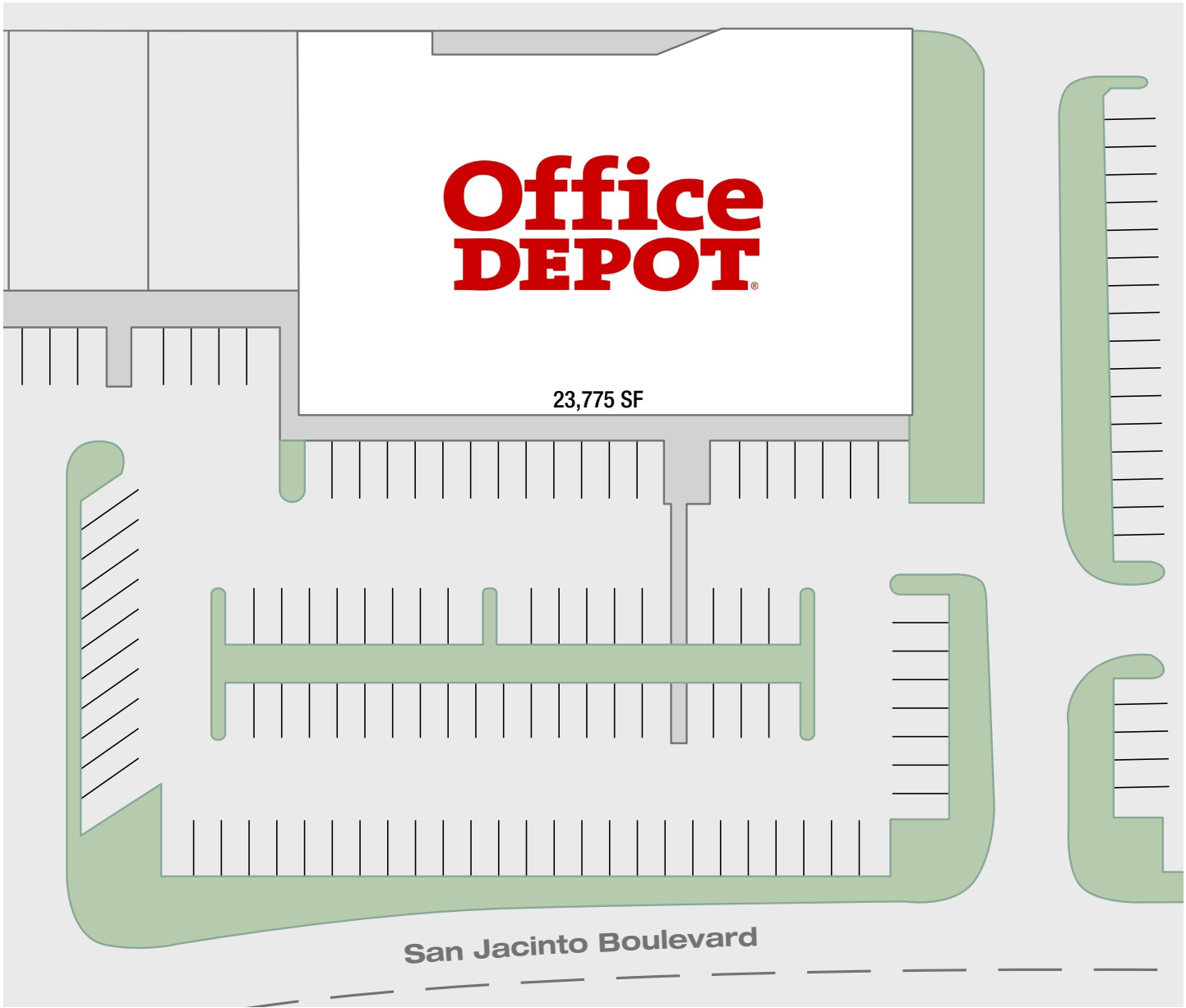
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PROPERTY OVERVIEW

SITE PLAN



## PROPERTY OVERVIEW

# GOLDENTRIANGLE MALL



Golden Triangle Mall is a 765,000 square foot indoor and outdoor regional shopping destination in the heart of Denton's largest shopping district. Golden Triangle Mall has recently undergone an estimated \$30 million interior and exterior redevelopment that has created a fresh retail environment and has attracted new retailers and restaurants. D Magazine recognized Golden Triangle Mall as The Year's Best Redevelopment project in 2014. The mall is leased and includes anchor tenants Macy's, Dillard's, JCPenney, Barnes and Noble, and H&M. JCPenney completed its remodel in the fall of 2014, and Dillard's signed a long-term lease in 2014 to expand an additional 30,000 square feet and renovate its anchor store. New mall tenants include Charlotte Russe, Buckle, Italia Express, Tobu Oriental Eatery, Smoothie Paradise, Body Central and Pro Image Sports.

Golden Triangle Mall maintains its current edge with Wifi hotspots, a kids club, and a ¾ mile walking route within the mall so patrons can stay fit while they shop. Pollo Tropical and Corner Bakery added themselves to the tenant roster as new pad users outside of the mall. Redevelopers of Golden Triangle Mall believe a large factor of the success of the mall is due to its location of off Interstate 35 East and the strength of the surrounding retail shopping centers.





# DALLAS/ FORT WORTH AREA OVERVIEW

DALLAS, TX



The Dallas/Fort Worth MSA has a population base in excess of 6,700,000 residents and is largest MSA in the South and fourth in the nation. Also known as “DFW” and “the Metroplex”, the MSA is located in the plains of North Texas and encompasses 12 counties. As the nation’s fastest growing metropolitan area, DFW has led population growth over the last decade, adding 1,300,000 people, or a 25% increase. It is projected that by year 2030, the DFW population will increase by an additional 37% to over 9,200,000 people. The Dallas/Fort Worth area is 9,286 square miles making it larger in area than the states of Rhode Island and Connecticut combined. Dallas is the largest city in the MSA with a population over 1,300,000 residents. Suburban areas surround the MSA, most heavily to the north, with Arlington, Grand Prairie and Irving separating Dallas and Fort Worth by approximately 35 miles. Interstates 20, 30, 35 and 45 are its major arteries connecting it to all regions of the country. Superior growth along these routes has pushed the boundaries of the Dallas/Fort Worth MSA statistical area and allowed the metro area to be the preeminent distribution hub for the region. The region’s transportation network continues to evolve to meet the needs of a growing populace. Metro-area civic leaders are taking proactive steps to improve mobility. Additional tollway miles are planned, including the Trinity Parkway in Dallas and the extension of the

Airport Freeway in Tarrant County. Public transportation is gaining more popularity. DART is the fifth-largest light rail in the country. The DART light rail system is expected to extend further into suburban Dallas, and Collin and Tarrant counties. The business community has easy connections to major commercial centers around the globe via Dallas-Fort Worth International Airport, home to American Airlines, and Dallas Love Field, home to Southwest Airlines. Additionally, there are 13 smaller airports in the Metroplex and nine railroads. DFW is one of the few metro areas in the nation to host teams in all four major sports leagues. It is home to 14 four-year colleges and 15 two-year institutions. DFW continually ranks high as an affordable metro area, especially when compared to other large MSAs, with a cost of living index of 94.7. DFW has the 4th largest number of corporate headquarters in the nation and is home to 18 Fortune 500 companies, including 4 Global 500 companies, and 40 Fortune 1000 companies. The 18 Fortune 500 companies collectively brought in more than \$813 billion last year. DFW has capitalized on its central U.S. location, unparalleled transportation network, operating and living costs well below the national average, pro-business government, critical mass of existing corporate headquarters and offices, and favorable year-round climate.

## TRADE AREA OVERVIEW

# DEMOGRAPHICS

Variable	1 mile	3 miles	5 miles
2018 Total Population	10,469	88,959	153,501
2023 Total Population (Esri)	11,528	98,097	170,079
2010 Total Population (U.S. Census)	9,391	76,996	133,319
2000 Total Population (U.S. Census)	7,560	58,557	97,706
2010-2016 Population: Annual Growth Rate	1.33%	1.77%	1.72%
2000 to 2016 Historical Annual Population Growth	3.50%	4.50%	4.90%
2018 Median Age (Esri)	27.2	27.0	29.7
2018 Total Households (Esri)	5,054	32,312	56,080
2023 Total Households (Esri)	5,547	35,857	62,374
2010 Total Households (U.S. Census)	4,575	28,182	49,033
2000 Total Households (U.S. Census)	3,690	21,859	36,822
2000 to 2016 Historical Annual Households Growth	376.3	477.6	506.9
2018 Average Household Income (Esri)	\$69,680	\$65,744	\$76,106
2018 Median Household Income (Esri)	\$41,941	\$44,296	\$54,157
2018 Per Capita Income (Esri)	\$32,717	\$25,857	\$29,098
2018 Education: Less than 9th Grade (Esri) (%)	1.19%	5.42%	4.40%
2018 Education: 9-12th Grade/No Diploma (Esri) (%)	2.57%	5.18%	4.80%
2018 Education: High School Diploma (Esri) (%)	15.65%	15.32%	15.68%
2018 Education: Some College/No Degree (Esri) (%)	24.22%	24.99%	24.54%
2018 Education: Associate's Degree (Esri) (%)	7.90%	7.14%	7.94%
2018 Education: Bachelor's Degree (Esri) (%)	25.95%	22.82%	24.27%
2018 Education: Bachelor's Degree (Esri) (%)	25.95%	22.82%	24.27%
2018 Total (SIC01-99) Businesses	745	3,310	4,652
2018 Total (SIC01-99) Employees	10,675	45,098	66,191
2016 Estimated Employee Population per Business	1.0	1.0	1.0
2016 Estimated Residential Population per Business	0.0	0.0	0.0

## TRADE AREA OVERVIEW

# INFORMATION ABOUT BROKERAGE SERVICES

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

### TYPES OF REAL ESTATE LICENSE HOLDERS:

- A **BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker
- A **SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

### A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

### A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

**AS AGENT FOR OWNER (SELLER/LANDLORD):** The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

**AS AGENT FOR BUYER/TENANT:** The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

**AS AGENT FOR BOTH - INTERMEDIARY:** To act as an intermediary between the parties the broker must first obtain the written agreement of each party to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
  - that the owner will accept a price less than the written asking price;
  - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
  - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

**AS SUBAGENT:** A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

**TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:**

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

**LICENSE HOLDER CONTACT INFORMATION:** This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

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Date

Information available at [www.trec.texas.gov](http://www.trec.texas.gov)

Regulated by the Texas Real Estate Commission



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