

Family Dollar Store

# **Offering Memorandum**

22121 Old Military Highway, San Benito, TX 78586



# **Jordan Kaufman**

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#### **INVESTMENT HIGHLIGHTS**



NEW CONSTRUCTION

Build-to-Suit

EXECELLENT EXPOSURE

Heavily trafficked Texas State Highway with 5,798 vehicles per day

BRAND NEW 10.5 YEAR NN LEASE
WITH MINIMAL LL RESPONSIBILITIES

(6) 5 year renewal options with 10% rental increases in each Expansive market reach with little retail competition

CORPORATE GUARANTY FROM E-COMMERCE RESISTANT COMPANY

Investment grade tenant (NASDAQ: DLTR | BBB-, Stable outlook)

NEW STORE PROTOTYPE WITH
UPGRADED STUCCO FRONT

Experienced, preferred store developer

DENSE POPULATION

San Benito, TX has a population of over 25,000 people



#### **INVESTMENT OVERVIEW**



### **Family Dollar Store**







PRICE

**7.25%** 

NOI

\$1,240,000

\$89,900

#### 22121 Old Military Highway | San Benito, TX 78586

Original Lease Commencement: March 1, 2018

Current Lease Expiration: May 31, 2029

Rent Commencement: October 15, 2018 (anticipated)

Current Term Remaining: 10+ years

Renewal Options: (6) 5-year renewal options with

10% rental increases

Lease Structure: NN

Landlord Responsibility: Roof and Structure

Lease Guarantor: Family Dollar Stores, Inc.,
A Delaware Corporation

Ownership: Fee Simple (Land and Building)

Building Size: 8,320 square feet
Land Size: 74,052 square feet

Parking Spaces 31

Year Built: 2018

	Rent/Yield Schedule	
NOI	Cap Rate	Year
\$89,000	7.00%	1-10
\$94,395	7.35%	Option 1
\$99,115	7.72%	Option 2
\$104,070	8.10%	Option 3
\$109,274	8.51%	Option 4
\$114,738	8.94%	Option 5
\$120,475	9.38%	Option 6





#### **PROPERTY OVERVIEW**



The subject property consists of a new construction, upgraded, 8,320 square foot, freestanding Family Dollar Store situated on a 1.70 acre parcel and located in San Benito, TX (Population 25,000). The property was built in 2018. This new build-to-suit has in place a 10.5 year NN lease with minimal landlord responsibilities (roof and structure).

This location fits into the well-established strategic store expansion program of Family Dollar, providing convenience goods (including food, refrigerated products and non-perishable items) to customers in largely underserved retail areas.

The subject property is located adjacent to Riverside Middle School (610 students/47 teachers). The site is just 15 miles west of Brownsville, TX and it's population of ~200,000. The chic Rancho Viejo Resort and Country Club is located just 10 miles east of the property.

Demographics indicate a population of 17,997 within a 5 mile radius of the subject property with average HH incomes of \$49,268. Traffic counts at the property exceed 5,000 vehicles per day (VPD) coming off of Route 281 and and over 1,500 VPD on Old 281 Rd.



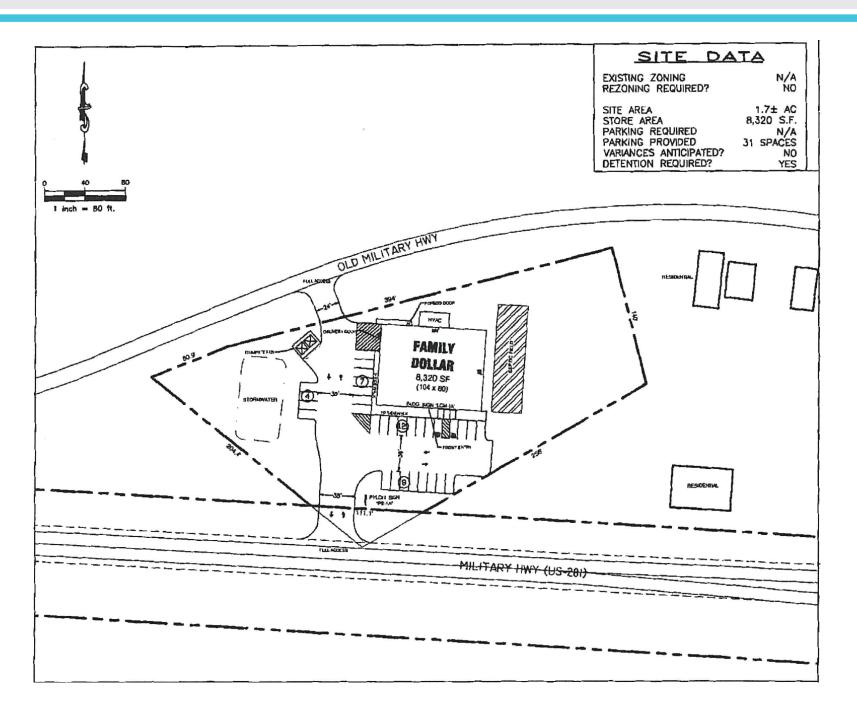






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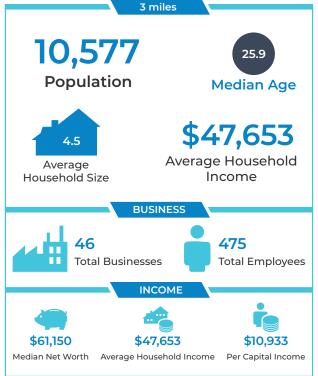


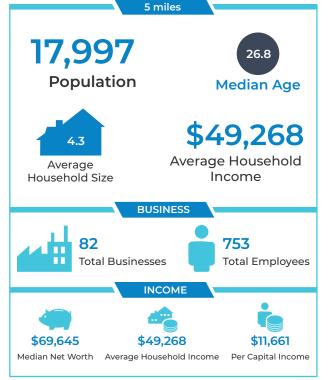


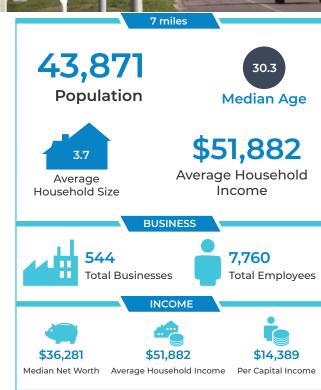
#### **DEMOGRAPHICS**





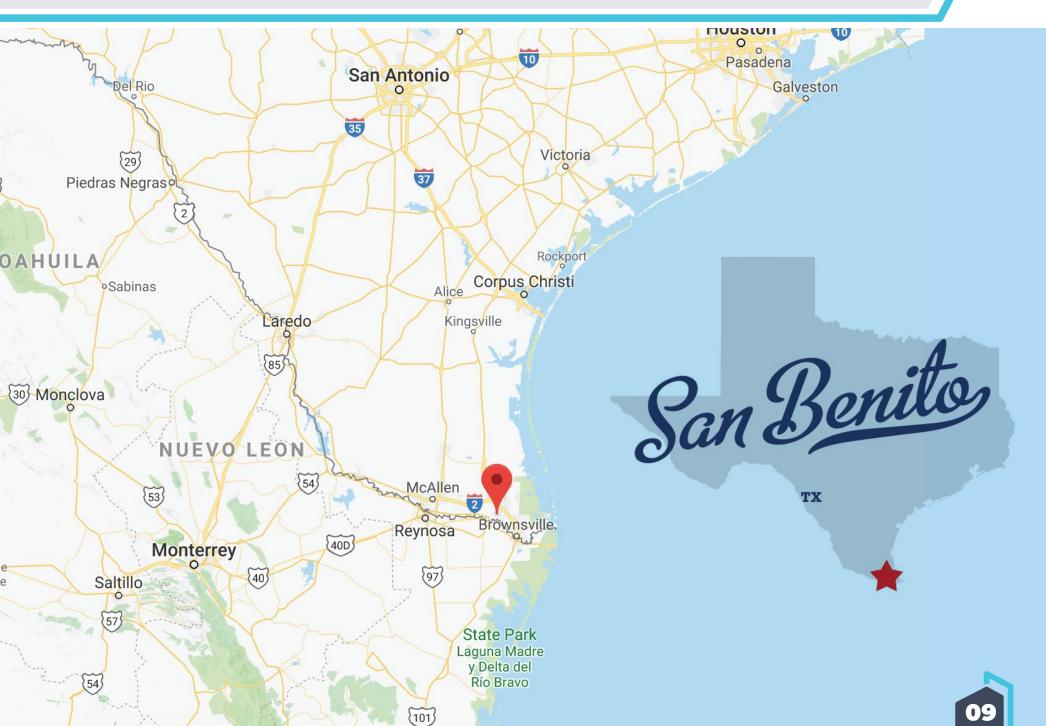






# **REGIONAL MAP**





#### **TENANT INFO**





Family Dollar Stores, Inc. operates a chain of general merchandise retail discount stores primarily for low- and middle-income consumers in the United States. Its merchandise assortment includes consumables, such as batteries, diapers, food products, hardware and automotive supplies, health and beauty aids, household chemicals, paper products, pet food and supplies, and tobacco; and home products, including blankets, sheets, towels, giftware home décor products, and housewares.

The company also offers apparel and accessories comprising boys' and girls', infants', men's, and women's clothing, as well as fashion accessories and shoes; and seasonal and electronic products, such as toys, stationery and school supplies, and seasonal goods, as well as personal electronics, including pre-paid cellular phones and services. As of April 8, 2015, it operated approximately 8,100 stores in 46 states. The company was founded in 1959 and is headquartered in Matthews, North Carolina. As of July 6, 2015, Family Dollar Stores Inc. operates as a subsidiary of Dollar Tree, Inc.

Website:

www.familydollar.com

Credit Rating:

Moody's (Baa3) Stock Symbol:

**NYSE: FDO** 

Year Founded:

1959

Headquarters:

**Charlotte, NC** 

Number of Locations: **8,000+** 

Market Capitalization: **\$9.09 Billion** 

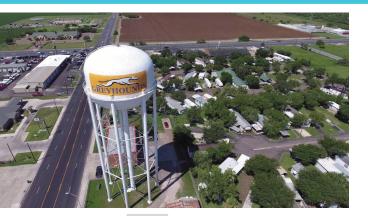






#### **MARKET OVERVIEW**









#### **About San Benito:**

Founding Colonel Robertson (1867-1938) is given credit for founding the township of San Benito, Texas in 1904. Born in DeWitt, Missouri, Colonel Robertson entered the railroading business at a young age, building railroad yards and laying tracks in much of the Midwest, South, and Southwest of the country. In 1903 he obtained a subcontract for track laying, surfacing and bridge construction of the St. L.B. and M extension from Corpus Christi to Brownsville. With \$12,000 borrowed capital and failing equipment, Colonel Robertson led his brave crew through harsh conditions in south Texas.

Traversing the territories of the Rio Grande Valley, Colonel Robertson noticed the peculiar topography around modern-day San Benito and the opportunity that the Resaca presented. As he built the railroad spider web in San Benito he joined forces with James Landrum and Oliver Hicks to form the San Benito Land and Water Company, which laid the infrastructure for an agriculture economy. Colonel Robertson was the first leader of San Benito, holding posts of mayor, sheriff, and postmaster. Besides his work in San Benito, he also did business in Padre Island. He joined the military and lived many adventures on both sides of the border.

However, he was known as a just and fair man, often championing the cause of the less powerful. He led an effort to rid the area of the local Ku Klux Clan. He settled in San Benito in his landmark home, still standing on the corners of Sam Houston and Adele streets. He married his first wife, a Miss Adele Wedegartner, in 1901. After her death he re-married to Miss Maria Seidler in 1922. Neither marriage produced children. a solid agricultural community, San Benito is emerging as an area that enthusiastically supports growing tourist, retail and light industrial industries downtown in front of Palmer High School, at the center of the intersection of Nevada Avenue and Platte Avenue.

#### **MARKET OVERVIEW**











**WEATHER** Again, climate and the city's geographic location are factors in the city's success. Its mild winters and proximity to Mexico and the Gulf of Mexico attract visitors who are eager to share the area's culture and natural environmental beauty. Winter Texans, primarily retirees from the Midwest, annually flock to the Valley to escape the cold northern temperatures. San Benito has the distinction of having the state's largest recreational vehicle park, heavily populated by winter visitors. Because of its success, plans are in the works now to expand the park by another 600 to 800 slots to accommodate RVs.

A scenic walking / jogging trail has been built around the resaca that winds through this charming community. It features a 2.76-mile long path and is dotted with such amenities as a butterfly and bird viewing area, exercise stations, lighted basketball court, volleyball court, three fishing piers and horseshoe pit.



#### **Cultural Heritage**

San Benito Historical Museum Texas Conjunto Music Hall of Fame and Museum Freddy Fender Museum



**Ecotourism Expansion** The expansion of ecotourism is also being seen, with the area attracting people from across the world in search native wildlife species such as birds and butterflies. The Rio Grande Valley is one of the top 12 birding hot spots in the nation and every year, thousands of naturalists converge upon the Rio Grande Valley in search of some of the 484 species which have been sighted locally. These species include numerous exotics and neo-tropicals. As a result, the area is realizing a positive financial benefit from a growing ecotourism industry.

Demonstrating an interest in eco-tourism, the city is working on a constructed wetlands project that will purify water, provide an area for recreational bird watching and attract visitors to the community. Additionally, San Benito is home to a solar panel energy project that will provide power to a new water treatment plant that is under construction

The city's economy is also impacted by the North American Free Trade Agreement (NAFTA), the growth of manufacturing plants and the shipping industry of fruits and vegetables via the Free Trade International Bridge at Los Indios. The maquiladora (twin manufacturing plant) industry sprung from NAFTA. It operates on the concept of manufacturing with labor-intensive work performed in Mexico, where labor costs less, coupled with support facilities on the U.S. side.



**Industrial Park** Lying just outside San Benito's city limits is an industrial park that houses several giant warehouses that store goods for shipment to and from Mexico's maquiladoras. The warehouses at Los Indios employ a significant number of San Benito area residents. The Los Indios Free Trade Bridge, located about ten miles south of San Benito on F.M. 509 at Los Indios on the U.S. / Mexican border, is utilized in transporting the goods across the border. This year-to-date the bridge has seen more than 1.7 million vehicles and pedestrians cross the international span, with the numbers expected to increase as time goes by.

