



4672 State St | Saginaw, MI 48603





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Food
Kroger

LISTED BY

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SECTION 1

EXECUTIVE OVERVIEW

OFFERING SUMMARY

Matthews is pleased to offer the opportunity to acquire this single-tenant absolute-net Kroger ground lease (the “Property”) located in Saginaw, MI. The Property is strategically located on State Street in Saginaw Township, Michigan, surrounded by infill residential communities, which feature a dense population of 104,000 people with average household incomes of \$60,700 within a five-mile radius of the Property. In 2016, the tenant exercised an early 10-year renewal through 2033 in conjunction with expanding its footprint from 72,000 square feet to 106,340 square feet, demonstrating the tenant’s strength and commitment to the center. The lease is enhanced by a guaranty from The Kroger Co. (S&P Credit Rating: BBB - Investment Grade Credit). This is a unique opportunity to purchase a Kroger ground lease that is backed by investment grade credit with more than 14 years of fixed term remaining.

INVESTMENT SUMMARY

Property Address	4672 State Street Saginaw, MI 48603
Gross Leasable Area	± 106,340 SF
Land Area	± 6.48 AC
Year Built/Renovated	2008 / R 2017
Tenant	The Kroger Co. of Michigan
Guarantor (S&P Credit Rating)	The Kroger Co. (BBB - Investment Grade)
Lease Type	Absolute Net Ground Lease
Debt Financing	Free and Clear



LIST PRICE
\$6,710,000



CAP RATE
5.50%



NOI
\$369,000



PRICE PSF
\$63.10

INVESTMENT HIGHLIGHTS



LONG-TERM NET GROUND LEASE

After exercising an early 10-year renewal through 2033, the tenant has more than 14 years of the remaining lease term. There are seven five-year renewal options with 10% rent increases at the first, fourth, and sixth options.



WELL BELOW REPLACEMENT COST

At only \$63 per building square foot, this is being offered well below replacement cost. Please note this offering also includes the fuel center.



SECURE INCOME STREAM WITH INVESTMENT-GRADE CREDIT GUARANTY

Single-tenant net lease Kroger stores are seldom offered to the market. The Kroger Co. (NYSE: KR) is the largest traditional grocer in the US. The company operates 2,782 grocery retail stores under a variety of banner names, of which 2,268 had pharmacies and 1,489 had fuel centers. Corporately, Kroger's total sales were \$121.2 billion in 2018. The Property features a long-term net ground lease backed by a large publicly traded investment grade tenant (S&P Credit Rating: BBB), providing investors with stability and surety of income.



RECENTLY REMODELED AND EXPANDED

In 2016, Kroger underwent a \$9.5 million expansion and remodel, demonstrating their strength and commitment to this location. They expanded their footprint from 72,000 square feet to 106,340 square feet. The newly remodeled store features new hot and cold meal selections, in the deli, an expanded bakery, meat, and seafood departments, a new pharmacy with counseling room, expanded liquor and wine selections, a Western Union location, and more personal scans and check lanes.



GROCERY PICKUP

In connection with the store remodel and expansion in 2016, Kroger started offering Pickup (formerly ClickList®), their online ordering service that allows customers to shop online for the products they need and pick them up at the store from the convenience of their car, at this location.



LIMITED GROCERY COMPETITION

Situated on State Street (30,000 VPD) in Saginaw Township, Michigan, Kroger is the only traditional grocery store within a 3-mile radius. After closing their store on Gratiot Road less than 3 miles from the Property, this is Saginaw Township's only remaining Kroger store. The Property, surrounded by dense residential neighborhoods, services an outstanding demographic profile. Within a five-mile radius of the Property there are approximately 104,000 residents earning average household incomes of almost \$60,700.



UNENCUMBERED ASSET

Offered free-and-clear of any existing financing, a new investor can take advantage of historically low-interest rates and ample availability in the capital markets to significantly enhance returns through aggressive capitalization structures.

SECTION 2

FINANCIAL OVERVIEW

FINANCIAL SUMMARY

Offering Price	\$6,710,000
Cap Rate	5.50%
Current Annual Rent	\$369,000
Lease Structure	Absolute Net Ground Lease
Gross Leasable Area	± 106,340 SF
Land Area	± 6.48 AC

LEASE SUMMARY

Tenant	The Kroger Co. of Michigan
Guarantor (S&P Credit Rating)	The Kroger Co. (BBB - Investment Grade)
Lease Expiration	December 9, 2033
Lease Term Remaining	± 14.5 Years
Renewal Options	Seven, 5-Year Options
Rental Increases	10% increase in the first, fourth, and sixth option periods
Landlord Responsibilities	None

ANNUALIZED OPERATING DATA

LEASE DATES	MONTHLY RENT	ANNUAL RENT	ANNUAL RENT PSF
Current - 12/9/2033	\$30,750	\$369,000	\$3.47
Option 1: 12/10/2033 - 12/9/2038	\$33,825	\$405,900	\$3.82
Option 2: 12/10/2038 - 12/9/2043	\$33,825	\$405,900	\$3.82
Option 3: 12/10/2043 - 12/9/2048	\$33,825	\$405,900	\$3.82
Option 4: 12/10/2048 - 12/9/2053	\$37,208	\$446,490	\$4.20
Option 5: 12/10/2053 - 12/9/2058	\$37,208	\$446,490	\$4.20
Option 6: 12/10/2058 - 12/9/2063	\$40,928	\$491,139	\$4.62
Option 7: 12/10/2063 - 12/9/2068	\$40,928	\$491,139	\$4.62





SECTION 3

ASSET OVERVIEW

PHYSICAL DESCRIPTION

PROPERTY NAME

Kroger (GL)

LAND AREA

± 6.48 Acres

ADDRESS

4672 State Street

YEAR BUILT / RENOVATED

2008 / 2017

LOCATION

Saginaw, MI

OCCUPANCY

100%

PARCEL

23-12-4-16-3008-001

TERM REMAINING

± 14.5 Years

PROPERTY TYPE

STNL

TOTAL TENANTS

1

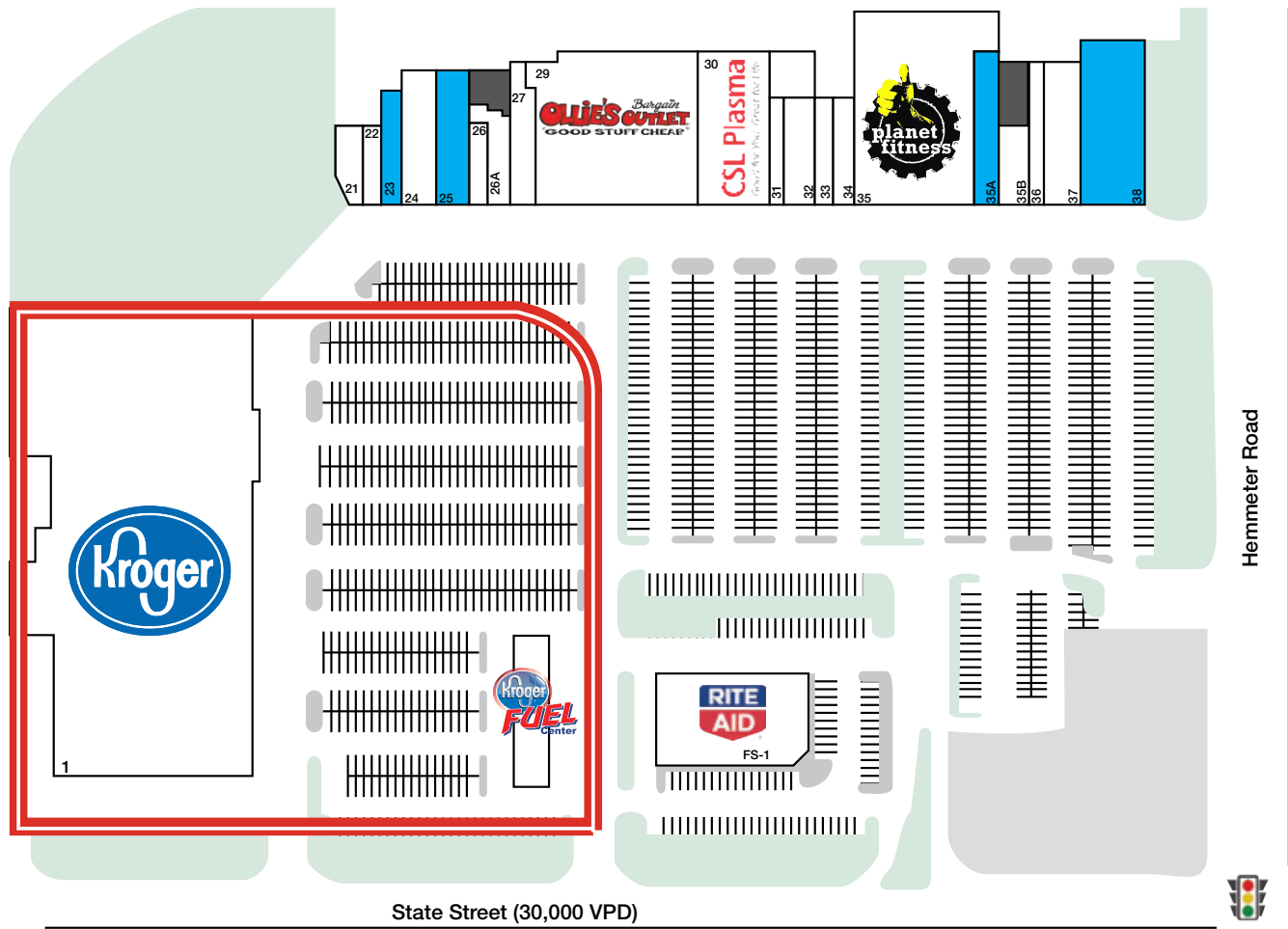
NET RENTABLE AREA

± 106,340 SF

PARCEL MAP



SITE PLAN



SUBJECT PROPERTY	UNIT	SQUARE FEET
Kroger	1	106,340

SECTION 4 TENANT OVERVIEW



KROGER OVERVIEW



COMPANY NAME:
KROGER



CREDIT RATING:
BBB



HEADQUARTERS:
CINCINNATI, OH



OWNERSHIP:
PUBLIC



YEAR FOUNDED:
1883



WEBSITE:
WWW.KROGER.COM

The Kroger Company, or simply Kroger, is an American retailing company founded by Bernard Kroger in 1883 in Cincinnati, Ohio. It is the United States' largest supermarket chain by revenue (2018 total sales of \$121.2 billion), the second-largest general retailer (behind Walmart) and the twenty-third largest company in the United States. As of February 3, 2018, Kroger operated, either directly or through subsidiaries, 2,782 supermarkets under a variety of banner names, of which 2,268 had pharmacies and 1,489 had fuel centers. It maintains markets in 34 states, with store formats that include supermarkets, superstores, department stores, 782 convenience stores, and 274 jewelry stores. Kroger-branded grocery stores are located in the Midwestern and Southern United States.

SUPERMARKET CONCEPT

The combination food and drug store is Kroger's primary supermarket format. These stores are able to earn a return above the cost of capital by drawing customers from a 2 - 2.5 mile radius. Although considered "neighborhood stores" - in terms of size, shopping experience, and travel time - they are large enough to offer the high-margin specialty departments that customers desire. Specialty departments include: whole health sections, pharmacies, pet centers and world-class perishables, such as fresh seafood and organic produce.







H&R
BLOCK

planet
fitness

OLLIE'S OUTLET
Bargain
GOOD STUFF CHEAP

Sprint



MFCU
SAGINAW MEDICAL FEDERAL CREDIT UNION

WELLS
FARGO

Wendy's

RITE
AID

Kroger

STATE STREET ± 28,000 ADT

STATE STREET ± 28,000 ADT

Huntington

Walgreens



OLLIE'S OUTLET
Bargain
GOOD STUFF CHEAP

Firestone



MENARDS

Sprint

WELLS
FARGO

United
Financial
CREDIT UNION

McDONALD
GMC Cadillac

Walmart
Neighborhood Market

Applebee's



H&R
BLOCK

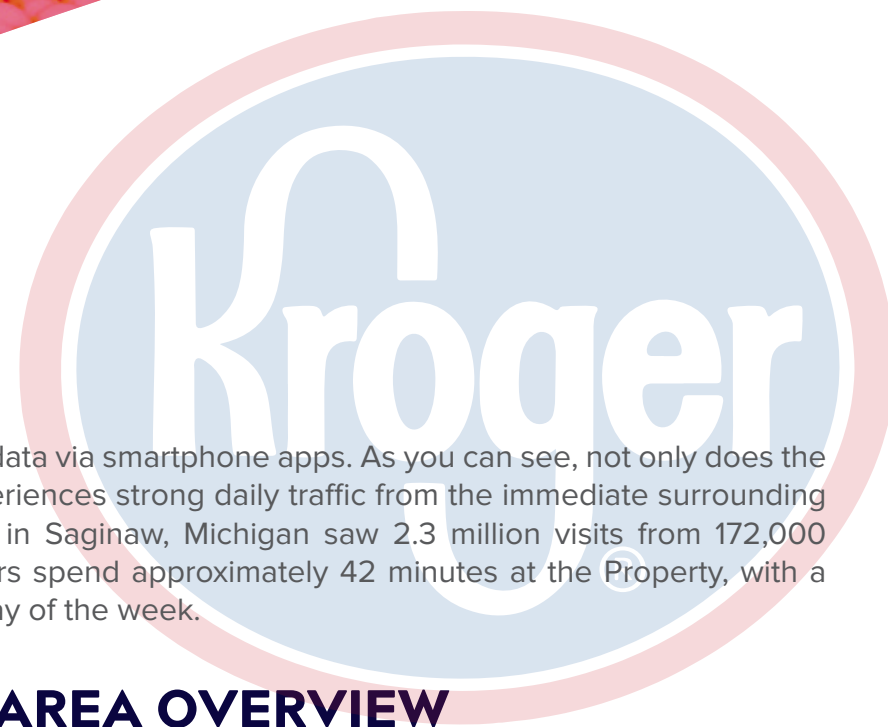
Kroger

STATE STREET ± 28,000 ADT

HEMMETER ROAD

SECTION 5

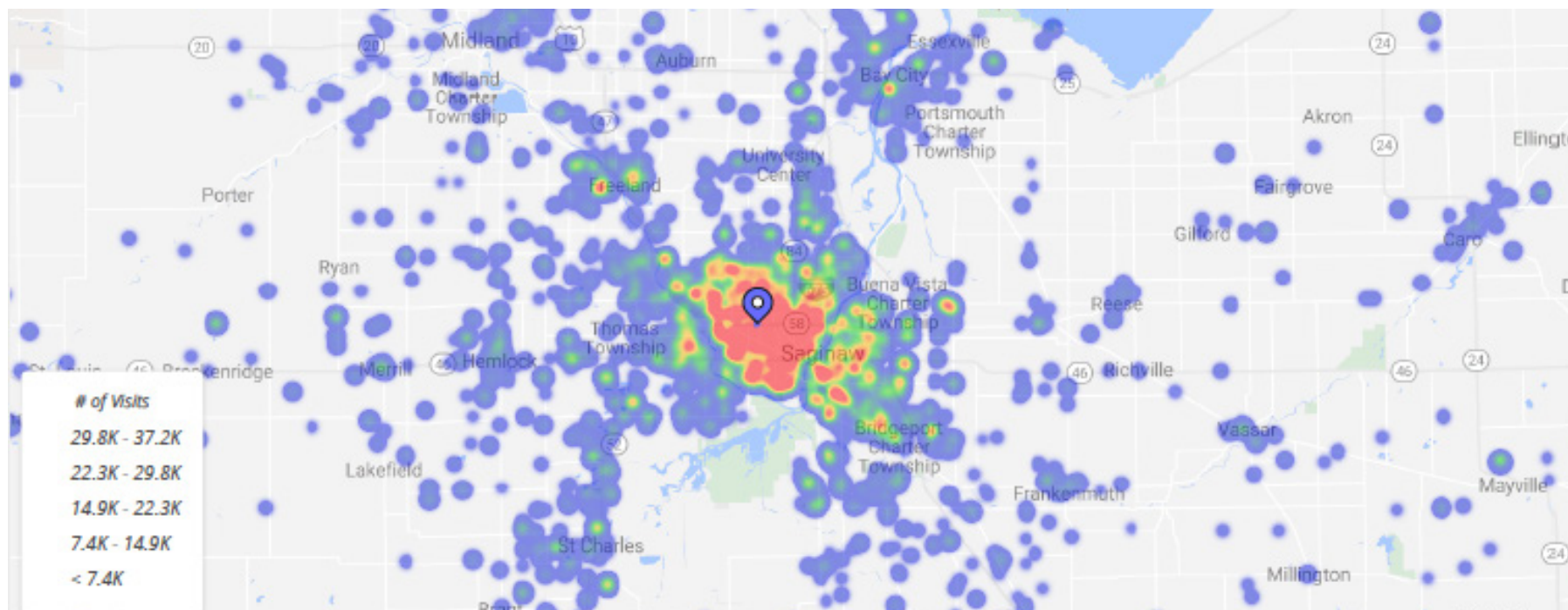
TRADE AREA ANALYSIS



The data shown was provided by Placer.ai, who tracks consumer data via smartphone apps. As you can see, not only does the Property sit in the heart of a Regional Trade Area, but it also experiences strong daily traffic from the immediate surrounding communities. Based on the data provided, this Kroger located in Saginaw, Michigan saw 2.3 million visits from 172,000 customers over the past 12 months. On average these customers spend approximately 42 minutes at the Property, with a steady dose of the visits spanning across and throughout each day of the week.

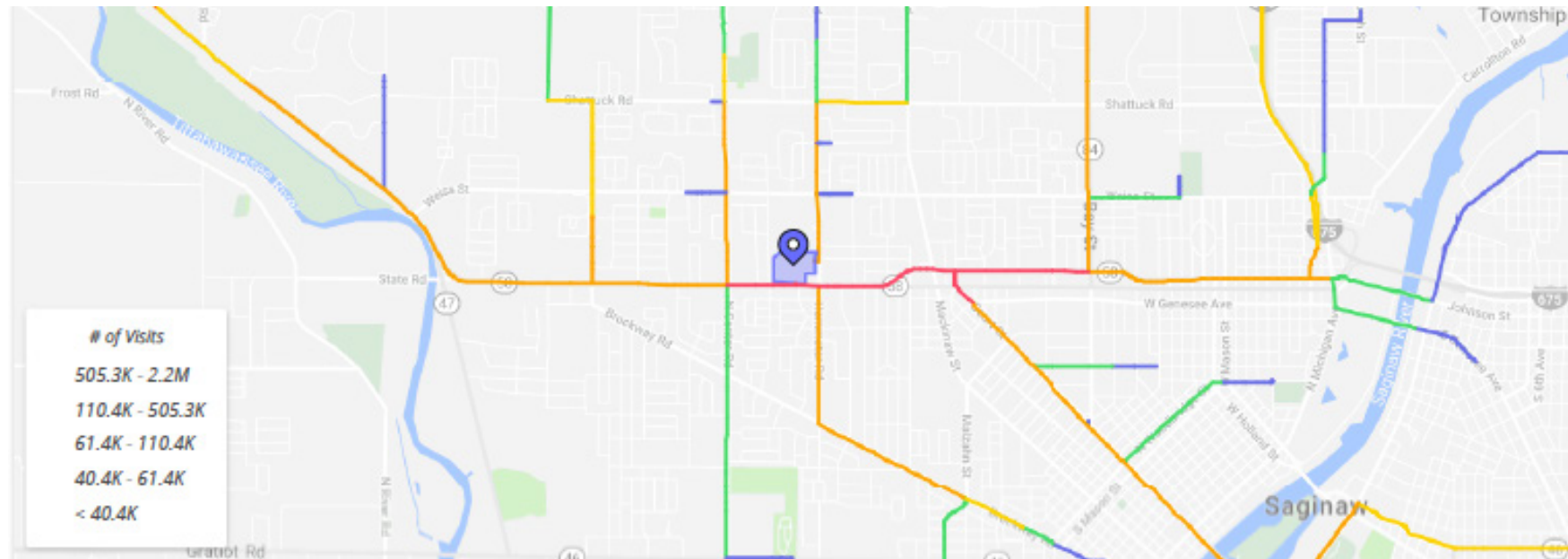
CONSUMER INSIGHT - TRADE AREA OVERVIEW

HEAT MAP OF VISITORS LOCATION WITHIN THE TRADE AREA (TRAILING 12 MONTHS)

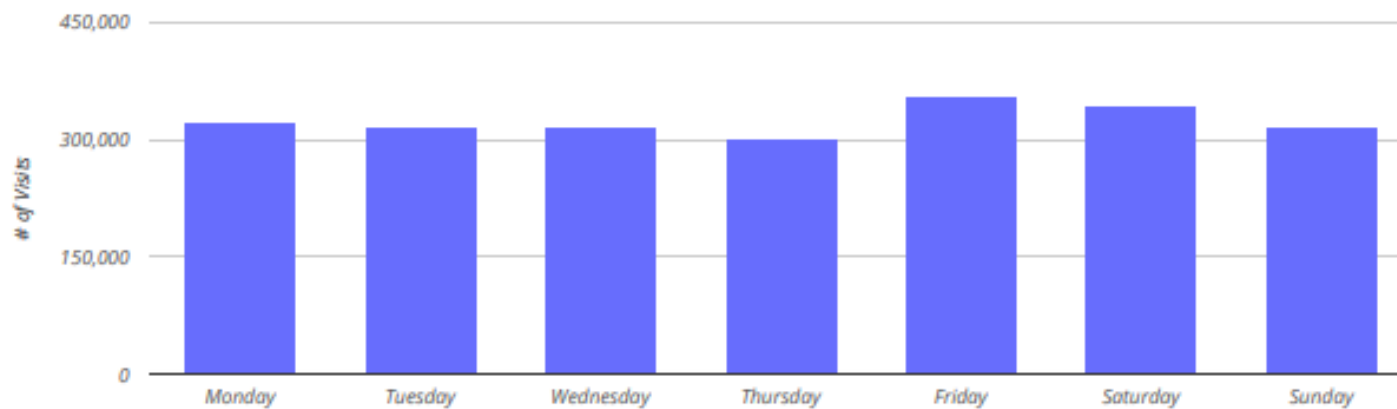


CONSUMER INSIGHT - TRADE AREA OVERVIEW

CUSTOMER JOURNEY ROUTES (TRAILING 12 MONTHS)



NUMBER OF VISITS PER DAY OF THE WEEK (TRAILING 12 MONTHS)



SECTION 6 AREA OVERVIEW



SAGINAW, MICHIGAN

The city of Saginaw and Saginaw County are both located in the area known as Mid-Michigan or Central Michigan. The city of Saginaw is located adjacent to Saginaw Charter Township and is considered part of the Tri-City area, along with neighboring Bay City and Midland. Currently, economic development is focused on comparative advantages in innovation, clean energy, and continued manufacturing exports.

CENTRAL MICHIGAN UNIVERSITY

Central Michigan University (CMU) is a public research university located in Mount Pleasant in the U.S. state of Michigan. Established in 1892, Central Michigan University is one of the largest universities in the state of Michigan and one of the nation's 100 largest public universities. It has more than 20,000 students on its Mount Pleasant campus and 7,000 students enrolled online at more than 60 locations worldwide. CMU offers 200 academic programs at the undergraduate, master's, specialist, and doctoral levels, including nationally recognized programs in entrepreneurship, journalism, music, audiology, teacher education, psychology, and physician assistant. The Central Michigan University College of Graduate Studies provides over 70 graduate degree programs at the Master's, Specialist, or Doctoral levels.

DEMOGRAPHICS

POPULATION	1-MILE	3-MILE	5-MILE
2000 Census	10,007	71,346	113,837
2019 Estimate	9,231	66,575	100,086
2024 Projection	9,043	65,780	98,498
HOUSEHOLDS	1-MILE	3-MILE	5-MILE
2000 Census	4,322	29,440	45,228
2019 Estimate	4,148	28,469	41,895
2024 Projection	4,094	28,314	41,486
HOUSEHOLDS	1-MILE	3-MILE	5-MILE
Average Household Income	\$79,459	\$66,712	\$63,362

MAJOR EMPLOYERS





ENTERTAINMENT

Saginaw's entertainment hub can be found in the downtown area, where venues such as The Dow Event Center and the restored Temple Theatre offer live entertainment. The Saginaw Bay Symphony Orchestra and Saginaw Choral Society are housed in the Temple and each of these organizations perform full concert series annually at the Temple venue. The Dow Event Center is home to the city's junior ice hockey team, the Saginaw Spirit of the Ontario Hockey League as well as The Saginaw Sting, an indoor football team. Downtown Saginaw has undergone a resurgence with locally owned restaurants and coffee shops dotting the area. The downtown Saginaw area contains a number of office buildings and stands apart from Old Town which is home to many popular bars, locally owned restaurants, and businesses including its anchor business, Stable Outdoor Outfitters.



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