



**Advance/
Auto Parts** [®]
LEBANON, VA
53 ELLIOT DR • LEBANON, VA 24266

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EXECUTIVE SUMMARY



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Lebanon, VA 24266

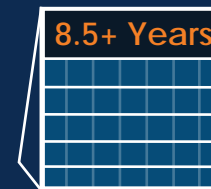
ADDRESS



Lebanon, VA
MARKET



CREDIT RATING



TERM REMAINING



LEASE TYPE

THE OFFERING

Price	\$915,000
Cap Rate	7.00%
GLA	7,000 SF
Lot Size	1.197 Acres
Lease Type	Modified NN
Lease Commencement	5/13/2002
Rent Commencement	12/16/2002
Lease Expiration	12/31/2027
Term Remaining	8.5+ Years
Increases	See Rent Schedule
Options	Two; Five Year Terms

ANNUALIZED OPERATING DATA

Base Rent	\$64,050
OPTION TERMS	
Option 1 (1/1/28- 12/31/32)	\$73,656
Option 2 (1/1/33-12/31/37)	\$81,024

INVESTMENT OVERVIEW

Marcus & Millichap, on behalf of ownership, is pleased to exclusively offer the fee simple interest in this Advance Auto Parts in Lebanon, Virginia, the county seat of Russell County. This is a long-standing location as the Tenant, Advance Stores Company, Incorporated, has operated here since 2002. Presently, the Tenant has over eight years of lease term remaining on a Modified Net corporate lease after the tenant exercised a recent lease renewal. Inducement for the renewal was minimal, \$0.75-per-square-foot, for an additional five years of term. The present rental rate is replaceable at less than \$10-per-square-foot. An investor will also benefit from the fee-simple nature of the property which allows for depreciation. This location has a corporate guaranty from Advance Stores Company, Incorporated whose parent company is Advance Auto Parts, Incorporated. Advance Auto Parts is an investment grade credit tenant rated "BBB- / Stable" by Standard & Poor's and currently operates over 5,000 locations with annual revenue in excess of \$9.3 Billion.

The Property is well located along Route 19, a north-south US highway, with prominent visibility and synergy with neighboring KFC and Applebee's. The 7,000-square-foot block building is situated on a 1.20-acre outparcel to a Walmart Supercenter-anchored strip center. This 138,748-square-foot Walmart Supercenter has a strong regional draw as the nearest Walmart location is more than 25 miles away, and co-tenants Dollar Tree, Rent-A-Center and One Main Financial generate additional customer traffic. The Tenant is also in proximity to notable retailers McDonald's, Wendy's, Burger King, Taco Bell and competitor O'Reilly Auto Parts. AutoZone does not have a location in the market as the closest store is more than 28 miles south in Bristol, Virginia.

Headquartered in Roanoke, Virginia, Advance Auto Parts, Incorporated, is a leading automotive aftermarket parts provider in North America, serving both the professional installer and do-it-yourself customers. Advance Auto Parts operates over 4,981 stores and 139 Worldpac branches in the United States and serves approximately 1,229 independently owned Carquest branded stores in the United States, Puerto Rico, the United States Virgin Islands, and Canada.



INVESTMENT HIGHLIGHTS

- **8.5+ Years Remain on Modified NN Corporate Lease**
- **Investment Grade Tenant with S&P "BBB-" Credit Rating**
- **16+ Year Operating History; Recently Renewal Shows Commitment to Location**
- **Replaceable Rent Less Than \$10 PSF**
- **Outparcel to 138,748 SF Walmart Supercenter**



TENANT INFORMATION

Advanced Auto Parts, Inc. is a leading automotive aftermarket parts provider that serves both professional installer and do-it-yourself customers. Advance operates over 5,200 stores, over 100 Worldpac branches and serves approximately 1,300 independently owned Carquest branded stores in the United States, Puerto Rico, the U.S. Virgin Islands and Canada. Advance employs approximately 74,000 Team Members.

Advanced Auto Parts has a solid financial standing. In Q2 of 2018, they reported to their shareholders that their net sales increased by 2.8% to \$2.3 billion. On top of this, their earnings per share increased 24.7%. With these solid financials and their positive reputation, Advanced Auto Parts is set to be a leader in the industry.



STOCK SYMBOL

AAP

CREDIT RATING

BBB-

TENANT TRADE NAME

Advanced Auto Parts, Inc.

OWNERSHIP

Public

2017 COMPANY REVENUES

\$9.37 B

NO. OF LOCATIONS

5,200+ (Overall) 4,531 (US)

HEADQUARTERS

Raleigh, NC

REGIONAL MAP

9K VPD

An average of 9,900
vehicles per day drive past
the property on Route 19

2:30

Less than 2 hours and
30 minutes to downtown
Roanoke, VA

15
MILES

15 miles to the next closest
Walmart Supercenter
(Abingdon, VA)

**Advance/
Auto Parts** 



BLACKSBURG



BURGER KING

FOOD CITY

RITE AID

McDonald's

Hardee's

O'Reilly AUTO PARTS

19

REGIONAL PARK RD

Walmart Save money. Live better.

KFC

Advance Auto Parts

Applebees

R&C Hardware

DOLLAR TREE

verizon wireless

9,900 VPD

19

Save a Lot food stores
DOLLAR GENERAL



REGIONAL PARK RD



9,900 VPD



LEASE ABSTRACT

Guarantor	Advance Stores Company Incorporated
Lease Commencement Date	December 8, 2002
Notification Period for Tenant to Exercise Options	6 months; however, in case Tenant fails to timely exercise said option(s), Landlord shall give Tenant written notice inquiring whether Tenant desires to exercise such option(s); Tenant may, within fifteen (15) days of receipt of such notice from Landlord, exercise such option(s) to extend the Lease, which exercise shall constitute a valid and timely exercise of said option(s). (Amended by 2nd Amendment)
(6.a) Landlords Obligations	Landlord shall maintain and keep in good order and repair the (which shall include replacement, if necessary) roof, guttering and downspouts, the structural walls and foundations (neither windows nor doors are regarded as walls for the purpose of this paragraph), the electrical wiring (from the utility company's distribution lines to the leased premises) serving the leased premises, the water line (from the city water main to but not including the water meter) serving the leased premises, and the sanitary sewer serving the leased premises (from the main city sewer line to the leased premises), and all other structural components of the leased premises within thirty (30) days after written notice of the necessity of such repairs has been given by Tenant.
(6.b) Tenant's Obligations	Tenant shall maintain and keep in good order and repair the leased premises, including the electrical, plumbing and sewer systems as well as any and all interior non-structural maintenance. (17.h) Tenant shall maintain the landscaped areas on the leased premises and keep the leased premises clean and neat, and free from rubbish, litter or obstructions of any kind.
(6.c) Maintenance of Heating/Air Conditioning System	Tenant shall maintain and repair the heating/air conditioning system; however, if, as and to the extent that there are major breakdowns in the system then Tenant and Landlord will share equally the expense of replacing the system with a new system or of repairing the same, including labor and parts. A "major breakdown", as used in the preceding sentence, shall mean that if the whole system needs to be replaced or if the cost of any repairs, including labor and parts, shall be equal to or shall exceed \$250, then a "major breakdown" exists.
(6.d) Maintenance of Easements, Parking Lot and Sidewalks, etc.	Landlord shall maintain and repair the easements, and the parking lot, sidewalks and all other areas of the leased premises that are not structurally a part of the building within thirty (30) days after written notice of the necessity of such repairs has been given by Tenant.
Percentage Rent	Per First Amendment, Tenant shall not be obligated to pay percentage rent to Landlord, the minimum guaranteed rent set forth in paragraph 3a of the lease (as amended herein) being the only rent due and payable by Tenant to Landlord for the leased premises. However, store sales are reported.
Sales Reported	Annually
Assignment & Subletting	Tenant shall not assign this lease or sublet the leased premises in whole or in part without the written consent of LANDLORD which shall not be unreasonably withheld, conditioned or delayed. In no event shall Tenant be relieved of any obligation under this lease
(14) Non-Competition	Landlord shall not, for as long as this lease remains in force and effect, either directly or indirectly, lease to any third person any land or building, whether presently owned or hereafter acquired, within two (2) mile(s) from the leased premises for the purpose of conducting thereon a business similar to that being conducted by TENANT upon the leased premises; nor shall LANDLORD itself, nor any of its individual stockholders, partners or beneficiaries, as the case may be, either directly or indirectly, own or operate any such business within said two (2) mile(s) radius.

Competing Business	<p>No space in or portion of any other real property adjacent to the Shopping Center which may subsequently be acquired by Developer, shall be leased or occupied by or conveyed to any other party for use as (i) a grocery store or supermarket, as herein defined below, (ii) a wholesale club operation similar to that of a Sam's Club owned and operated by Wal-Mart, (iii) a discount department store or other department store, as herein defined, (iv) a pharmacy in the event of a breach of this covenant, Wal-Mart shall have the right to terminate this Agreement and to seek any and all remedies afforded by either law or equity including, without limitation, the rights to injunctive relief. "Grocery store" and "supermarket," as those terms are used herein, shall mean a food store or a department store containing more than 10,000 square feet of gross leasable area. "Discount department store" and/or "other discount store," as those terms are used herein, shall mean a discount department store containing more than 35,000 square feet of gross leasable area, other than the buildings located on Tract 1, for the purpose of selling hard and soft goods (e.g. clothing, cards, gifts, electronics, garden supplies, furniture, lawnmowers, toys, health, and beauty aids, hardware items, bath accessories and auto accessories) at a discount in a retail operation similar to that of Wal-Mart.</p>
Buildings (e. Outparcel(s) Development)	<p>The owner of each Outparcel shall continuously provide and maintain a parking ratio on such Outparcel equal to one of the following: (i) ten spaces for every one thousand square feet of building space for any restaurant or entertainment use in excess of eight thousand square feet, (the same ratio shall be provided for a McDonald's Restaurant, notwithstanding a building footprint of less than one thousand square feet of building space for any restaurant or entertainment use less than eight thousand square feet or (iii) six spaces per one thousand one thousand square feet of building space for any other use.</p> <p>No building structure or improvement on the Outparcels may be used as a theater, night club, bowling alley, health spa, cafeteria, billiard parlor, or other place of recreation or amusement, or as a business serving or selling alcoholic beverages or as a discount department store or a verity, general or "dollar" store. However, the sale of alcohol shall be permitted where such sale is an incidental part of the business conducted on the Outparcel, such as a restaurant which serves alcohol. The term "incidental" as used herein, shall mean that a business does not derive more than 49% of its sales from the sale of alcohol.</p> <p>The owner(s) of the Outparcel(s) shall maintain comprehensive public liability insurance, property damage and All-Risk hazard insurance on the Outparcel(s) their buildings, appurtenances and other improvements located hereon. Such insurance shall (i) be carried with reputable companies licensed to do business in the state in which the Outparcel(s) are located; (ii) have liability limits of at least \$2,000,000 for each occurrence, bodily injury and property damage combined; (iii) provide for full replacement value for the building and improvements covered thereunder and (iv) not be subject to change, cancellation or termination without at least thirty days prior written notice.</p>

DEMOGRAPHIC HIGHLIGHTS



15-MILE POPULATION

50,467



15-MILE AVERAGE HOUSEHOLD INCOME

\$53,865



15-MILE ESTIMATED HOUSEHOLDS

20,941

DEMOGRAPHIC SUMMARY

POPULATION	5 MILES	10 MILES	15 MILES
2022 Projection	7,081	17,618	51,004
2017 Estimate	6,886	17,385	50,467
2010 Census	7,572	18,151	51,287
2000 Census	7,254	18,364	51,333
Current Daytime Population	4,591	11,722	55,900

POPULATION PROFILE	5 MILES	10 MILES	15 MILES
<u>Population By Age</u>			
2017 Estimate Total Population	6,886	17,385	50,467
Under 20	22.35%	22.05%	21.37%
20 to 34 Years	16.96%	16.49%	17.49%
35 to 39 Years	5.61%	5.82%	5.70%
40 to 49 Years	12.62%	12.97%	13.04%
50 to 64 Years	21.82%	23.17%	22.72%
Age 65+	20.66%	19.51%	19.68%
Median Age	44.12	44.43	44.24
<u>Population 25+ by Education Level</u>			
2017 Estimate Population Age 25+	4,992	12,626	36,631
Elementary (0-8)	9.52%	11.40%	9.82%
Some High School (9-11)	6.82%	10.32%	11.20%
High School Graduate (12)	33.34%	35.55%	33.98%
Some College (13-15)	22.67%	20.35%	19.17%
Associate Degree Only	9.02%	7.91%	7.91%
Bachelors Degree Only	11.95%	8.67%	10.40%
Graduate Degree	5.78%	4.56%	6.30%

HOUSEHOLDS	5 MILES	10 MILES	15 MILES
2022 Projection	2,975	7,342	21,415
2017 Estimate	2,855	7,168	20,941
2010 Census	3,171	7,515	21,399
2000 Census	2,922	7,158	20,796

INCOME	5 MILES	10 MILES	15 MILES
<u>2017 Housing Income</u>			
\$150,000 or More	1.48%	2.04%	2.93%
\$100,000 - \$149,000	10.34%	8.60%	8.59%
\$75,000 - \$99,999	10.42%	9.26%	9.72%
\$50,000 - \$74,999	19.36%	21.59%	20.09%
\$35,000 - \$49,999	15.04%	15.84%	16.06%
Under \$35,000	43.35%	42.68%	42.59%
Average Household Income	\$52,700	\$51,786	\$53,865
Median Household Income	\$40,441	\$41,745	\$42,027
Per Capita Income	\$22,343	\$21,633	\$22,910

DEMOGRAPHIC SUMMARY

Geography: 15 Miles



Population

In 2018, the population is 50,467. It is estimated that the population will be 51,004 five years from now, which represents a change of 1.06% from the current year. The current population is 49.02% male and 50.98% female. The median age of the population is 44.24, compared to the US average which is 37.83. The population density is 71.34 people per square mile.



Households

There are currently 20,941 households in your selected geography. The number of households has changed by 0.70% since 2000. It is estimated that the number of households will be 21,415 five years from now, which represents a change of 2.26% from the current year. The average household size is 2.33 persons.



Income

In 2018, the median household income is \$42,027, compared to the US average which is currently \$56,286. The median household income has changed by 46.93% since 2000. It is estimated that the median household income will be \$48,464 five years from now, which represents a change of 15.32% from the current year.

The current year per capita income is \$22,910, compared to the US average, which is \$30,982. The current year average household income is \$53,865, compared to the US average which is \$81,217.



Race and Ethnicity

The current year racial makeup is as follows: 96.00% White, 1.70% Black, 0.03% Native American and 0.57% 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 and make up 1.48% of the current year population. Compare this to the US average of 17.88%.



Housing

The median housing value was \$106,190 in 2018, compared to the US average of \$193,953. In 2000, there were 15,981 owner occupied housing units and there were 4,815 renter occupied housing units. The median rent at the time was \$300 per month.



Employment

In 2018, there are 18,300 employees, this is also known as the daytime population. The 2000 Census revealed that 49.62% of employees are employed in white-collar occupations, and 50.47% are employed in blue-collar occupations. In 2018, unemployment is 6.33%. In 2000, the average time traveled to work was 26 minutes.

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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.

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