



## Offering Memorandum

**PLANET FITNESS**

**1341 SOUTH WATSON ROAD**

**BUCKEYE, AZ 85326**



Marcus & Millichap















**PLANET FITNESS**

1341 South Watson Road  
Buckeye, AZ 85326

**FINANCIAL SUMMARY**

Price	\$3,848,000
Down Payment	100% \$3,848,000
Cap Rate	6.50%
Building SF	20,091 SF
Net Cash Flow	6.50% \$250,092
Year Built	2019
Lot Size	TBD

**LEASE SUMMARY**

Lease Type	Double-Net (NN) Lease
Tenant	United PF Tom, LLC <sup>(1)</sup>
Roof & Structure	Landlord Responsible <sup>(2)</sup>
Lease Commencement Date	March 4, 2019
Lease Expiration Date	March 2, 2034
Lease Term	15 Years <sup>(3)</sup>
Rental Increases	See Chart
Renewal Options	3, 5 Year Options

(1) Tenant may assign the Lease to an entity having a \$20,000,000 net worth.

(2) 15 year roof warranty is in place and transferable.

(3) Tenant currently has a 10 year franchisee agreement in place with Planet Fitness Corporate. If Tenant is unable to obtain an extension of the franchise agreement for at least 10 additional years after the initial 10 year period then the Tenant has an option to terminate the Lease after Lease year 10.

**PLANET FITNESS ANNUALIZED OPERATING DATA**

LEASE YEARS	ANNUAL RENT
1 - 2	\$241,092.00
3 - 10	\$251,137.50
11 - 15	\$271,228.50
OPTIONS	ANNUAL RENT
Option 1	\$301,365.00
Option 2	\$331,501.50
Option 3	\$361,638.00

<b>BASE RENT</b>	<b>\$241,092</b>
Water Mill Rent	\$9,000
Net Operating Income	\$250,092
Total Return	6.50% \$250,092

**WATER MILL LEASE SUMMARY**

Tenant	Clearly Water, LTD
Lease Term	5 Years
Option 1	\$9,900
Option 2	\$10,800

**Members of the Seller's Entity are Licensed Real Estate Brokers and Agents in Arizona**

## PLANET FITNESS CAM

The Landlord of the Planet Fitness building will be responsible for administering standard common area maintenance (CAM) as part of their ownership obligations for the Planet Fitness parcel only. All CAM is fully reimbursed by Planet Fitness. Each Tenant at the project (ALDI, Quick Quack Car Wash, Burger King, and Lot 4 self-maintain the CAM on their parcels. The estimated CAM for the Planet Fitness parcel only is **\$80,364**.

## ANCILLARY CAM

In addition to the Planet Fitness Landlord maintaining the CAM for the subject parcel, they will also be responsible for administering Ancillary CAM for the entire project, which consists of the following; maintaining the retention area, perimeter landscaping, and monument signs. This cost is 100% reimbursed by the other Tenants at the project. The estimated cost for the Ancillary CAM only is \$20,000. Below is a breakdown of how the Ancillary CAM is estimated to be reimbursed:

Planet Fitness	31.08%	\$6,216
ALDI	34.50%	\$6,900
Burger King <sup>(1)</sup>	5.06%	\$1,012
Lot 4 <sup>(2)</sup>	22.66%	\$4,532
Quick Quack Car Wash <sup>(3)</sup>	6.70%	\$1,340
<b>TOTAL</b>	<b>100.00%</b>	<b>\$20,000</b>

### FOOTNOTES

(1) Burger King reimburses \$880 per quarter (\$3,520/year) vs. paying their prorata share. As a result, the Planet Fitness Landlord is left with a \$2,520 surplus.

(2) Lot 4 is owned by the Seller of Planet Fitness and has a buildable area up to 14,500 sq. ft.

(3) Quick Quack Car Wash is 6.70% of the project, but their parcel does not actually tie in to the projects master site retention. As a result, they will not reimburse the \$1,340 outlined above. The surplus from Burger King is estimated to more than cover this shortfall.

## MANAGEMENT FEE

The estimated management fee for handling all aspects of overseeing the above Planet Fitness CAM & Ancillary CAM is estimated to be \$15,000/year. This amount would be fully reimbursed to the Landlord of Planet Fitness. Planet Fitness is obligated to reimburse 10% of their total CAM costs as a management/admin fee, which would equate to approximately \$8,000/year. The balance of the Management Fee can be billed to the other Tenant's in the project (except Quick Quack) as part of the Ancillary Facilities management.







Known as the “Judgement Free Zone®”, Planet Fitness caters to first-time and casual gym users who don’t like the “look at me” attitudes and behaviors found in typical gyms, and don’t want to have to pay a lot of money to give fitness a try. Thus, the Judgement Free Zone® was created by completely changing the gym environment, both in attitude and format. Planet Fitness became a welcoming and friendly community where people could feel comfortable regardless of their fitness level. This non-intimidating, low-cost model has revolutionized the gym industry.

Today, Planet Fitness has become one of the largest and fastest-growing franchisors and operators of fitness centers in the United States by number of members and locations. With more than 1,500 locations in all 50 states, Canada and Latin America, Planet Fitness has continued to spread its unique mission of enhancing people’s lives by providing an affordable, high-quality fitness experience in a welcoming, non-intimidating environment.

[www.planetfitness.com](http://www.planetfitness.com)

## FRANCHISEE OVERVIEW

### United PF Partners, LLC

Founded in 2016, United PF Partners is the largest Planet Fitness franchisee group with 120+ locations across Alabama, Arizona, Kansas, Louisiana, Mississippi, Missouri, Oklahoma, Pennsylvania, Texas, and West Virginia. United PF has development rights to continue expanding throughout the Midwest, South, Mid-Atlantic, and Southwest regions.





## INVESTMENT HIGHLIGHTS

- Brand New 15-Year Lease with Planet Fitness
- Tenant is the Largest Planet Fitness Franchisee – Operates 120+ Locations Across 10 States, Including 29 Locations in Arizona
- 55,130 Residents in Growing Buckeye Trade Area – Population and Households Projected to Increase 34%+ in Immediate Area by 2023
- Located in Buckeye's Dominant Retail Corridor – Walmart Supercenter, Fry's Marketplace, Lowes, PetSmart, Dollar Tree, and More
- Nearly 40,000 CPD at the Yuma Road and Watson Road Intersection
- Less Than 1 Mile Off the I-10 Freeway, a Major Connector for the Phoenix MSA
- Approx. 5 Miles from the Verrado Master-Planned Community – 7,000 Homes
- Average Household Income Exceeds \$78K in 3-Mile Radius

## DEMOGRAPHICS

Population	1-Mile	3-Miles	5-Miles
2023 Projection	11,098	39,500	69,819
2018 Estimate	8,254	29,874	55,130
Growth 2018 - 2023	34.46%	32.22%	26.65%
Households	1-Mile	3-Miles	5-Miles
2023 Projections	3,522	11,857	21,726
2018 Estimate	2,621	8,825	16,919
Growth 2018 - 2023	34.39%	34.36%	28.41%
Income	1-Mile	3-Miles	5-Miles
2018 Est. Average Household Income	\$77,201	\$78,660	\$76,896
2018 Est. Median Household Income	\$65,146	\$67,018	\$64,945
2018 Est. Per Capita Income	\$24,517	\$23,238	\$23,607

## LOCATION OVERVIEW

Buckeye is 30 miles west of Phoenix, located at the edge of the metro area and south of White Tank Mountain Regional Park. Founded in 1888, the city was originally named "Sidney." In 1910, the name was changed to "Buckeye" and the city boomed as a result of the introduction of the railroad. Today, Buckeye is one of the fastest growing cities in the state and has become an important center in Arizona for industry, business, and commerce.

Buckeye's key industries include logistics, distribution, and manufacturing. Existing business include Cardinal IG, Wal-Mart/Sam's Club Distribution Center, Wal-Mart Transportation and Logistics, Clayton Homes, and Fertizona. The city benefits from its direct access to major freeways and its location along the CANAMEX Corridor. An abundant workforce, exceptional quality of life and easy access to key interstate and highway corridors have made Buckeye a highly sought-after retail destination. As the Western Gateway into and out of Greater Phoenix, Buckeye affords existing and new-to-market retailers an unparalleled opportunity to be at the forefront of growth.

One of the major draws of Buckeye is Verrado, a master-planned community and the largest suburban community in Metropolitan Phoenix in which the concept of New Urbanism was utilized. New Urbanism is an urban design movement which promotes environmentally friendly habits by creating walkable neighborhoods with a wide range of housing and job types. Verrado's neighborhoods are known for beautiful homes, tree-lined streets, ample front porches, and friendly residents. Verrado features a walkable Main Street district with shops and restaurants, five high-performing schools, and more than 75 neighborhood parks.

Buckeye is home to a number of outdoor environmental opportunities, such as the 8,675-acre Skyline Regional Park which attracts hikers, mountain bikers, equestrians, and campers. Visitors can also view wildlife at the park, including javelina, desert fox, raptors, and the Sonoran Desert tortoise. For a change in pace, visitors can relax at Raven Golf Club at Verrado, Sundance Golf Club, and Copper Canyon Golf Club year-round.

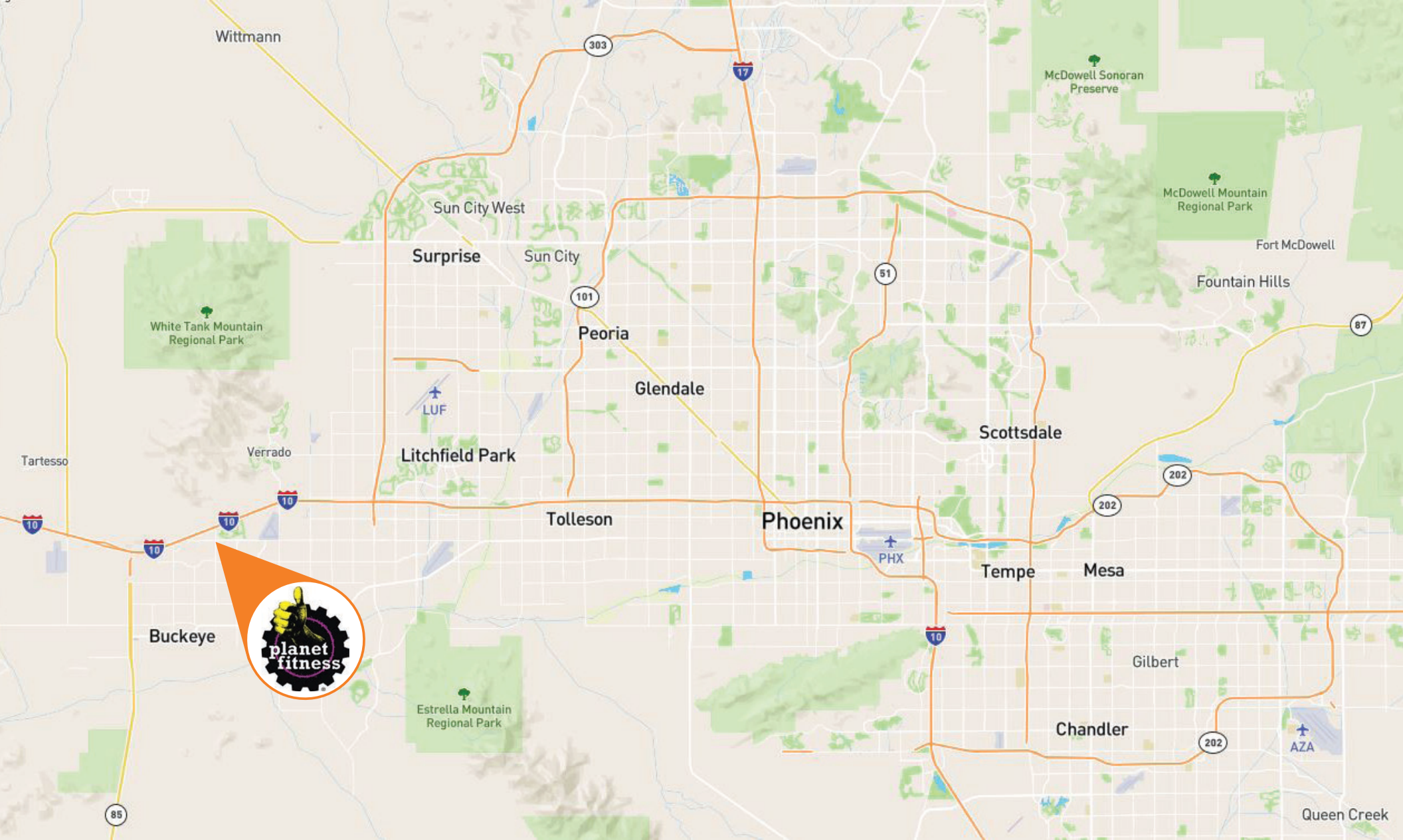












**6 MILES**  
**Verrado Master-Planned Community**

**15 MILES**  
**Estrella Mountain Community College**

**29 MILES**  
**Downtown Phoenix**

**33 MILES**  
**Phoenix Sky Harbor International Airport**



## Net Leased Disclaimer

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

**By accepting this Marketing Brochure, you agree to treat the information contained herein regarding the lease terms as confidential and proprietary and to only use such information to evaluate a potential purchase of this net leased property.**

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

## Confidentiality Agreement

The information contained in the following offering memorandum is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and it should not be made available to any other person or entity without the written consent of Marcus & Millichap. By taking possession of and reviewing the information contained herein the recipient agrees to hold and treat all such information in the strictest confidence. The recipient further agrees that recipient will not photocopy or duplicate any part of the offering memorandum. If you have no interest in the subject property at this time, please return this offering memorandum to Marcus & Millichap.

This offering memorandum has been prepared to provide summary, unverified financial and physical information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCBs or asbestos, the compliance with local, state and federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this offering memorandum has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein. Prospective buyers shall be responsible for their costs and expenses of investigating the subject property.

**ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONTACT THE MARCUS & MILLICHAP AGENT FOR MORE DETAILS.**



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