



*Achieve  
Ambitions*



Confidential Offering Memorandum



## **Absolute NNN Leased SunTrust Bank**

2201 East 3<sup>rd</sup> Street  
Chattanooga, TN 37404

Store Photo





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# Summary

Investment Summary  
SunTrust Bank – Chattanooga, TN



# The Offering

JLL is pleased to offer for sale the fee-simple interest in an absolute NNN leased SunTrust Bank (the “Property” or “Asset”) located in Chattanooga, Tennessee.

The property is a freestanding retail building that is tenanted by SunTrust Bank and is corporately guaranteed by SunTrust Banks, Inc. (NYSE: STI). The tenant is on a absolute NNN lease with 9.7 years of lease term remaining. The Property is strategically positioned at the intersection of East 3<sup>rd</sup> Street and Dodson Avenue in a dense urban location, giving the Asset a large population base in it’s immediate vicinity. The Asset has also had upward-trending, increasing 265% since 2014. Currently, the Tenant has a deposit base over \$39.6 million dollars.

## INVESTMENT HIGHLIGHTS

- The Tenant is corporately guaranteed by SunTrust Banks, Inc., S&P Credit Rating: ('A-'/Positive)
- Well-positioned at the intersection of East 3<sup>rd</sup> Street and Dodson Avenue which gives Asset frontage and visibility to major intersection
- The Asset is 0.2 miles from Parkridge Medical Center, 0.3 miles from CHI Memorial Hospital and 1.8 miles from The University of Tennessee at Chattanooga
- There are 9.7 years remaining on the absolute NNN lease, with no landlord responsibilities
- Dense urban location with population base of 72,540 in a 3-mile radius
- The tenant has improving deposit numbers which have increased 265% since 2014. Currently the Tenant has a deposit base over \$39.6 million dollars.
- Chattanooga is a top 3 U.S. travel destination in 2018 – as ranked by *Lonely Planet*

## PROPERTY SUMMARY

Address	2201 East 3 <sup>rd</sup> Street, Chattanooga, TN 37404
Price / PSF	\$1,160,544
Cap Rate	6.25%
NOI	\$72,534
Remaining Lease Term	9.7 years*
Product Type	Freestanding Retail
Tenant	SunTrust Banks, Inc. (d/b/a SunTrust Bank)
Lease Type	Absolute NNN

\*as of February 2019

# Property

## Property Overview

SunTrust Bank – Chattanooga, TN



# Property

The Property is a freestanding SunTrust Bank on an absolute NNN lease. The Asset benefits from frontage/visibility to a major intersection, as well as dense urban location (3-mile population 72,540). The Asset is adjacent to three medical office buildings that provide a variety of services and draw a wide range of clients. The Asset is in close proximity to two major health care facilities Parkridge Medical Center (0.2 miles from subject) and CHI Memorial Hospital (0.3 miles from subject). CHI Memorial Hospital is a 1.8 million square feet medical facility that employs over 2,500 people and has 330+ inpatient beds. Parkridge Medical Center is a 275-bed hospital that features comprehensive diagnostic and medical/surgical services. The Asset is also situated 1.8 miles away from The University of Tennessee at Chattanooga, a NCAA Division-1 university that has an enrollment of over 12,500 students.



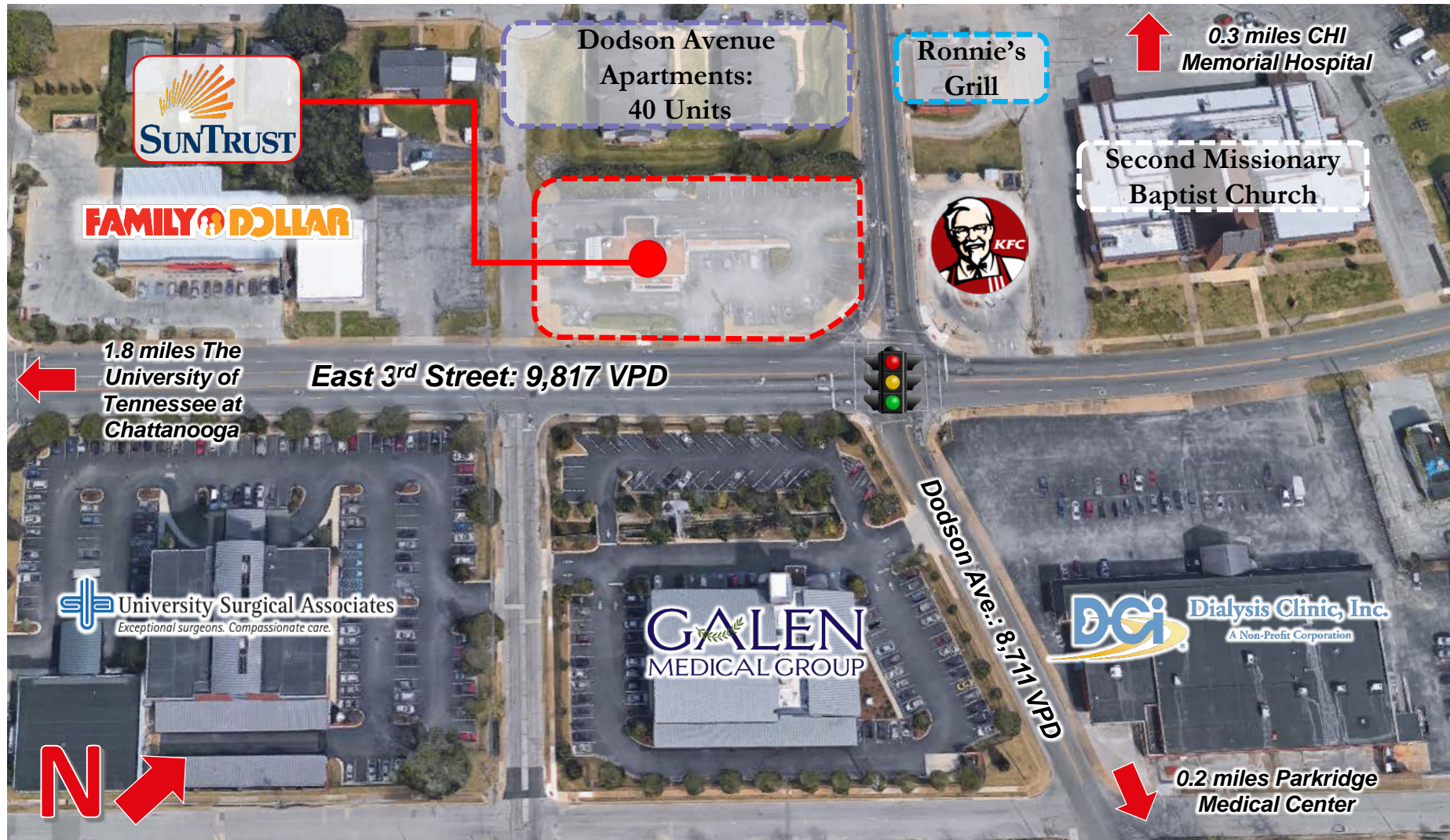
Store Photo

## BUILDING SPECIFICATIONS

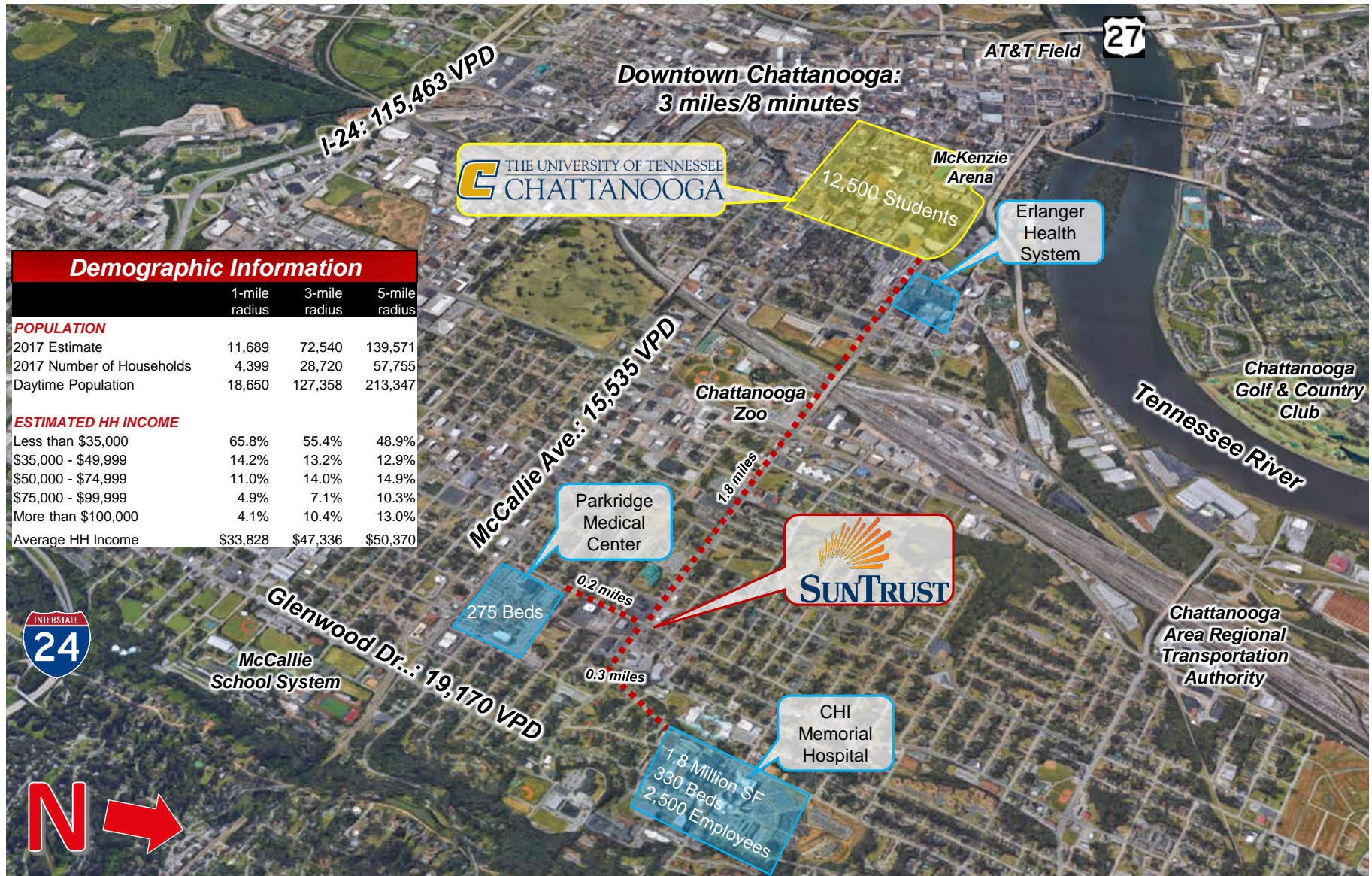
Address	2201 East 3 <sup>rd</sup> Street, Chattanooga, TN 37404
Ownership Interest	Fee-simple
Parcel Size	0.71 acres
Property Size	2,397 square feet
Tenant	SunTrust Bank
Lease Type	Absolute NNN
LL Responsibilities	None
Lease Expiration	9/30/2028
Lease Term Remaining	9.7 years (as of 4/1/2018)
Remaining Renewal Options	Six (6) Five-Year Options
Net Operating Income	\$72,534
Rental Increases	1.5% Annually



## Site Plan









# Market

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## Market Overview

SunTrust Bank – Chattanooga, TN



## Market

### *The Chattanooga metro area*

Chattanooga nicknamed the “Scenic City” or “Gig City” (in reference to the Nation's Fastest Interest) is a historic city sitting along the Tennessee River in the Appalachian Mountains of Tennessee. Known for its scenic views and vibrant tourism marketplace, Chattanooga is the fourth largest MSA within the state, and home to over 177,000 residents. The city has received national recognition for the renaissance of its beautiful downtown and redevelopment of its 13-mile paved riverfront scattered with attractions, parks, restaurants, and much more. Chattanooga has seen tremendous growth over the past five years, becoming a destination market for many businesses and people alike.

Ranked #3 on *Lonely Planet's* top 10 U.S. travel destination in 2018, Chattanooga has gained national attention for the many tourist attractions and amenities it provides. *Lonely Planet's* magazine article author Kevin Raub wrote, "A revitalized downtown, centered on the makeover of the city's signature train station into a nightlife and entertainment destination, is rife with pilgrimage-worthy new Southern cuisine and thirst-quenching breweries. Meet the new South!"

### **Chattanooga, TN – Location Highlights**

- The City is a transportation hub located along the southern Tennessee border with Georgia, and at the junction of three interstate highways. Chattanooga lies (120 miles northwest of Atlanta, GA), (120 miles southwest of Knoxville, TN), and (135 miles southeast of Nashville, TN).
- Home to the “Nationals Fastest Internet” Chattanooga was the first municipality in the United States to offer one gigabit fiber-optic internet speed to its citizens and 10 gigabit to business that will pay premium prices.
- Home to a large number of manufacturing and service industries including: Volkswagen's Chattanooga Assembly Plant, “Chattem” the first Coca-Cola bottling plant in the world, the Chattanooga Baker, William Wrigley Jr. Company, and McKee Foods Corporation, which makes Little Debbie Brand snacks.
- Attractions such as the Tennessee Aquarium, Tennessee Riverpark, Hunter Museum of American Art, Historic Downtown, Raccoon Mountain Caverns, Appalachian Trail, Lookout Mountain, Civil War battlefields bring thousands of tourists to the city each year.





Market



## Chattanooga Economic Market

The Chattanooga area added jobs at twice the rate of the United States as a whole in 2017. Chattanooga's economy, which once relied on heavy industrials and mining, is now a diversified and growing mix of manufacturing, service, and startup companies due to Chattanooga's fiber optic grid "EBP". EBP, also known as the Electric Board of Chattanooga, is the company that originally provided 1 Gbit's/high-speed internet, over 200 times faster than the national average in 2010. In 2015, Chattanooga implemented the world's first community-wide 10-gig Internet services available to all home's and business.

- ✓ #3 2018 U.S. Travel Destination
- ✓ Nearly 3 million tourists each year
- ✓ Job growth 2X rate of U.S. in 2017
- ✓ First city to offer one-gigabit-per-second fiber internet service
- ✓ More than \$300 million in new residential projects



## Chattanooga, TN Major Employers

Erlanger Health System	7,603
BlueCross BlueShield of Tennessee	6,141
Hamilton County Dept. of Education	6,055
Tennessee Valley Authority	3,402
CHI Memorial	3,360
McKee Foods Corporation	3,000
Unum	2,800
City of Chattanooga	2,775
Amazon	2,452
Volkswagen Chattanooga	2,444
Hamilton County Government	2,005



# Tenant

## Tenant Overview

SunTrust Bank – Chattanooga, TN



## The Tenant



### *SunTrust Bank Inc.*

SunTrust Bank is the 16<sup>th</sup> largest bank with approximately 1,400 retail branches and 2,160 ATM's. The holding company SunTrust Banks, Inc., is traded on the NYSE ("STI") with a market capitalization of approximately \$32.2 billion. The company has a credit rating from S&P (A-/Positive). Analyst ratings on the stock: 30 of 31 Analysts' ratings at Buy, Outperform, or Hold.

The company had 2017 net income of \$2.27 billion on revenue of \$9.74 billion, which was up 6.3% from 2016 net income. Q4 2017 revenue is up 9.1% YOY and net income of \$740 million, up 38% from Q4 2016. Capital ratios well above the regulatory guidelines for a "well capitalized" bank. As of December 31, 2017, the bank's Tier 1 capital ratio was 9.97%, compared with the regulatory requirement of at least 4%. The bank's Tier 1 leverage ratio was 11.31%, compared with the requirement of 4%.

### *Company Accolades*

- 2018 - SunTrust ranked highest in overall HELOC customer satisfaction in J.D. Power's U.S. Home Equity Line of Credit Satisfaction Study
- 2017 - SunTrust has been awarded five Excellence Awards and four Best Brand Awards for small business banking, as well as three Best Brand Awards for middle market banking by Greenwich Associates which evaluated over 600 providers
- 2017 - SunTrust has been recognized as Best Bank in the Southeast region by Global Finance Magazine

### Tenant Overview

Company:	SunTrust Banks, Inc.
Year Founded:	1891
Headquarters:	Atlanta, GA
Ownership Type:	Public (NYSE: STI)
Industry:	Money Center Banks
Sector:	Financial
Number of Employees:	23,000+
Credit Rating (S&P):	'A-' / Positive
Annual Revenue (YE 2017)	\$9.74 Billion
Annual NOI (YE 2017):	\$2.27 Billion
Market Capitalization (April 2018):	\$32.2 Billion
Total Assets (YE 2017):	\$206 Billion
Total Deposits (YE 2017):	\$160 Billion
Website:	www.suntrust.com



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