



# PLANET FITNESS

10-YEAR NEWLY RENOVATED GYM WITHIN WALMART ANCHORED SHOPPING CENTER

SALEM, OR



CAPITAL PACIFIC





REPRESENTATIVE PHOTO

# PLANET FITNESS

5240 COMMERCIAL STREET SE, SALEM OR 97306

**\$5,295,000**      **7.00%**  
**PRICE**                      **CAP**

LEASABLE SF	LAND AREA	LEASE TYPE
<b>23,310 SF</b>	<b>2.05 AC</b>	<b>NN</b>
LEASE TERM	YEAR RENOVATED	PARKING
<b>10 YEARS</b>	<b>2019</b>	<b>110 SPACES</b>

- 10-Year Planet Fitness currently undergoing renovation
- Long term NN lease that features minimal LL expense obligations and a personal guaranty
- Located within Walmart Anchored Center along heavily trafficked retail corridor
- Easily accessible from Interstate 5
- Average household incomes are above the national average (\$83,399 within a 3-mile)

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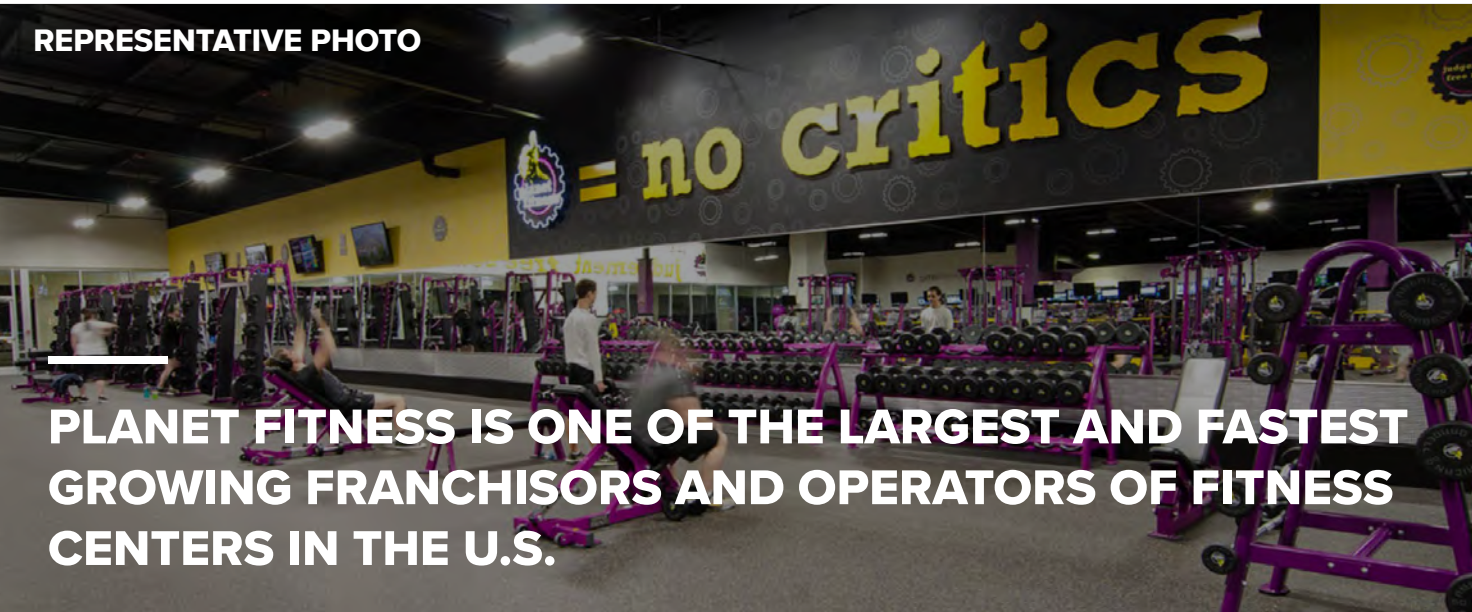
# Investment Highlights

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**THE OFFERING** provides an investor with the opportunity to acquire a single tenant Planet Fitness in Salem, OR. The lease features a 10 year primary term, two 5-year options and 10% rental increases every five years. The subject property is currently undergoing a major renovation that includes significant work on the roof and parking lot. Planet Fitness recently began their build-out and is on schedule for an opening on or around July 1, 2019. The subject property is located within a Walmart anchored shopping center on the corner of Commercial Street and Barnes Avenue, and benefits from combined traffic counts of over 29,500 VPD. The lease is double net with minimal landlord expense obligations and is personally guaranteed by the operator (please contact broker for details).

**THE RETAIL MARKET** - The subject property is located in a southern Salem community with strong demographics and household incomes well above the national average at \$86,000. Located along Salem's primary north/south retail corridor, the immediate trade area is made up of densely concentrated retail and residential neighborhoods. Commercial Street is a primary thoroughfare that runs through downtown Salem, and Kuebler Boulevard provides direct access to Interstate 5. The immediate trade area features a strong mix of daily needs tenants that provide a steady draw of traffic to the area. The line-up of surrounding tenants includes Walmart, Safeway, Trade Joes, Walgreens, McDonald's, Dutch Bros, as well as many other national tenants.

## REPRESENTATIVE PHOTO



**PLANET FITNESS IS ONE OF THE LARGEST AND FASTEST GROWING FRANCHISORS AND OPERATORS OF FITNESS CENTERS IN THE U.S.**

## Contact the team

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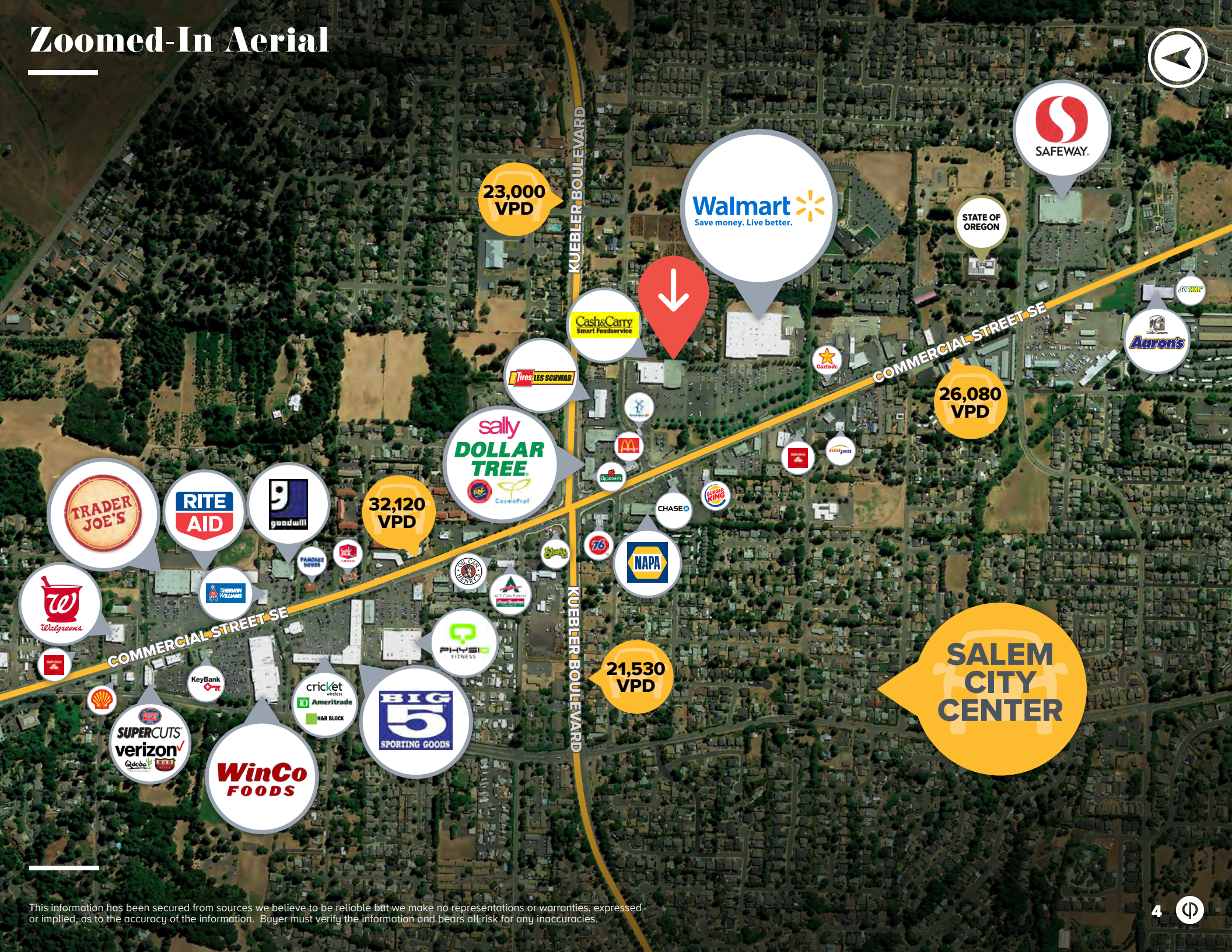
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# Zoomed-In Aerial



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# Submarket Overview

## RETAILERS IN CLOSE PROXIMITY INCLUDE:

- Walmart

Smart Foodservice Store

Dutch bros

Chase Bank

Burger King

Liquor Outlet

NAPA Auto Parts

Les Schwab Tire Center

Applebee's

McDonald's
- Dollar Tree

Sally Beauty

Carl's Jr

Mattress World

Safeway

South Salem Mini Storage

Winco Foods

Big 5 Sporting Goods

Sherwin Williams

Goodwill

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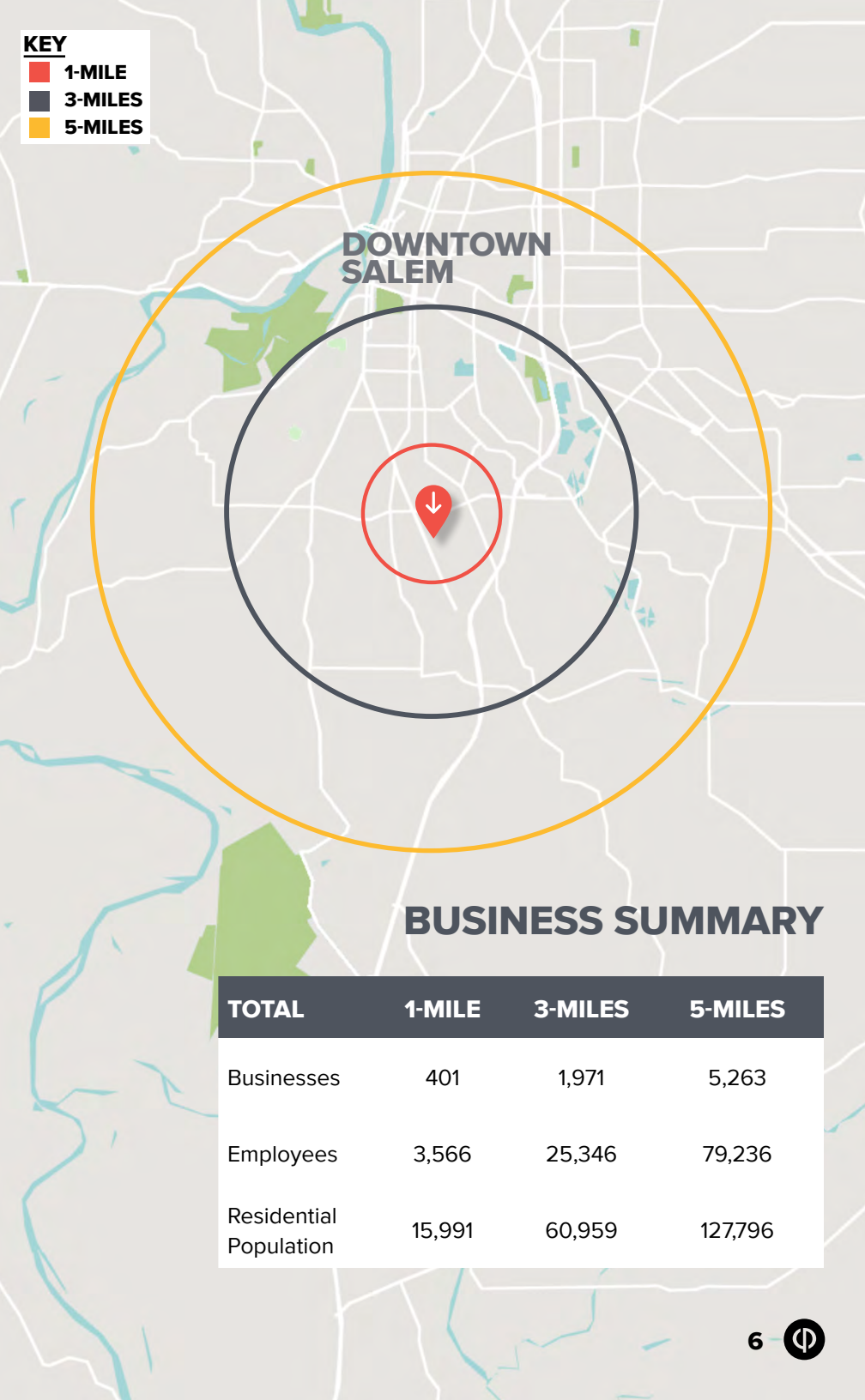


KEY

1-MILE

3-MILES

5-MILES



## BUSINESS SUMMARY

TOTAL	1-MILE	3-MILES	5-MILES
Businesses	401	1,971	5,263
Employees	3,566	25,346	79,236
Residential Population	15,991	60,959	127,796



# Income & Expense

**PRICE** **\$5,295,000**

Price Per Square Foot: **\$227.16**

Capitalization Rate: **7.00%**

Total Rentable Area (SF): 23,310

Lot Size (AC): 2.05

## STABILIZED INCOME PER SQUARE FOOT

Scheduled Rent \$16.00 \$372,960

Effective Gross Income \$16.00 \$372,960

## LESS PER SQUARE FOOT

Taxes NNN \$0.00

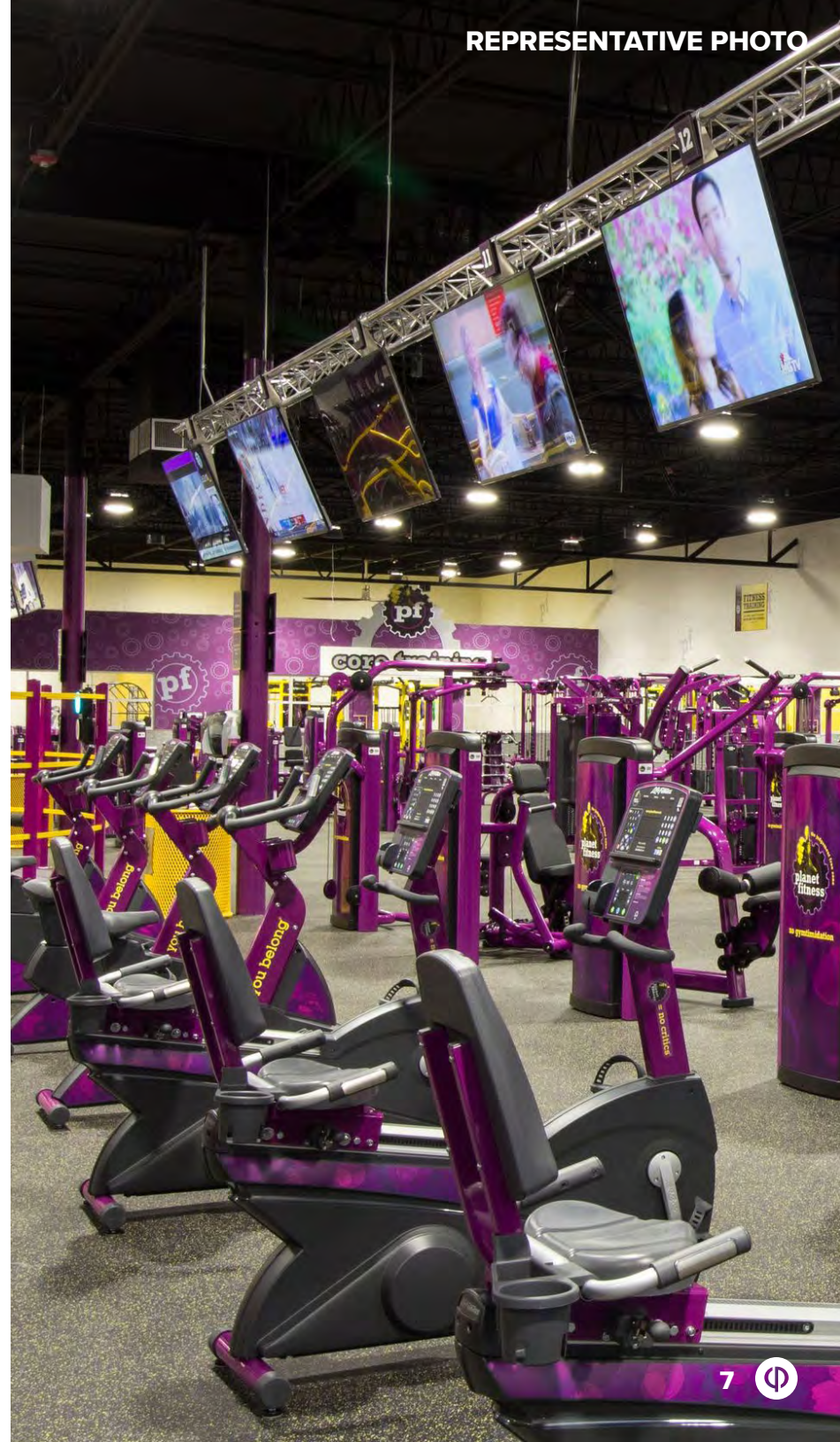
Insurance NNN \$0.00

CapEx Reserve (\$0.10) (\$2,331.00)

Total Operating Expenses (\$0.10) (\$2,331.00)

**EQUALS NET OPERATING INCOME \$370,629**

REPRESENTATIVE PHOTO



# Rent Roll

Tenant Info		Lease Terms		Rent Summary				
Tenant Name	Sq. Ft.			Current Rent	Monthly Rent	Yearly Rent	Monthly Rent/Ft	Year Rent/Ft
Planet Fitness	23,310	1	5	\$372,960	\$31,080	\$372,960	\$1.33	\$16.00
		6	10		\$34,188	\$410,256	\$1.47	\$17.60
	Option 1	11	15		\$37,607	\$451,282	\$1.61	\$19.36
	Option 2	16	20		\$41,367	\$496,410	\$1.77	\$21.30
TOTALS:	23,310			\$372,960	\$31,080	\$372,960	\$1.33	\$16.00

Anticipated Rent Commencement Date: July 1, 2019



# Lease Abstract

## PREMISES & TERM

<b>TENANT</b>	Commercial Fit LLC dba Planet Fitness
<b>GUARANTOR</b>	Citadel Fitness, LLC
<b>BUILDING SF</b>	23,310 SF
<b>LEASE TYPE</b>	NN
<b>TERM</b>	10 Years
<b>RENT COMMENCEMENT</b>	July 1, 2019 (Anticipated)
<b>OPTIONS</b>	Two 5-year options

## RENT

### BASE RENT

DATE RANGE	MONTHLY RENT	ANNUAL RENT
Years 1-5	\$31,080	\$372,960
Years 6-10	\$34,188	\$410,256

### OPTION RENTS

DATE RANGE	MONTHLY RENT	ANNUAL RENT
#1. Years 11-15	\$37,607	\$451,282
#2. Years 16-20	\$41,367	\$496,410

The details contained within the Lease Abstract are provided as a courtesy to the recipient for purposes of evaluating the Property's suitability. While every effort is made to accurately reflect the terms of the lease document(s), many of the items represented herein have been paraphrased, may have changed since the time of publication, or are potentially in error. Capital Pacific and its employees explicitly disclaim any responsibility for inaccuracies and it is the duty of the recipient to exercise an independent due diligence investigation in verifying all such information, including, but not limited to, the actual lease document(s).

## EXPENSES

### TAXES

Tenant shall fully reimburse Landlord for property taxes, and shall be included in monthly additional rent.

### INSURANCE

Tenant shall maintain (1) commercial general liability insurance with limits no less than \$2 million per occurrence, naming Landlord as additional insured; and (2) workers' comp insurance.

Landlord shall maintain (1) All-Risk coverage amounting to full replacement value of the improvements; and (2) commercial general liability insurance.

### UTILITIES

Tenant shall pay for all utilities directly to the provider.

### TENANT'S OBLIGATIONS

Maintenance and repair of all non-structural portions of the Premises, including the HVAC, parking area and landscaping, as well as snow and ice removal.

### LANDLORD'S OBLIGATIONS

Roof and structure, as well as parking lot replacement if at the end of its useful life (initial Tenant Improvements include repairing, patching, resealing and restriping the parking lot, in addition to repairing and resealing the roof membrane with an accompanied 10 year warranty for the work completed).

## LEASE PROVISIONS

### FINANCIAL DISCLOSURE

No more than once per year, Landlord may request Tenant and Guarantor's most recently prepared financial statements.



# Surrounding Retail Site Plan



3,580  
VPD

BARNES AVENUE SE

NOT A PART



Cash & Carry  
Smart Foodservice



NOT A PART

Walmart  
Save money. Live better.

BAXTER ROAD

2,020  
VPD

COMMERCIAL STREET SE

26,080  
VPD

BAXTER ROAD



# Tenant Overview

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## ABOUT PLANET FITNESS

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Planet Fitness is **one of the largest and fastest-growing franchisors and operators of fitness centers in the United States** by number of members and locations, with a highly recognized national brand. As of December 2018, Planet Fitness had **approximately 12.5 million members** and **1,742 locations** in all 50 states, Canada, the Dominican Republic, Panama, and Mexico.

With a non-intimidating, low-cost model, Planet Fitness locations are open 24-hours a day offering members high quality equipment and unlimited free fitness training starting at just \$10 per month.

Planet Fitness franchisee-owned and corporate-owned stores generated **\$2.8 billion in system-wide sales, and revenues of \$572.9 million in 2018.**

## ABOUT THE FRANCHISEE

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Commercial Fit, LLC, a subsidiary of Citadel Fitness, LLC, is a seasoned operator with over six years of experience. The operator currently has five stores open and another location that is pending. Additional locations are under lease negotiation, all of which are within the state of Oregon.

### CURRENT LOCATIONS

Salem, OR (2012 open)  
Beaverton, OR (2013 open)  
Hillsboro, OR (2014 open)

Bend, OR (2018 open)  
Salem, OR (2019 open)



## NO-FRILLS GYM CHAIN BULKS UP THANKS TO WORKOUT BOOM

*Planet Fitness's valuation soars as it attracts newcomers with cheap memberships, casual environment and free pizza*

**March 19, 2019 (The Wall Street Journal)** Planet Fitness Inc. is expanding by going lean, pulling in customers with a \$10-a-month membership fee and a no-frills atmosphere.

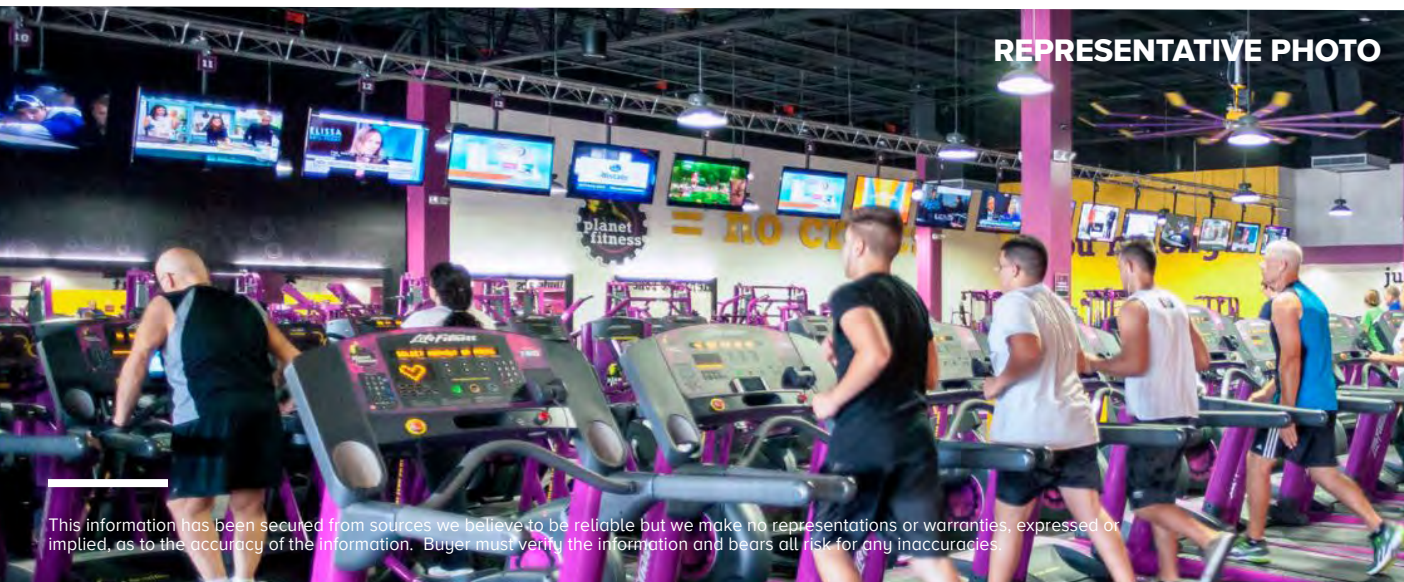
As other gyms add juice bars and workout classes to emulate high-end boutique studios, the company is winning over newcomers with a simple selection of machines, free pizza nights and television commercials that poke fun at gym buffs. The fitness chain, one of the country's fastest-growing, also taps into the workout-enthusiast segment by serving them as a cheap second gym.

Planet Fitness's **revenue has increased more than 30% over the past year** and its valuation has nearly quadrupled to about \$6.2 billion since it went public in 2015. The chain has **more than 12.5 million members** and operates **over 1,700 locations** with the goal of ultimately running 4,000 sites.

Revenue in the U.S. health-and-fitness-club sector climbed 44% over the past five years, hitting \$32.3 billion last year, and is expected to reach \$43 billion by 2023, according to research firm Mintel Group Ltd.

[READ THE FULL ARTICLE](#)

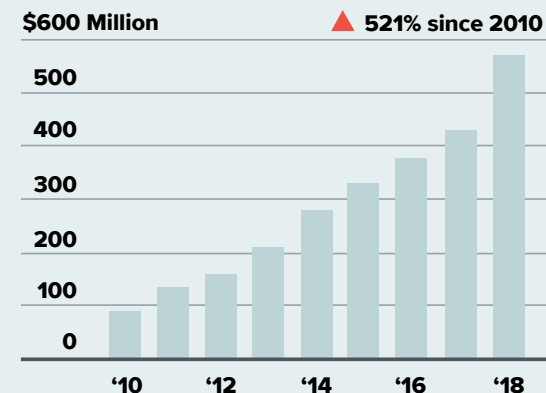
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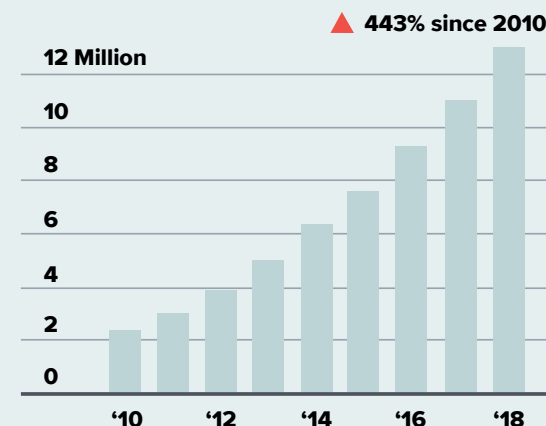
## STEADY GROWTH

Planet Fitness has benefited from being an early mover in the low-cost gym format



## MEMBERSHIP

Planet Fitness has more than 12.5 million members who visit over 1,700 gym locations




Source: Kang, Jaewon. "No-Frills Gym Chain Bulks Up Thanks to Workout Boom." The Wall Street Journal, 19 Mar. 2019




# Demographics

## POPULATION

	1-MILE	3-MILES	5-MILES
2010	14,663	56,611	118, 288
2018	15,991	60,959	127,769
2023	17,220	64,639	135,055

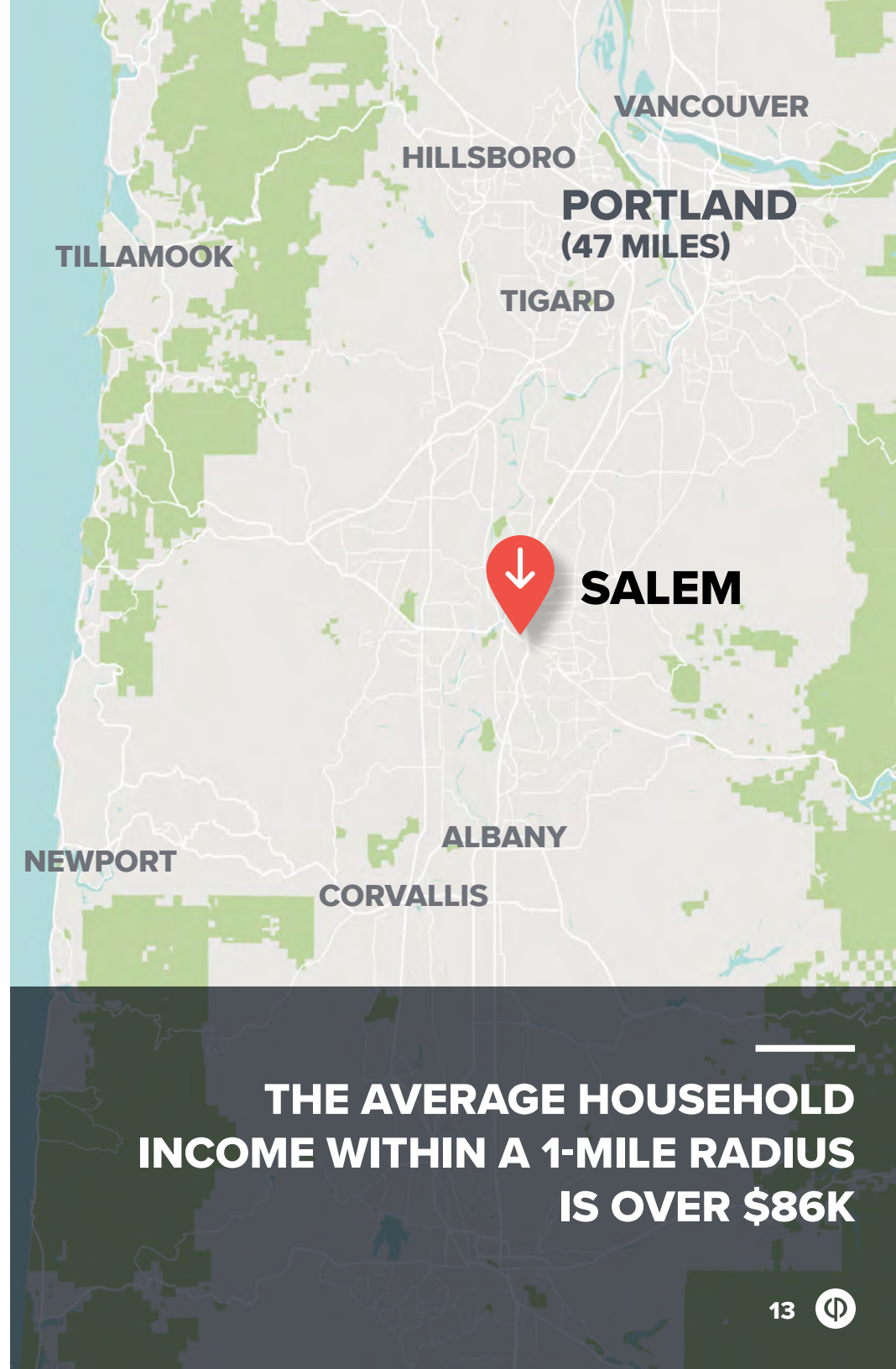
## 2018 HH INCOME

	1-MILE	3-MILES	5-MILES
Average	\$86,199	\$83,399	\$75,697
Median	\$66,794	\$63,723	\$55,891

## TOP EMPLOYERS

EMPLOYER	# OF EMPLOYEES
State of Oregon	7,150
NORPAC Foods	4,000
Salem Health	3,400
Salem-Keizer Schools	2,750
Chemeketa Community College	1,750

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**THE AVERAGE HOUSEHOLD  
INCOME WITHIN A 1-MILE RADIUS  
IS OVER \$86K**



# SALEM, OREGON



OREGON STATE CAPITOL BUILDING

**SALEM** is capital city of Oregon, and second largest city in the state with an estimated population of 168,798 residents. Located in the Willamette Valley, Salem is 47 miles south of Portland and 66 miles north of Eugene.

Salem is a diverse community with a family-friendly ambiance, and a small town feel. Salem is home to a wide range of industries, with business-friendly taxes and fees, and abundant natural resources making the Mid-Willamette Valley the greatest producer of agricultural products in Oregon. The area is also a strong manufacturing and distribution region with a prime location on Interstate 5 between California and Washington.

## WILLAMETTE VALLEY

**THE WILLAMETTE VALLEY** is a 150-mile long valley stretching north-south through western Oregon. Bordered by the Cascade Mountain Range to the east and the Oregon Coast Range to the West, the valley is home to 70% of Oregon's population, including its six largest cities: Portland, Salem, Eugene, Gresham, Hillsboro, and Beaverton. A highly productive agricultural region, the valley has come to be known as Oregon Wine Country, with over 756 vineyards.

418,139



**SALEM MSA  
POPULATION  
(ESTIMATED)**

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# We'd love to hear from you.

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