



Offering Memorandum

FRY'S FOOD & DRUG (KROGER)

**10450 N LA CAÑADA DR
ORO VALLEY, AZ 85737**

Marcus & Millichap





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FINANCIAL SUMMARY

Price	\$10,430,000
Down Payment	100% \$10,430,000
Cap Rate	7.95%
Building SF	49,980 SF
Net Cash Flow	7.95% \$829,182.72
Year Built/Renovated	1993
Lot Size	6.12 Acres

LEASE SUMMARY

Lease Type	Absolute Triple Net (NNN) Lease
Tenant	Smith's Food & Drug Centers, Inc.
Lease Guarantor	The Kroger Co.
Roof & Structure	Tenant Responsible
Rent Commencement Date	August 2, 1993
Lease Expiration Date	August 31, 2023*
Original Lease Term	25 Years
Rental Increases	7.7% Increases Every 3 Years
Renewal Options	3, 5 Year Options Remaining

NOTE: Next Rent increase occurs on August 2, 2020. Rent as of this date will be \$893,029.79.

* Tenant recently exercised their 1st, 5 year option.

BASE RENT	\$829,182.72
Net Operating Income	\$829,182.72
Total Return	7.95% \$829,182.72





Founded in 1954, Fry's Food and Drug is a chain of supermarkets with a major presence in Arizona. The company boasts 123 locations with over 22,000 employees and is headquartered in Tolleson, AZ. In 1960, Fry's was acquired by Dillons, which then merged with Kroger in 1983.

www.frysfood.com



Kroger is the United State's largest supermarket chain by revenue, the second largest general retailer, and the twenty-third largest company in the United States. The company maintains markets in 35 states with store formats that include supermarkets, superstores, department stores, convenience stores, and jewelry stores. Kroger also operates 38 food production or manufacturing facilities producing high quality private-label products that provide value for customers and enhanced margins for Kroger.

Headquarters	Cincinnati, Ohio
Company Type	Public (NYSE: KR)
Total Sales (YE 2016)	\$115.3 billion
Number of Locations	2,796
Number of Employees	443,000
Website	www.kroger.com

INVESTMENT HIGHLIGHTS

- Absolute NNN Lease with Fry's Food & Drug
- Corporate Guaranty by The Kroger Co.
- 25 Years of Operating History
- Tucson MSA - 91,800+ Residents in Growing Trade Area
- Visible to 30,330 Cars per Day Along N La Canada Dr and W Lambert Ln
- Adjacent to Goodwill, Ace Hardware, and Walgreens
- Close Proximity to Major Retailers - Target, Planet Fitness, Ross Dress for Less, The Home Depot
- Four Miles from Honeywell Aerospace Tucson Headquarters
- Minutes from Oro Valley Marketplace - Walmart Supercenter, Best Buy, DSW, Big Lots, etc.
- Average Household Income Exceeds \$109K in Immediate Area
- Less Than 30 Minutes from The University of Arizona

DEMOGRAPHICS

Population	1-Mile	3-Miles	5-Miles
2022 Projection	6,218	43,642	97,944
2017 Estimate	5,972	40,625	91,806
Growth 2017 - 2022	4.12%	7.43%	6.69%

Households	1-Mile	3-Miles	5-Miles
2022 Projections	2,640	18,299	40,599
2017 Estimate	2,490	16,928	37,649
Growth 2017 - 2022	6.06%	8.10%	7.84%

Income	1-Mile	3-Miles	5-Miles
2017 Est. Average Household Income	\$109,977	\$98,609	\$91,642
2017 Est. Median Household Income	\$82,683	\$74,012	\$67,935
2017 Est. Per Capita Income	\$45,844	\$41,125	\$37,676

LOCATION OVERVIEW

Oro Valley is located in northern Pima County, approximately three miles north of the Tucson city limits. Nestled between the Catalina and Tortolita mountain ranges, the city has received numerous accolades as one of Arizona's safest cities, best small cities, and as a great place to both raise a family and launch a small business.

Tucson is the second-largest metro area in Arizona, containing just over one million residents. The city of Tucson accounts for more than half of the population with 530,500 individuals. Population growth of 62,000 people is expected through 2020, with outlying areas such as Marana projected to grow at a faster clip.

Tucson has capitalized on its high-tech cluster program, spawning local technology jobs and high-tech companies. In the early 1990s, the Greater Tucson Economic Council targeted businesses in the areas of aerospace and defense, bioscience, solar and information technology. Working with the University of Arizona Science and Technology Park (UA Tech Park), the council has helped lure high-technology manufacturers to the county.

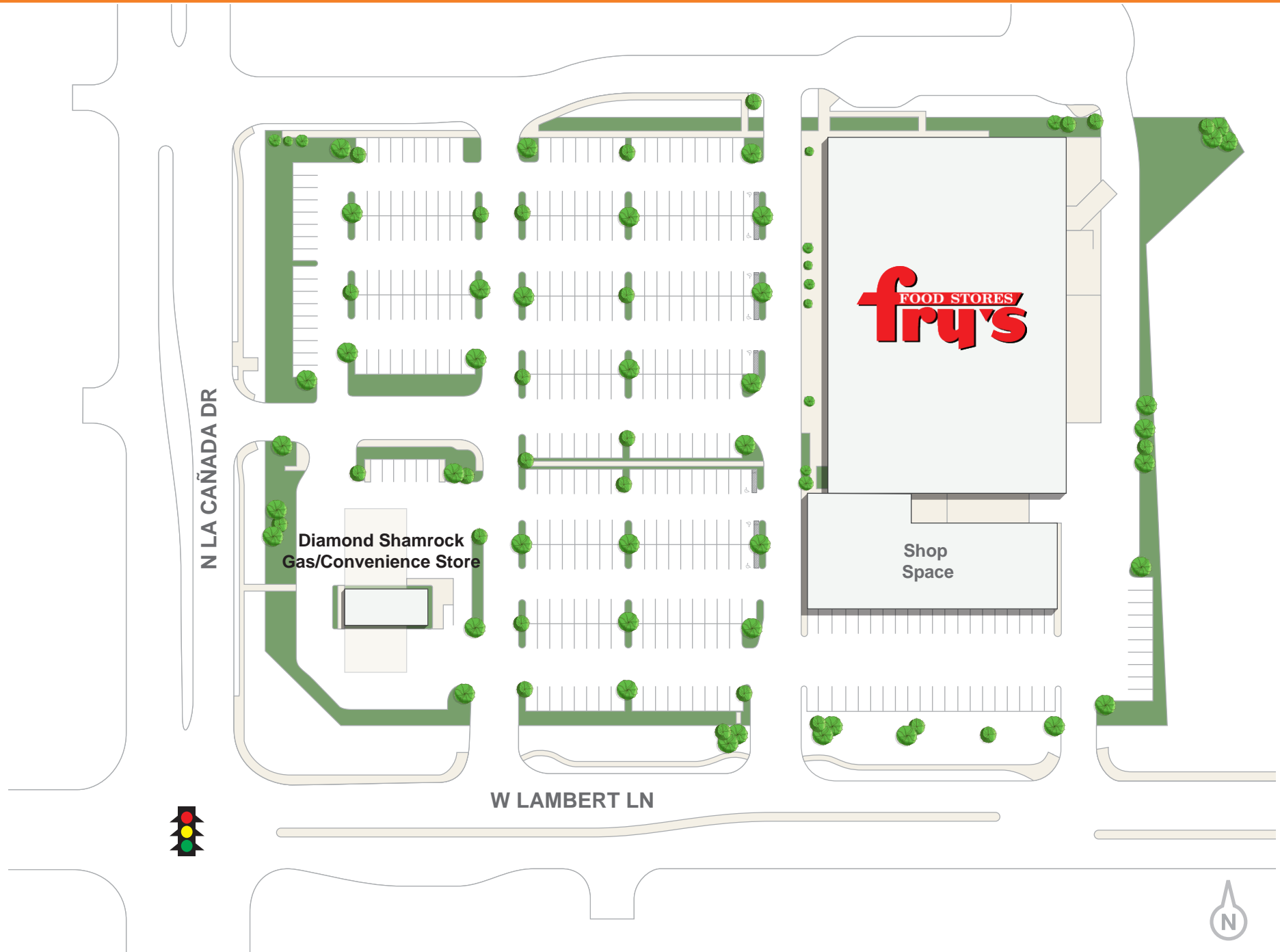
Tucson is known for its arts and recreation, and it is considered a burgeoning center for commerce and education. The region offers a variety of opportunities for its residents, and its low cost of living will continue to draw both people and businesses.

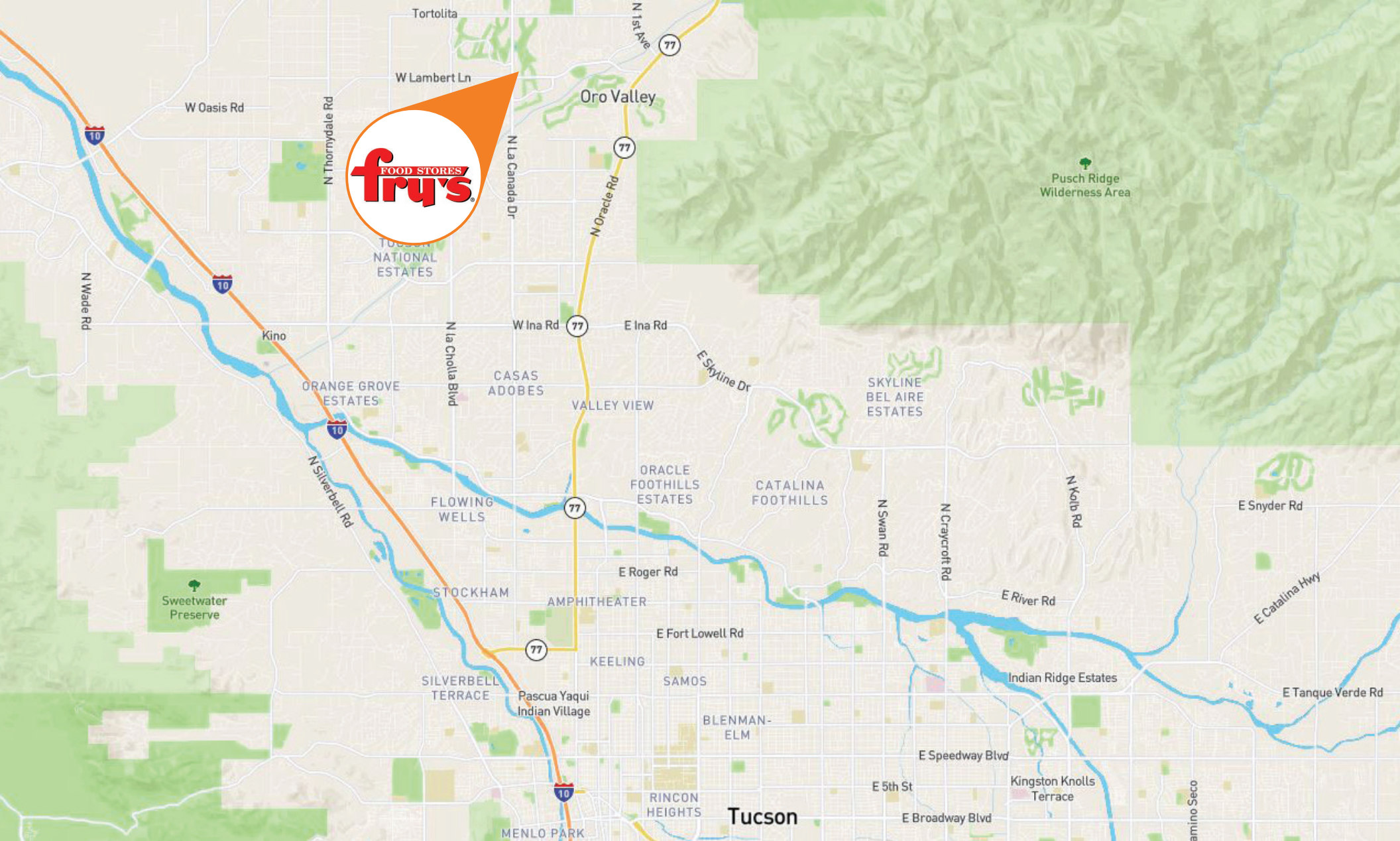
Although most of the area's higher-education and research needs are spearheaded by the University of Arizona, nine other institutions, including Pima County Community College and the University of Phoenix, offer degrees.

Rich in cultural activities, the city offers an arts district and museums, including the Tucson Museum of Art and Arizona Historical Society. The Arizona-Sonora Desert Museum contains a zoo, natural history museum and botanical garden. Tucson also houses the largest concentration of planetary observatories in the world and contains a number of opera, symphony, ballet and theater associations.

Recreational opportunities in the metro include parks, hiking trails and bicycle paths; snow skiing is available within an hour drive of the city at Mount Lemmon Ski Valley. The region is home to more than 40 golf courses, six of which are at world-class golf resorts.







3 MILES

Honeywell Aerospace
Tucson Headquarters

7 MILES

I-10 Freeway
(78,220+ CPD)

9 MILES

Tucson Mall
(200+ Stores)

14 MILES

The University of Arizona
(43,000+ Enrolled)

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

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