

# TURNERSVILLE STRIP CENTER (TARGET OUTPARCEL)

3841 Route 42 Turnersville, NJ



**OFFERING MEMORANDUM**

Marcus & Millichap





**DOUGHERTY  
& PARTNERS**  
of Marcus & Millichap

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Subject  
Property



PROPOSED 36 ACRE  
MIXED USE DEVELOPMENT

E BLACK HORSE PIKE (27,139 VPD)

E BLACK HORSE PIKE



Turnersville AutoMall



Cross Keys Place



Cross Keys Commons



E BLACK HORSE PIKE (27,139 VPD)

PROPOSED 36 ACRE  
MIXED USE DEVELOPMENT



# PROPERTY ANALYSIS





# PROPERTY OVERVIEW:

\$4,388,905

PRICE

6.85%

CAP RATE

\$300,640

NET OPERATING INCOME

3841 Rte. 42

TURNERSVILLE, NJ

MAJOR TENANTS	Mattress Warehouse & Xfinity
SQUARE FOOTAGE	9,923 sf
LOT SIZE	1.78 Acres
YEAR BUILT	2017
OCCUPANCY	100%
PARKING	25+/-
LOAN QUOTE	<ul style="list-style-type: none"><li>• 65%-70% LTV</li><li>• 25 Year Amortization</li><li>• 5 Year Fixed 4.625% 4.875%</li><li>• 10 Year Fixed 4.875% - 5.000%</li></ul> <small>*Loan information is subject to change.</small>
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TURNERSVILLE, NJ	1 MILE	3 MILES	5 MILES
Population	6,511	62,582	164,647
Households	2,359	21,802	58,997
Household Income	\$110,325	\$105,817	\$96,772
Traffic Counts	27,139 VPD		



# RENT ROLL:

TENANT	NRSF	GLA %	LSD	LXD	BASE RENT		RENT STEPS			EXTENSION OPTIONS				RECOVERIES
					ANNUAL	RENT PER SF	DATE	INCREASE	RENT PER SF	OPTIONS	DATE	ANNUAL	RENT PER SF	
Comcast	4,423	44.57%	Nov-17	Oct-24	\$150,382	\$34.00	Nov-22	\$165,420.20	\$37.40	1(3yr) Option 2(5yr) option	Nov-24 Nov-27 Nov-32	\$165,420.20 \$181,962.22 \$200,158.87	\$37.40 \$41.14 \$45.23	NNN+ 10%Admin Fee+ 5%mgmt Fee
Mattress Warehouse	5,500	55.43%	Jul-17	Jun-27	\$151,250	\$27.50	Jul-22	\$166,375.00	\$30.25	3(5yr) option	Jul-27 Jul-32 Jul-37	\$183,040 \$201,300 \$221,430	\$33.28 \$36.60 \$40.26	NNN+ 15% admin Fee
Total Leased Space	9,923	100%			\$301,632									



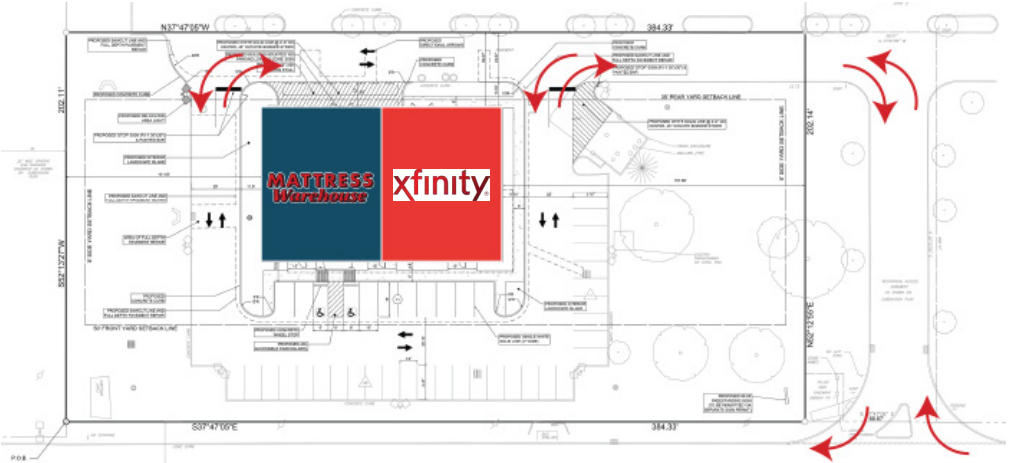
# INCOME & EXPENSES:

INCOME	
Scheduled Base Rental Revenue <sup>1</sup>	\$301,632
Total Expense Reimbursement Revenue <sup>2</sup>	
Real Estate Taxes	\$11,269
Insurance	\$7,836
CAM	\$31,211
Mgmt Fee	\$11,360
Total	\$61,676
Allowance For Vacancy <sup>3</sup>	
<b>Effective Gross Revenue</b>	<b>\$363,308</b>
EXPENSES	
Operating Expenses <sup>4</sup>	
Real Estate Taxes	\$11,269
Insurance	\$7,836
CAM	
Plumbing	\$500
Repairs and Maintenance	\$750
Electrical Repairs	\$952
Inspections (Fire & Safety)	\$1,092
Snow Removal	\$10,913
Parking Lot Cleaning	\$3,996
Landscaping	\$9,804
Roof Repair	\$500
Signage	\$83
Electricity	\$2,256
Water	\$366
CAM Total	\$31,211
Management Fee & Admin Fee <sup>5</sup>	\$11,360
Total Operating Expenses	\$(61,676)
Capital Reserves <sup>6</sup>	\$(992)
<b>Net Operating Income</b>	<b>\$300,640</b>

## Notes:

- 1) Scheduled Base Rental Revenue- Contractual rent during 2019 Calendar year
- 2) Expense Reimbursement Revenue- Contractual recoveries of operating expenses and administrative fees per the lease
- 3) Operating Expenses are based on 2018 actual financials. \*Pro Rated based on numbers through September 2018
- 4) Management fee : See Breakdown
- 5) Capital reserves assumed to be \$.10/SF

ADMIN AND MANAGEMENT FEE BREAKDOWN			
Mattress Warehouse	CAM + Insurance	15% of CAM & Insurance	Pro Rata Share (55.43%)
Admin Fee	\$39,047	\$5,857	\$3,246
Comcast Xfinity	CAM	10% of CAM Total	Pro Rata Share(44.57%)
Admin Fee	\$31,211	\$3,121	\$1,391
Comcast Xfinity	Base Rent	5% of Base Rent	Pro Rata Share(44.57%)
Mgmt Fee	\$301,632	\$15,082	\$6,722
		Total Admin and Mgmt Fee	\$11,360





# INVESTMENT HIGHLIGHTS:

## NEW CONSTRUCTED TWO TENANT STRIP CENTER OCCUPIED BY NATIONAL RETAILERS

- **MATTRESS WAREHOUSE:**
  - Private company with over 250 Locations across 8 states.
  - Growing retailer as they plan to open more than 25 stores per year
- **XFINITY STORE BY COMCAST:**
  - Subsidiary of Comcast Cable which has built or redesigned over 250 stores since 2015 with plans to Open 50 more stores in high traffic shopping centers.
  - The store provides customers an immersive destination to discover Xfinity products/services such as TV, Internet, telephone and wireless services

## LOCATED AS A PAD SITE TO TARGET IN TURNERSVILLE, NJ

- The subject property feeds off the traffic generated from the Target as it has a spectacular reputation for being well stocked with superior customer service.

## TRIPLE NET LEASES/ MINIMAL EXPENSE EXPOSURE/RENTAL INCREASES

- Tenants Reimburse for Taxes, Insurance, & CAM
- New 10 Year Leases with Rental Increases in Base Term
- Ideal, Low – Management Investment for Out – of – State Passive Investor

## HIGHLY VISIBLE & EASILY ACCESSIBLE LOCATION

- Located on Blackhorse Pike, the main retail corridor of submarket, with traffic counts exceeding 27,000 VPD

## CLOSE - PROXIMITY TO NUMEROUS NATIONAL RETAILERS & TURNERSVILLE AUTO MALL

- Subject property lies nearby to other retailers such as Target, Walmart, Lowes, Wawa, The Home Depot, Sam's Club, and the Turnersville Auto Mall.

## RETAIL GROWTH IN SUBMARKET ALONG BLACKHORSE PIKE

- Developers have proposed a 36 Acre mixed use development across the street from subject property featuring the likes of Burger King, First Watch, Valvoline and others.

## REGIONAL ACCESS & PROXIMITY TO METROPOLITAN CITIES

- Access to the Atlantic City Expressway, New Jersey Turnpike, and 295
- Only 17 Miles from Philadelphia & 45 Miles from Atlantic City New Jersey



## INVESTMENT OVERVIEW

Marcus & Millichap, on behalf of ownership is pleased to exclusively offer the opportunity to acquire the fee simple interest in a new constructed two tenant strip center. The center features Mattress Warehouse and Xfinity Services both regional and national retailers. The subject property is well located as it resides as a pad site to a Target along the Blackhorse Pike in Turnersville, NJ. The offering presents an investor the opportunity to acquire a low management, newly constructed shopping center, with fresh ten-year leases.

## MATTRESS WAREHOUSE

The center is anchored by Mattress Warehouse; a privately held mattress company with over 250 locations across eight states based in Frederick, MD. Mattress Warehouse has been in business for over 25 years with plans to develop 25 stores on a yearly basis. This retailer has built a business on securing highly visible and trafficked locations as part of their long – term growth strategy.

## XFINITY

The center is co – anchored by Xfinity Services; a subsidiary of Comcast Cable. Currently, Xfinity has built or redesigned over 250 stores since 2015 with plans to open 50 more stores in high traffic shopping centers. The store features Xfinity products and services such as TV, Internet, Telephone, and Wireless services. Today's customers want to touch and feel Xfinity products to make educated decisions for their households. The brick and mortar presence provide customers an immersive destination to discover Xfinity products with superior customer service.

## LEASE STRUCTURE

Mattress Warehouse & Xfinity Services are subject to new 10 – year leases that feature 10% rental increases in year six, and every five years during the renewal options. Both tenants feature clean triple net leases with landlord responsibilities limited to roof and structure. The lease structure makes this investment property ideal for a passive investor who wants to collect cash flow with minimal management responsibilities.

## LOCATION

The subject property benefits from it established location along the Black Horse Pike in Turnersville, New Jersey. The site is strategically located as a pad site to a Target on a major retail corridor with traffic counts exceeding 27,000 VPD. Situated on 1.78 acres the Property features 25+ spaces and is nearby other retailers such as Walmart, Lowes, Wawa, Home Depot, and the Turnersville Auto Mall. In recent news, developers have proposed a 36 acre mixed use development across the street from subject property featuring the likes of Burger King, First Watch, Valvoline and others. This speaks to the growing retail submarket. From a regional perspective, the site is only 17 miles from Philadelphia and 45 miles from Atlantic City with access to major highways such as the Atlantic City Express, New Jersey Turnpike, and 295. The site should provide for future appreciation and success among its tenants given its exposure and position within submarket.



# TENANT OVERVIEW





# TENANT OVERVIEW:

**xfinity** Xfinity is a trade name of Comcast Cable Communications, LLC, a subsidiary of the Comcast Corporation, used to market consumer cable television, Internet, telephone, and wireless services provided by the company. The brand was first introduced in 2010; prior to that, these services were marketed primarily under the Comcast name.

Comcast is the largest provider of cable internet access in the United States, servicing 40% of the market in 2011. As of July 26, 2018, Comcast has 26.5 million high-speed Internet customers. Comcast began offering Internet services in late 1996.



**Lease Commencement:** Nov 2017

**Lease Expiration:** OCT 2024

**Gross Leasable Area:** 4,423 SF

**Option Term:** 1x3 Year & 2x5 Year

**Term Remaining:** Around 6 Years

**Headquartered:** Philadelphia, PA

**No. of Customers :** 26.5M

**Website:** [www.xfinity.com](http://www.xfinity.com)

REPRESENTATIVE PHOTO

LEASE ABSTRACT	
Guarantor	Comcast Corporation
Taxes	Tenant will pay pro rata share
Utilities	Tenant will pay direct
Management Fee	Will not exceed 5% of landlords gross revenue
Administrative fee	10% of all foregoing cost to cover landlord administrative and overhead cost
Option Notice	180 Days
Exclusive	Multichannel video service or comparable services for the delivery of video programing, wired or wireless Internet access service, wireline or wireless telephone service and home security systems
Estoppel Certificate	Tenant shall certify within 10 business days after request
HVAC	Tenant shall repair, replace, and maintain the HVAC system serving the demised premise



# TENANT OVERVIEW:

**MATTRESS Warehouse** Mattress Warehouse opened its first store in November 1989 in Frederick, MD. The first Mattress Warehouse store was located in a mere 1200 square foot area and the first warehouse was a self-storage locker! Times have changed and the company now have over 200 convenient Mattress Warehouse store locations with plans to continue growing. With a strong focus on customer service, the company sales staff is trained to listen to each customer, addressing individual needs and concerns to provide a positive sleep experience.

Mattress Warehouse carries the widest selection of quality name brand bedding – Serta, Sealy, Beautyrest, Stearns & Foster, Tempur-pedic and more! Mattress Warehouse can suit any type of sleeper with a mattress that is comfortable and affordable. The company also offers a wide selection of sleep products too. Shoppers can also find pillows, sheets, mattress protectors, bed frames, platform beds and more.



<b>Lease Commencement:</b>	JUL 2017
<b>Lease Expiration:</b>	JUN 2027
<b>Gross Leasable Area:</b>	5,500 SF
<b>Option Term:</b>	3x5 Year
<b>Term Remaining:</b>	Around 9 Years
<b>Headquartered:</b>	Frederick, MD
<b>No. of Locations :</b>	200 +/-
<b>Website:</b>	<a href="http://www.mattresswarehouse.com">www.mattresswarehouse.com</a>

Representative Photo

## LEASE ABSTRACT

Guarantor	Mattress Warehouse Inc. + MW of Turnersville West LLC
Taxes	Tenant shall pay a pro rata share of the property's taxes
Utilities	Tenant shall pay a pro rata shares of the property's insurance costs
Admin/Mgmt Fee	An administrative fee and any management fees paid for the management of the property, not to exceed, in aggregate, an amount equal to (15%) fifteen percent of the total of said property operating costs, exclusive of real estate tax
Option Notice	180 day notice
Exclusive	None
Estoppel Certificate	Within (15) fifteen days after request by landlord
HVAC	Landlord will maintain the condition of the HVAC system for (1) one year from commencement date
Guarantor	The guarantee shall be limited to the initial five (5) years of the lease



# MARKET OVERVIEW



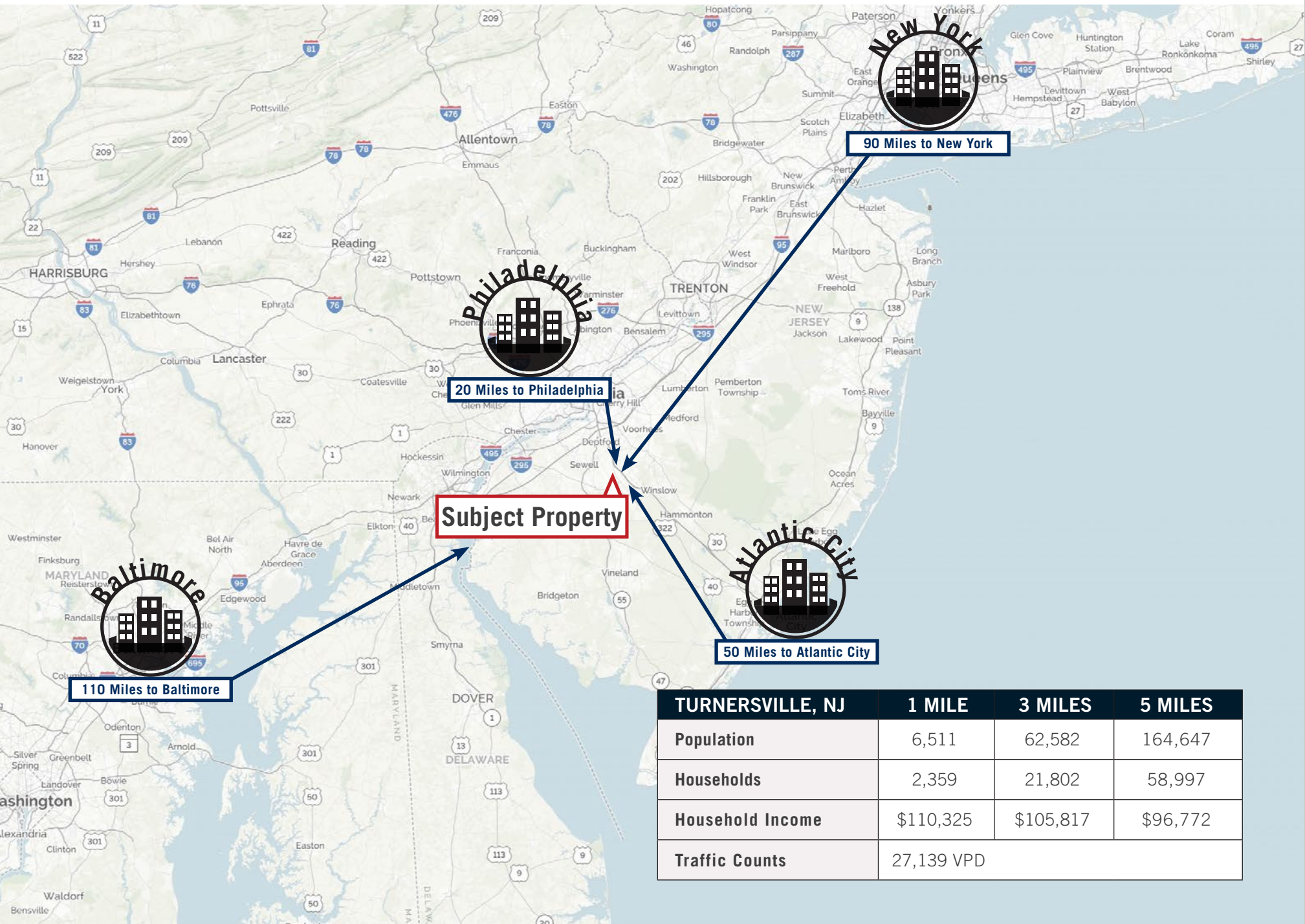
Subject  
Property

E BLACK HORSE PIKE

PROPOSED 36 ACRE  
MIXED USE DEVELOPMENT



# REGIONAL MAP:



TURNERSVILLE, NJ	1 MILE	3 MILES	5 MILES
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Households	2,359	21,802	58,997
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# LOCATION OVERVIEW:



## SOUTHERN NEW JERSEY OVERVIEW

Southern New Jersey is home to 1.9 million residents encompassing the counties of Burlington, Camden, Gloucester, Atlantic, Salem, Cumberland and Cape May. Camden County is also part of the Philadelphia metro and accounts for largest portion of the market's population. The eastern part of the market is largely a coastal resort area, while the western portion has the highest population density and contains a well-developed transportation infrastructure.



## METRO HIGHLIGHTS



### DIVERSIFIED EMPLOYMENT BASE

The region's economy is moving away from agriculture to a more diversified employment base that includes business services, hospitality and tourism.



### FAA'S WILLIAM J. HUGHES TECHNICAL CENTER

The center is one of the nation's premier aviation research, development, test and evaluation facilities. It employs engineers and technicians.



### THREE DISTINCT AREAS IN ONE REGION

Atlantic and Cape May counties are tourism-based. Greater Philadelphia is the main business center in the metro, while Cumberland and Salem counties are primarily agricultural.



## ECONOMY

- Once reliant on the agricultural industry, Southern New Jersey now has an expanding number of businesses in the professional and business services sector, consisting largely of small businesses with less than 15 workers.
- The services sector employs a large portion of the labor force, forming the backbone of the local economy through hospitals, schools, hotels, business and social services, and entertainment facilities.
- The region boasts a large tourism and recreation industry, especially in Atlantic City, where gaming generates billions of dollars of revenue each year.
- Fortune 500 company Campbell's Soup is headquartered in the region.

## DEMOGRAPHICS





# LOCATION OVERVIEW:



## SOUTHERN NEW JERSEY OVERVIEW

South Jersey has a labor force of approximately 880,000 workers. Over 61 percent are employed in white-collar jobs, 18 percent of which are administrative support fields. Nevertheless, trade, transportation and utilities is the largest sector in the area, accounting for 21 percent of hires, followed by government, at 17 percent, and education and health services, with 16 percent.

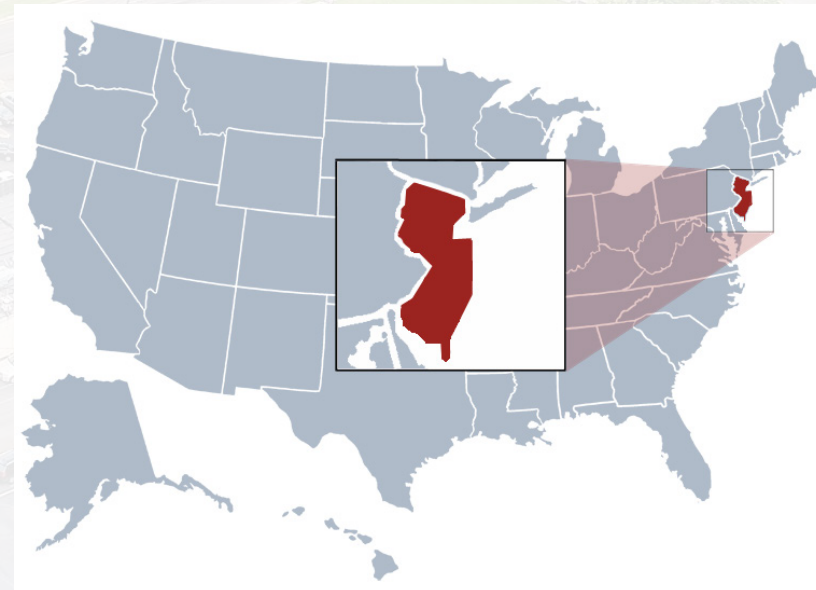
Employment in the region is forecast to rise 1.9 percent annually through 2016, slightly behind the national growth rate. Gains are anticipated in all sectors but manufacturing, which will lose less than one percent of jobs by 2016. The largest increases will be in the professional and business services, leisure and hospitality, and education and health services segments, which are projected to expand 3.5 percent, 3.4 percent and 2.3 percent, respectively, each year.

Most businesses in south jersey are part of the services and retail trade sectors. There are also key subsectors that define the MSA's employer profile: healthcare, defense, and tourism/entertainment.

Most of South Jersey's labor force is concentrated in Camden, Burlington and Gloucester counties, which are proximate to Philadelphia. Atlantic County is also a major employment center, due primarily to the tourism-based economy and the casinos.

### MAJOR EMPLOYERS

Virtua Health
Bally's Atlantic City
Polistina
Underwood Memorial Hospital
Rowan University
Cooper Health System
Kennedy Memorial Hospital
Missa Bay LLC
William J. Hughes Technical Center
ExxonMobil Corp





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