



SUBJECT PROPERTY



OFFERING MEMORANDUM
AUTOZONE
Cleveland, OH

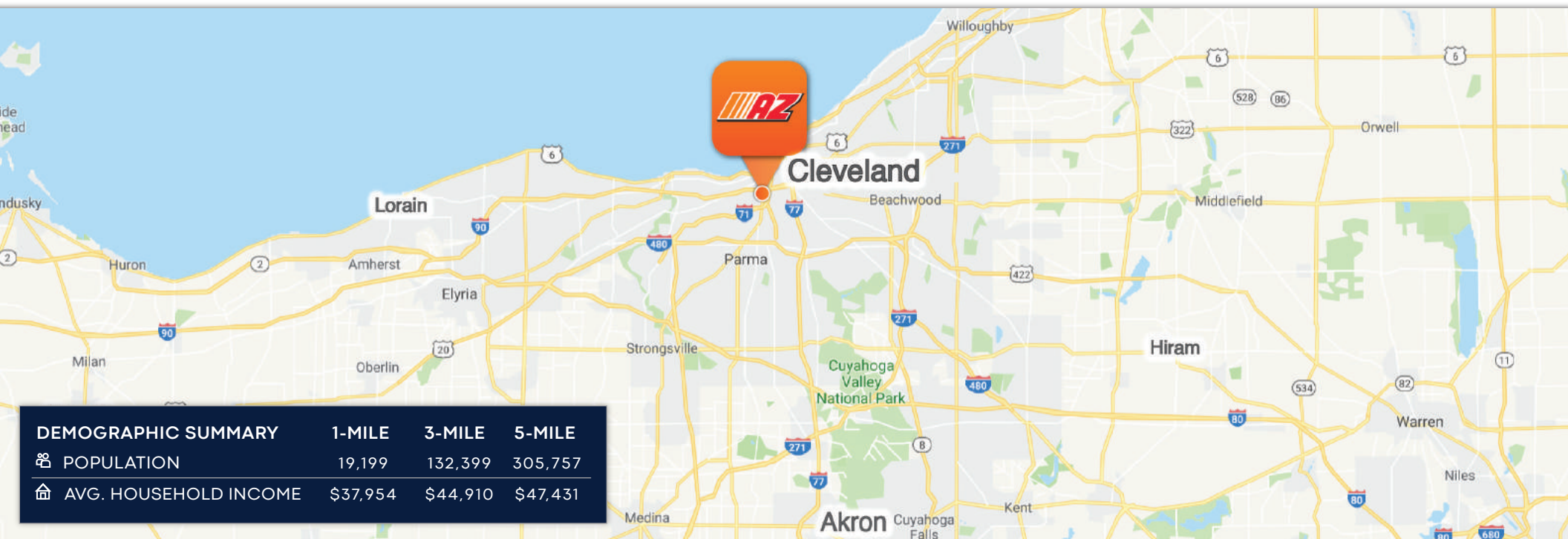
Marcus & Millichap

OFFERING SUMMARY



ADDRESS	3002 Clark Ave, Cleveland, OH 44109
PRICE	\$1,060,000
CAP RATE	5.50%
NOI	\$58,300
RENTABLE SQUARE FEET	6,840
YEAR BUILT	2005
LOT SIZE	0.19 Acres
TENANT TRADE NAME	AutoZone
LEASE GUARANTOR	Corporate
LEASE TYPE	NNN Ground Lease
ROOF & STRUCTURE	Tenant Responsible
LEASE TERM	20 Years

RENT COMMENCEMENT DATE			July 2006
LEASE EXPIRATION DATE			July 2026
TERM REMAINING ON LEASE			7 Years
INCREASES		10% Increase During Lease & Each Option	
OPTIONS		Four, 5-Year Options	
BASE RENT	Years 13-20		\$58,300
OPTION RENT	Years 21-25	(Option 1)	\$64,130
	Years 26-30	(Option 2)	\$70,543
	Years 31-35	(Option 3)	\$77,597
	Years 36-40	(Option 4)	\$85,357
TENANT RESPONSIBILITIES		Taxes, Insurance, CAM, Roof & Structure	
LANDLORD RESPONSIBILITIES			None



DEMOGRAPHIC SUMMARY	1-MILE	3-MILE	5-MILE
POPULATION	19,199	132,399	305,757
AVG. HOUSEHOLD INCOME	\$37,954	\$44,910	\$47,431

INVESTMENT HIGHLIGHTS

INVESTMENT GRADE TENANT

- AutoZone is a publicly traded (NYSE: AZO) Fortune 500 Company and currently holds an investment grade credit rating of BBB with S&P.
- #2 auto parts retailer with 6,000+ locations in the United States with 40 new locations expected in 2019.
- AutoZone has been in business for 39 years and has a current net worth of over \$22.9B.

CORPORATE NNN GROUND LEASE WITH INCREASES

- 20-year NNN ground lease with 7 years remaining and 10% rent increases in lease and each of the four, 5-year options.
- Tenant is 100% responsible for all expenses, which include taxes, CAM, insurance, roof, and structure.

CLEVELAND

- Cleveland is the 2nd largest city in Ohio (pop. 388,072).
- Cleveland is a manufacturing hub, and other economic drivers include financial services, healthcare, and biomedical.

PRIME METRO LOCATION

- Subject property is within half a mile of I-490 (144,695 VPD) and I-71 (118,569 VPD).
- 2M Square Feet of retail within a 2-mile radius, which includes Walmart, Home Depot, Target, McDonald's, Walgreens, and more.
- Subject property is less than 1 mile from the MetroHealth System, which recently began a \$2M renovation that includes redevelopment of surrounding properties.
- 3-mile population is 132,399 and 5-mile population is 305,757.

DESIGNATED OPPORTUNITY ZONE

- Opportunity Zone Program is an exciting new investment incentive program designed to provide investors with significant tax benefits for investing capital gains in a Qualified Opportunity Fund (QOF).
- Investors can defer tax on capital gains invested in a QOF until the earlier of the date when the investment in a QOF is sold or exchanged, or December 31, 2026.
- If the QOF investment is held for longer than 5 years, there is a 10% exclusion of the deferred gain. If held for more than 7 years, the 10% becomes 15%.
- After holding the QOF investment for 10 years, taxpayers may sell the investment in the QOF at any time before 2048 and exclude the gain resulting from the sale.



REPRESENTATIVE

TENANT SUMMARY



SUBJECT PROPERTY

BBB

S&P CREDIT RANKING
INVESTMENT GRADE

AZO

PUBLICALLY TRADED
COMPANY

\$22.98B

NET
WORTH

39

YEARS
IN BUSINESS

6,000+

STORES IN
50 STATES

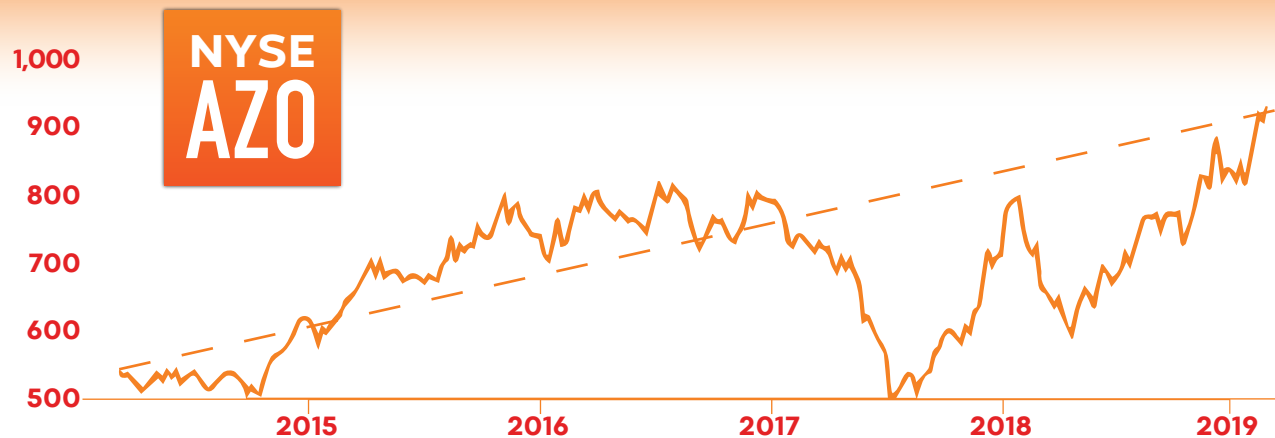
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NEW STORES
IN 2019

UNITED STATES LOCATIONS



STOCK PRICE OVER TIME



MARKET SUMMARY

CLEVELAND

HOME TO THE ROCK AND ROLL HALL OF FAME

Cleveland has a population of 388,072, making it the second-largest city in Ohio, and the 51st largest city in the United States. It is a large manufacturing center due to its location on the southern shore of Lake Erie and connections many canals and railroad lines. Other economic drivers include financial services, healthcare, biomedical. Cleveland is home to the Rock and Roll Hall of Fame and the Playhouse Square Center, which is the second-largest performing arts center in the United States.



OH'S 2ND-LARGEST CITY

With an estimated population of 388,072 & the 51st Largest City in OH



MANUFACTURING CENTER

Due to its prominent location on the Southern Shore of Lake Erie



HOME TO THE ROCK AND ROLL HALL OF FAME

Attracting over 568,000 Visitors per Year



HOME TO THE PLAYHOUSE SQUARE CENTER

Which is the 2nd largest Performing Arts Center in the United States



PORT OF CLEVELAND



DETROIT-SUPERIOR BRIDGE

LAKE ERIE

MADISON

CLEVELAND



LORAIN

HIRAM

NORWALK

WELLINGTON

AKRON



Cuyahoga Valley National Park



Cuyahoga Falls

224

90

90

480

71

271

271

422

8

77

76



DEMOGRAPHIC SUMMARY • 5-MILE RADIUS

👤 POPULATION: 305,757 • 💰 AVERAGE HOUSEHOLD INCOME: \$47,431

Walmart   



 **FAMILY DOLLAR**



10,684 VPD 

 **MetroHealth**
7,700
PROVIDERS & STAFF
300,000
PATIENTS SERVED
IN THE PAST YEAR
1.4M VISITS
IN THE PAST YEAR

Save
a lot

CLARK AVENUE



BURGER KING

WALGREENS

MCDONALD'S

10,684 VPD



CLARK AVENUE



W. 30TH STREET

Save
alot

DOWNTOWN CLEVELAND

144,695 VPD



HWY. 42

20,235 VPD



Save
a lot

W. 30TH STREET

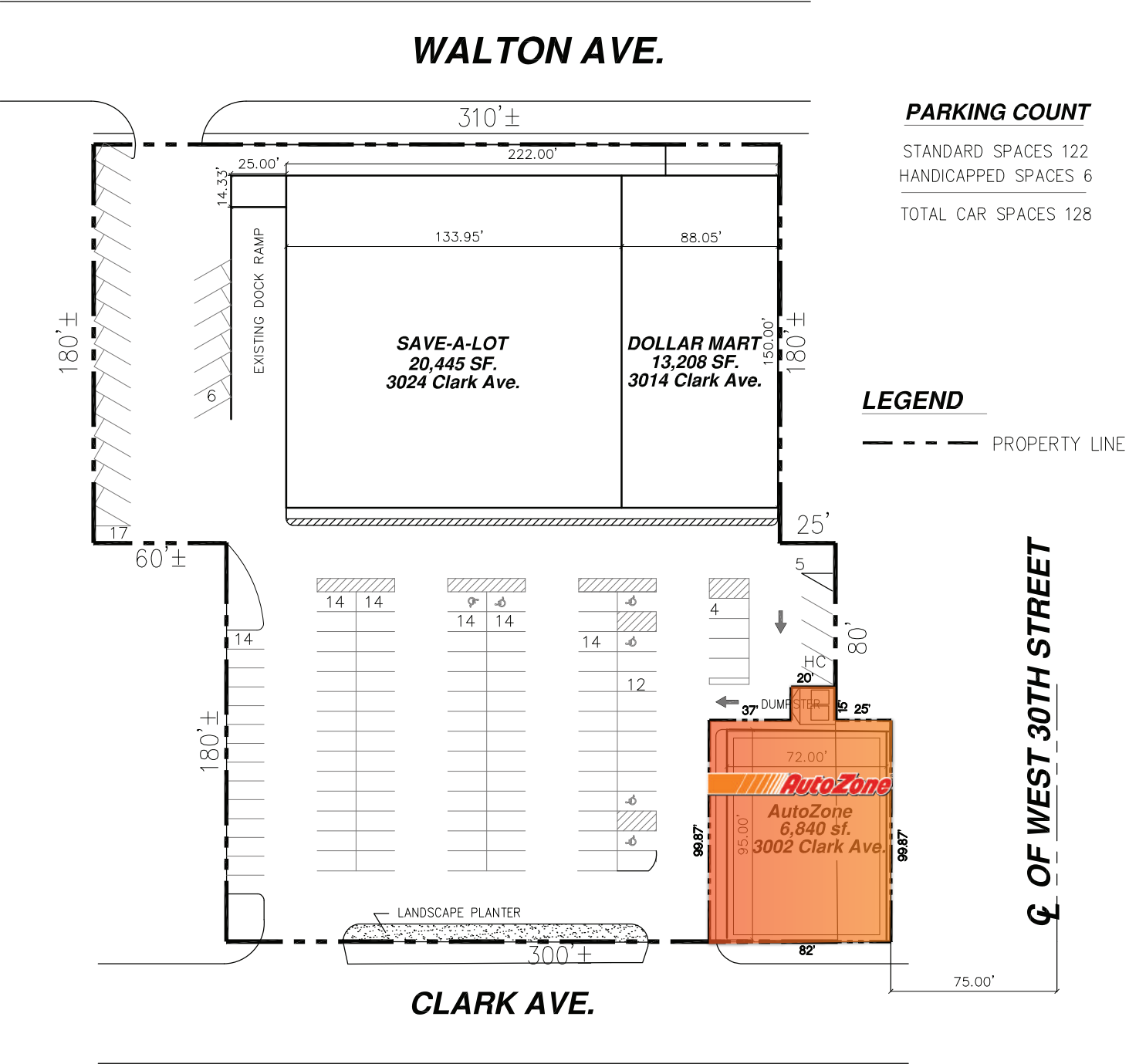
10,684 VPD



CLARK AVENUE



SITE PLAN



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MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES OF OHIO, INC.

Michael Glass | 2007005898 | (614) 360-9800 | Michael.Glass@marcusmillichap.com

SUBJECT PROPERTY



Dated: _____

Don McMinn
Marcus & Millichap
1100 Abernathy Road, NE, Suite 600
Atlanta, GA 30328

Phone: (678) 808-2762
Fax: (815) 550-1286
don.mcminn@marcusmillichap.com

Re: 3002 Clark Ave., Cleveland, OH 44109 (AutoZone)

Dear Don:

Please accept this offer to purchase the above referenced Property. This letter expresses Purchaser's interest in purchasing the Property under the following terms and conditions:

Purchaser _____

**Purchaser's
Address** _____

**Purchaser's
Phone/Fax** _____

**Purchaser's
Email Address** _____

Offer Price _____

Earnest Money \$25,000 earnest money deposit due within forty-eight (48) hours of the Effective Date of the Contract. The Earnest Money shall be increased to \$50,000 at the expiration of the Inspection Period and shall become non-refundable barring any other listed contingencies.

Inspection Period 21 Calendar Days from the Effective Date, which shall mean the date on which the latter of the parties executes a Contract. All available Due Diligence Documents ("Documents") will be forwarded immediately upon the Effective Date of the Contract.

Purchaser's Initials _____ Seller's Initials _____

Financing Period
(Please Check One)

☐ **All Cash** (No Financing Period)

☐ **Financing:** Purchaser shall have ten (10) days from the Effective Date of the Contract to apply for and obtain a financing commitment. In addition, Purchaser shall have 30 days from the effective date of the contract to complete loan processing. Purchaser shall use its best efforts to secure and obtain a new first mortgage loan in the amount of \$_____ on terms which are acceptable to Purchaser.

Closing Date
(Please Check One)

☐ **New Property:** Within 10 Calendar Days after rent commencement and receipt of tenant estoppel.

☐ **Existing Property** Within 10 Calendar Days after the expiration of the Inspection Period (or Financing Period if applicable).

Closing Costs

Seller shall pay for the transfer tax. Buyer shall pay for Title. Purchaser and Seller shall each bear its own attorneys expenses. All other Closing Costs shall be split 50-50 between Buyer and Seller.

Property Condition

Property is being sold "AS IS" with Seller making representations or warranties concerning the property.

**Contract within
10 days:**

Within Ten (10) Calendar Days of the Effective Date of this Letter of Intent, Purchaser and Seller shall enter into a binding Contract (the "Contract"). Seller will Draft the Contract and Failure to reach an agreement will allow the Seller to consider this agreement void and accept offers from other parties.

Broker Commission

☐ Purchaser acknowledges that Don McMinn of Marcus & Millichap will represent them in this transaction. Any commissions due to the Purchaser's broker (if applicable) shall be paid by the Seller directly.

☐ Purchaser acknowledges that _____ of _____ will represent them in this transaction. Any commissions due to the Purchaser's broker (if applicable) shall be paid by the Seller directly.

1031 Exchange

Purchaser ☐ is / ☐ is not (check one) completing an IRS 1031 Tax Deferred Exchange, to which the Seller agrees to cooperate providing there is no cost or expense to Seller. Purchaser has \$_____ in an exchange account from a transaction which closed escrow on _____. Purchaser will provide Seller, upon request, proof of such funds.

Purchaser's Initials _____ Seller's Initials _____

Confidentiality

Purchaser and Purchaser's agents and representatives hereby covenant with Seller that Purchaser and Purchaser's agents and representatives shall not, without the prior written consent of Seller (which consent may be withheld in Seller's sole and absolute discretion), disclose to any other person (other than Purchaser's accountants and attorneys) or entity by any means whatsoever: (i) any information pertaining to the Documents; (ii) any information pertaining to the Contract; or (iii) any information or documentation (written or oral) provided by Seller or Seller's agents and representatives concerning Seller, Seller's business, Tenant, Tenant's business or the Property.

This Letter of Intent is contingent upon the prospective Purchaser's willingness to execute Seller's standard Purchase Agreement as well as review and approval of the details of the transaction proposed above by the appropriate principal parties of the Seller.

It is understood and agreed that the foregoing constitutes a *Letter of Intent* setting forth the major business points from our discussions. It is further understood that neither party intends to create any contractual rights or obligations as a result of entering into this *Letter of Intent*. No binding agreement or rights or obligations shall arise as the result of executing this letter or with respect to the proposed transactions, unless and until we execute definitive documentation incorporating the above provisions and other appropriate terms.

If the foregoing accurately reflects our discussions, please acknowledge same by returning a signed copy of this letter. Execution of this Letter of Intent by the undersigned agent in no way binds or obligates the Seller or any of its principals.

Agreed and Accepted | Purchaser

By: _____

Printed: _____

Dated: _____

Agreed and Accepted | Seller

By: _____

Printed: _____

Dated: _____

Purchaser's Initials _____ Seller's Initials _____